

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 06 December 2022

TITLE	Collection Fund Surplus/Deficit 2022/23		
Ward(s)	City Wide		
Author: Denise Murray	Job title: Director of Finance		
Cabinet lead: Cllr Craig Cheney - Cabinet member for Finance, Governance, Property and Culture	Executive Director lead: Stephen Peacock – Chief Executive		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Purpose of Report:			
<ol style="list-style-type: none"> To set the estimated Collection Fund surplus / deficit as at 31st March 2023 as required by legislation for determination by Full Council. 			
Evidence Base:			
<ol style="list-style-type: none"> 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 precepting 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 2023/24. 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 2023. Budgeted income from Council Tax and Business Rates are fixed at the start of each financial year. Any variations from this are realised through the Collection Fund and are distributed over the following two financial years (based on estimated in the following year and actuals in the subsequent year.) The Council is required by statute to maintain a Collection Fund separate from the General Fund. The Collection Fund accounts independently for: <ul style="list-style-type: none"> Income into the Fund: the Fund is credited with the amount of receipts of Council Tax and Non Domestic Rates (NDR) it collects. Payments out of the Fund: in relation to Council Tax payments that are made to the Council and the two major precepting authorities (Avon and Somerset Police and Crime Commissioner and Avon Fire and Rescue). In relation to NDR payments that are made to the Council, Avon Fire and Rescue Service and WECA. 2022/23 shows an improved position in collection fund balances, both for council tax and business rates with an overall estimated surplus at the end of the year of £5.318m, Bristol's share of which is £4.827m. This is after taking account of any surpluses brought forward and, in the case of business rates, further Government support for businesses. The main factors contributing to the improved situation for council tax is the significant reduction in claims against the Council Tax Reduction Scheme (CTRS), particularly amongst working age claimants. Following a peak during the pandemic, the working age caseload has fallen month on month, resulting in a reduction in 			

costs of £4.7m. Debt however remains high, with a reduction in CTRS claims potentially leading to an increase in arrears. A further £3.1m has been added to the bad debt provision.

6. The improved position on business rates is largely down to further relief made available by Government to support businesses affected by the pandemic. Bristol has received £13.7m of Covid-19 Additional Relief Fund (CARF). Of this £10m has been allocated to current year liabilities and £0.5m to 2021/22 debt. This has significantly reduced in-year debt resulting in a reduction in the amount required to be set aside for bad debts of £2.4m. Appeals are also not expected to be as high as last year but remain significant so a further £2m has been added to the provision.
7. Generally, the surplus or deficit on the collection fund is carried forward and distributed in the following financial year. However, in 2020/21 the government allowed any in-year deficits relating to 2020/21 to be phased over the following three years, reducing the impact on 2021/22 budgets. The final proportion of this deficit has been charged into the collection fund for 2022/23.

Cabinet Member / Officer Recommendations:

1. That Cabinet approve the report and calculations as set out in this report and refer to Full Council for approval.

Corporate Strategy alignment: Managing our local tax income well is aligned to the being an effective development organisation. By having good governance and sound financial management of our tax income ensures we deliver good value for money and maximises resources available to deliver all other corporate strategy objectives.

City Benefits: Setting the Collection Fund Estimate is a legislative requirement. Council Tax and Business Rates provides the largest proportion of income to the Council to provide all services. There are various exemptions, discounts, and reductions available to ensure those who aren't able to pay receive the help they need. .

Consultation Details: N/A

Background Documents: N/A

Revenue Cost	N/A	Source of Revenue Funding	General Fund
Capital Cost	£ Nil	Source of Capital Funding	N/A
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input checked="" type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: The total estimated surplus on the Collection Fund for 2022/23, including any brought forward balances is £5.318m. The Bristol share of this surplus, after adjustments and the application of government relief credited to the general fund in 2023/24, is £4.827m. This is an improved position on collection fund assumptions made in the recently published MTFP, which assumed an overall deficit of £3.469m.

Finance Business Partner Tony Whitlock 2/11/22

2. Legal Advice: This report enables the Council to comply with the requirements of the Local Government Finance Act 1992(as amended), to determine the estimated surplus or deficit on the Collection Fund in respect of Council Tax prior to 15 January. This is so that the precepting authorities (the Police and Crime Commissioner for Avon and Somerset and Avon Fire and Rescue) can take into account their share of any surplus before finalising their precepts for 2023/24.

The report also enables the Council to comply with the requirements of the Non-Domestic Rating (Rates Retention) Regulations 2013, to determine the estimated surplus or deficit on the Collection Fund in respect of Business Rates prior to 31 January.

Legal Team Leader: Husinara Jones – Solicitor/Team Manager 10/11/22		
3. Implications on IT: No IT Implications		
IT Team Leader: Gavin Arbuckle – Head of Improvement and Performance 10/11/22		
4. HR Advice No HR Implications		
HR Partner: James Brereton – Head of HR 10/11/22		
EDM Sign-off	Denise Murray – Director of Finance	9 November 2022
Cabinet Member sign-off	Cllr Craig Cheney	21 November 2022
For Key Decisions - Mayor's Office sign-off	Mayor's Office	7 November 2022

Appendix A – Further essential background / detail on the proposal	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	NO
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	No
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO