

MAIDSTONE BOROUGH COUNCIL

CABINET

22nd DECEMBER 2010

REPORT OF HEAD OF FINANCE & CUSTOMER SERVICES

Report prepared by Paul Riley
Head of Finance & Customer Services

1. COUNCIL TAX 2011/12 – COLLECTION FUND ADJUSTMENTS

1.1 Issue for Decision

1.1.1 This report details the anticipated balance on the Collection Fund as at 31 March 2011 relating to the collection of local taxation.

1.1.2 Under the statutory timetable laid down, it is necessary that these matters be decided by 15 January 2011.

1.2 Recommendation of Head of Finance & Customer Services

1.2.1 That Cabinet agree the projected surplus on the Collection Fund as at 31 March 2011, relating to Council Tax, of £97,169 should 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

1.3 Reasons for Recommendation

1.3.1 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).

1.3.2 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.

- 1.3.3 The current situation regarding Council Tax in 2010/11 is detailed in **APPENDIX A**. 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.
- 1.3.4 **APPENDIX A** 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.
- 1.3.5 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.
- 1.3.6 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**.
- 1.3.7 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**. 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
Kent & Medway Towns Fire Authority	4,421

TOTAL	97,169
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1.4 Alternative Action and why not Recommended

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

1.5 Impact on Corporate Objectives

1.5.1 The Collection Fund adjustment due to this council will reduce the Council Tax requirement in 2011/12. This amount will be taken into account in the overall Budget Strategy process.

1.6 Risk Management

1.6.1 The major risks relating to the overall position of the Collection Fund are the initial calculation of the Tax Base (which was dealt with in a report to the General Purposes Committee on 9th December 2010) and the rate of collection. This latter risk is monitored on a monthly basis to ensure good collection rates. Current collection rates are also anticipated in the Strategic Plan.

1.7 Other Implications

1.7.1

1.	Financial	X
2.	Staffing	-
3.	Legal	-
4.	Equality Impact Needs Assessment	-
5.	Environmental/Sustainable Development	-
6.	Community Safety	-
7.	Human Rights Act	-
8.	Procurement	-
9.	Asset Management	-

1.7.2 The Collection Fund adjustment will be taken into account in the Budget Strategy process and, along with other funding factors, will provide resources to reduce the Council Tax requirement for 2011/12.

1.8 Relevant Documents

1.8.1 Appendices

Appendix A – Projected Collection Fund 2010/11

1.8.2 Background Documents

None.

IS THIS A KEY DECISION REPORT?

Yes

No

If yes, when did it first appear in the Forward Plan? 11 August 2010

This is a Key Decision because: A Budget Report

Wards/Parishes affected: All