

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	28 October 2020
EXEMPT	The report is not 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 and
REPORT TITLE	Unrecoverable Debt
REPORT NUMBER	CUS/20/171
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Jacqui McKenzie
REPORT AUTHOR	Wayne Connell
TERMS OF REFERENCE	1.1

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 2019/20 as required in terms of Financial Regulations and approve Non-Domestic Rates write offs in excess of £25,000.

2. RECOMMENDATION(S)

The Committee:-

- 2.1 Approve the listing of the Non-Domestic Rates debts in excess of £25,000 shown in Appendix 4 as unrecoverable and instruct the Chief Officer -Customer to write them 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 2019/20. 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.

3.5 **Council Tax:**

3.5.1 In total 10,449 debts were deemed unrecoverable by the Chief Officer - Finance and Chief Officer – Customer Experience with a value of £1,197,166.61. This is compared with the previous year where 9,802 debts were deemed unrecoverable with a net value of £901,194.17.

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

3.6 **Housing Benefit Overpayments:**

3.6.1 In total 1,855 debts were deemed unrecoverable by the Chief Officer - Finance and Chief Officer – Customer Experience with a value of £281,704.08. This is compared with the previous year where 2,050 debts were deemed unrecoverable with a value of £270,876.42.

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

3.7 **Non-Domestic Rates:**

3.7.1 In total 100 debts were deemed unrecoverable by the Chief Officer - Finance and Chief Officer – Customer Experience with a value of £532,276.51. This is compared with the previous year where 113 debts were deemed unrecoverable with a net value of £828,062.11.

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

3.7.3 Appendix 4 shows 4 debts with values above £25,000 and reasons are shown. The Committee is asked to deem the value of £196,826.91 as unrecoverable (totals also included in Appendix 3).

3.8 **Council house rents**

3.8.1 The value of Council house rent deemed by the Chief Officer – Early Intervention and Community Empowerment as unrecoverable during 2019/20 was £171,006. A breakdown of the reasons is shown 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 2019/20 (including water charges) was £159,034,931.65 (0.75% Write-Off). Business Rates cash collected for 2019/20 was £249,155,394.70 (0.21% Write-Off). The total rent charged for Council housing during 2018/19 was

£84,975,023. 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
Strategic Risk	None Identified		
Compliance	Non-Compliance with Council's Financial Regulations and non-compliance with legislation around prescription of debts	L	By writing off debts that are no longer collectable and reporting to committee compliance is met.
Operational	None Identified		
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.
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 sequestrated (made bankrupt). This Council only writes-off debts in exceptional circumstances but reinstates amounts owed regularly when further information becomes available.
Environment / Climate	None Identified		

7. OUTCOMES

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

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Not Required
Data Protection Impact Assessment	Not Required

9. BACKGROUND PAPERS

None

10. APPENDICES

Appendix 1 – Council Tax Write Offs 2019/20

Appendix 2 – Housing Benefit Overpayments Write Offs 2019/20

Appendix 3 – Business Rates Write Offs 2019/20

Appendix 4 - Business Rates Write Offs 2019/20 over £25,000 (Exempt)

11. REPORT AUTHOR CONTACT DETAILS

Name	Wayne Connell
Title	Revenues and Benefit Manager
Email Address	waynec@aberdeencity.gov.uk
Tel	01224 346868