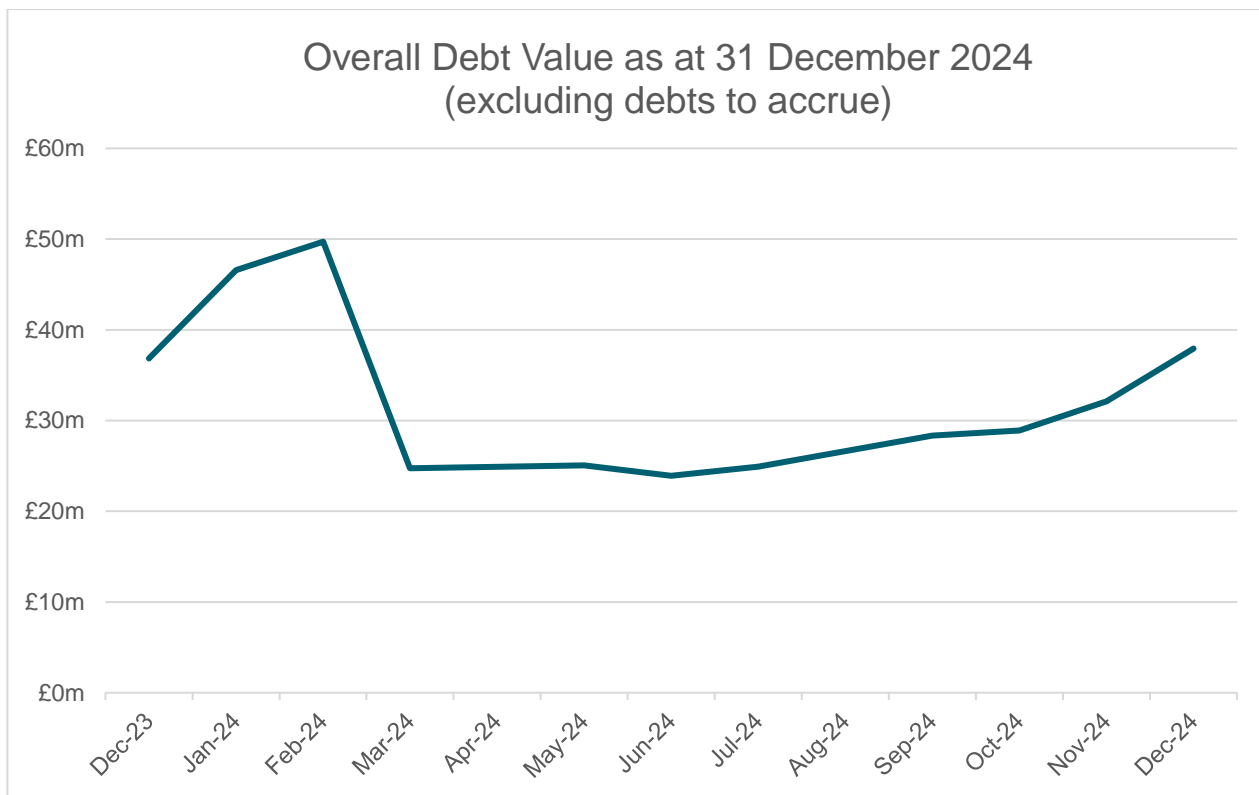


Somerset Council Debt Monitoring Quarter 3 2024/25**Sundry Debtor Monitoring Position Quarter 3 2024/25**

As of 31 December 2024, the total outstanding debt reported on the Accounts Receivable system stood at £43.186m. This compares to £34.162m as of 30 September 2024 and £28.992m as of 30 June 2024.

Of that £43.186m, £5.261m is secured under Debts to Accrue, and £14.145m is owed by the NHS, leaving general aged debt at £23.780m.

Chart 1: Overall Debt Value as at 31 December 2024 (excluding debts to accrue)

Of the £37.925m outstanding at the end of Quarter 3 (total debt less Debts to Accrue), £23.766m was raised in Quarter 3, with £12.846m (34%) and £9.331m (25%) being raised in November and December 2024, respectively.

Of the £14.145m owed by the NHS at the end of Quarter 3, £10.842m (74%) of that was raised in the same quarter. Due to how recently it was raised, this would not yet be considered aged or “at risk” debt.

All debt raised pre-1 April 2024 now stands at £9.327m, a decrease of £1.501m from Quarter 2, where it stood at £10.828m.

