

<b>28 January 2015</b>		<b>ITEM: 12</b>
<b>Council</b>		
<b>Determination of The Collection Fund Balance 2014/15</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key	
<b>Report of:</b> Councillor John Kent, Leader of the Council		
<b>Accountable Head of Service:</b> Sean Clark, Head of Corporate Finance		
<b>Accountable Director:</b> Graham Farrant, Chief Executive		
<b>This report is Public</b>		

### **Executive Summary**

The Collection Fund regulations require a local authority to estimate the balance on its Collection Fund as at 31 March each year. Any such balance relating to Council Tax is to be distributed to/borne by the Council and the Essex Police and Fire Authorities in proportion to the value of their respective precepts.

Any such balance relating to Business Rates is to be distributed to/borne by the Council, Central Government and Fire Authority in proportion to the agreed split under regulations.

#### **1. Recommendation(s)**

**1.1 (a) Determines the estimated 31 March 2015 balance of Thurrock Council's Council Tax Collection Fund to be a surplus of £1,164,181 (before distribution to major precepting authorities).**

**(b) Allocates the surplus to the three main precepting bodies in proportion to their precepts for 2014/15 as follows:**

- i) Thurrock Council £980,495;**
- ii) Essex Police Authority £125,779; and**
- iii) Essex Fire Authority £57,907.**

#### **1.2 That the Council:**

**(a) Determines the estimated 31 March 2015 balance of Thurrock Council's Business Rate Collection Fund to be a deficit of £8,896,308 (before distribution to Central Government and Essex Fire Authority).**

**(b) Allocates the deficit to the three main precepting bodies in the proportion set out in legislation:**

- (i) Thurrock Council £4,359,191;**
- (ii) Central Government £4,448,154; and**
- (iii) Essex Fire Authority £88,963.**

## **2. Introduction and Background**

2.1 This report sets out the information required for Council to agree:

- the determination of the estimated balance of the Council Tax Collection Fund that will be apportioned between the Council and the major precepting authorities (the Police and Fire Authorities) and;
- the determination of the estimated balance of the Business Rate Collection Fund that is apportioned between the Council, Central Government and the Fire Authority in accordance with regulations.

The Council's Constitution does not delegate this determination to Cabinet or any officer and so requires a decision from Council.

2.2 Each billing authority is required to maintain a separate Collection Fund which shows its transactions in relation to business rates and council tax and illustrates the way that these have been distributed to preceptors and the General Fund.

2.3 The key reasons for balances arising on the Collection Fund are:

- The estimated Council Tax Base may differ from the actual position throughout the year. The Council Tax Base comprises of the number of properties, the number of voids and the various discounts and exemptions awarded, it is inevitable that these will change and that a difference will arise.
- The Business Rates estimated at the start of the year and any predicted growth in those rates may differ from the actual amounts collectable from business rate payers, mainly as a result of growth and business closures.
- The Collection Fund also includes contributions to the bad debt provisions for Council Tax and Business Rates which are reassessed each year.

2.4 Council Tax billing authorities are required by the local Authorities (Funds) (England) Regulations 1992 to estimate any surplus or deficit on their Council Tax Collection Fund for the year as at 15 January every year and, at the same time, apportion such amount between themselves and the major precepting authorities.

- 2.5 Billing authorities are required by the Local Government Finance Act 2012 to estimate any surplus or deficit on their Business Rate Collection Fund for the year as at 15 January every year and, at the same time, apportion such amount between themselves and the major precepting authorities in accordance with regulations. This is then notified to central government through the NNDR 1 form. However the form has not yet been issued and is likely to be amended following the Chancellor's Autumn Statement. This will be populated using the data supporting the position included in this report and will be presented at the February Cabinet meeting.
- 2.6 Based on the latest forecasts of collections and write offs the Council Tax Collection Fund is estimated to be a surplus of £1,164,181 as at 31 March 2015. This is apportioned to the major preceptors as follows:

<b>Major Precepting Authority</b>	<b>£</b>
Thurrock Council	980,495
Essex Police Authority	125,779
Essex Fire Authority	57,907
<b>Total Allocated</b>	<b>1,164,181</b>

- 2.7 The Council's share of the balance is a surplus of £980,495 which has been taken account of in the budget for 2015/16 and has been included in the MTFS.
- 2.8 Based on the latest forecasts of collections and write offs the Business Rates Collection Fund is estimated to have a deficit of £8,896,308 as at 31 March 2015. This is apportioned under regulations as follows:

<b>Major Precepting Authority</b>	<b>£</b>
Thurrock Council	4,359,191
Central Government	4,448,154
Essex Fire Authority	88,963
<b>Total Allocated</b>	<b>8,896,308</b>

- 2.9 The Council's share of the balance is a deficit of £4,359,191 which has been taken account of in the budget for 2015/16 and has been included in the MTFS.
- 2.10 The main cause of the ongoing deficit on the fund has been the significant provision for the impact of appeals lodged with the Valuation Office.

### **3. Issues, Options and Analysis of Options**

- 3.1 A key issue in this calculation is the accounting for the levels of appeals that are with the Valuation Office. The calculation includes a provision for a reduction in business rates of an additional £1.72m in 2014/15 bringing the total provision to £15.3m. This is based on the levels of appeals waiting to be

heard and an assessment of their likelihood of success and then the ongoing impact in future billing.

- 3.2 This figure could obviously change significantly and any variation would be accounted for in the setting of the 2016/17 budget.

#### **4. Reasons for Recommendation**

- 4.1 There is a legal requirement to agree these calculations and to include it within the budget setting process.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 This report has been considered by Cabinet.

#### **6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 There is no direct impact from the content of this report that is not already being considered as part of the budget consultation.

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: **Sean Clark**  
**Head of Corporate Finance**

The Council's share of the Council Tax Collection Fund surplus is £980,495 and the share of the Business Rates Collection Fund deficit is £4,359,191. This has been considered in setting both the budget and MTFS.

##### **7.2 Legal**

Implications verified by: **David Lawson**  
**Deputy Head of Legal & Deputy Monitoring Officer**

Council Tax billing authorities are required by the Local Authorities (Funds) (England) regulations 1992 to estimate any surplus or deficit on their Council Tax Collection Fund as at 15 January every year.

Business Rate billing authorities are required under the Local Government Finance Act 2012 to estimate any surplus or deficit on their Business Rate Collection Fund at 15 January every year.

### 7.3 **Diversity and Equality**

Implications verified by: **David Lawson**  
**Deputy Head of Legal & Deputy Monitoring Officer**

There are no equalities issues arising from this report.

### 7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

In terms of risk, the estimated Council Tax Base includes prudent assumptions about the Tax Base and changes in exemptions, voids, discounts and the provision for bad debts.

The assumptions underpinning the amounts of business rate collectable and any associated bad debt provision are also considered to be prudent.

### 8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Statement of Accounts 2013/14
- Working papers retained by Corporate Finance

### 9. **Appendices to the report**

- There are no appendices to this report.

### **Report Author:**

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