

ABERDEEN CITY COUNCIL

COMMITTEE	Finance And Resources
DATE	30 January 2024
EXEMPT	No but Appendix 6 of this report is confidential and exempt as per paragraph 6 of The Local Government (Access to Information) 1973 Act Schedule 7A.
CONFIDENTIAL	No but Appendix 6 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 UKGDPR and exempt under paragraph 6 of The Local Government (Access to Information) 1973 Act Schedule 7A as information relating to the financial or business affairs of particular persons.'
REPORT TITLE	Unrecoverable Debt
REPORT NUMBER	CUS/24/028
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Lucy McKenzie
REPORT AUTHOR	Wayne Connell
TERMS OF REFERENCE	1.1.14

1. PURPOSE OF REPORT

- 1.1 To advise numbers and values of Council Tax, Non-Domestic Rates, Housing Benefit Overpayments, Penalty Charge Notices, Bus Lanes Enforcement Charge Notices, Service Income and Council House Rent debts made unrecoverable during 2022/23 as required in terms of the Council's Financial Regulations and approve Non-Domestic Rates write offs in excess of £25,000.

2. RECOMMENDATION(S)

That the Committee: -

- 2.1 Approve the listing of the Non-Domestic Rates debts in excess of £25,000 shown in Appendix 6 as unrecoverable and instruct Chief Officer People & Organisational Development and Customer Experience to write them off.
- 2.2 Note the Financial Regulations number, value and reasons for debts written off for Council Tax, Non-Domestic Rates, Housing Benefit Overpayments, Penalty Charge Notices, Bus Lanes Enforcement Charge Notices, Service Income and Council house rent during 2022/23.

3. CURRENT SITUATION

- 3.1 The figures included within this report relate to those debts treated as unrecoverable during the financial year 2022/23. 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 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.

Council Tax

- 3.5 In total 8,963 debts were deemed unrecoverable by the Chief Officer - Finance and Chief Officer People & Organisational Development and Customer Experience with a value of £1,131,692.41. This is compared with the previous year where 4,073 debts were deemed unrecoverable with a net value of £690,304,.43. A breakdown over the years and reasons is shown in Appendix 1.

Housing Benefit Overpayments

- 3.6 In total 424 debts were deemed unrecoverable by the Chief Officer - Finance and Chief Officer People & Organisational Development and Customer Experience with a value of £159,224.10. This is compared with the previous year where 532 debts were deemed unrecoverable with a value of £142,924.19. A breakdown of the reasons is shown in Appendix 2.

Non-Domestic Rates

- 3.7 In total 20 debts were deemed unrecoverable by the Chief Officer - Finance and Chief Officer People & Organisational Development and Customer Experience with a value of £195,416.21. This is compared with the previous year where 199 debts were deemed unrecoverable with a value of £866,851.31. A breakdown of the reasons is shown in Appendix 3.
- 3.8 Appendix 6 shows 1 debt with values above £25,000 and reasons are shown. The Committee is asked to deem the value of £38,041.11 as unrecoverable (totals also included in Appendix 3).

Penalty Charge Notices and Bus Lanes Enforcement Charge Notices

- 3.9 In total 3,239 debts were deemed unrecoverable by the Chief Officer - Finance and Chief Officer People & Organisational Development and Customer Experience with a value of £209,760. This is compared with the previous year where 4,979 Penalty Charge Notices and Bus Lanes Enforcement Charge Notices with a value of £266,270 were deemed unrecoverable. A breakdown of the reasons is shown in Appendix 4.

Service Income

- 3.10 In total 89 debts were deemed unrecoverable by the Chief Officer - Finance and Chief Officer People & Organisational Development and Customer Experience with a value of £7,355.45. This is compared with the previous year where 7,839 debts with a value of £3,127,670.87 were deemed unrecoverable. The reduction is due to less prescribed debts requiring write off in 2022/23.

Council House Rents

- 3.11 The value of Council House Rent deemed by the Chief Officer – Early Intervention and Community Empowerment as unrecoverable during 2022/23 was £2,093,192.51. This is compared with the previous year where £4,455,865.56 was deemed unrecoverable. A breakdown of the reasons is shown in Appendix 5.

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 2022/23 (including water charges) was £171,358,632.77 (0.66% Write-Off).
- NDR collected during 2022/23 was £171,358,632.77 (0.09% 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?
Strategic Risk	No significant risks identified			
Compliance	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 met.	L	Yes
Operational	No significant risks identified			
Financial	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
Reputational	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 when businesses fail and when individuals are sequestrated. This Council only writes-off debts in exceptional circumstances but reinstates amounts owed regularly when further information becomes available.	L	Yes
Environment / Climate	No significant risks identified			

8. OUTCOMES

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

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	It is confirmed by Chief Officer People & Organisational Development and Customer Experience that no Integrated Impact Assessment is required.
Data Protection Impact Assessment	Not required

10. BACKGROUND PAPERS

10.1 None

11. APPENDICES

11.1 Appendix 1 Council Tax Write Offs 2022/23

Appendix 2 Housing Benefit Overpayments Write Offs 2022/23

Appendix 3 Non Domestic Rates Write Offs 2022/23

Appendix 4 Penalty Charge Notices and Bus Lanes Enforcement Charge Notices 2022/23

Appendix 5 Council House Rents 2022/23

Appendix 6 Non Domestic Rates Write Offs over £25,000 2022/23

12. REPORT AUTHOR CONTACT DETAILS

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