Chart 2: Debt Raised post 1 April 2024 by Month

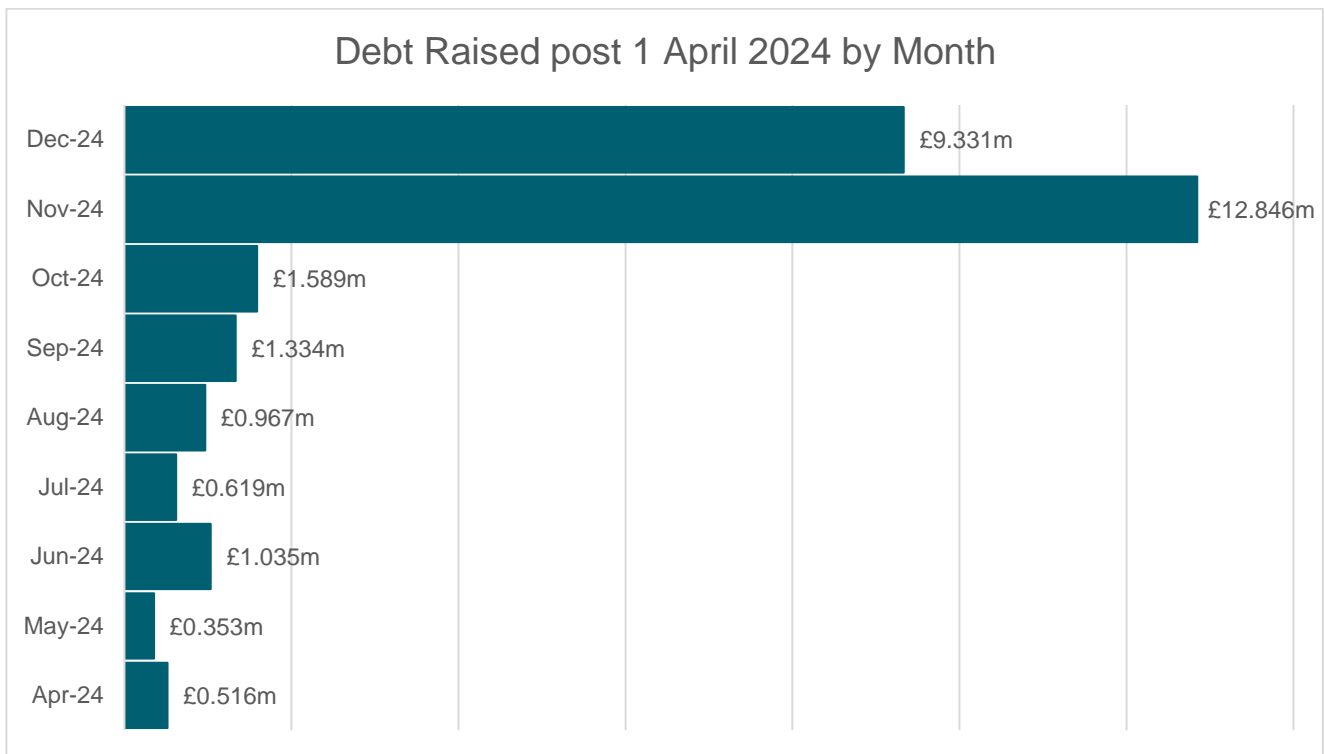
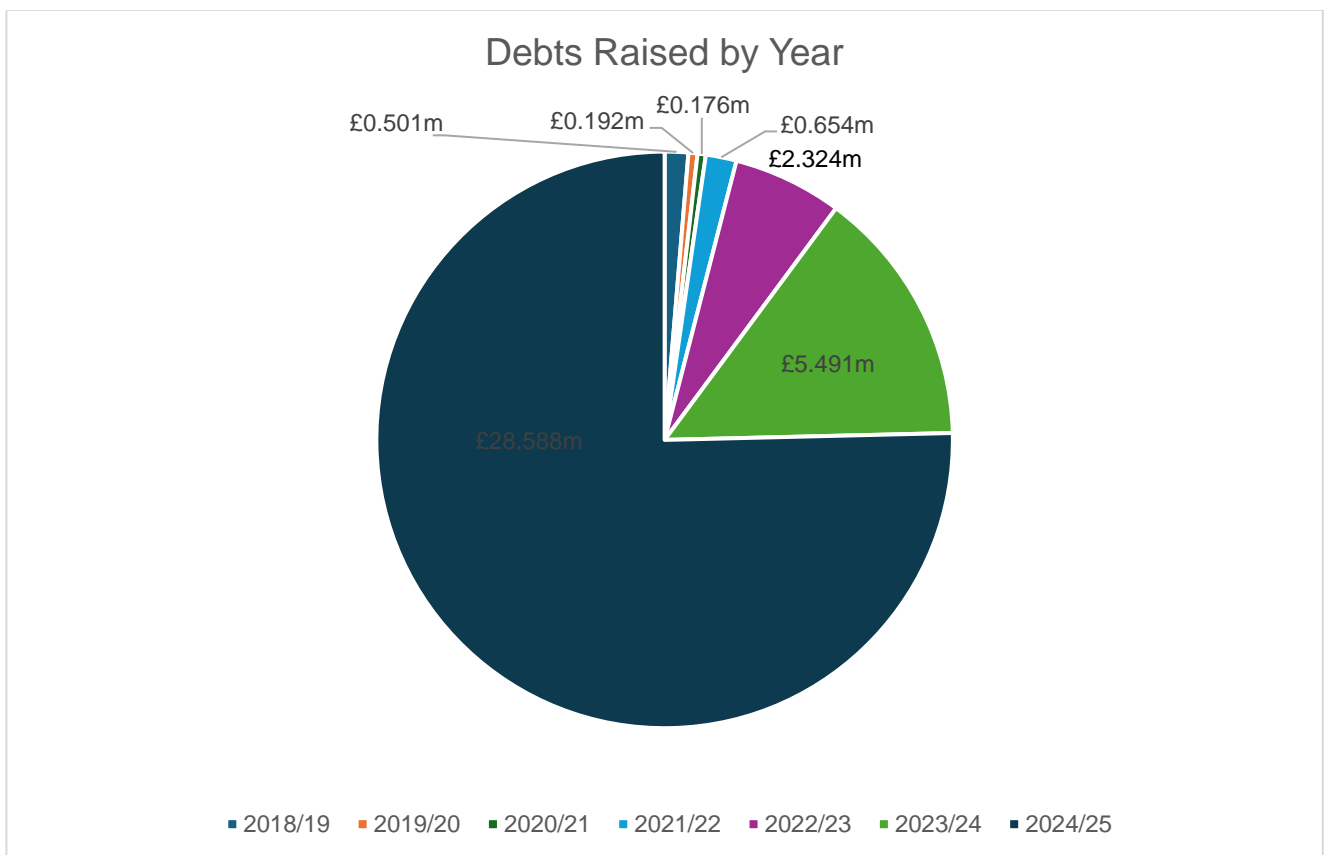


