

## **Appendix 2: Debt Current State Assessment**

### **BILLING / INVOICING AND RECOVERY PROCESS AND ANALYSIS: COUNCIL TAX**

#### Background

Circa 200k annual bills were issued for 2019/20, totalling some £255m with the majority of citizens paying over 10 monthly instalments, from Apr 2019 through to Jan 2020. Bills highlight the various exemptions and discounts available alongside the council tax reduction scheme. Where a citizen contacts the Council they are able to speak with an officer who will, if appropriate, suggest that the citizen contacts a third party advice agency if they are suffering from financial vulnerability.

#### Recovery Process

The process for recovering unpaid council tax is governed by legislation which lays out the minimum time periods that must elapse before the next stage of recovery action can be taken. Legally, it is possible to issue a reminder immediately an instalment remains unpaid although in practice it is more effective to issue a reminder notice just before the next instalment falls due. Where the sum due on the reminder notice is paid within seven days then the citizen is able to continue paying instalments under the original scheme. Where an instalment remains unpaid a second time then a further reminder would be issued. Again the citizen is able to continue making payments under their original instalment scheme where the sum due on the reminder notice is paid. If there is a further failure to pay an instalment then a final notice is issued requesting that the full remaining balance for the current bill to be paid in full. If payment is not made following the issue of either reminder notice or the final notice then, after a period of fourteen days from date of issue, a summons may be issued requiring the citizen to appear before the Magistrates Court to explain why payment has not been made as demanded.

Where a liability order is granted at the Magistrates Court there are a number of recovery options available. These include attachment to earnings or benefit (including universal credit), application for a charging order (and orders for sale), insolvency or committal action. In a number of cases enforcement agents will be asked to collect the sum due where it has not been possible to take alternative action or where it has not been possible to contact the citizen.

#### Analysis

The chart at fig. 1 below shows annual billing liability, the balance brought forward and in year collection performance for the years 2013/14 to 2019/20 inclusive. The arrears figures are taken from end of year reports; any costs are not included but credits are included. Write offs are displayed separately and the total annual billing and arrears figures have been reduced accordingly. Fig. 2 shows the top 15 sums outstanding by value along with the current recovery process.

### Council Tax: Collection

Fig. 1

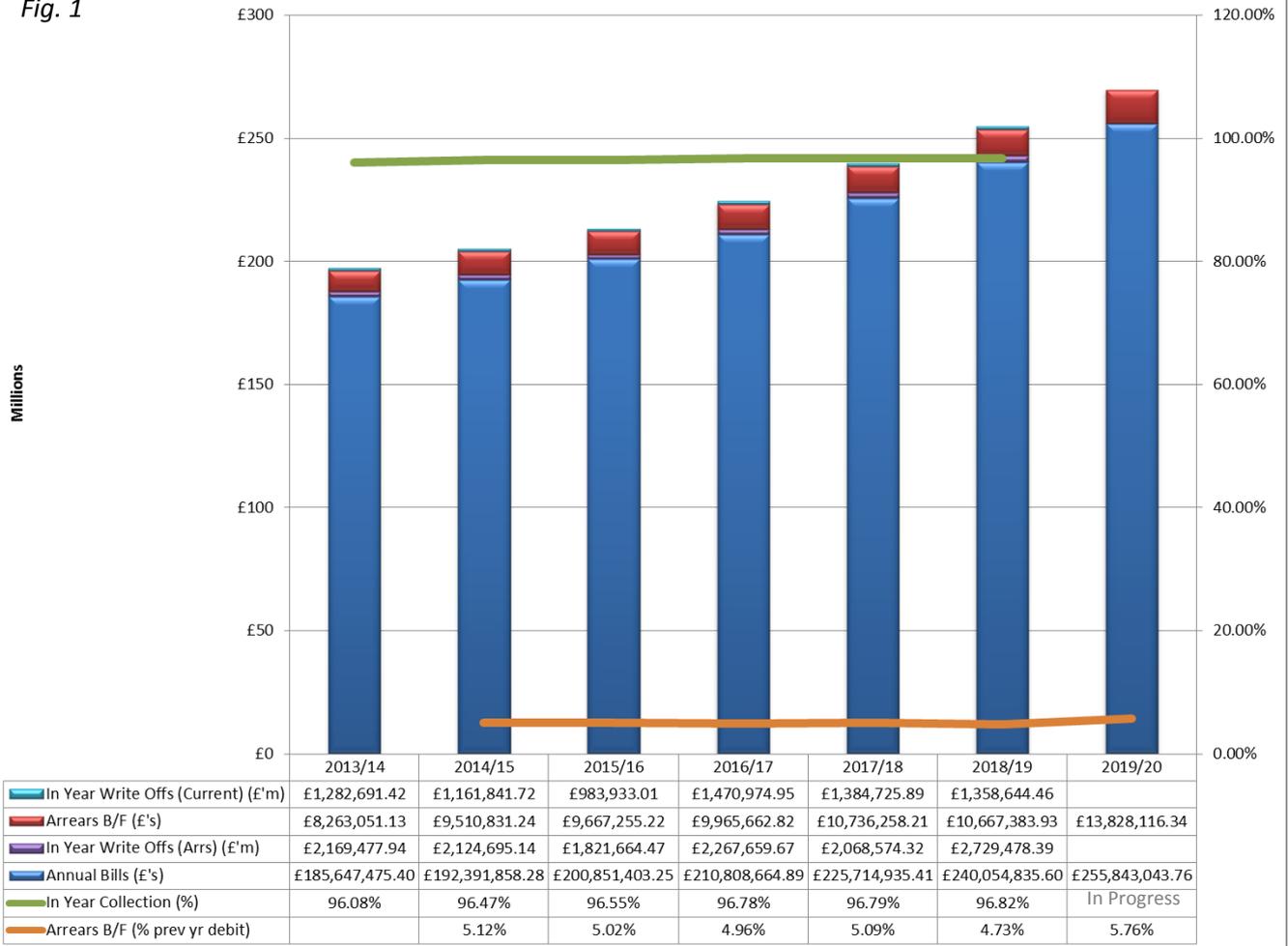


Fig. 2

| CTAX - Top Fifteen Debts by Value |             |                                  |
|-----------------------------------|-------------|----------------------------------|
| Acc Number                        | Debt        | Position                         |
| CTax01                            | £ 23,451.38 | Insolvency proceedings commenced |
| CTax02                            | £ 14,023.25 | Charging Order pending           |
| CTax03                            | £ 12,801.00 | Charging Order pending           |
| CTax04                            | £ 11,830.02 | Charging Order pending           |
| CTax05                            | £ 11,078.06 | Query over liability             |
| CTax06                            | £ 11,041.19 | Enforcement agent                |
| CTax07                            | £ 10,646.99 | Committal application            |
| CTax08                            | £ 10,491.93 | Deductions from benefit          |
| CTax09                            | £ 10,362.03 | Arrangement                      |
| CTax10                            | £ 10,315.33 | Arrangement                      |
| CTax11                            | £ 10,112.94 | Insolvency proceedings commenced |
| CTax12                            | £ 10,109.99 | Charging Order pending           |
| CTax13                            | £ 9,922.67  | Liability query                  |
| CTax14                            | £ 9,855.10  | Committal application            |

