

Report

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Report to:	Finance and Information Technology Resources Committee
Date of Meeting:	14 June 2011
Report by:	Chief Executive and Executive Director (Housing and Technical Resources)

Subject:	Revenues Collection as at 31 March 2011 and Approval for Write Off
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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 March 2011
- ◆ Seek approval for write offs.

2. Recommendation(s)

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

- (1) that the performance to date in Revenue Collection Performance be noted
(2) that write off for the following is approved:

• Non Domestic Rates	£48,080.18
• Council Tax	£175,613.90
• House Rent and associated charges	£768,911.17
• Factoring	£933.37

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 2010/2011 to 31 March 2011.
- 4.2. The 2010/2011 annual target for Council Tax collection was set at 95%. The in year collection performance for Council Tax was £0.313m (0.3%) below target and behind comparable performance in 2009/2010 by 0.2%. While collection performance up to December 2010 was broadly comparable to last year, collection between December 2010 and March 2011 reduced by 0.25%. A key factor in the reduced collection performance during this period was the transition between the award of the new Debt Collection and Sheriff Officer Contract to a new contractor and the new contract taking effect from 1 April 2011.

However, it should be noted that the Resource delivered a saving of £0.325m in Debt Collection and Sheriff Officer fees in 2010/2011 in comparison to the shortfall in collection performance of £0.313m.

- 4.3. The 2010/2011 annual target for Non Domestic Rates collection was set at 97.0%. Non Domestic Rates collection for 2010/2011 was £0.852m (0.4%) 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 2010/2011 annual target for Sundry Debt collection was set at 98.1%, with 2010/2011 collection £0.058m (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 2010/2011 arrears target for Council Tax was set at £2.5m. The collection performance for Council Tax arrears to 31 March 2011 was ahead of target by £0.214m (8.6%).
- 5.3. The 2010/2011 arrears target for Non Domestic Rates (NDR) was set at £2.0m. NDR arrears collection was below target by £0.272m (13.6%). 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 March 2011 was below target by £0.515m (5.9%)
- 5.5. Community Charge arrears collection for the year totalled £0.059m. Collection of Community Charge income is ongoing and repayment arrangements are in place 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 2010/2011 totals £175,613.90. 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 2008/2009, 2009/2010 and 2010/2011 totals £48,080.18. 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 0.01% of the net charges billed in these years.
- 6.4. Approval is sought for the write off of House Rent and associated charges totalling £768,911.17. The write off includes historic rechargeable repair debt of £0.445m, housing benefit overpayments of £0.210m and former tenant rent arrears of £0.113m which have been reviewed in agreement with External Audit during 2010/2011. It

should be noted that a 95% provision is in place for these categories of debt.

- 6.5. Approval is sought for the write off of Factoring Charges totalling £933.37.
 - 6.6. A full list of all debts proposed for write off is held by the Executive Director (Housing and Technical Resources). 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.
- 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. The main risk associated with the Council's revenue collection is a failure to monitor collection rates and take effective corrective action where required resulting in a significant reduction in collection performance and Council funding. The risk is managed through monthly performance reporting and review of performance at monthly Senior Management Meetings.
- 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.

Archibald Strang
Chief Executive

Lindsay Freeland
Executive Director (Housing and Technical Resources)

13 May 2011

Link(s) to Council Values/Improvement Themes/Objectives

- ◆ Resource Management

Previous References

- ◆ Finance and Information Technology Resources Committee 29 March 2011

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 MARCH 2011

	Annual Cash Budget £000's	Budget Target to 31/03/11 £000's	Actual to 31/03/11 £000's	Variance to 31/03/11 £000's		% Variance to 31/03/11	Notes
FINANCIAL YEAR 2010/2011							
Council Tax	102,112	102,112	101,799	(313)	under	-0.3%	
Non Domestic Rates	234,347	234,347	235,199	852	over	0.4%	
Sundry Accounts	82,364	82,364	82,422	58	over	0.1%	
ARREARS							
Council Tax	2,500	2,500	2,714	214	over	8.6%	
Non Domestic Rates	2,000	2,000	1,729	(272)	under	-13.6%	
Community Charge	n/a	n/a	59	n/a	under	n/a	
Sundry Accounts	8,941	8,941	8,426	(515)	under	-5.9%	

SOUTH LANARKSHIRE COUNCIL
REVENUES DEBT
FOR PERIOD ENDING 31 MARCH 2011

	Outstanding Debt	Debt Movement	Current Balance	Provision	Unprovided
	As At 01/04/10	Since 01/04/10	to 31/03/11		
	£000's	£000's	£000's	£000's	£000's
ARREARS					
Council Tax	49,763	(3,751)	46,012	42,529	3,483
Non Domestic Rates	8,251	(4,780)	3,471	5,562	(2,091)
Community Charge	31,063	(59)	31,004	31,063	(59)
Sundry Debts	12,572	(8,426)	4,146	2,428	1,718
Total	101,649	(17,016)	84,633	81,582	3,051