
Report to Council

Date of Meeting: 27 June 2013

Subject: Annual Review of Debtors

Report by: Revenues and Payments Manager

1.0 Purpose

- 1.1. The purpose of this report is to provide Council with an update on council income collection rates, arrears positions and provide the recommendations for writing off those arrears classified as irrecoverable or 'bad debts'. The report will also set out the main improvement actions currently being developed by the service to improve on performance. The timing of this report is prescribed by the Corporate Recovery and Write Off Policy and is a key milestone in the preparation of the Council's financial statements which need to be approved by end June each year.

2.0 Recommendations

2.1. Council is requested to:

- note the trends in income collection levels and the related arrears positions,
- approve the write off of £679,403, which represents less than 0.2% of total Council debt raised. (para 5.3 refers),
- note the reduction in the level of debt proposed for write off for 2012/13 compared with the 2011/12 write off figure of £1,484,076,
- note the position relating to Council Tax net write-on of income amounting to £53,567,
- note and comment where appropriate on the continuing challenges and developments in respect of income collection and recovery arrangements.

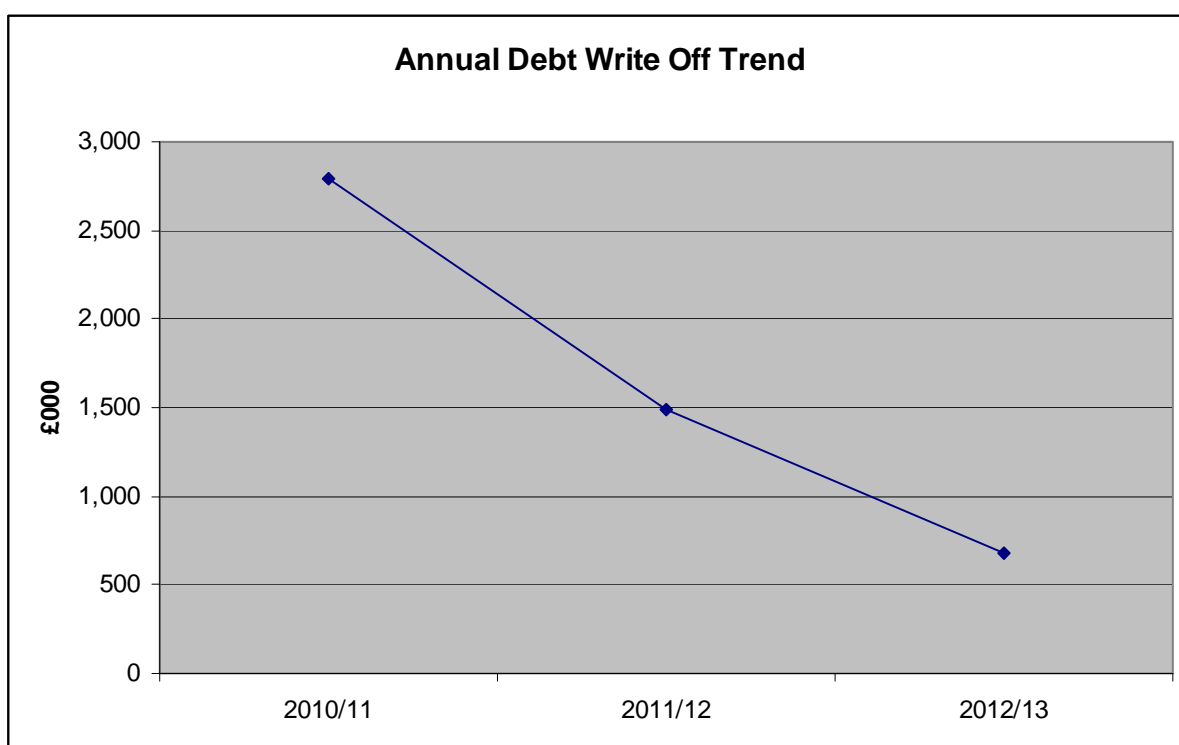
3.0 Considerations

Background

- 3.1. In August 2011 and June 2012, the Revenues & Payments Manager presented annual reports to Council on the review of debtors for 2010/11 and 2011/12. These reports present information on the income received and the arrears position. They also sought approval for the amount of debt that was deemed irrecoverable, to be written off.
- 3.2. These reports also contained a number of proposed developments to improve and develop the Revenues and Payments team.
- 3.3. This report provides the annual update of the income and debtors position during 2012/13. It proposes the write off for 2012/13 and updates members on the improvement works being undertaken within the Revenues service.

Three year trend

- 3.4. Over the last three years, the level of gross debt has increased by 2.8% from £12.355 million to £12.706 million. At the same time, the level of provision for bad debts has been regularly reviewed and adjusted. This results in the net debt position improving from £6.584million to £4.955 million over the same period.
- 3.5. Against this underlying trend, collection levels continue to improve for Council Tax and NDR. Sundry debtors show a very small decline for in year recovery (0.1%), however an additional £1.1m was invoiced and collected during the year. Collection rates for housing benefits overpayments increased by 10% and collection of rents reduced 0.15%
- 3.6. Housing debt levels show an overall increase over three years from £1.472 million in 2010/11 to £1.769 million in 2012/13.
- 3.7. Both debt trends and debt provision will be kept under review. This is particularly important given the potential for changes as a consequence of the continuing economic downturn and from Welfare Reform during 2013/14 and in 2014/15.
- 3.8. This information is represented graphically or in table format in sections 4.9, 4.12, 4.15 and 4.22 of this report. The Scottish Average performance is used as the comparator for previous years' performance. Scottish average data for 2012/13 will be available by September 2013. Comparative performance data will be reported to the Resource & Audit Committee in December 2013.
- 3.9. The Council's annual debt write off trend for the three years to 2012-13 is summarised below

