1. 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 factor in their share of any surplus or deficit before finalising their precepts for 2024/25.

2. 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.

3. 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 will now be distributed in the following two financial years. The Council is required by statute to maintain a Collection Fund separate from the General Fund. The Collection Fund accounts independently for:

- 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.

2023/24 estimated surplus for Council Tax

4. For the year ending 31 March 2024 we are forecasting a surplus of £746k for the council tax element of the Collection Fund. After taking account of balances brought forward in the collection fund, this is increased to a surplus of £835k. This surplus will be distributed in 2024/25.

Composition of Council Tax surplus 2023/24

5. The table below details the major elements making up the in-year element of the council tax surplus in 2023/24.

	£m
Increase in the number of exemptions	2.4
Increase in the number of discounts	1.6
Reduction in CTRS claims	(1.4)
Reduction in the allowance for the impairment of debts (net of the budgeted allowance of £16m)	(3.1)
Changes in Liability	(0.2)
Total in-year surplus	**(0.7)**

Details are set out below**.**

Council Tax Reduction Scheme

6. Bristol is one of the few local authorities that implements a fully funded Local Council Tax Reduction scheme (CTRS). Over the last couple of years, the number of working age claimants have continued to drop on a month-by-month basis. Pensioner claimants have also continued to fall but at a much lower rate, almost plateauing in 2023/24.

Table 1 below shows the number of pensioner and working age claimants as at the beginning of October for each of the last five years. This on-going reduction in claimants results in an estimated saving of £1.4m in 2023/24.

Table 1

Year	2019	2020	2021	2022	2023
Working Age	23,506	25,144	25,211	23,399	22,430
Pensioners	11,239	10,755	10,436	10,166	10,003
Total	34,745	35,899	35,647	33,565	32,433
Percentage increase (reduction)		3.3	(0.7)	(5.8)	(3.4)

7. The Council has also made additional awards for cost-of-living support, fully funded by the Government. As at the beginning of October 11,279 households had received additional support totalling £767k. A total of £885k is available for distribution.

Exemptions

8. There has been a significant increase in the provision for student accommodation during 2023/24, resulting in an increase in student exemptions over that budgeted of £2.4m. Part of this increase is in the way the Valuation Office Agency (VOA) have

valued 'cluster flats'. This is where there are several units within one property that share a kitchen – these would previously have been valued as one higher band dwelling, but each unit is now being individually assessed in a lower band. Examples include accommodation at Upper Byron Place and Print Hall 2. Table 2 below shows the number of students registered for an exemption as at 1 April each year with a projection to the end of March 2024. Class M are halls of residence. Class N are student households.

Table 2

Year	2019	2020	2021	2022	2023	2024 Est
Class M Exemptions	1,152	1,242	1,825	1,895	2,518	3,000
Class N exemptions	7,059	7,657	7,199	7,024	7,523	7,550
Total	8,211	8,899	9,024	8,919	10,041	10,550
Percentage increase/(reduction)		8.4	1.4	(1.2)	12.6	5.0

Discounts

9. There is a net increase of around £1.6m in discounts forecast for year-end. predominantly from an increase in Single Person Discount (SPD). In the past, the Council has undertaken a review of SPD every two years; however, the last review was undertaken before the pandemic. Regular National Fraud Initiative data matches identify potential multiple occupants in properties claiming single person discount, which the council tax team follow up on, helping to ensure that the Council Tax Base properly reflects entitlements to this discount. The annual National Fraud Office review is now being carried out for 2023/24 and is expected to identify further reductions but trends suggest these are likely to be balanced by a further general increase in legitimate applications for single person discount.

Losses on Collection and contribution to the provision for the impairment of debts

10. Current in-year collection rate for council tax is estimated to be 94%, in line with the budget. However, as recovery action continues there has been a significant improvement in arrears collection, resulting in a reduction of £3.1m against the budgeted contribution towards the bad debt provision of £16m. The annual allowance for the provision of debt under three years old, has also been revised downwards to pre pandemic levels.

11. Only after full investigations have been completed will debt be recommended for write-off if deemed uncollectable in the longer term. Debt written off during

2023/24 is largely due to citizens who have moved away from Bristol, and despite extensive investigation, we are unable to trace them.