## **BILLING / INVOICING AND RECOVERY PROCESS AND ANALYSIS: BUSINESS RATE**

### Background

Circa 16k annual bills were issued for 2019/20, totalling some £238m with the majority of ratepayers paying over 10 monthly instalments, from Apr 2019 through to Jan 2020. Bills highlight the various exemptions and reliefs available. Where a ratepayer contacts the Council they are able to speak with an officer who will, if appropriate, suggest that the citizen contacts a third party advice agency if they are suffering from financial vulnerability and who will also be able to discuss the Enterprise Zones and Areas.

### Recovery Process

The process for recovering unpaid business rate is governed by legislation which lays out the minimum time periods that must elapse before the next stage of recovery action can be taken. Legally, it is possible to issue a reminder immediately an instalment remains unpaid and, due to the large sums that can be due for each instalment, recovery processes are robust.

Where an instalment remains unpaid, a reminder notice is issued; if the sum due is paid within seven days then the ratepayer is able to continue paying instalments under the original scheme. Where an instalment remains unpaid a second time then a final notice would be issued requesting the full remaining balance for the current bill to be paid in full. If payment is not made following the issue of either reminder notice or the final notice then, after a period of fourteen days from date of issue, a summons may be issued requiring the ratepayer to appear before the Magistrates Court to explain why payment has not been made as demanded.

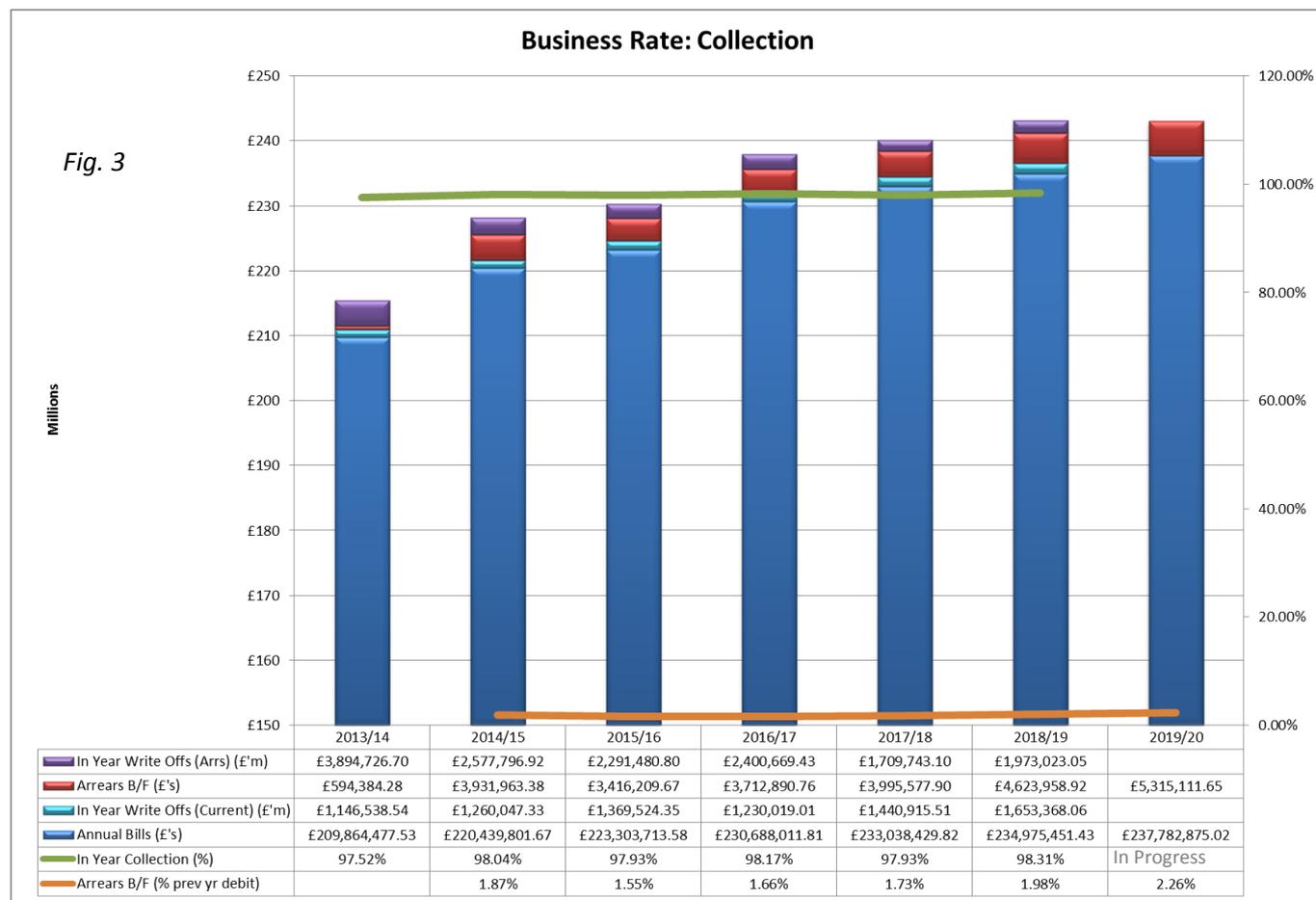
Where a liability order is granted at the Magistrates Court there are a number of recovery options available. These include insolvency or committal action. In a number of cases enforcement agents will be asked to collect the sum due where it has not been possible to take alternative action or where it has not been possible to contact the ratepayer. By agreement it is also possible to enter into 'security for unpaid rates' whereby recovery action in respect of any sums due immediately (including costs) plus any sums which fall due within the specified period (maximum of three years) is suspended to allow the ratepayer time to make payment of the full sum due.

It is possible to commence proceedings for unpaid business rate in the County Court and, where this happens, the full remit of recovery powers become available including charging orders (and orders for sale) and high court enforcement officer activity.

