Policy Committee - 21st January 2014

COLLECTION FUND COUNCIL TAX SURPLUS/DEFICIT 2013/14



Report of the Corporate Head of Financial Management Ward(s) affected: All

- 1. **Purpose of Report** To declare the estimated surplus on the Collection Fund for 2013/14.
- 2. **Recommendations** Members are recommended to:
- 2.1 Declare an estimated surplus of £300,000 on the Council's Collection Fund at 31st March 2014 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 2014/15.

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 2013/14

- 4.1 The amount calculated as the surplus on the Collection Fund for 2013/14 is £300,000.
- 4.2 This amount has to be shared by the precepting authorities as follows:
 - North Yorkshire County Council

£207,513

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 North Yorkshire Police Authority £40,140 North Yorkshire Fire and Rescue Authority £12,185 Craven District Council £40,162.

- 4.3 This Council must take the £40,162 into account when it sets its element of the Council Tax for 2014/15.
- 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 £39M a surplus of £300,000 represents a positive variance of only 0.8%.
- 4.5 The surplus is likely to have occurred because of a slight understatement of the number of properties coming into charge during the current year when the Council Tax Base for 2013/14 was calculated some 12 months ago.

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 2014/15.
- 5.2 The Council must by law take account of its proportion of Legal Implications – the estimated surplus in setting the Council tax for 2014/15.
- 5.3 Contribution to Council Priorities - None
- 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
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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

13 January 2014