



Executive Summary of Agenda Item No. 8

Report title: Collection Fund – Estimated Council Tax and Business Rates Surplus 2016/17

Wards affected: City Wide

Strategic Director: Anna Klonowski – Interim Strategic Director Resources

Report Author: Denise Murray - Service Director - Finance

Recommendation for the Mayor's approval:

1. To note that an estimated surplus at 31 March 2017 on the Council Tax element of the Collection Fund of £4.604m be declared for 2016/17 and shared between this Council, the Police and Crime Commissioner for Avon and Somerset and the Avon Authority in proportion to their 2016/17 precepts on the Collection Fund

2. To note that an estimated surplus at 31 March 2017 on the Non-Domestic Rates (NDR) element of the Collection Fund of £13.173m be declared for 2016/17 and shared between this Council, the Secretary of State and Avon Fire Authority in proportion to current year demands (Bristol 49%, Secretary of State 50%, Avon Fire and Rescue Service 1%)

Key background / detail:

a. Purpose of report:

The Local Government Finance Act 1992(as amended) requires the Council to determine the estimated surplus or deficit on the Collection Fund in respect of Council Tax by 15 January. This will enable the presenting authorities (the Police and Crime Commissioner for Avon and Somerset and Avon Fire and Rescue) to take into account their share of any surplus before finalising their precepts for 2017/18.

Similarly, following the introduction of the Business Rates Retention Scheme from April 2013, in accordance with the Non-Domestic Rating (Rates Retention) Regulations 2013, the Council must determine the estimated surplus or deficit on the Collection Fund in respect of Business Rates prior to 31 January.

b. Key details:

1. Council Tax

- i. The forecast of the Council Tax Collection Fund Balance for the year ending 31 March 2017 is an estimated surplus of £4.604. This is comprised of an in year (16/17) estimated surplus of £3.627m and an adjustment for the previous year of £0.977m.



- ii. Since calculating the Council Tax Base for 16/17 (in October 2015), 1,899 (1,541 Band D equivalents) new residential properties have come on to the market in Bristol. In addition, the value of benefits awarded through the Council Tax Support Scheme has fallen from an estimated £39.910m to £37.000m. Conversely, in line with a growing tax base, discounts and exemptions have also increased. Student exemptions, for example, are estimated to have increased by £1m over the original budgeted for 2016/17.
- iii. The allocation of the estimated surplus to each of the major presenting authorities is summarised below

	£'000
Bristol City Council	3,945
Avon & Somerset Police and Crime Commissioner	477
Avon Fire Authority	182
	<u>4,604</u>

2. NNDR

- I. The forecast of the Non-Domestic Rates Collection Fund Balance for the year ending 31 March 2017 is an estimated surplus of £13.173m. Although there is an estimated in-year loss of £5.342m reported for 2016/17, the estimated overall surplus for distribution in 2017/18 is principally due to the volatility around Business Rates appeals. Concerns around, potentially, very large appeals during 2015/16 resulted in the assumption that, as at the end of March 2016, there would need to be a significant increase in the provision for appeals.
- II. The Council subsequently received advice which resulted in an alternative accounting treatment being applied at the end of the last financial year. The reversal of this sum back into the Collection Fund makes up the majority of the surplus as reported. The Council continues to monitor the situation
- III. The allocation of the estimated surplus to the Secretary of State and the relevant presenting authorities is summarised in the table below.

	£'000
Bristol City Council	6,455
Central Government	6,586
Avon Fire Authority	132
	<u>13,173</u>

