

North East Derbyshire District Council

Audit and Corporate Governance Scrutiny Committee

3 November 2021

North East Derbyshire District Council – Corporate Debt 30 September 2021

Report of the Assistant Director – Finance & Resources (S151 Officer)

Classification: This report is public

Report By: Jayne Dethick – Assistant Director – Finance & Resources
(S151 Officer)

Contact Officer: as above

PURPOSE/SUMMARY

- To present to Members of the Audit and Corporate Governance Scrutiny Committee a summary of the corporate debt position at 30 September 2021.

RECOMMENDATIONS

1. That the Audit and Corporate Governance Scrutiny Committee note the report concerning the Council's corporate debt position as at 30 September 2021.

IMPLICATIONS

Finance and Risk Yes ✓ No

Appendix 1 details the current position regarding corporate debt.

On Behalf of the Section 151 Officer

Legal including Data Protection Yes No ✓

There are no legal implications arising directly from this report.

On Behalf of the Solicitor to the Council

Staffing Yes No ✓

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

DECISION INFORMATION

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	N/A
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	N/A
Has the relevant Portfolio Holder been informed	N/A
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

REPORT DETAILS

1 Corporate Debt Position

- 1.1 This report updates Members of the Audit and Corporate Governance Scrutiny Committee on the current position in relation to corporate debt.
- 1.2 Appendix 1 contains details of the debt position in relation to sundry debtors, overpaid housing benefits and rents.

2. Housing Benefit Overpayments

- 2.1 Housing benefit totalling £17.61m is paid to tenants living in rented accommodation in North East Derbyshire each year. On occasion an overpayment can happen, these are mostly are recoverable. The overpayment is not recovered if it is the result of official error, unless it was reasonable for the tenant to have known they were being overpaid.

- 2.2 Overpayments happen for various reasons, most commonly when we are not told about a change in circumstance such as an income increase or someone moving in or out of the home. It can also occur because of overlaps in payment of other benefits such as Universal Credit.
- 2.3 When an overpayment is identified the tenant (or former tenant) is notified and arrangements are made to recover the amount. If Housing Benefit or Universal Credit is still being paid then the overpayment is recovered by deducting an amount from the benefit received each week. The Department of Work and Pensions specify the maximum amount that can be recovered each week (currently £11.25). This cannot be exceeded but can be reduced depending on individual circumstances.
- 2.4 Where housing benefit is no longer being paid then an invoice will be issued for the due amount and arrangements made for collection. If an invoice remains unpaid or an arrangement to repay persistently defaults then further action may be taken including pursuing the debt in the County Court.
- 2.6 The value of overpayments identified each quarter currently averages £34,000, which equates to around 0.19% of the total housing benefit paid. The benchmarking we perform with our Derbyshire local authority neighbours shows a very similar picture.
- 2.6 Table 2 in Appendix 1 shows that the overall position isn't worsening and debt levels in the first two years are slightly improving. However, the "over 5 years" level of debt is increasing as the difficult to collect debts become older and older. An exercise is currently underway to identify how much of this debt is effectively irrecoverable to inform a decision on potential write offs.
- 2.7 Work is continuing to review the overpayments position and further updates will be provided to the Committee as this progresses.

3 Reasons for Recommendation

- 3.1 To ensure the Audit and Corporate Governance Scrutiny Committee are informed of the latest position concerning the Council's debt.

4 Alternative Options and Reasons for Rejection

- 4.1 There are no alternative options for consideration.

DOCUMENT INFORMATION

Appendix No	Title
1	Corporate Debt as at 30 September 2021
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the	

section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)

Report Author	Contact Number
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