

# Report

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Report to: **Finance and Information Technology Resources Committee**

Date of Meeting: **7 July 2009**

Report by: **Executive Director (Finance and Information Technology Resources) and Executive Director (Housing and Technical Resources)**

Subject: **Revenues Collection as at 31 May 2009 and Approval for Write Off**

## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ Advise Committee of Revenue Collection Performance to 31 May 2009
- ♦ Seek approval for write offs

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that performance to date in Revenue Collection Performance is noted
- (2) that write off approval is sought for:

• Non Domestic Rates	£1,088,073.07
• Non Domestic Rates 06/07	£857,467.96
• Council Tax	£105,855.37
• Sundry Debt	£140,589.11
• Housing and Lockup Rent	£44,573.16
• Factoring Charges	£3,611.18

## 3. Background

3.1. The collection of Council Tax, Non Domestic Rates, Sundry Debt and Community Charge is the responsibility of Housing and Technical Resources. The attached Appendices provide information on collection performance for the current year and previous arrears.

## 4. 2009/2010 Collection Performance

4.1. The first table in Appendix 1 presents the collection performance for Council Tax, Non Domestic Rates and Sundry Accounts for financial year 2009/2010 to 31 May 2009.

- 4.2. The 2009/2010 annual target for Council Tax collection has been set at 95%. Collection performance for Council Tax is currently £0.042m (0.04%) behind target. Collection is also behind comparable performance in 2008/2009 by 0.18%. Although Council Tax collection continues to be affected by the economic downturn, a proportion of this shortfall relates to cashflow variances.
- 4.3. The 2009/2010 annual target for Non Domestic Rates collection has been set at 97%. Non Domestic Rates collection for 2009/2010 is currently £0.045m (0.0%) ahead of target. Due to the operation of a pooling system for NDR, collection of NDR income has no direct impact on Council funding.
- 4.4. The 2009/2010 annual target for Sundry Debt collection has been set at 98.1%. Collection of Sundry Debt is currently £0.004m (0.0%) behind target.

## **5. Arrears Collection Performance**

- 5.1. Arrears collection performance for Council Tax, Non-Domestic Rates, Sundry Accounts and Community Charge is presented in the second table of Appendix 1, and Appendix 2.
- 5.2. The 2009/2010 arrears target for Council Tax has been set at £2.5m. Collection performance for Council Tax arrears to 31 May 2009 is currently below target by £0.049m (2.0%).
- 5.3. The 2009/2010 arrears target for Non Domestic Rates (NDR) has been set at £2.0m. NDR arrears collection is currently behind target by £0.004m (0.2%). As previously stated, due to the operation of a pool system for NDR, collection of NDR arrears has no direct impact on Council funding.
- 5.4. The collection of Sundry Account arrears to 31 May 2009 is behind target by £0.036m (0.3%).
- 5.5. Community Charge arrears collection is under target by £0.007m (8.7%). Collection of Community Charge income is ongoing due to repayment arrangements with Sheriff Officers.

## **6. Proposals for Write Off**

- 6.1. Approval for write off for the following irrecoverable debts is requested from Committee. The Council has a statutory obligation to write off accounts where the debtor is deceased, sequestrated or in liquidation.
- 6.2. The proposed write off of Council Tax accounts dating from 1993/1994 to 2009/2010 totals £105,855.37. This debt relates mainly to sequestrations and estates of the deceased. The sum written off represents a negligible proportion of the net charges billed in these years.
- 6.3. The value of accounts currently marked for write off in the Non Domestic Rates system for rating years 2007/2008, 2008/2009 and 2009/2010 totals £1,088,073.07. These debts are deemed to be irrecoverable because the debtor is in liquidation, has ceased trading or has been sequestrated. The sum written off represents 0.2% of the net charges billed in these years.

