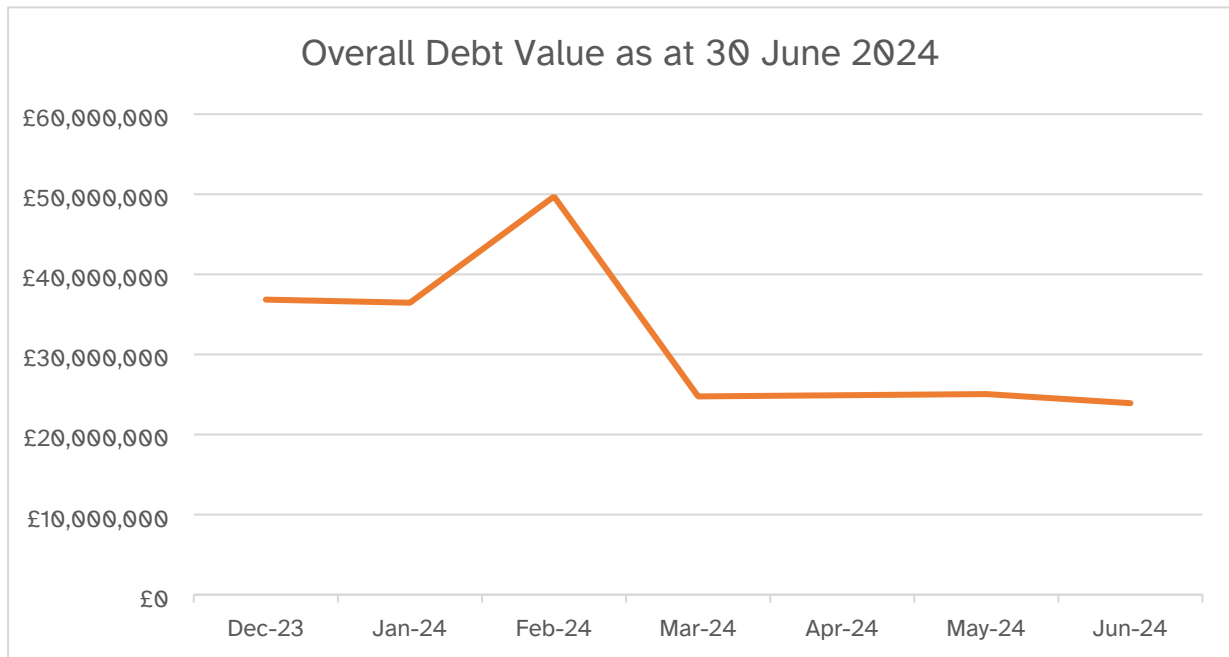


Appendix 11 - Sundry Debtor Monitoring Position Month 3 2024/25

As of 30 June 2024, the total outstanding debt reported on the Accounts Receivable system stood at just under £29m. This compares to £28.5m as at 31 March 2024 and £54.3m as at 31 January 2024.