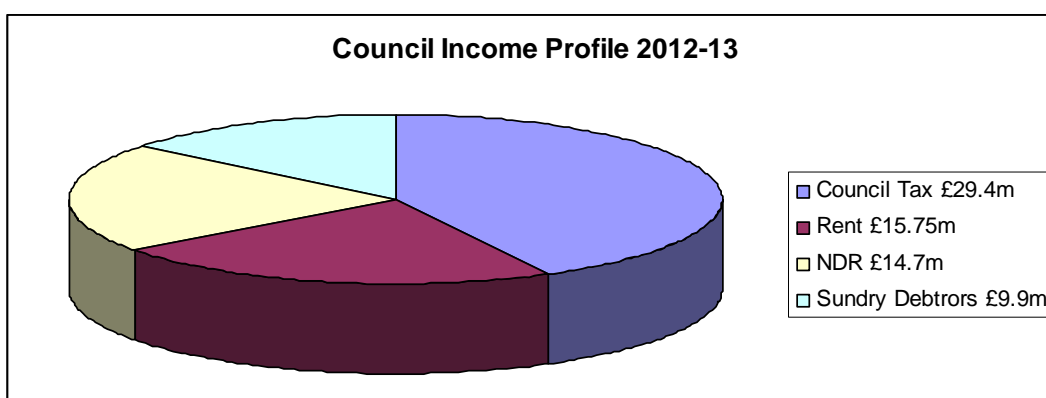


4.0 Revenues Received by the Council - Position at 31 March 2013

4.1. The Revenues and Payments team collects income and arrears for a number of debt streams for Clackmannanshire Council namely council tax, sundry income/debtors and rents. The team also collects NDR on behalf of the Scottish Government under the current rates pooling system and Water Service Charges (along with Council Tax) are collected on behalf of Scottish Water under direction from the Scottish Government.

4.2. During 2012/13, £69.75m of income was charged by the Council as follows

Figure 1



4.3. 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. The net debtor reflects the amount that the Council realistically expects to cover. 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 will be recovered.

- 4.4. The Council's debtors position at 31 March 2013 is summarised below. This table reflects the gross debtor position, provision and net debtor position. For 2012/13, the figures are draft and still subject to audit. They also incorporate the proposed write off of £679,403 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.
- 4.5. The provision noted below and proposed for 2012/13 complies with the change in approach agreed with the Council's External Auditors during the 2011/12 audit process.

Debt trend over three years.

Debtor	2010-11 £000	2011-12 £000	2012-13 £000¹
Council Tax	9,107	8,859	9,095
Sundry Debtors	1,776	1,642	1,842
Rent Arrears	1,472	1,622	1,769
Total Gross Debtor	12,355	12,123	12,706
Total Provision	(5,771)	(7,260)	(7,751)
Total Net debt	6,584	4,863	4,955

¹ These figures are draft and are still subject to change as part of the 2012/13 external audit.

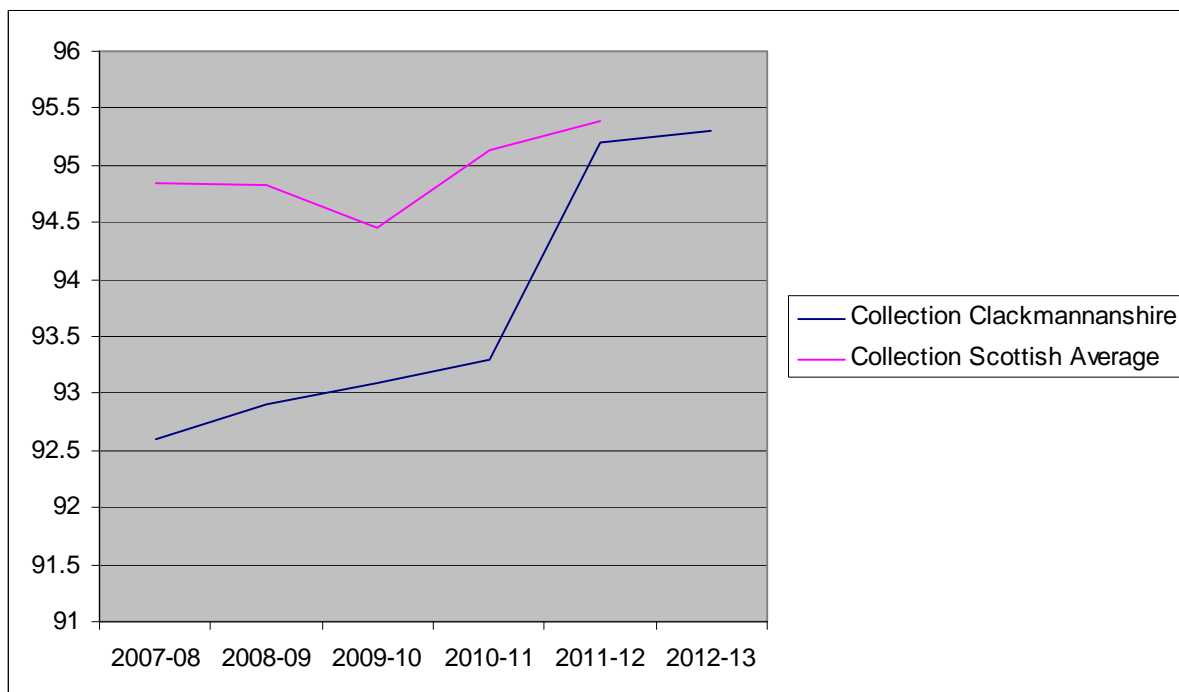
- 4.6. As indicated in paragraph 3.4, the trend in gross debt levels over the past three years has shown an increase despite the significant improvements made in improving the Council's processes. This suggests that the underlying economic trends are impacting on debt levels in spite of maintained and improving collection levels. This is likely to continue to be a risk in future years. This in turn is reflected in the increasing level of provision made for bad debts over the three year period reported.

