

Aged debt 2023/24 outturn position – Sundry and Revenues

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Summary

1. This report overviews the Sundry (appendix a) and Revenues (appendix b) aged debt position for 2023/24. Contained within the appendices are detailed performance information against relevant benchmarks and a description of the journey following unitarisation and implementation of the new finance system, Microsoft D365.
2. Sundry and Revenues income management and debt recovery is currently managed in separate systems and different areas of the workforce. Systems consolidation is the key focus points with staffing consolidation being considered but not formally planned at this time. However, steps have been taken and continue to be taken to harmonise the approach to debt recovery. This includes a single collection and arrears management policy being introduced prior to vesting day, the alignment of court costs, documents and procedures, the introduction of an extra pre-compliance (no charge) stage with all the Council's Enforcement Agents and Breathing Space administration. Our relationship with Somerset Citizen Advice is much improved with a new direct referral/hold procedure now in place to the benefit of the Council and our joint customers.
3. Both Revenues (18months to 2 years) and Sundry Income Management (6 months) Solutions are imminently to begin projects to each consolidate into single systems. One expected outcome from this is to align future processes and reporting. A

combined staffing structure is pending the organisation wide restructures, but is being considered by the Council's Design Authority Team.

4. Debt recovery is performing within tolerances for 2023/24. Collection rates for Council Tax were 96.68%, Business Rates were 96.57% and the value of Sundry aged debt is at a lower value than pre vesting day levels.

Recommendations

5. The Audit Committee are asked to:
 - 5.1. Consider the aged debt 2023/24 outturn positions.
 - 5.2. Comment on the action plan identified in section 13.

Financial, Risk, HR, Legal and Other Implications

6. There are no direct implications from this report.

Background Papers

7. The council has an overarching Income & Arrears Management policy, which covers all types of debt owed and the recovery processes within the Councils powers. This policy was drafted for the new Somerset Council and applies from April 2023 onwards.
8. There is a further document, the Income Code of Practice, with more a detailed recovery process set out for officers to follow. This is an existing Somerset County Council policy that carries through to apply for Somerset Council. This is due for refresh imminently and will be brought forward to audit Committee for review. There continues to be e-learning courses available to all those officers responsible for raising and collection of income.
9. The collection of income in a timely manner is just as significant as controlling costs. Unrecovered income has a cashflow and onward budgetary impact. Aged income and collection rates are within tolerable limits:
 - a) Sundry: £28.5m total, less expected debt of NHS/ Adult Social Care placements leaves true aged debt at £14m. This is lower than the pre vesting day debt (£21.6m) and within the deemed tolerance of £16m-£24m.

b) Council Tax: £14.8m uncollected representing a collection rate of 96.68%

c) Business Rates: £5.7m uncollected representing a collection rate of 96.57%

d) Housing Benefit overpayment: £2.8m total debt, *excluding some invoices of two districts.*

10. Action plan:

Area	Action	Timeline
Revenues		
Systems consolidation	Consolidate to a single system and process. Consolidate the Housing Benefit overpayment invoicing and reporting process.	18 months to 2 years 31/12/2024
Enforcement Agents	Consolidate to a single Enforcement Agent contract.	ASAP, dependant on contract expirations.
Sundry		
£5.2m legacy debt	Review debt brought forward from legacy councils and take action against the recoverability of significant aged items.	31/10/2024
Low volume debt	Review low value and cost inefficient debt and apply proportionate course of action.	31/10/2024
Income Code of Practice	Refresh the Income Code of Practice and bring up to date for a unitary council. Make training a mandatory course.	31/07/2024
Combined		
Policy	Review the overarching debt policy and consider future consolidation across Sundry and Revenues.	31/03/2025

Staffing	Determine approach to consolidate to a single staffing structure for debt recovery with experienced and adequate numbers of staff.	31/03/2025
Cross service debt	Set out a strategy for the consideration of multi -service debt recovery and alerting system.	31/03/2025

Appendices

- Appendix 1 – Sundry Debtor Monitoring Outturn Position 2023/24
- Appendix 2 – Revenues Debtor Monitoring Outturn Position 2023/24