

# WIRRAL COUNCIL

## CABINET

24 JANUARY 2013

<b>SUBJECT</b>	<b>COLLECTION FUND 2012/13</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>INTERIM DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</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.

### 2.0 RECOMMENDATION

2.1 That the declaration of an estimated nil balance position for the Collection Fund for the year ending 31 March 2013 which is in accordance with current budget assumptions be noted.

### 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 bodies in setting their Budget 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 currently paid to the Government. From 1<sup>st</sup> April 2013 a new Local Government Finance System will see authorities retaining a proportion of locally raised business rates with either a tariff paid or a top-up received to ensure a comparable starting position between the two funding systems. 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 currently in excess of £150 million per annum. In January 2012 the forecast Collection Fund outturn for 2011/12 was for a surplus position of £1.7 million therefore resulting in a distribution to the precepting bodies.

4.3 The actual position on the Collection Fund as at 31 March 2012 was a surplus of £2.3 million. This was mainly as a result of higher council tax receipts being received in 2011/12 due to windfall receipts from empty property exemptions changes.

- 4.4 Budget options for 2013/14 onwards may impact upon the level of discounts awarded and subsequent collection Fund income. Any decision will not however effect the Collection Fund surplus/deficit position for 2012/13.
- 4.5 A reassessment of the level of bad debt provision is required to reflect the impact the longer term impact of recent changes to empty property discounts and also the ongoing economic climate. Council Tax collection rates are currently 0.5% below the corresponding period for last year.
- 4.6 Any surplus or deficit on the Fund must be shared pro-rata to the existing precepts on the Fund. Based upon the 2012/13 precepts and taking the above factors into account the Collection Fund balance for the year ending 31 March 2012 is estimated to be nil. Any surplus or deficit position would be allocated to precepting bodies on the follow basis:-

Precepting Authority	% share	£
Wirral Council	85.18	0
Police and Crime Commissioner for Merseyside	10.24	0
Merseyside Fire and Rescue Services	<u>4.58</u>	<u>0</u>
Total	<u>100.00</u>	<u>0</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 requiring 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 Mersey Fire and Rescue Service 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 Wirral Council will neither receive any additional distribution or pay an additional contribution on the basis of the estimated 31<sup>st</sup> March 2012 position.
- 9.2 The 2013/14 Council Budget assumptions assume a nil balance at 31 March 2013. The estimate is therefore in line with this assumption.
- 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.

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## **REFERENCE MATERIAL**

Statement of Accounts 2011/12: 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
Cabinet - Collection Fund 2011/12	12 January 2012