

**DRAFT RESOLUTIONS****Revenue Report:**

1. Members consider the views of the Overview and Scrutiny Commission set out in a separate report on the agenda (Item 5), and approve the proposed budget for 2014/15 set out in Appendix 7 of the revenue report, together with the proposed Council Tax levy in 2014/15.
2. That it be noted that at its meeting on 9 December 2013 the Council calculated its **Council Tax Base for the year as 68,087.4** in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012(SI 2012: 2914).
3. That it be noted that the Council calculated the **Wimbledon and Putney Commons Conservators (WPCC) Tax Base for the year as 10,708.8** in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.
4. That the Council agrees 4(a) - 4(i) below, which are calculated in accordance with Section 31A to 49B of the Localism Act 2011, amending Section 32 of the Local Government Finance Act 1992.
  - a) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) (a) to (f) of the Act

	<b>£m</b>
Gross Revenue Expenditure of Service Committees	505.240
Corporate Provisions	17.185
Amounts Payable to the Levying Bodies	0.938
Contribution to Financial Reserves	0
<b>Gross Expenditure</b>	<b>523.363</b>

- b) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act

	<b>£m</b>
<b>Gross Income</b>	<b>448.020</b>

NB: The final analysis of gross expenditure and income may vary from the figures shown above as a result of some minor changes in allocations e.g. overheads

- c) being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31(4) of the Act, as its Council Tax Requirement for the year

	<b>£m</b>
Council Tax Requirement for the Council's own purposes for 2014/15 (including special expenses re WPCC)	<b>75.343</b>

d) being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of revenue support grant, and baseline funding (NNDR) to constitute the Council's formula grant

	<b>£m</b>
Revenue Support Grant	<b>39.738</b>
Baseline funding NNDR & Section 31 Grant	<b>34.371</b>
Formula Grant	<b>74.109</b>

e) being the amount at 4(c) above, divided by the amount for Council Tax Base at 2 above, calculated by the Council above, in accordance with Section 31B of the Act as the basic amount of its Council Tax for the year (including special items (WPCC)).

	<b>£</b>
<b>Merton's General Band D Council Tax Levy (including properties within Wimbledon and Putney Commons Conservators area)</b>	<b>1,106.56</b>

f) being the aggregate amount of all special items referred to in Section 34(1) of the Act

	<b>£</b>
<b>Wimbledon and Putney Commons Conservators Special Levy</b>	<b>293,184</b>

g) being the amount at 4(e) above, less the result given by dividing the amount at 4(f) above by the amount of the WPCC Council Tax Base at 2 above in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items (WPCC special levy) relates.

	<b>£</b>
<b>Merton's General Band D Council Tax Levy (excluding WPCC)</b>	<b>1,102.26</b>

h) being the amounts given by adding to the amount at 4(g) above, the amounts of the special item or items relating to dwellings in the area of Wimbledon and Putney Commons Conservators (WPCC) mentioned above at 4(f) divided by the amount at 3 above, calculated in

accordance with Section 34(1) of the Act, as the basic amounts of its Council Tax for the year for dwellings in the area of WPCC.

	<b>£</b>
<b>Wimbledon and Putney Commons Conservators Band D</b>	<b>1,129.64</b>

- i) being the amounts given by multiplying the amounts at 4(g) and 4(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 30 and 36 of the Local Government Finance Act 1992, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Part of the Councils Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
	734.84	857.31	979.79	1,102.26	1,347.21	1,592.15	1,837.10	2,204.52
Parts inc. WPCC	753.09	878.61	1,004.12	1,129.64	1,380.67	1,631.70	1,882.73	2,259.28

5. To note that the Greater London Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below, and that the Council agrees the Council Tax levy for 2012/13 by taking the aggregate of 4(i) above and the Greater London Authority precept.

Precepting Authority	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
G L A	199.33	232.56	265.78	299.00	365.44	431.89	498.33	598.00

For information purposes this would result in the following Council Tax Levy for Merton residents:-

Part of the Council's Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
	934.17	1,089.87	1,245.56	1,401.26	1,712.65	2,024.04	2,335.43	2,802.52
Parts inc. WPCC	952.43	1,111.16	1,269.90	1,428.64	1,746.12	2,063.59	2,381.07	2,857.28

## Local Government Finance Settlement 2014-15

The provisional 2014-15 and 'illustrative' 2015-16 Local Government Finance Settlement was announced on 18 December 2014. The final Settlement was announced on 5 February 2014 with little change to the provisional figures. The settlement outlines core funding allocations (Settlement Funding Assessments) for local authorities and sets out the impact on local authority "revenue spending power", as defined by Government, for 2014-15 and 2015-16.

### Local Government Control total and Settlement Funding Assessment (SFA)

Settlement funding assessment (SFA) is the term that replaces "Start-up funding assessment" which was used in the 2013-14 LGF Settlement. It comprises revenue support grant and the local share of business rates.

Government has confirmed the local government control total (Settlement Funding Assessment) to be £23.8bn in 2014-15). This comprises £12.7bn of Revenue Support Grant (RSG) and £11.1bn of Baseline Funding (i.e. the amount assumed to be retained locally under the business rates retention scheme).

These figures are different from those used during the summer consultation on the scheme.

Primarily, this is due to the following policy decisions:

- **Capitalisation:** Due to lower than expected demand from local authorities, the Government has decided to remove the holdback of £100 million in 2014-15. £50 million of this will be used to fund an increase in the safety net, £10 million will be used to fund the Efficiency Support Grant, £10 million will fund a new grant for rural areas and £28 million will be returned to local authorities as part of the control total.
- **New Homes Bonus Topslice:** Previously, it was proposed that there would be a holdback of £800 million in 2014-15, but based on the latest grant projections, the holdback has been reduced by £100 million with a corresponding increase in the control total.
- **Capping the small business multiplier:** The recent Autumn Statement announced that the small business rates multiplier would be capped at 2% rather than increase by September RPI (3.2%) as in previous years. The result of this policy is that top up, tariffs and baseline funding will only increase by the 2% cap with a subsequent lowering of the Settlement Funding Assessment (SFA). A separate S31 grant will be established to ensure this does not impact on the overall level of funding for local government.

### Settlement Funding Assessment

Each authority will receive a Settlement Funding Assessment (SFA), which combines formula funding and a number of rolled-in grants. In England, overall Settlement Funding Assessment (core funding) for England is £23.8 billion in 2014-15 and £20.7 billion in 2015-16. This represents an overall reduction of £5.6 billion (21%) from 2013-14 based on the adjusted 2013-14 baseline. In London, boroughs will receive £4.4 billion in 2014-15 and £3.7 billion in 2015-16 in core funding. For London, this is an overall reduction of £1.1 billion from 2013-14.

In 2014-15, London boroughs will receive this funding through Revenue Support Grant (£2.4 billion or 55%) and locally retained business rates (£2.0 billion or 45%).

London boroughs have seen an overall reduction in SFA of £504m or 10.4% in 2014-15. This is split between an increase of £38m or 1.9% in funding baselines and a reduction in RSG of £517m or 17.8%. For 2015-16, there is a further overall reduction in SFA of £628m or 14.4%. This is split between an increase of £38m or 2.0% in funding baselines and a reduction in RSG of £542m (18.5%).

