

WEST DUNBARTONSHIRE COUNCIL
Report by the Executive Director of Corporate Services
Corporate & Efficient Governance Committee: 25 November 2009

Subject: Update on Finance Revenues Collection Performance 2009/10

1. Purpose

- 1.1** The purpose of this report is to update Committee on the billing and collection of local revenues.

2. Background

- 2.1** In February 2009 the Council set a 2009/10 council tax of £1,163 (Band D). Included in the budgetary assumptions was an estimated collection level of 97% of the net charges levied. The budget yield from the council tax was set at £38,589,260.
- 2.2** At the same meeting in February 2009, the Council agreed a 4.5% increase to Council house rents. The 2009/10 Housing Revenue Account (HRA) budget for gross rents collectable is £29,708,010.
- 2.3** The NNDR is a tax on non-domestic properties. The rate poundage to be applied each year is determined by the Scottish Parliament and for 2009/10 has been set at 45.8p. Local authorities collect NNDR on behalf of the Scottish Government and notionally forward sums collected to the national pool.

3. Main Issues

Council Tax

- 3.1** The first council tax instalment for 2009/10 was due for payment on 1 April 2009, with subsequent instalments on the standard payment scheme due thereafter for 9 months on the 1st of the month or on the 15th or 28th if paying by direct debit. In addition, for 2009/10 the Council has introduced a 12 month instalment option.
- 3.2** With respect to the bills issued for 2009/10, the following control totals as at 30 September 2009 have been produced (excluding any sums due for Scottish Water charges)

	£
Gross charges levied	45,285,880
Less reliefs and exemptions	<u>5,555,910</u>
Net charges levied	39,729,970
Less benefits awarded	<u>9,957,630</u>
Net sum collectable	<u>29,772,340</u>

On the basis of the billing totals as at 30 September 2009, the predicted yield for 2009/10 is £38,538,070 which compares with the budgeted yield of £38,589,260.

- 3.3** As at 30 September 2009, 1,186 households had opted to use the 12 month instalment option.
- 3.4** The in-year collection target for 2009/10 is 93%. As at 30 September 2009 the percentage collected was 55.8%. This is ahead of the profile set for the year.

Council House Rents

- 3.5** Rent is paid in 47 weekly instalments spread over the year. The headline statutory performance indicator for Council house rent collection is the level of arrears as a percentage of the net rent debit.
- 3.6** The actual collection performance for 2008/09 was 10.6% of net rent debit. As at the end of September 2009 the level of current tenant arrears was £1,202,270. This represents an improvement of £87,840 on the level of arrears at the same point in time in 2008/09. Former tenant arrears were £1,392,910 and this is £57,760 worse than at the equivalent point in time last year. An action plan is in place to secure further improvements in rent collection performance.

National Non Domestic Rates (NNDR)

- 3.7** The NNDR is a tax on non-domestic properties. The rate poundage to be applied each year is determined by the Scottish Government and for 2009/10 was set at 48.1p. Local authorities collect NNDR on behalf of the Scottish Government and notionally forward sums collected to the national pool.
- 3.8** The first NNDR instalment for 2009/10 was due for payment by 7 May 2009 with subsequent instalments due thereafter on the 7th of each month. With respect to the NNDR bills issued for 2009/10, the following control totals as at 30 September 2009 have been produced:

	£
Gross charges levied	65,659,770
Less reliefs and exemptions	<u>4,574,240</u>
Net charges collectable	<u>61,085,530</u>

The in-year collection target for 2009/10 is 98%. The percentage collected as at 30 September 2009 was 59.0%. This is ahead of the profile set for the year.

- 3.9** Discretionary relief of rates can be awarded to organisations whose activities are defined as being concerned with education, science, social welfare, literature and fine art or otherwise philanthropic in nature. The Council is required to fund 25% of the value of discretionary relief awarded. As at 30 September 2009, relief awarded under this discretion amounted to £231,770 and, as such, the Council will contribute £57,940. The budget for this contribution in 2009/10 is £54,410.
- 3.10** Small Business Relief of £1,275,250 has been awarded during 2009/10. In addition, under the 2009/10 rates deferment scheme businesses can apply for elements of the 2009/10 rates increase to be deferred for up to 2 years. The value of deferred relief awarded to date is £682,140.

4. Personnel Issues

- 4.1 There are no Personnel issues associated with this report.

5. Financial Implications

- 5.1 The council tax collection performance is in line with the collection assumptions contained within the general services budget.
- 5.2 The Council house rent collection performance is broadly equivalent to the level of performance achieved in 2008/09. An action plan is in place to secure further improvements in rent collection performance.
- 5.3 The Council contribution toward discretionary relief of rates is £3,530 greater than the provision in the general services budget.

6. Risk Analysis

- 6.1 The Council's general services budget for 2009/19 assumes a yield from council tax. Failure to collect these sums would have an adverse effect upon the Council's budget.
- 6.2 The Council's HRA budget for 2009/19 assumes a yield from rent. Failure to collect this sum would have an adverse effect upon the HRA budget.

7. Conclusions & Officers' Recommendations

- 7.1 The 2009/10 in-year collection rates for council tax and NNDR are on track to meet the target performance levels.
- 7.2 The 2009/10 collection rate for rents is in line with last year's collection performance level. An action plan is in place to secure further improvements in rent collection performance.

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Date: 4 November 2009

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Appendices: None

Background Papers: None

Wards Affected: All