

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	1 September 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 2021/2022 to 30 June 2021
- ◆ advise Committee of performance regarding the Business Rates Incentivisation Scheme (BRIS) for financial year 2021/2022 to 30 June 2021
- ◆ 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	£500,149.81
◆ Non-Domestic Rates	£438,101.33
◆ BID Levy	£6,615.40
◆ Sundry Debt	£116,269.71
◆ Housing Rent and associated charges	£329,265.52

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.
- 3.2. Collection targets for last financial year reflected the expected significant impact of the Covid-19 pandemic on household income. Council Tax Reduction (CTR) was also promoted heavily to help ensure households were aware of potential entitlement to this reduction on their charge. In addition, no statutory recovery and sheriff officer activity took place between April 2020 and July 2020 in relation to Council Tax for both the 2020/2021 financial year and arrears years.
- 3.3. For 2021/2022 increases have now been applied for both current year and arrears targets to reflect the increased levels of income expected to be collected as the impact of the pandemic recedes. Promotion of CTR will continue to ensure maximum take-up.

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 31.84%, ahead of target by 0.63% and ahead of comparable performance in 2020/2021 by 1.30%.
- 4.3. A Non-Domestic Rates (NDR) collection target of 96.0% has been set for 2021/2022. NDR collection is currently 11.4%, ahead of target by 0.2% and ahead of collection at the same point last year by 8.4%. The lower collection last year at this time was due to delayed annual billing as a result of a late change to NDR reliefs by the Scottish Government.
- 4.4. The 2021/2022 annual target for Sundry Debt collection has been set at 92.0%. Sundry Debt collection to 30 June 2021 was 96.4%, ahead of target by 4.4% but behind comparable performance in 2020/2021 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 2021/2022 arrears annual target for Council Tax has been set at £3.200 million, with collection to 30 June 2021 of £1.365 million, ahead of target by £0.014 million (0.4%) and ahead of comparable performance in 2020/2021 by £0.623 million.
- 5.3. The 2021/2022 arrears target for NDR has been set at £6.000 million, with collection to 30 June 2021 of £5.403 million, ahead of target by £0.105 million (1.7%) and ahead of comparable performance in 2020/2021 by £5.234 million. The high arrears collection is directly related to additions to the valuation roll of £5.9 million made by the Assessor in late 2021.
- 5.4. The 2021/2022 arrears target for Sundry Debt has been set at £9.447 million, with collection to 30 June 2021 of £6.000 million, behind target by £0.008 million (0.1%) but equal to comparable performance in 2020/2021.

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. The annual buoyancy targets for South Lanarkshire Council in relation to 2020/2021 and 2021/2022 have still to be confirmed by Scottish Government.
- 6.4. Buoyancy for the first quarter, to the end of June 2021, has seen an increase of 0.09%.

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 £500,149.81, 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 £438,101.33. 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 £6,615.40, 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 £116,269.71.
- 7.6. Approval is sought for the write off of former tenant rent arrears of £256,687.80, factoring arrears of £7,817.63 and Housing Benefit Overpayments of £64,760.09.
- 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. 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)

12 August 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 - 2 June 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 30 JUNE 2021

	Annual Cash Budget £000's	Budget Target to 30/06/21 £000's	Actual to 30/06/21 £000's	Variance to 30/06/21 £000's		% Variance to annual budget	Notes
FINANCIAL YEAR 2021/2022							
Council Tax	136,692	45,385	46,301	916	over	0.63%	
Non-Domestic Rates	317,234	37,011	37,600	589	over	0.2%	
Sundry Debt	107,945	107,945	113,119	5,174	over	4.4%	
ARREARS							
Council Tax	3,200	1,351	1,365	14	over	0.4%	
Non-Domestic Rates	6,000	5,298	5,403	105	over	1.7%	
Sundry Debt	9,447	6,008	6,000	(8)	under	-0.1%	