

Report to: **Audit and Governance Committee**
Date: **14 March 2023**
Title: **Sundry Debt**
Portfolio Area: **Performance & Resources – Cllr C Edmonds**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: N/A

Author: **Martin Pound** Role: **Principal Accountant**
Pauline Henstock **Head of Finance Practice**
and Deputy S.151 Officer

Contact: **01803 861296** martin.pound@swdevon.gov.uk
01803 861377 pauline.henstock@swdevon.gov.uk

Recommendation:

That the Audit and Governance Committee note the position in relation to Sundry Debt.

1. Executive summary

- 1.1 The Council is responsible for the collection of: Sundry Debts, Housing Benefit Overpayments, Council Tax and National Non-Domestic Rates (NNDR).
- 1.2 This report provides Members with an update of the position of Sundry Debt and Housing Benefits Overpayments up to 31st January 2023.

2. Background

- 2.1 The Council's management arrangements underpin delivery of all the Councils priorities, including the commitment to providing value for money services. Incorporated within this, is the timely collection of monies due to the Council. Debts are recovered in accordance with the Council's Recovery Policy as published on our website.

- 2.2 The implementation of a debt recovery comprehensive action plan has resulted in robust recovery procedures. This report outlines the latest positions in collection relating to Sundry Debt and Housing Benefit Overpayments by providing data that demonstrates the progress made.

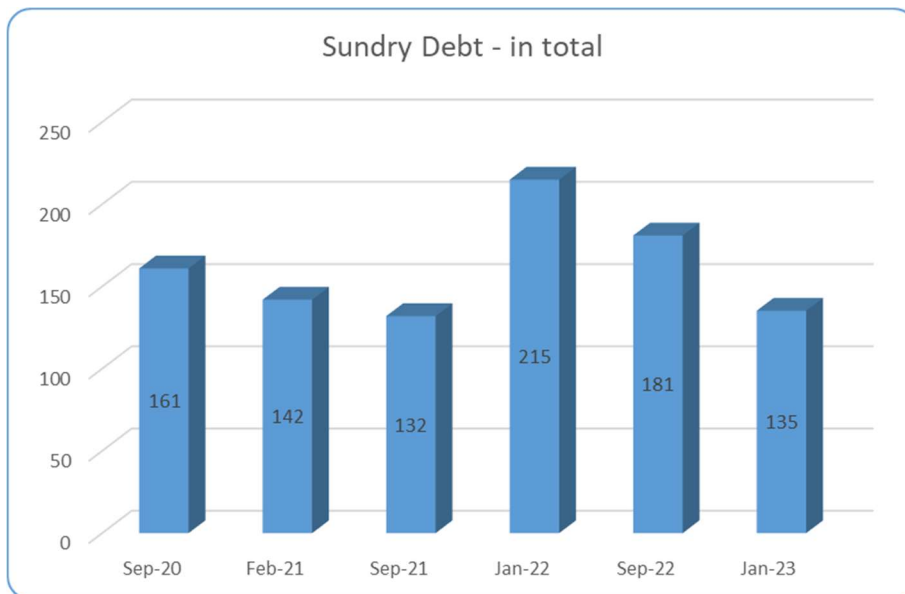
3. Outcomes/outputs

- 3.1 The arrears covered in this report are split into three categories as follows:
- a. Sundry Debts
 - b. Housing Benefit Overpayment Recoveries from those still in receipt of Housing Benefit
 - c. Housing Benefit Overpayment Recoveries from those no longer in receipt of Housing Benefit
- 3.2 All Council sundry debts are actively pursued, and in most instances are collected with little difficulty. In cases where payment is not received on time, a series of reminders are issued promptly to the debtor. If this fails to secure payment, recovery is pursued through the courts.

Sundry Debts

- 3.3 The balance of arrears for Sundry Debts over recent years is summarised below. The balance has decreased from £181k in September 2022 to £135k.

