

MAIDSTONE BOROUGH COUNCIL
RECORD OF DECISION OF THE CABINET

Decision Made: 21 December 2011

COUNCIL TAX 2012/13 - COLLECTION FUND ADJUSTMENTS - CABINET

Issue for Decision

To consider the anticipated balance on the Collection Fund as at 31 March 2012 relating to the collection of local taxation.

Decision Made

That the projection detailed in the report of the Head of Finance and Customer Service be agreed and that no distribution of a surplus or deficit should occur.

Reasons for Decision

The distribution of balances to precepting authorities is an important part of their budget calculation and a decision at this time enables timely advice to those authorities. It also enables timely consideration in relation to the Council's own budget strategy.

Members will be aware that this council is required to maintain a Collection Fund which accounts for all local tax payments. The income into the Fund along with Council Tax Benefit payments is used to pay the precepts to Kent County Council, Kent Police Authority, Kent Fire Authority and the equivalent demand from this council (which includes Parish Precepts).

For the proper maintenance of the Collection Fund it is necessary to assess, on an annual basis, the likely balance on the Collection Fund as at 31 March of the current financial year. Any balance, either positive or negative, must be taken into account in the following financial year. However, the balance on the fund, under the statutory conditions relating to Council Tax, does not become a credit or charge on this council solely but needs to be split proportionately between Kent County Council, Kent Police Authority, Kent Fire Authority and this Authority on the basis of the demand or precept in the current financial year.

The current situation regarding Council Tax in 2011/12 is projected to 31st March 2012 in Appendix A to the report of the Head of Finance and Customer Services. This Appendix details the estimated level of Council Tax income for the year, net of exemptions and discounts, to pay for precepts and demands on the Fund. This totals £90,099,759.

Appendix A to the report of the Head of Finance and Customer Services also details the latest situation regarding Council Tax bills dispatched, incorporating exemptions and discounts. Total income is now anticipated to be £90,147,338; therefore a small surplus of £47,579 is anticipated for 2011/12. The Collection Fund has produced this small surplus due to the continuing increase in properties on the valuation list although this is at a reducing rate reflecting the current economic climate. The impact of this is reflected in the tax base report considered by General Purposes Committee on 14 December 2011. The projection also includes an allowance for properties that will come on to the valuation list up to March 2012.

The actual Council Tax surplus, as at 31 March 2011, was £34,842. The predicted outturn at this time last year was £81,691 and this was taken into account in setting the Council Tax in 2011/12. Therefore, there is a balance of £46,849 resulting from the over distribution in this year. This balance must be recouped during 2012/13.

In total, Appendix A to the report of the Head of Finance and Customer Services estimates that there will be a net surplus on the Collection Fund for 2011/12 of less than £1,000.

In line with the Local Government Finance Act 1992 it is necessary to declare the distribution of any surplus or deficit on the Collection Fund and for this reason it is recommended that, due to estimating such a limited surplus, Cabinet agree that no distribution is made for 2012/13.

Alternatives considered and why rejected

It is a statutory requirement that any adjustment be calculated annually and Cabinet could not choose to ignore this decision.

Cabinet could vary the figures used in the estimate provided at Appendix A to the report of the Head of Finance and Customer Services; however they are based on data from the Council Tax system and projections developed from past experience and known factors. They represent a reasonable estimate of the situation.

Should it be decided to vary the data and distribute a significant surplus or deficit, this would affect the balance on the Collection Fund and the cash flow of the Council. Members should note that the surplus distributed to this Council in 2011/12 was £15,528 and the majority of any surplus or deficit is passed to the County Council.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Change and Scrutiny by: 05 January 2012
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