As proposed in the summer consultation, the Government has chosen to focus the majority of the funding reductions through changes to both the upper and lower tier funding elements. Funding for the rolled-in grants will remain on their previous trajectories, as set out in Spending Review 2010. The policy of treating funding streams individually will affect each authority differently and will depend on an authority's income profile. In broad terms, London boroughs are more reliant on upper and lower tier funding (the old 'formula grant') and so will face greater funding reductions in 2014-15 and 2015-16 than elsewhere in the country. This is likely to continue if the current approach to individual grant streams is maintained.

### Spending Power

Spending Power is defined by the government as the aggregate of: council tax; SFA; other special and specific grants; and NHS funding to support social care and benefit health. The reduction in spending power across England (excluding the GLA) is £1.4 billion (2.9%) in 2014-15 and £1.1 billion (2.0%) in 2015-16. The reduction for London Boroughs is £327 million (3.9%) and £268 million (3.3%) in 2014-15 and 2015-16 respectively. There is an overall cap in the reduction of spending power of 6.9% in 2014-15. These figures include: -

- £70m of anticipated NHB that will need to transfer from the boroughs to the GLA in 2015-16.
- The pooled NHS and local authority Better Care Fund of £3.46bn which is part of the total Better Care Fund (overall worth £3.8bn). The Better Care Fund is a pooled budget, for which spending plans must be agreed locally through Health and Wellbeing Boards, but is not new money.
- Individual forecasts of the amount of income an authority will raise through council tax. This is based on an historic average and is liable to change.
- 100% take up of the council tax freeze grant.

The headline figures for Spending Power changes are:-

	2014/15	2015/16
England (exc.GLA)	-2.9%	-1.8%
Outer London Boroughs	-3.1%	-2.1%
Merton	-2.5%	-0.9%

### Specific and general grants

Beyond core SFA funding, the settlement also provides details for a range of other special and specific grants. Based on the latest available information, London boroughs will receive close to £2.6 billion from a range of non-education, revenue funding across the two years. Further funding announcements are likely to emerge over the coming months.

### Business Rates Retention

The principal scheme architecture remains broadly the same. There are no changes to whether an authority is a top up or tariff authority. Tariffs and top-ups will rise by 2% to reflect the recent policy announcement at the Autumn Statement 2013. This also increases business rates baselines and funding baselines by 2%.

### Levy rates & safety net thresholds

Tariff authorities will continue to be subject to a levy on any growth in business rates. There remain no changes to individual levy rates. There is a 50p cap on the size of levy rate. Top-up authorities will continue to retain 100% of their growth. Merton is a top-up authority.

Government has also confirmed that the safety net threshold will remain at 7.5% of an authority's baseline funding level. This means an authority is guaranteed 92.5% of its funding baseline each year. The trigger point for a safety net payment is different for each authority as it depends on the relative size of funding and business rates baselines.

The size and extent of safety net payments for 2014-15 are not yet known – these will be determined by local forecasts reported in the NNDR1 returns in January 2014. The retrospective levy payments due from tariff authorities for 2013-14 will be calculated after the current financial year using the final NNDR3 returns.

The Government will continue to pay the "Efficiency Support Grant" to authorities experiencing a reduction of more than 6.9%. There will be certain criteria attached to the receipt of this grant and no London boroughs are eligible.

### **Council Tax Referendum Principles**

The Local Government Minister also announced the Council Tax Referendum Principles on 5 February 2014.

### **Principles for the financial year beginning on 1st April 2014**

The set of principles determined by the Secretary of State under section 52ZC(1) of the Local Government Finance Act 1992 for the financial year beginning on 1st April 2014 is as follows:

For 2014-15, the relevant basic amount of council tax of an authority such as Merton is excessive if the authority's relevant basic amount of council tax for 2014-15 is 2%, or more than 2%, greater than its relevant basic amount of council tax for 2013-14.

The relevant basic amount of council tax for a financial year is basically a reference to the amount found by applying the formula—

$R \div T$  where—

- R is the amount calculated by the authority under section 49A(4) as its council tax requirement for the year;
- T is the amount which is calculated by the billing authority as its council tax base for the year

Care has to be taken to ensure that levies are properly accounted for to ensure that criteria set for Council Tax Freeze Grant eligibility are met.

## LOCAL GOVERNMENT FINANCE SETTLEMENT 2014-16: MERTON ANALYSIS

## Key information

	Values (£m)		Change (£m)		Change (%)	
	2013-14	2014-15	2014-15	2015-16	2014-15	2015-16
Revenue Support Grant	48.069	39.738	-8.331	-10.454	-17.3%	-26.3%
Funding Baseline	31.415	32.027	0.612	0.884	1.9%	2.8%
<b>Settlement Funding Assessment</b>	<b>79.484</b>	<b>71.765</b>	<b>-7.719</b>	<b>-9.570</b>	<b>-9.7%</b>	<b>-13.3%</b>

## Spending power

	Values (£m)		Change (£m)		Change (%)	
	2013-14	2014-15	2014-15	2015-16	2014-15	2015-16
Settlement Funding Assessment	79.484	71.765	-7.719	-9.570	-9.7%	-13.3%
Council tax requirement	74.119	75.014	0.895	0.906	1.2%	1.2%
Grant funding	16.534	19.131	2.597	8.495	15.7%	44.4%
<b>Spending Power</b>	<b>170.136</b>	<b>165.901</b>	<b>-4.235</b>	<b>-0.160</b>	<b>-2.5%</b>	<b>-0.1%</b>

APPENDIX 2

Special & specific grants	Values (£m)		Change (£m)		Change (%)	
	2013-14	2014-15	2014-15	2015-16	2014-15	2015-16
Adult Social Care New Burdens	0.000	0.888				
City of London Offset						
Commons Pioneer / Registration Authorities	0.008	0.000	0.000	0.000	0.0%	
Community Right to Bid	0.009	0.008	0.000		0.0%	
Community Right to Challenge	0.835	0.009	0.000			
Council Tax Freeze Grant 2013-14	0.100					
Council Tax Freeze 2014-15	0.000					
Council Tax Freeze Grant 2014-15 paid in 2015-16	0.000					
Council Tax Freeze Grant 2015-16	0.000	0.000	0.000	0.000		
Council Tax Support New Burdens Funding	0.000	0.000	0.000	0.000		
Efficiency Support Grant	1.396	0.000	-0.085	0.000	-6.1%	-100.0%
Efficiency Support Grant (sparse areas)		1.311		-1.311		0.0%
Fire Revenue Grant (FireLink and New Dimension Payments)		0.858		0.000		
LA Transport Grant		0.868				
Shore Fisheries Conservation Authorities	0.000	0.106				
Social Housing Fraud	0.000	0.000	0.000	0.000		
Lead Local Flood Authorities	0.061	0.000	0.000			
LEPs Grant	0.000	0.061	0.000	0.041	0.0%	-33.3%
Local Council Tax Support and Housing Benefit Admin Subsidy	0.000			-0.020		
Local Reform and Community Voices DH revenue grant	0.131	0.135	0.004	0.000	3.1%	0.0%
Local Welfare Provision Grant		0.438				



