

**Chiltern District Council
Resources Overview Committee 28 July 2015**

SUBJECT:	<i>Quarter One 2015/16 Write Offs</i>
REPORT OF:	<i>Jim Burness, Director of Resources</i>
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WARD/S AFFECTED	<i>All</i>

1. Purpose of Report

At its meeting of 19 March 2015 Chiltern District Council Audit Committee agreed changes to the financial procedure rules in respect of write offs. The Committee also requested that a quarterly report on volumes and amounts of write offs be reported to Resources Overview Committee. This report is the first of those reports relating to quarter one 2015/16.

2. RECOMMENDATION

1. Resources Overview Committee note and comment on the quarter one write offs.

3. Discussion

- 3.1 During the first quarter there have been a total of 91 amounts written off totalling £25283.19. These are further broken down as follows:

Type of Debt	Numbers	Total
Sundry Debts	33	£13,101.83
Council Tax	54	£1837.22
Business Rates	4	£10,344.14

Sundry Debts

- 3.2 The breakdown of the sundry debts write offs is included as Appendix 1 . The largest number of write offs relate to stray dog fines (23 totalling £1861.43).

- 3.3 The Environmental Protection Act 1990 relating to the handling of stray dogs enables the local authority to collect its expenses incurred by reason of the dog's detention and an additional prescribed amount, which is £25.

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- 3.4 At its meeting of 22nd April 2008, the Cabinet agreed the charges for the collection and kennelling of stray dogs which is set at £192 for the first day and increases on a daily basis to meet the daily kennelling charge of £12.50 per day. However following a number of complaints it was agreed by Cabinet on 16th March 2010 that those on income related benefits would be able to pay the charges in instalments i.e. pay 50% initially followed by three further monthly payments. Each owner signs an agreement to pay the outstanding balance and an invoice is raised for this.
- 3.5 It was also recognised that those who had their dogs returned without going to kennels, for example the owners were identified by a collar and tag or microchip, also needed to pay the £25 prescribed amount and so it was agreed by Cabinet that they would be charged the £25 plus an administrative fee of £50 to cover the administrative costs of recovering this. The legislation does not provide for a fixed penalty notice or other penalty payment scheme and because the owners have received their dog, the Council invoices the owners for the £75.
- 3.6 However, experience is showing that those on income related benefits whose dogs go to kennels cannot always afford the initial 50% and so will pay whatever they are able to afford but once they have their dog back, tend not to pay the outstanding balance. Similarly those that receive an invoice for £75 do not always pay.
- 3.7 The other main area where sundry debts have been written off is with regard to the rent deposit loan scheme (5 totalling £5155.89). The Rent Deposit Loan Scheme provides a guarantee to landlords that if they take certain qualifying tenants then they can claim on the Council for any damage done. This scheme provides value for money for the Council as it helps avoid these tenants becoming homeless and CDC having to house these.
- 3.8 However some of these tenancies inevitably go wrong and although CDC makes every effort to reclaim any payments from the tenants there will be cases where the person has absconded, or has insufficient resources for the debt collectors to be able to recover the debt.

Council Tax

- 3.9 Appendix 2 shows the individual write offs in respect of Council Tax in quarter one. There are a large number of write offs for a relatively small amount. The majority (49) of the 54 debts written off relate to small balance write offs. Small balances sometimes remain on closed accounts or arise because of rounding issues relating to benefit awards. As these are low amounts ranging from 1p they are uneconomical for the Council to pursue further and so are written off.

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3.10 Four of the remaining five write offs are written off as the debtor has absconded and all efforts to trace them by the Council and by our enforcement agents have failed. The one remaining debt was written off as the debtor was declared bankrupt and so we are unable to collect that debt.

Business Rates

3.11 Four business rates debts were written off in the first quarter, shown in Appendix 3. Three of these, amounting to £9656.23, were written off because the companies were dissolved or placed into liquidation. If this is the case, we are unable to pursue the debt further and submit proof of the debt outstanding to the administrators to be considered when winding up the company.

3.12 The other write off relates to a debtor who absconded and we have been unable to trace them.

4 Corporate Implications

4.1 Financial – There is a financial impact on the Council where debts are not recovered, however provision is made in the accounts to accommodate the writing off of bad debts.

5 Links to Council Policy Objectives

5.1 This report links to the following objective:

- Delivering cost- effective, customer- focused services

6 Next Step

6.1 Members are asked to note the write offs for the first quarter. Another report will be presented to the Committee following the end of quarter two.

Background	None
Papers:	