

# Report

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Report to: **Finance and Information Technology Resources Committee**  
 Date of Meeting: **29 March 2011**  
 Report by: **Chief Executive and Executive Director (Housing and Technical Resources)**

Subject: **Revenues Collection as at 31 January 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 January 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	£400,306.25
• Council Tax	£13,503.16
• Sundry Debt	£447,454.74
• House Rent and associated charges	£1,285,680.77
• Factoring	£88.90

## 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 January 2011.

4.2. The 2010/2011 annual target for Council Tax collection has been set at 95%. The in year collection performance for Council Tax is currently £0.264m (0.3%) below target and behind comparable performance in 2009/2010 by 0.15%. There was an adverse impact on collection levels in December due to the severe weather and the extended office closures over the festive period. There is an extensive recovery programme in place for February and March to improve collection performance.

- 4.3. The 2010/2011 annual target for Non Domestic Rates collection has been set at 97.0%. Non Domestic Rates collection for 2010/2011 is currently £2.309m (1.0%) behind target. NDR cash flow has been significantly affected by a change in the payment profile of Public Undertakings (Electricity) following the 2010/2011 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 2010/2011 annual target for Sundry Debt collection has been set at 98.1%. Collection of Sundry Debt is currently £0.040m (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 has been set at £2.5m. The collection performance for Council Tax arrears to 31 January 2011 is currently ahead of target by £0.090m (3.6%).
- 5.3. The 2010/2011 arrears target for Non Domestic Rates (NDR) has been set at £2.0m. NDR arrears collection is currently below target by £0.043m (2.2%). 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 January 2011 is ahead of target by £0.119m (1.4%).
- 5.5. Community Charge arrears collection is under target by £0.023m (30.0%). 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, sequestered or in liquidation.
- 6.2. The proposed write off of Council Tax accounts dating from 1993/1994 to 2010/2011 totals £13,503.16. 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 £400,306.25. 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 0.07% of the net charges billed in these years.

- 6.4. Following consultation and agreement with Resources, the proposed write off of Sundry Debt totals £447,454.74. 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 2004/2005 to 2010/2011 and the sum written off represents 0.1% of the charges raised during this period.
- 6.5. Approval is sought for the write off of House Rent and associated charges totalling £1,285,680.77. The write off includes historic rechargeable repair debt of £0.715m, housing benefit overpayments of £0.152m and former tenant rent arrears of £0.412m 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. The House Rent write off also includes a current tenant rent write off of £0.007m.
- 6.6. 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.
- 6.6. Approval is sought for the write off of Factoring Charges totalling £88.90.
- 6.7. A full list of all debts proposed for write off is held by the Executive Director (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.

**Archibald Strang**  
**Chief Executive**

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

1 March 2011

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

- ◆ Resource Management

**Previous References**

- ◆ Finance and Information Technology Resources Committee 1 February 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 JANUARY 2011**

	<b>Annual Cash Budget £000's</b>	<b>Budget Target to 31/01/11 £000's</b>	<b>Actual to 31/01/11 £000's</b>	<b>Variance to 31/01/11 £000's</b>		<b>% Variance to 31/01/11</b>	<b>Notes</b>
<b><i>FINANCIAL YEAR 2010/2011</i></b>							
Council Tax	102,463	100,898	100,634	(264)	under	-0.3%	
Non Domestic Rates	233,767	205,329	203,020	(2,309)	under	-1.0%	
Sundry Accounts	63,920	63,920	63,960	40	over	0.1%	
<b><i>ARREARS</i></b>							
Council Tax	2,500	2,305	2,396	90	over	3.6%	
Non Domestic Rates	2,000	1,877	1,834	(43)	under	-2.2%	
Community Charge	75	63	40	(23)	under	-30.0%	
Sundry Accounts	8,749	7,457	7,576	119	over	1.4%	

**SOUTH LANARKSHIRE COUNCIL**  
**REVENUES DEBT**  
**FOR PERIOD ENDING 31 JANUARY 2011**

	Outstanding Debt	Debt Movement	Current Balance	Provision	Unprovided
	As At 01/04/10	Since 01/04/10	to 31/01/11		
<i><b>ARREARS</b></i>	£000's	£000's	£000's	£000's	£000's
Council Tax	49,763	(3,191)	46,572	42,529	4,043
Non Domestic Rates	8,251	(4,239)	4,012	5,562	(1,550)
Community Charge	31,063	(40)	31,023	31,063	(40)
Sundry Debts	12,572	(7,576)	4,996	2,428	2,568
<b>Total</b>	<b>101,649</b>	<b>(15,046)</b>	<b>86,603</b>	<b>81,582</b>	<b>5,021</b>

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

<b>RESOURCE</b>	<b>WRITE OFF</b>
	<b>£</b>
Community	38,789.69
Corporate	-29.91
Education	117,087.71
Enterprise	57,562.83
Finance & IT	6,332.70
Housing & Technical	135,086.12
Social Work	92,625.60
<b>TOTAL</b>	<b>447,454.74</b>