

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 19 December 2012

COUNCIL TAX 2013/14 - COLLECTION FUND ADJUSTMENTS

Issue for Decision

To agree the levels of Collection Fund Adjustment.

Decision Made

That the projection detailed in the report of the Head of Finance and Customer Services be agreed and as a result the distribution of the surplus as set out below be agreed:

Preceptor	£
Maidstone Borough Council	32,033
Kent County Council	139,431
Kent Police Authority	18,463
Kent and Medway Towns Fire Authority	9,033
Amount Distributed	198,960

Reasons for Decision

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 is used to pay the precepts to Kent County Council, Kent Police Authority, Kent Fire Authority and the equivalent requirement of 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 each 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 and Rescue Authority and this Authority on the basis of the demand or precept in the current financial year.

The current situation regarding Council Tax in 2012/13 is projected to 31st March 2013 in Appendix A to the report of the Head of Finance and Customer Services. This Appendix details the precepts and demands on the Fund. These total £91,178,935.

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 £91,224,430; therefore a surplus of £45,495 is anticipated for 2012/13. The Collection Fund has produced this 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 19 December 2012. The projection also includes an allowance for properties that will come on to the valuation list up to March 2013.

The actual Council Tax surplus, as at 31 March 2012, was £153,465. The predicted outturn at this time last year was less than £1,000 and a value of zero was taken into account in setting the Council Tax in 2012/13. Therefore, there is a balance of £153,465 resulting from the under distribution in this year. This balance must be distributed during 2013/14.

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 2012/13 of £198,960.

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 the surplus be distributed in line with the table below which apportions the surplus in line with the preceptors share of the Council Tax as set out in Appendix A.

Preceptor	£
Maidstone Borough Council	32,033
Kent County Council	139,431
Kent Police Authority	18,463
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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 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 Cabinet chose to vary the data and distribute a different surplus or deficit this would affect the balance on the Collection Fund and the cash flow of the 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: **3 January 2013**