12. Calculation of the council tax debt impairment provision

Year	Arrears	Percentage Provided	Provision
	£'000		£'000
To 14/15	208	100%	208
2015/16	255	100%	255
2016/17	547	100%	547
2017/18	957	100%	957
2018/19	1,510	100%	1,510
2019/20	3,072	100%	3,072
2020/21	5,703	100%	5,703
2021/22	9,995	80%	7,996
2022/23	14,572	65%	9,472
2023/24	10,284	45%	4,628
Write off c	(2,013)	100%	(2,013)
Total	**45,091**		**32,335**
Provision opening balance 1.4.23			24,473
Written off in year			(5,000)
Total remaining in provision			19,473
Required as above			32,335
Additional required to top up provision			**12,862**
Budgeted Provision for 2023/24			(16,004)
Reduction in budgeted requirement 31.3.24			**(3,142)**

Distribution of the Council Tax Surplus

13. The estimated surplus is distributed to the major precepting authorities in proportion to the current year's demands and precepts on the Collection Fund. A detailed determination of the estimated Council Tax Collection Fund surplus for 2023/24 is shown in Appendix A. The allocation of the estimated surplus to each of the major precepting authorities, is summarised below:

Council Tax	2023/24 £'000
23/24 (Surplus)/Deficit	(746)
(Surplus)/Deficit brought forward	(89)
Total (Surplus)/Deficit C/fwd	(835)
Apportionment of Surplus	
Bristol City Council	(712)
Police and Crime Commissioner for Avon & Somerset	(94)
Avon Fire Authority	(29)
	(835)

2023/24 Estimated Surplus for Non-Domestic Rates (NDR)

14. Since 2017/18 Bristol has been piloting 100% retention of business rates. Only authorities with signed devolution deals were eligible to participate in a pilot: the pilot for the West of England (WoE) therefore includes Bath & North East Somerset Council (B&NES), Bristol City Council (BCC), South Gloucestershire Council (SGC) and the West of England Combined Authority (WECA). The 100% pilot gives the WoE the opportunity to retain 100% of any business rates growth.

Composition of the Business Rates in-year deficit for 2023/24

15. The table below details the major elements making up the business rates in-year deficit for 2023/24.

	£m
Adjustments to the net liability	3.4
Increased income into business rates pool	4.5
Reduction in the allowance for the impairment of debts (net of the budgeted allowance of £5m)	(5.6)
Total in -year (Surplus)/Deficit	**2.3**

16. The net reduction in in-year liability is the result of the very late revaluation of industrial units by the VOA, between completion of NNDR1 and billing. The increase in business rates attributable to the pool of £4.5m is as the result of the in-year valuation of a large recycling centre. The recycling centre has been in existence for a number of years, but only recently rated by the VOA. Of the sum, £3.75m is a

backdated payment, the balance in-year. Of the £4.5m BCC will receive a 49% share.

17. Any estimated surplus/deficit is distributed in accordance with the 100% Business Rates Retention Pilot Agreement between the West of England authorities, so 94% Bristol City Council, 5% WECA and 1% Avon Fire and Rescue. Provision has also been made within the collection fund for an outstanding historic payment due to the Government. This provision does not impact on our preceptors.

18. The detailed determination of the estimated NDR Collection Fund Deficit for 2023/24 is shown in Appendix B and the allocation of the estimated deficit to the relevant precepting authorities is summarised in the table below.

Business Rates	2023/24 £'000
2023/24 (Surplus)/Deficit	2,295
(Surplus)/Deficit brought forward	2,250
Total (Surplus)/Deficit C/fwd	4,545
Apportionment of Deficit	
Bristol City Council	5,240
West of England Combined Authority	279
Avon Fire Authority	56
Central Government	(1,030)
	4,545

19. The business rates income which each billing authority collects is determined by reference to local rating lists maintained by the Valuation Office Agency. These lists are subject to variation between revaluations because of physical changes (either to the property or the locality) and appeals. The amount of business rates income collected by billing authorities therefore varies year on year. The main factors affecting this year's business rates income are outlined below.