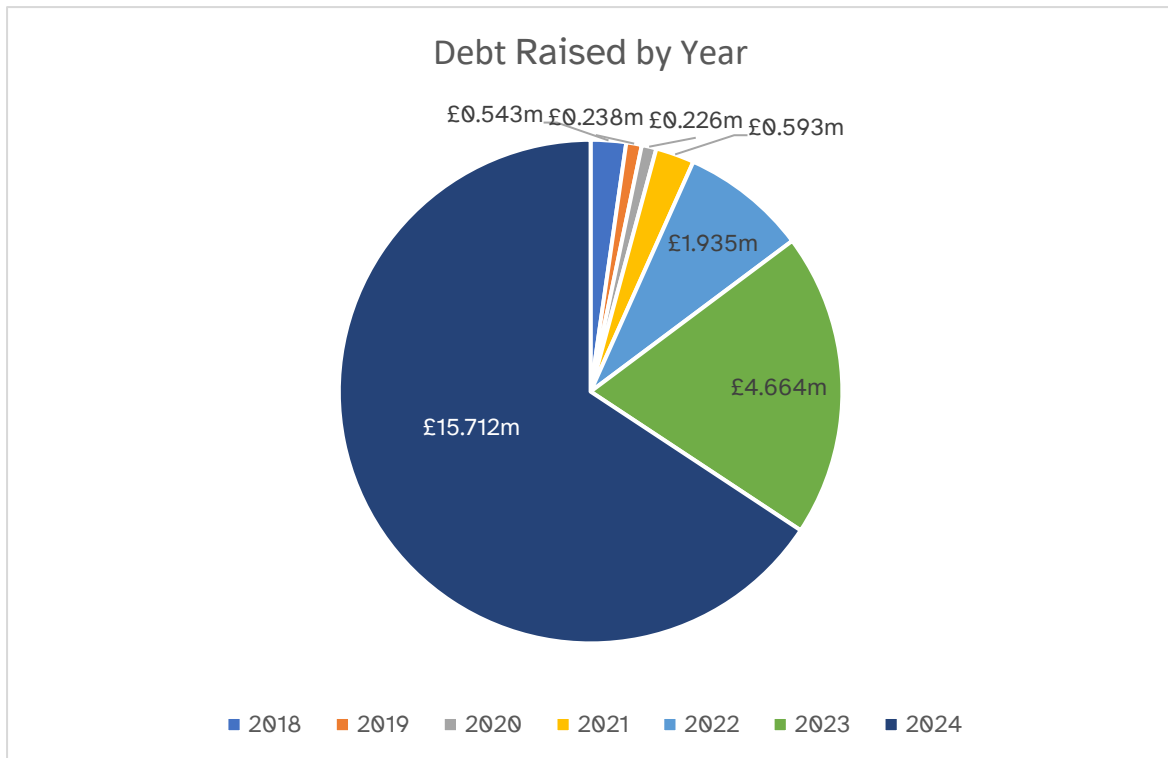
Of the £29m, £5.06m is secured under Debts to Accrue, and £6.3m is owed by the NHS, leaving general aged debt at £17.6m.



As at Vesting Day, the legacy Council's sundry debt value was a combined £21.6m, and the combined totals over the previous quarters had fluctuated between £16m, and £25m.

The £23.9m reported at the end of Quarter 1 (total debt, less Debts to Accrue) is broken down by year in the chart below. As evidenced, 68% of debt outstanding as at 30 June 2024 was raised in 2024.

Of that 68% (£15.7m), 72% (£10.8m) was raised in Quarter 1. This signifies that whilst we do have debt that is aged, and some significantly so, proportionally the value of this debt is low.



Debt Monitoring & Recovery - key explanations, actions & mitigating controls.

Debt recovery was on hold for seven months post vesting day, however with a continued focussed effort by services, AR and Debt Recovery, the level has returned to a consistently more reasonable level across the Authority.

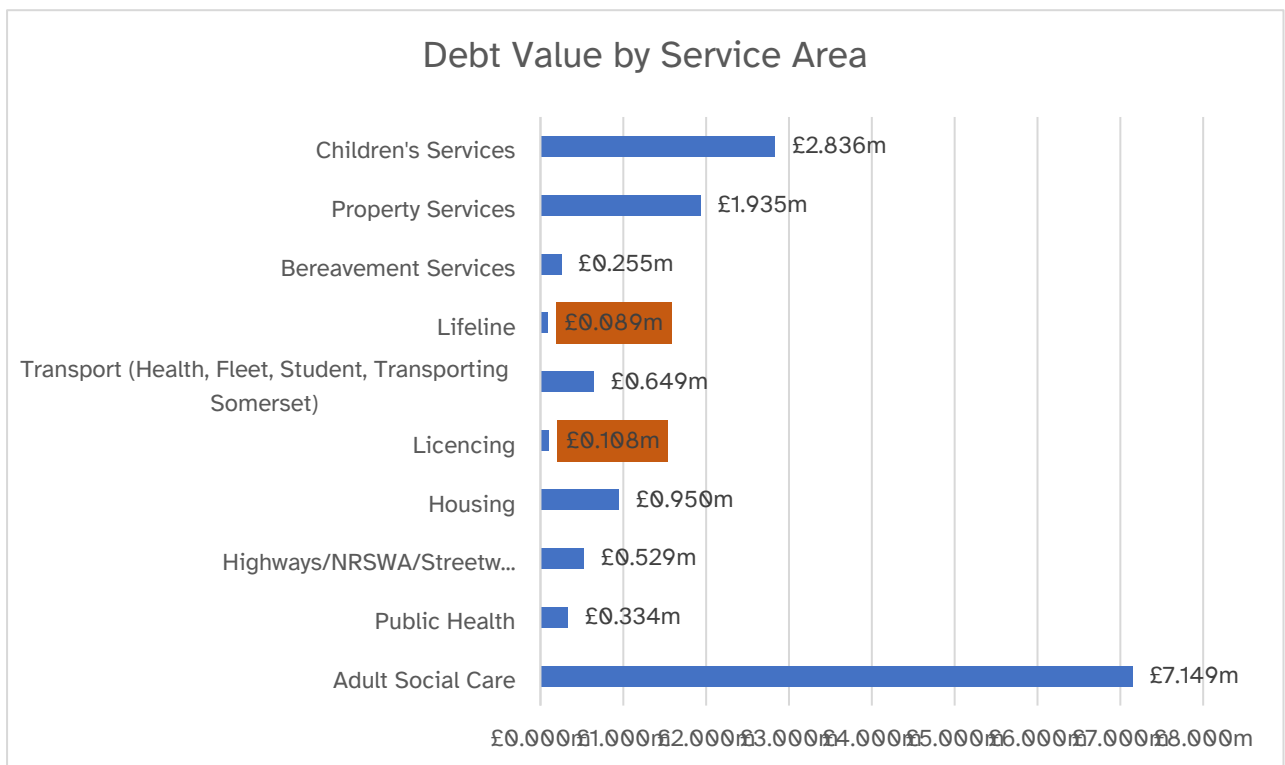
With Debt Reporting now fully available to services, the expectation that they are allocating, monitoring, and actioning as appropriate their unrecovered debt has been made clear, and both the Accounts Receivable and Debt Monitoring and Recovery teams have been supporting services with the practical application of this.