Special & specific grants (continued)	Values (£m)			Change (£m)			Change (%)		
	2013-14	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
New Homes Bonus	2.458	3.091	3.724	0.633	0.633	25.8%	0.633	20.5%	20.5%
New Homes Bonus: Returned Funding	0.266	0.111	0.281	-0.156	0.171	-58.4%	0.171	154.2%	154.2%
NHS funding to support social care and benefit health	5.622	3.428	4.797	-2.194		-39.0%			
PFI (including education)	4.797	4.797	4.797						
Pooled NHS and LA Better Care Fund			11.254						
Public Health Grant (Ring-fenced)	8.985	9.236	9.236	0.252	0.000	2.8%	0.000	0.0%	0.0%
Regional Growth Fund	0.367								
Social Fund - Admin	0.000	0.340							
Social Fund - programme	0.078								
Transport for London	0.288								
Weekly Collection Support									

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Education grants	Values (£m)			Change (£m)			Change (%)		
	2013-14	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
DSG	135.539	137.852		2.313		1.7%		1.7%	
Pupil Premium	5.802	7.186		1.384		23.9%		23.9%	
ESG	3.344	3.270		-0.074		-2.2%		-2.2%	
Universal infant free school meals capital		0.603							
Basic need Capital 2014-17		15.833							

Business Rates Retention - Key Figures	Values (£m)		Change (£m)		Change (%)	
	2013-14	2014-15	2014-15	2015-16	2014-15	2015-16
Funding baseline (£m)	31.415	32.027	0.612	0.884	1.9%	2.8%
Business rates baseline (£m)	23.868	24.333	0.465	0.672	1.9%	2.8%
Top-up / tariff (£m)	7.547	7.694	0.147	0.212	1.9%	2.8%
Target total business rates yield (£m)	79.559	81.109	1.550	2.239	1.9%	2.8%
Levy rate p/£	0	0	0.000	0.000	0%	0%
Safety net threshold (£m)	29.059	29.625	0.566	0.818	1.9%	2.8%

## MERTON SPENDING POWER

	£m
2013/14 Council Tax Requirement exc. Parish precepts	74.119
Start-up Funding assessment 2013/14 (adjusted)	79.483
Lead Local Flood 2013/14	0.061
Local Welfare Provision Grant 2013/14	0.444
Community Right to Challenge 2013/14	0.009
Community Right to Bid 2013/14	0.008
New Homes Bonus 2013/14	2.458
New Homes Bonus Returned Funding 2013/14	0.266
HB Admin Subsidy 2013/14	1.396
Council Tax Support - New Burdens Finding 2013/14	0.100
Local Reform and Community Voices DH revenue grant 2013/14	0.131
Public Health Grant 2013/14	8.985
NHS Funding to support social care and benefit health 2013/14	2.677

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<b>Estimated Revenue Spending Power 2013/14</b>	<b>170.137</b>
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	£m
2014-15 Estimated Council Tax Requirement excluding parish precepts	75.014
Settlement Funding Assessment 2014/15	71.765
Settlement Funding Assessment Adjustment 2014/15	0.340
Lead Local Flood 2014/15	0.061
Local Welfare Provision Grant 2014/15	0.438
Community Right to Challenge 2014/15	0.009
Community Right to Bid 2014/15	0.008
Indicative Council Tax Freeze Grant 2014/15	0.858
New Homes Bonus 2014/15	3.091
New Homes Bonus Returned Funding 2014/15	0.108
Local Council Tax Support and Housing Benefit Admin Subsidy 2014/15	1.311
Indicative Council Tax Support - New Burdens Finding 2014/15	0.106
Local Reform and Community Voices DH revenue grant 2014/15	0.135
Public Health Grant 2014/15	9.236
NHS funding to support social care and and benefit health 2014/15	3.428

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<b>Estimated 2014/15 Revenue Spending Power</b>	<b>165.908</b>	-2.49%
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**Adjusted 2014/15 Revenue Spending Power** £m

2014-15 Estimated Council Tax Requirement excluding parish precepts	75.014
Settlement Funding Assessment 2014/15	71.765
Settlement Funding Assessment Adjustment 2014/15	0.340
Lead Local Flood 2014/15	0.061
Local Welfare Provision Grant 2014/15	0.438
Community Right to Challenge 2014/15	0.009
Community Right to Bid 2014/15	0.008
Indicative Council Tax Freeze Grant 2014/15	0.858
New Homes Bonus 2014/15	3.091
New Homes Bonus Returned Funding 2014/15	0.108
Local Council Tax Support and Housing Benefit Admin Subsidy 2014/15	0.000
Indicative Council Tax Support - New Burdens Finding 2014/15	0.106
Local Reform and Community Voices DH revenue grant 2014/15	0.135
Public Health Grant 2014/15	9.236
Adjusted Adult Social Care New Burdens 2014/15	0.888
NHS funding to support social care and benefit health plus adjustments for Carers, Reablement and New Care Bill Costs 2014/15	5.234

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**Adjusted 2014/15 Revenue Spending Power** **167.291**£m

2015-16 Estimated Council Tax Requirement excluding parish precepts	75.920
Settlement Funding Assessment 2015/16	62.194
Settlement Funding Assessment Adjustment 2015/16	0.340
Lead Local Flood 2015/16	0.041
Indicative Council Tax Freeze Grant 2014/15 paid in 2015/16	0.858
Indicative Council Tax Freeze Grant 2015/16	0.868
Illustrative New Homes Bonus 2015/16	3.724
Illustrative New Homes Bonus Returned Funding 2015/16	0.276
Indicative Local Reform and Community Voices DH revenue grant 2015/16	0.135
Public Health Grant 2015/16	9.236
Adult Social Care New Burdens	0.888
Pooled NHS and LA Better Care Fund 2015/16	11.254

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**Estimated 2015-16 Revenue Spending Power** **165.734** -0.93%

## THE COLLECTION FUND, COUNCIL TAX BASE AND BUSINESS RATES

### 1. Introduction

- 1.1 This appendix summarises three key areas which are fundamental to the Council's revenue resource generation. It sets out the procedures and calculations that underpin each of them.

### 2. Collection Fund

- 2.1 The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax, including those properties within the Wimbledon and Putney Commons Conservators area. The bodies on whose behalf the income has been raised are the Council and the Greater London Authority (which includes the services of the Metropolitan Police and the London Fire and Emergency Planning Authority (LFEPA)). The Council's demand on the Collection Fund is by its General Fund. The Greater London Authority's demand is expressed as a precept.
- 2.2 Under the localised arrangements for council tax support, the Collection Fund entries for council tax remain unchanged, and council tax discounts reduce the council tax base and the amount of collectable council tax income. The additional resources to cover the loss of council tax income are provided by council tax support grant which is credited to the General Fund.
- 2.3 The Collection Fund also accounts for National Non-Domestic Rates and there have been significant changes to the treatment of NNDR due to the changes to local government funding arising from business rates retention and the Local Government Finance Act 2012 (Section 3, part 2)
- 2.4 The Collection Fund will account for receipts from business ratepayers, together with payments:
- to central government in respect of the central share
  - to/from central government in respect of transitional protection payments where applicable
  - to relevant precepting authorities in respect of their share of rating income
- 2.5 While there remains a single Collection Fund, local authorities now have to be able to separate the elements relating to council tax and non-domestic rates and calculate separate surpluses and deficits on each.
- 2.6 A billing authority needs to ensure that its collection fund has sufficient resources to meet the demands on it at all times. To the extent that there is insufficient in the collection fund to meet those demands at any time, the billing authority has temporarily to "borrow" from its general fund.

