

ANGUS COUNCIL
INFORMATION REPORT
REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

ABSTRACT

This report provides information to members with regard to services in the Finance Directorate, albeit that a decision is not required in terms of the current Scheme of Delegation to Officers and the Order of Reference of Committees.

1. SIGNIFICANT INFORMATION - SCHEDULES

There is 1 schedule which contains key background information related to services delivered in the Finance Directorate for the period 1 April 2022 to 31 March 2023.

Where there are references to other documents (e.g. consultation documents/audit reports) that are associated with the relevant schedule a link to that document has also been included.

2. REPORT AUTHOR

This report and associated schedules has been compiled by Graham Ritchie, Service Leader Revenues, Benefits & Welfare Rights who can be contacted by emailing Finance@angus.gov.uk.

List of Appendices:

Schedule1 - Information on Council Tax & Business Rates Irrecoverable Bad Debt.

Information on Irrecoverable Bad Debt

1. The Accounts of the Council for the financial year 2022/23 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 uncollectable.

The Director of 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. The figures shown below cover debts which span multiple financial years e.g. the Council Tax write off will cover a period of up to 30 years.

Category of Debt	Value
Council Tax	£425,101.51
Water & Sewerage Charges	£212,956.66
Business Rates	£58,112.75
Housing Benefit Overpayments	£ 64,564.95
Sales Ledger	£ 385,635.14

Reasons Irrecoverable

	Small Balance Under £5	£ Insolvent/ Sequestration	£ No Trace	£ Deceased	£ Irrecoverable	£ Prescribed
Council Tax	-4.47	109,318.45	165,295.96	56,239.09	94,252.48	0.00
Water & Sewerage	33.75	54,378.48	74,801.20	30,259.93	53,483.30	0.00
Business Rates	0.00	33,046.08	1,865.91	0.00	23,200.76	0.00
Housing Benefit Overpayments	691.51	4,960.40	2,212.17	39,935.12	16,765.75	
Sales Ledger	100.95	1,708.15		9,763.13	224,750.91	149,312.00

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

Irrecoverable debt is where all means of recovery have failed and the debt has been through all of the Councils recovery cycle including reminders and summary warrants as well as all the actions available to the sheriff officer. This can include failed bank arrestment where there are no or insufficient funds, no knowledge of bank a/c's to place arrestment, no knowledge of employer so can't place wage arrestment or wage arrestment failed as insufficient earnings, exceptional attachment orders not feasible as owner with mortgage and no equity so sequestration not worthwhile. The sheriff officers will not return a debt until all means of collection are exhausted as that means no income for them.

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.

There are two Council Tax accounts and two Business Rates accounts with a write off value greater than £10,000 and no Housing Benefit Overpayments or Sales Ledger accounts with a write off value greater than £10,000.

Prescribed debt is debt that cannot be legally enforced as the debt is greater than five years old (20 years for Council Tax once a summary warrant is obtained).

3. Financial Implications

- 3.1.** Of the total irrecoverable Council Tax of £425,101.51 this relates to the Councils general fund and is within the non-collection provision identified in the Councils accounts and therefore is adequately provided for.
- 3.2.** With regard to the Business Rates total of £58,112.75 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 Sales Ledger deemed irrecoverable these sums are within the provided non-collection provisions.