

Report to: **Audit and Governance Committee**  
Date: **9 March 2023**  
Title: **Sundry Debt**  
Portfolio Area: **Finance and Assets – Cllr H Bastone**

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 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 31<sup>st</sup> January 2023.

### **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.

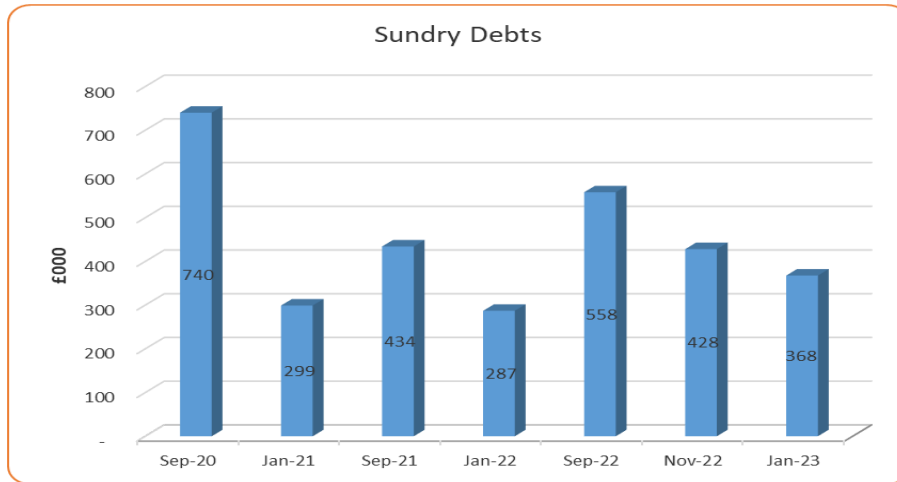
- 2.2 The implementation of a debt recovery comprehensive action plan has resulted in robust recovery procedures. This report outlines the latest positions in collection relating to Sundry Debt and Housing Benefit Overpayments by providing data that demonstrates the progress made.

### **3. Outcomes/outputs**

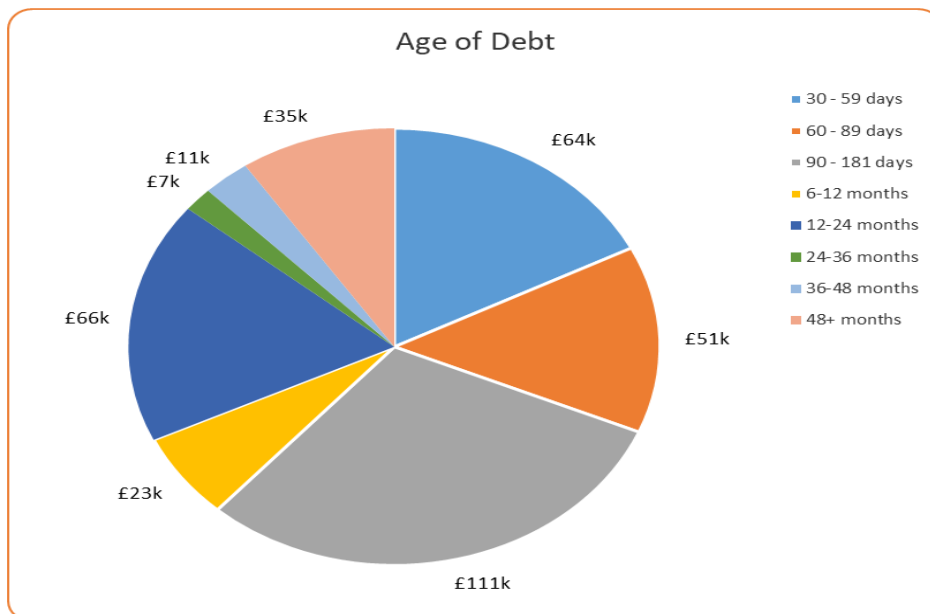
- 3.1 The arrears covered in this report are split into three categories as follows:
- a. Sundry Debts
  - b. Housing Benefit Overpayment Recoveries from those still in receipt of Housing Benefit
  - c. Housing Benefit Overpayment Recoveries from those no longer in receipt of Housing Benefit
- 3.2 All Council sundry debts are actively pursued, and in most instances are collected 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 below. This figure has reduced from £428k to £368k since November 22, although excludes the income due in respect of our leisure centres. This is being dealt with separately and not included within this report.
- 3.4 Excluding the Commercial Trade Waste, which is usually paid by monthly direct debit, the remaining debt outstanding shows an increase from £216k to £285k.
- 3.5 This includes a small number of high value invoices that are relatively recent. One invoice relates to another local authority body (£42k) and since drawing the data, another one of these invoices has been paid (£36k).
- 3.6 Sundry Debts consist of Estates Management, Licensing, Trade Waste and Housing. This excludes car parking fines which are included on a different system.



