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**Report to:** Clackmannanshire Council

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**Date of Meeting:** 28 June 2017

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**Subject:** Annual Review of Debtors 2016-17 & Housing Benefit Budget Profiling

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**Report by:** Head of Housing & Community Safety

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### **1.0 Purpose**

- 1.1. To update Council on income collection and to propose the 'write off' of those arrears considered irrecoverable or 'bad debts'. The report also discusses the Housing Benefit budget in relation to roll out of the Universal Credit (UC) full digital live service in Clackmannanshire during 2017.
- 1.2. The presentation of this report is a key milestone in the preparation of the Council's Draft financial statements which need to be approved by end of June each year.

### **2.0 Recommendations;**

- 2.1. It is recommended that Council:
  - 2.1.1 Note the trends in income collection levels.
  - 2.1.2 Approve the proposed write-off of £788,931 as detailed in Table 6,
  - 2.1.3 Approve the write off of £211,503 of housing benefit overpayments (paragraph 5.4 and Table 7)
  - 2.1.4 Note and comment as appropriate on the other matters raised in the report.

### **3.0 Background**

- 3.1. This report provides the annual update of the income and debtors position during 2016/17. It updates members on actions taken and proposes the write off for the financial year 2016/17.
- 3.2. It should be noted that whilst accounts are written off for the purposes of the annual accounts, and then not actively pursued, the debts remain in the system and will be collected if new information becomes available.
- 3.3. The Revenues team sits within the Housing & Community Safety Service. It collects:
  - income and arrears for council tax.
  - sundry income/debtors.

- garage and lock-up income.
  - former tenant arrears.
  - Non Domestic Rates (NDR) on behalf of the Scottish Government under the current rates pooling system.
  - Water Service Charges (collected with the Council Tax) on behalf of Scottish Water under direction from the Scottish Government.
- 3.4. The team also invoices for the two local Business Improvement Districts (BIDs). During 2016/17 the last of the council housing rents managed by the Revenues team were transferred back to the Housing Tenancy Management Service.
- 3.5. The value and volume of billing has increased across all main income streams throughout 2016/17, with £85.650M of charges raised, up from £72.899M in 2015/16. This increase is mainly the result of sundry invoices raised for the Clackmannanshire and Stirling Health and Social Care Partnership. There were also a number of one-off invoices relating to the cessation of shared services arrangements between Clackmannanshire and Stirling Council.

#### **4.0 Collection Position and Debt Position**

##### Council Tax

- 4.1. Council Tax and Water Service charges are levied on 24,296 domestic dwellings within Clackmannanshire. This annual charge to these properties is £30.628 million, an increase from £30.57million for 2015/16. Council Tax income for 2017/18 is £20.611m with the revised multiplier for Bands E-H increasing that amount by £869k. The Council will also receive £3.207m from the council tax reduction (CTR) scheme. The expenditure on CTR will need to be closely monitored as it could be that given changes to the benefit system level of awards and cases are in excess of the funding made available.
- 4.2. One key performance indicator used to measure the council tax collection rates performance is the in-year collection rate. This represents the amount of council tax collected in the year as a percentage of the amount raised in the same year. For 2016/17, the Council's collection rate was 95.85%. From the information available this appears to be the highest ever collection rate, beating last year's record of 95.77%. The collection rate for 2014/15 was only 94.97%. This is all the more noteworthy given the mailing and IT problems during the year. It is also worth noting that Clackmannanshire residents make some of the highest levels of benefit changes in Scotland, leading to significant additional work when compared with other authorities.
- 4.3. Even more pleasing is that collection increased at the same time as an 11% reduction in the number of reminder notices issued, and a fall of 689 (10%) accounts reaching warrant stage.
- 4.4. It is felt that this is further demonstration of the progress that has been made since processes were revised as a result of our work with Vanguard.