- 6.4. In accordance with the policy of writing off Non Domestic Rates debt over three years old, debtor balances for 2006/2007 totalling £857,467.96 are recommended for write off. As the Council's accounts already contain full provision for these accounts, there will be no financial impact. Members of Committee are advised that recovery action for these debts will continue despite this accounting adjustment.
- 6.5. Following consultation and agreement with Resources, the proposed write off of Sundry Debt totals £140,589.11. This debt relates mainly to liquidations, sequestrations and the estates of the deceased. Appendix 3 summarises the value of written off accounts for each Council Resource. The majority of the accounts written off relate to financial years 2003/2004 to 2008/2009 and the sum written off represents 0.03% of the charges raised during this period.
- 6.6. Approval is sought for the write off of Former Tenant Council House and Lockup Rent totalling £44,573.16. Full details of all rent write offs are retained to ensure that anyone applying to the Council for housing is required to clear their outstanding arrears. The sum written off represents a negligible proportion of the rent charges billed between 2003/2004 and 2008/2009.
- 6.7. The proposed write off for Factoring Arrears totals £3,611.18. This debt relates to sequestrations and estates of the deceased.
- 6.8. A full list of all debts proposed for write off is held by the Executive Director (Housing and Technical Resources).

## **7. Employee Implications**

- 7.1. None.

## **8. Financial Implications**

- 8.1. Provision has been made for the financial impact of all write offs.

## **9. Other Implications**

- 9.1. None.

## **10. Equality Impact Assessment and Consultation Arrangements**

- 10.1. There is no requirement to carry out an impact assessment in terms of the proposals within this report.
- 10.2. There is no requirement to undertake any consultation in relation to the content of this report.

**Linda Hardie**

**Executive Director (Finance and Information Technology Resources)**

**Jim Hayton**

**Executive Director (Housing and Technical Resources)**

9 June 2009

**Link(s) to Council Values and Objectives**

- ◆ Resource Management

**Previous References**

- ◆ Minutes of Finance and Information Technology Resources Committee of 19 May 2009

**List of Background Papers**

- ◆ System Reports from Council Tax, Non Domestic Rates, Sundry Debt, Housing Rent and Community Charge Systems

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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## SOUTH LANARKSHIRE COUNCIL

## REVENUES COLLECTION

## FOR PERIOD ENDING 31 MAY 2009

Annual Cash Budget £000's	Budget Target to 31/05/09 £000's	Actual to 31/05/09 £000's	Variance to 31/05/09 £000's		% Variance to 31/12/08	Notes
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**FINANCIAL YEAR 2009/2010**

Council Tax	102,711	23,267	23,225	(42)	under	0.04%
Non Domestic Rates	183,664	13,065	13,110	45	over	0.0%
Sundry Accounts	101,833	101,833	101,829	(4)	under	0.0%

**ARREARS**

Council Tax	2,500	514	465	(49)	under	2.0%
Non Domestic Rates	2,000	955	951	(4)	under	0.2%
Sundry Accounts	10,960	7,748	7,712	(36)	under	0.3%
Community Charge	75	13	6	(7)	under	8.7%

APPENDIX 2

SOUTH LANARKSHIRE COUNCIL

REVENUES DEBT

FOR PERIOD ENDING 31 MAY 2009

	Outstanding Debt As At 01/04/09 £000's	Debt Movement Since 01/04/09 £000's	Current Balance to 31/05/09 £000's	Provision £000's	Unprovided £000's
<b>ARREARS</b>					
Council Tax	48,100	(747)	47,353	40,620	6733
Non Domestic Rates	7,614	(1,067)	6,547	4,994	1553
Sundry Debt	13,081	(7,712)	5,369	2,122	3247
Community Charge	31,124	(6)	31,118	31,124	(6)
<b>Total</b>	<b>99,919</b>	<b>(9,532)</b>	<b>90,387</b>	<b>78,860</b>	<b>11,527</b>

## SOUTH LANARKSHIRE COUNCIL

## APPROVAL FOR WRITE OFF: SUNDRY DEBTS

FOR PERIOD ENDING 31 MAY 2009

RESOURCE	WRITE OFF
	£
Community	14,464.57
Corporate	-
Education	2,145.18
Enterprise	39,539.43
Finance & IT	6,022.23
Housing & Technical	57,840.67
Social Work	20,577.03
<b>TOTAL</b>	<b>140,589.11</b>