

# Report

**10**

Report to:	<b>Finance and Information Technology Resources Committee</b>
Date of Meeting:	<b>3 March 2009</b>
Report by:	<b>Executive Director (Finance and Information Technology Resources) and Executive Director (Housing and Technical Resources)</b>

Subject:	<b>Revenues Collection as at 31 December 2008 and Approval for Write Off</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Advise Committee of Revenue Collection Performance to 31 December 2008
- ◆ Seek approval for write offs

## 2. Recommendation(s)

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

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

◆ Non Domestic Rates	£478,590.45
◆ Council Tax	£335,544.45
◆ Sundry Debt	£127,334.48
◆ Housing and Lockup Rent	£299,784.89
◆ Factoring Charges	£2,802.55

## 3. Background

3.1. The collection of Council Tax, Non Domestic Rates, Sundry Debt and Community Charge is a major function of Housing and Technical Resources. The attached Appendices provide information on collection performance for current and previous years.

## 4. Current 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 2008/2009 to 31 December 2008.

4.2. The 2008/2009 annual target for Council Tax collection has been set at 95.35%. The in year collection performance for Council Tax is currently £0.288m (0.3%) behind target. Collection is also behind comparable performance in 2007/2008 by 0.3%. Council Tax collection has been affected by the economic downturn and collection in February and March is expected to be particularly challenging. A full recovery programme is in place to maximise recovery before financial year end.

- 4.3. The 2008/2009 annual target for Non Domestic Rates collection has been set at 98.0%. Non Domestic Rates collection for 2008/2009 is currently £0.146m (0.4%) behind target. Collection of Non Domestic Rates has been significantly affected by the economic conditions, with an increase in companies in administration. However, due to the operation of a pooling system for NDR, collection of NDR income has no direct impact on Council funding.
- 4.4. The 2008/2009 annual target for Sundry Debt collection has been set at 98.1%. Collection of Sundry Debt is currently £0.093m (0.1%) ahead of 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 2008/2009 arrears target for Council Tax has been set at £3.0m. The collection performance for Council Tax arrears to 31 December 2008 is currently below target by £0.427m (14.2%). It is anticipated that achieving the collection target of £3m in the current economic climate will be extremely challenging. An arrears recovery programme is currently in place and resulted in a slight improvement in arrears collection during December.
- 5.3. The 2008/2009 arrears target for Non Domestic Rates (NDR) has been set at £2.5m. NDR arrears collection is currently behind target by £0.113m (4.5%). 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 October 2008 is behind target by £0.013m (0.1%).
- 5.5. Community Charge arrears collection is under target by £0.029m (24.2%). 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 2008/2009 totals £335,544.37. This debt relates mainly to sequestrations and estates of the deceased. The sum written off represents 0.03% 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 2006/2007, 2007/2008 and 2008/2009 totals £478,590.45. 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 0.3% of the net charges billed in these years.

- 6.4. Following consultation and agreement with Resources, the proposed write off of Sundry Debt totals £127,334.48. This debt relates mainly to liquidations, sequestrations and the estates of the deceased. Appendix 3 summarises the value of written off accounts relevant to each Council Resource. The majority of the accounts written off relate to financial years 2002/2003 to 2007/2008 and the sum written off represents 0.09% of the charges raised during this period.
- 6.5. Approval is sought for the write off of Former Tenant House and Lockup Rent totalling £299,784.89. 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 0.09% of the rent charges billed between 2002/2003 and 2007/2008.
- 6.6. The proposed write off for Factoring Arrears totals £2,802.55. This debt relates to sequestrations and estates of the deceased.
- 6.7. A full list of all debts proposed for write off is held by the Executive Director of Housing and Technical Resources.
- 6.8. Due to a typographical error in the report submitted to Committee on 1 July 2008, the write off approved for Sundry Debt accounts has been minuted as £16,707.30 but should have been £61,707.30 in accordance with Appendix 3 of the report. Approval is sought from Committee to formalise the position in respect of a write off of Sundry Debt in the sums of £61,707.30 in July 2008.

## **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. Equalities 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)**

30 January 2009

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

- ♦ Value: Accountable, effective and efficient

**Previous References**

- ◆ Finance and Information Technology Resources Committee of 9 December 2008

**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 DECEMBER 2008

Annual Cash Budget £000's	Budget Target to 31/12/08 £000's	Actual to 31/12/08 £000's	Variance to 31/12/08 £000's		% Variance to 31/12/08	Notes
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**FINANCIAL YEAR 2008/2009**

Council Tax	102,950	94,258	93,970	(288)	under	0.3%
Non Domestic Rates	174,283	130,890	130,109	(782)	under	0.4%
Sundry Accounts	117,969	117,969	118,062	93	over	0.1%

**ARREARS**

Council Tax	3,000	2,522	2,095	(427)	under	14.2%
Non Domestic Rates	2,500	2,097	1,985	(113)	under	4.5%
Community Charge	120	90	61	(29)	under	24.2%
Sundry Accounts	13,082	11,447	11,434	(13)	under	0.1%

APPENDIX 2

SOUTH LANARKSHIRE COUNCIL

REVENUES DEBT

FOR PERIOD ENDING 31 DECEMBER 2008

	Outstanding Debt As At 01/04/08 £000's	Debt Movement Since 01/04/08 £000's	Current Balance to 31/12/08 £000's	Provision £000's	Unprovided £000's
<b>ARREARS</b>					
Council Tax	45,837	(2,992)	42,845	40,716	2,129
Non Domestic Rates	6,466	(2,515)	3,951	4,847	(896)
Community Charge	31,205	(61)	31,144	31,205	(61)
Sundry Debts	14,536	(11,434)	3,102	2,487	615
<b>Total</b>	<b>98,044</b>	<b>(17,002)</b>	<b>81,042</b>	<b>79,255</b>	<b>1,787</b>

## SOUTH LANARKSHIRE COUNCIL

## APPROVAL FOR WRITE OFF: SUNDRY DEBTS

FOR PERIOD ENDING 31 DECEMBER 2008

RESOURCE	WRITE OFF
	£
Community	482.93
Corporate	-
Education	2,570.97
Enterprise	28,786.10
Finance & IT	0.04
Housing & Technical	53,546.98
Social Work	41,947.46
<b>TOTAL</b>	<b>127,334.48</b>