

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 22 December 2010

COUNCIL TAX 2011/12 - COLLECTION FUND ADJUSTMENTS

Issue for Decision

To agree the levels of collection fund adjustments.

Decision Made

That the projected surplus on the Collection Fund as at 31 March 2011 relating to Council Tax, of £97,169, be split as follows, for the purposes of setting the Council Tax for 2011/12:-

<u>Authority</u>	<u>Amount</u> <u>£</u>
Maidstone Borough Council	15,528
Kent County Council	68,193
Kent Police Authority	9,027
Kent & Medway Towns Fire Authority	4,421
TOTAL	97,169

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 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 Council Tax, which was introduced in 1993/94 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 2010/11 is detailed in Appendix A to the report of the Head of Finance and Customer Services. This Appendix details the original 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 £89,227,337.

Appendix A to the report of the Head of Finance and Customer Services also details the latest situation regarding Council Tax bills despatched, incorporating exemptions and discounts. Total income is now anticipated to be £89,309,028; therefore a small surplus of £81,691 is anticipated for 2010/11. 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 9th December 2010. The projection also includes an allowance for properties that will come on to the valuation list up to March 2011.

The actual Council Tax surplus, as at 31 March 2010, was £81,457 of which £65,979 was taken into account in setting the Council Tax in 2010/11. Therefore, there is a balance of £15,478 from 2010/11 and this must be used in 2011/12 to reduce Council Tax liability.

In total it is estimated that there will be a Council Tax Collection Fund surplus anticipated for 2011/12 of £97,169 at 31 March 2011. This is fully detailed in Appendix A to the report of the Head of Finance and Customer Services.

Based on the appropriate Government Regulations, this estimated surplus must be used to reduce the level of Council Tax in 2011/12. However, this surplus must be made available to this council, Kent County Council, Kent Police Authority and the Kent and Medway Towns Fire Authority in proportion to the level of demand and precepts in the current year. The detailed factors are shown in Appendix A to the report of the Head of Finance and Customer Services. Therefore the amount of the 2010/11 surplus relating to each as follows:-

<u>Authority</u>	<u>Amount</u> <u>£</u>
Maidstone Borough Council	15,528
Kent County Council	68,193
Kent Police Authority	9,027
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Alternatives considered and why rejected

It is a statutory requirement that this adjustment is made using this calculation method.

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: **5 January 2011**