Agenda Item No: 13

Debt Management Update November 2025

To:	Audit and Accounts Committee
Meeting Date:	28 November 2025
From:	Executive Director of Finance and Resources
Electoral division(s):	All
Executive Summary:	The committee is updated on the Council's debt management performance and gains further understanding of challenges to the level of overdue funds owed as adult social care client contributions. The report outlines the steps being taken to address levels of overdue funds owed to the Council.
Recommendation:	The committee is asked to note the actions and approach being taken to manage income collection and debt recovery.

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1. Background

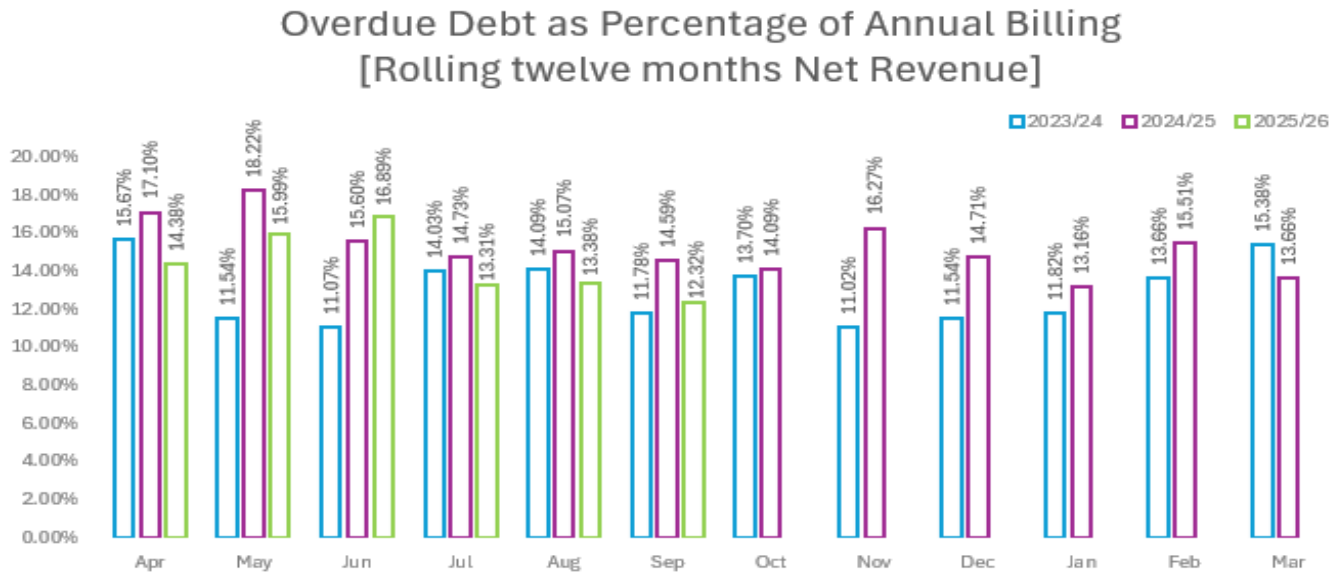
1.1 The purpose of this report is to provide an update on current debt management position following on from the previous report submitted to this committee in June 2025.

1.2 The balance sheet health metrics, that are reported in the Integrated Finance Monitoring Report at each meeting of the Strategy, Resources and Performance Committee record that there is a significant exception with the level of debt outstanding (91 days+) for Adult Social Care (client contributions to care costs). Adult Social Care client contribution billing is on a similar level to 2024/25, with £31.2m raised in the first six months of the year without high levels of back dated charges. The level of aged debt has increased by £1.26m from this time last year, which reflected the rising levels of client contributions billed by the Council from £52.4m (2023/24) to £60.4m (2024/25). This billing in 2024/25 included the increased revenue through the clearance of the backlog in Financial Assessments which led to £6.4m of back dated charges, some of this has proven challenging to collect and has now tipped over into over 365 days overdue.

2. Overall Debt position

2.1 The current overall overdue aged debt is £26.52m (excluding NHS ICB debt), an improvement of £813k since the previous Audit and Accounts Committee report where debt was reported at £27.33m.

The below analysis shows that the overdue debt now represents 12.32% of the revenue raised, this has improved by 2.27 percentage points from the same period last year, where it was 14.59%.



This analysis excludes NHS Integrated Care Board (ICB) debt, which is currently £2.48m where significant progress has been made over the last few months. (At the same period last year NHS / ICB debt was £28m). This reflects the clearance of invoices related to the Learning Disability Partnership which has now ended. Debt levels with Cambridgeshire and Peterborough Integrated Care Board (C&P ICB) are at their lowest level for a number of years, and ongoing collaborative work is underway with C&P ICB to resolve as much debt as possible before the upcoming changes to the ICB landscape.