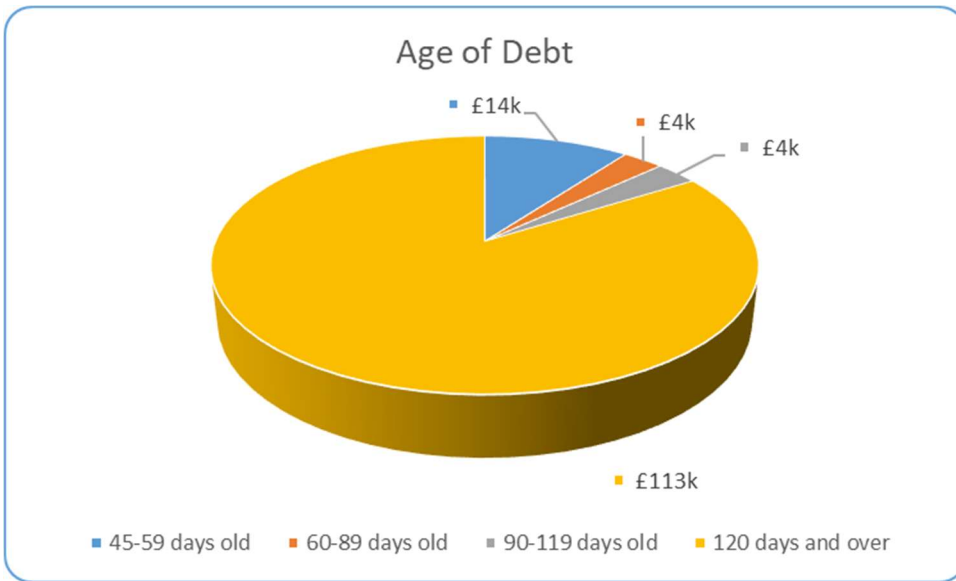
3.4 Sundry Debts consist of Estates Management, Licencing and Housing. This excludes car parking fines which are included on a different system.



3.5 The current balance for Sundry Debts of £135k includes four high value debtors (in excess of £10k).

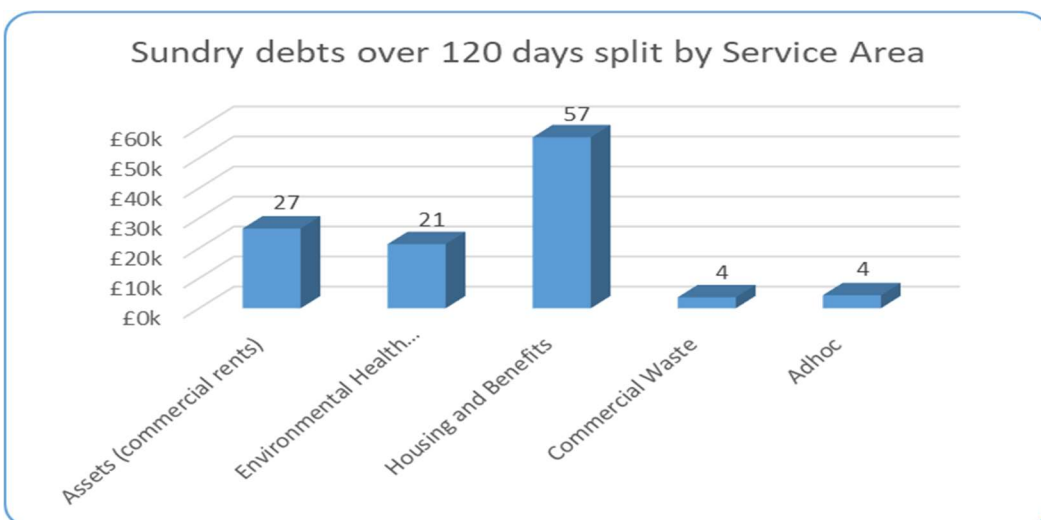
- One debt (£16k) relates to Environment Health remedial work.
- One debt (£10k) relates to an overpaid covid business grant but efforts to recover this overpayment are proving difficult.
- One debt (£13k) relates to a rental property where the level of service charges are being clarified by the Asset team.
- One debt (£17k) relates to services provided by our Waste team to a local town council. Discussions are taking place regarding this.