Losses on Collection and contribution to the provision for the impairment of debts

20. The current in-year collection rate for business rates is broadly on target at 96.5% by year-end. However, as businesses recover from the impact of the pandemic and recovery action continues there has been a significant improvement in arrears collection, resulting in a reduction of £5.6m against the budgeted contribution towards the bad debt provision of £5m, effectively enabling the provision to be

significantly reduced. The annual allowance for the provision of debt under three years old, has also been revised downwards to pre pandemic levels.

Year	Arrears	Percentage Provided	Provision
	£'000		£'000
To 14/15	49	100%	49
2015/16	41	100%	41
2016/17	85	100%	85
2017/18	454	100%	454
2018/19	752	100%	752
2019/20	1,216	100%	1,216
2020/21	1,777	85%	1,510
2021/22	3,682	60%	2,209
2022/23	1,671	55%	919
2023/24	8,800	40%	3,520
Write off debt	(2,500)	100%	(2,500)
Total	**16,026**		**8,255**

Provision opening balance 1.4.23	13,313
Written off in year	(4,481)
Total remaining in provision	8,832
Required as above	8,255
Additional required to top up provision	**(577)**
Budgeted Provision for 2023/24	(5,003)
Reduction in budgeted requirement 31.3.24	**(5,580)**

Business Rates Appeals

21. The Council is required to provide for potential appeals from its business rates income. Calculations for the provision are based upon the Valuation Office Agency 'Settled and Outstanding" proposals at end March reports. These reports show all appeals that have been lodged for each authority against the 2010, 2017 and 2023 lists. This includes those which were agreed, dismissed, withdrawn or are still outstanding. The 2010 and 2017 lists are closed, so new appeals can be lodged against these. This list is analysed into "types" of appeal. The average success rate and the percentage reduction in rateable value for those appeals which were successful is considered

along with the potential for the backdating of any appeals decisions and the estimated annual cost was then adjusted by the ratings multiplier for the relevant year. Local intelligence is used alongside statistical modelling to inform decision making.

22. As at the end of 2022/23 the appeals provision stood at £26.0m, including the preceptors share. As this is a significant amount this provision is reviewed against valuation lists on a quarterly basis and is compared to that of both our nearest neighbours and similar sized authorities nationally. The Government recommends that 3.7% of net rates should be set aside in the provision to cover potential, and yet unknown, appeals relating to the 2023 list. This amounts to an annual sum of £8.2m.

23. Activity for the first six months of 2023/24 seems have slowed to a degree with successful appeals amounting to £2.8m by the end of September. This is expected to reach £6.6m by the end of the year. This will be further reviewed at year-end, when the provision will be adjusted as required. The impact on the provision is shown in the table below.

Appeals Provision	**£m**
Opening balance 1 April 2023	26.0
Budgeted increase to the provision	8.2
Appeals to 1 October 2023	(2.8)
Additional to 31 March 2024	(3.8)
Balance as at 31 March 2024	**27.6**

Bristol's share of the total surplus on the collection Fund for 2023/24

24. Bristol City Council's share of the total deficit on the collection fund, debited in 2024/25 is as follows. This can be met from additional, unbudgeted, business rates income carried forward into 2024/25.

	2023/24 £m
Council Tax	(712)
Business Rates	5,240
Total	4,528

Risk Assessment

There are risks associated with estimating the amount of Council Tax and Business Rates collected during the year. These include,

- The volatility of business rates appeals. Once settled the Council may have to settle several years business rates from a single year's income. This is a significant financial risk as the Council is now required to fund 94% of any award. Furthermore, the Government have yet to set out clear proposals as to how the appeals process will be dealt with going forward.

- Changes to the rateable values of very large business properties such as power stations, hospitals and large office blocks can have a material effect on business rate collection.

- Business Properties switching between rating lists. This can include large cross boundary properties switching from one list to another or joining the central list.

- Difficulty in estimating Council Tax discounts and exemptions, including the take-up of the Council Tax Support Scheme.

- Cost of Living crisis on employment and businesses on collection rates and Council Tax Reduction Scheme.