### Analysis

The chart at fig. 3 below shows annual billing liability, the balance brought forward and in year collection performance for the years 2013/14 to 2019/20 inclusive. The arrears figures are taken from end of year reports; any costs are not included but credits are included. Write offs are displayed separately and the total annual

billing and arrears figures have been reduced accordingly. Fig. 4 shows the top 15 sums outstanding by value along with the current recovery process.



**Business Rates - Top Fifteen Debts by Value**

| Acc Number | Debt         | Position          |
|------------|--------------|-------------------|
| NDR01      | £ 202,918.18 | Enforcement agent |
| NDR02      | £ 193,584.38 | Summons           |
| NDR03      | £ 162,540.00 | Summons           |
| NDR04      | £ 152,234.50 | Arrangement       |
| NDR05      | £ 147,509.50 | Query             |
| NDR06      | £ 137,340.00 | Summons           |
| NDR07      | £ 133,560.00 | Summons           |
| NDR08      | £ 110,880.00 | Summons           |
| NDR09      | £ 102,312.00 | Summons           |
| NDR10      | £ 97,510.72  | Query             |
| NDR11      | £ 93,744.00  | Summons           |
| NDR12      | £ 92,321.50  | Enforcement agent |
| NDR13      | £ 86,121.86  | Summons           |
| NDR14      | £ 81,401.50  | Arrangement       |
| NDR15      | £ 79,911.75  | Committal action  |

**Fig. 4**

## **BILLING / INVOICING AND RECOVERY PROCESS AND ANALYSIS: OVERPAID HOUSING BENEFIT**

### Background

Housing benefit is delivered by the Council to some 40k households on behalf of the Department for Work and Pensions. The Council receives subsidy for any loss incurred due to overpayments on a sliding scale from 100% to NIL%. There are four main categories of overpayment:

- **Eligible overpayments** - those where either the citizen is at fault (intentionally or otherwise) or no particular party is to blame. The Council receives 40% of expenditure as subsidy.
- **Council error overpayments** - those where the local authority is to blame for the overpayment, either through an act or omission. The Council receives subsidy at NIL% of expenditure (but see below)
  - Subsidy if Council error overpayments does not exceed lower threshold - 100%
  - Subsidy where Council error between the lower and upper thresholds - 40%
  - Subsidy where Council error exceeds upper threshold - 0%(Where the lower threshold is 0.48% of correct total expenditure, and upper threshold is 0.54% of correct total expenditure.)
- **Technical overpayments** - those arising because some benefit (in particular Rent Rebate) is paid in advance. The Council receives subsidy NIL% of expenditure.
- **DWP error** - those arising because of a mistake made by DWP. The Council receives 100% if not already recovered by DWP, if so, 0%

The Council received £504k Council error subsidy for 2018/19 as the total Council error in value was less than the lower threshold of £735k.

There is no impact on subsidy if the overpayment is recovered after being invoiced direct to the citizen where they are no longer in receipt of housing benefit or another welfare benefit. Additionally, if the Council decides to 'write-off' the sum due, even prior to an invoice being raised, the Council will receive the appropriate percentage subsidy for that overpayment.

It is possible for the Council to receive 100% subsidy on an overpayment, and also recover 100% of that overpayment which means the Council would make a surplus. Also, an underpayment of benefit could offset an existing overpayment (if in the same year) and the Council receive NIL% subsidy if the overpayment is offset in full or the appropriate percentage in subsidy for the remaining overpayment.

Council Error, despite usually being caused by the Council, can be recovered from the citizen in certain circumstances.

Circa 12k invoices were issued in 2018/19 with a value of £12m, with 2k so far this year for a value of £2m. All invoices request payment in full within seven days but offer the opportunity to speak with an officer and suggest that the citizen contacts a third party advice agency if they are suffering from financial vulnerability.

It is common for citizens to have their entitlement to housing benefit removed, with an invoice being sent for any overpaid sum, and then that invoice being cancelled as deductions could be made from welfare benefits (including pension credit, state retirement pension and universal credit amongst others) or direct from a new or revised entitlement to housing benefit. This paper does not refer to debts which are not collected via invoice.

The continued rollout of universal credit presents challenges to the collection of this debt type as the priority of overpaid housing benefit in terms of the hierarchy of deductions from welfare benefits is reducing.

### Recovery Process

The process for recovering overpaid housing benefit is governed by legislation in some respects but, where no legislative direction exists, each invoice is treated as a separate sundry debt.

Where a debt is created an invoice is issued and, where payment is not forthcoming nor arrangement to pay made, a final notice is issued after a further twenty one days. Again where payment is not forthcoming nor arrangement to pay made, the debt is passed to a collection agent for recovery action to commence.

