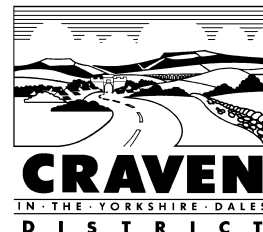


Policy Committee – 17th January 2017

COLLECTION FUND COUNCIL TAX SURPLUS/DEFICIT 2016/17



Report of Strategic Manager – Financial Services (s151 Officer)

Lead Member – Finance: Councillor Mulligan

Ward(s) affected: All

1. **Purpose of Report** – To declare the estimated surplus on the Collection Fund Council Tax for 2016/17.
2. **Recommendations** – Members are recommended to:
 - 2.1 Declare an estimated surplus of £750,000 on the Council's Collection Fund at 31st March 2017 relating to Council tax transactions.
 - 2.2 That Members recommend to Council that as part of the budget strategy the Council's element of the estimated surplus is used in calculating the level of Council Tax for 2017/18.
3. **Background**
 - 3.1 The Collection Fund records the amount of income collected from Council Tax, together with precept payments to the Parish/Town Councils and the County Council, Police and Fire and Rescue Authorities and this Authority. The Council is required to declare an estimate of the surplus or deficit that is likely to occur on the Collection Fund at the end of each year in January of that year.
 - 3.2 Any surplus or deficit relating to the Council Tax is shared between the County Council, the Police Authority, the Fire and Rescue Authority and this Council in the same proportion as the amount of their precepts for the year.
 - 3.3 Any surplus or deficit may occur in the Collection Fund if the Council Tax Base is higher or lower than originally forecast or collection rates are higher or lower than originally expected.
4. **Estimated Surplus for 2016/17**
 - 4.1 The amount calculated as the surplus on the Collection Fund for 2016/17 is £750,000.

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4.2 This amount has to be shared by the precepting authorities as follows:

- North Yorkshire County Council £522,593
- Police and Crime Commissioner North Yorkshire £99,141
- North Yorkshire Fire and Rescue Authority £30,098
- Craven District Council £98,168

4.3 This Council must take the £98,168 into account when it sets its element of the Council Tax for 2017/18.

4.4 It is not unusual for a surplus to be estimated on a Collection Fund. The ideal situation is for it to break even year on year but when dealing with figures in excess of £40M a surplus of £750,000 represents a positive variance of only 1.7%.

4.5 Surplus/Deficits can occur as a result of differences between actual results and estimates made when setting the Council Tax Base, which was calculated some 12 months ago. These differences include the number of new properties becoming chargeable in the year, the proportion of properties claiming discounts (including single person discount and the council Tax reduction scheme) and the collection rate.

4.6 Over recent years the Council Tax Collection fund had an estimated surplus/deficit as follows:

£750k surplus year-ended 31 March 2017
£550k surplus year-ended 31 March 2016
£475k surplus year-ended 31 March 2015
£300k surplus year-ended 31 March 2014
£300k surplus year-ended 31 March 2013

The trend for the increase in the surplus has arisen as a consequence of the proactive work undertaken by the Council for changes in householders claiming discounts/ empty property reviews, the volume of new builds coming on to the register, together with a review of the provision for bad debts. Going forward we expect that the surplus will drop back to previous levels with small surpluses being shown each year.

5. **Implications**

5.1 **Financial and Value for Money (vfm) Implications** – The Council has to take account of its proportion of the estimated surplus in setting the Council tax for 2017/18.

5.2 **Legal Implications** – The Council must by law take account of its proportion of the estimated surplus in setting the Council tax for 2017/18.

5.3 **Contribution to Council Priorities** – None

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5.4 **Risk Management** – There is a risk of the Council breaking the law should the recommendations not be approved.

6. **Consultations with Others** – None

7. **Access to Information : Background Documents** – Working papers held in Financial services

8. **Author of the Report** – James Anderson, Senior Accountant

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Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

9. **Appendices** – None