**Table 1 Debt Trend 2014-2017**

| <b>Debtor</b>      | <b>2014-15<br/>£000<sup>1</sup></b> | <b>2015-16<br/>£000<sup>1</sup></b> | <b>2016-17<br/>£000<sup>2</sup></b> |
|--------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Council Tax        | 10,302                              | 10,531                              | 10,559                              |
| Sundry Debtors     | 3,063                               | 3,358                               | 2,515                               |
| HRA debts*         | 2,477                               | 2,710                               | 2,943                               |
| Total Gross Debtor | 15,842                              | 16,599                              | 16017                               |
| Total Provision    | (9,562)                             | (10,612)                            | (11,472)                            |
| Total Net debt     | 6,321                               | 5,987                               | 4,545                               |

\*see appendix A table 3

- 4.5. The Council's debtors' position is reported as both a gross and net position. The gross debtor reflects the total amount due to the Council.
- 4.6. The net debtor reflects the amount that the Council realistically expects to recover. The difference between these two figures is the debtor provision which is a prudent calculation of debt that is not expected to be recovered. The net debtor position is recognised as the best reflection of debts that can be recovered.
- 4.7. For 2016/17, the figures are draft and still subject to audit. They also incorporate the proposed write off detailed within this paper to show a comparable position of the gross and net debtors over the three years. Each year there is adequate provision made against the debtor. The key indicator for debtor performance is that of net debtor, which is not affected by any write off.
- 4.8. Collection for Sundry debtors increased from 73.84% to 91.13% at the end of the year. Given the significant increase in billing for the Health and Social Care partnership, collection performance is not directly comparable with previous years. The Sundry Debt process is an area, which revenues working with the Technology 1 team and services are looking to review, to ensure that the collection rate is maximised.
- 4.9. Non Domestic Rates (NDR) collection showed a slight decrease from 98.15% to 97.09%. On further investigation of the 2015/16 performance, this was boosted by a significant reduction in some Rateable Values by the assessor during the year thus artificially boosting the collection rate. Members should note that recovery action is limited as per statute recovery cannot commence until 1<sup>st</sup> October in the financial year of the demand notice year.

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<sup>1</sup> These figures are draft and are still subject to change as part of the 2016/17 external audit of the Council's Financial Statements

<sup>2</sup> These figures are draft and are still subject to change as part of the 2016/17 external audit of the Council's Financial Statements

- 4.10. The position with tenant arrears will be covered in the end of year Housing Report. The increase can already be partly attributed to the introduction of Universal Credit.

#### The Scottish Welfare Fund (SWF)

- 4.11. In 2016/17 the total SWF spend in Clackmannanshire was £541,304 of which £455,779 was Community Care Grants (CCGs) and £85,525 Crisis Grants. The budget was made up of the annual Scottish Government grant of £344,079; a £102,333 underspend carried forward from 2015/16; and an additional allocation of £94,892 from Clackmannanshire Council. Members will note that 2016/17 was the first time that there has been no carry forward of SWF since the Council took responsibility for this from the DWP.
- 4.12. The total SWF budget for 2017/18 stands at £344,000 of which, £120,000 has been apportioned to Crisis Grants. This is in anticipation of an increased level of demand resulting from the local introduction of Universal Credit (UC). The remaining £224,000 has been allocated to CCGs.
- 4.13. The increased budgetary pressure has required officers to take stricter line in decision making. This is to ensure that the fund can help the most vulnerable in the community. This has resulted in a reduction in both the number and average amount of CCG awards. Some households, who would have received assistance last year, will now be ineligible for help. This may have knock on impacts for other budgets e.g. the homeless temporary accommodation budget, or increased rent arrears.
- 4.14. The first weeks of 2017/18 have also seen an unprecedented number of applications for Crisis Grants. Increased demand in the latter half of 17/18 was anticipated and planned for but, if the current level of demand continues, the budget identified to mitigate the UC impacts will be inadequate. This is a particular cause for concern given new claimants have to wait six weeks before they receive their first payment.

#### Housing Benefit Budget Profiling and Processing Update

- 4.15. Housing Benefit (HB) is a national scheme administered by the DWP and delivered by local authorities. Where an applicant is entitled to assistance with their rental liability the local authority will, initially, bear the cost of making these payments and will later be reimbursed by the DWP. Therefore, the Council is required to budget for these payments and the cash flow movement.
- 4.16. The local authority receives a monthly payment from the DWP based on an estimate it makes of the upcoming annual spend. It takes account of a number of factors, including historic data, predictions of benefit uptake and the state of the economy. These estimates have been fairly accurate in recent years, as shown below.