Council Tax - Context

- 4.7. Council Tax and Water Service charges are levied on each domestic dwelling within Clackmannanshire. At present there are 23,819 such dwellings (up from 23,750 in 2011-12) with an annual charge levied amounting of £29.43 million (down from £29.46 million for 2011-12) which is billed to the residents of Clackmannanshire.
- 4.8. Over the three years from 2010/11, the level of Council Tax debt has increased from £9.107million to £9.429million. This overall trend masks the peak in 2011/12 when the gross Council Tax debt was £9.592million. This position has been improved upon in the 2012/13 financial year.
- 4.9. One key performance indicator used to measure the council tax collection rates performance is known as 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 2012/13, the Council's collection rate was 95.31%, up from 95.2% in 2011/12. The following graph highlights the upward trend in Clackmannanshire Council's collection rate. The Scottish average for 2012/13 is not yet available:-

Figure 2



4.10. During the current year Clackmannanshire Council's in year collection rate has continued to approach the Scottish average. This is due to the following:-

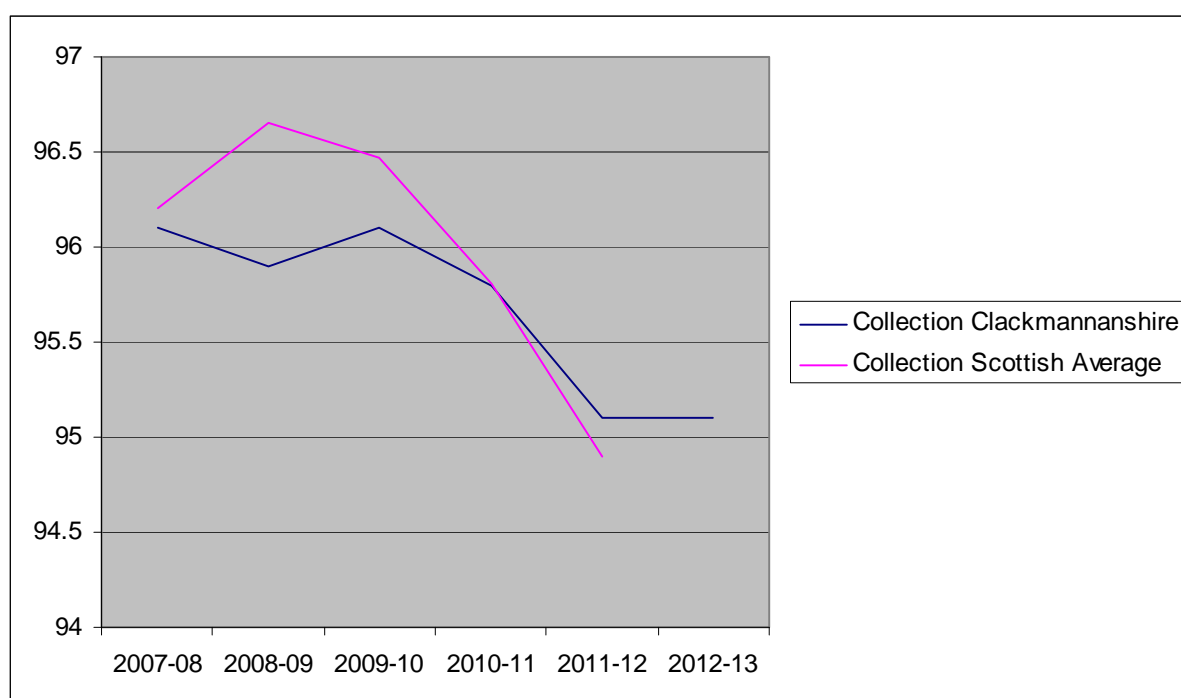
- Collection arrangements can be commenced earlier as a result of moving the payment date from 15th to 1st of each month from April 2011,
- Targeted work within the Council's recovery team including working closer with our internal services and external partners and includes such methods as agreeing base-lining with the Sherriff Officer partners, better debt profiling and enhanced information sharing,
- Proactive and preventative work undertaken by the team especially around early intervention to prevent debts,
- Improved system reporting capabilities, with the Council moving to a more accurate measure for reporting on the Council Tax collection performance, being "line by line" reporting by March 2012. This was reported to members in June 2012 as part of the Annual Debtors Review 2011-12 Report.

