

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 18 December 2013

COUNCIL TAX 2014-15 - COLLECTION FUND ADJUSTMENT

Issue for Decision

To agree the anticipated balance on the Collection Fund as at 31 March 2014 relating to the collection of local taxation and to agree the distribution of the surplus to precepting authorities. 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.

Decision Made

That the anticipated balance on the Collection Fund as at 31 March 2014, as set out in the report of the Head of Finance and Resources, be agreed and that the surplus be distributed as follows:

Preceptor	£
Maidstone Borough Council	70,705
Kent County Council	298,876
Kent Police Authority	40,354
Kent and Medway Towns Fire Authority	19,361
Total	429,296

Reasons for Decision

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 2013/14 is projected to 31st March 2014 in Appendix A to the report of the Head of Finance and

Resources. This Appendix details the precepts and demands on the Fund totalling £83,017,759.

Appendix A to the report also details the latest situation regarding Council Tax bills dispatched, incorporating exemptions and discounts. Total income is now anticipated to be £83,198,349; therefore a surplus of £180,590 is anticipated for 2013/14. The Collection Fund regularly produces a surplus due to the continuing increase in properties on the valuation list, although this is currently at a reducing rate reflecting the current economic climate. In 2013/14 there is an additional impact due to the predictions used in relation to the first year of the local council tax support scheme that replaced council tax benefit from 1st April 2013. The level of demand for support through the scheme has been lower than predicted having a positive impact on the surplus predicted for 31st March 2014. The projection at Appendix A also includes an allowance for properties that will come on to the valuation list up to March 2014.

The actual Council Tax surplus, as at 31 March 2013, was £447,666. The predicted outturn at this time last year was £198,960 and this value was taken into account in setting the Council Tax in 2013/14. Therefore, there is a balance of £248,706 resulting from an under distribution in this year.

In total, Appendix A to the report estimates that there will be a net surplus on the Collection Fund for 2013/14 of £429,296.

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 proposed 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 to the report:

Preceptor	£
Maidstone Borough Council	70,705
Kent County Council	298,876
Kent Police Authority	40,354
Kent and Medway Towns Fire Authority	19,361
Total	429,296

Alternatives Considered and Why Rejected

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

The Cabinet could have varied the figures used in the estimate provided at Appendix A to the report of the Head of Finance and Resources. 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.

If the Cabinet chose to vary the data and distribute a different surplus or deficit this could 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 Policy and Communications by: **2 January 2014.**