

Report

8

Report to:	Finance and Information Technology Resources Committee
Date of Meeting:	31 August 2010
Report by:	Executive Director (Finance and Information Technology Resources) and Executive Director (Housing and Technical Resources)

Subject:	Revenues Collection as at 30 June 2010 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 30 June 2010
- ◆ 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 be noted
(2) that write-off of the following irrecoverable debts be approved:-

• Non Domestic Rates 08/09 to 10/11	£1,371,965.81
• Non Domestic Rates 07/08	£876,898.18
• Council Tax	£441,866.15
• Sundry Debt	£156,875.38
• Housing and Lockup Rent	£73,321.96
• Factoring Charges	£188.50

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 30 June 2010.

4.2. The 2010/11 annual target for Council Tax collection has been set at 95%. The in year collection performance for Council Tax is currently £0.170m (0.2%) ahead of target. Collection is also ahead of comparable performance in 2009/2010 by 0.14%.

- 4.3. The 2010/2011 annual target for Non Domestic Rates (NDR) collection has been set at 97.0%. Non Domestic Rates collection for 2010/2011 is currently £3.357m (1.3%) behind target. NDR cash flow has been significantly affected by a change in the payment profile of Public Undertakings (Electricity) following the 2010/11 revaluation. Phasing of collection targets has been adjusted to reflect the revised payment profiles and will be subject to close monitoring during the financial year. 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 2010/11 annual target for Sundry Debt collection has been set at 98.1%. Collection of Sundry Debt is currently £0.126m (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 2010/11 arrears target for Council Tax has been set at £2.5m. The collection performance for Council Tax arrears to 30 June 2010 is currently ahead of target by £0.088m (3.5%).
- 5.3. The 2010/11 arrears target for Non Domestic Rates (NDR) has been set at £2.0m. NDR arrears collection is currently ahead of target by £0.118m (5.9%). 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 30 June 2010 is ahead of target by £0.146m (1.7%).
- 5.5. Community Charge arrears collection is under target by £0.004m (5.0%). 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, sequestered or in liquidation.
- 6.2. The proposed write off of Council Tax accounts dating from 1993/1994 to 2010/2011 totals £441,866.15. 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 2008/09, 2009/10 and 2010/11 totals £1,371,965.81. These debts are deemed to be irrecoverable because the debtor is in liquidation, has ceased trading or has been sequestered. 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 2007/08 totalling £876,898.18 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 £156,875.38. 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 2004/05 to 2010/11 and the sum written off represents 0.04% of the charges raised during this period.
- 6.6. Approval is sought for the write off of Former Tenant House and Lockup Rent totalling £73,321.96. 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 2004/05 and 2010/11.
- 6.7. The proposed write off for Factoring Arrears totals £188.50. 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 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.

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)

Lindsay Freeland
Executive Director (Housing and Technical Resources)

6 August 2010

Link(s) to Council Objectives and Values

- ◆ Values: Accountable, Effective and Efficient

Previous References

- ◆ Finance and Information Technology Resources Committee of 1 June 2010

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:-

Patrick Murphy, Head of Support Services

Ext: 4065 (Tel: 01698 454065)

E-mail: patrick.j.murphy@southlanarkshire.gov.uk

SOUTH LANARKSHIRE COUNCIL
REVENUES COLLECTION
FOR PERIOD ENDING 30 JUNE 2010

Annual Cash Budget £000's	Budget Target to 30/06/10 £000's	Actual to 30/06/10 £000's	Variance to 30/06/10 £000's		% Variance to 30/06/10	Notes
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FINANCIAL YEAR 2010/2011

Council Tax	102,987	33,389	33,560	170	over	0.2%
Non Domestic Rates	254,246	23,852	20,495	(3,357)	under	-1.3%
Sundry Accounts	112,478	112,478	112,604	126	over	0.1%

ARREARS

Council Tax	2,500	734	821	88	over	3.5%
Non Domestic Rates	2,000	1,193	1,312	118	over	5.9%
Community Charge	75	19	15	(4)	under	-5.0%
Sundry Accounts	8,749	6,706	6,852	146	over	1.7%

SOUTH LANARKSHIRE COUNCIL
REVENUES DEBT
FOR PERIOD ENDING 30 JUNE 2010

	Outstanding Debt	Debt Movement	Current Balance	Provision	Unprovided
	As At 01/04/10	Since 01/04/10	to 30/06/10		
<i>ARREARS</i>	£000's	£000's	£000's	£000's	£000's
Council Tax	49,763	(1,314)	48,449	42,529	5,920
Non Domestic Rates	8,251	(1,485)	6,766	5,562	1,204
Community Charge	31,063	(15)	31,048	31,063	(15)
Sundry Debts	12,572	(6,852)	5,720	2,428	3,292
Total	101,649	(9,666)	91,983	81,852	10,401

SOUTH LANARKSHIRE COUNCIL
APPROVAL FOR WRITE OFF: SUNDRY DEBTS
FOR PERIOD ENDING 30 JUNE 2010

RESOURCE	WRITE OFF
	£
Community	2,445.92
Corporate	0.03
Education	1,548.21
Enterprise	36,850.04
Finance & IT	1,189.37
Housing & Technical	99,804.51
Social Work	15,037.30
TOTAL	156,875.38