- 2.7 The Collection Fund accounts are kept on an accrual basis and a surplus or deficit for the year in the collection fund is estimated accordingly.
- 2.8 The surplus on the collection fund as at 31<sup>st</sup> March 2013 was £6.365m to be shared £4.987m (78.4%) to Merton and £1.378m (21.6%) to the GLA. This was entirely due to council tax as surpluses/deficits due to NNDR will only arise with effect from 2013/14.
- 2.9 Council Tax  
The estimated surplus on the Collection Fund as at 31<sup>st</sup> March 2014 due to Council Tax is £5.874m. This is to be shared £4.608m (78.4%) to Merton and £1.266m ((21.6%) to the GLA.
- 2.10 NNDR  
For the first time, it is necessary to calculate the estimated surplus/deficit on the Collection Fund arising from Business Rates. This estimation is required as part of the council's NNDR1 Return which has to be submitted to the Department for Communities and Local Government (DCLG) by 31 January 2014. Part 4 of this return relates to the calculation of the estimated Collection Fund balance as at 31/3/14.

One of the factors that needs to be taken into account in this calculation is an adjustment arising from the audit of the 2012/13 accounts. This concluded that based on previous collection rates, there was an over-provision for bad debt provisions by £2 million on on non-domestic rates (NDR). Given the uncertainty of the new non-domestic rating regime and the lack of clarity in accounting guidance, it was decided that no NDR adjustment would be undertaken until 2013/14 when the position on collection rates and bad debts should have become clearer.

Based on the calculation in the Council's NNDR1 (Part 4) there is an estimated deficit on the Collection Fund as at 31<sup>st</sup> March 2014 due to NNDR of £1.240m which takes account of the revision to bad debt provision. This is to be shared £0.620m (50%) to Central Government, £0.372m (30% to Merton) and £0.248m (20%) to the GLA.

### **3. Council Tax Base 2014/15**

- 3.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent). This will be used to set the Council Tax at Band D for 2014/15. The Council is required to determine its Council Tax Base by 31 January 2014.

- 3.2 In 2013/14 the Council Tax Base calculation was affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensured that new local council tax support schemes, implemented under the Local Government Finance Act 2012, were fully reflected in the council tax base for all authorities.
- 3.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 3.4 The relevant amounts are calculated as
- number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
  - adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings
- 3.5 All authorities notify the DCLG of their unadjusted Council Tax Base using a CTB Form and the deadline for return was 18 October 2013 and Merton met this deadline.
- 3.6 The CTB form for 2014/15 includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions. Last year this information was not available at the time the CTB form was submitted.
- 3.7 Council Tax Base 2013/14
- 3.7.1 The Council Tax Base calculation for last year is set out below:-

	Council Tax Base 2013/14
Council Tax Base (CTB Form – Original methodology)	78,270.9
Less: Reduction in CT Base for CT Reduction Scheme	(9,981.8)
Add: Increase for Technical Reform Adjustments	1,121.5
<b>Total of relevant amounts (A)</b>	<b>69,410.6</b>
Total of relevant amounts (A)	69,410.6
Authority's estimate of collection rate (B)	96.5%
<b>Council Tax Base 2013/14</b>	<b>66,981.2</b>

3.7.2 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. For 2013/14 the Council Tax Base for WPCC is 9,645.2. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.

### 3.8 Assumptions in the MTFs for calculating the 2014/15 Council Tax Base

3.8.1 In producing a forecast of council tax yield in future years, there are two key variables to be considered:-

- the year on year change in Council Tax Base
- the council tax collection rate

Council Tax Base	Council Tax Base 2013/14	Estimated collection rate (%)	Council Tax Base 2014/15	Estimated collection rate (%)
				%
Whole Area	66,981.2	96.5	68,087.4	97.0
WPCC	9,645.2	96.5	10,708.8	97.0

3.8.2 The draft MTFs reported to Cabinet assumes that the Council Tax Base increases 0.5% per year and that the collection rate is 97% in each of the years.

### 3.9 Information from the October 2013 Council Tax Base Return

3.9.1 The Council makes two CTB returns, one for the whole area of the borough and the other for the area covered by the Wimbledon and Putney Common Conservators (WPCC) for which an additional levy is applied.

3.9.2 The information in the CTB returns has been used to calculate the council tax bases and these are summarised in the following table compared to 2013/14:-

Council Tax Base	2013/14	2014/15	Change
			%
Whole Area	66,981.2	68,087.4	1.65
WPCC	9,645.2	10,708.8	11.03

### 3.10 **Council Tax Yield 2014/15**

3.10.1 Based on the latest information about Council Tax proposals for 2014/15 the estimated Council Tax yield for 2014/15 is:-

Council Tax: Whole area	Tax Base	Band D 2014/15	Council Tax Yield 2014/15	Council Tax Yield 2013/14
Merton	68,087.4	£1,102.55	£75.070m	£73.850m
WPCC	10,708.8	£27.38	£0.293m	£0.269m
GLA	68,087.4	£299.00	£20.358m	£20.295m



The amounts collected for the GLA and WPCC are paid over to each of them as precepts.

#### **4. Business Rates**

##### **4.1 Introduction**

The Local Government Finance Act 2012 entailed major changes to the funding of local government. From April 2013, the Government reformed the way in which local government is funded through the introduction of the business rates retention scheme. 2014-15 will be the second year of the rates retention scheme. Previously all business rates collected were paid to central government, in the form of the national NNDR pool. The government then redistributed the nationally collected amount to local authorities according to a very complicated formula for spending need. From 2013/14 this system has changed, with 50% of the income still being paid to central government, the Greater London Authority (GLA) receives 20%, leaving London boroughs with the remaining 30%.

4.2 For 2013/14, the Department for Communities and Local Government (DCLG) calculated a baseline funding level of £31.415m. From Merton's NNDR1 for 2013/14 it was estimated that the total income from business rates would be £81.575m and Merton would keep £24.472m (30%) of this. In addition, Merton receives a "top-up" payment (£7.547m in 2013/14).

4.3 Merton keeps 30% of any growth in the total business rates collected in the borough but if there is a decline in yield Merton will need to meet 30% of the shortfall.

##### **4.4 NNDR1**

The statutory framework effectively requires a billing authority, before the beginning of a financial year, to forecast the amount of business rates that it will collect during the course of the year and, from this, to make a number of allowable deductions in order to arrive at a figure for its non-domestic rating income. It is the non-domestic rating income that is shared between the parties to the scheme. The framework also sets out how the billing authority is to treat allowable deductions – requiring that either they are paid to major precepting authorities, or transferred to the authority's General Fund.

4.5 The calculations that authorities make before the start of the financial year determine how much they must pay to central government and their major precepting authorities during the course of the year. Since these payments are fixed at the outset of the year, it follows that any difference between forecast amounts and final outturns will result in a surplus, or deficit on the billing authority's Collection Fund. Any such surplus or deficit is shared between government, billing authorities and their major preceptors (excluding policing bodies) in line with their share of the business rates baseline.

4.6 The estimate for the actual income figure (or net rate yield) for 2014/15 is based on a return to the DCLG called the NNDR1. This has to be finalised by 31 January, and calculates the amounts to be paid to central government, to the GLA and the amount to be retained by Merton to be used as part of the budget setting process.

4.7 Latest developments

On 5 December 2013, the Chancellor announced, as part of his Autumn Statement, changes to business rates in 2014-15. The cost of these measures, including the funding of some elements of discretionary relief, will be fully met by Government. Accordingly, authorities will be compensated for any loss to their “local share” of business rates. Compensation will be provided by means of Section 31 grant. However, because of these various changes introduced in the Autumn Statement there was a delay in the DCLG issuing the NNDR1 form for 2014/15.