There is £166k of write offs expected in October, of which £160k relates to Adult Social Care. There is currently £331k flagged for possible write off in November, subject to budget holder review and approval, this will include some debtors over 360 days.

2.3 The tables below break down debt by Directorate and Debt Status:

	Overdue (over 30 days)			Trend Performance	
Directorate	**Current Month**	**Previous Month**	**Last Year**	**Monthly**	**Yearly**
Finance and Resources	£973,523	£1,192,666	£983,277	-18%	-1%
Adults, Health & Commissioning	£22,890,683	£23,179,378	£21,633,031	-1%	6%
Children, Education & Families	£977,751	£1,339,853	£1,527,377	-27%	-36%
Place and Sustainability	£1,749,741	£3,253,394	£3,217,650	-46%	-46%
Public Health	£0	£87,999	£6,840	-100%	-100%
Strategy and Partnerships	£95,127	£72,239	£187,406	32%	-49%
Unapplied Income*	-£169,901	-£770,023	-£1,209,269	-78%	-86%
Total	**£26,516,924**	**£28,355,506**	**£26,346,312**	**-6%**	**1%**
NHS Services	£2,484,487	£8,820,666	£27,984,961	-72%	-91%
Grand Total	**£29,001,411**	**£37,176,172**	**£54,331,273**	**-22%**	**-47%**

*Unapplied income relates to income received that has not been assigned to a Directorate yet.

2.3.1 Key reductions have been seen in the following Services from this time last year:

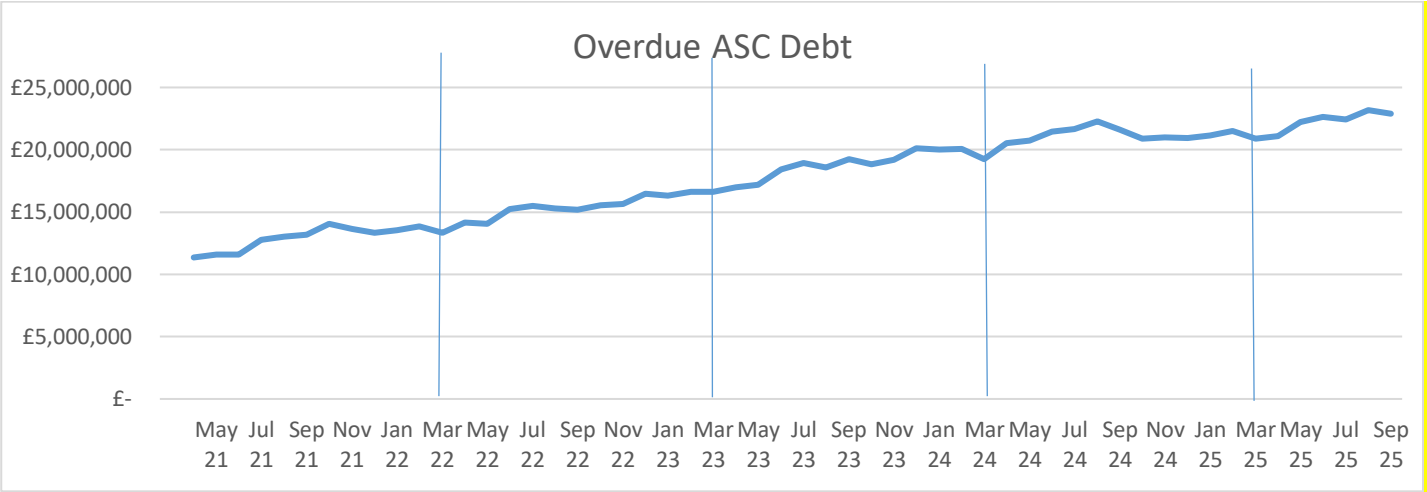
- £550k - Childrens, Education and Families
- £1.46m - Place & Sustainability
- £92k - Strategy & Partnerships
- £1.04m - Unapplied credits

2.3.2 Increased in aged debt from this time last year are:

- £1.26m - Adults, Health & Commissiong (Adult Social Care Age Debt Analysis shown below from section 2.4)

