

# Report

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

Date of Meeting: **22 November 2011**

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

Subject: **Revenues Collection as at 30 September 2011 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 30 September 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	£531,413.16
• Council Tax	£ 16,009.41
• Sundry Debt	£123,145.89
• House Rent and associated charges	£825,960.90
• Factoring	£ 1,285.17

## 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 2011/2012 to 30 September 2011.

4.2. The 2011/2012 annual target for Council Tax collection has been set at 95%. The in year collection performance for Council Tax is £0.566m (0.5%) below target and behind comparable performance in 2010/2011 by 0.4%. A variety of additional debt recovery initiatives are currently being developed with the emphasis on improving in year collection levels.

4.3. Benefit and Revenue Services are currently undertaking reviews of all discounts and exemptions for Council Tax, which has resulted in an additional £0.280m of charges

being billed this year. While these additional charges are beneficial to the Council's financial position, there is an adverse impact on both in-year and arrears collection performance.

- 4.3. The 2011/2012 annual target for Non Domestic Rates collection has been set at 97.0%. Non Domestic Rates collection is currently £0.667m (0.3%) ahead of target.
- 4.4. The 2011/2012 annual target for Sundry Debt collection has been set at 98.1%, with 2011/2012 collection £0.058m (0.1%) ahead of target.

## **5. Arrears Collection Performance**

- 5.1. Arrears collection performance for Council Tax, Non-Domestic Rates and Sundry Accounts is presented in the second table of Appendix 1 and Appendix 2.
- 5.2. The 2011/2012 arrears target for Council Tax has been set at £2.5m. The collection performance for Council Tax arrears to 30 September 2011 was behind target by £0.018m (0.7%).
- 5.3. The 2011/2012 arrears target for Non Domestic Rates (NDR) has been set at £2.0m. NDR arrears collection was ahead of target by £0.577m (28.9%).
- 5.4. The collection of Sundry Account arrears to 30 September 2011 was below target by £0.011m (0.1%)

## **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 2011/2012 totals £16,009.41. 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 2009/2010, 2010/2011 and 2011/2012 totals £531,413.16. These debts are deemed to be irrecoverable because the debtor is in liquidation, has ceased trading or has been sequestrated.
- 6.4. Following consultation and agreement with Resources, the proposed write off of Sundry Debt totals £123,145.89. 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 2005/2006 to 2011/2012 and the sum written off represents a negligible amount of the charges raised during this period.
- 6.5. Approval is sought for the write off of House Rent and associated charges totalling £825,960.90, of which £13,391.87 is Lockup rent arrears, £637,338.99 is Former Tenant rent arrears and £175,230.04 is Housing Benefit Overpayments.
- 6.6. Approval is sought for the write off of Factoring Charges totalling £1,285.17.
- 6.7. A full list of all debts proposed for write off is held by the Executive Director of 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. 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.

9.2. There are no implications for sustainability in terms of the information contained in this report.

## **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.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

**Lindsay Freeland**

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

24 October 2011

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

- ◆ Resource Management

### **Previous References**

- ◆ Finance and Information Technology Resources Committee 13 September 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 30 SEPTEMBER 2011**

<b>Annual Cash Budget £000's</b>	<b>Budget Target to 30/09/11 £000's</b>	<b>Actual to 30/09/11 £000's</b>	<b>Variance to 30/09/11 £000's</b>		<b>% Variance to 30/09/11</b>	<b>Notes</b>
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**FINANCIAL YEAR 2011/2012**

Council Tax	104,014	64,379	63,814	(566)	under	-0.5%
Non Domestic Rates	246,367	115,564	116,231	667	over	0.3%
Sundry Accounts	102,427	102,427	102,485	58	over	0.1%

**ARREARS**

Council Tax	2,500	1,440	1,422	(18)	under	-0.7%
Non Domestic Rates	2,000	1,578	2,155	577	over	28.9%
Sundry Accounts	9,650	8,496	8,485	(11)	under	-0.1%

## SOUTH LANARKSHIRE COUNCIL

## REVENUES DEBT

FOR PERIOD ENDING 30 SEPTEMBER 2011

	Outstanding Debt As At 01/04/11 £000's	Debt Movement Since 01/04/11 £000's	Current Balance to 30/09/11 £000's	Provision £000's	Unprovided £000's
<b>ARREARS</b>					
Council Tax	52,726	(1,804)	50,922	45,643	5,279
Non Domestic Rates	9,717	(2,992)	6,725	6,566	159
Sundry Debts	12,689	(8,485)	4,204	3,039	1,165
<b>Total</b>	<b>75,132</b>	<b>(13,281)</b>	<b>61,851</b>	<b>55,248</b>	<b>6,603</b>

## SOUTH LANARKSHIRE COUNCIL

## APPROVAL FOR WRITE OFF: SUNDRY DEBTS

FOR PERIOD ENDING 30 SEPTEMBER 2011

RESOURCE	WRITE OFF
	£
Community	1,301.90
Corporate	0.00
Education	1,793.77
Enterprise	21,133.56
Finance & IT	6,752.10
Housing & Technical	58,279.93
Social Work	33,884.63
<b>TOTAL</b>	<b>123,145.89</b>