The business rate multipliers for 2014/15 capped at 1.95% as announced in the Autumn Statement are:-

- Small Business Multiplier 47.1p per £ (46.2p in 2012/13)
- Standard Multiplier 48.0p per £ (47.1p in 2012/13)

Large individual properties in London with a rateable value of more than £55,000 will also be subject to a 2p in the £ business rate supplement to help pay for Crossrail.

4.8 **Estimating the net rate yield for 2014/15**

The starting point is the aggregate rateable value for Merton as at 31 December 2013. (£204m) This is a fixed figure based on the VO’s valuations for all business properties in Merton at that date. A multiplier is then applied to this rateable value as set by central government (the rate in the pound charged for that year, which for 2014/15 will be 47.1p in the £). This gives a gross rates figure of £96m.

4.9 Estimating the income figure is extremely difficult, as there are many factors which can significantly affect the overall figure. These include:

- Changes in rateable value from new properties entering rating or properties being taken out of rating
- Revaluations due to the backlog of appeals which, if successful, will be backdated in most cases to April 2010
- Empty and charitable reliefs
- Losses in collection

4.10 Estimated Surplus or Deficit

Due to the variability of some of the factors, it is inevitable that the final figure at the end of each year will be different to the estimate. Therefore, a further calculation is required at the end of each year to estimate the surplus or deficit on the Collection Fund (as is also done for Council Tax). 2013/14 is the first year that a surplus/deficit can arise on the Collection Fund because of NNDR.

- 4.11 2014-15 will be the first year for which authorities have to estimate the likely non-domestic rating surplus, or deficit on the Collection Fund. The Non-Domestic Rating (Rates Retention) Regulations 2013 (SI 2013/452) require billing authorities to notify the Secretary of State and their major precepting authorities of their calculation of non-domestic rating income for 2014-15 and estimate the surplus/deficit on the Collection Fund by Friday 31 January 2014.

Regulation 13 effectively requires an estimate of the surplus/deficit that the authority believes will exist at 31 March 2014, on the basis of a statutory calculation set out in Schedule 4 to the Regulations. The estimated amount will be shared between the authority, its major preceptors and central Government and will be added (or subtracted) from each party's share of 2014-15 non-domestic rating income.

- 4.12 A copy of Merton's NNDR1 for 2014/15 is attached.
- 4.13 The following table summarises the difference between the estimates from the NNDR1 for 2014/15 and the figures included in the MTFS at the January 2014 Cabinet:-

#### IMPLICATIONS OF NNDR1 2014/15 FOR MTFS IN 2014/15

	MTFS £	NNDR1 £	Difference £
NNDR 2014/15	24,332,709	25,559,481	1,226,772
- Top-Up 2014/15	7,694,000	7,694,000	-
	32,026,709	33,253,481	1,226,772
Collection Fund Surplus/Deficit(-) 2013/14	600,000	- 371,940	- 971,940
	32,626,709	32,881,541	254,832
Section 31 Grant	-	1,117,530	1,117,530
Total	32,626,709	33,999,071	1,372,362

**NATIONAL NON-DOMESTIC RATES RETURN - NDR1****2014-15**

Please e-mail to: [ndr.statistics@communities.gsi.gov.uk](mailto:ndr.statistics@communities.gsi.gov.uk) by no later than 31 January 2014.  
 In addition, a certified copy of the form should be returned by no later than 31 January 2014 to  
 Dennis Herbert, Department for Communities and Local Government, Zone 5/J6 Eland House, Bressenden Place, London SW1E 5DU

All figures should be shown in whole £

Please check the Validation tab to see if there are any validation queries that need to be answered

Select your local authority's name from this list:

Mendip	-
Merton	-
Mid Devon	-
Mid Suffolk	-

Authority Name  
 E-code  
 Local authority contact name  
 Local authority contact number  
 Local authority fax number  
 Local authority e-mail address

Merton
E5044
Richard Mason
020 8545 3670
020 8 545 3960
<a href="mailto:richard.mason@merton.gov.uk">richard.mason@merton.gov.uk</a>

Ver 1.2

**PART 1A: NON-DOMESTIC RATING INCOME****COLLECTIBLE RATES**

£

1. Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments

84,507,035

**TRANSITIONAL PROTECTION PAYMENTS**

2. Sums due to the authority

35,684

3. Sums due from the authority

0

**COST OF COLLECTION (See Note A)**

4. Cost of collection formula

280,951

5. Legal costs

0

6. Allowance for cost of collection

280,951

**SPECIAL AUTHORITY DEDUCTIONS**

7. City of London Offset

0

**DISREGARDED AMOUNTS**

8. Amounts retained in respect of Enterprise Zones

0

9. Amounts retained in respect of NDD areas

0

10. Amounts retained in respect of Renewable Energy Schemes (See Note B)  
 of which:

0

11. sums retained by billing authority

0

12. sums retained by major precepting authority

0

**NON-DOMESTIC RATING INCOME**

13. Line 1 plus line 2, minus lines 3 and 6 - 10

84,261,768

**NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2014-15**

Please e-mail to: [ndr.statistics@communities.gsi.gov.uk](mailto:ndr.statistics@communities.gsi.gov.uk) by no later than 31 January 2014.  
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All figures should be shown in whole £

Please check the Validation tab to see if there are any validation queries that need to be answered

Local Authority : Merton

**PART 1B: PAYMENTS**

The payments to be made, during the course of 2014-15 to:

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
  - ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
  - iii) transferred by the billing authority from its Collection Fund to its General Fund,
- are set out below

	Column 1 Central Government £	Column 2 Merton £	Column 3 Greater London Authority £	Column 4 £	Column 5 Total £
<b>Non-Domestic Rating Income for 2014-15</b>					
14. Non-domestic rating income from rates retention scheme	42,130,884	25,278,530	16,852,354	0	84,261,768
15. (less) qualifying relief in Enterprise Zones	0				0
16 <b>TOTAL:</b>	<b>42,130,884</b>				<b>84,261,768</b>
<b>Other Income for 2014-15</b>					
17. add: cost of collection allowance		280,951			280,951
18. add: amounts retained in respect of Enterprise Zones		0			0
19. add: amounts retained in respect of NDD Area		0			0
20. add: amounts retained in respect of renewable energy schemes		0	0		0
21. add: qualifying relief in Enterprise Zones		0	0	0	0
22. add: City of London Offset		0			0
<b>Estimated Surplus/Deficit on Collection Fund</b>	£	£	£	£	£
23. Estimated Surplus/Deficit at end of 2013-14	-619,901	-371,940	-247,960	0	-1,239,801
<b>TOTAL FOR THE YEAR</b>	£	£	£	£	£
24. Total amount due to authorities	41,510,984	25,187,541	16,604,394	0	83,302,918

Please investigate the error messages shown below and make the appropriate changes to the form. Any comments should be added at the bottom of Part 4

Line 24 column 5 doesn't equal the sum of columns 1 to 4. Please check why.

