

---

**Report to Clackmannanshire Council**

---

**Date of Meeting: 3 October 2024**

---

**Subject: Annual Review of Debtors 2023/24**

---

**Report by: Chief Finance Officer (S95 Officer)**

---

## **1.0 Purpose**

- 1.1. To provide council with the annual update on income collection and to propose the 'write-off' of those debts which are deemed as irrecoverable.

## **2.0 Recommendations**

- 2.1. It is recommended that the council;
- 2.1.1. Note the trends in income collection for 2023/24;
  - 2.1.2. Approve the proposed debt write-off of £1,509,234 which includes £805,238 for Former Tenant Arrears as per paragraph 6.2 (Appendix B);
  - 2.1.3. Approve the write-off of school meal debt held within Schools of £13,550.31 (paragraph 4.6 & Appendix C)
  - 2.1.4. Note and comment as appropriate on the other matters raised in the report.

## **3.0 Background**

- 3.1. Responsibility for the collection and recovery of income due to Clackmannanshire Council principally lies with the Finance and Revenues Service within the Partnership & Performance Directorate. All income collected by the service is done so in accordance with the Council's Corporate Debt Recovery and Write-Off Policy. The Council also uses Sheriff Officers to administer collection on the Council's behalf. Stirling Park continues to provide this service to the Council.
- 3.2. This report analyses collection performance, updates members on recovery actions taken and service developments, and proposes the write-off across all debt streams for the financial year.

- 3.3. During the year bills and invoices totalling £80.101m were issued by the Council. This is an increase from £72.603m issued in 2022/23. The following paragraphs set out the details for each income stream.

## **4.0 Income Streams**

### **Council Tax Collection**

- 4.1. In 2023/24, Council Tax bills totalling £34.840m were issued to 25,210 households. In 2023/24 the Council increased Council Tax by 5% and the total income received for Council Tax in 2023/24 was £34.313m. This includes income in relation to water and sewerage charges that are included in the annual council tax bill and collected by the Council on behalf of Scottish Water. Charges for water and sewerage are set by Scottish Water on an annual basis.
- 4.2. The key indicator of performance for Council Tax collection (excluding water and sewerage) is the in-year collection rate. This represents the total amount of Council Tax collected as a percentage of the total amount billed. In 2023/24 the in-year collection rate was 95.9%. This is a decrease of 0.9% on the recorded collection rate of 96.8% in 2022/23 and 0.4% above the national average of 95.5% for 2023/24.
- 4.3. It is recognised that all authorities perform within very tight thresholds in Council tax collection shown by the average rate of 95.5%. For 2023/24 previous high collection rates in Clackmannanshire have mainly been impacted at a local level due to the ongoing cost of living crisis. Internally there were also operational challenges in undertaking recovery action during part of the year which have now been resolved.
- 4.3 Throughout the year the Revenues team have continued to focus on processing applications for Council Tax Reduction (CTR). We have also continued to review processes and look for ways to improve efficiency. We work closely with the Department of Work & Pensions (DWP) and the Council utilises its ATLAS information system which is used to ensure that all CTR cases are identified and processed.
- 4.4 There has been continued development of the Citizens Access - Revenues Portal during 2023/24. This gives council tax payers the ability to sign up to an online service, report changes and view their account online.

### **Sundry Debt Collection**

- 4.5 During 2023/24 sundry debtor invoices totalling £5.678m (£6.584m 2022/23) were issued by the Council. A sundry debt is the name given for invoices raised for chargeable council services. A large number of these invoices are for Social Services such as charges for Community Alarms (MECS), which account for 47.7% of the number of invoices raised in 2023/24. Other chargeable services include; client contribution towards care, commercial waste and after school fees. However, large invoices for Health and Social care to the NHS and Stirling Council are also raised using the same approach.

Individual services are responsible for raising their own invoices with payments monitored by Finance and Revenues.

### **School Meal Debt**

- 4.6 Debt that is due to unpaid School meal income is initially attempted to be recovered by the school. However, once this balance reaches £50, it is then transferred to sundry debtors to raise an invoice. As at the 31 March 2024 there is a balance of unpaid debt within the schools of £13,550.31 for 2023/24. There were no invoices raised as sundry Debts in 2023/24. Detail of the debt by each school is included in Appendix C.

### **Non Domestic Rates (NDR) Collection**

- 4.7 Clackmannanshire Council are required to bill and collect Non Domestic Rates (NDR) on behalf of the Scottish Government. Income is then pooled and distributed to Councils, under the rates pooling system. During 2023/24 the council billed businesses for rates totalling £19.067m (2022/23 £17.217m). The collection rate for 2023/24 as a percentage of the total billed was 97.37%. This is an increase of 2% on previous collection rate of 95.37%.
- 4.8 There have been a number of legislative changes relating to NDR administration in Scotland. The latest revaluation took effect from 1 April 2023 and the Small Business Bonus Scheme thresholds were amended. In addition to this, the relief for Empty properties was removed from statute and is now determined locally from 1 April 2023. The Council approved a policy for 2023/24 which replicated the previous statutory relief, which is to be reviewed annually.