Table 2: Estimates of Spend v Budget 2013-2017

|  | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|---------|---------|---------|---------|
|  |         |         |         |         |

|                 |                |                |                |                |
|-----------------|----------------|----------------|----------------|----------------|
| Estimated Spend | £21,006,507.00 | £20,739,101.00 | £19,229,287.00 | £18,923,421.00 |
| Actual Spend    | £19,861,047.00 | £19,915,307.00 | £19,705,020.00 | £19,003,697.00 |
| Error Rate (%)  | -5.45%         | -3.97%         | 2.47%          | 0.42%          |

- 4.17. Any adjustment necessary at year end is made in the monthly payment received from the DWP in May of the next financial year. Although the DWP projections have become more accurate over the last few years this trend is very likely to be disturbed in this, and future years, largely due to the introduction of full digital live service of Universal Credit (UC).
- 4.18. The full digital live service as being rolled out currently, means that any new claim for Employment and Support Allowance, Housing Benefit, Tax Credits, will only be able to claim UC (which include a housing costs component). From 28<sup>th</sup> June 2017, half of the Clackmannanshire area will be going live with UC full digital service, with the remaining areas going live in December. Any current recipient that has one of those means tested benefit in the affected postcodes from June that has a change in circumstances, could have those current benefits ended and a claim made for UC. This could mean that for those applicants in receipt of HB that we will be closing the gateway for them to access support by the Council for Housing Costs (limited restrictions do apply).
- 4.19. Given the pace of this roll-out is being determined by the DWP and by the applicants own personal circumstances, then it could prove a challenge in accurately predicting the impact on the caseload.
- 4.20. Whilst the DWP does provide subsidy to authorities for Housing Benefit it should be noted that this is not 100% of expenditure. The government penalises claim processing inaccuracy and the use of certain types of accommodation. Where, for example, a claimant is overpaid benefit (for example, by a miscalculation; or not implementing a DWP change quickly enough) or has used B&B to accommodate a homeless person, then the subsidy payable by the DWP is less than the authority has paid out. The table below shows the impact of this.

Table 3: Housing Benefit Expenditure v Subsidy

|             | 2012/13     | 2013/14     | 2014/15     | 2015/16     | 2016/17     |
|-------------|-------------|-------------|-------------|-------------|-------------|
| Expenditure | £20,080,058 | £19,861,047 | £19,915,307 | £19,705,020 | £19,003,697 |
| Subsidy     | £18,485,011 | £18,522,520 | £18,759,565 | £18,842,385 | £18,500,378 |
| Loss (£)    | £1,595,047  | £1,338,527  | £1,155,742  | £862,635    | £503,319    |
| Loss (%)    | 7.94%       | 6.74%       | 5.80%       | 4.38%       | 2.65%       |

- 4.21. As with collections, this table also demonstrates improvements made in the service. However, future performance cannot be guaranteed due to matters beyond the control of the Service, for example, the changes in DWP policy, and the uncertainty of the client base particularly during the transitional phase.
- 4.22. As shown in table 3 below, benefit processing times also improved considerably over the year. Performance is now better than the national average.

**Table 3: Housing Benefit Performance (Year-end Cumulative Average) 2014-2017**

| <b>Performance Indicator</b>       | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17</b> | <b>National Average</b> |
|------------------------------------|----------------|----------------|----------------|-------------------------|
| HB Processing of new claims (days) | 32             | 34             | 23             | 25                      |
| HB Processing of changes (days)    | 12             | 14             | 5              | 10                      |

**Former Tenant Arrears**

4.23. One area that has shown progress in the last year is the collection of former tenant arrears, with the overall collection rate increasing by 12% (7.3% to 8.2%). The greatest improvement was with our own internal team, with the collection rate improving by 55% (7.1% to 11%). The sheriff officers collection rate dropped back by half a percentage point (9.02% to 8.51%). These balances arise for example, when tenants die, or leave properties without notice and forwarding address.

4.24. However, although improvements in recovery have been made the volume and size of arrears when accounts end has risen faster than the improvement made. The number of accounts and the amount that has risen, as shown in the table below.

**Table 5: Former Tenants Arrears**

|                        | <b>2015/16</b> | <b>2016/17</b> | <b>Increase</b> |
|------------------------|----------------|----------------|-----------------|
| Amount                 | £727,577       | £818,396       | £90,819         |
| No. of accounts        | 1398           | 1522           | 124             |
| Average debt / account | £520           | £538           | £18             |

4.25. This year it is intended to write off a larger number of balances, which will enable a continued focus on the accounts where hopefully there is more likelihood of success. We will also consider options beyond the sheriff officers for recovery of this debt and proposals will be included in the Debt Policy to be presented to a future meeting of the Council.

**5.0 Annual Write Off**

5.1. Under the Corporate Recovery and Write Off Policy (January 2012), all debt deemed as irrecoverable is to be presented for write off. In doing so, the Council follows general accounting principles ensuring that all reasonable recovery actions have been undertaken prior to identifying a debt for write off.