Appendices:
Appendix I – Estimated Council Tax Collection Fund Account 2023/24
Appendix II – Estimated Non-Domestic Rates Collection Fund Account 2023/24
LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers: Working papers held in Corporate Finance

APPENDIX 1

2019/20 Actual	2021/22 Actual	ESTIMATED COUNCIL TAX COLLECTION FUND ACCOUNT	2022/23 Estimate as per Surplus/Deficit Report	2022/23 Actual	2023/24 Estimated Outturn	
£'000	£'000		£'000	£'000	£'000	
		Income				
(255,560)	(283,272)	Council Tax Income (in year liability)	(298,290)	(295,969)	(317,678)	
		Expenditure				
		Precepts				
214,730	236,197	Bristol City Council	243,198	243,198	258,801	
27,662	30,862	Police	32,133	32,133	34,514	
9,510	9,779	Fire	9,971	9,971	10,755	
		Bad and Doubtful Debts				
5,347	12,942	Losses on Collection	11,950	9,540	12,862	
257,249	**289,780**	**Total Expenditure**	**297,252**	**294,842**	**316,932**	
1,689	**6,508**	**(Surplus)/Deficit for the year**	**(1,038)**	**(1,127)**	**(746)**	
(2,192)	5,321	Accumulated surplus/deficit Bfwd (Actual)	8,841	8,841	(2,049)	
2,198	(2,988)	Distribution of prior years estimated surplus/deficit	(9,763)	(9,763)	1,960	
1,689	6,508	(Surplus)/Deficit for the year	(1,038)	(1,127)	(746)	
1,695	**8,841**		**(1,960)**	**(2,049)**	**(835)**	
`			BCC	Police	Avon Fire	Total
		In year(surplus)/deficit	(636)	(84)	(26)	(746)
		Residual prior-year (surplus)/deficit	(76)	(10)	(3)	(89)
		Total Estimated (Surplus)/Deficit at the end of 23/24 for distribution in 24/25	**(712)**	**(94)**	**(29)**	**(835)**

APPENDIX 11

NNDR COLLECTION FUND ACCOUNT							
2020/21	**2021/22**		**2022/23**	**2022/23**	**2023/24**		
Actual	**Actual**		**Estimated Outturn as per surplus/deficit report**	**Actual**	**Estimated Outturn**		
£'000			**£'000**	**£'000**	**£'000**		
		Income					
(137,951)	**(181,924)**	**Business rates income**	**(204,951)**	**(209,903)**	**(220,245)**		
3,254	**3,743**	**Transitional Surcharge**	**0**	**872**	**(20,482)**		
		Payments to Preceptors					
197,854	197,436	Bristol City Council	182,167	182,167	206,185		
2,105	2,100	Avon Fire	1,938	1,938	2,193		
10,524	10,502	WECA	9,690	9,690	10,967		
4,716	5,657	Disregarded amounts & Renewable Energy	6,979	8,124	15,368		
702	698	Cost of collection allowance	718	695	695		
		Bad and Doubtful debts					
7,200	8,698	Losses on in-year collection	3,018	(2,087)	(577)		
		Appeals losses and provision					
(2,056)	(341)	Increase/(decrease) in appeals provision	12,178	10,178	8,191		
221,045	**224,750**	**Total Expenditure**	**216,688**	**210,705**	**243,022**		
86,348	**46,569**	**(Surplus)/Deficit for the year**	**11,737**	**1,674**	**2,295**		
		Accumulated (surplus)/deficit					
(314)	84,253	Accumulated (surplus)/deficit BFwd (Actual)	40,454	40,454	(1,108)		
(1,780)	(90,368)	Distribution of prior year estimated surplus/deficit	(46,197)	(43,236)	3,358		
86,348	46,569	(Surplus)/deficit for the year	11,737	1,674	2,295		
84,254	**40,454**		**5,994**	**(1,108)**	**4,545**		
			2023/24	**2023/24**	**2023/24**		
			BCC	WECA	Avon Fire	DLUHC	Total
		Distribution to DLUHC				(1,030)	(1,030)
		Accumulated (surplus)/deficit BFwd (Estimated)	(73)	(4)	(1)		(78)
		Distribution of prior year Actual s(urplus)/deficit	3,157	168	34		3,358
			3,083	164	33	(1,030)	2,250
		Current year (surplus)/deficit	2,157	115	23		2,295
		Total Estimated (Surplus)/Deficit for distribution in 24/25	**5,241**	**279**	**56**	**(1,030)**	**4,545**