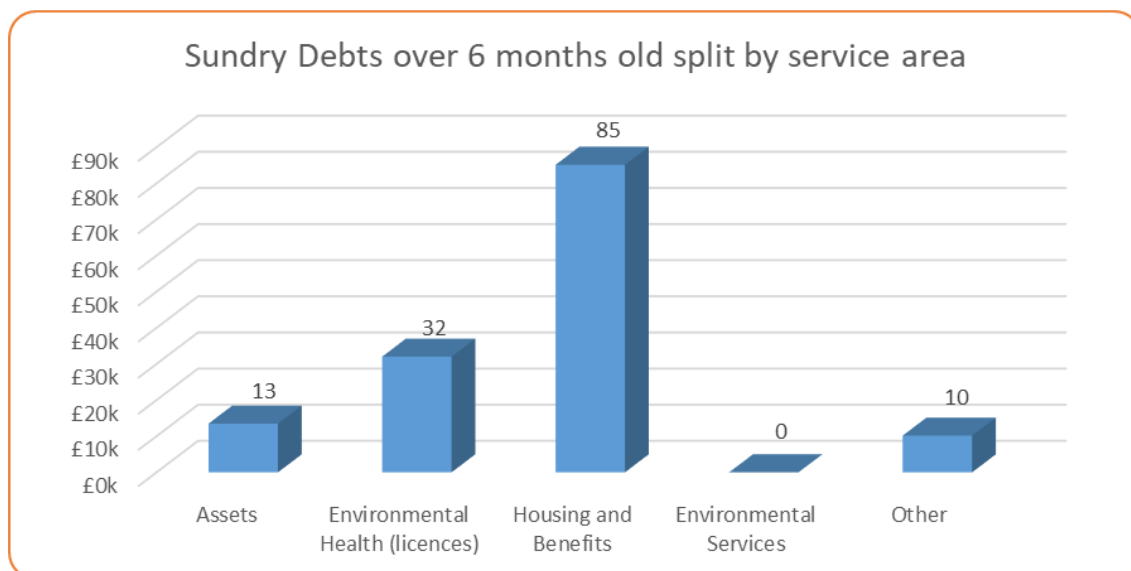
3.7 This balance of £368k can be further broken down in to age bands to give a clearer picture of the nature of Sundry Debt arrears as follows.



3.8 The current balance includes 4 debtors that owe in excess of £20k each. These are being dealt with on a case-by-case basis but, as per paragraph 3.5, some of the invoices are relatively recent.

3.9 The majority of the sundry debt relates to arrangements made by the Assets team. They have been actively pursuing unpaid debtor invoices and supporting our customers with options such as payment arrangements. They are receiving regular information, showing the outstanding debtors and the respective values.

- 3.10 Sundry debts over six months old total £141k and can be further analysed by service area below.
- 3.11 It can be seen that just over £85k relates to Housing and Benefits which are difficult debts to recover. This makes up 60% of the total debt in this age category.
- 3.12 £32k relates to Environmental Health invoices. Most of these invoices are licences and therefore low value, high volume.
- 3.13 The majority of the figure shown as "other" relates to an overpayment of a covid grant. An instalment plan has been agreed and the balance is slowly reducing.

