

# Report

Report to:	<b>Finance and Corporate Resources Committee</b>
Date of Meeting:	<b>9 February 2022</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

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 2021/2022 to 31 December 2021
- ◆ advise Committee of the latest position regarding the Business Rates Incentivisation Scheme (BRIS)
- ◆ 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	£327,022.59
◆ Non-Domestic Rates	£650,244.64
◆ BID Levy	£3,551.94
◆ Sundry Debt	£166,174.83
◆ Housing Rent and associated charges	£203,017.80
◆ Rent for Homeless Accommodation	£2,741,202.31

## 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 2021/2022.
- 4.2. The annual Council Tax collection target for 2021/2022 has been set at 94.0%. Council Tax collection is currently 88.09%, ahead of target by 1.11% and ahead of comparable performance in 2020/2021 by 1.21%.

- 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 2021/2022 when Scottish Water debts are removed is 88.73%, ahead of comparable performance achieved in 2020/2021 by 1.28%.
- 4.4. A Non-Domestic Rates (NDR) collection target of 96.0% has been set for 2021/2022. NDR collection is currently 72.8%, equal to the current target and ahead of comparable performance in 2020/2021 by 6.6%.
- 4.5. The 2021/2022 annual target for Sundry Debt collection has been set at 92.0%. Sundry Debt collection to 31 December 2021 was 96.3%, ahead of target by 4.3% but behind comparable performance in 2020/2021 by 1.1%.

## **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 2021/2022 arrears annual target for Council Tax has been set at £3.200 million, with collection to 31 December 2021 of £3.469 million, ahead of target by £0.564 million (17.6%) and ahead of comparable performance in 2020/2021 by £1.125 million.
- 5.3. The 2021/2022 arrears target for NDR has been set at £6.000 million, with collection to 31 December 2021 of £6.703 million, ahead of target by £0.824 million (13.7%) and ahead of comparable performance in 2020/2021 by £6.151 million. The high arrears collection is directly related to a higher value of additions made to the valuation roll by the Assessor in March 2021.
- 5.4. The 2021/2022 arrears target for Sundry Debt has been set at £9.447 million, with collection to 31 December 2021 of £7.714 million, behind target by £0.033 million (0.3%) but ahead of comparable performance in 2020/2021 by 1.0%.

## **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 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).
- 6.3. As previously advised to Committee, the Scottish Government confirmed that the scheme has been suspended for both 2020/2021 and 2021/2022 due to the impact of Covid-19.

## **7. Proposals for Write Off**

- 7.1. 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.

- 7.2. The proposed write off of Council Tax accounts dating from 1993/1994 to 2021/2022 totals £327,022.59, 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 2019/2020 to 2021/2022 totals £650,244.64. 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 £3,551.94, administered by the Council on behalf of the Hamilton, Carluke and Lanark 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 £166,174.83.
- 7.6. Approval is sought for the write off of former tenant rent arrears of £124,340.48, factoring arrears of £336.63 and Housing Benefit Overpayments of £78,340.69.
- 7.7. Approval is sought for the write off of arrears for former occupants of homeless temporary accommodation of £2,741,202.31. 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.
- 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. 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)**

19 January 2022

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

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

**Previous References**

- ◆ Finance and Corporate Resources Committee - 10 November 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 DECEMBER 2021**

	<b>Annual Cash Budget £000's</b>	<b>Budget Target to 31/12/21 £000's</b>	<b>Actual to 31/12/21 £000's</b>	<b>Variance to 31/12/21 £000's</b>		<b>% Variance to annual budget</b>	<b>Notes</b>
<b>FINANCIAL YEAR 2021/2022</b>							
Council Tax	137,321	127,066	128,680	1,614	over	1.11%	
Non-Domestic Rates	315,747	239,442	239,469	28	-	0.0%	
Sundry Debt	113,579	113,579	118,935	5,356	over	4.3%	
<b>ARREARS</b>							
Council Tax	3,200	2,905	3,469	564	over	17.6%	
Non-Domestic Rates	6,000	5,879	6,703	824	over	13.7%	
Sundry Debt	9,447	7,747	7,714	(33)	under	-0.3%	