

Report to: **Audit and Governance Committee**

Date: **28 September 2023**

Title: **Sundry Debt**

Portfolio Area: **Finance – Cllr Brazil**

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](mailto:martin.pound@swdevon.gov.uk)  
**01803 861377** [pauline.henstock@swdevon.gov.uk](mailto:pauline.henstock@swdevon.gov.uk)

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**Recommendation:**

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

**1. Executive summary**

1.1 This report provides Members with an update of the position of Sundry Debt up to 31<sup>st</sup> August 2023. The report concentrates on debts over 30 days old.

1.2 The key points within this report are:

- Debts have slightly increased from £368k to £392k since January 2023.
- £155k (40%) of this relates to debts where payment is being made by instalments.
- £42k (11%) of this relates to one neighbouring local authority, who are in the process of making payment.

- £24k (6%) relates to a single debtor where the council is taking legal action.
- 1.3 We will continue to monitor and chase outstanding debts, taking the appropriate action in each case.

## **2. Background**

- 2.1 The Council's management arrangements underpin delivery of all the Council's 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 by providing data that demonstrates the latest position.

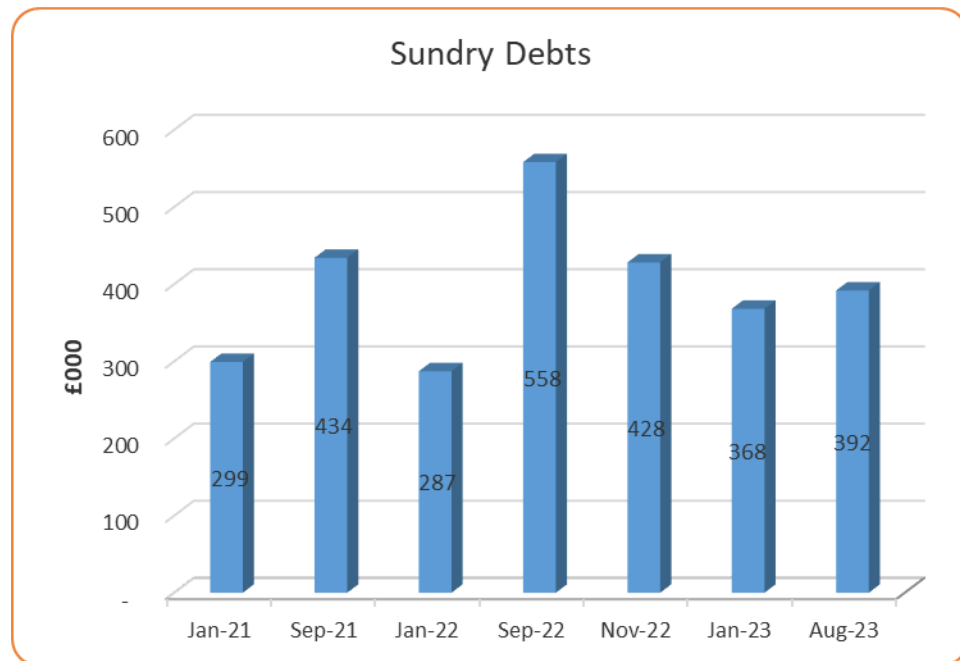
## **3. Outcomes/outputs**

- 3.1 This report covers the;
- a. Level of Sundry Debts over 30 days old
  - b. An analysis of the age of this debt.
  - c. A breakdown of the debts over 6 months old by department.
- 3.2 All Council sundry debts are actively pursued, and in most instances are collected in a timely manner. In cases where payment is not received on time, a series of reminder letters are issued promptly to the debtor. If this fails to secure payment, recovery is pursued, which could ultimately lead to court action.

### **Sundry Debts**

- 3.3 The balance of arrears for Sundry Debts over recent years is summarised in the graph below. This figure has slightly increased from £368k to £392k since January 2023.
- 3.4 Sundry Debts consist of Estates Management, Licensing, Trade Waste and Housing. This excludes car parking fines, Council tax

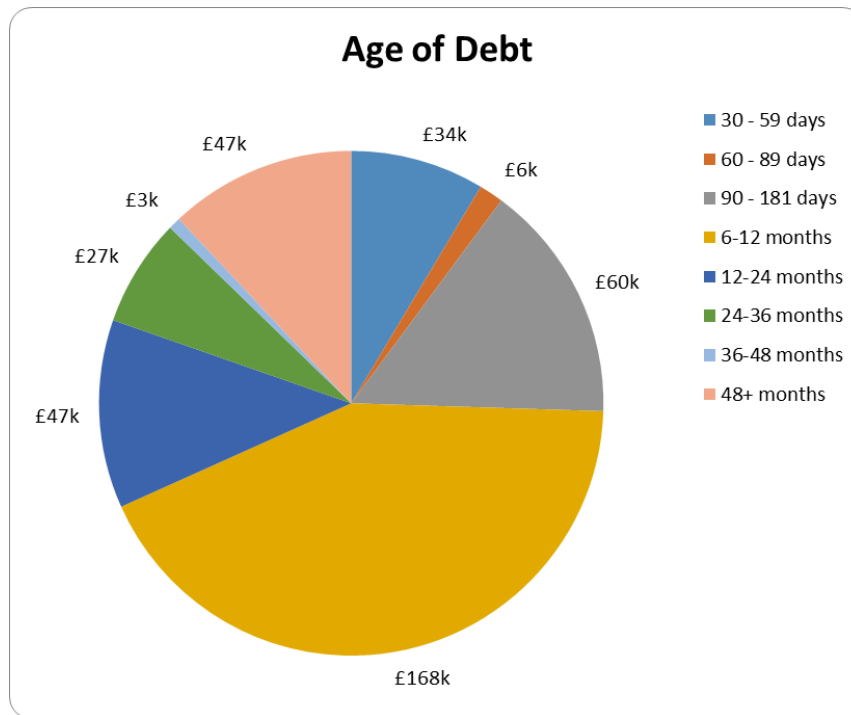
and Housing Benefits which are included on different systems. The debts over time are shown in the graph below.