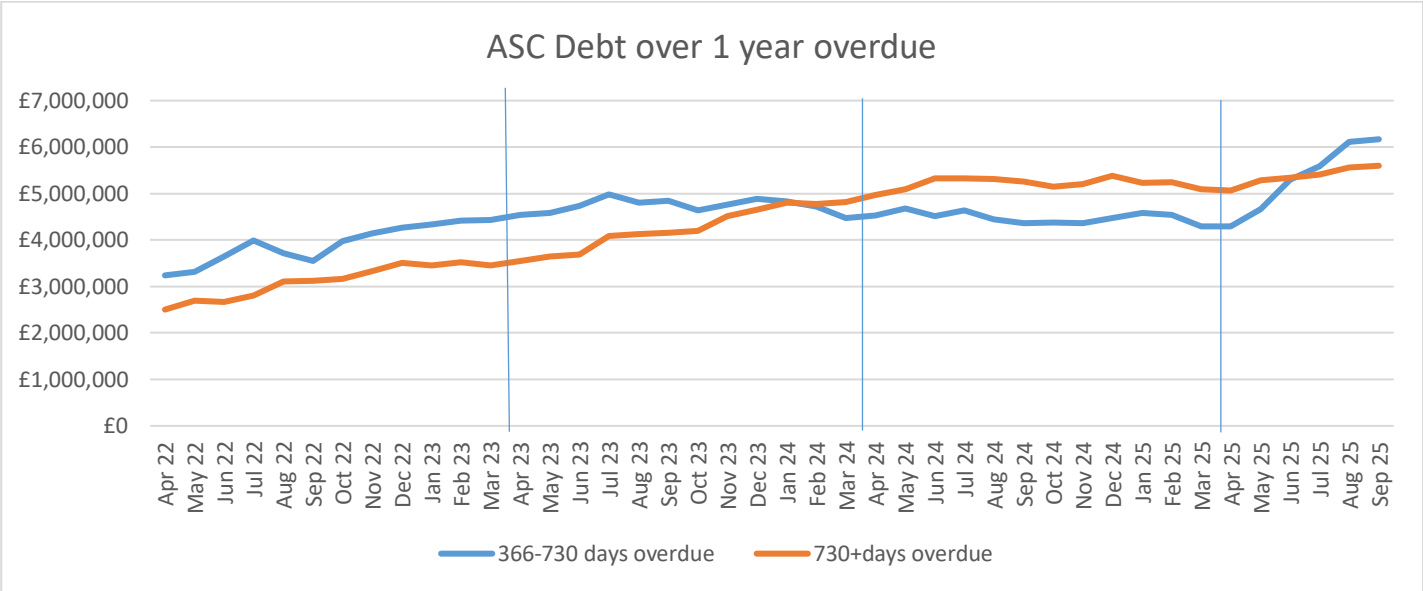
Please see Appendix 1 for the age analysis by Debt Status for all debt types.

2.4 Adult Social Care (ASC) Age Debt Analysis – Headlines



- ASC aged debt is currently £22.89m, an increase of £1.26m from this time last year.
- ASC Overdue debt percentage versus revenue raised is at 38.01%, which is 0.76 percentage points worse than this time last year.
- Debt within the aged brackets below 183 days has seen a continued improvement of £1.45m, which demonstrates that more recent debt is less complex to collect.
- During the last six months we have seen a month-on-month improvement of the debt within the aged bracket 184-365 days, where there has been an improvement of £1.18m during this period.
- Debt within the age bracket 365-730 days has increased by £1.88m, which is a direct impact of the back dated charges rolling into this age profile.
- Debt over 730 days has increased slightly by £537k.
- Service improvement activity continues. This is detailed in section 2.8.
- Net revenue in 2024/25 was £53.4m, which was £6.4m higher than in 2024/25, which is in the main related to the back dated charges from the clearing of the Financial Assessment Backlog. 2025/26 year to date revenue is £28.6m, which is £160k higher over the same period last year, reflecting a more stabilised position.
- The volume of ASC customers with overdue debt is 2,244, which is a reduction of 171 (7%) from this time last year. The volume of customers with debt over 365 days is 903, compared to 1,259 reported in the June 2025 Audit Committee report, which a reduction of 356 (28.3%).
- The Finance Assessments backlog has been cleared, which resulted in the back dated charges, which are now rolling into 365 plus aged category, however a working group has been set up to address this debt due to the complexity of active recovery, especially where clients have become used to paying a lower provisional charge over a prolonged period, or where charges are billed a significant period after death and the estate has been distributed.

2.5 ASC Aged Debt Analysis



- Debt over 760 days had levelled out over the last year.

- Debt over 366 days increased quite rapidly in the early months of this financial year as the back dated charges from 2024/25 have rolled into this aged bracket, however over the last two months this has started to level out.