3.6 This balance of £135k can be further broken down by age category to give a clearer picture of the nature of Sundry Debt arrears, as follows.



3.7 Sundry debts over 120 days total £113k and can be further analysed by service area below. It can be seen that £57k relates to Housing and Benefits which are notoriously difficult debts to recover. This makes up 50% of the total debt in this age category. £21k relates to Environmental Health invoices, mainly the high-value debtor mentioned in paragraph 3.5 above.

3.8 Just under £27k relates to commercial rents and slow recovery is expected in the current financial climate. The Assets team are working closely with tenants to work out a payment plan to recover these debts.

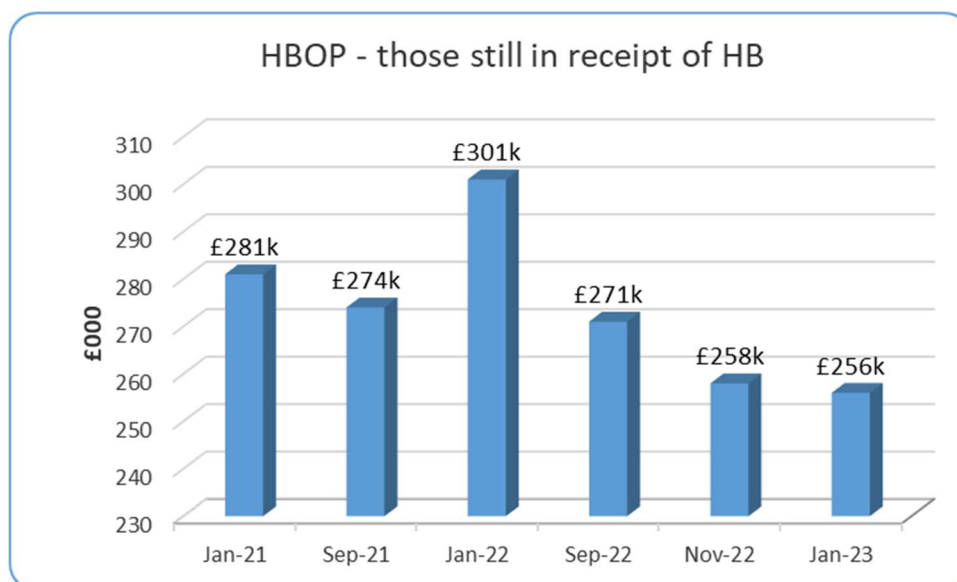


Sundry debt written off

- 3.9 Sundry debts totalling £670 have been written off so far this financial year. A further review will take place prior to the end of the financial year.

Housing Benefit Overpayment Recoveries from those still in receipt of Housing Benefit