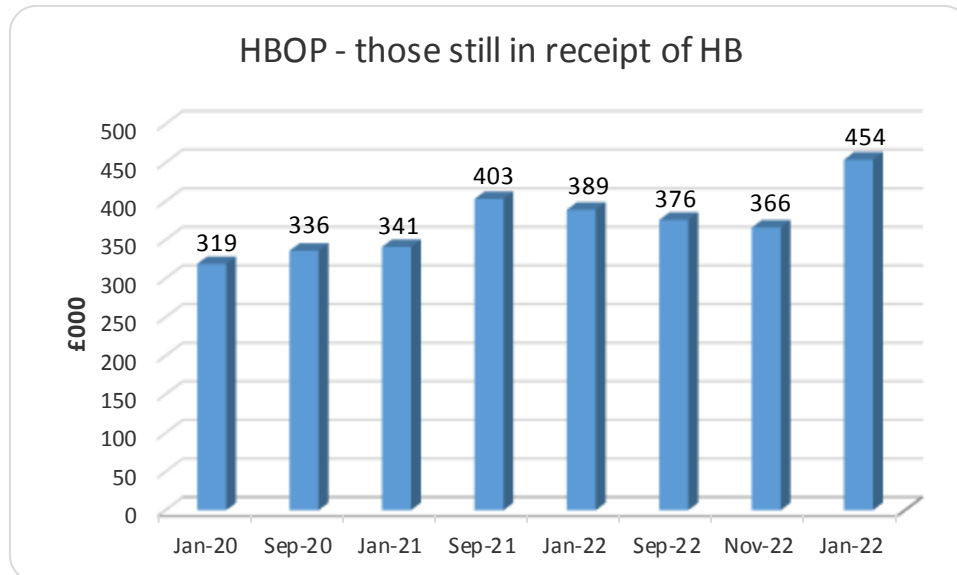


### **Sundry debt written off**

- 3.14 The figure of Sundry debts written off this financial year remains at £3,459. The invoice write off process is reviewed periodically and will be analysed again before the end of the financial year.

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

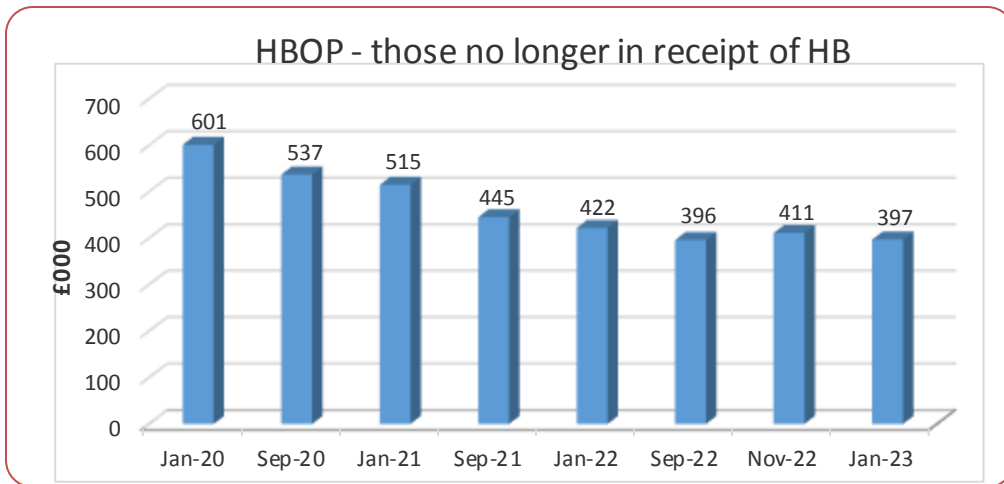
3.15 The balance of arrears for Housing Benefit Overpayment Recoveries from those still in receipt of Housing Benefit is £454k as at 31<sup>st</sup> January 2023. The balance over time can be seen on the chart below.



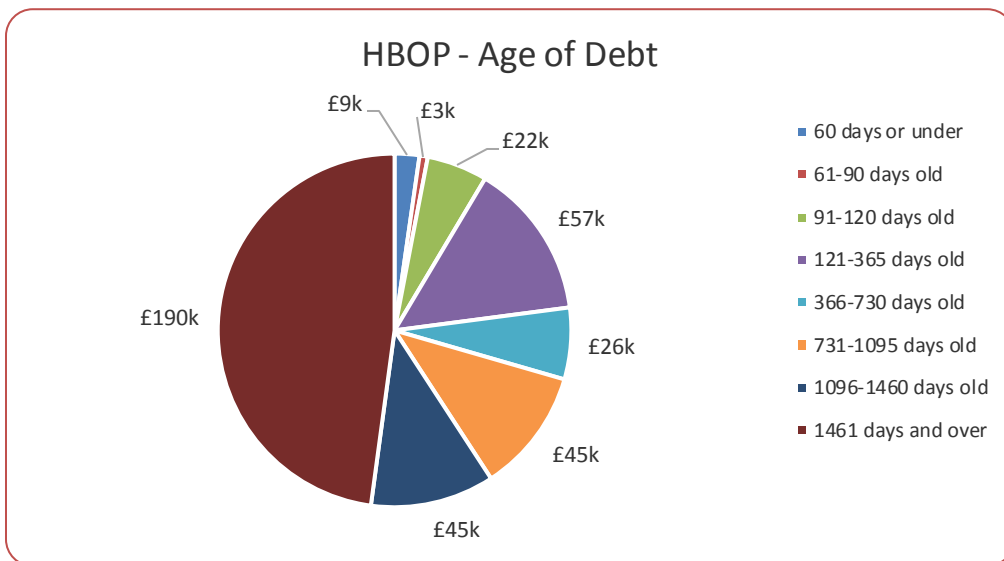
3.16 The Business Support team make every effort to identify overpayments promptly and so begin the recovery process whilst amounts are still relatively low. By recovering these debts whilst people are still in receipt of Housing Benefit, the ease of recovery is greater, as is the likelihood of full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