3.5 The £392k debt level at August 2023 includes 6 debtors who owe a total of £233k. Below is a summary of the status of these debtors:

- 3 of the debtors, totalling £153k, are paying by instalments. One debt relates to a S106 agreement and is within the Development Management service. This is being paid by instalments.
- One of the debts relates to a public sector organisation (£42k), which is in the process of being paid by a neighbouring Council.
- One debtor has gone into liquidation owing the council £14k. The company has significant overall debts, and it is unlikely that we will receive the payment due. This debt is therefore likely to be written off.
- The Council is progressing legal action against one debtor (£24k).

3.6 The balance of £392k can be further broken down into age bands to give a clearer picture of the nature of Sundry Debt arrears as follows.



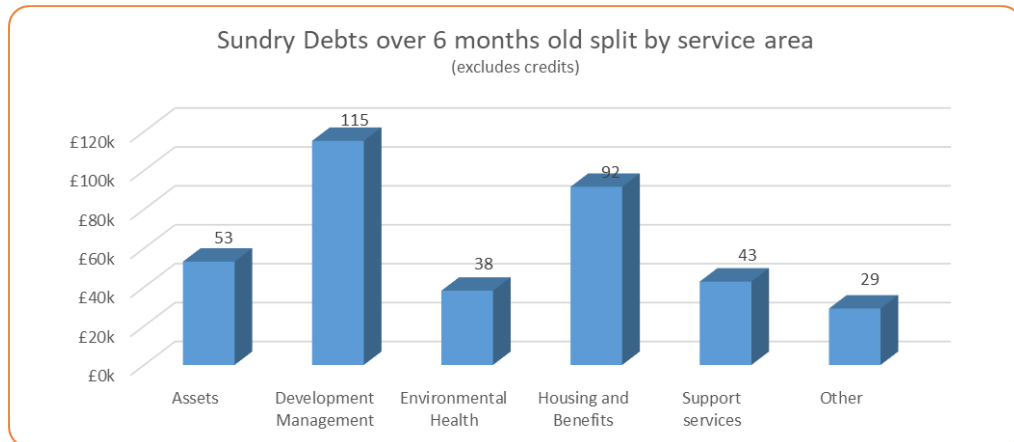
3.7 There are 5 debtors that owe in excess of £20k each and these are included within the analysis in paragraph 3.5 above.

3.8 Alongside a single large debtor in Development Management for a s106 agreement, the majority of the sundry debt relates either to Housing and Benefits or to arrangements made by the Assets team. The latter have been actively pursuing unpaid debtor invoices and supporting our customers with options such as payment arrangements.

3.9 The Assets team are receiving regular information, showing the outstanding debtors and the respective values. Ultimately, the team will look at repossessing a unit where payment is not forthcoming and the tenant will not actively engage with us.

## Older sundry debt

3.10 Sundry debts over six months old total £370k and can be further analysed by service area in the graph below.



3.11 The Development Management heading includes a debtor described in paragraph 3.5.

3.12 It can be seen that £92k relates to Housing and Benefits which are difficult debts to recover. This makes up 25% of the total debt in this age category.

3.13 Almost half of the debt relating to the Assets team (£53k) is in respect of one debtor. This debt has been passed to the legal team, who are preparing the next steps.

3.14 Over half of the debts under Environmental Health (£38k) relates to two individual debtors. The remainder are mainly licences and therefore low value, high volume.

3.15 Within the figure shown as "other", there are a small number of covid business grant overpayments. An instalment plan has been agreed and the balance is slowly reducing for each.

## Sundry debt written off

3.16 There have been no sundry debt write offs during the financial year.

## 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 to receive half yearly updates.

## 6. Implications

Implications	Relevant to proposals 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	<p>The financial implications are set out within the report.</p> <p>The balance of arrears for Sundry Debts over recent years is summarised within the report. This figure has slightly increased from £368k to £392k since January 2023.</p> <p>Improved income collection, resulting in less impact of uncollectable debt on the Income and Expenditure Account, due to fewer write offs.</p>

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 six of the Corporate Strategy Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.
Climate Change - Carbon / Biodiversity Impact		None directly arising from this report.
<b>Comprehensive Impact Assessment Implications</b>		
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