### **Housing**

- 4.9 The total gross rental liability for 2023/24 payable by approximately 5,000 council tenants and associated lock-ups was £21.337m (2022/23 £20.516m).
- 4.10 Overall, rent arrears decreased during the year by £0.162m to a total of £2.333m (2022/23 £2.495m). As a percentage of gross rental income, the arrears represent 10.6% (2022/22 12.2%) which is equivalent to £462 (2022/23 £500) per house. Housing officers work closely with tenants to reduce the occurrence and build up of arrears.
- 4.11 In addition to the debtor for rents, the Housing debtor also includes unpaid invoices for rechargeable repairs and Housing Benefit Overpayments. The following sections sets out details for each of the categories of debts within Housing. Appendix A summarises the arrears position for Housing debts broken down by category for the years 2021/22 to 2023/24.

### **Current Rent Arrears**

- 4.12 The tables below provide a breakdown of current rent arrears and the impact of Universal Credit (UC). It should be noted that the Scottish Housing Regulator (SHR), to allow for comparisons between Councils and Housing Associations, allow for some year-end adjustments to the arrears figures particularly dealing with UC Payments meant for the previous financial year.

4.13 Table 1 below details that overall, in the last financial year, arrears reduced by almost £0.260m. However, the main comparison figure utilised by the SHR (Indicator 31), Gross rent arrears decreased by 0.36 percentage points to 11.15%.

**Table 1**

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Current / Last Year Increase (Decrease)</b>
Current tenant rent arrears value	£848,778	£873,255	£861,742	£601,708	(£260,034)
Gross rent arrears (current and former tenants) as a % (SHR indicator 31)	9.56%	10.66%	11.51%	11.15%	(0.36%)
SHR Current Tenant arrears as a %	3.33%	3.63%	3.32%	2.42%	(0.90%)
SHR Former Tenant arrears as a %	6.23%	7.03%	8.19%	8.73%	0.54%

4.14 The following table provides a breakdown of arrears cases by value band over the last two financial years and the movement in each of those bands.

**Table 2**

<b>Breakdown of arrears case load</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Current / Last Year Increase (Decrease)</b>
<b>Total No of current rent accounts in arrears</b>	1,793	1,895	1,527	(368)
Greater than £4,000	15	6	2	(4)
Between £3,000 & £3,999	17	13	0	(13)
Between £2,000 & £2,999	39	40	26	(14)
Between £1,000 & £1,999	146	172	130	(42)
Between £500 & £999	267	257	211	(46)
Between £0 and £499	1,309	1,407	1,158	(249)
Highest rent account balance	£7,943.57	£7,438.24	£4,398.42	(3,040)

4.15 Table 3 provides a further breakdown of arrears value per case and the illustration between those arrears cases claiming Universal Credit Housing Cost Assistance and those in arrears who are not.

**Table 3**

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Current / Last Year Change</b>
Total Arrears Value	£848,778	£873,255	£861,742	£601,708	(£260,034)
Average value per case	£475	£488	£454	£407	(£47)
Total Number of UC cases in arrears at year end	1,138	1,226	1,398	1,213	(185)
Total Arrears value for UC cases	£600,319	£637,562	£669,646	£493,835	(£175,811)
Average value per case	£528	£520	£479	£407	(£72)
Non UC claimants in arrears at year end	593	564	501	314	(187)
Total Arrears value for non UC cases	£236,295	£235,694	£192,096	£107,873	(£84,223)
Average value per case	£399	£418	£383	£344	(£39)
Total Number of UC claimants at year end	1879	2049	2204	2409	205
% UC claimants in arrears	60.56%	59.83%	63.43%	50.00%	(13.43%)

## Former Tenant Arrears

- 4.16 Tenancies end for a variety of reasons including abandonment, eviction or death. When there is a balance on the account these arrears can be difficult to collect if for example, there is no forwarding address, or the deceased has no estate.
- 4.17 The total former tenant arrears at the 31 March 2024 was £1.761m (including lock-ups) made up of 2565 cases. This is an increase from 2022/23 of £0.139m and an increase of 59 cases.