Chart 3: Debts Raised by Year



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

The services, Accounts Receivable and Debt Recovery continue to focus on both addressing newer debt, but also targeting the aged debt, particularly that raised pre-vesting (1 April 2023).

With debt reporting 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 continuing to support and advise services with the practical application of this.

- Debt Monitoring and Reporting will continue to investigate the number of aged low value invoices/invoice balances up to £99.99 and remind services of the process to chase and write these debts off if all recovery options are exhausted and they are considered not cost effective to pursue.
- Debt Monitoring and Reporting will continue the review of remaining balances 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 6 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).
- Debt Monitoring and Reporting will seek to liaise with outstanding debtors to clear any historic invoices that have stagnated and explore if there is any way to streamline the process re: the larger, more frequently raised invoices.

Actions and controls over the past 6 months –

- With reminders being sent, the staff responsible for chasing debt are required to send out 7- day letters to all customers whose invoices remain outstanding. This is in line with the Income Code of Practice.
- Accounts Receivable & Debt Recovery have compiled Billing Classification and Reminder reviews (on both wording and frequency) to establish if any changes are necessary. Some changes have been made, and more work will be continued with services where more specific potential changes have been identified.
- There has been a continued focus on prompt allocation of received funds to ensure the position is accurately reflected in all debt reporting. This will be aided by the new Income Management System (IMS), which went live on 5 December 2024 and offer enhanced online and telephony payment options for a range of Services. This is a single IMS solution for the Council, superseding the five previous legacy system requirements. Payments via these routes are more efficient and allow for auto allocation to customer accounts and general ledger income. This mitigates the need for reminders to Customers. Further enhancements to the system are planned over the next few months.

Adult Social Care Debt

Of the £37.925m outstanding as of 31 December 2024, £18.286m (48%) relates to Adult Social care. As is both evident and expected due to the ageing population both nationally and locally, Adult Social Care continues to be the largest and most difficult area in recovery terms. Some clients lack capacity to manage their own finances and have no one assist them, while others opt not to manage their finances. In accordance with the Care Act 2014, it is our legal obligation to provide care to those with an assessed need, and this obligation is not discharged when those who should (and are assessed to) pay or contribute to their care, do not. The authority is therefore required to bear this cost in the hope of recovering from the client, and while this rightly protects the care recipient, this often leads to sizeable debts accruing.

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