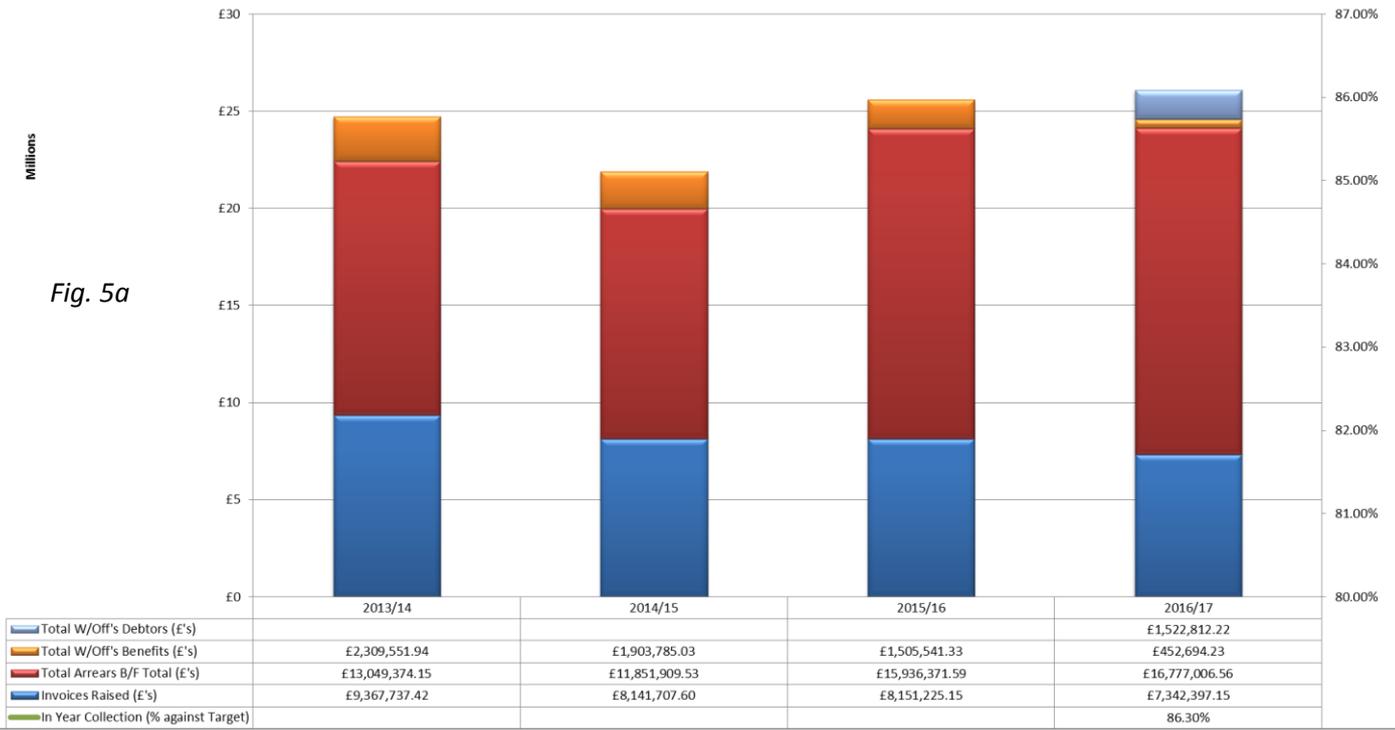
Where collection agent activity is unsuccessful consideration is made as to the suitability and potential for further recovery action via the County Court. Where a debt is considered viable for further action and a County Court Judgement obtained, a number of recovery options are available. These include charging order (and order for sale), insolvency, third party payment order and County Court enforcement officer or high court enforcement officer action.

### Analysis

The chart at fig. 5a & fig. 5b below shows the brought forward arrears, the value of invoices raised per year and in year collection performance for the years 2017/18 to 2019/20 inclusive. The arrears figures are taken from end of year reports. Please note that collection performance is measured against target rather than against total sum outstanding. Write offs are displayed separately and the total arrears figures have been reduced accordingly. Fig. 6 shows the top 15 sums outstanding by value along with the current recovery process.

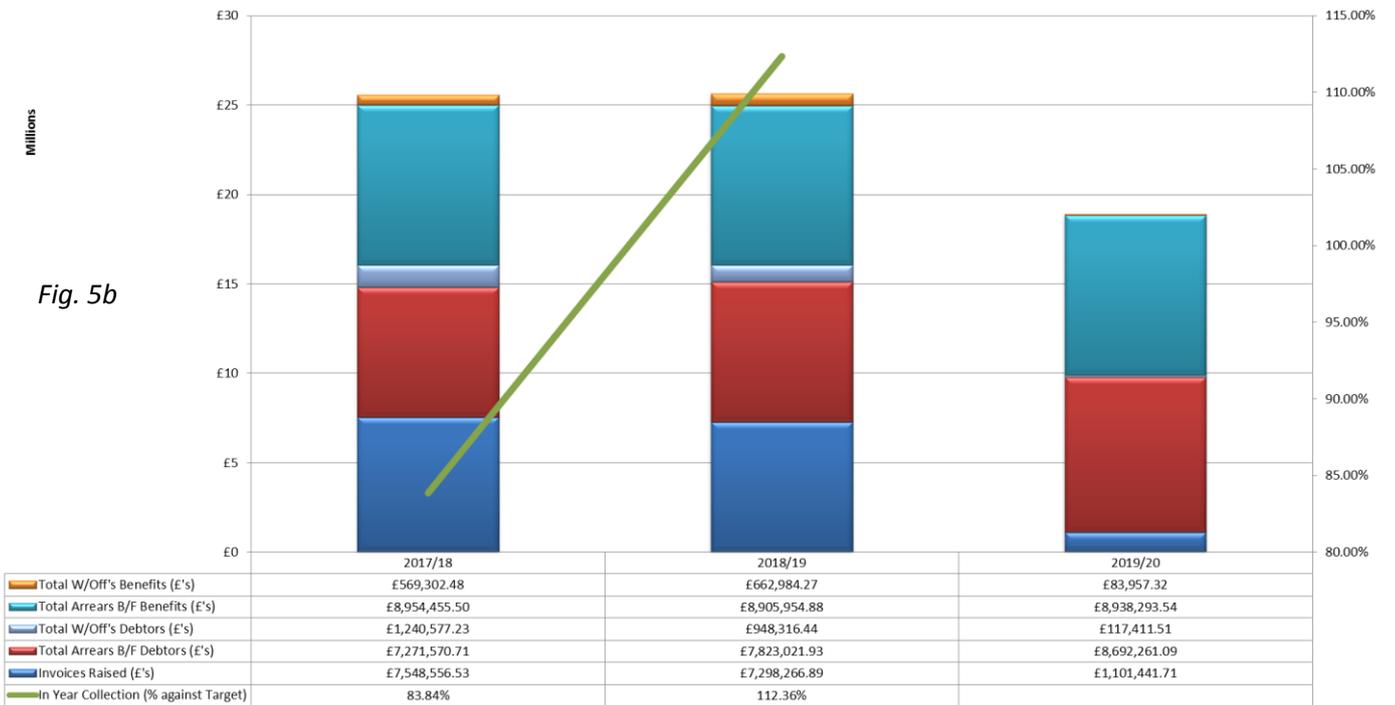
### Overpaid Housing Benefit: Collection 2013/4 to 2016/7

Fig. 5a



### Overpaid Housing Benefit: Collection 2017/8 to 2019/20

Fig. 5b



| Overpaid Housing Benefit - Top Fifteen Debts by Value |             |                              |
|---|-------------|------------------------------|
| Inv Number  | Debt        | Position                     |
| OPHB01  | £ 54,098.32 | Collection agent             |
| OPHB02  | £ 52,577.51 | Collection agent             |
| OPHB03  | £ 50,207.74 | Deductions from benefit      |
| OPHB04  | £ 39,880.00 | CCJ                          |
| OPHB05  | £ 37,536.00 | Arrangement                  |
| OPHB06  | £ 35,154.34 | Deductions from earnings     |
| OPHB07  | £ 33,732.35 | Arrangement                  |
| OPHB08  | £ 32,666.03 | Collection agent             |
| OPHB09  | £ 31,923.78 | Deductions from benefit      |
| OPHB10  | £ 31,500.00 | Arrangement                  |
| OPHB11  | £ 28,988.93 | Arrangement                  |
| OPHB12  | £ 28,880.96 | Compensation Order           |
| OPHB13  | £ 28,782.07 | Deductions from earnings     |
| OPHB14  | £ 26,620.26 | Employment details requested |
| OPHB15  | £ 26,085.00 | Employment details requested |

Fig. 6

## **BILLING / INVOICING AND RECOVERY PROCESS AND ANALYSIS: SUNDRY DEBT (ACCOUNTS RECEIVABLE)**

### Background

Circa 113k invoices were issued in 2018/19 with a value of £133m, with 28k so far this year for a value of £39m. All invoices request payment in full within thirty days but offer the opportunity to speak with an officer and suggest that the citizen contacts a third party advice agency if they are suffering from financial vulnerability.