4.11. For comparison purposes the in-year collection rate, determined by using last year's formula based reporting methodology, rose from 93.9% to 93.95%.

The service will continue to monitor and set collection targets using both methods of recording.

- 4.12. The second indicator used to record council tax collections is the all year collection indicator. This records the percentage of council tax collected in all years in total in comparison with the amount raised for each year. The following graph illustrates this indicator for Clackmannanshire Council and compares it with the Scottish average over the last five years.

Figure 3



- 4.13. While this reflects a reducing trend in collecting all years council tax income, the Council's collection has continued to be above the Scottish Average for the last four years. This indicator again uses the line by line reporting tool as described in paragraph 4.10.

- 4.14. For council tax, the key issues are:-

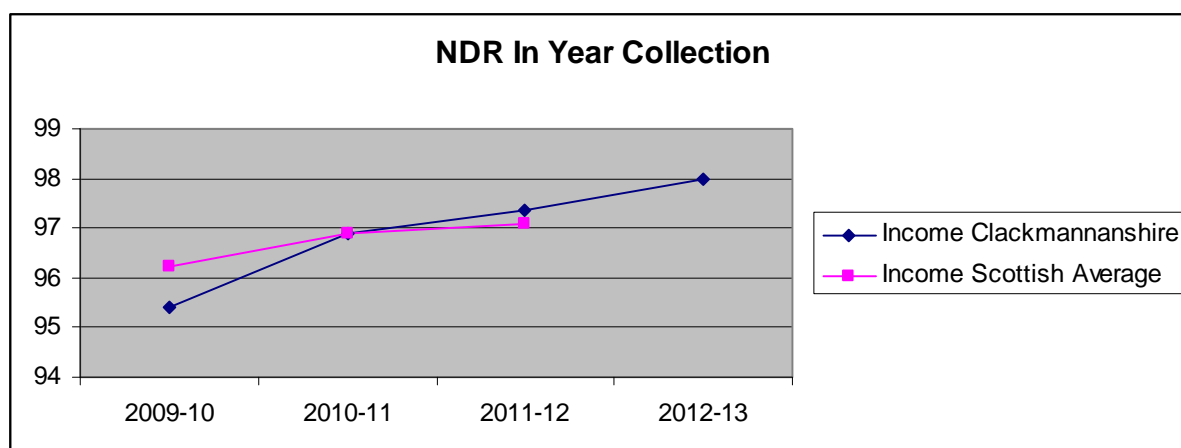
- the three year trend for Council Tax gross debt shows a 0.01% increase
- the net debt for Council tax continues to reduce from £4.041 million in 2010-11 to £3.077 million in 2012-13,
- performance has continued to improve with the in year collection figure of 95.31% for 2012/13,
- the Council changed its reporting methodology in 2011-12 which is more accurate and brings it into line with more Scottish Local Authorities.

Non Domestic Rates - Context

- 4.15. NDR income is billed and collected by Clackmannanshire Council on behalf of the Scottish Government under the rates pooling system. In 2012-13 the

Council billed £14.7 million to over 1500 business premises in the Council area (an increase from £13.8m in 2011-12). The Revenues and Payments team has increased the in year collection rate from 97.36% in 2011-12 to 98% in 2012-13. This is above the Scottish Average of 97.10% for 2011-12.

Figure 4



4.16. Rates collection levels in Clackmannanshire continue to increase and the net debtor position is reducing year on year. This can be attributed to the following reasons:-

- Settled appeals through the Assessors or the Valuation Appeals Committee against rateable value of approximately £25,000 have been successful during the year (a reduction from £200,000 in 2011-12),
- A proactive approach to rate payers who fail to pay their rates with early interventions to ensure debt is minimised,
- 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,
- Better processes have been utilised by the Council and external partners in terms of debt profiling and information sharing.

Due to the fact that the Council collects NDR for the Scottish Government under the rates pooling system, the debtor figure is not included in the council's financial statements.

4.17. For non domestic rates:-

- performance has continued to improve and the in year collection for 2012-13 is 98% compared with 97.36% in 2011/12.