2.6 ASC Overall Age Debt by - Debt Status £'000 (excluding NHS)

ASC Overall Age Debt by - Debt Status £'000							Overdue		
Debt Status	**1-30**	**31-90**	**91-183**	**184-365**	**366-730**	**730+**	**Current Month**	**Previous Month**	**Last Year**
Automated Dunning Cycle	£141	£177	£0	£0	£0	£0	£318	£423	£691
Awaiting Appointee / Court of Protection / Power of Attorney	£356	£602	£1,152	£1,193	£1,493	£532	£5,328	£5,712	£5,348
Awaiting Service Response	£397	£736	£1,013	£1,105	£1,017	£632	£4,900	£4,462	£3,087
DCA Action - Ongoing	£5	£11	£15	£55	£62	£93	£241	£378	£149
Debt Team Dealing	£15	£280	£266	£147	£189	£195	£1,092	£1,138	£2,290
Deceased - Pending Probate / Settlement of Account	£196	£255	£511	£1,245	£2,566	£2,939	£7,712	£7,351	£5,867
Formal Complaint	£4	£20	£34	£37	£61	£41	£197	£215	£262
Full Cost Non-Disclosure	£0	£1	£0	£0	£0	£0	£1	£1	£60
Funding without Prejudice	£0	£0	£0	£0	£0	£0	£0	£0	£8,467
Income Team Dealing	£63	£201	£141	£189	£119	£236	£949	£666	£1,083
Legal Action - Ongoing	£19	£44	£126	£95	£301	£973	£1,558	£1,540	£1,329
Payment Plan	£13	£57	£117	£173	£256	£334	£950	£986	£671
Pending Write-off	£1	£0	£7	£49	£46	£47	£150	£97	£214
Pre Dunning Cycle	£213	£5	£0	£0	£0	£0	£218	£560	£267
Secured Property Charge	£15	£4	£0	£0	£193	£19	£231	£213	£418
Unapplied Income & Accounts in Credit *	-£56	-£135	-£88	-£99	-£134	-£443	-£955	-£564	-£116
Grand Total	**£1,383**	**£2,257**	**£3,296**	**£4,188**	**£6,168**	**£5,598**	**£22,891**	**£23,179**	**£21,633**

*This total includes ASC unapplied income and accounts which are in credit balance (retrospective adjustments in care packages and overpayments)

2.6.1 ASC has seen an overall £1.2m increase over the last twelve months. From the same period last year, there has been a reduction of £893k in debt under 365 days, however we have seen an increase of £2.15m in Debt between 366-730 of, which is as a result of the back dated charges rolling into over 365 days old.

- Court of Protection related debt has seen a marginal decrease of £20k

- We have seen an increase in Awaiting Service of £1.8m, this is part due to the queries raised from the back dated charges which are referred to service, alongside and other disputes raised by the customer.

- £1.8m is currently either with Debt Collection Agencies or with Legal, an increase of £320k (18%) from this time last year.

- The level of deceased debt has increased by £1.8m, which is particularly complex to resolve, additionally £458k of this total relates to back dated charges. Within category we expect a higher level of bad debt write offs where any retrospective billing has occurred, however every step is taken to identify assets and Executors not known to the Council prior to being put forward to write off.

- Debt with a payment plan has increased by £279k.

- We have seen a reduction in the level debt with a secured property of £187k, where clients have passed away and the deferred payment agreement, they had with the council has ceased. These debts are secured but will take a period of time before funds are realised pending probate and subsequent sale of property.

2.7 Collection Rates

2.7.1 2024/25 Collection Performance
Collection rate for 2024/25 shows that 95% of all revenue billed has been collected, Collections rates for debt types are: Sundry is 99%, Adult Social Care is 85% and NHS ICB 99%.

2.7.2 2025/26 Collection Performance
Collection rate for 2025/26 year to date shows that 83% of all revenue billed has been collected. Collection rates for debt types are Sundry is 88%, Adult Social Care is 66% and NHS ICT is 93%. The performance figures will improve over the coming months and are only lower than 2023/24 as there has been a further twelve months of collection for those debts, whereas debts raised within the last quarter of 2024/26 have in many cases only just fallen due.

