

# Report

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| Report to:       | <b>Finance and Corporate Resources Committee</b>            |
| Date of Meeting: | <b>20 May 2020</b>  |
| Report by:       | <b>Executive Director (Finance and Corporate Resources)</b> |

|          |   |
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| Subject: | <b>Revenue Collection and Approval for Write Offs</b> |
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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 2019/2020 to 31 March 2020
- ◆ advise Committee of performance in the Business Rates Incentivisation Scheme (BRIS) for financial year 2019/2020 to 31 March 2020
- ◆ 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                         | £225,817.39 |
| ◆ Sundry Debt                         | £138,024.77 |
| ◆ Housing Rent and associated charges | £211,294.52 |

## 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 2019/2020.

4.2. The annual Council Tax collection target for 2019/2020 was set at 95.8%. A Council Tax collection rate of 95.36% was achieved, behind target by 0.44% and behind the comparable performance achieved in 2018/2019 by 0.35%. The lower collection rate is primarily related to the current health crisis and the knock-on effect to the levels of sheriff officer activity, which had a significant impact on the end of year collection drive in March 2020.

- 4.3. 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 2019/2020 when Scottish Water debts are removed is 95.86%, behind comparable performance achieved in 2018/2019 by 0.34%.
- 4.4. A Non-Domestic Rates (NDR) collection target of 98.0% was set for 2019/2020. A NDR collection rate of 98.6% was achieved, ahead of target by 0.6% and exceeding comparable performance in 2018/2019 by 0.5%.
- 4.5. An annual collection target of 98.0% was set for Sundry Debt in 2019/2020 and a collection rate of 98.0% was achieved.

## **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 2019/2020 arrears annual target for Council Tax was set at £3.500m, with collection of £3.493m, behind target by £0.007m (0.2%).
- 5.3. The 2019/2020 arrears target for NDR was set at £2.800m, with collection of £1.135m, behind target by £1.665m (59.5%). The low arrears collection is directly related to a lower value of additions made to the valuation roll by the Assessor in March 2019.
- 5.4. The 2019/2020 arrears target for Sundry Debt was set at £8.991m, with collection of £8.617m, behind target by £0.374m (4.2%).

## **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.
- 6.3. The final buoyancy target for South Lanarkshire Council in 2019/2020 was set by the Scottish Government at 1.0%. This 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).
- 6.4. Performance against the BRIS target is monitored closely and reported to Committee on a quarterly basis. Buoyancy for 2019/2020 was 1.76%, an increase of 1.19% when compared to 2018/2019.
- 6.5. The tax base has therefore exceeded the final target by 0.76%, which should result in the securing of additional income under the Scheme of approximately £0.430m in relation to 2019/2020. The Scottish Government will determine the actual amount due.

## **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 2019/2020 totals £225,817.39, relating mainly to prescribed debt, sequestrations and estates of the deceased.
- 7.3. Following consultation and agreement with Resources, the proposed write off of Sundry Debt totals £138,024.77.
- 7.4. Approval is sought for the write off of former tenant rent arrears of £153,831.79, factoring arrears of £1,483.70 and Housing Benefit Overpayments of £55,979.03.
- 7.5. 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)**

20 May 2020

## **Link(s) to Council Values/Ambitions/Objectives**

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

## **Previous References**

- ◆ Finance and Corporate Resources Committee - 4 March 2020

## **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 2020**

|                                 | <b>Annual<br/>Cash<br/>Budget<br/>£000's</b> | <b>Budget<br/>Target<br/>to 31/03/20<br/>£000's</b> | <b>Actual<br/>to 31/03/20<br/>£000's</b> | <b>Variance<br/>to 31/03/20<br/>£000's</b> |       | <b>% Variance<br/>to<br/>annual budget</b> | <b>Notes</b> |
|---------------------------------|--|---|--|--|-------|--|--------------|
| <b>FINANCIAL YEAR 2019/2020</b> |  |   |  |  |       |  |              |
| Council Tax                     | 132,829                                      | 132,829   | 132,219                                  | (610)                                      | under | -0.44%                                     |              |
| Non Domestic Rates              | 339,310                                      | 339,310   | 341,550                                  | 2,240                                      | over  | 0.6%                                       |              |
| Sundry Debt                     | 101,328                                      | 101,328   | 101,295                                  | (33)                                       | -     | 0.0%                                       |              |
| <b>ARREARS</b>                  |  |   |  |  |       |  |              |
| Council Tax                     | 3,500  | 3,500   | 3,493                                    | (7)  | under | -0.2%                                      |              |
| Non Domestic Rates              | 2,800  | 2,800   | 1,135                                    | (1,665)                                    | under | -59.5%                                     |              |
| Sundry Debt                     | 8,991  | 8,991   | 8,617                                    | (374)                                      | under | -4.2%                                      |              |