

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	5 December 2019
EXEMPT	Appendix 4 of this report is exempt under paragraph 6 of Schedule 7A to the Local Government (Scotland) Act 1973 as information relating to the financial or business affairs of particular persons
CONFIDENTIAL	Appendix 4 of this report is confidential as it contains personal or sensitive personal information about a particular person(s), disclosure of which is likely to breach the terms of the Data Protection Act 2018/GDPR.'
REPORT TITLE	Unrecoverable Debt
REPORT NUMBER	CUS/19/388
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Jacqui McKenzie
REPORT AUTHOR	Wayne Connell and Neil Carnegie
TERMS OF REFERENCE	1.2

1. PURPOSE OF REPORT

- 1.1 To advise numbers and values of Council Tax, Non-Domestic Rates, Housing Benefit Overpayments and Council house rent debts made unrecoverable during 2018/19 as required in terms of Financial Regulations and approve Non-Domestic Rates write offs in excess of £25,000.

2. RECOMMENDATION(S)

The Committee is requested to:-

- 2.1 Note the value of Council Tax, Non-Domestic Rates and Housing Benefit Overpayments deemed by the Chief Officer - Finance and Chief Officer – Customer Experience and Council house rent deemed by the Chief Officer – Early Intervention and Community Empowerment as unrecoverable and shown in Appendices 1, 2, 3 and 5; and
- 2.2 Approve the Non-Domestic Rates debts in excess of £25,000 shown in Appendix 4 are unrecoverable and be written off.

3. BACKGROUND

- 3.1 It must be emphasised that prior to completing the list, full advice, where appropriate, has been received from the Council's Debt Recovery Agents (Sheriff Officers) in determining that debts are indeed unrecoverable.
- 3.2 Despite a debt being deemed unrecoverable, should the debt become collectable, e.g. debtor subsequently located, the debt will be reinstated and pursued. Where a debt has been previously written off e.g. sequestration and

a dividend from the Accountant in Bankruptcy is received, the write off amount will be adjusted accordingly.

3.3 The figures included within this report relate to those debts treated as unrecoverable during the financial year 2018/19. These figures include where write offs have been reinstated or adjusted.

3.4 Apart from Sequestrations, debts are not deemed unrecoverable where there is on-going liability. The sums mostly relate to previous years where all approved recovery procedures have been followed. Full bad debt provision has been made in the accounts.

3.4 **Council Tax:**

3.4.1 In total 9,802 debts were deemed unrecoverable with a value of £901,194.17. This is compared with the previous year where 14,926 debts were deemed unrecoverable with a net value of £1,452,825.29

3.4.2 A breakdown over the years and reasons is shown in Appendix 1.

3.5 **Housing Benefit Overpayments:**

3.5.1 In total 2,050 debts were deemed unrecoverable with a value of £270,876.42. This is compared with the previous year where 2,269 debts were deemed unrecoverable with a value of £289,954.09.

3.5.2 A breakdown of the reasons is shown in Appendix 2.

3.6 **Non-Domestic Rates:**

3.6.1 In total 113 debts were deemed unrecoverable with a value of £828,062.11. This is compared with the previous year where 321 debts were deemed unrecoverable with a net value of £1,483,651.14.

3.6.2 A breakdown over the years and reasons are shown in Appendix 3.

3.6.3 Appendix 4 shows 8 debts with values above £25,000 and reasons are shown. The Committee is asked to deem the value of £483,203.59 as unrecoverable (totals also included in Appendix 3).

3.7 **Council house rents**

3.7.1 The total Council housing debt written off during 2018/19 was £808,322 and break down is provided in Appendix 5.

4. **FINANCIAL IMPLICATIONS**

4.1 The sums deemed as unrecoverable are fully provided for in terms of bad debt provision.

4.2 To put the level of unrecoverable debt into context, Council Tax cash collected during 2018/19 (including water charges) was £157,272,003 (0.57% Write-Off). Business Rates cash collected for 2018/19 was £244,538,777 (0.34% Write-Off). The total rent charged for Council housing during 2018/19 was

£84,975,023 (0.95% Write-Off). The sums deemed unrecoverable cover a number of financial years.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Financial	Loss of income to the Council	L	The sums deemed as unrecoverable are fully provided for in terms of bad debt provision and debts are only written off where absolutely necessary.
Legal	None Identified		
Employee	None Identified		
Customer/Reputational	There is the possibility of a negative perception of the decision to write off debt due.	L	Communication to advise debts are pursued vigorously but there is no option but to class some debts as unrecoverable when businesses fail and when individuals are sequestered (made bankrupt). This Council only writes-off debts in exceptional circumstances but reinstates amounts owed regularly when further information becomes available.
Environment	None Identified		
Technology	None Identified		

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	Managing debt in accordance with the Council's Financial Regulations promotes good practice in the administration of local taxes and the economy by writing off debt that has become uncollectable.

This report does not impact on the design principles of Target Operating Model

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not Required
Data Protection Impact Assessment	Not Required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

None

10. APPENDICES (if applicable)

Appendix 1 – Council Tax Write Offs 2018/19

Appendix 2 – Housing Benefit Overpayments Write Offs 2018/19

Appendix 3 – Business Rates Write Offs 2018/19

Appendix 4 - Business Rates Write Offs 2018/19 over £25,000 (Confidential & Exempt)

Appendix 5 – Council house rent Write Offs 2018/19

11. REPORT AUTHOR CONTACT DETAILS

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