

North East Derbyshire District Council

Audit Committee

15 April 2024

Corporate Debt 31 January 2024

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

Classification: This report is public

Report By: Jayne Dethick, Director of Finance and Resources (S151 Officer)

Contact Officer: Jayne Dethick

PURPOSE/SUMMARY

- To present to Members of the Audit Committee a summary of the corporate debt position at 31 January 2024.

RECOMMENDATIONS

1. That the Audit Committee note the report concerning the Council's corporate debt position as at 31 January 2024.

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.

DECISION INFORMATION

Decision Information	
<p>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:</p> <p>NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>District Wards Significantly Affected</p>	None
<p>Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/> SMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	No Details:

<p>Links to Council Plan priorities, including Climate Change, Equalities, and Economics and Health implications.</p>
All

REPORT DETAILS

1 Corporate Debt Position

- 1.1 This report updates Members of the Audit 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.

Housing Benefit Overpayments

- 2.1 At its last meeting the Committee asked for an update on housing benefit overpayment collection. Housing benefit totalling £16.22m is paid to tenants living in rented accommodation in North East Derbyshire each year. On occasion an overpayment can happen, these are mostly 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. 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.
- 2.5 The amount of Housing Benefit Overpayments outstanding reduced from £1.530m at the 31st March 2022 to £1.434m at the 31st March 2023 and then to £1.289m at the 31st December 2023. The amount outstanding has therefore reduced by £0.241m in the last 21 months. This follows a period of targeted investigation on a case by case basis. This has included writing off uncollectable debts where all avenues for recovery have been exhausted and allows more time to focus on debts that are collectable.
- 2.6 In numerous cases, payments are being made but will take a considerable amount of time to pay in full. It is important that we remain engaged with such cases and don't write off debts which are being paid, but this means clearing debts can take some time.

3 Reasons for Recommendation

- 3.1 To ensure the Audit 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 31 January 2024
Background Papers	

APPENDIX 1

Aged Debt Reporting - Sundry Debtors

	Debt Outstanding as at	Current Debt	90 – 365 Days	1 to 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5+ years	Total	Write Offs
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
2018/19	31 March 2019	71	34	13	26	5	18	27	194	41
2019/20	31 March 2020	382	28	32	13	26	5	25	510	3
2020/21	31 March 2021	244	216	33	25	12	23	25	577	4
2021/22	31 March 2022	218	171	95	26	8	4	34	556	40
2022/23	31 March 2023	914	81	128	68	22	7	32	1,252	12
2023/24	30 June 2023	158	520	113	104	29	8	32	965	1
2023/24	30 September 2023	66	527	112	90	27	10	32	864	38
2023/24	31 January 2024	366	229	510	103	40	13	36	1,297	39
	Average	366	126	135	44	19	12	30	731	23

Aged Debt Reporting - Housing Benefit Overpayments

	Debt Outstanding as at	Current Debt	90 – 365 Days	1 to 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5+ years	Total	Write Offs
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
2018/19	31 March 2019	55	237	285	251	223	143	367	1,561	38
2019/20	31 March 2020	55	523	279	240	204	139	344	1,493	68
2020/21	31 March 2021	57	95	146	194	223	186	622	1,526	10
2021/22	31 March 2022	87	62	135	133	173	182	760	1,535	49
2022/23	31 March 2023	18	105	139	122	122	153	776	1,443	148
2023/24	30 June 2023	29	74	156	111	107	133	813	1,423	9
2023/24	30 September 2023	23	54	87	113	89	99	836	1,301	87
2023/24	31 January 2024	45	47	98	85	96	88	839	1,298	20
	Average	53	178	180	171	173	148	618	1,476	56

Aged Debt Reporting - HRA Indebtedness

	Debt Outstanding as at	Debt Outstanding as at	Write Offs in Year
		£000's	£000's
2018/19	31 March 2019	1,465	192
2019/20	31 March 2020	1,420	190
2020/21	31 March 2021	1,938	116
2021/22	31 March 2022	1,700	158
2022/23	31 March 2023	1,630	110
2023/24	30 June 2023	1,334	5
2023/24	30 September 2023	1,357	27
2023/24	31 January 2024	1,372	31
	Average	1,588	133

Summary of Provision for Doubtful Debts 2023/24

	General Fund Sundry Debtors	Over Paid Housing Benefit	HRA Rents	Total
	£000's	£000's	£000's	£000's
Balance B/Fwd	(415)	(1,316)	(1,006)	(2,737)
Write offs in current financial year	43	0	31	74
Actual increase in provision	0	0	0	0
Provision C/Fwd	(372)	(1,316)	(975)	(2,663)
Current Debt Position	1,297	1,298	1,372	3,967
Percentage Coverage	29%	101%	71%	67%