

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Finance and Resources
<b>DATE</b>	12 February 2025
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Unrecoverable Debt
<b>REPORT NUMBER</b>	CORS/25/015
<b>EXECUTIVE DIRECTOR</b>	Andy MacDonald
<b>CHIEF OFFICER</b>	Isla Newcombe
<b>REPORT AUTHOR</b>	Wayne Connell
<b>TERMS OF REFERENCE</b>	1.1.14

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### 1. PURPOSE OF REPORT

- 1.1 To advise on the numbers and values of Council Tax, Penalty Charge Notices, Bus Lane Enforcement Charge Notices, Service Income and Council House Rent debts written off as unrecoverable during 2023/24 as required in terms of the Council's Financial Regulations.

### 2. RECOMMENDATION(S)

That the Committee: -

- 2.1 Note the numbers and values of Council Tax, Penalty Charge Notices, Bus Lane Enforcement Charge Notices, Service Income and Council House Rent debts written off as unrecoverable during 2023/24 in terms of the Council's Financial Regulations and the reasons for such debts being written off.

### 3. CURRENT SITUATION

- 3.1 The figures included within this report relate to those debts treated as unrecoverable during the financial year 2023/24. These figures include where write offs have been reinstated or adjusted.
- 3.2 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.
- 3.3 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.
- 3.4 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.

### Council Tax

- 3.5 In total 7,987 debts were deemed unrecoverable by the Chief Officer - Finance and Chief Officer People & Citizen Service with a value of £902,282.16. This is compared with the previous year where 8,963 debts were deemed unrecoverable with a net value of £1,131,692.41. A breakdown over the years and reasons are shown in Appendix 1.

### Penalty Charge Notices and Bus Lane Enforcement Charge Notices

- 3.6 In total 8,145 debts were deemed unrecoverable by Chief Officer - Finance and Chief Officer People & Citizen Service with a value of £538,820. This is compared with the previous year where 3,239 Penalty Charge Notices and Bus Lane Enforcement Charge Notices with a value of £209,760 were deemed unrecoverable. The value written off has increased partly due to the full amount of a Penalty Charge Notice increasing from £60 to £100 from 1 April 2023. A breakdown of the reasons is shown in Appendix 2.

### Service Income

- 3.7 In total 5,849 debts were deemed unrecoverable by the Chief Officer - Finance and Chief Officer People & Citizen Service with a value of £3,388,028.75. This is compared with the previous year where 89 debts with a value of £7,355.45 were deemed unrecoverable. The increase is due to the clearing of Aged Debt on accounts.

### Council House Rents

- 3.8 The value of Council House Rent deemed by the Chief Officer - Finance and Chief Officer – Housing as unrecoverable during 2023/24 was £569,725.12. This is compared with the previous year where £2,093,192.51 was deemed unrecoverable. The reduction is due to fewer debts requiring to be written off due to prescription (out of time). A breakdown of the reasons is shown in Appendix 3.

## **4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from the recommendations of this report as 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 collected during 2023/24 (including water charges) was £183,348,234 (0.49% 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. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report.

## 7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H)  *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
<b>Strategic Risk</b>	No significant risks identified			
<b>Compliance</b>	Non-Compliance with Council's Financial Regulations and non-compliance with legal obligation to manage its financial affairs.	By writing off debts that are no longer collectable and reporting to committee compliance is achieved.	L	Yes
<b>Operational</b>	No significant risks identified			
<b>Financial</b>	Loss of income to the Council	The sums deemed as unrecoverable are fully provided for in terms of bad debt provision and debts are only written off where absolutely necessary.	L	Yes
<b>Reputational</b>	There is the possibility of a negative perception of the decision to write off debt due.	Communication to advise debts are pursued vigorously but there is no option but to class some debts as unrecoverable e.g. when businesses fail and sequestration. This Council only writes-off debts in exceptional circumstances but reinstates amounts owed regularly when further information becomes available.	L	Yes
<b>Environment / Climate</b>	No risks identified			

## 8. OUTCOMES

8.1 The proposals in this report have no impact on the Council Delivery Plan.

## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Integrated Impact Assessment</b>	No assessment required. I confirm this has been discussed and agreed with Isla Newcombe, Chief Officer - People and Citizen Service on 08/01/25
<b>Data Protection Impact Assessment</b>	Not required
<b>Other</b>	N/A

## 10. BACKGROUND PAPERS

10.1 None

## 11. APPENDICES

11.1 Appendix 1 Council Tax Write Offs 2023/24

Appendix 2 Penalty Charge Notices and Bus Lane Enforcement Charge Notices 2023/24

Appendix 3 Council House Rents 2023/24

## 12. REPORT AUTHOR CONTACT DETAILS

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