

Report to: **Audit Committee**
Date: **9 October 2018**
Title: **Sundry Debt**
Portfolio Area: **Support Services – Cllr C Edmonds**

Wards Affected: **ALL**

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

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Recommendations:

That the Audit Committee note the progress made in monitoring and administering the recovery of Sundry Debt.

1. Executive summary

The Council is responsible for the collection of: Sundry Debts, Housing Benefit Overpayments, Council Tax and National Non-Domestic Rates.

Following The Strategic Debt Review presented at Committee on 30th January 2018, (Appendix D) and the subsequent update on the position of Sundry Debt on 20th March 2018. The report provides members with a further update of the position up to 15th September 2018.

2. Background

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 which is published on our website.

Following the centralisation of debt recovery into one service from October 2017 and the implementation of the Debt Recovery Action Plan, members requested a series of updates to demonstrate robust control of debt recovery procedures, particularly relating to sundry debt.

The first update to Audit Committee in March 2018 provided an outline of the position at that time, as well as a list of actions within the Sundry Debt Recovery Plan 2017/18. Sundry Debt had been reduced by £272.9k to an outstanding balance of £218.9k at the end of February. The current sundry debt level at 15th September 2018 is £164k.

This report outlines the latest sundry debt position and provides an update of the actions within the Sundry Debt Recovery Action Plan. It also includes a brief overview of the remaining three key services included in the policy: Housing Benefit Overpayments, Council Tax and National Non-Domestic Rates.

3. Outcomes/outputs

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.

The length between reminder letters has been reduced and the HM Courts online service 'Money Claims Online' is being used to recover debt. Within this process we have introduced interest charging and recovery costs. There is still work to be done around some of the legal aspects of claiming some of the Asset related debts.

In some cases pursuit of an outstanding debt is not possible for a variety of reasons, such as bankruptcy or liquidation. All such cases have been identified and the debt was approved for write off in accordance with the Councils Write Off policy by Hub Committee on 17th July 2018.

<http://mg.swdevon.gov.uk/documents/g1205/Public%20reports%20pack%2017th-Jul-2018%2014.00%20West%20Devon%20Hub%20Committee.pdf?T=10>

A new Senior Case Manager commenced in post on 2 July 2018 with responsibility for monitoring and recovery of all debt according to the Debt Recovery Policy. Appendix A provides an overview of the current position relating to each of the four areas.

Sundry debt levels continue to reduce and are currently at £164k, a total reduction of £284.1k in one year and well below the Council's Sundry Debt Uncollected target of £250k.

Although not specifically identified within the policy, car parking debt has been added to the remit of the Debt Recovery Unit. Work has commenced on review of all outstanding cases to identify which can proceed to court action via Money Claims Online. The target date for completion of this piece of work including court action is the end of January 2019. The current outstanding debt is £13k.

4. Proposed Way Forward

The Committee acknowledge the progress made in this area and continue with half yearly reporting.

5. 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	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. The latest update report sets out the progress made in terms of approach to recovery and collection of debt and shows a greatly improved position. 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.
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

Appendix A – Summary of Corporate Debt.

Background Papers:

Audit Committee 30th January 2018 – Strategic Debt Review

Audit Committee 20th March 2018 – Sundry Debt

Recovery Policy

Corporate Debt Summary, 15th September 2018

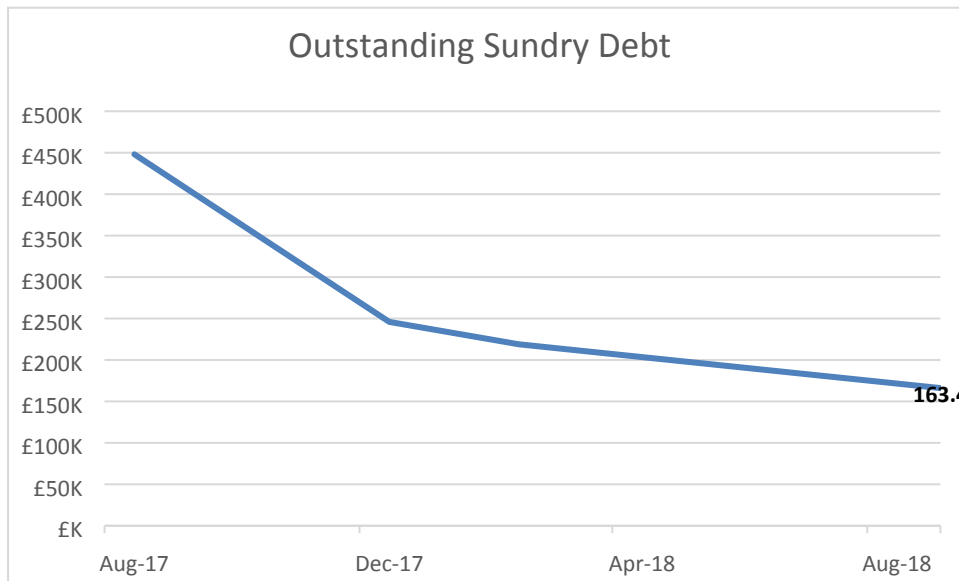


Table 1 – Outstanding Sundry Debt 2018/19.

Following implementation of the Sundry Debt Action Plan in October 2017, debt levels have remained below the uncollected target of £250k.