5.2. The Corporate Recovery and Write Off Policy also provides that the Section 95 officer will make adequate provision for such irrecoverable debts. All the debts as detailed below have been fully provided for.

5.3. The following table identifies the proposed write offs for each income stream for 2016/17, together with a comparison for the write off approved for 2015/16. The 2016/17 Statement of Accounts reflects the net debt position. More detail

for each income stream along with the reasons for the write off are set out in Appendix B.

Table 6 Proposed Write-offs for 2016/17

|                       | Approved Write Off<br>2015/16 |                 | Proposed Write Off<br>2016/17 |                 |
|-----------------------|-------------------------------|-----------------|-------------------------------|-----------------|
| Type of Debt          | Number of<br>accounts         | Value           | Number of<br>accounts         | Value           |
| Council Tax           | 1,056                         | 348,233         | 947                           | 359,462         |
| NDR                   | 48                            | 218,816         | 41                            | 124,243         |
| Sundry Debt           | 253                           | 96,948          | 65                            | 51,884          |
| Former Tenant Arrears | 111                           | 110,447         | 532                           | 253,342         |
| <b>Total</b>          | <b>1,468</b>                  | <b>£774,444</b> | <b>1585</b>                   | <b>£788,931</b> |

### Housing Benefit Overpayments

- 5.4. In addition to these write offs, it is also proposed this year to write off a number of housing benefit overpayments. As noted in the appendix there are a number of reasons for the overpayment of housing benefit, including errors, changes of circumstances and fraud. These have not been written off for some years, due to ongoing attempts to improve information held and recovery actions, and in particular to allow the position to be reviewed following the change in Sheriff Officers in 2015. The position has now been reviewed and it is considered that a number of accounts should now be written off.

Table 7 Proposed Housing Benefit Overpayment Write-offs for 2016/17

|                              | Approved Write Off<br>2015/16 |       | Proposed Write Off<br>2016/17 |          |
|------------------------------|-------------------------------|-------|-------------------------------|----------|
|                              | No. accounts                  | Value | No. accounts                  | Value    |
| Housing Benefit Overpayments | 0                             | 0     | 537                           | £211,503 |

- 5.5. The write off for each category of income represents the following percentage of total debt raised:-
- Council Tax write off represents 0.42% of the total charges raised,
  - Non Domestic Rates represents 0.14% of the total charges raised,
  - Sundry Debt represents 0.06% of the charges raised,
  - Housing Benefit Overpayment represents 0.37% of the total charges raised
  - Former Tenant Arrears represents less than 0.11% of the total rent raised in year.
- 5.6. In accordance with the Corporate Recovery and Write off Policy a full record of each write off is retained by the Revenue Team to allow the debt to be written back and pursued in the future, if new information comes to light on the debtor.

## 6.0 Conclusion

- 6.1. The overall collection levels of the Council continue to be closely monitored. The service has implemented Vanguard supported reviews in Housing Benefits and Council Tax with demonstrable results. During the course of 2017/18 the service will be carrying out a principal reviews of the management of sundry debt again to eliminate waste, reduce duplication and improve process for the customer and lead to better collection rates for the council.

## 7.0 Sustainability Implications

- 7.1. None

## 8.0 Resource Implications

### 8.1. *Financial Details*

- 8.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

Yes

- 8.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

### 8.4. *Staffing*

- 8.5. There are no staffing implications arising from this report

## 9.0 Exempt Reports

- 9.1. Is this report exempt? Yes  (please detail the reasons for exemption below) No

## 10.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box )

- |  |                                     |
|--|-------------------------------------|
| The area has a positive image and attracts people and businesses         | <input checked="" type="checkbox"/> |
| Our communities are more cohesive and inclusive                          | <input checked="" type="checkbox"/> |
| People are better skilled, trained and ready for learning and employment | <input type="checkbox"/>            |
| Our communities are safer  | <input type="checkbox"/>            |
| Vulnerable people and families are supported                             | <input checked="" type="checkbox"/> |
| Substance misuse and its effects are reduced                             | <input type="checkbox"/>            |
| Health is improving and health inequalities are reducing                 | <input type="checkbox"/>            |
| The environment is protected and enhanced for all                        | <input type="checkbox"/>            |
| The Council is effective, efficient and recognised for excellence        | <input checked="" type="checkbox"/> |

- (2) **Council Policies** (Please detail)



## Corporate Recovery and Write Off Policy 2012 (as amended June 2016)

### 11.0 Equalities Impact

11.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes

No

### 12.0 Legality

12.1. It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

### 13.0 Appendices

13.1. Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A - Review of Income collection performance

Appendix B - Irrecoverable Debt for Write Off

Appendix C - Detailed Debtors Position to March 2017

### 14.0 Background Papers

14.1. Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered).