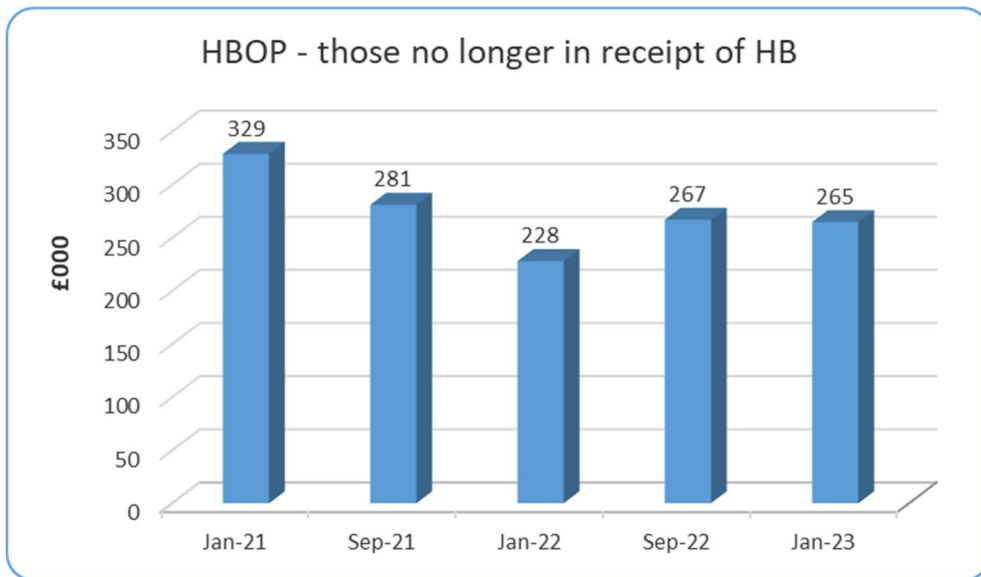
- 3.10 The level of arrears for Housing Benefit Overpayment Recoveries from those still in receipt of Housing Benefit is £256k as at 31st January 2023. The balance over time can be seen on the chart below.



- 3.11 The Business Support team make every effort to identify overpayments promptly and so begin the recovery process whilst amounts are still relatively low. By recovering these debts whilst people are still in receipt of Housing Benefit, the ease of recovery is greater, as is the likelihood of full recovery.

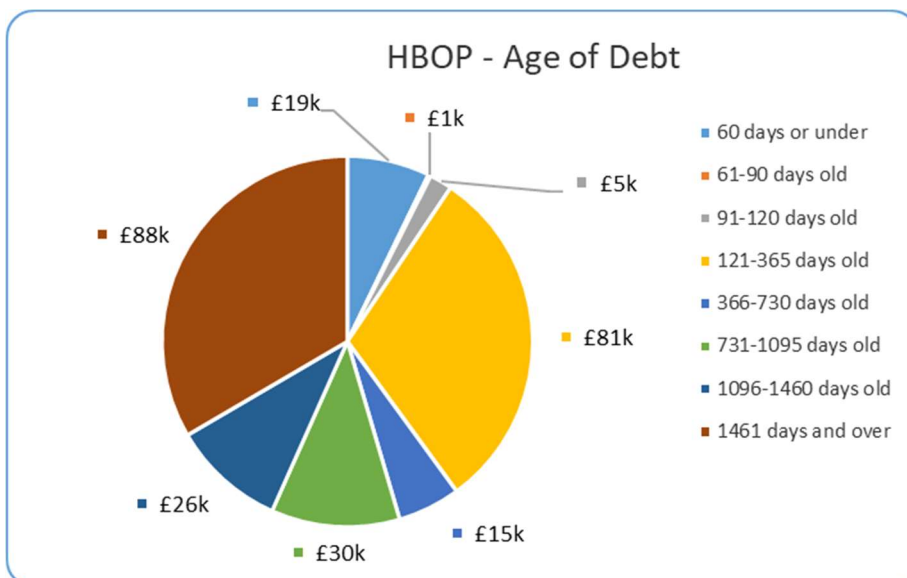
Housing Benefit Overpayment Recoveries from those no longer in receipt of Housing Benefit

- 3.12 The level of arrears for Housing Benefit Overpayment Recoveries from those no longer in receipt of Housing Benefit has decreased slightly. This now stands at £265k as at 31st January 2023. The balance over time can be seen on the chart below.

