

WIRRAL COUNCIL

CABINET - 15 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

COLLECTION FUND 2008-09

1. EXECUTIVE SUMMARY

1.1. This report estimates the Collection Fund deficit for the year ending 31 March 2009. This deficit has to be notified to the precepting Authorities by 22 January 2009.

2. REQUIREMENT TO CALCULATE ANY SURPLUS/DEFICIT

2.1. In accordance with the Local Authority (Funds) (England) Regulations 1992, the Authority must annually estimate the likely surplus or deficit on its Collection Fund for the current financial year. The estimate should be made on, or as to close to, 15 January as possible but cover the period up to 31 March. The Authority must notify the precepting Authorities of the Fund within 7 days of the 15 January and the estimated surplus or deficit can then be taken into account by the precepting bodies for calculating their likely precept required on the Collection Fund for the following year.

2.2. Any surplus or deficit on the Fund must be shared pro-rata to the existing precepts on the Fund. Based upon 2008/09 Wirral is responsible for 85.93% of the precept on the Fund with the Merseyside Police and Fire and Rescue Authorities accounting for 9.71% and 4.36% respectively.

3. ESTIMATED DEFICIT FOR 2008/09

3.1. The Collection Fund balance for the year ending 31 March 2009 is estimated to be a deficit of £800,000 and this will result in charges to precepting bodies as follows:

	£
Wirral Council General Fund	687,440
Merseyside Police Authority	77,680
Merseyside Fire and Rescue Authority	<u>34,880</u>
Total	<u>800,000</u>

- 3.2. The Collection Fund deficit at 31 March 2008 was £1.4 million. This related mainly to the effect of past reductions in Council Tax Benefit receipts to the Fund arising from the treatment of single person discounts. The Council Tax base calculation now reflects these changes. £600,000 of the deficit will be recovered from preceptors as planned during 2008/09.
- 3.3. In 2008-09 the Council Tax Collection rate is currently ahead of the 2007-08 performance and is expected to finalise at 98.8%. I am continuing to monitor collection performance in light of the economic situation but collection performance remains strong. The deficit forecast therefore is to recover past shortfalls arising from the changes outlined above.
- 3.4. Cabinet is advised that provision was made in 2007-08 Accounts within the Collection Fund Reserve to fund the Council share of the above Collection Fund deficit.

4. FINANCIAL AND STAFFING IMPLICATIONS

- 4.1. The consequence of the distribution of the Collection Fund deficit is that the Authority will incur a one-off charge to the General Fund of £687,440 during the 2009/10 financial year.
- 4.2. There are no staffing implications arising from this report.

5. LOCAL MEMBER SUPPORT IMPLICATIONS

- 5.1. There are no specific implications arising from this report.

6. LOCAL AGENDA 21 IMPLICATIONS

- 6.1. There are none arising from this report.

7. PLANNING IMPLICATIONS

- 7.1. There are none arising from this report.

8. EQUAL OPPORTUNITIES IMPLICATIONS

- 8.1. There are none arising from this report.

9. COMMUNITY SAFETY IMPLICATIONS

- 9.1. There are none arising from this report.

10. HUMAN RIGHTS IMPLICATION

- 10.1. There are none arising from this report.

11. BACKGROUND PAPERS

11.1. Local Authority Funds (England) Regulations 1992.

12. RECOMMENDATION

12.1. That the declaration of an estimated deficit of £800,000 for the Collection Fund for the year ending 31 March 2009 be noted and the precept bodies be charged accordingly.

FNCE/299/08