

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	15 November 2017
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 2017/2018 to date
- ◆ advise Committee of performance in the Business Rates Incentivisation Scheme (BRIS) to date
- ◆ 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 performance against the BRIS target be noted; and
- (3) that write offs for the following be approved:-

◆ Council Tax	£629,547.03
◆ Non Domestic Rates 2015/16 to 2017/18	£2,541,310.39
◆ Non Domestic Rates 2014/2015	£2,041,616.88
◆ BID Levies	£17,451.74
◆ Sundry Debt	£538,683.57
◆ Housing Rent and associated charges	£318,173.37

3. Background

3.1. 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 2017/2018 to 30 September 2017.
- 4.2. The annual Council Tax collection target for 2017/2018 has been set at 95.3%. Council Tax collection is currently 58.6%, equal to target and ahead of comparable performance in 2016/2017 by 0.02%.
- 4.3. A NDR collection target of 97.8% has been set for 2017/2018. NDR collection is currently 51.6%, below target by £1.326m (0.4%) and behind comparable performance in 2016/2017 by 0.5%, due to cash flow variances.

- 4.4. The 2017/2018 annual target for Sundry Debt collection has been set at 98%. Sundry Debt collection is currently 97.8%, below target by £0.197m (0.2%).

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 2017/2018 arrears annual target for Council Tax has been set at £3.250m, with collection of £2.344m, ahead of target by £0.160m (4.9%).
- 5.3. The 2017/2018 arrears target for NDR has been set at £2.800m, with collection of £2.580m, ahead of target by £0.085m (3%).
- 5.4. The 2017/2018 arrears target for Sundry Debt has been set at £9.948m, with collection of £6.616m, below target by £0.049m (0.5%).

6. Business Rates Incentivisation Scheme (BRIS)

- 6.1. The 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.
- 6.3. The provisional annual buoyancy target for South Lanarkshire Council in 2017/2018 has been set by Scottish Government at 1.7%. This is a measure of the increase in the total rateable value of the non-domestic properties on the Valuation Roll (excluding public undertakings).
- 6.4. Performance against the BRIS target is reported to Committee on a quarterly basis. Buoyancy for the second quarter, to the end of September 2017, was +0.03%, a marginal improvement on last quarter.
- 6.5. The tax base must achieve growth of 1.67% during the remaining two quarters of the financial year to secure additional income under the scheme.

7. Proposals for Write Off

- 7.1. Approval for write off of the following irrecoverable debts is requested from Committee. The Council has a statutory obligation to write off accounts where the debtor is deceased, sequestrated, in liquidation or the debt is prescribed.
- 7.2. The proposed write off of Council Tax accounts dating from 1993/1994 to 2017/2018 totals £629,547.03, relating mainly to prescribed debt, sequestrations and estates of the deceased.
- 7.3. The value of accounts currently marked for write off in the NDR system from rating years 2015/2016 to 2017/2018 totals £2,541,310.39. These debts are deemed to be irrecoverable because the debtor is in liquidation, has ceased trading or has been sequestrated.
- 7.4. In accordance with the policy of writing off NDR debt over three years old, debtor balances for 2014/2015 totalling £2,041,616.88 are recommended for write off. As the Council's accounts already contain full provision for these accounts, there will be no financial impact. Members of Committee are advised that recovery action for these debts will continue despite this accounting adjustment.

- 7.5. Approval is sought for the write off of Business Improvement District (BID) Levies totalling £17,451.74, administered by the Council on behalf of the Hamilton and Carlisle BID companies. There is no financial impact on the Council for these write offs.
- 7.6. Following consultation and agreement with Resources, the proposed write off of Sundry Debt totals £538,683.57.
- 7.7. Approval is sought for the write off of former tenant rent arrears of £187,647.57, factoring arrears of £17,809 and Housing Benefit Overpayments of £112,716.80.
- 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. Other Implications

- 10.1. 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.
- 10.2. There are no implications for sustainability in terms of the information contained within this report.

11. Equalities Impact Assessment and Consultation Arrangements

- 11.1. There is no requirement to carry out an impact assessment in terms of the proposals within this report.
- 11.2. There is no requirement to undertake any consultation in relation to the content of this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

16 October 2017

Link(s) to Council Values/Objectives

- ◆ Accountable, effective and efficient
- ◆ Self aware and improving

Previous References

- ◆ Finance and Corporate Resources Committee - 6 September 2017

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:-

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SOUTH LANARKSHIRE COUNCIL

REVENUES COLLECTION

FOR PERIOD ENDING 30 SEPTEMBER 2017

	Annual Cash Budget £000's	Budget Target to 30/09/17 £000's	Actual to 30/09/17 £000's	Variance to 30/09/17 £000's		% Variance to annual budget	Notes
FINANCIAL YEAR 2017/2018							
Council Tax	120,032	73,833	73,831	(2)	-	0.0%	
Non Domestic Rates	325,212	172,914	171,588	(1,326)	under	0.4%	
Sundry Debt	88,041	88,041	87,844	(197)	under	0.2%	
ARREARS							
Council Tax	3,250	2,184	2,344	160	over	4.9%	
Non Domestic Rates	2,800	2,495	2,580	85	over	3.0%	
Sundry Debt	9,948	6,665	6,616	(49)	under	0.5%	