

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Corporate and Efficient Governance Committee : 17 December 2008

Subject : Update on Finance Revenues Collection 2008/09

1. Purpose

- 1.1 The purpose of this report is to update Committee on the collection of the local council tax and national non-domestic rates (NNDR).

2. Background

- 2.1 In February 2008 the Council set a 2008/09 council tax of £1,163 (Band D). Included in the budgetary assumptions was an estimated collection level of 97.00% of the net charges levied. The budgeted yield from the council tax was set at £38,508,090.
- 2.2 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 2008/09 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 and Benefits

- 3.1 The first council tax instalment for 2008/09 was due for payment by 1 April 2008 with subsequent instalments due thereafter for 9 months on the 1st of each month. The final instalment is due to be paid by 1 January 2009.
- 3.2 With respect to the bills issued for 2008/09, the following control totals as at 31 October 2008 have been produced (excluding any sums due for Scottish Water charges):

	<u>£</u>
Gross Charges Levied	45,077,860
Less Reliefs and Exemptions	<u>5,416,590</u>
Net Charges Levied	39,661,270
Less Benefits Awarded	<u>9,659,000</u>
Net Sum Collectable	<u>30,002,270</u>

On the basis of the billing totals as at 31 October 2008, the actual yield for 2008/09 is £38,471,430 which compares with the budgeted yield of £38,508,090.

- 3.3 Members should also note that, due to the recent re-banding exercise undertaken in the Hardgate and Duntocher areas of Clydebank, approximately 400 properties have been re-banded from Band E to Band D. The majority of these re-bandings have been backdated to 1 April 1993 and the refunds, where appropriate, have been processed. The effect of the reduction in valuations is that the income generated for previous years has reduced by £980,000. This deficit will be written back to the General Fund.

- 3.4** The in-year collection target for 2008/09 is 93.00%. This represents an increase of 0.25% from the target for the last financial year. The percentage collected as at 31 October 2008 was 65.2%. This is 2.4% ahead of the profile set for the year and is mainly due to the effect of bringing forward the instalment date to the 1st of the month.
- 3.5** The Audit and Performance Review Committee at its meeting on 12 November 2008 asked that an update be provided to the Corporate and Efficient Governance Committee regarding the statutory performance indicator Cost of Collecting Council tax per Dwelling. This indicator has risen from £7.26 per property in 2006/07 to £16.59 in 2007/08. Although a substantial element of this increase is due to the additional funds allocated to this area from the Council's improvement plan, it should be noted that the CIPFA Scottish Directors of Finance is currently carrying out a review of this indicator. The review will seek to identify any inconsistencies in reporting across Scottish Councils and a full report will be submitted to Committee when the findings are published.

NNDR

- 3.6** The first NNDR instalment for 2008/09 was due for payment by 7 May 2008, with subsequent instalments due thereafter on the 7th of each month. The final instalment is due to be paid by 7 February 2009.
- 3.7** With respect to the NNDR bills issued for 2008/09, the following control totals as at 31 October 2008 have been produced:

	£
Gross Charges Levied	63,577,750
Less Reliefs and Exemptions	<u>3,663,810</u>
Net Charges Collectable	<u>59,913,940</u>

- 3.8** The in-year collection target for 2008/09 is 98.00%. This represents an increase of 0.75% from the previous financial year. The percentage collected as at 31 October 2008 was 67.7%. This is 0.35 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. During 2008/09, relief awarded under this discretion amounts to £203,880 and, as such, the Council will contribute £50,970. The budget for this contribution in 2008/09 is £62,330.

4. Personnel Issues

- 4.1** There are no personnel issues.

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 contribution toward discretionary relief of rates is within the provision in the general services budget.

6. Risk Analysis

- 6.1** The Council's collection target contained within the 2008/09 general services budget is for a life time collection rate of 97.00%. Within this target there is an assumption that 93.00% will be collected within the first year. Failure to collect 93.00% in the first year would have an adverse effect upon the ability of the Council to achieve the 97.00% collection target.

7. Conclusions

- 7.1** The 2008/09 in-year collection rates for council tax and NNDR are on track to meet the target performance levels.
- 7.2** There is a reduction in gross charges levied for council tax due to the re-banding exercise underway in the Hardgate and Duntocher areas of Clydebank.
- 7.3** An update on the Council Tax Cost of Collection performance indicator will be submitted to a future meeting of the Committee.

8. Recommendations

8.1 Committee is invited to note the following:

- a) council tax and NNDR collection performance to date;**
- b) the council tax revaluations undertaken in Clydebank have reduced the income collected by the Council for previous years by £980,000, and**
- c) an update on the Council Tax Cost of Collection performance indicator will be submitted to a future meeting of the Committee.**

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Date: December 2008

Wards Affected: All Wards

Appendix: None

Background Papers: No background papers

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