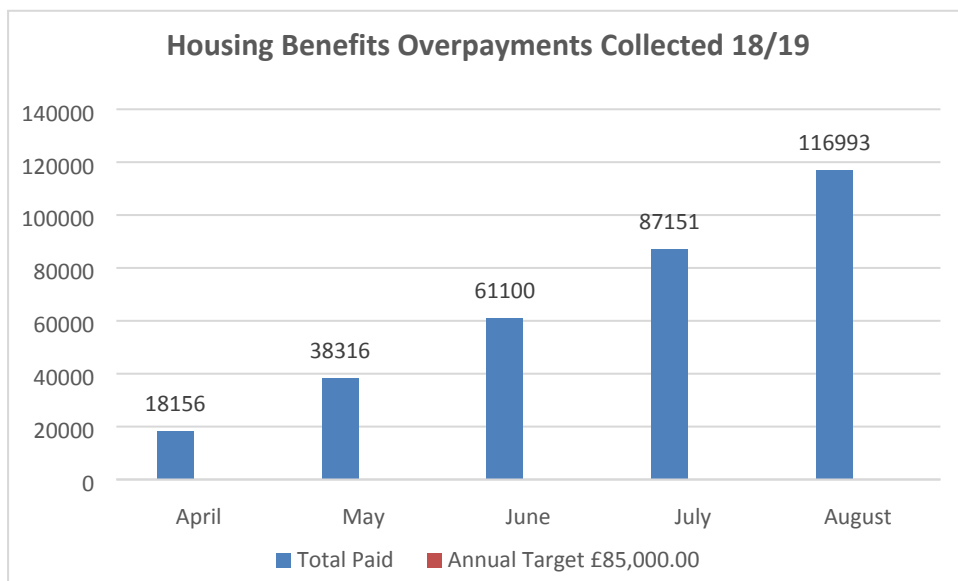


Table 2 – Housing Benefits Overpayments Collected 2018/19

Recovery of outstanding housing benefit overpayments are well above the annual target of £85k. Work has commenced on reducing the amount of housing benefit overpayments created. The total amount outstanding on 31st August 2018 was £810k.

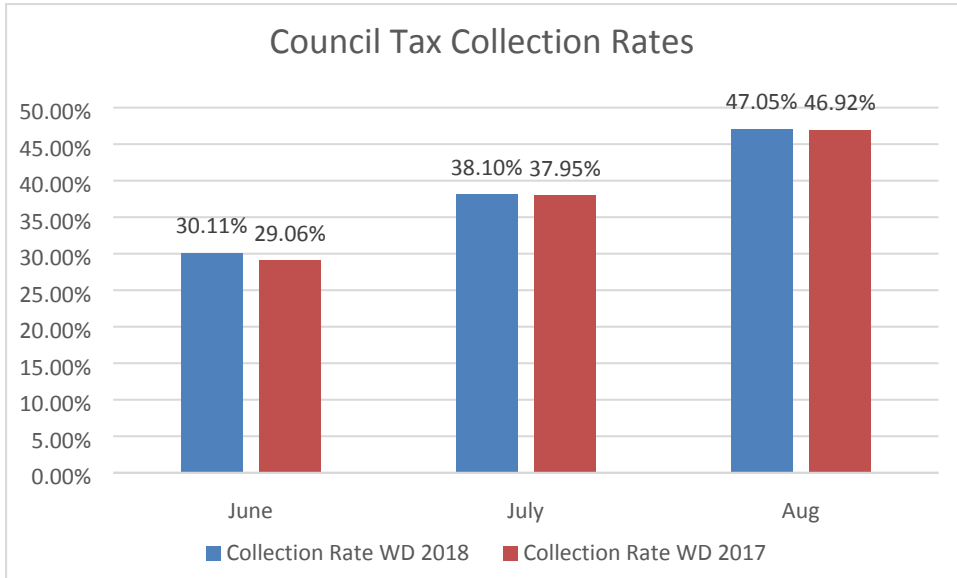


Table 3 – Council Tax Collection Rates 2017 v 2018

Council Tax collection rates continue to improve. In 2016/17 collection Rate was 97.3% and in 2017/18 was 97.58%.

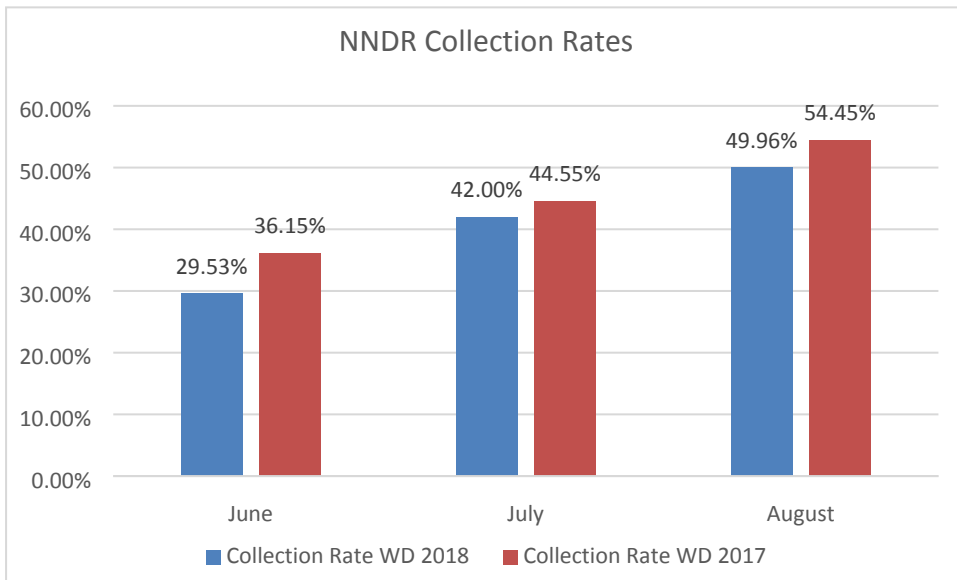


Table 4 – NNDR Collection Rates 2017 v 2018

A slight drop in collection of business rates, however it is anticipated that the 98% Annual Collection Rate reached in 2017/18 remains achievable.