Yes  (please list the documents below)

No

#### Author(s)

| NAME         | DESIGNATION                             | TEL NO / EXTENSION |
|--------------|---|--------------------|
| Murray Sharp | Service Manager - Strategy and Revenues | 5113               |
| Mark Brown   | Revenues Collections Controller         | 5131               |

#### Approved by

| NAME         | DESIGNATION                          | SIGNATURE   |
|--------------|--------------------------------------|---|
| Ahsan Khan   | Head of Housing and Community Safety |  |
| Nikki Bridle | Depute Chief Executive               |  |



**ANNUAL DEBTORS REVIEW 2016/17****REVIEW OF INCOME COLLECTION PERFORMANCE****1.0 Introduction**

- 1.1 During 2016/17, £85.650m of total income was charged by the Council, an increase from £72.899 million in 2015/16. In accordance with the Corporate Recovery and Write Off policy, responsibility for the collection and recovery of this income principally lies with the Housing and Community Safety Service.
- 1.2 The total income charged has increased by £12.751m due to an increase in billing in some areas.

**2.0 Council Tax Collection**

- 2.1 Council Tax and Water Service charges are levied on each domestic dwelling within Clackmannanshire. There are 24,296 such dwellings and the annual charge levied against these residential properties amounts to £30.628m, an increase from £30.433m for 2015/16.
- 2.2 The level of Council Tax debt (excluding water service charge debt) is £10.559M.
- 2.3 One key performance indicator used to measure the council tax collection rates performance is the in-year collection rate. This represents the amount of council tax collected in the year as a percentage of the amount raised in the same year. For 2015/16, the Council's collection rate was 95.77%, an increase from 94.97% in 2014/15. This represents the highest in year collection rates since 2009/10. It is the result of a greater focus on recovery processes, improvements made to the IT system, and better engagement with new sheriff officers.

**3.0 Non Domestic Rates Collection**

- 3.1 NDR income is billed and collected by Clackmannanshire Council on behalf of the Scottish Government under the rates pooling system. In 2016/17 the Council billed £15.744m to over 1550 business premises in the Council area (an increase from £14.7204m in 2015/16). The poundage increased from 0.48% to 0.484%.
- 3.2 The Collection Team will continue to proactively approach rate payers who fail to pay their rates with early interventions to ensure debt is minimised. They will also continue to undertake closer working with internal services and external partners to ensure debtors are billed in a timeous manner and recovery action is taken, when appropriate, as soon as legislation allows.

**4.0 Sundry Debtors Collection**

- 4.1 Sundry debtors are billed by invoices raised to a customer or members of the community in respect of services provided. In 2016/17 £20.813 million (up from £9.807million in 2015/16) value of invoices were raised for services.

## ANNUAL DEBTORS REVIEW 2016/17

## REVIEW OF INCOME COLLECTION PERFORMANCE

- 4.2 The outstanding debt position has decreased from £3.318m to £2.491m in 2016/17, in year collection increased from 73.84% in 2015/16 to 105.65% in 2016/17. Performance was increased by collecting the significant proportion of invoices raised in quarter 4 of 2015-16.

## 5.0 Housing

- 5.1 The Housing debtor relates to all income collected in relation to the housing service, including residential, lock up and garage rents, re-chargeable repairs and housing benefit overpayments. The housing debtor can be broken into the following different categories.

### HRA arrears position 2013/14 to 2015/16

|                           | 2014-15<br>£000 | 2015-16<br>£000 | 2016-17<br>£000 |
|---------------------------|-----------------|-----------------|-----------------|
| Current tenant arrears    | 589             | 634             | 708             |
| Former tenant arrears     | 622             | 727             | 818             |
| HB Overpayments           | 1,038           | 1,139           | 1,207           |
| Rechargeable Repair       | 182             | 197             | 196             |
| Other Misc                | 46              | 13              | 14              |
| <b>Total Gross Debtor</b> | <b>2,477</b>    | <b>2,710</b>    | <b>2,943</b>    |
| Provision                 | (1,960)         | (2,220)         | (2,431)         |
| <b>Total Net Debtor</b>   | <b>517</b>      | <b>490</b>      | <b>512</b>      |

