

NOTES TO THE COLLECTION FUND ACCOUNT

1. Council Tax Balance and Transactions at Year End

For the purpose of the Balance Sheet, it is considered that this Authority acts as an agent, collecting Council Tax on behalf of the major preceptors and itself. Council Tax transactions and balances are therefore allocated between this authority and the other major preceptors.

Shown below are the allocations to all preceptors as at 31st March 2016.

						Balance	Balance
		Bad Debt	Over & Pre	(Surplus)		Payable	2015/16
	Arrears	Provision	payments	/Deficit			
Authority	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Leicestershire County Council	818	(277)	(309)	(168)	(64)	28	
Leicestershire Police Authority	133	(45)	(50)	(28)	(10)	4	
Combined Fire Authority	45	(15)	(17)	(9)	(4)	1	
Total Other Major Preceptors	996	(337)	(376)	(205)	(78)	33	
Oadby & Wigston Borough Council	150	(51)	(57)	(32)	(10)	6	
Total All Preceptors	1,146	(388)	(433)	(237)	(88)	39	

2. Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A-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).

The Council Tax base for 2015/16 has increased to 16,698.90 (16,461.76 in 2014/15).

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Band	Estimated No. of Taxable Properties after Effect of Discounts	Ratio	No. of Band D Equivalent Dwellings
Z	7.87	5/9	4.37
A	2,429.34	6/9	1,619.56
B	4,676.62	7/9	3,637.37
C	5,967.96	8/9	5,304.85
D	2,686.13	9/9	2,686.13
E	1,704.26	11/9	2,082.98
F	451.41	13/9	652.04
G	412.13	15/9	686.88
H	61.50	18/9	123.00
Total	18,397.22		16,797.18
Add Adjustment**			155.96
Deduct Allowance for Losses in Collection			(254.24)
Council Tax Base			16,698.90

** Adjustment

The adjustment relates to anticipated changes during the year for successful appeals against valuation bandings, new properties, demolitions, disabled persons relief, exempt properties, and crown contributions.

3. Income from Business Ratepayers

In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of Oadby and Wigston the local share is 40%. The remainder is distributed to preceptors and in the case of Oadby and Wigston these are Central Government 50%, Leicestershire County Council (LCC) 9% and 1% to the Leicester, Leicestershire and Rutland Combined Fire Authority (CFA).

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 who do not achieve their targeted baseline funding. In this respect Oadby and Wigston paid a tariff in 2015/16 to the value of £3,511,905 (£3,446,057 in 2014/15) (see Note 9, Notes to the Core Financial Statements).

In addition to the top up, 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. For Oadby and Wigston the value of safety net figure is £1,294,813 (£1,270,535 in 2014/15). 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

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payments, the cost of collection and the revision to Small Business Rate Relief (announced in the Autumn Statement 2014) not allowed for when the safety net was set.

A further Safety Net or Levy system acts to ensure that any local authority is protected from a net localised business rate yield of less than 92.5% of its Baseline Funding. A Safety Net grant is paid if the authority's yield falls below this with a Levy being imposed if it is greater. In 2015/16 The Council was in a Levy position of £20,012 (Safety Net of £83,246 for 2014/15).

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 2016. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2015/16 has been calculated at £1,426,941 (£815,096 in 2014/15).

The total non-domestic rateable value at 31 March 2016 was £31,455,888 (£31,302,069 31 March 2015). The national non-domestic multipliers for the year were:

Full 0.493 (0.482 for 2014/15)
 Small Business 0.480 (0.471 for 2014/15)

Shown below are the allocations to all preceptors as at 31 March 2016.

						Balance	Balance
			Bad Debt	Over & Pre	(Surplus)	Payable	2015/16
	Arrears	Provision	payments	/Deficit			
Authority	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Central Government	472	(872)	(167)	341	226	(17)	
Leicestershire County Council	85	(157)	(30)	61	41	(3)	
Combined Fire Authority	10	(18)	(4)	7	5	0	
Total Other Major Preceptors	567	(1,047)	(201)	409	272	(20)	
Oadby & Wigston Borough Council	377	(698)	(134)	273	182	(216)	
Total All Preceptors	944	(1,745)	(335)	682	454	(236)	

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4. Precepts and Demands

2014/15				2015/16		
Business Rates £000's	Council Tax £000's	Total £000's		Business Rates £000's	Council Tax £000's	Total £000's
1,052	17,499	18,551	Leicestershire County Council	1,065	18,104	19,169
0	2,905	2,905	Leicestershire Police Authority	0	3,006	3,006
117	976	1,093	Combined Fire Authority	118	1,009	1,127
5,846	0	5,846	Central Government	5,913	0	5,913
4,677	3,335	8,012	Oadby and Wigston Borough Council	4,730	3,383	8,113
11,692	24,715	36,407	Total	11,826	25,502	37,328