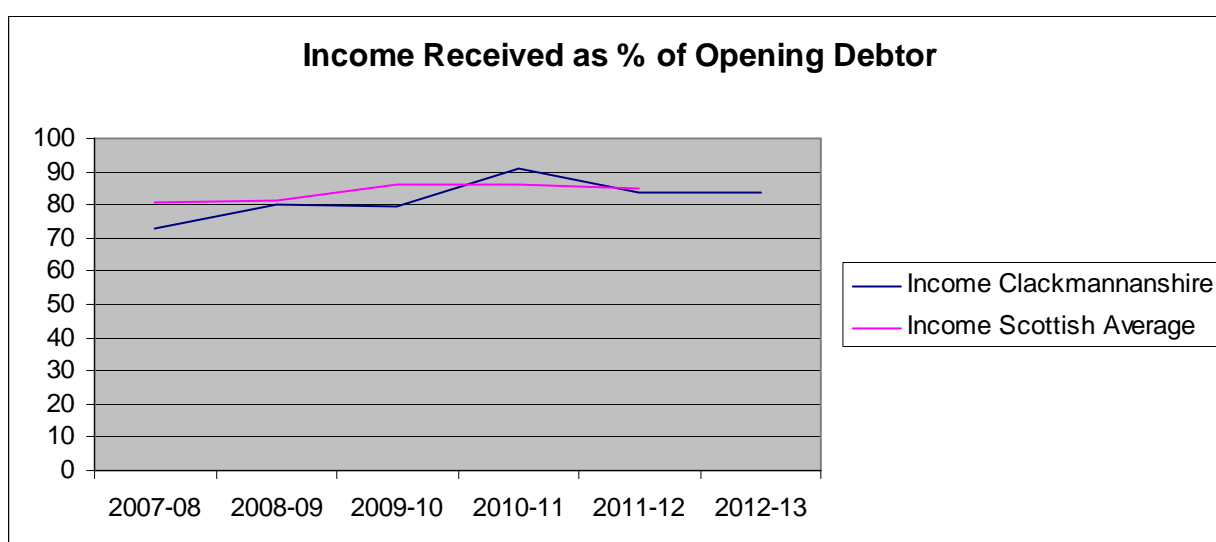
Sundry Debtors - Context

4.18. Sundry debtors is billed by invoices raised to a customer or member of the community in respect of services provided and received. In 2012/13 £9.97m million (up from £8.81 million in 2011/12) of invoices were raised for such

services as provision of music tuition, commercial refuse, home help and meals on wheels.

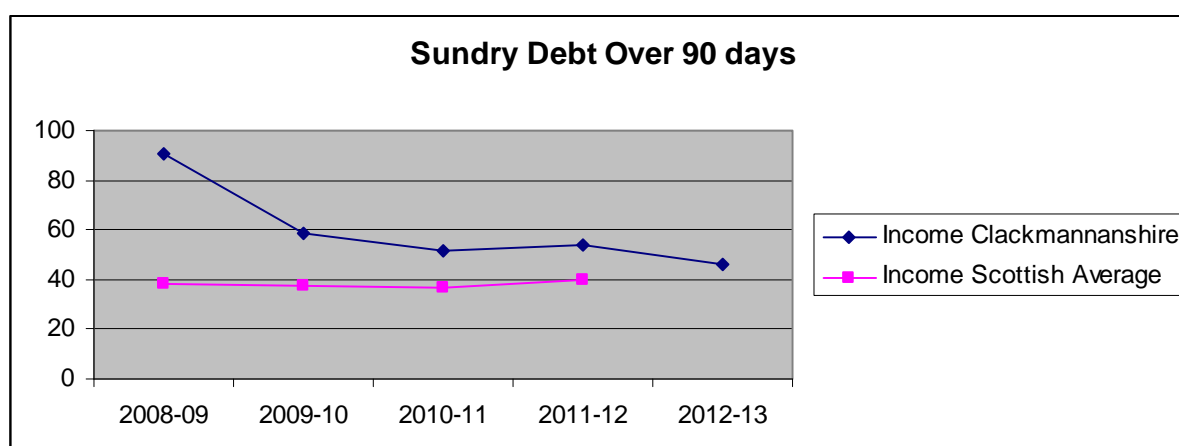
- 4.19. The net debt position has increased from £1.2m to £1.5m. This results from the value of invoices raised in the last 12 months increasing by £1.1 million. As the collection over 90 days continues to improve, this indicates that while the debtor figure has increased at year end, recovery will be effected within a three month period in 2013/14.
- 4.20. The 2012-13 in year collection level for sundry debtors was 83.62%, which is down 0.1% from previous year collection rate of 83.72 %. Although performance has dropped slightly since the last financial year, invoices valued at £1.1m more than in 2011 - 12 have been raised in 2012-13. Performance remains just below last years Scottish average of 85.04%

Figure 5



- 4.21. A second indicator of the longer term sundry debtors performance is the age of the debt outstanding which is over 90 days old. This has reduced consistently from 90% in 2008/09 to 45% in 2011/12, meaning that 55% of the Council's debt is recovered within 3 months. The Council is moving progressively closer to the Scottish average of 40% in 2011/12.

Figure 6



4.22. For sundry debtors:-

- the gross sundry debtor has increased £66,000 (3.7%) over the three years to 2012-13 to £1.842 million
- debt greater than 3 months continues to reduce which indicates that recovery rates continue to improve,
- the net debtor has reduced £169,000 (9.5%) over the three years to £1.501 million.
- collection levels have decreased marginally to 83.62%, though £1.1 million more of additional invoices were raised during 2012-13 than in 2011-12.

Housing:

Rental Income - Context

4.23. The total housing debtor can be broken into the following different categories:-

HRA arrears position 2010/11 to 2012/13

	2010-11 £000	2011-12 £000	2012-13 £000
Current tenant arrears	371	344	383
Former tenant arrears	272	331	367
HB Overpayments	690	767	845
Rechargeable Repair	92	134	165
Other Misc	47	46	9
Total Gross Debtor	1,472	1,622	1,769
Provision	(599)	(1,287)	(1,392)
Total Net Debtor	873	335	377

4.24. 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.

