

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	17 March 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 January 2021
- ◆ advise Committee of the position regarding the Business Rates Incentivisation Scheme (BRIS) for financial year 2020/2021 to the end of quarter 3
- ◆ 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 position in respect of BRIS be noted; and
- (3) that write offs for the following be approved: -

◆ Council Tax	£121,376.11
◆ Non-Domestic Rates	£273,362.26
◆ BID Levy	£3,764.30
◆ Sundry Debt	£84,310.59
◆ Housing Rent and associated charges	£364,274.33

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 significantly 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 10% so far 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 have been reviewed. 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 has been set at 93.7%. Council Tax collection is currently 93.39%, ahead of target by 0.37% but behind comparable performance in 2019/2020 by 0.95%.
- 5.3. A Non-Domestic Rates (NDR) collection target of 96.0% has been set for 2020/2021. NDR collection is currently 86.8%, ahead of target by 0.1% but behind comparable performance in 2019/2020 by 5.3% mainly as a result of cash flow variances. Due to a delay in the update of the NDR annual billing software following significant legislative changes introduced by the Scottish Government in March 2020, the payments for 2020/2021 are profiled from June 2020 to March 2021.
- 5.4. The 2020/2021 annual target for Sundry Debt collection has been set at 90.0%. Sundry Debt collection to 31 January 2021 was 97.4%, ahead of target by 7.4% but behind comparable performance in 2019/2020 by 0.5%.

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 has been set at £2.500 million, with collection to 31 January 2021 of £2.527 million, ahead of target by £0.189 million (7.5%) but behind comparable performance in 2019/2020 by £0.360 million.
- 6.3. The 2020/2021 arrears target for NDR has been set at £0.500 million, with collection to 31 January 2021 of £0.584 million, ahead of target by £0.092 million (18.5%) but behind comparable performance in 2019/2020 by £0.500 million.
- 6.4. The 2020/2021 arrears target for Sundry Debt has been set at £7.371 million, with collection to 31 January 2021 of £7.306 million, ahead of target by £0.083 million (1.1%) but behind comparable performance in 2019/2020 by 6.8%.

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 provisional annual buoyancy target for South Lanarkshire Council in 2020/2021 has still to be confirmed (the final target was 1.0% in 2019/2020). The Scottish Government have intimated that the 2020/2021 target will require to be adjusted significantly, with the possibility that BRIS may have to be suspended this financial year. A final decision on this will be communicated to local authorities when available.
- 7.4. BRIS performance is monitored closely and reported to Committee on a quarterly basis. Buoyancy for the third quarter, to the end of December 2020, has seen a reduction of 0.15%.
- 7.5. Should the buoyancy target remain the same as in 2019/2020, the tax base must achieve growth of 1.15% during the remaining quarter of the financial year to secure additional income under the scheme.

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.
- 8.2. The proposed write off of Council Tax accounts dating from 1993/1994 to 2020/2021 totals £121,376.11, relating mainly to prescribed debt, sequestrations and estates of the deceased.
- 8.3. The value of accounts currently marked for write off in the Non-Domestic Rates system from rating years 2018/2019 to 2020/2021 totals £273,362.26. These debts are deemed to be irrecoverable because the debtor is in liquidation, has ceased trading or has been sequestrated.
- 8.4. Approval is sought for the write off of Business Improvement District (BID) Levies totalling £3,764.30, 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.
- 8.5. Following consultation and agreement with Resources, the proposed write off of Sundry Debt totals £84,310.59.
- 8.6. Approval is sought for the write off of former tenant rent arrears of £316,026.54 and Housing Benefit Overpayments of £48,247.79.
- 8.7. 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.
- 12.2. There are no implications for sustainability in terms of the information contained in this report.

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)

18 February 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, 20 January 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 JANUARY 2021

	Annual Cash Budget £000's	Budget Target to 31/01/21 £000's	Actual to 31/01/21 £000's	Variance to 31/01/21 £000's		% Variance to annual budget	Notes
FINANCIAL YEAR 2020/2021							
Council Tax	134,196	133,222	133,754	532	over	0.37%	
Non-Domestic Rates	293,489	265,057	265,318	261	over	0.1%	
Sundry Debt	98,823	98,823	106,958	8,135	over	7.4%	
ARREARS							
Council Tax	2,500	2,338	2,527	189	over	7.5%	
Non-Domestic Rates	500	492	584	92	over	18.5%	
Sundry Debt	7,371	7,223	7,306	83	over	1.1%	