

10. NOTES TO THE COLLECTION FUND

General

The Council has a statutory requirement as a billing authority to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund is to separately identify the income and expenditure relating to Council Tax and Non Domestic Rates (NDR).

Collection Fund surpluses or deficits are declared by the billing authority in relation to Council Tax and are apportioned to the relevant precepting bodies in the subsequent financial year. Wokingham's precepting bodies for Council Tax are the Police and Crime Commissioner for Thames Valley and the Royal Berkshire Fire and Rescue Authority.

NDR surpluses or deficits declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions.

The Code of Practice requires the Collection Fund Income and Expenditure account to be included in the Council's accounts, and the Collection Fund balance sheet is incorporated into the Council's consolidated balance sheet.

Council Tax

Council tax is charged according to the value of residential properties, which are classified into 9 valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

NOTE 1 INCOME COLLECTABLE FROM BUSINESS RATE PAYERS

The total non-domestic rateable value at 31 March 2017 was £141,075,496 (at 31 March 2016 £140,222,124).

The national non-domestic rate multiplier for 2016/17 was 49.7p (for 2015/16 49.3p).

NOTE 2 CALCULATION OF THE COUNCIL TAX BASE

The Council Tax base for 2016/17 was 66,001.4 band D equivalent properties (65,157.2 in 2015/16). The tax base for 2016/17 was approved at a Special Council Executive meeting on 28 January 2016 and was calculated as set out in the table below. The Council Tax Reduction Scheme must be approved each year, was approved by the Special Council Executive on 28 January 2016.

Band	Chargeable Dwellings	Ratio	Band D Equivalent Dwellings	Band D Equivalent Dwellings
	2016/17		2015/16	2016/17
A	1,500	6/9	1,028	1,000
B	2,891	7/9	2,322	2,248
C	8,800	8/9	7,704	7,822
D	16,549	1	16,432	16,549
E	13,850	11/9	16,800	16,927
F	9,211	13/9	13,108	13,304
G	5,839	15/9	9,598	9,732
H	441	18/9	856	883
Total			67,848	68,465
Net effect of premiums and discounts			(2,691)	(2,464)
Council Tax Base			65,157	66,001

NOTE 3 COLLECTION FUND SURPLUS / (DEFICIT)

	2014/15	Council Tax	Business Rates	2015/16	Council Tax	Business Rates	2016/17
	Total £,000	£,000	£,000	Total £,000	£,000	£,000	Total £,000
Wokingham Borough Council	1,210	124	1,797	3,131	665	141	3,937
Central Government	(71)	0	1,833	1762	0	144	1,906
Police and Crime Commissioner for Thames Valley	164	20	0	184	82	0	266
Royal Berkshire Fire Authority	62	6	36	104	30	3	136
Total	1,365	150	3,666	5,181	777	288	6,246

Income from Business Ratepayers

Each Council which is a billing authority collects Non Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by the business rates multiplier set nationally by Central Government.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities which do not achieve their targeted baseline funding. Wokingham is a tariff authority and has paid Central Government the amount of £13.786m in 2016/17 as assessed in the baseline, and set out in note 10 to the main accounts.

The Business Rates Retention Scheme requires local authorities to pay a levy to Central Government if business areas collected exceeds the baseline. Wokingham's retained business rates income in 2016/17 was above the baseline by £0.852m. The Council will have to pay a levy to central Government for 2016/17 of £0.426m.

A 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of business rates income should business rate income decline. Wokingham's safety net figure was £11.954m in 2016/17, which was significantly below the actual retained income of £13.775m. The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and Small Business Rate Relief not allowed for when the safety net was set. Since the Council's retained business rates income in 2016/17 exceeded the safety net threshold, the Council did not qualify for a safety net payment for 2016/17.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March each year. Authorities are required to make a provision for these amounts in proportion to the precepting shares. The total provision charged to the Collection Fund at 31 March 2017 has been calculated at £4.857m, of which Wokingham's 49% share is £2.380k. This is an increase on the total provision of £1.250m at 31 March 2016 (of which Wokingham's share was £613k) and is due to a higher estimate of repayment relating to each appealed property.

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