

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	6 December 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Collection and Approval for Write Offs
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise Committee of Revenue Collection performance for financial year 2023/2024 to 31 October 2023
- ◆ advise Committee of the position regarding the Business Rates Incentivisation Scheme (BRIS) for financial year 2023/2024
- ◆ seek approval for write offs

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that performance in the collection of revenue be noted;
- (2) that the current position in respect of BRIS be noted; and
- (3) that write offs for the following be approved: -

◆ Council Tax	£1,845,581.52
◆ Non-Domestic Rates	£237,386.31
◆ BID Levy	£1,818.76
◆ Sundry Debt	£174,223.76
◆ Housing Rent and associated charges	£1,919,032.48
◆ School Meals Debt	£7,309.25

3. Background

3.1. Responsibility for the collection of Council Tax, Non-Domestic Rates (NDR) and Sundry Debt is the responsibility of Finance and Corporate Resources. This report and the attached appendix provide information on collection performance and proposals for write off.

4. Current Collection Performance

- 4.1. The first table in Appendix 1 presents the collection performance for Council Tax, NDR and Sundry Debts for financial year 2023/2024.
- 4.2. The annual Council Tax collection target for 2023/2024 has been set at 95.2%. Council Tax collection is currently 69.63%, ahead of target by 0.17% but behind comparable performance in 2022/2023 by 2.73%. Due to the Scottish Government's Cost of Living Award being allocated as an up-front cash payment at the beginning of 2022/2023, a comparison with the same period in 2023/2024 is not on a like-for-like basis.

- 4.3. A Non-Domestic Rates (NDR) collection target of 97.0% has been set for 2023/2024. NDR collection is currently 61.3%, ahead of target by 0.2% and behind comparable performance in 2022/2023 by 2.6%. The reduction in comparable performance is due to the profile of payments received in comparison with the same period last year.
- 4.4. The 2023/2024 annual target for Sundry Debt collection has been set at 97.0%. Sundry Debt collection to 31 October 2023 was 97.3%, ahead of target by 0.3% and behind comparable performance in 2022/2023 by 0.7%.

5. Arrears Collection Performance

- 5.1. Arrears collection performance for Council Tax, NDR and Sundry Debt is presented in the second table of Appendix 1.
- 5.2. The 2023/2024 arrears annual target for Council Tax has been set at £3.000 million, with collection to 31 October 2023 of £2.018 million, ahead of target by £0.108 million (3.6%) but behind comparable performance in 2022/2023 by £0.390 million.
- 5.3. The 2023/2024 arrears target for NDR has been set at £2.000 million, with collection to 31 October 2023 of £1.942 million, ahead of target by £0.371 million (18.6%) but behind comparable performance in 2022/2023 by £0.633 million.
- 5.4. The 2023/2024 arrears target for Sundry Debt has been set at £9.519 million, with collection to 31 October 2023 of £7.913 million, equal to target but behind comparable performance in 2022/2023 by 7.8%.

6. Business Rates Incentivisation Scheme

- 6.1. The Business Rates Incentivisation Scheme (BRIS) is a Scottish Government initiative to incentivise growth of the local business tax base, with a view to increasing NDR income yields.
- 6.2. The Scottish Government sets annual targets for growth (buoyancy) and Councils who achieve their target retain 50% of the additional income generated above the target. The buoyancy target is a measure of the increase in the total rateable value of the non-domestic properties on the Valuation Roll (including certain categories of public undertakings).
- 6.3. Due to the impact of Covid-19, the Scottish Government previously confirmed that the scheme has been suspended for 2020/2021, 2021/2022 and 2022/2023. Further guidance and information is awaited from the Scottish Government with regards to reinstatement in 2023/2024.

7. Proposals for Write Off

- 7.1. Approval for write off of the following irrecoverable debts is requested from Committee. The Council has the power to write off accounts where the debtor is deceased, sequestrated, in liquidation or the debt is prescribed or where the debt is deemed uneconomical to pursue.
- 7.2. The proposed write off of Council Tax accounts dating from 1993/1994 to 2023/2024 totals £1,845,581.52, relating mainly to prescribed debt, sequestrations and estates of the deceased. This includes the bulk write off of prescribed debt for financial year 1997/1998.

- 7.3. The value of accounts currently marked for write off in the Non-Domestic Rates system from rating years 2021/2022 to 2023/2024 totals £237,386.31. These debts are deemed to be irrecoverable because the debtor is in liquidation, has ceased trading or has been sequestrated.
- 7.4. Approval is sought for the write off of Business Improvement District (BID) Levies totalling £1,818.76, administered by the Council on behalf of the Hamilton, Carlisle and Lanark BID companies. There is no financial impact on the Council for these write offs.
- 7.5. Following consultation and agreement with Resources, the proposed write off of Sundry Debt totals £174,223.76. Appendix 2 provides a breakdown of the proposed write-off over categories.
- 7.6. Approval is sought for the write off of former tenant rent arrears of £1,917,322.65 (including the final bulk write-offs for financial years up to 2017/2018) and factoring arrears of £1,709.83.
- 7.7. Approval is sought for the write off of school meal debt as outlined in the Executive Committee report dated 21 September 2022, 'Cost of Living Supports'. As part of the review of school meal debt for the start of the new school session from August 2023, debt to be written off totals £7,309.25. This is in line with previous write off exercises in support of the cost of living and financial hardship exercise and cannot now be recovered. A provision has been made in the final accounts at 31 March 2023 to cover this write off.
- 7.8. A full list of all debts proposed for write off is held by the Executive Director (Finance and Corporate Resources).

8. Employee Implications

- 8.1. None.

9. Financial Implications

- 9.1. Provision has been made for the financial impact of all write offs.

10. Climate Change, Sustainability and Environmental Implications

- 10.1. There are no direct climate change, sustainability and natural environment implications arising from this report.

11. Other Implications

- 11.1. 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.

12. Equalities Impact Assessment and Consultation Arrangements

- 12.1. There is no requirement to carry out an impact assessment in terms of the proposals within this report.

12.2. There is no requirement to undertake any consultation in relation to the content of this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

17 November 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent
- ◆ Ambitious, self-aware and improving

Previous References

- ◆ Finance and Corporate Resources Committee - 27 September 2023

List of Background Papers

- ◆ System Reports from Council Tax, Non-Domestic Rates, Sundry Debt and Academy Housing

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Craig Fergusson, Head of Finance (Transactions)

Ext: 4951 (Tel: 01698 454951)

E-mail: craig.fergusson@southlanarkshire.gov.uk

SOUTH LANARKSHIRE COUNCIL
REVENUES COLLECTION
FOR PERIOD ENDING 31 OCTOBER 2023

	Annual Cash Budget £000's	Budget Target to 31/10/23 £000's	Actual to 31/10/23 £000's	Variance to 31/10/23 £000's		% Variance to annual budget	Notes
FINANCIAL YEAR 2023/2024							
Council Tax	154,330	112,602	112,871	269	over	0.17%	
Non-Domestic Rates	363,323	228,856	229,549	693	over	0.2%	
Sundry Debt	121,637	121,637	122,002	365	over	0.3%	
ARREARS							
Council Tax	3,000	1,910	2,018	108	over	3.6%	
Non-Domestic Rates	2,000	1,571	1,942	371	over	18.6%	
Sundry Debt	9,519	7,910	7,913	3	-	0.0%	

Appendix 2

**BREAKDOWN OF PROPOSED
SUNDRY DEBT WRITE-OFF**

Resource	Service	No. of Accounts	Value (£)
Housing & Technical	Estates / H&T General / Property Services	8	4,997.67
Social Work	Residential Services	39	96,109.50
	Non Residential Services	468	68,738.88
Finance & Corporate	Housing Benefit Overpayments	6	3,266.43
	Sundry Income Team	2	365.28
Community & Enterprise	Roads	2	746.00
	Total	525	174,223.76