### Recovery Process

The process for recovering unpaid sundry debt invoices is not governed by legislation, save that legal action is taken in the County Court. There is the option to charge late payment fees and interest to some customer types, for which the sums to be charged are covered by legislation.

To enable automation within the recovery process invoicing is designed around 'Collection Codes'. A collection code sets the rules in relation to reminders (the Dunning process) and interest charges. Having multiple collection codes enables varying reminder cycles that suit the different types of charges being collected that would not be considered as standard, i.e. care debt, commercial rent, service charges etc. Each reminder cycle will then set out the number and frequency of reminders to be issued. Any invoices issued under the standard collection code (CC1) would have reminders sent after 42 and 56 days respectively if the invoice remains unpaid. Reminders are produced on a daily basis in accordance on the full range of collection codes.

Fourteen days after the last reminder has been sent, budget managers are notified and asked to confirm the validity of debt. At this point the invoice debt is referred to debt management for collection and a final notice is issued. After an additional fourteen days, if the invoice remains unpaid, the debt is referred to a collection or enforcement agent as required or legal action commenced. Where a debt is considered viable for further action and a County Court Judgement obtained, a number of recovery options are available. These include charging order (and order for sale), insolvency, third party payment order and County Court enforcement officer or high court enforcement officer action.

### Adult Care Debt

The introduction of the Care Act 2014 (effective from April 2015) changed the way care was being charged and the powers local authorities had in relation to the collection of these charges. Previously the Council were able to place a charge against a service users property with or without their consent (HASSASSA) but this changed under the Care Act 2014 so that a charge can only be placed on a property as part of a Deferred Payment Agreement (DPA) which must be agreed with the service user.

Furthermore Care Act guidance on debt recovery recommended personal contact as the initial stage of recovery to ascertain reasons for non-payment and that this activity should be embedded within the social care teams to

ensure effective liaison with social care practitioners and maintain adequate records to support a debt to be recovered.

The invoicing and recovery process is therefore slightly different for collection codes CC2 and CC3, Care and Homecare respectively. Invoices are issued and distributed to Service Users or their agents via either email or post and an initial period of fourteen days is allowed for citizens to either contact the Council to query the invoice or make payment. After the initial period invoices are referred to the Adult Social Care (ASC) debt team for action in line with the recommendations of the Care Act 2014. If required up to three reminder letters could be issued.

Any invoices which remain unpaid at this point and which are not subject to query, arrangement etc. are referred to debt management for collection under the following circumstances:

- Citizen in care with a vacant property; or
- Deceased estate not administered correctly; or
- Deputy or appointee not acting in accordance with their fiduciary duties; or
- Citizen no longer receiving care; or
- Invoice relates to a body corporate.

Where a debt is considered viable for further action and a County Court Judgement obtained, a number of recovery options are available. These include charging order (and order for sale), insolvency, third party payment order and County Court enforcement officer or high court enforcement officer action. Legal services will be engaged to undertake activity relating to deputy or appointee cases or where an executor has failed to discharge their duties correctly.

### Write Offs

As part of the final accounts a bad debt provision is calculated for Sundry Debt, the provision for 2019/20 was calculated to be £12.47m. The calculation is based on the age of a debt using the following formula:

| Age of Debt   | Provision |
|---------------|-----------|
| 1-29 Days     | 0%        |
| 30-59 Days    | 0%        |
| 60-89 Days    | 25%       |
| 90-119 Days   | 35%       |
| 120-365 Days  | 65%       |
| 1-2 Years     | 85%       |
| 2 - 4.5 Years | 100%      |
| Over 4.5 Year | 100%      |

The provision is held on the corporate balance sheet but the debts when written off are against the original departmental cost centre. All write offs are carried out in accordance with the Council's financial regulations; section 6.2.1.

The value of write offs in recent years has been the equivalent of less than 1% of the annual debit raised although there is an issue at present as there is a currently a backlog due to the prescriptiveness of financial regulations.

### Recent History

The current Unit 4 Business World (ABW) System was implemented on 1<sup>st</sup> April 2013, part of the package included the licensing for the Legal Debt Recovery (LDR) module which is designed to manage a debt through the Legal phase of recovery and this module was scheduled for implementation after the initial go-live.

As part of the Corporate Saving plan in 2014 when the Council needed to make substantial savings the Finance service review saw the deletion of the Recovery team from the area that is now known as Finance Operations effectively leading to the reduction in the staff base to its current size of 7 full time equivalents.

In September 2017 the Final Audit report was issued identifying a partial level of control in relation to Sundry Debt collection. In response to this a Hot House was held in December 2017 to address the debt position and agree the future process. Outcomes from this included the workflow process revision, the implementation of an Adult Social Care (ASC) debt team and the role of the Debt Management team.

