

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	8 May 2019
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 2018/2019 to 31 March 2019
- ◆ advise Committee of performance in the Business Rates Incentivisation Scheme (BRIS) for financial year 2018/2019 to 31 March 2019
- ◆ 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	£325,587.75
◆ Non Domestic Rates	£422,843.29
◆ BID Levy	£5,372.56
◆ Sundry Debt	£704,033.05
◆ Housing Rent and associated charges	£337,190.70

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 attached appendices 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 2018/2019.
- 4.2. The annual Council Tax collection target for 2018/2019 was set at 95.6%. A Council Tax collection rate of 95.7% was achieved, ahead of target by 0.1% and the same as the performance achieved in 2017/2018.
- 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 2018/2019 when Scottish Water debts are removed is 96.2%, the same as the performance achieved in 2017/2018.

- 4.4. A Non Domestic Rates (NDR) collection target of 97.9% was set for 2018/2019. A NDR collection rate of 98.1% was achieved, ahead of target by 0.2% and exceeding comparable performance in 2017/2018 by 1.1%.
- 4.5. An annual collection target of 98.0% was set for Sundry Debt in 2018/2019 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 2018/2019 arrears annual target for Council Tax was set at £3.500m, with collection of £4.016m, ahead of target by £0.516m (14.7%).
- 5.3. The 2018/2019 arrears target for NDR was set at £2.800m, with collection of £6.616m, ahead of target by £3.816m (136.3%). The high arrears collection is directly related to the high value of additions to the valuation roll made by the Assessor in March 2018.
- 5.4. The 2018/2019 arrears target for Sundry Debt was set at £11.825m, with collection of £12.401m, ahead of target by £0.576m (4.9%).

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 Non Domestic Rates (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 2018/2019 was set by the Scottish Government at 1.8%. 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 monitored closely and reported to Committee on a quarterly basis. Buoyancy for 2018/2019 was 0.57%, an increase of 0.31% when compared to 2017/2018.

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 2018/2019 totals £325,587.75, relating mainly to prescribed debt, sequestrations and estates of the deceased.
- 7.3. The value of accounts currently marked for write off in the Non Domestic Rates system from rating years 2016/2017 to 2018/2019 totals £422,843.29. 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 £5,372.56, 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.
- 7.5. Following consultation and agreement with Resources, the proposed write off of Sundry Debt totals £704,033.05.
- 7.6. Approval is sought for the write off of former tenant rent arrears of £197,365.47, factoring arrears of £7,771.82 and Housing Benefit Overpayments of £132,053.41.
- 7.7. 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 in 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 April 2019

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 February 2019

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 2019

	Annual Cash Budget £000's	Budget Target to 31/03/19 £000's	Actual to 31/03/19 £000's	Variance to 31/03/19 £000's		% Variance to annual budget	Notes
FINANCIAL YEAR 2018/2019							
Council Tax	125,685	125,685	125,823	139	over	0.1%	
Non Domestic Rates	336,241	336,241	336,785	544	over	0.2%	
Sundry Accounts	99,933	99,933	99,912	(21)	under	0.0%	
ARREARS							
Council Tax	3,500	3,500	4,016	516	over	14.7%	
Non Domestic Rates	2,800	2,800	6,616	3,816	over	136.3%	
Sundry Accounts	11,825	11,825	12,401	576	over	4.9%	