

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	2 June 2021
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 2020/2021 to 31 March 2021
- ◆ advise Committee of performance regarding the Business Rates Incentivisation Scheme (BRIS) for financial year 2020/2021 to 31 March 2021
- ◆ 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	£248,067.75
◆ Sundry Debt	£178,791.07
◆ Housing Rent and associated charges	£188,403.58
◆ Rent for Homeless Accommodation	£750,913.64

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. Covid-19 Impact

- 4.1. Collection across all income streams has been impacted upon by the temporary cessation of recovery action for the first four months of 2020/2021 due to the Covid-19 pandemic. Specifically, as previously briefed to elected members, no statutory recovery and sheriff officer activity took place between April 2020 and July 2020 in relation to Council Tax for both the current year and arrears years. The health crisis has also seen financial support provided via Council Tax Reduction increase by over 11% this financial year.
- 4.2. Statutory recovery in the form of reminders commenced at the end of July 2020, with recovery action for all income streams also commencing from this date.

- 4.3. In light of the impact of the health crisis, collection targets for 2020/2021 were reviewed and these targets are consistent with those in the Resource Plan for 2020/2021 and are detailed below.

5. Current Collection Performance

- 5.1. The first table in Appendix 1 presents the collection performance for Council Tax, NDR and Sundry Debts for financial year 2020/2021.
- 5.2. The annual Council Tax collection target for 2020/2021 was set at 93.7%. A Council Tax collection rate of 94.89% was achieved, ahead of target by 1.19% but behind comparable performance in 2020/2021 by 0.47%.
- 5.3. Council Tax performance is now reported nationally on a “line by line” basis, which adjusts for the impact of Scottish Water billing and collection. For information, the equivalent level of Council Tax collection for 2020/2021 when Scottish Water debts are removed is 95.55%, behind comparable performance achieved in 2019/2020 by 0.31%.
- 5.4. A Non-Domestic Rates (NDR) collection target of 96.0% was set for 2020/2021. A NDR collection rate of 96.8% was achieved, ahead of target by 0.8% but behind comparable performance in 2019/2020 by 1.8%. In addition to the impact of the health crisis, the final collection rate was impacted upon by late entries to the NDR register by the Assessor.
- 5.5. The 2020/2021 annual target for Sundry Debt collection was set at 90.0%. A Sundry Debt collection rate of 97.8% was achieved, ahead of target by 7.8% but behind comparable performance in 2019/2020 by 0.2%.

6. Arrears Collection Performance

- 6.1. Arrears collection performance for Council Tax, NDR and Sundry Debt is presented in the second table of Appendix 1.
- 6.2. The 2020/2021 arrears annual target for Council Tax was set at £2.500 million, with collection of £3.507 million, ahead of target by £1.007 million (40.3%) and ahead of comparable performance in 2019/2020 by £0.014 million.
- 6.3. The 2020/2021 arrears target for NDR was set at £0.500 million, with collection of £0.907 million, ahead of target by £0.407 million (81.2%) but behind comparable performance in 2019/2020 by £0.228 million.
- 6.4. The 2020/2021 arrears target for Sundry Debt was set at £7.371 million, with collection of £7.613 million, ahead of target by £0.242 million (3.3%) but behind comparable performance in 2019/2020 by 7.3%.

7. Business Rates Incentivisation Scheme

- 7.1. 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.

- 7.2. 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).
- 7.3. Given the impact of the Covid-19 health crisis, the annual buoyancy target for South Lanarkshire Council in 2020/2021 has still to be confirmed (the final target was 1.0% in 2019/2020). Further guidance and information is awaited from the Scottish Government.
- 7.4. BRIS performance is monitored closely and reported to Committee on a quarterly basis. Buoyancy for 2020/2021 has seen a reduction of 0.34%. This represents a reduction of 2.10% when compared to 2019/2020.

8. Proposals for Write Off

- 8.1. 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.
- 8.2. The proposed write off of Council Tax accounts dating from 1993/1994 to 2020/2021 totals £248,067.75, relating mainly to prescribed debt, sequestrations and estates of the deceased.
- 8.3. Following consultation and agreement with Resources, the proposed write off of Sundry Debt totals £178,791.07.
- 8.4. Approval is sought for the write off of former tenant rent arrears of £123,805.28 and Housing Benefit Overpayments of £64,598.30.
- 8.5. Approval is sought for the write off of arrears for former occupants of homeless temporary accommodation of £750,913.64. The value of the proposed write-off is fully provided for by Housing Services with further write-offs expected as outstanding accounts continue to be reviewed.
- 8.6. A full list of all debts proposed for write off is held by the Executive Director (Finance and Corporate Resources).

9. Employee Implications

- 9.1. None.

10. Financial Implications

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

11. Climate Change, Sustainability and Environmental Implications

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

12. Other Implications

- 12.1. 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.

13. Equalities Impact Assessment and Consultation Arrangements

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

Paul Manning

Executive Director (Finance and Corporate Resources)

12 May 2021

Link(s) to Council Values/Ambitions/Objectives

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

Previous References

- ◆ Finance and Corporate Resources Committee, 17 March 2021

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 31 MARCH 2021

	Annual Cash Budget £000's	Budget Target to 31/03/21 £000's	Actual to 31/03/21 £000's	Variance to 31/03/21 £000's		% Variance to annual budget	Notes
FINANCIAL YEAR 2020/2021							
Council Tax	133,972	133,972	135,680	1,708	over	1.19%	
Non-Domestic Rates	297,168	297,168	299,575	2,407	over	0.8%	
Sundry Debt	101,890	101,890	110,705	8,815	over	7.8%	
ARREARS							
Council Tax	2,500	2,500	3,507	1,007	over	40.3%	
Non-Domestic Rates	500	500	907	407	over	81.2%	
Sundry Debt	7,371	7,371	7,613	242	over	3.3%	