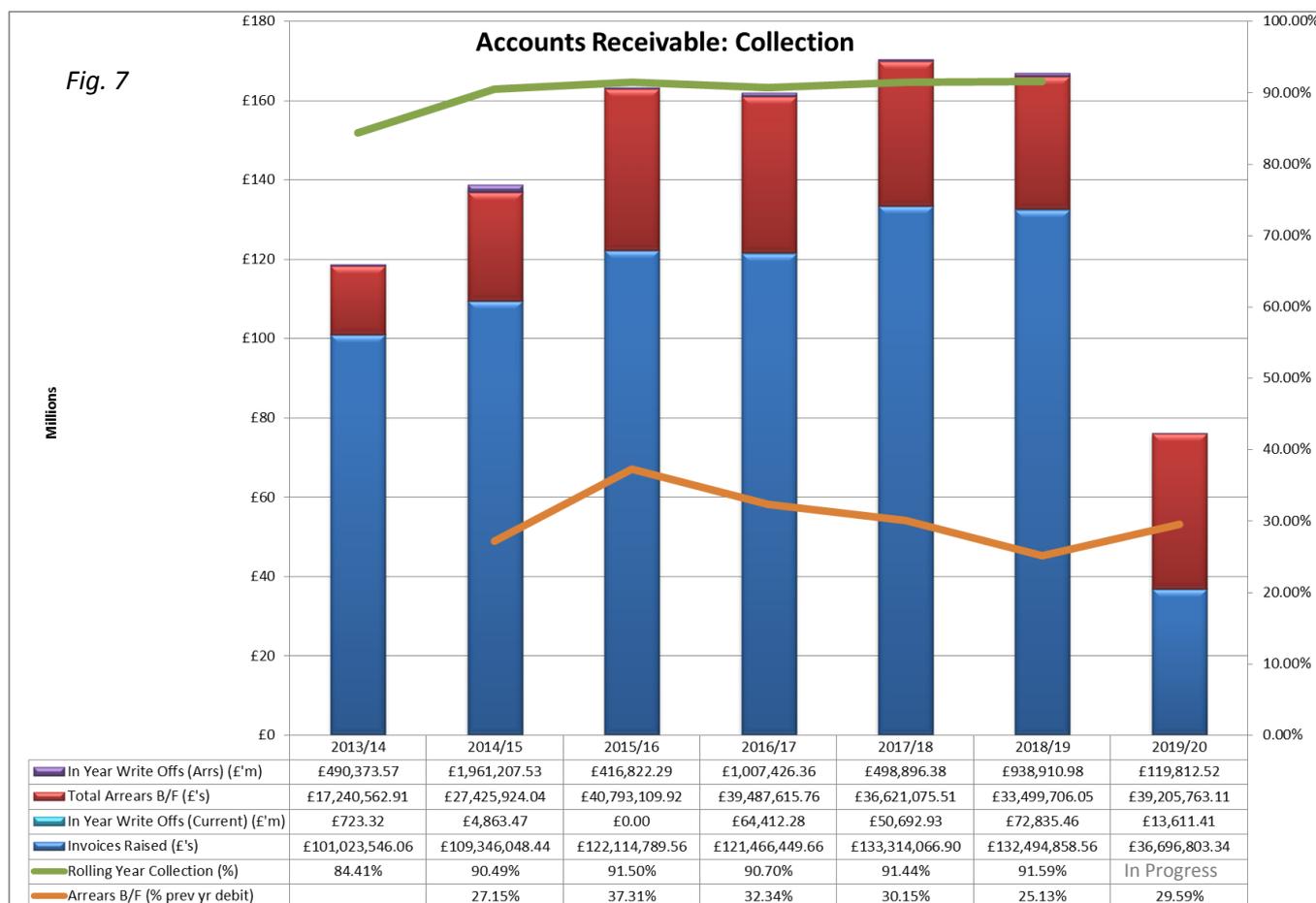
In February 2018 the ASC debt team was established as part of a project team funded for 12 months. During 2018 several workarounds have been developed to enable the referral of debts for further action with mixed results. Those based on the referral to Debt Management have proved to be effective whilst the reports to Budget Holders have proven to be in-effective to date.

In February 2019 the ASC debt project team were released as funding had ended. The review of the project showed the team had identified issues within the process leading to the issue of invoices that needed to be resolved within the People Directorate and whilst they had also had limited success in reducing the debt position they had shown signs of reversing the overall trend of increasing care debt.

### Analysis

The chart at fig. 7 below shows annual debits by year, the balance brought forward and in year collection performance for the years 2013/14 to 2019/20 inclusive. The arrears figures are taken from rolling year reports as at end of March each year. Write offs are displayed separately and the total annual debits and arrears figures have been reduced accordingly. Fig. 8 shows the top 15 sums outstanding by value along with the current

recovery process position. Fig. 9 shows some detail around when invoices were paid (by days) and the level of outstanding invoices.