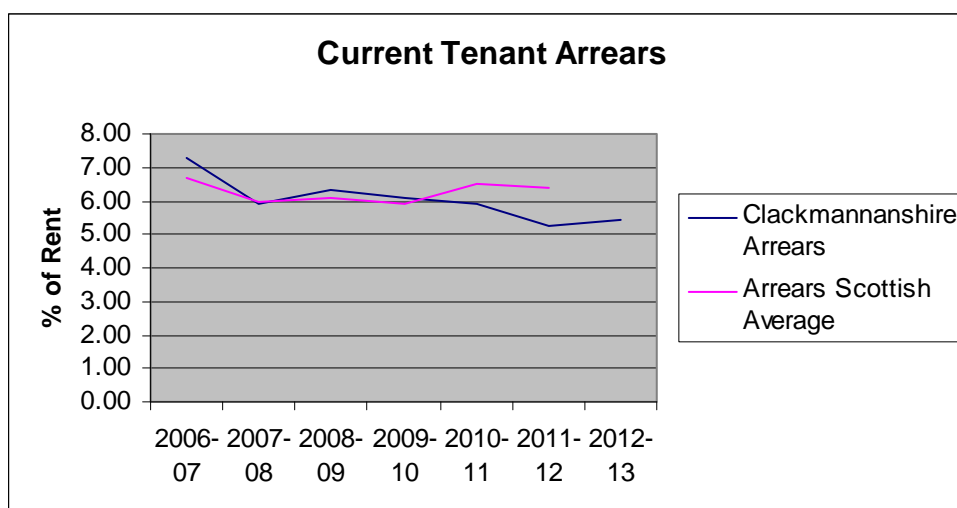
Current Tenant Arrears

4.25. Total gross rental income for 2012-13 payable by the Council's almost 5,000 tenants and associated lock-ups was £15.570 million (up from £14.814 million in 2011/12) an increase of £936,000.

4.26. Current tenant arrears have increased by £38,000 or 11%.

4.27. A key measure of performance for current tenant rent arrears is expressed as the percentage of net rent due at the end of the financial year. For 2012-13 this was 5.45% an increase of 0.15% from 2011-12 performance of 5.3%. This remains below the Scottish Average of 6.39% for 2011-12. Performance for the previous seven years, has been as follows:

Figure 7



4.28. Clackmannanshire Council has maintained the overall current tenant arrears position to below the Scottish average. The National trend is for rent arrears to show an increase; this Council's performance is now starting to follow this trend but a proportionately lower rate of increase. The following actions have resulted in the increase in arrears being kept to the minimum possible:

- Application of an integrated approach to debt recovery with the Income Control Team, working closely with internal service partners to ensure tenants receive a first rate rent collection service,
- The introduction of closer working within a corporate debt environment within the Revenues and Payments team to include sharing of best practices and debtor information,
- Taking a proactive approach to debt recovery concentrating on early intervention to minimise debts for tenants
- Closely monitoring the impact on individuals directly affected by the reduction in housing benefit due to under-occupation.

Former Tenant Arrears

4.29. 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.

4.30. The position at the 31 March 2013 was an increase in former tenant arrears of £36,000, which represents an increase of 11% on 2011-12.

4.31. 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. Dedicated resource is allocated to the collection and recovery of former tenant arrears. Contact details are held for all customers with former tenants arrears and arrangement are systematically being put in place to recover the amounts outstanding.

Housing Benefit Overpayments

- 4.32. 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 owed to by the individual to the landlord.
- 4.33. Housing benefit overpayment relating to Council tenants, known as public sector overpayments decreased £49,000 from £865,000 in 2011/12 to £816,000 in 2012/13.
- 4.34. The in year recovery of overpayments for the last five years was as follows:-

Year	Public Sector Overpayments		
	Amount Due* £	Amount Collected £	% collected
08-09	106,078	16,254	15.32%
09-10	110,029	17,266	15.69%
10-11	62,090	12,826	20.66%
11-12	110,972	45,583	41.08%
12-13	128,641	79,642	61.91%
* The full public benefit overpayments of £816,000 referred to in 4.32 above is made up of all out-standing years. The table above only shows the past five years.			

- 4.35. The in year collection of housing benefit overpayments for Council tenants has improved this year with a further 20% increase on the recovery rate of the previous year to 61.91% in 2012-13. This is a direct result of changes in practice resulting from a management review of operating procedures which led to identified overpayments being deducted directly from tenants benefits.

Housing Benefit Overpayments - Private Landlords/Tenants

- 4.36. Overpayments also occur for private tenants in receipt of Housing Benefit and are referred to private sector overpayments. Analysis is provided below for comparison purposes. These amounts owing are reflected within the Sundry Debtors balance summarised in paragraph 4.18.
- 4.37. The in year recovery of overpayments for the last four years was as follows:-

Year	Private Sector Overpayments		
	Amount Due £	Amount Collected £	% collected
08-09	356,010	225,635	63.38%
09-10	326,106	193,620	59.37%
10-11	548,143	285,342	52.06%
11-12	319,321	268,367	84.04%
12-13	308,214	290,310	94.19%

4.38. The in year collection of housing benefit overpayments for private tenants/landlords has improved this year with an 10% increase in the recovery rate on the previous year to 94.19%. As stated in 4.34, this is a direct result of changes in practice resulting from a management review of operating procedures which led to identified overpayments being deducted directly from tenants benefits. This debt is not attributed to the Council and therefore does not appear in the Financial Statements.

Combined Housing Benefit Overpayments

4.39. The collection rate for overpayments raised and collected in the year for both public sector and private sector tenants equates to 84.69%. The Council receives subsidy from the DWP at 40% for overpayments raised. If the combined collection rate is below 60%, this results in a cost to the Council, however where the combined collection rate is greater than 60%, this results in additional income to the Council. As the recovery rate was 84.69% for 2012/13, this has resulted in additional income to the Council of £107,859.