- 5.2 The majority of this debt is accounted for within the Housing Revenues Account with the exception of Housing Benefit Overpayments which are included in the general fund account.
- 5.3 The gross debt has increased £233k in the year. This has arisen due to all housing debts increasing over the period. This has been recognised by the increase in provision for bad debt. The net debt position has increased £66k over the three years ending at £490k at end 2015/16
- 5.4 Total gross rental income for 2016/17 payable by the almost 5,000 council tenants and associated lock-ups was £18.446 million (up from £17.792 million in 2015/16) an increase of £654,000.
- 5.5 The key measure of performance for current tenant rent arrears is expressed as the percentage of gross rent arrears as measured by the Scottish Social Housing Charter. For 2016/17 this was 8.39% an increase from 2015/16 performance of 7.95%. The roll out of Universal Credit has had and will continue to have a significant impact on rent arrears. Housing rent is management by the Tenancy Management and Housing Officers are working closely with tenants to help them to sustain their tenancy and pay their rent.

**ANNUAL DEBTORS REVIEW 2016/17****REVIEW OF INCOME COLLECTION PERFORMANCE****Former Tenant Arrears**

- 5.6 Former tenant arrears occur when a tenant gives up a Council tenancy for various reasons including death, abandonment or evictions and any outstanding rent has not been paid.
- 5.7 For all Housing providers, this debt continues to be challenging to collect, as after a tenant leaves there are few sanctions that can be imposed. Although the arrears have increased, they have not increased by the same margin as previous years. They have increased by £91k compared to £101k in the previous year. This is because of a higher collection by Stirling Park, an increase of 76%.

**Housing Benefit Overpayments**

- 5.8 Overpayments of housing benefit occurs where benefit has been received by an individual yet the DWP assesses that the individual was not entitled to receive benefit. This can occur for a variety of reasons such as fraud, claimant error or backdated change in circumstances. Where overpayments are identified, these are recovered immediately by DWP, which can result in a considerable amount being owed by the individual to the landlord.
- 5.9 Housing benefit overpayment relating to Council tenants, known as public sector overpayments increased from £1,139m in 2015/16 to £1,207m in 2016/17. These are being passed to our Sheriff Officer incrementally as we exhaust all other means of recovery.
- 5.10 in the future as we will be unable to claim ongoing deductions at source when claimants move to Universal Credit.
- 5.11 The greater focus of housing management staff now in keeping the benefits team up to date with changes in tenant circumstances will mitigate in avoiding overpayments, but it will not prevent it.

**Rechargeable Repairs**

- 5.12 Rechargeable repairs outstanding invoices have decreased in 2016/17 with outstanding invoices totalling £196,000 from £197,000 in 2015/16. Rechargeable repairs relates to repairs which are recharged to tenants where there has been malicious or negligent damage.
- 5.13 In line with the corporate approach rechargeable repairs is now issued from the Councils finance system Tech 1. This ensures that customers can pay for works using the included Paypoint Barcode that the previous solution didn't allow.

**ANNUAL DEBTORS REVIEW 2016/17  
REVIEW OF INCOME COLLECTION PERFORMANCE**

**ANNUAL DEBTORS REVIEW 2015-16**  
**IRRECOVERABLE DEBT FOR WRITE OFF**

**1.0 Introduction**

- 1.1 The following table identifies the proposed write offs for each income stream for 2016/17, together with a comparison of the write off approved for 2015/16. The 2016/17 Statement of Accounts reflects the net debt position.

**Proposed write-offs for 2016-17**

| Type of Debt                    | Approved Write Off<br>2015/16 |                 | Proposed Write Off<br>2016/17 |                |
|---------------------------------|-------------------------------|-----------------|-------------------------------|----------------|
|                                 | Number of<br>accounts         | Value           | Number of<br>accounts         | Value          |
| Council Tax                     | 3,922                         | £348,233        | 947                           | 359,462        |
| NDR                             | 48                            | £218,816        | 41                            | 124,243        |
| Sundry Debt                     | 253                           | £96,948         | 65                            | 51,884         |
| Former Tenant<br>Arrears        | 111                           | £110,447        | 532                           | 253,342        |
| Housing Benefit<br>Overpayments | -                             | -               | 537                           | 211,503        |
| <b>Total</b>                    | <b>4,334</b>                  | <b>£774,444</b> | <b>2,122</b>                  | <b>999,734</b> |

**Council Tax and Water Charges**

- 1.2 The following tables split the proposed write off's for Council Tax and Water Charges by reason for the write off.

