

## WEST DUNBARTONSHIRE COUNCIL

### Report by the Executive Director of Corporate Services

#### Corporate & Efficient Governance Committee: 25 August 2010

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#### Subject: Update on Finance Revenues Collection Performance

#### 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 January 2010, Council set a 2010/11 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 January 2010, Council agreed a 4.6% increase to council house rents. The 2010/11 Housing Revenue Account (HRA) budget for gross rents collectable is £30,266,920.
- 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 2010/11 has been set at 40.7p. 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 2010/11 was due for payment on 1 April 2010, with subsequent instalments on the standard payment scheme due thereafter for 9 months on the 1<sup>st</sup> of the month or on the 15<sup>th</sup> or 28<sup>th</sup> if paying by direct debit. In addition the Council has a 12 month instalment option for council tax payers.
- 3.2 With respect to the bills issued for 2010/11, the following control totals as at 30 June 2010 have been produced (excluding any sums due for Scottish Water charges)

	£
Gross charges levied	45,479,830
Less reliefs and exemptions	<u>5,490,980</u>
Net charges levied	39,988,850
Less benefits awarded	<u>10,064,590</u>
Net sum collectable	<u>29,924,260</u>

On the basis of the billing totals as at 30 June 2010, the predicted yield for 2010/11 is £38,789,180 which compares favourably with the budgeted yield of £38,589,260.

- 3.3** As at 30 June 2010 2,651 households had opted to use the 12 month instalment option.
- 3.4** The in-year collection target for 2010/11 is 93%. As at 30 June 2010 the percentage collected was 31.2%. This is 0.2% ahead of the profile set for the year.
- 3.5** The in-year collection rate for 2009/10 was 94.1%. This represents a 1.1% increase from the previous financial year. It should be noted that this figure is not directly comparable with the previous year due to a change in the calculation methodology. This collection performance placed the Council 23rd out of 32 Councils in Scotland and 5th in its family group of comparator Councils.

Council House Rents

- 3.6** 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.
- 3.7** The actual collection performance for 2009/10 was 9.6% of net rent debit. This represented a 1.0% improvement from the previous financial year.
- 3.8** As at the end of June 2010 the level of current tenant arrears was £1,123,405. This represents an improvement of £104,480 on the level of arrears at the same point in time in 2009/10. Former tenant arrears were £1,107,325 and this is £231,120 better 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)

- 3.9** 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 2010/11 was set at 40.7p. Local authorities collect NNDR on behalf of the Scottish Government and notionally forward sums collected to the national pool.
- 3.10** The first NNDR instalment for 2010/11 was due for payment by 7 May 2010 with subsequent instalments due thereafter on the 7<sup>th</sup> of each month. With respect to the NNDR bills issued for 2010/11, the following control totals as at 30 June 2010 have been produced:

	£
Gross charges levied	70,982,730
Less reliefs and exemptions	<u>3,918,040</u>
Net charges collectable	<u>67,064,690</u>

The in-year collection target for 2010/11 is 98%. The percentage collected as at 30 June 2010 was 21.8%. This is 0.2% behind the comparable figure as at 30 June 2009 and is largely due to the impact of rates deferred from 2009/10 becoming payable in 2010/11. In addition, due to the impact of the revaluation of rateable properties as at 1 April 2010, the gross rates levied in 2010/11 is 13.4% greater than 2009/10. Any potential knock on effect to the collection of rates will be monitored during the year

- 3.11** 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 June 2010, relief awarded under this discretion amounted to £208,200 and, as such, the Council will contribute £52,050. The budget for this contribution in 2010/11 is £60,000.
- 3.12** During 2009/10, relief awarded under this discretion amounted to £241,784 and, as such, the Council contributed £60,446. The budget for this contribution in 2009/10 was £54,410.

#### **4. People Implications**

- 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 continues to show an improving trend. 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 £7,950 less than the provision in the general services budget.

#### **6. Risk Analysis**

- 6.1** The Council's general services budget for 2010/11 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 2010/11 assumes a yield from rent. Failure to collect this sum would have an adverse effect upon the HRA budget.

#### **7. Equalities Impact**

- 7.1** No significant issues were identified in a screening for potential equality impact of this measure.

#### **8. Conclusions and Recommendations**

- 8.1** The 2010/11 in-year collection rate for council tax is on track to meet the target performance levels.
- 8.2** The 2010/11 collection rate for rents is ahead of last year's collection performance level. An action plan is in place to secure further improvements in rent collection performance.

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**Joyce White**  
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**Date: 27 July 2010**

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**Appendices:** None

**Background Papers:** None

**Wards Affected:** All