4.40. This income is reallocated within the Housing service.

Rechargeable Repairs

4.41. Rechargeable repairs continue to increase over the three years from £92,000 in 2010-11 to £165,000. Rechargeable repairs relates to repairs which are recharged to tenants where there has been malicious or negligent damage. The recharge only covers the costs of the repairs to the Housing Revenue Account.

4.42. In acknowledgement of the increasing arrears trend, detailed work is being undertaken by Housing, Revenues and Payments and Accountancy to identify how performance can be improved.

4.43. For rent debtors, the key issues are :-

- performance has reduced with the current tenant debt increasing by 0.15% to 5.45% of the net debt raised in the year. This remains below the national average of 6.39% in 2011/12,

- the current tenant arrears have increased £39,000 to £383,000 at the end of 2012/13,
- former tenant arrears, housing benefit overpayments and rechargeable repairs continue to increase,
- overall public sector overpayments reduced to £816,000 in 2012/13 with the collection level improving 20% to 61% for 2012/13.
- the Council received additional income of £107,859 in 2012/13, due to collection levels for Housing Benefit overpayments being 84.69%.

Future of Rents/Overpayment collections.

4.44. As members are aware, with the reduction of housing benefit, it will be a challenge to maintain or improve levels of rent arrears and maximise recovery of overpayments due to changes associated with Welfare Reform. Regular member briefings have been undertaken and will continue to be carried out highlighting the impacts on this Council of the Welfare Reform agenda. Two crucial issues will directly impact recoveries of rental income due in the coming years:-

- Introduction of size criteria into the social rented section,
- Introduction of direct payments to tenants with Universal Credit.

5.0 Annual Write Off

- 5.1. As part of the Corporate Recovery and Write Off Policy that was approved by Council in January 2012, all debt that is deemed as irrecoverable will be identified and presented to members annually to be written off. In doing so, the Council follows general accounting principles ensuring that all reasonable recovery actions have been undertaken prior to the identifying a debt for write off.
- 5.2. The Corporate Recovery and Write Off Policy also provides that the Director of Finance 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 2012/13, together with a comparison for the write off approved for 2011/12. The 2012/13 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 1**.

Proposed write-offs for 2012/13.

	Approved Write Off 2011/12		Proposed Write Off 2012/13	
Type of Debt	Number of accounts	Value	Number of accounts	Value
Council Tax	1,514	£733,238	841	£293,206
NDR	327	£621,315	92	£179,677
Sundry Debt	258	£91,658	271	£76,186
Former Tenant Arrears	82	£37,865	81	£77,751
Business Development Loans	-	-	8	£52,583
Total	2,181	£1,484,076	1,293	£679,403

5.4. The write off for each category of income represents the following percentage of total debt raised:-

- Council Tax write off represents 0.1% of the total debt raised,
- Non Domestic Rates represents 0.2% of the total debt raised,
- Sundry Debt represents less than 0.1% of the debt raised,
- Former Tenant Arrears represents less than 0.1% of the total rent raised over the preceding 5 years

5.5. The Business Development Loans write off relate to loans which were awarded to small local businesses over 10 years ago, at a time when the Council was supporting local businesses, with a view to improving employment opportunities. The loans are fully provided for and the businesses involved have either ceased trading or been liquidated.

5.6. In accordance with the Corporate Recovery and Write Off Policy a full record of each write off is retained by the Revenue and Payments Team to allow the debt to be written back and pursued in the future, if new information comes to light on the debtor.

Written Off Income Recovered

5.7. The Revenues & Payments team commenced an exercise with an external debt collection agent with regard to a trace and recover service for Council Tax debt previously written off due to being irrecoverable. This approach to dealing even with debt previously written off has resulted in a net figure of £53,566 now being written on to the Councils accounts. Only amounts that have been actually recovered are written on.

5.8. A percentage rate of 50% is paid to the debt collection agency. The gross recovery figure was £107,112.

Progress on Corporate Debt and Recovery Arrangements

- 5.9. In the Budget Strategy presented to members, one of the four key components of the strategy is income maximisation, which incorporates the collection and recovery of Council income. These outcomes/objectives are also reflected within the Corporate Recovery and Write Off Policy and administered by the Revenues and Payments Service.
- 5.10. In the report to members in June 2012 an overview was given of the plans for improving the corporate debt arrangements in 2012-13. These plans included improving performance management, obtaining Customer Service Excellence and commitment to continuous improvement.
- 5.11. In reviewing the overall service provision, the following activities took place during 2012-13.
- Formation of the Welfare Reform Working group, comprising services and partners,
 - Continued briefings for members, staff and other stakeholders on the impacts of welfare reform,
 - Contact with all tenants affected by the changes in housing benefit due to under occupation,
 - Baselining of Council Tax account information with Sheriff Officer partners,
 - Introduction of the Scottish Welfare Fund,
 - Preparation of the Discretionary Housing Payment Policy for members approval and subsequent contact with all individuals who have submitted an application,
 - Consultation with revenues staff on the Revenues restructure and appointment of the new Revenues Team Leader,
 - Accreditation to Customer Services Excellence.

Corporate Debt and Recovery going forward 2013-14 onwards.