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

3.17 The balance of arrears for Housing Benefit Overpayment Recoveries from those no longer in receipt of Housing Benefit is £397k as at 31<sup>st</sup> January 2023, a slight reduction of £14k since November 2022. The balance over time can be seen on the chart below.



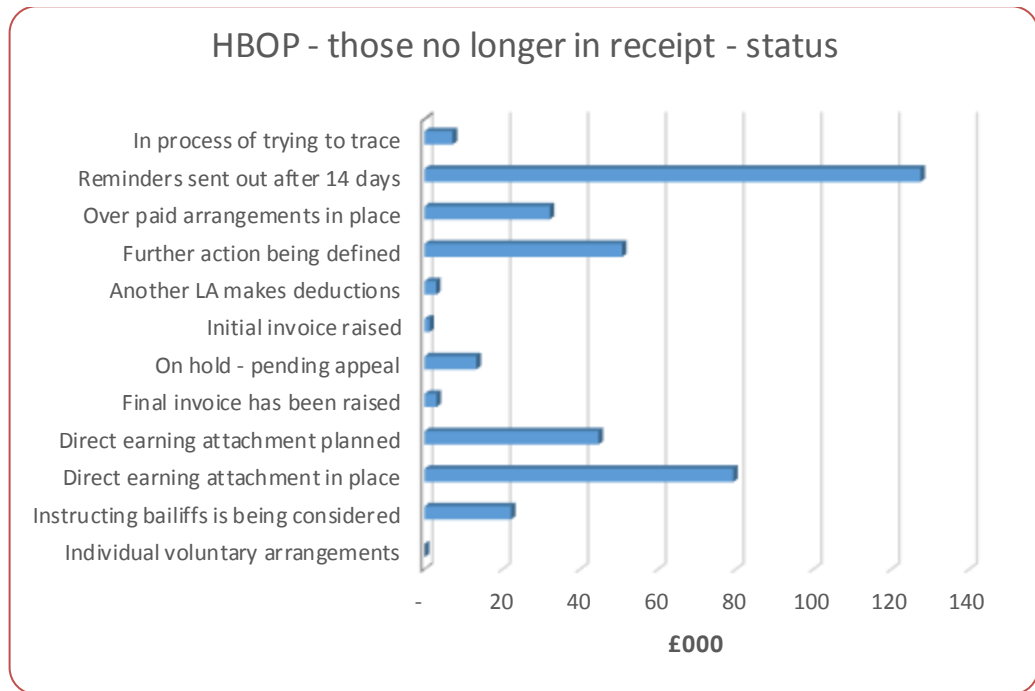
3.18 This balance of £397k can be further broken down by age category to give a clearer picture of the nature of these arrears, as follows.



3.19 Of this balance, £128k relates to debt where overpayment arrangements are in place. For debt totalling £79k, consideration is being given to instructing bailiffs. Although no bailiffs have been appointed at the time of writing the report, the Head of Revenues and Benefits is currently working on the appointment of bailiffs.

3.20 £45k relates to debt where a direct earnings attachment is in place.

3.21 A graphic view showing the status of this debt can be seen below.



### **Housing Benefit write offs**

3.22 Similarly to sundry debts, these are reviewed periodically. The value written off since 1st April 2022 currently sits at just over £21k.

## **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	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 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.
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**

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