| Reason               | 2015-16           |                | 2016-17           |                |
|----------------------|-------------------|----------------|-------------------|----------------|
|                      | No of<br>Accounts | Total<br>£     | No of<br>Accounts | Total<br>£     |
| Deceased             | 353               | 94,021         | 368               | 91,218         |
| Sequestration        | 393               | 197,767        | 479               | 237,743        |
| Untraceable          | 45                | 27,888         | 40                | 11,515         |
| Small Balance        | 3,922             | 22,617         | 2                 | 4              |
| Management W/O       | 252               | 5,941          | -                 | -              |
| Outwith Jurisdiction | -                 | -              | 44                | 15,263         |
| SO Uncollectable     | -                 | -              | 14                | 3,719          |
| <b>TOTAL</b>         | <b>4,965</b>      | <b>348,234</b> | <b>947</b>        | <b>359,462</b> |

- 1.3 The proposed write off for Council tax compared with 2015-16 has increased but accounts written off have decreased due to an exercise last year to clear off a number of small balances, identified by work done with Vanguard.

**ANNUAL DEBTORS REVIEW 2015-16**  
**IRRECOVERABLE DEBT FOR WRITE OFF**

**Non Domestic Rates (NDR)**

- 1.4 The following tables split the proposed write offs by reason for the write off. Full case records are retained by the Revenues Team for audit purposes.

| Year                      | 2015-16        |                | 2016-17        |                |
|---------------------------|----------------|----------------|----------------|----------------|
|                           | No of Accounts | Total £        | No of Accounts | Total £        |
| Moved away/Untraceable    | 38             | 149,049        | 9              | 20,654         |
| Deceased                  | 0              | 0              | 0              | 0              |
| Sequestration/liquidation | 8              | 68,088         | 13             | 42,196         |
| Immaterial Balances       | 0              | 0              | 1              | 14             |
| Trust Deed                | 2              | 1,679          | 0              | 0              |
| Cease Trading             | 0              | 0              | 18             | 61,379         |
| <b>TOTAL</b>              | <b>48</b>      | <b>218,816</b> | <b>41</b>      | <b>124,243</b> |

- 1.5 The largest increase in the proposed NDR write off has been from Sequestration/Liquidation and ceased trading tenants. This is not a phenomenon exclusive to Clackmannanshire but is being experienced across Scotland. This area is being discussed at officer practice forums to see if legislation can be altered to place responsibility onto owners to inform local authority of business tenant changes.

**Sundry Debt**

- 1.6 The following tables split the proposed write offs by originating service. It should be noted that the split by service reflects the current structure of the Council. Case level records have been retained by Revenues Service for audit purposes.

| Reason        | 2015-16    |               | 2016-17   |               |
|---------------|------------|---------------|-----------|---------------|
|               | Number     | £             | Number    | £             |
| Deceased      | 66         | 31,124        | 51        | 41,602        |
| Sequestration | 37         | 14,247        | 1         | 430           |
| Untraceable   | 150        | 51,577        | 13        | 9,852         |
| <b>TOTALS</b> | <b>253</b> | <b>96,948</b> | <b>65</b> | <b>51,884</b> |



**ANNUAL DEBTORS REVIEW 2015-16**  
**IRRECOVERABLE DEBT FOR WRITE OFF**

| Service                | 2015-16    |               | 2016-17   |               |
|------------------------|------------|---------------|-----------|---------------|
|                        | Number     | Total<br>£    | Number    | Total<br>£    |
| Community & Regulatory | 23         | 17,726        | 0         | 0             |
| Education              | 22         | 3,973         | 0         | 0             |
| Facilities Management  | 54         | 12,893        | 0         | 0             |
| Housing                | 45         | 24,776        | 15        | 26,954        |
| Social Services        | 93         | 31,553        | 46        | 19,330        |
| Support Services       | 16         | 6,027         | 0         | 0             |
| D & E Services         | 0          | 0             | 4         | 5601          |
| <b>TOTALS</b>          | <b>253</b> | <b>96,948</b> | <b>65</b> | <b>51,884</b> |

**Former Tenant Rent Arrears**

- 1.7 The following tables show the proposed write offs for Former Tenant Arrears for dwellings and lock-ups showing the write offs split into each reason type.
- 1.8 Members should note that given the move of Current rent management to tenancy management has ensured a greater focus on FTA's. Every account under £500 has been reviewed to identify the best way to pro-actively reduce this debt. Unfortunately this review has meant that there is sizeable proportion of cases that are deemed irrecoverable.

