

10 December 2014

Ordinary Council

Collection Fund (Council Tax) Surplus as at 31 March 2015

Report of: Jo-Anne Ireland – Acting Chief Executive

Wards Affected: All

This report is: Public

1. Executive Summary

- 1.1 The Collection Fund is a separate account that controls the money collected through Council Tax and its distribution between the precepting authorities; Essex County Council, Essex Police and Crime Commissioner, Essex Fire Authority and this Council.
- 1.2 Any surplus on the Collection Fund has to be returned to the Council and the precepting authorities in the same proportion to their precepts in the current year. The Council must take this into account when it sets its element of the Council Tax for 2015/16.
- 1.3 A surplus of £1 million has been calculated and the Council must take the amount of £120,582 into account when it sets its element of the Council Tax for 2015/16.

2. Recommendation(s)

- 2.1 To agree the calculation of the estimated Collection Fund surplus as at 31 March 2015 at £1 million.**

3. Introduction and Background

- 3.1 The Council is required to declare an estimate of the surplus or deficit that will occur on the Collection Fund at the end of each year. The Collection Fund records the amount of income collected from Council Tax, together with precept payments to major precepting authorities. This amount is then taken into account when the Council Tax is determined for the following year.

- 3.2 Any surplus or deficit relating to the Council Tax is shared between the precepting authorities; Essex County Council, Essex Police and Crime Commissioner, Essex Fire Authority and this Council in the same proportion as the amount of their precepts for 2014/15.
- 3.3 A deficit or surplus may occur in the Collection Fund if the Council Tax base is larger or smaller than originally anticipated or collection rates are higher or lower than expected.

4 Calculation of the Surplus

- 4.1 At 31 March 2014 the Collection Fund held a surplus in respect of Council Tax of £612k. In 2014/15 an amount of £300k has been budgeted for distribution, leaving a remaining surplus of £312k to be distributed in 2015/16.
- 4.2 Following a calculation of the income and expenditure in the Collection Fund for this year, it is estimated that there will be an accumulated surplus of £1 million to be distributed in respect of Council Tax by 31st March 2015. This includes the £312k surplus from previous years and an analysis of how this surplus was created is shown in the following table.

Description	£000
Surplus remaining from previous years	312
Increase in the number of chargeable dwellings	393
Reduction in the demand for Council Tax Support	255
Reduction in other discounts and exemptions	40
Estimated surplus	1,000

- 4.3 The distribution of the surplus is show as follows.

Authority	£000
Essex County Council	736
Brentwood Borough Council	121
Police and Crime Commissioner	98
Essex Fire Authority	45
Total distributed	1,000

- 4.4 The Council must take the amount of £120,582 into account when it sets its element of the Council Tax for 2015/16.

5 Reasons for Recommendation

- 5.1 Billing authorities are required by The Local Authorities (Funds) (England) Regulations 1992 to estimate by 15 January any surplus/deficit on their collection fund for the year.

6 References to Corporate Plan

- 6.1 Good financial management underpins all priorities within the Corporate Plan. The calculation of the Council Tax surplus is an important part of the budget setting process.

7 Implications

Financial Implications

Name & Title: Chris Leslie – Financial Services Manager

Tel & Email: 01277 312542 / christopher.leslie@brentwood.gov.uk

- 7.1 The calculation of the Council Tax surplus has resulted in additional income of £120,582 for the Council in 2015/16. This is an increase from the 2014/15 budgeted surplus of £36,588.
- 7.2 This additional income is for 2015/16 only and the use of this surplus to fund recurring expenditure may result in a budget pressure in future years.

Legal Implications

Name & Title: Christopher potter, Monitoring Officer

Tel & Email 01277 312860 / christopher.potter@brentwood.gov.uk

- 7.3 None.

8 Background Papers (include their location and identify whether any are exempt or protected by copyright)

- 8.1 None

Report Author Contact Details:

Name: Chris Leslie – Financial Services Manager

Telephone: 01277 312542

E-mail: christopher.leslie@brentwood.gov.uk