2.8 Service Improvements

The improvement work in this area continues and is now governed by an Adult Social Care Debt Board. Actions have been assigned to both Debt and Adult Social Care teams. Actions completed since the last reporting period are:

Systems / Digital	
• Roll out of SMS/text reminders commenced on the 4 November.	• Maximise Income by an additional payment channel • Expedites payment more promptly • Improve customer experience • More modern ways of working • Has proven successful in sundry debtors • Reduce postage costs
• Paperless Direct Debits (DDs) will go live by the end November following User Acceptance Testing.	• Online form completions • Anticipate will increase direct debit take up • Increase the take up of DDs, to support maximisation of income • Additional revenue stream
Process improvements within ASC and Debt	
• New ways of working to be implemented during November to align Debt officers to ASC Locality Managers. (to include all debt types – court of protection (COP), deceased, legal)	• Portfolios to be aligned to a Locality with ASC • Debt officers to work more closely with Social Workers • Supporting more informative conversations with service users by Social Workers.
• Working group implemented to support improved collection of back dated charges, which are proving complex.	• Collaboration between the relevant teams • Forensic review of the data and assign resource to better support collection
• Resurfaced COP Review & process improvements underway within Practice. (within the Councils control)	• Improve communication between Practice and customers

	• Implement framework / policies on court of protection turnaround times

• Financial Assessment timely completion and invoicing.	• Backlogs have been resolved since July 2024, and robust reporting metrics are in place
	• 'FA Waiting' (on client) with a target of <275, standing at 250
	• 'Awaiting Allocation' (waiting on officers) with a target of <50 is at 8.
	• 94% of assessments are completed in 60 days against a target of 95%
	  • 2022/23 was 36% vs target 95%
	  • 2023/24 was 83% vs target 95%

Resources	
• Through Business Planning additional funding is being requested for 2026/27 to increase resource within Debt.	• Increase in active recovery through additional resource

3. Conclusion and reasons for recommendations

3.1 The report sets out the current debt position for the Council, the challenges being faced, especially around Adult Social Care, and the actions taken / being progressed through the Debt Improvement project.

4. Significant Implications

4.1 Finance Implications

There are no additional financial implications within this category

4.2 Legal Implications

There are no significant implications within this category.

4.3 Risk Implications

There are no significant implications within this category.

4.4 Equality and Diversity Implications

There are no significant implications within this category.

5. Source Documents

- Monthly Debt Information Packs & Detailed supporting papers
- Debt Improvement programme updates and analysis
- Assessment Monitoring Information Packs

Finance and Resources Directorate, New Shire Hall

Overdue Debt (NHS/ICB, Sundry, ASC), by Debt Status

Overdue [£'000]

							Overdue £,000			Trend Performance	
Debt Status	**1-30**	**31-90**	**91-183**	**184-365**	**366-730**	**730+**	**Current Month**	**Previous Month**	**Last Year**	**Monthly**	**Yearly**
Automated Dunning Cycle	£937	£958	£0	£0	£0	£0	£1,895	£7,054	£18,922	-73%	-90%
Awaiting Appointee / Court of Protection / Power of Attorney	£356	£602	£1,152	£1,193	£1,493	£532	£5,328	£5,712	£5,348	-7%	0%
Awaiting Service Response	£403	£738	£1,106	£1,145	£1,031	£842	£5,265	£5,054	£4,580	4%	15%
DCA Action - Ongoing	£6	£11	£15	£69	£72	£105	£277	£410	£162	-32%	71%
Debt Team Dealing	£16	£289	£1,108	£602	£968	£1,803	£4,785	£6,468	£12,799	-26%	-63%
Deceased - Pending Probate / Settlement of Account	£196	£255	£511	£1,249	£2,566	£2,940	£7,717	£7,356	£5,876	5%	31%
Formal Complaint	£4	£38	£34	£39	£61	£41	£217	£236	£1,874	-8%	-88%
Full Cost Non-Disclosure	£1	£1	£0	£0	£0	£0	£2	£1	£60	52%	-97%
Funding without Prejudice	£0	£0	£0	£0	£0	£0	£0	£0	£8	-100%	-100%
Income Team Dealing	£75	£210	£188	£193	£185	£391	£1,242	£2,670	£1,357	-53%	-8%
Legal Action - Ongoing	£19	£44	£126	£95	£303	£1,165	£1,753	£1,733	£2,478	1%	-29%
Payment Plan	£147	£343	£349	£267	£279	£384	£1,769	£1,755	£1,485	1%	119%
Pending Write-off	£1	£1	£7	£51	£48	£57	£165	£130	£275	27%	-40%
Pre Dunning Cycle	£679	£5	£0	£0	£0	£0	£684	£1,288	£580	-47%	18%
Secured Property Charge	£15	£4	£0	£0	£193	£29	£241	£223	£427	8%	-44%
Unapplied Income/Credits on account*	-£359	-£458	-£150	-£269	-£258	-£843	-£2,337	-£2,914	-£1,900	-20%	23%
Grand Total	**£2,494**	**£3,042**	**£4,445**	**£4,634**	**£6,941**	**£7,446**	**£29,001**	**£37,176**	**£54,331**	**-22%**	**-47%**

*Note – this total includes all unapplied income (including NHS) and accounts with a credit balance.