- 5.12. Whilst the collection rates are generally encouraging given the current financial context, there is potential risk to the Council as a consequence of the impact of the economic downturn and Welfare Reform.
- 5.13. To ensure that these risks are managed the Revenues and Payments Team service redesign is in progress. The major changes over the past 12 months have resulted in the need to review original redesigns for the service and to include a number of temporary posts. The design is now developed and reflects the outcomes of the Corporate Recovery and Write Off Policy.
- to maximise income for the Council

- to maximise income for customers
- to reduce the debt owed to the Council by customers

5.14. The next stages of the redesign will see a service restructure with the implementation of a corporate billing & assessment team and a corporate debt recovery team being set up within the current Revenues and Payments team.

In carrying out this restructure a review of all processes is underway to ensure that the best use of resources is employed in the assessment and recovery of debt. This involves a number of separate but linked projects including: -

- closer engagement and joint working with services to co-ordinate debt recovery efforts and intelligence and expertise;
- closer engagement and joint working with services to co-ordinate financial assessments for individuals and families, ensuring individuals are receiving their maximum entitlement and the funds are made available from the most appropriate source(s),
- developing a closer, more effective working relationship with the Sherriff Officer on contact and recovery arrangements;
- preparation of options appraisal for future use of external agents for recovery purposes;
- reviewing payment methods for customers to improve the ease of making payments to the Council;
- using best practice and benchmarking groups to review and update processes with best industry practice;
- regular use of professional associations and networks to discuss best practice such as Directors of Finance Group, IRRV and Scottish Rents Forum

Conclusion

5.15. The overall debt position of the Council continues to be closely managed and monitored.

5.16. While the net debtor position has increased by £92,000 between 2011-12 and 2012-13 to £4.955 million, collection levels have been largely maintained or improved. This performance runs contrary to national trends which demonstrate overall reductions in collected income and significant increases in debtors. This has been achieved whilst the team is in a transitional period through the service restructure and supporting the mitigation of the risks of welfare reform.

6.0 Sustainability Implications

6.1. None

7.0 Resource Implications

7.1. Financial Details

7.2. 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 ☒

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

7.4. Staffing

8.0 Exempt Reports

8.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

9.0 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 type="checkbox"/>
Our communities are more cohesive and inclusive	<input 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

Discretionary Housing Payment Policy

10.0 Equalities Impact

10.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes ☐ No ☒

11.0 Legality

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

12.0 Appendices

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

Appendix 1 - Proposed Bad Debt Write Off 2012-13

13.0 Background Papers

- 13.1 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)

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Approved by

NAME	DESIGNATION	SIGNATURE
Julie Burnett	Senior Support Services Manager	Signed: J Burnett
Nikki Bridle	Director of Finance & Corporate Services	Signed: N Bridle

Bad Debt Write Off 2012/13**1. Council Tax and Water Charges**

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

Reason	No of Accounts	Value £	Costs £	Total £
Outwith Jurisdiction	19	3,847	378	4,225
Gone Away	63	12,908	1,020	13,929
Uncollectable/Other	73	27,917	2,962	30,879
Deceased	233	48,853	1,111	49,964
Sequestrations	451	176,338	17,849	194,187
Small Balances	2	22	0	22
TOTAL	841	269,885	23,320	293,206

2. Non Domestic Rates

The following tables split the proposed write offs by reason for the write off. Full case records are retained by Revenue and Payments Team for audit purposes. Please note only the primary reason for the write off is given, this can occur when more than one write off reason applies such as Sheriff Officer uncollectable may be due to the company ceasing trading.

Year	No of Accounts	Total £
Sequestration	17	35,905
Uncollectable/Other	30	54,984
Liquidation	16	39,987
Gone Away	24	34,937
Deceased	5	13,864
TOTAL	92	179,677

3. Sundry Debt

The following tables split the proposed write offs by and 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 the Revenues and Payments team for audit purposes.

Reason	Number	Total £
In Administration	3	1,307
Sequestrated /Bankrupt	24	6,565
Ceased Trading	10	1,896
Deceased	17	9,489
Trust Deed	20	1,789
Company Dissolved	2	92
Gone Away	10	11,334
Prescribed (over 5 years)	183	38,659
Uncollectable	2	5,056
TOTALS	271	76,187

Service	Number	Total £
Community & Regulatory	102	40,690
Education	29	3,493
Facilities Management	35	6,374
Social Policy	71	13,634
Support Services	34	11,996
TOTALS	271	76,187

4. Former Tenant Rent Arrears

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.

Reason	Total	Total £
Deceased	18	5,202
Gone Away	46	55,727
Prescribed	16	15,925
Sequestrated	1	897
TOTALS	81	77,751

Appendix 2

Detailed Council Debtors Position for Three Years to 31 March 2013

Debtor	2010-11 £000		2011-12 £000		2012-13 £000	
Council Tax	9,107		8,859		9,095	
Provision	<u>(5,066)</u>	4,041	<u>(5,555)</u>	3,304	<u>(6,018)</u>	3,077
Rent	1,472		1,622		1,769	
Provision	<u>(599)</u>	873	<u>(1,287)</u>	335	<u>(1,392)</u>	377
Sundry Debtors	1,776		1,642		1,842	
Provision	<u>(106)</u>	1,670	<u>(418)</u>	1,224	<u>(341)</u>	1,501
Total Net debt		6,584		4,863		4,955