## Housing Benefit Overpayments

- 4.18 An overpayment of Housing Benefit (HB) occurs when an individual receives an award of benefit that is then deemed not to have been due. This can occur for a variety of reasons, including claimant error, fraud, and a backdated change in circumstances or Local Authority (LA) error. For existing HB claimants any overpayment can be recovered from on-going entitlement where possible, but for others, customers are required to make arrangements to repay. HB overpayment accounts can also be sent to Sheriff Officers for collection.
- 4.19 At the end of 2023/24 there were outstanding Housing Benefit Overpayments relating to Council tenancies for both Former and Current Tenants of £0.944m. This is a decrease of £0.021m from 2022/23.

## 5.0 Overall Debt Position

- 5.1 The following table shows the current debt position for all income streams.

**Table 4**

<b>Debtor</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Council Tax	12,584	12,488	12,658
Sundry Debtors	3,389	3,408	2,589
HRA Debts	3,361	3,779	3,543
<b>Total Gross Debtor</b>	<b>19,334</b>	<b>19,675</b>	<b>18,790</b>

- 5.2 The Council's debtors' position reflects the total amount due to the Council.

## 6.0 Irrecoverable Debt for Write-Off

- 6.1 Each financial year the council is required to propose accounts for write-off from each income stream in accordance with the Corporate Debt and Write-off Policy.

6.2 The table below highlights the proposed write-off from each income stream along with a comparison of the accounts approved for write-off in financial year 2022/23.

**Table 5**

Type of Debt	Approved Write Off 2022/23		Proposed Write Off 2023/24	
	Number of accounts	Value £	Number of accounts	Value £
Council Tax	1,045	402,350	1,332	444,128
NDR	21	206,254	66	139,190
Sundry Debt	2,079	625,719	876	114,600
Former Tenant Arrears (incl Lockups and Recharges)	380	66,068	1,899	805,238
Housing Benefit Overpayments	148	6,896	142	6,078
<b>Total</b>	<b>3,673</b>	<b>1,307,287</b>	<b>4,315</b>	<b>1,509,234</b>

6.3 Accounts can be proposed for write-off for a number of reasons including;

- Deceased – where the customer has died and left no estate.
- Sequestration – The customer has applied for and been awarded bankruptcy and there is unlikely to be any dividend for creditors.
- Untraceable – No up to date contact information is available for the customer and all means of contacting them have been exhausted.
- Small Balance – The balance outstanding on the account is small and it is not deemed cost effective to pursue.
- Management Write-Off – Management have agreed to the write-off of the debt due on a particular case due to the individual circumstances of the customer.
- Time Lapsed – Where the debt has prescribed under the Prescription and Limitation Act Scotland 1973 and it has been more than 5 years since last contact from the customer. This excludes debt relating to Council Tax, NDR and Housing Benefit Overpayment.

6.4 The overall increase in debt proposed for write-off reflects an in depth review of outstanding debt in relation to Former Tenant Arrears.

6.5 The economic climate continues to have an impact on businesses with higher number of cases being proposed for write-off but with a lower total value compared to 2022/23.

6.6 Appendix B provides a breakdown by reason for the proposed write-off of debts in each income stream.

## 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 X

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

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  No X

## 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 )

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all   
Our families; children and young people will have the best possible start in life   
Women and girls will be confident and aspirational, and achieve their full potential   
Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies**

Complies with relevant Council Policies

## 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 X



## 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 – Housing Debts at 31 March 2024

Appendix B – Proposed Write-offs at 31 March 2024

Appendix C – School Meal Debt by School at 31 March 2024

## 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  No

### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Ben Watson	Team Leader – Revenues & Benefits	6228
Lindsay Sim	Chief Finance Officer	2022

### Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Chris Alliston	Strategic Director (Partnership and Performance)	



## Housing Debts at 31 March 2024

- 1.1 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 2021/22 to 2023/24

	2021/22 £000	2022/23 £000	2023/24 £000
Current Tenant Arrears (incl lock ups)	890	872	618
Former Tenant Arrears (incl lock ups)	1346	1622	1,761
HB Overpayments (HRA only)	967	965	944
Rechargeable Repair	173	320	220
Miscellaneous	5	30	0
<b>Total Gross Debtor</b>	<b>3,376</b>	<b>3,779</b>	<b>3,543</b>
Provision	(3,361)	(3,446)	(3,416)
<b>Total Net Debtor</b>	<b>0</b>	<b>333</b>	<b>127</b>

- 1.2 For 2023/24 the gross Debtor has reduced by £0.236m. This is mainly due to a decrease in Current Tenant Arrears partly offset by an increase in Former Tenant Arrears.
- 1.3 Housing rent is managed by the Tenancy Management Team and Housing Officers work closely with tenants to help them to sustain their tenancy and pay their rent.