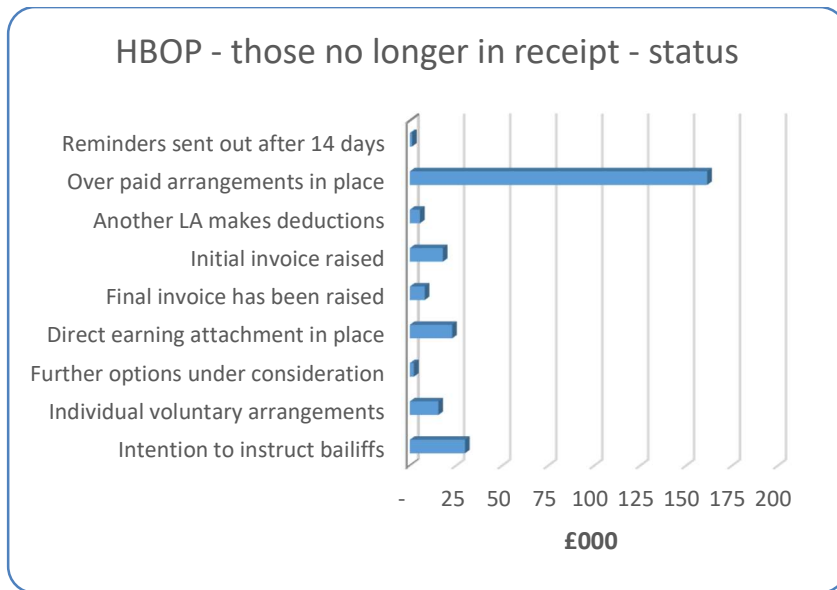


3.13 The amount outstanding is continuously monitored and well managed for both categories of Housing Benefit Overpayment Recoveries.

3.14 The balance of £265k can be further broken down by age category to give a clearer picture of the nature of these arrears, as follows.



3.15 Of this balance, £162k relates to debt where overpaid arrangements are in place which makes up 61% of this age category. A full picture showing the status of this debt can be seen below.



Housing Benefit write offs

3.16 Since 1st April 2022, just under £23k of debt has been written off.

4. Options available and consideration of risk

4.1 The Principal Accountant for Business Support is keen to continue to focus on debt recovery and every effort will be made to recover monies owed to the Council promptly. Where this isn't possible, the debt recovery procedures will be followed and overdue debts will be duly chased accordingly.

5. Proposed way forward

5.1 The Committee note the content of this report and continue half yearly reporting.

6. Implications

Implications	Relevant Y/N	Details and proposed measures to address
Legal/ Governance	Y	The guidelines for Statutory Interest Charging and adding recovery costs falls under the European Directive 2011/7/EU on Combating Late Payment in Commercial Transactions. Enforcing successful legal action for recovery of debt is dependent upon a robust system of ensuring correct business names are recorded within our systems.

Financial implications to include reference to value for money	Y	Improved income collection, resulting in less impact of uncollectable debt on the Income and Expenditure Account, due to fewer write offs.
Risk	Y	There remains a risk of income not being collected. The Debt Recovery Plan alongside the Debt Recovery Policy seeks to minimise this. Risk to reputation is managed carefully by prompt recovery of amounts due wherever possible. This risk is also mitigated by taking a balanced view and ensuring that resources are not expended on debts which are not cost effective to pursue and these are written off in accordance with the Council's Write Off Policy
Supporting Corporate Strategy		The debt recovery process supports all of the Thematic Delivery Plans outlined in 'A Plan for West Devon'.
Climate Change - Carbon / Biodiversity Impact		None directly arising from this report.
Consultation and Engagement Strategy		External consultation and engagement has not been undertaken with regard to this report.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	All enforcement action that is taken prior to this point is undertaken in accordance with legislation and accepted procedures to ensure no discrimination takes place.
Safeguarding	N	N/A
Community Safety, Crime and Disorder	N	N/A
Health, Safety and Wellbeing	N	N/A
Other implications	N	None

Supporting Information

Appendices:

None

Background Papers:

None

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed/sign off	Yes
SLT Rep briefed/sign off	Yes
Relevant Heads of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	N/A