

Report

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

Date of Meeting: **13 September 2011**

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

Subject: **Revenues Collection as at 31 July 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 31 July 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	£536,297.25
• Non Domestic Rates 2008/2009	£903,611.80
• Council Tax	£141,296.91
• Sundry Debt	£154,133.01
• House Rent and associated charges	£ 95,788.41
• Factoring	£ 2,861.19

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 31 July 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 £0.169m (0.2%) below target and behind comparable performance in 2010/2011 by 0.27%. A variation in cashflow resulting from collection dates at the end of July has caused a slight reduction in Council Tax collection and improvement is anticipated in August.

- 4.3. The 2011/2012 annual target for Non Domestic Rates collection has been set at 97.0%. Non Domestic Rates collection is currently £0.758m (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 £0.059m (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 31 July 2011 was behind target by £0.164m (6.6%).
- 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 £0.083m (4.2%).
- 5.4. The collection of Sundry Account arrears to 31 July 2011 was below target by £0.012m (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, sequestered or in liquidation.
- 6.2. The proposed write off of Council Tax accounts dating from 1993/1994 to 2011/2012 totals £141,296.91. 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 £536,297.25. 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 a negligible proportion 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 2008/2009 totalling £903,611.80 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 £154,133.01. 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.
- 6.6. Approval is sought for the write off of House Rent and associated charges totalling £95,788.41, relating mainly to Former Tenant arrears. 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.

- 6.7. Approval is sought for the write off of Factoring Charges totalling £2,861.19.
- 6.8. 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)

16 August 2011

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

- ◆ Resource Management

Previous References

- ◆ Finance and Information Technology Resources Committee 14 June 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:-

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 31 JULY 2011

Annual Cash Budget £000's	Budget Target to 31/07/11 £000's	Actual to 31/07/11 £000's	Variance to 31/07/11 £000's		% Variance to 31/07/11	Notes
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FINANCIAL YEAR 2010/2011

Council Tax	103,996	43,733	43,564	(169)	under	-0.2%
Non Domestic Rates	247,297	73,424	74,182	758	over	0.3%
Sundry Accounts	103,421	103,421	103,480	59	over	0.1%

ARREARS

Council Tax	2,500	960	795	(164)	under	-6.6%
Non Domestic Rates	2,000	1,369	1,452	83	over	4.2%
Sundry Accounts	9,650	8,324	8,312	(12)	under	-0.1%

SOUTH LANARKSHIRE COUNCIL
REVENUES DEBT
FOR PERIOD ENDING 31 JULY 2011

	Outstanding Debt As At 01/04/11 £000's	Debt Movement Since 01/04/11 £000's	Current Balance to 31/07/11 £000's	Provision £000's	Unprovided £000's
ARREARS					
Council Tax	52,726	(1,176)	51,550	45,643	5,907
Non Domestic Rates	9,717	(2,216)	7,501	6,566	935
Sundry Debts	12,689	(8,312)	4,377	3,039	1,338
Total	75,132	(11,704)	63,428	55,248	8,180

SOUTH LANARKSHIRE COUNCIL
APPROVAL FOR WRITE OFF: SUNDRY DEBTS
FOR PERIOD ENDING 31 JULY 2011

RESOURCE	WRITE OFF
	£
Community	1,559.34
Corporate	0.00
Education	654.25
Enterprise	53,374.37
Finance & IT	3,970.60
Housing & Technical	86,273.99
Social Work	8,300.46
TOTAL	154,133.01