**NATIONAL NON-DOMESTIC RATES RETURN - NDR1****2014-15**

Please e-mail to: [ndr.statistics@communities.gsi.gov.uk](mailto:ndr.statistics@communities.gsi.gov.uk) by no later than 31 January 2014.  
In addition, a certified copy of the form should be returned by no later than 31 January 2014 to  
Dennis Herbert, Department for Communities and Local Government, Zone 5/J6 Eland House, Bressenden Place, London SW1E 5DU

All figures should be shown in whole £

Please check the Validation tab to see if there are any validation queries that need to be answered

Local Authority : Merton

**PART 1C: SECTION 31 GRANT (See Note C)**

Estimated sums due from Government via Section 31 grant, to compensate authorities for the cost of changes to the business rates system announced in the 2013 Autumn Statement.

	Column 2 Merton £	Column 3 Greater London Authority £	Column 4 £	Column 5 Total £
<b>2014-15 Multiplier Cap</b>				
25. Cost of 2% cap on 2014-15 small business rates multiplier	271,332	178,900	0	450,232
<b>Small Business Rate Relief</b>				
26. Cost to authorities of temporary doubling in 2014-15	400,119	266,746	0	666,865
27. Cost to authorities of maintaining relief on "first" property	16,331	10,888	0	27,219
<b>"New Empty" Property Relief</b>				
28. Cost to authorities of giving relief to newly-built empty property	0	0	0	0
<b>"Long Term Empty" Property Relief</b>				
29. Relief on occupation of "long-term empty" property	31,363	20,909	0	52,272
<b>Retail Relief</b>				
30. Relief provided to retail properties	398,385	265,590	0	663,975
<b>TOTAL FOR THE YEAR</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
31. Total amount of Section 31 grant due to authorities	1,117,530	743,033	0	1,860,563

**Certificate of Chief Financial Officer / Section 151 Officer**

I confirm that the entries in this form are the best I can make on the information available to me and amounts are calculated in accordance with regulations made under Schedule 7B to the Local Government Act 1988. I also confirm that the authority has acted diligently in relation to the collection of non-domestic rates.

Name of Chief Financial Officer  
or Section 151 Officer : .....

Signature : .....

Date : .....

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2014-15**

All figures should be shown in whole £

Please check the Validation tab to see if there are any validation queries that need to be answered

Ver 1.2

**Local Authority : Merton**

**PART 2: NET RATES PAYABLE**

	Column 1 BA Area (exc. NDD & EZ) £	Column 2 NDD Area £	Column 3 Enterprise Zone £	Column 4 TOTAL (All BA Area) £
<b>GROSS RATES PAYABLE (See Note D)</b>				
1. Rateable Value at <input type="text" value="31.12.13"/>	203,535,434	0	0	203,535,434
2. Small business rating multiplier for <input type="text" value="47.1"/> 2014-15 (pence)				
3. Gross rates 2014-15 - (RV x multiplier)	95,865,189	0	0	
4. Estimated growth/decline in gross rates	335,528	0	0	
5. Forecast gross rates payable in 2014-15	96,200,717	0	0	96,200,717
<b>TRANSITIONAL ARRANGEMENTS (See Note E)</b>				
6. Revenue foregone because increases in rates have been deferred	43,059	0	0	43,059
7. Additional income received because reductions in rates have been deferred	7,375	0	0	7,375
8. Net cost of transitional arrangements	35,684	0	0	
9. Changes to net cost of transitional arrangements as a result of estimated growth/decline	0	0	0	
10. Forecast net cost of transitional arrangements	35,684	0	0	35,684
<b>TRANSITIONAL PROTECTION PAYMENTS (See Note F)</b>				
11. Sum due to/(from) authority	35,684	0	0	35,684
<b>MANDATORY RELIEFS (See Note G)</b>				
<b>Small Business Rate Relief</b>				
12. Forecast of relief to be provided in 2014-15	2,693,306	0	0	2,693,306
13. of which: relief on existing properties where a 2nd property is occupied	53,866	0	0	53,866
14. Additional yield from the small business supplement	1,929,252	0	0	1,929,252
15. Net cost of small business rate relief (line 12-line 14)	764,054	0	0	764,054
<b>Charitable occupation</b>				
16. Forecast of relief to be provided in 2014-15	4,957,100	0	0	4,957,100
<b>Community Amateur Sports Clubs (CASCs)</b>				
17. Forecast of relief to be provided in 2014-15	98,077	0	0	98,077
<b>Rural rate relief</b>				
18. Forecast of relief to be provided in 2014-15	0	0	0	0
19. Forecast of mandatory reliefs to be provided in 2014-15 (Sum of lines 15 to 18)	5,819,231	0	0	
20. Changes as a result of estimated growth/decline in mandatory relief	39,619	0	0	
21. Total forecast mandatory reliefs to be provided in 2014-15	5,858,850	0	0	5,858,850

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2014-15**

All figures should be shown in whole £

Please check the Validation tab to see if there are any validation queries that need to be answered

Ver 1.2

**Local Authority : Merton**

**PART 2: NET RATES PAYABLE**

	Column 1 BA Area (exc. NDD & EZ)	Column 2 NDD Area	Column 3 Enterprise Zone	Column 4 TOTAL (All BA Area)
<b>UNOCCUPIED PROPERTY (See Note H)</b>				
<b>Partially occupied hereditaments</b>				
22. Forecast of 'relief' to be provided in 2014-15	4,439	0	0	4,439
<b>Empty premises</b>				
23. Forecast of 'relief' to be provided in 2014-15	1,176,686	0	0	1,176,686

24. Forecast of unoccupied property 'relief' to be provided in 2014-15 (Line 22 + line 23)	1,181,125	0	0	
25. Changes as a result of estimated growth/decline in unoccupied property 'relief'	0	0	0	
<b>26. Total forecast unoccupied property 'relief' to be provided in 2014-15</b>	<b>1,181,125</b>	<b>0</b>	<b>0</b>	<b>1,181,125</b>

**DISCRETIONARY RELIEFS (See Note J)**

<b>Charitable occupation</b>				
27. Forecast of relief to be provided in 2014-15	457,377	0	0	457,377
<b>Non-profit making bodies</b>				
28. Forecast of relief to be provided in 2014-15	96,485	0	0	96,485
<b>Community Amateur Sports Clubs (CASCs)</b>				
29. Forecast of relief to be provided in 2014-15	188	0	0	188
<b>Rural shops etc</b>				
30. Forecast of relief to be provided in 2014-15	0	0	0	0
<b>Small rural businesses</b>				
31. Forecast of relief to be provided in 2014-15	0	0	0	0
<b>Other ratepayers</b>				
32. Forecast of relief to be provided in 2014-15	200,000	0	0	200,000

33. Forecast of discretionary relief to be provided in 2014-15 (Sum of lines 27 to 32)	754,050	0	0	
34. Changes as a result of estimated growth/decline in discretionary relief	0	0	0	
<b>35. Total forecast discretionary relief to be provided in 2014-15</b>	<b>754,050</b>	<b>0</b>	<b>0</b>	<b>754,050</b>

36. Relief given to Case A hereditaments	of which:	of which:	0
37. Relief given to Case B hereditaments	0		



**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NDR1**  
**2014-15**

All figures should be shown in whole £

Please check the Validation tab to see if there are any validation queries that need to be answered

