



# Cabinet Meeting

14 January 2015

<b>Report title</b>	Collection Fund Estimated Outturn 2014/15	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Andrew Johnson Resources	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Keith Ireland, Delivery	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee(s)</b>	Mark Taylor	Director of Finance
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<b>Report to be/has been considered by</b>	None	

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## Recommendations for action or decision:

The Cabinet is recommended to:

1. Approve the payments to the precepting authorities of their share of the council tax surplus in equal instalments.

The estimated outturn in 2014/15 is a cumulative surplus of £1.1 million. Based on their proportion of the 2014/15 council tax bill, as approved by Council in March 2014 the amounts are as follows:

- Wolverhampton City Council £980,000
- West Midlands Police £76,000
- West Midlands Fire Service £39,000

2. Approve the payments to central government and the precepting authority of their share of the business rates (NDR) surplus in equal instalments.

The estimated outturn in 2014/15 is a cumulative surplus of £124,000. As prescribed by legislation the amounts are as follows:

- Wolverhampton City Council £61,000
- Central Government £62,000
- West Midlands Fire Service £1,000

3. Delegate authority to the Cabinet Member for Resources, in consultation with the Director of Finance, to confirm any final changes to the forecast outturn reflecting any further information received ahead of the statutory deadline of 31 January 2015.

## **1.0 Purpose**

- 1.1 To inform the Cabinet of the estimated outturn for Council Tax and NDR transactions on the Collection Fund in 2014/15.

## **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 (NDR) 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 and previous years' surpluses transferable out.
- 2.2. Each billing authority must make an estimate of the surplus or deficit for the Council Tax and NDR 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, precepting authorities and central government 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 2014/15**

- 3.1 In year collection performance for 2013/14 was 95.6%, compared to an overall target of 97.1%.
- 3.2 The council tax forecast outturn for 2013/14 at December 2013 was for a £782,000 deficit. At outturn the actual figure was a £178,000 deficit.

- 3.3 The target for 2014/15 was set at a net rate of 96.9%.
- 3.4 The estimate on the Collection Fund for 2014/15 in relation to Council Tax is set out below. It is forecast there will be an accumulated surplus of £1.1 million at 31 March 2015 after taking into account the £178,000 deficit in 2013/14.

**Table 1- Forecast council tax outturn 2014/15**

	£000	£000
<b>Actual accumulated deficit at 1 April 2014</b>		<b>178</b>
<b>Estimated income</b>		
Income from Council Tax		(87,814)
<b>Total estimated income</b>		<b>(87,814)</b>
<b>Estimated expenditure</b>		
Demands on Collection Fund		
Wolverhampton City Council	76,798	
WM Police	5,974	
WM Fire Service	3,080	85,852
Provision for non-collection of council tax	1,471	1,471
<b>Total estimated expenditure</b>		<b>87,323</b>
<b>Distribution of previous year's estimated deficit</b>		
Wolverhampton City Council	(699)	
WM Police Authority	(55)	
WM Fire Service	(28)	<b>(782)</b>
<b>Estimated accumulated surplus at 31 March 2015</b>		<b>(1,095)</b>

- 3.5 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 2014/15 council tax bill that was approved by Full Council in the formal council tax resolutions on 5 March 2014.

**Table 2 – Recommended split of forecast council tax surplus for 2014/15, to be distributed in 2015/16**

	2013/14 actual deficit £000	2014/15 estimated surplus £000	Total estimated surplus £000
Wolverhampton CC	160	(1,140)	(980)
WM Police	12	(88)	(76)
WM Fire Service	6	(45)	(39)
<b>Total</b>	<b>178</b>	<b>(1,273)</b>	<b>(1,095)</b>

3.6 The sums due to the two precepting authorities will be paid in equal instalments alongside the precepts payable for 2015/16 as set out in paragraph 2.3.

#### 4.0 NDR estimated outturn 2014/15

4.1 Collection performance in 2013/14 was 94.5%, including the provision made for appeals. The target for 2014/15 is set at a rate of 95.4%.

4.2 The NDR forecast outturn for 2013/14 at December 2013 was for a £281,000 deficit. At outturn the actual figure was a £898,000 surplus.

4.3 The estimate on the Collection Fund for 2014/15 in relation to NDR is set out below. It is forecast there will be an accumulated surplus of £124,000 at 31 March 2015 after taking into account the £898,000 surplus in 2013/14.

#### 4.4 Table 3- Forecast NDR outturn 2014/15

	£000	£000
<b>Actual accumulated surplus at 1 April 2014</b>		<b>(898)</b>
<b>Estimated income</b>		
Income from NDR		(78,403)
Transitional Protection		(303)
<b>Total estimated income</b>		<b>(78,706)</b>
<b>Estimated expenditure</b>		
Demands on Collection Fund		
Wolverhampton City Council	36,414	
Central Government	37,157	
WM Fire Service	743	74,314
Provision for non-collection of NDR (incl. appeals)	3,582	
Disregarded Amounts	346	
End-year reconciliation	1,519	5,447
<b>Total estimated expenditure</b>		<b>79,761</b>
<b>Distribution of previous year's estimated deficit</b>		
Wolverhampton City Council	(138)	
Central Government	(140)	
WM Fire Service	(3)	<b>(281)</b>
<b>Estimated accumulated surplus at 31 March 2015</b>		<b>(124)</b>

4.5 The overall position in terms of the allocation of the deficit/surplus between the Council, central government and the precepting body is summarised in table 2 below. The split is prescribed by legislation.

**Table 4 – Recommended split of forecast NDR surplus for 2014/15, to be distributed in 2015/16**

	2013/14 actual surplus £000	2014/15 estimated deficit £000	Total estimated surplus £000
Wolverhampton CC	(440)	379	(61)
Central Government	(449)	387	(62)
WM Fire Service	(9)	8	(1)
<b>Total</b>	<b>(898)</b>	<b>774</b>	<b>(124)</b>

4.6 The sums due to central government and the precepting body will be paid in equal instalments alongside the precepts payable for 2015/16 as set out in paragraph 2.3.

## 5.0 Financial implications

5.1 The total estimated Collection Fund surplus 2014/15 is £1.2 million, of which the Council will retain £1.0 million.  
[CF/30122014/M]

## 6.0 Legal implications

6.1 Relevant legislation is contained in the body of the report.  
[TS/30122014/G]

## 7.0 Equalities implications

7.1 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

7.2. 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 discount available to low income families

The Council has relatively little discretion in these areas but is responsible for adequately publicising discounts, reliefs and exemptions.

## **8.0 Environmental implications**

8.1 There are no relevant environmental implications arising from this report.

## **9.0 Human resources implications**

9.1 There are no relevant human resources implications arising from this report.

## **10.0 Corporate landlord implications**

10.1 There are no relevant corporate landlord implications arising from this report.

## **11.0 Schedule of background papers**

11.1 Budget Reports 2014/15: Council Tax Formal Resolutions- Council 5 March 2014