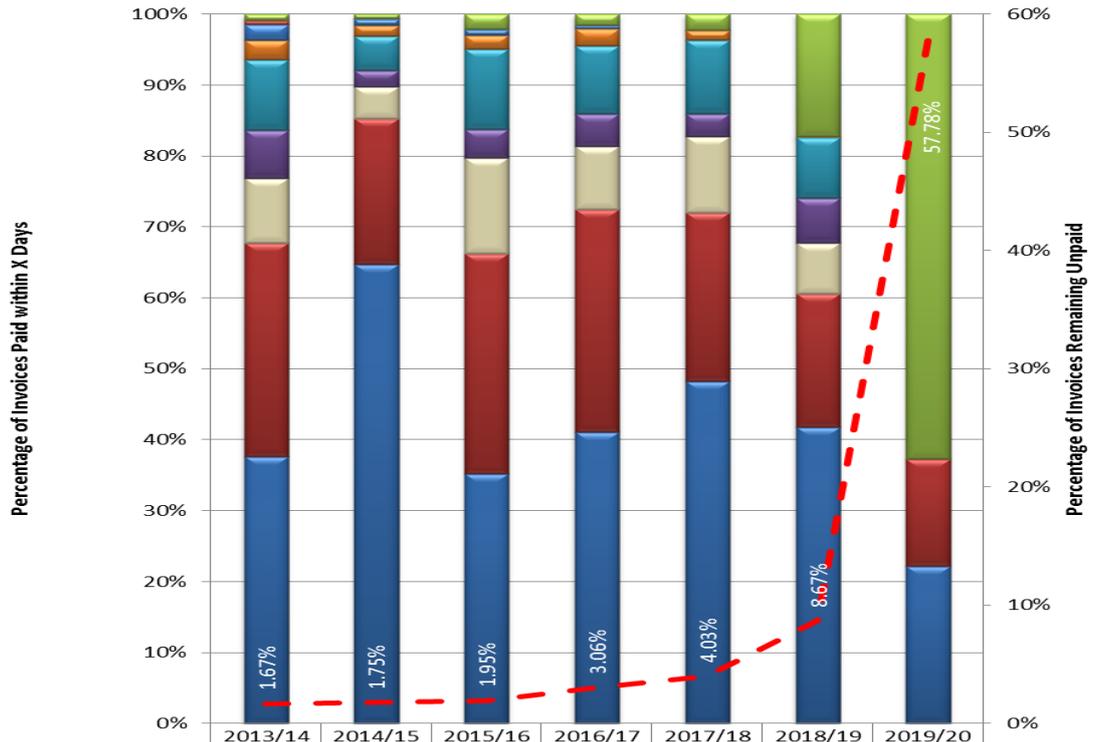


**Fig. 8**

| Account Ref                            | Outstanding Amount   | Recovery Process stage      |
|--|----------------------|-----------------------------|
| <b>Corporate (Governmental) Bodies</b> |                      |                             |
| Sundry01                               | 8,629,516.00         | AR Team                     |
| Sundry03                               | 750,086.36           | Referred to Debt Management |
| Sundry04                               | 842,168.30           | AR Team                     |
| Sundry11                               | 139,709.00           | AR Team                     |
| <b>PFI Charges</b>                     |                      |                             |
| Sundry02                               | 395,172.36           | Payment Plan                |
| Sundry05                               | 124,161.03           | Reminder Process            |
| <b>Adult Care Debts</b>                |                      |                             |
| Sundry06                               | 94,017.89            | ASC Debt Team               |
| Sundry07                               | 140,476.50           | Referred to Debt Management |
| Sundry08                               | 195,860.02           | Referred to Debt Management |
| Sundry09                               | 92,179.65            | Referred to Debt Management |
| Sundry10                               | 149,108.88           | ASC Debt Team               |
| Sundry12                               | 115,685.12           | Referred to Debt Management |
| Sundry13                               | 90,551.13            | Referred to Debt Management |
| <b>Businesses</b>                      |                      |                             |
| Sundry14                               | 89,562.50            | Referred to Debt Management |
| Sundry15                               | 89,169.00            | Referred to Debt Management |
|  | <b>11,937,423.74</b> |                             |

### Accounts Receivable: Outstanding Invoices

Fig. 9



|                              | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Unpaid Invoices (% of Value) | 0.94%   | 0.67%   | 2.14%   | 1.64%   | 2.32%   | 17.34%  | 62.75%  |
| 4.5 + years                  | 0.51%   | 0.04%   |         |         |         |         |         |
| 2-4.5 years                  | 2.24%   | 0.85%   | 0.82%   | 0.43%   | 0.00%   | 0.00%   |         |
| 1-2 years                    | 2.78%   | 1.57%   | 1.97%   | 2.41%   | 1.39%   | 0.04%   |         |
| 120-365 days                 | 9.88%   | 4.78%   | 11.30%  | 9.59%   | 10.31%  | 8.53%   |         |
| 90-119 days                  | 6.77%   | 2.35%   | 4.06%   | 4.56%   | 3.22%   | 6.34%   |         |
| 60-89 days                   | 9.21%   | 4.50%   | 13.46%  | 8.96%   | 10.82%  | 7.21%   | 0.00%   |
| 30-59 days                   | 30.00%  | 20.54%  | 31.06%  | 31.37%  | 23.75%  | 18.81%  | 15.01%  |
| 0-29 days                    | 37.68%  | 64.69%  | 35.20%  | 41.04%  | 48.19%  | 41.73%  | 22.24%  |
| Unpaid Invoices (% of No.)   | 1.67%   | 1.75%   | 1.95%   | 3.06%   | 4.03%   | 8.67%   | 57.78%  |

## **BILLING / INVOICING AND RECOVERY PROCESS AND ANALYSIS: PARKING SERVICES**

### Background

Circa 150k Penalty Charge Notices (PCN's) are issued on a yearly basis with the average sum that could be collected (at maximum face value) being £4.5m. All PCN's are payable within 28 days at a discounted rate of the full amount thereafter.

### Recovery Process

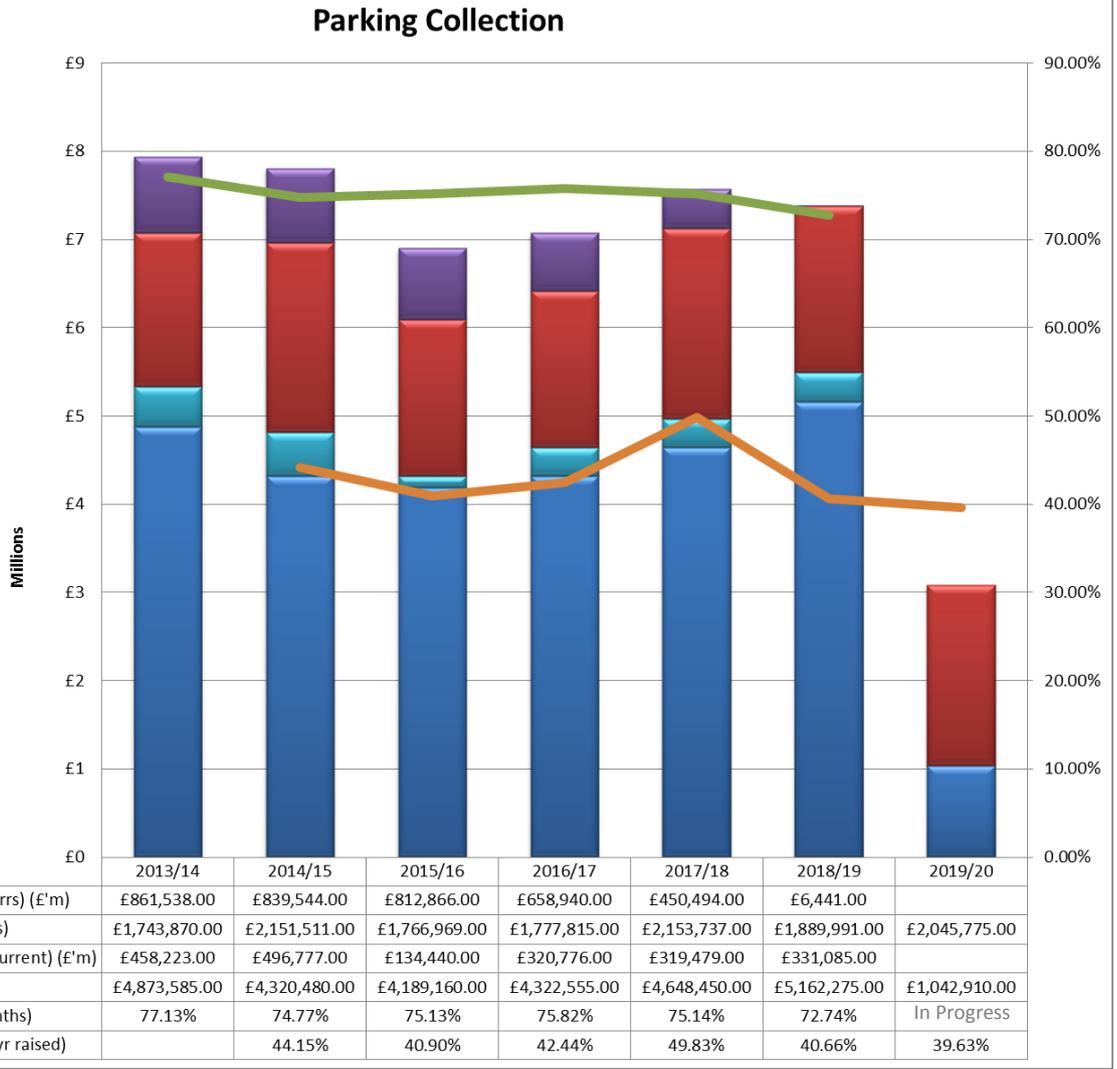
The process for recovering unpaid PCN's is governed by legislation and is laid out below:

| <b>Lifecycle of a PCN &amp; values charged at various stages of the process.</b>  | <b>Higher Rate Parking PCN</b> | <b>Lower Rate Parking PCN</b> | <b>Bus Lane PCN</b>   |
|---|--------------------------------|-------------------------------|-----------------------|
| Value when issued to vehicle.   | £70.00                         | £50.00                        | £60.00                |
| Driver has 14 days from date of issue to pay at the discounted rate (statutory 50% discount).   | £35.00                         | £25.00                        | £30.00                |
| Driver has additional 14 days to pay at full rate after discount period has expired.  | £70.00                         | £50.00                        | £60.00                |
| Formal Notice To Owner is issued (28 days after date of issue) to the Registered Keeper who has 28 days to pay at the full rate.  | £70.00                         | £50.00                        | £60.00                |
| Formal Charge Certificate is issued (56 days after the date of issue) to registered keeper which increases the charge by 50% of the original value. Registered Keeper has 21 days to pay at this rate.  | £105.00                        | £75.00                        | £90.00                |
| After this time (76 days from date of issue) the debt is registered with the Traffic Enforcement Centre at Northampton County Court and an Order for Recovery is made to the registered keeper. The Court Fee of £8 is added to the debt. Registered Keeper has 21 days to pay the Council at this rate.  | £113.00                        | £83.00                        | £98.00                |
| After this time, (97 days from date of issue) the debt is passed to Enforcement Agents (EA) who have 12 months to execute the Warrant and collect the debt. At this time the Registered Keeper can no longer pay the Council and must pay the fine plus any additional fees levied by the EA to the EA. The EA remits the PCN value to us and retains any additional fees that they have levied. Cases not recovered by the EA are written off at the end of the 12 month period.<br><br>The current enforcement agent contract guarantees a recovery rate of 55% of all recoverable debt (by value). | £113.00 (plus EA fees)         | £83.00 (plus EA fees)         | £98.00 (plus EA fees) |

### Analysis

The chart at fig. 10 below shows the annual liability of PCN's issued, the balance brought forward and in year collection performance for the years 2013/14 to 2019/20 inclusive. The arrears figures are taken from end of year reports. Write offs are displayed separately and the total annual liability and arrears figures have been reduced accordingly.

Fig. 10



It must be noted that PCN income raised is based on the discounted rate that has to be offered as part of the statutory process. Analysis shows that upwards of 80% of PCNs are paid at this discounted rate. The total arrears brought forward figure shows unpaid PCN's at face value, i.e. unadjusted as they have remain unpaid past the deadlines for the discounted rate.

Average lifecycle of a PCN is 18 months, so the collection percentage shown is the total number of paid PCNs over the full lifecycle period. Cases from 2017/18 and 2018/19 are still ongoing hence the current, lower, collection rate.

## **BILLING / INVOICING AND RECOVERY PROCESS AND ANALYSIS: LOCAL AUTHORITY DOMESTIC RENT**

### Recovery Process

The process for recovering former tenant debt is the same as that for any other sundry debt. Where a debt is created an invoice is issued and, where payment is not forthcoming nor arrangement to pay made nor an arrangement to pay made, the debt is passed to a collection agent for recovery action to commence. The Rent and Income Management service currently use Moorcroft Debt Recovery to recover bad debt. This is due to end in September 2019 and the Debt Management team based in Revenues will take over this work. This is debt for which initial trace attempts have been made within the team.

The revised process will see a final notice issued in respect of each invoice before referral to collection agents currently used for the recovery of sundry debt and overpaid housing benefit. Where collection agent activity is unsuccessful cases will be passed back to the Rent and Income Management service for further action.

### Analysis

The table at fig. 11 and graph at fig. 12 below show the current level of outstanding arrears and invoices remaining unpaid for the years from 2013 onwards in relation to Housing Rent Account (HRA) debts. The figures are up to date as at 31 Aug 2019.

There are currently 9,515 former tenant accounts totalling £4.3m; these accounts include a mixture of General fund managed accounts and HRA accounts. Of these accounts 1,765 are over six years old totalling £782k. Further analysis has been carried out to break this down into HRA managed accounts, these total 7,053 accounts totalling £3.8m, of these 23% are over six years old (£757k).

Currently an internal audit is being carried out within the Rents and Income Management team with the report due to be completed by end of September. This audit has focussed in part on former tenant debt and the write off process and will form part of an action plan to deal with aged and realistically unrecoverable debt via write off and recovery going forward which will be agreed with the Director of Housing and Landlord Services.

Fig. 11

| Age of Debt (HRA)  | Count (No.)  | Count (%)   | Sum Outstanding (HRA) | Sum Outstanding (HRA) (%) |
|--------------------|--------------|-------------|-----------------------|---------------------------|
| Six years +        | 1,655        | 23%         | £757,392.94           | 20%                       |
| 2013/14            | 453          | 6%          | £177,872.58           | 5%                        |
| 2014/15            | 418          | 6%          | £190,728.52           | 5%                        |
| 2015/16            | 509          | 7%          | £355,381.14           | 9%                        |
| 2016/17            | 768          | 11%         | £610,704.43           | 16%                       |
| 2017/18            | 801          | 11%         | £521,517.34           | 14%                       |
| 2018/19            | 1,838        | 26%         | £969,589.16           | 25%                       |
| 2019/20            | 611          | 9%          | £224,247.47           | 6%                        |
| <b>Grand Total</b> | <b>7,053</b> | <b>100%</b> | <b>£3,807,433.58</b>  | <b>100%</b>               |

Fig. 12