Ver 1.2

**Local Authority : Merton**

**PART 2: NET RATES PAYABLE**

	Column 1 BA Area (exc. NDD & EZ)	Column 2 NDD Area	Column 3 Enterprise Zone	Column 4 TOTAL (All BA Area)
<b>DISCRETIONARY RELIEFS FUNDED THROUGH SECTION 31 GRANT (See Note K)</b>				
<b>"New Empty" properties</b>				
38. Forecast of relief to be provided in 2014-15	0	0	0	0
<b>"Long term empty" properties</b>				
39. Forecast of relief to be provided in 2014-15	103,446	0	0	103,446
<b>Retail relief</b>				
40. Forecast of relief to be provided in 2014-15	1,314,000	0	0	1,314,000
41. Forecast of discretionary reliefs funded through S31 grant to be provided in 2014-15 (Sum of lines 38 to 40)	1,417,446	0	0	
42. Changes as a result of estimated growth/decline in Section 31 discretionary relief	70,872	0	0	
43. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2014-15	1,488,318	0	0	1,488,318
<b>NET RATES PAYABLE</b>				
44. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs	£ 86,882,690	£ 0	£ 0	£ 86,882,690

Checked by Chief Financial Officer :

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2014-15**

All figures should be shown in whole £

Please check the Validation tab to see if there are any validation queries that need to be answered

Ver 1.2

**Local Authority : Merton**

**PART 3: COLLECTABLE RATES AND DISREGARDED AMOUNTS**

	Column 1 BA Area (exc. NDD & EZ) £	Column 2 NDD Area £	Column 3 Enterprise Zone £	Column 4 TOTAL (All BA Area) £
<b>NET RATES PAYABLE</b>				
1. Sum payable by rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs	86,882,690	0	0	86,882,690
<b>(LESS) LOSSES</b>				
2. Estimated bad debts in respect of 2014-15 rates payable	1,283,611	0	0	1,283,611
3. Estimated repayments in respect of 2014-15 rates payable	1,092,044	0	0	1,092,044
<b>COLLECTABLE RATES</b>				
4. Net Rates payable less losses	84,507,035	0	0	84,507,035
<b>DISREGARDED AMOUNTS</b>				Total Renewable Energy
5. Renewable Energy	0	0	0	0
6. Transitional Protection Payment		0	0	
7. Baseline		0	0	
<b>DISREGARDED AMOUNTS</b>		£	£	£
8. Total Disregarded Amounts		0	0	0

Checked by Chief Financial Officer :

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2014-15**

All figures should be shown in whole £

Please check the Validation tab to see if there are any validation queries that need to be answered

Ver 1.2

**Local Authority : Merton**

**PART 4: ESTIMATED COLLECTION FUND BALANCE**

**OPENING BALANCE**

	£	£
1. Opening Balance (From Collection Fund Statement)		0

**CREDITS**

2. Total amount credited, or to be credited, to the Collection Fund in 2013-14	85,626,097	
3. Transitional protection payments received, or to be received in 2013-14	152,559	
4. Transfers/payments to the Collection Fund for end-year reconciliations	0	
5. Transfers/payments into the Collection Fund in 2013-14 in respect of a previous year's deficit	0	
<b>6. Total Credits</b>		<b>85,778,656</b>

**CHARGES**

7. Total amount charged, or to be charged, to the Collection fund in 2013-14	4,845,057	
8. Transitional protection payments made, or to be made, in 2013-14	317,823	
9. Payments made, or to be made, to the Secretary of State in respect of the central share in 2013-14	40,787,499	
10. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2013-14	16,314,999	
11. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2013-14	24,472,499	
12. Transfers made, or to be made, to the billing authority's General Fund; and payments made, or to be made, to a precepting authority in respect of disregarded amounts in 2013-14	280,580	
13. Transfers/payments from the Collection Fund for end-year reconciliations	0	
14. Transfers/payments made from the Collection Fund in 2013-14 in respect of a previous year's surplus	0	
<b>15. Total Charges</b>		<b>87,018,457</b>
<b>16. Adjustment for 5-Year Spread</b>		

**ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2013-14**

		£
17. Opening balance plus total credits, less total charges, plus adjustment for 5-year spread		-1,239,801

Checked by Chief Financial Officer :

## DRAFT MEDIUM TERM FINANCIAL STRATEGY 2014-18

OTHER CORPORATE ITEMS				
	<b>2014/15</b>		<b>2015/16</b>	
	<b>£000</b>		<b>£000</b>	
			<b>2016/17</b>	<b>2017/18</b>
			<b>£000</b>	<b>£000</b>
Asset Rentals: Depreciation	-	15,227	-	15,227
Recharge to Education of Past Service Deficiency/Redundancy	-	463	-	463
Change in corporate Specific and Special Grants	-	47	-	61
CHAS Dividend	-	-	-	174
WPCC	-	293	-	293
Auto-enrolment	-	300	-	300
Corporate expenditure (utilities inflation)	-	300	-	100
Adjustment re Income re P3/P4	-	400	-	400
Bad Debt provision	-	500	-	500
Balances - Provision for inflation > 1.5%	-	585	-	880
Further provision for revaluisation/RCCO	-	917	-	437
Contingency	-	1,500	-	1,500
Pensions deficit and Lump Sum (Net of use of £1.5m from Balancing the Budget Reserve)	-	13,597	-	4,205
<b>Total Corporate items</b>	-	<b>2,656</b>	-	<b>7,188</b>
			<b>7,703</b>	<b>7,507</b>

## APPENDIX 5

## TRANSITION OF BUDGET FROM COUNCIL IN MARCH 2012 TO CABINET 18

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
<b>Council March 2013</b>	<b>2884</b>	<b>7872</b>	<b>14065</b>	<b>19167</b>
Inflation	46	-745	-1096	-1451
Pensions	6947	-2845	-2655	-1458
National Insurance changes	0	0	1000	1000
Treasury management	470	-1005	-879	-184
Change in asset depreciation	-91	-91	-91	-91
CHAS adjustment	0	920	0	0
PFI affordability	519	583	649	719
Other miscellaneous changes	-108	-817	-303	-300
Council Tax income	-1200	-1595	-1972	-2351
Council Tax Freeze Grant	-23	-891	835	835
Collection Fund	-2986	1250	1250	1250
New Homes Bonus	-475	237	724	724
Revenue Support Grant	-437	7694	5634	7610
Business Rates	-1992	-1650	-1637	-2317
Specific /Special Grants	-5359	-4576	-4178	-4176
Reserves	0	-3651	-2101	0
Full Year effect of previous years savings	1805	1007	337	337
Savings 2014-18	0	-1697	-3160	-4826
<b>Cabinet 17 February 2014</b>	<b>0</b>	<b>0</b>	<b>6422</b>	<b>14488</b>

