

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	16 November 2022
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 2022/2023 to 30 September 2022
- ◆ advise Committee of performance regarding the Business Rates Incentivisation Scheme (BRIS) for financial year 2022/2023 to 30 September 2022
- ◆ 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	£278,833.94
◆ Non-Domestic Rates	£260,624.83
◆ BID Levy	£2,309.50
◆ Sundry Debt	£11,343.86
◆ Housing Rent and associated charges	£121,232.93
◆ School Meals Debt	£67,803.78

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 2022/2023.

4.2. The annual Council Tax collection target for 2022/2023 has been set at 95.5%. Council Tax collection is currently 63.53%, ahead of target by 0.03% and ahead of comparable performance in 2021/2022 by 3.59%. Due to the Scottish Government's Cost of Living Award being allocated as an up-front cash payment at the beginning of the financial year, a comparison with the same period in 2021/2022 is not on a like-for-like basis.

- 4.3. A Non-Domestic Rates (NDR) collection target of 97.5% has been set for 2022/2023. NDR collection is currently 53.6%, ahead of target by 0.1% and ahead of comparable performance in 2021/22 by 6.7% due to two large energy companies paying their annual bills in full as opposed to paying by instalments as they have done in previous years.
- 4.4. The 2022/2023 annual target for Sundry Debt collection has been set at 98.0%. Sundry Debt collection to 30 September 2022 was 97.9%, behind target by 0.1% but ahead of comparable performance in 2021/22 by 1.0%.

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 2022/2023 arrears annual target for Council Tax has been set at £3.500 million, with collection to 30 September 2022 of £2.118 million, ahead of target by £0.018 million (0.5%) but behind comparable performance in 2021/2022 by £0.401 million.
- 5.3. The 2022/2023 arrears target for NDR has been set at £2.000 million, with collection to 30 September 2022 of £2.137 million, ahead of target by £0.291 million (14.6%) but behind comparable performance in 2021/2022 by £4.070 million.
- 5.4. The 2022/2023 arrears target for Sundry Debt has been set at £11.309 million, with collection to 30 September 2022 of £10.163 million, ahead of target by £0.008 million (0.1%) and ahead of comparable performance in 2021/2022 by 12.7%.

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. Due to the impact of Covid-19, the Scottish Government confirmed that the scheme has been suspended for both 2020/2021 and 2021/2022. Currently, there has been no update on the reinstatement of BRIS for 2022/2023. Further guidance and information is awaited from the Scottish Government.
- 6.4. Nonetheless, BRIS performance continues to be monitored closely and is reported to Committee on a quarterly basis. Buoyancy for the second quarter, to the end of September 2022, has seen an increase of 0.06%.

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 2022/2023 totals £278,833.94, 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 2020/2021 to 2022/2023 totals £260,624.83. 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 £2,309.50, 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.
 - 7.5. Following consultation and agreement with Resources, the proposed write off of Sundry Debt totals £11,343.86. Appendix 2 provides a breakdown of the proposed write-off over categories.
 - 7.6. Approval is sought for the write off of former tenant rent arrears of £100,267.62, factoring arrears of £19.60 and Housing Benefit Overpayments of £20,945.71.
 - 7.7. Approval is sought for the write off of school meal debt as outlined in the Executive Committee report dated 21 September 2022, 'Cost of Living Supports'. Debt to be written off totals £67,803.78 and covers amounts relating to P1 to P5 pupils who now receive Universal Free School Meals, amounts owing from before 2020/2021 and children that have left school.
 - 7.8. Education Resources are working with schools to review all remaining amounts owed for school meals. This exercise is being done with the utmost sensitivity and will identify further cases where the write-off of debt is deemed appropriate. These amounts will be presented to a future committee for approval to write-off.
 - 7.9. 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.
 - 11.2. There are no implications for sustainability in terms of the information contained in this report.

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)

28 October 2022

Link(s) to Council Values/Priorities/Outcomes

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

Previous References

- ◆ Finance and Corporate Resources Committee - 7 September 2022
- ◆ Executive Committee – 12 September 2022

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 30 SEPTEMBER 2022

	Annual Cash Budget £000's	Budget Target to 30/09/22 £000's	Actual to 30/09/22 £000's	Variance to 30/09/22 £000's		% Variance to annual budget	Notes
FINANCIAL YEAR 2022/2023							
Council Tax	145,154	96,516	96,564	48	over	0.03%	
Non-Domestic Rates	321,458	176,390	176,816	427	over	0.1%	
Sundry Debt	130,722	130,722	130,601	(121)	under	-0.1%	
ARREARS							
Council Tax	3,500	2,100	2,118	18	over	0.5%	
Non-Domestic Rates	2,000	1,845	2,137	291	over	14.6%	
Sundry Debt	11,309	10,155	10,163	8	over	0.1%	

**BREAKDOWN OF PROPOSED
SUNDRY DEBT WRITE-OFF**

Resource	Service	No. of Accounts	Value (£)
Finance & Corporate	Housing Benefit Overpayments	6	7,519.11
Housing & Technical	Estates (Commercial Rent)	4	3,431.01
	Housing Support Services	5	393.74
	TOTAL	15	11,343.86