- Write off of unrecoverable, unenforceable, or not cost-effective to pursue debt has commenced, with £0.211m being written off since 1st April 2024.
- We will be continuing to address the number of aged low value invoices/invoice balances between £5.00 and £99.99, by frequently reminding Services that any invoices of this value should be written off using normal procedure once the appropriate debt recovery action has been taken, as they are not cost effective to pursue further.
- Debt Monitoring and Reporting team will be investigating all invoices from 2018 and 2019 to establish what meaningful recovery action is in place, and if this has been secured against the Statute of Limitations (the imposed timeframe of six years that we have to legally pursue debt from the date of invoice, unless superseded by Court Order's/CCJ's or other repayment plans).

Actions and controls over the past six months –

- All new invoices raised are receiving reminders in accordance with the Billing Classification schedule. Accounts Receivable and Debt Reporting and Monitoring are undertaking a review of the automated reminders frequency, timing, and wording, with a view to condense the classifications and processes where possible and appropriate.
- With reminders being sent, the staff responsible for chasing debt are now required to send out 7-day letters to all customers whose invoices remain outstanding. This is in line with the Income Code of Practice.

Services are responsible for monitoring and chasing their own debt (up to the point that it requires referral to the Debt Monitoring and Recovery Team). For context, please see below a table with the majority of service areas against the value of their aged debt:



For context, the two lowest value services featured in the above table have some of the highest volume, with Licencing's and Lifeline's debt values of £0.108m and £0.089m being made up of 540 and 520 lower value invoices, respectively. In contrast, Public Health's £0.334m outstanding is split over only seven invoices.

Lower value invoices are harder to recover due to the associated costs of the resource required to chase and recover them effectively. One of Lifeline's standard charges is £29.90, and the issue of Court Proceedings in the Small Claims Court is £35.00, meaning that unless multiple invoices are raised to the same debtor it is likely that

some of these debts will not be cost effective to pursue past the initial steps in the recovery process.

Census 2021 results show the population of England and Wales has continued to age since 2011. The number of people aged 65 years and over increased from £9.2 million in 2011 to over 11 million in 2021 and the proportion of people aged 65 years and over rose from 16.4% to 18.6%.

As is both evident and expected, Adult Social Care (ASC) continues to be the largest and most difficult area in recovery terms. This has many contributing factors, of which delays at the Office of the Public Guardian and Client Finance teams, and under resourcing of Social Care teams are only a few.

Somerset Council is part of a local authority network who collaborate monthly to share knowledge and experience in this difficult field, along with successes and challenges.

Longer term, one option to manage the risk of ASC debt and protect against it is to increase the uptake of Deferred Payment Agreements (which once formalised become known as Debts to Accrue). This is when the client in receipt of care (or their Legal/Financial Representative) enters into an agreement to place a consensual charge against the client's property, whereby all care fees incurred will be covered by the authority, before being reclaimed from the sale of the property upon the clients passing. This secures the debt in the longer term, but means the initial cost is borne by us, and is only viable in the event that the client owns their own home.