

## Information on Irrecoverable Bad Debt

## Schedule 1

1. The Accounts of the Council for the financial year 2014/2015 are being closed and will be audited in due course. At this point in each financial year a review is undertaken of the outstanding debt to identify debts that are deemed uncollectible.

The Head of Corporate Improvement and Finance has approved under delegated authority that the values shown in the table below are deemed irrecoverable. In coming to this conclusion he is satisfied that all avenues of recovery have been exhausted.

<u>Category of Debt</u>	<u>Value</u>
Council Tax and Water & Sewerage Charges	£591,721
Business Rates	£172,018
Housing Benefit Overpayments	£ 61,148

### Reasons Irrecoverable

Key Reasons	Unable to Trace	Insolvency/Sequestration
Council Tax	£279,066	£196,537
Business Rates	£39,368	£132,650

2. Whilst these values are significant they require to be taken in the context of the gross charges levied and the Councils positive collection performance.

It has to be stressed that although these accounts are at this time deemed irrecoverable should circumstances change every effort will be made to pursue any viable sums due. 85% of the Council Tax and Business debt deemed irrecoverable can be categorised as sequestration/insolvency or unable to trace.

There were 2 Business Rates accounts with a significant write off value greater than £10,000. These were amounts of £104,099.97 and £18,514.46 due to insolvency,

There were no significant Council Tax write offs greater than £10,000.

3. Financial Implications
  - 3.1 Of the total Council Tax and Water & Sewerage charges of £591,721, £448,184 relates to the Councils General Fund (excluding water & sewerage charges).

These sums are within the non collection provision identified in the Councils accounts and therefore are adequately provided for.
  - 3.2 With regard to the Business Rates total of £172,018 it should be noted that under the 2009 Statement of Recommended Practice that Business Rates debt is not the debt of the Council and it merely acts as an agent for the Scottish Government, so no provision has to be provided for in the Councils accounts.
  - 3.3 With regard to the Housing Overpayments deemed irrecoverable these are within the non collection provision set for this category of debt.