



Cabinet Meeting

8 January 2014

Report title	Collection Fund – Estimated Outturn 2013/14	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Tim Johnson, Education and Enterprise	
Originating service	Delivery	
Accountable employee(s)	Mark Taylor Tel Email	Assistant Director Finance 01902 556609 Mark.taylor@wolverhampton.gov.uk
Report to be/has been considered by	None	

Recommendation(s) for action or decision:

The Cabinet is recommended to:

1. Approve the payment by the precepting authorities' of their share of the deficit in equal instalments.
2. Delegate authority to the Cabinet Member for Resources, in consultation with the Assistant Director – Finance, to confirm any final changes to the forecast outturn reflecting any further information received ahead of the statutory deadline of 15 January 2014.

Recommendations for noting:

The Cabinet is asked to note:

3. That the estimated outturn on the Collection Fund's Council Tax transactions in 2013/14 is a cumulative deficit of £782,000.
4. That the precepting authorities' shares of the deficit, based on each of the precepting authorities' proportion of the 2013/14 council tax bill, as approved by Council in March 2013 is calculated as follows:
 - Wolverhampton City Council £700,000
 - West Midlands Police Authority £54,000
 - West Midlands Fire and Civil Defence Authority £28,000

1.0 Purpose

- 1.1 To inform the Cabinet of the estimated outturn for the Council Tax transactions on the Collection Fund in 2013/14.

2.0 Background

- 2.1 Council Tax billing authorities are required to maintain a Collection Fund in accordance with Sections 89 and 90 of the Local Government Finance Act 1988. The operation of the Collection Fund is prescribed in detail by a series of specifications, regulations and directions made under various sections of the Local Government Finance Acts 1988 and 1992. Broadly, the Collection Fund's income comes from receipts of Council Tax and Community Charges, National Non-Domestic Rates (NNDR) collected from taxpayers and any amounts transferred in (e.g. in respect of previous years' deficits). Expenses met from the Fund consist of adjustments to individuals' and companies' tax liabilities (refunds etc.), the billing authority's own budget demand, write offs, precepts, payments into the NNDR pool and previous years' surpluses transferable out.
- 2.2. Each billing authority must make an estimate of the surplus or deficit for the Council Tax transactions of the Collection Fund for the current financial year. Such estimated surpluses or deficits do not remain in the Collection Fund but are shared between the billing authority and the precepting authorities in the year following the financial year to which they relate. Precepting authorities should be notified of their share of any surplus or deficit within seven working days of the estimate being made.
- 2.3. The surplus or deficit is then transferred in instalments in the financial year following the year for which the surplus or deficit has been estimated. In the case of billing authorities, the amounts are transferable in accordance with the schedule of instalments adopted for the payment of precepts and demands. Transfers to or from precepting authorities must take place in no more than ten equal instalments in the following year. The first and final instalments are to be paid by 31 May and 31 March respectively with an equal number of working days between instalments.
- 2.4. All Collection Fund surpluses or deficits for Council Tax transactions are to be ignored for the purpose of calculating the billing or precepting authority's budget requirement. They are, however, to be taken into account in calculating a billing authority's basic Council Tax or a joint authority's precept.

3.0 Council tax estimated outturn 2013/14

- 3.1 Collection performance in 2012/13 was 96.5%. The target for 2013/14 was set at 97.13%.

- 3.2 The Collection Fund forecast outturn for 2012/13 at December 2012 was for a £235,000 surplus. At outturn the actual figure was a £593,000 deficit. This difference of £828,000 represents a less than 0.7% variance from the budget.
- 3.3 The estimate on the Collection Fund for 2013/14 in relation to Council Tax is set out below. It is forecast there will be an accumulated deficit on the collection fund of £782,000 at 31 March 2014 after taking into account the £593,000 deficit in 2012/13.

Table 1 – Forecast outturn 2013/14

	£000	£000
Actual accumulated deficit at 1 April 2013		593
Estimated income		
Income from council tax		(83,702)
Total Estimated Income		(83,109)
Estimated Expenditure		
Demands on collection fund		
Wolverhampton City Council	73,297	
WM Police Authority	5,702	
WM Fire Authority	2,940	81,939
Provision for non collection of council tax	1,717	1,717
Total estimated expenditure		83,656
Distribution of previous years deficit		
Wolverhampton City Council	210	
WM Police Authority	16	
WM Fire Authority	8	235
Estimated accumulated deficit at 31 March 2014		782

- 3.4 The overall position in terms of the allocation of the deficit/surplus between the Council and the precepting bodies is summarised in table 2 below. The split is based on the 2013/14 council tax bill that was approved by Full Council in the formal council tax resolutions on 1 March 2013.

Table 2 – Recommended split of forecast deficit 2013/2014

	2012/13 actual deficit	2013/14 estimated deficit	Total estimated deficit
Wolverhampton	530	170	700
WM Police Authority	41	13	54
WM Fire Authority	21	7	28
Total	592	190	782

3.5 The sums due from the two precepting authorities be recovered in equal instalments from the precepts payable for 2014/15 as set out in paragraph 2.3.

4.0 Financial implications

4.1 These are set out in the body of the report.

[CF/06012014/I]

5.0 Legal implications

5.1 Relevant legislation is contained in the body of the report.

[JH/06012014/M]

6.0 Equalities implications

6.1 The Council has a statutory duty to consider the impact of the way it carries out its business on different groups of people. This is designed to help the Council identify the particular needs of different groups and reduce the likelihood of discrimination. Such Impact Assessments cover:

- Race
- Gender
- Disability
- Sexual Orientation
- Religious Belief
- Age
- Transgender
- Marriage and Civil Partnership
- Pregnancy and Maternity

6.2. Establishing the Council Tax Base and monitoring the Collection Fund are significant in relation to Equality Impact Assessments in a number of ways, such as:

- Issues of Council Tax discount in relation to single occupation often impact on elderly residents and single parents of young families
- Disabled person reduction available to homes with very specific facilities essential to the needs of a disabled resident
- Exemption from the charge when all residents are suffering from severe mental impairment
- Council tax benefit available to low income families
- The Council has relatively little discretion in these areas but is responsible for adequately publicising benefit, discounts, reliefs and exemptions available

7.0 Environmental implications

7.1 This report has no environmental implications.

8.0 Schedule of background papers

8.1 Formal Council Tax Resolutions, Full Council, 1 March 2013