| Reason         | 2015-16    |                | 2016-17    |                |
|----------------|------------|----------------|------------|----------------|
|                | Number     | Total<br>£     | Number     | Total<br>£     |
| Deceased       | 14         | 13,427         | 146        | 28,056         |
| Untraceable    | 55         | 48,714         | 238        | 176,335        |
| Prescribed     | 35         | 42,457         | 89         | 21,883         |
| Sequestered    | 4          | 2,867          | 14         | 18,387         |
| In Prison      | 1          | 698            | 0          | 0              |
| Long Term Care | 2          | 2,284          | 12         | 2,320          |
| Small Balances | 0          | 0              | 22         | 107            |
| Abandonment    | 0          | 0              | 11         | 6,254          |
| <b>TOTALS</b>  | <b>111</b> | <b>110,447</b> | <b>532</b> | <b>253,342</b> |

**ANNUAL DEBTORS REVIEW 2015-16**  
**IRRECOVERABLE DEBT FOR WRITE OFF**

**Housing Benefit Overpayments**

1.9 The following tables show the proposed write offs for Housing Benefit Overpayments, showing the write offs split into each reason type.

**Write off by amounts (bands)**

| Amount       | total           | no.        | %   |
|--------------|-----------------|------------|-----|
| £01-50       | £2,276          | 74         | 1%  |
| £51-100      | £7,056          | 105        | 3%  |
| £101-200     | £16,502         | 116        | 8%  |
| £201-300     | £17,007         | 69         | 8%  |
| £301-400     | £11,785         | 34         | 6%  |
| £401-500     | £10,713         | 24         | 5%  |
| £501-600     | £8,872          | 16         | 4%  |
| £601-1000    | £47,322         | 62         | 22% |
| >£1001       | £89,969         | 36         | 43% |
| <b>Total</b> | <b>£211,503</b> | <b>536</b> |     |

**Write of by category**

| Category of write off | number  | amount | %   |
|-----------------------|---------|--------|-----|
| Abandoned             | 9,024   | 25     | 4%  |
| Deceased              | 24,564  | 130    | 12% |
| in long term care     | 2,035   | 5      | 1%  |
| sequestered           | 21,965  | 25     | 10% |
| Time Elapsed          | 45,012  | 123    | 21% |
| Address Unknown       | 108,903 | 228    | 51% |
| total                 | 211,503 | 536    |     |

1.10 These have not been written off for some years, due to ongoing attempts to improve information held and recovery actions, and in particular to allow the position to be reviewed following the change in Sheriff Officers in 2015. The position has now been reviewed and it is felt there is sufficient confidence in the information and recovery efforts made to recommend that 536 accounts are written off, at a total value of £211,503.

APPENDIX C

ANNUAL DEBTORS REVIEW 2015/16  
DETAILED DEBTORS POSITION TO MARCH 2016

| Debtor                | 2013-14<br>£000 <sup>1</sup> |              | 2014-15<br>£000 <sup>1</sup> |              | 2015-16<br>£000 <sup>1</sup> |              | 2016-17<br>£000 <sup>2</sup> |              |
|-----------------------|------------------------------|--------------|------------------------------|--------------|------------------------------|--------------|------------------------------|--------------|
|                       |                              |              |                              |              |                              |              |                              |              |
| Council Tax           | 9,576                        |              | 10,302                       |              | 10,531                       |              | 10,559                       |              |
| Provision             | (6,477)                      | 3,099        | (7,108)                      | 3,194        | (7,559)                      | 2,972        | (7,927)                      | 2,632        |
| Rent                  | 2,124                        |              | 2,477                        |              | 2,710                        |              | 2,953                        |              |
| Provision             | (1,700)                      | 424          | (1,960)                      | 517          | (2,220)                      | 490          | (2,432)                      | 521          |
| Sundry Debtors        | 2,381                        |              | 3,104                        |              | 3,358                        |              | 2,515                        |              |
| Provision             | (468)                        | 1,913        | (494)                        | 2,610        | (833)                        | 2,525        | (1,113)                      | 1,402        |
| <b>Total Net Debt</b> |                              | <b>5,436</b> |                              | <b>6,321</b> |                              | <b>5,987</b> |                              | <b>4,555</b> |

<sup>1</sup> These figures are post audit and reflect the position on the Council's Financial Statement

<sup>2</sup> These figures are draft and are still subject to change as part of the 2016/17 external audit of the Council's Financial Statements

