

AGENDA ITEM 7

Policy Committee – 17th January 2017

COLLECTION FUND NATIONAL NON-DOMESTIC RATES SURPLUS/DEFICIT 2016/17



Report of Strategic Manager – Financial Services (s151 Officer)

Lead Member – Finance: Councillor Mulligan

Ward(s) affected: All

1. **Purpose of Report**

- 1.1 To declare the estimated National Non-Domestic Rates (NNDR) surplus / (deficit) on the Collection Fund for 2016/17.

2. **Recommendations**

- 2.1 Declare an estimated deficit of £1,209k on the Council's Collection Fund at 31st March 2017 relating to NNDR transactions.

3. **Background Information**

- 3.1 The Collection Fund records the amount of income collected from NNDR, together with payments on account to central Government, the County Council and Fire and Rescue Authorities and this Authority. The Council is required to declare an estimate of the surplus or deficit that is likely to occur on the Collection Fund at the end of each year in January of that year.
- 3.2 Under the rates retention scheme, which came into effect on 1 April 2013, local authorities are able to keep a proportion of the business rates that they collect. As a result, authorities now have a direct financial interest in the rates retention system and an incentive to work with their business community to grow local economies.
- 3.3 Any surplus or deficit relating to NNDR is shared between Central Government, the County Council, the Fire and Rescue Authority and this Council in prescribed proportions under the Non-Domestic Rating (Rates Retention) Regulations 2013.
- 3.4 Any surplus or deficit may occur in the Collection Fund if the amounts billed or collection rates are higher or lower than the estimate set at the start of the

year on the NNDR1 return.

4. Estimated Deficit for 2016/17

4.1 The amount calculated as the deficit on the NNDR Collection Fund for 2016/17 is £1,209k.

4.2 This amount has to be shared by the precepting authorities as follows:

• North Yorkshire County Council	£108,800
• Central Government	£604,500
• North Yorkshire Fire and Rescue Authority	£12,100
• Craven District Council	£483,600

4.3 This Council must take the £483,600 into account when it sets its element of the Council Tax for 2017/18.

4.4 It is not unusual for a variance to be estimated on a collection fund. The ideal situation is for it to break even year on year, but when dealing with figures in excess of £22m a surplus / (deficit) could occur.

4.5 Surplus/Deficits can occur as a result of differences between actual results and estimates made when predicting the cashflows in the NNDR1 form some 12 months ago. These differences include movements in the provision for appeals and for bad debts, businesses closing and no one taking them over and the collection rate.

4.6 Over recent years the NNDR Collection Fund had an estimated surplus/deficit as follows:

£1,209k deficit year-ended 31 March 2017

£910k deficit year-ended 31 March 2016

£2,400k deficit year-ended 31 March 2015

Break-even position for year-ended 31 March 2014 (first year under current system).

A trend is difficult to predict as the factors affecting rates payable are outside the Council's control.

5. Implications

5.1 Financial and Value for Money Implications

The Council has to take account of its proportion of the estimated surplus / (deficit) in setting the Council Tax for 2017/18.

5.2 Legal implications

The calculation of the apportionment of the surplus or deficit is prescribed under the Non-Domestic Rating (Rates Retention) Regulations 2013.

5.3 Contribution to Council Priorities

The surplus/deficit may impact on the funds available for the Council in setting a balanced budget.

5.4 **Risk Management**

Failure to achieve a balanced budget in the financial year would have had serious consequences for the Council.

5.5 **Equality Impact Assessment**

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

6. **Consultations with Others**

None

7. **Access to Information : Background Documents**

Working papers held in financial services

8. **Author of the Report**

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