

# WIRRAL COUNCIL

## CABINET

12 JANUARY 2012

<b>SUBJECT</b>	<b>COLLECTION FUND 2011/12</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report estimates the Collection Fund position for the year ending 31 March 2012 which has to be notified to the precepting authorities by 22 January 2012.

### 2.0 RECOMMENDATION

- 2.1 That the declaration of an estimated surplus position for the Collection Fund for the year ending 31 March 2012 be noted and that this be distributed to the precepting authorities.

### 3.0 REASON FOR RECOMMENDATION

- 3.1 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 close to, the 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 authorities in setting their budgets and likely precept requirements on the Collection Fund for the following year.

### 4.0 BACKGROUND AND KEY ISSUES

- 4.1 The Council has to keep a Collection Fund to record the Council Tax and Non-Domestic Rates collected and paid to the precepting authorities and to the Government National Non-Domestic Rate pool. The Non-Domestic Rates collected are paid to the Government. The Council Tax collected is paid to the precepting authorities based upon their initial precepts with any surplus / deficit at the end of each financial year paid to / recovered from the precepting authorities.
- 4.2 Council Tax income is in excess of £150 million per annum. In January 2011 the forecast Collection Fund outturn for 2010/11 was a balanced position which would therefore result in no distribution to precepting authorities.

- 4.3 The actual position on the Collection Fund as at 31 March 2011 was a surplus of £1 million as a result of higher Council Tax receipts being received than forecast and a lower than anticipated contribution to the bad debt provision during 2010/11.
- 4.4 During 2011/12 changes were introduced to the levels of exemptions available on empty properties with no exemptions awarded to properties left unoccupied and unfurnished after six months. Whilst this change brings in additional Council Tax income during the year the sum collected is reduced by the granting of any other discounts such as single person discount.
- 4.5 A reassessment of the level of bad debt provision is required to reflect the impact of the empty property changes and also the ongoing economic climate. Council Tax collection rates are currently 0.3% below the 2010-11 level for the corresponding period which is primarily attributable to difficulties associated with the collection of empty property charges.
- 4.6 Any surplus or deficit on the Collection Fund must be shared pro-rata to the existing precepts on the Fund. Based upon the 2011/12 precepts and taking the above factors into account the Collection Fund balance for the year ending 31 March 2012 is estimated to be a surplus of £1.7 million. This will be allocated to precepting bodies as follows:-

Precepting Authority	% share	£
Wirral Council	85.59	1,455,030
Merseyside Police Authority	9.99	169,830
Merseyside Fire and Rescue Authority	<u>4.42</u>	<u>75,140</u>
Total	<u>100.00</u>	<u>1,700,000</u>

## 5.0 RELEVANT RISKS

- 5.1 In estimating the end of year position on the Collection Fund the actual position could be either a deficit position, requiring recovery from the precepting authorities in 2013/14, or a larger surplus required to be distributed during 2013/14. To mitigate the risks, the estimate takes account of past performance and current known collection levels.

## 6.0 OTHER OPTIONS CONSIDERED

- 6.1 There are no other options considered in this report.

## 7.0 CONSULTATION

- 7.1 The Merseyside Police Authority and Merseyside Fire and Rescue Authority will be informed of their share of the declared surplus by 22 January 2012.

## 8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 There are none arising directly out of this report.

## **9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 9.1 From the Collection Fund 2011/12 Wirral Council will receive a distribution of £1,455,030 from the total surplus of £1,700,000.
- 9.2 The 2011/12 Council Budget assumed £1.3 million would be received from a Collection Fund surplus distribution by 31 March 2012. This amount is included within the £1,455,030 above and will now be received when the Collection Fund distribution is made during 2012/13.
- 9.3 There are no IT, staffing or asset implications arising directly from this report.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 Under the Local Authority (Funds) (England) Regulations 1992, the Authority must annually estimate the likely surplus or deficit on its Collection Fund for 2011/12 and notify the precepting authorities of the Fund by 22 January. 2012.

## **11.0 EQUALITIES IMPLICATIONS**

- 11.1 There are none arising directly out of this report.
- 11.2 An Equality Impact Assessment (EIA) is not required.

## **12.0 CARBON REDUCTION IMPLICATIONS**

- 12.1 There are none directly arising out of this report.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 13.1 There are none directly arising out of this report.

FNCE/288/11

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## **REFERENCE MATERIAL**

Statement of Accounts 2010/11: Additional Financial Statements: Collection Fund

## **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Collection Fund 2008/09	15 January 2009
Cabinet - Collection Fund 2009/10	14 January 2010
Cabinet - Collection Fund 2010/11	13 January 2011