## STATEMENT OF COUNCIL TAX REQUIREMENTS AND BALANCES

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	ORIGINAL BUDGET	ORIGINAL BUDGET	ORIGINAL BUDGET	ORIGINAL BUDGET	ORIGINAL BUDGET	ORIGINAL BUDGET	Band D Council Tax Equivalent	Band D Council Tax Equivalent	Band D Council Tax Equivalent	Band D Council Tax Equivalent	Band D Council Tax Equivalent	Band D Council Tax Equivalent
	£m	£m	£m	£m	£m	£m	£	£	£	£	£	£
<b>Merton</b>												
Net Cost of General Fund Services	147.185	148.599	148.193	145.820	153.491	150.134	2,015.49	2,001.34	1,989.55	1,949.04	2,291.55	2,205.02
Contingency	2.000	2.900	1.820	2.000	1.500	1.500	27.39	39.06	24.43	26.73	22.39	22.03
	149.185	151.499	150.013	147.820	154.991	151.634	2,042.88	2,040.39	2,013.98	1,975.77	2,313.95	2,227.05
<b>Levies</b>												
Lee Valley	0.225	0.227	0.220	0.215	0.220	0.220	3.08	3.06	2.95	2.87	3.28	3.23
London Pensions Fund	0.296	0.283	0.254	0.253	0.268	0.266	4.05	3.81	3.41	3.38	4.00	3.91
Environment Agency	0.146	0.148	0.146	0.146	0.157	0.157	2.00	1.99	1.96	1.95	2.34	2.31
Total Levies	0.667	0.658	0.620	0.614	0.645	0.643	9.13	8.86	8.32	8.21	9.63	9.44
<b>TOTAL BUDGET (before balances, etc adjustment)</b>	<b>149.852</b>	<b>152.157</b>	<b>150.633</b>	<b>148.434</b>	<b>155.636</b>	<b>152.277</b>	<b>2,052.01</b>	<b>2,049.25</b>	<b>2,022.31</b>	<b>1,983.98</b>	<b>2,323.58</b>	<b>2,236.49</b>
Provisions, Contributions and Balances												
Contribution to/(from) General Fund Balances	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL BUDGET REQUIREMENT</b>	<b>149.852</b>	<b>152.157</b>	<b>150.633</b>	<b>148.434</b>	<b>155.636</b>	<b>152.277</b>	<b>2,052.01</b>	<b>2,049.25</b>	<b>2,022.31</b>	<b>1,983.98</b>	<b>2,323.58</b>	<b>2,236.49</b>
<b>Less: Central Government Support</b>												
Government (Formula) Grant:												
Revenue Support Grant	(12.518)	(8.588)	(15.730)	(1.180)	0.000	0.000	(171.42)	(115.66)	(211.17)	(15.77)	0.00	0.00
National Non-Domestic Rates	(54.233)	(59.145)	(50.888)	(60.841)	0.000	0.000	(742.64)	(796.56)	(683.19)	(813.21)	0.00	0.00
RSG + Baseline funding (NNDR)	0.000	0.000	0.000	0.000	(79.241)	(72.991)	0.00	0.00	0.00	0.00	(1,183.03)	(1,072.02)
Total Revenue Support Grant + Baseline NNDR Funding:	(66.751)	(67.733)	(66.617)	(62.021)	(79.241)	(72.991)	-914.06	-912.23	-894.36	-828.98	-1,183.03	(1,072.02)
Contribution to/(from) Collection Fund	(1.400)	(2.519)	(1.859)	(3.891)	(2.545)	(4.236)	-19.17	-33.93	-24.96	-52.01	-38.00	(62.21)
<b>Council Tax Requirement</b>												
Merton - General	81.701	81.905	82.157	82.522	73.850	75.050	1,118.78	1,103.10	1,102.99	1,102.99	1,102.55	1,102.26
<b>Merton - COUNCIL TAX FUNDING REQUIREMENT</b>	<b>81.701</b>	<b>81.905</b>	<b>82.157</b>	<b>82.522</b>	<b>73.850</b>	<b>75.050</b>	<b>1,118.78</b>	<b>1,103.10</b>	<b>1,102.99</b>	<b>1,102.99</b>	<b>1,102.55</b>	<b>1,102.26</b>
Greater London Authority Precept												
Metropolitan Police Authority	16.383	16.657	16.979	17.467	14.753	14.903	227.02	224.34	227.95	233.46	220.25	218.88
Other Non-Police Services	6.047	6.347	6.098	5.481	5.543	5.367	82.80	85.48	81.87	73.26	82.75	80.12
<b>Greater London Authority Precept</b>	<b>22.430</b>	<b>23.004</b>	<b>23.077</b>	<b>22.948</b>	<b>20.295</b>	<b>20.270</b>	<b>309.82</b>	<b>309.82</b>	<b>309.82</b>	<b>306.72</b>	<b>303.00</b>	<b>299.00</b>
<b>TOTAL COUNCIL TAX REQUIREMENT</b>	<b>104.131</b>	<b>104.909</b>	<b>105.234</b>	<b>105.469</b>	<b>94.145</b>	<b>95.320</b>	<b>1,428.60</b>	<b>1,412.92</b>	<b>1,412.81</b>	<b>1,409.71</b>	<b>1,405.55</b>	<b>1,401.26</b>

DRAFT MEDIUM TERM FINANCIAL STRATEGY 2014-18				
	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
<b>Departmental Base Budget 2013/14</b>	<b>151,915</b>	<b>151,915</b>	<b>151,915</b>	<b>151,915</b>
Departmental Budget Changes	- 7,496	- 7,869	- 8,409	- 5,760
<b>Departmental Re-priced Budget</b>	<b>144,419</b>	<b>144,046</b>	<b>143,506</b>	<b>146,155</b>
Treasury items	14,822	14,208	15,838	18,042
Other Corporate items	2,656	- 7,188	- 7,703	- 7,507
Levies	646	646	646	646
Appropriation to/from Reserves	0	-3651	-2101	0
<b>CORPORATE PROVISIONS</b>	<b>18,123</b>	<b>4,015</b>	<b>6,680</b>	<b>11,180</b>
<b>BUDGET REQUIREMENT</b>	<b>162,543</b>	<b>148,061</b>	<b>150,186</b>	<b>157,335</b>
<b>FUNDING:</b>				
RSG - Main element	- 39,738	- 29,284	- 26,836	- 24,860
RSG - Rolled in Grants element	-	-	-	-
Estimated reduction in Grant Based on IFS	-	-	-	-
<b>RSG - Total</b>	<b>- 39,738</b>	<b>- 29,284</b>	<b>- 26,836</b>	<b>- 24,860</b>
Business Rates Baseline - Main element	- 25,559	- 25,004	- 26,006	- 26,455
Business Rates Baseline - Rolled in Grants element	-	-	-	-
Additional Business Rates from NNDR1	-	-	-	-
<b>Business Rates Yield as per NNDR1</b>	<b>- 25,559</b>	<b>- 25,004</b>	<b>- 26,006</b>	<b>- 26,455</b>
Top-Up Payment	- 7,694	- 7,906	- 8,010	- 8,241
Section 31 Grant	- 1,118	- 1,118	-	-
<b>Business Rates Funding</b>	<b>- 34,371</b>	<b>- 34,029</b>	<b>- 34,016</b>	<b>- 34,696</b>
<b>Sub-Total: RSG + NNDR</b>	<b>- 74,109</b>	<b>- 63,313</b>	<b>- 60,852</b>	<b>- 59,556</b>
PFI Grant	- 4,797	- 4,797	- 4,797	- 4,797
New Homes Bonus	- 3,199	- 2,487	- 2,000	- 2,000
Collection Fund t/f of surplus(-)/deficit - Council Tax	- 4,608	-	-	-
Collection Fund t/f of surplus(-)/deficit - Business Rates	372	-	-	-
Council Tax Income	- 75,050	- 75,445	- 75,822	- 76,201
Council Tax - WPCC	- 293	- 293	- 293	- 293
Council Tax Freeze Grant 2014/15	- 858	- 858	-	-
Council Tax Freeze Grant 2015/16	-	- 868	-	-
<b>TOTAL FUNDING</b>	<b>- 162,543</b>	<b>- 148,061</b>	<b>- 143,764</b>	<b>- 142,847</b>
<b>BUDGET GAP</b>	<b>- 0</b>	<b>- 0</b>	<b>6,422</b>	<b>14,488</b>

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