## Proposed Write-Offs at 31 March 2024

- 1.1 The following paragraphs set out for each of the proposed debt streams, the total amounts and number of cases by reason for write-off showing comparison to the previous year. Full case records are retained by the Revenues Team for audit purposes.
- 1.2 Current Tenant arrears are managed by the Tenancy Management Team, within Housing. These debts are dealt with separately and are not included within the proposed write-off below.

### Council Tax and Water Charges

- 1.3 The following table details the proposed write-offs for Council Tax and Water Charges by reason

Reason	2022/23		2023/24	
	No of Accounts	Total £	No of Accounts	Total £
Deceased	603	158,724	585	156,340
Sequestration	350	205,168	305	165,835
Untraceable	91	38,457	325	113,562
Small Balance	1	1	86	476
Time Barred	-	-	31	7,915
<b>TOTAL</b>	<b>1,045</b>	<b>402,350</b>	<b>1,332</b>	<b>444,128</b>

- 1.4 The proposed write off for Council Tax compared with 2022/23 has increased by £41,778, an equivalent of 10.38% with an increase of 287 cases.
- 1.5 37% of the council tax debt being proposed for write-off are due to people being sequestrated or entering a Trust Deed. A further 35% of the council tax debt being proposed for write-off is due to death of the debtor leaving no estate. A further 25% are where there is no information to contact the rate payer and pursue the debt. The remaining 3% is prescribed debt and small balances.

## Non Domestic Rates (NDR)

1.6 The following table details the proposed write-offs for NDR by reason.

<b>Year</b>	<b>2022/23</b>		<b>2023/24</b>	
<b>Reason</b>	<b>No of Accounts</b>	<b>Total £</b>	<b>No of Accounts</b>	<b>Total £</b>
Untraceable	4	33,088	49	79,992
Sequestration/ Liquidation	10	140,528	3	12,837
Ceased Trading/ Dissolved	7	32,638	12	45,805
Small Balance	-	-	1	5
Deceased	-	-	1	551
<b>Total</b>	<b>21</b>	<b>206,254</b>	<b>66</b>	<b>139,190</b>

1.7 The number of cases proposed for write-off have increased from 2022/23, however there has been a 32.5% decrease in the total value of proposed write-offs, indicating a lower average value per case than 2022/23.

1.8 The majority of the cases and value of debts identified for write-off (57.5%) are due to being unable to trace ratepayers.

## Sundry Debts

1.9 The following table sets out the detailed reasons for proposed write-off of Sundry Debts.

Year	2022/23		2023/24	
Reason	No of Accounts	Total £	No of Accounts	Total £
Untraceable	23	924	-	-
Sequestration	2	470	-	-
Deceased	12	622	-	-
Small Balances	-	-	191	1,153
Time Barred	2,035	618,778	685	113,447
Management Write Off	7	4,925	-	-
<b>Total</b>	<b>2,079</b>	<b>625,719</b>	<b>876</b>	<b>114,600</b>

## Former Tenant Arrears

1.10 The following table sets out the detailed reasons for proposed write-off of former tenant arrears.

Year	2022/23		2023/24	
Reason	No of Accounts	Total £	No of Accounts	Total £
Untraceable	2	406	25	15,910
Deceased	96	49,803	106	45,023
Small Balances	173	3,513	131	7,153
Sequestration	109	12,346	34	18,159
Time Barred	-	-	993	606,781
<b>Total</b>	<b>380</b>	<b>66,068</b>	<b>1289</b>	<b>693,026</b>

## Housing Benefit Overpayments

1.11 The following table sets out the detailed reasons for proposed write-off of Housing Benefit Overpayments.

<b>Year</b>	<b>2022/23</b>		<b>2023/24</b>	
<b>Reason</b>	<b>No of Accounts</b>	<b>Total £</b>	<b>No of Accounts</b>	<b>Total £</b>
Deceased	39	4,432	7	4,315
Management Write off (DHP)	-	-	10	862
Small Balances	109	2,464	125	901
<b>Total</b>	<b>148</b>	<b>6,896</b>	<b>142</b>	<b>6,078</b>

## APPENDIX C

### School Meal Debt by School

1.1 The table below shows the outstanding income due for school meals, by school, that is not yet passed to sundry debtors.

School	2023-24 £
Abercromby PS	1,689.55
Alva Academy	74.00
Alva PS	2,698.11
Clackmannan PS	83.00
Coalsnaughton PS	355.25
Craignbank PS & ELC Sauchie	390.45
Deerpark PS	128.55
Lochies School	78.00
Menstrie PS	221.70
Muckhart PS	40.30
Park PS	1,059.10
St Bernadettes RC PS	464.55
St Mungos RS PC	435.60
St Serfs PS	931.00
Strathdevon PS	892.70
Sunnyside PS & ELC	3,140.90
Tillicoultry PS	867.55
<b>TOTAL</b>	<b>13,550.31</b>