

REPORT FOR: **CABINET**

Date:	13 December 2012
Subject:	Collection Fund 2012/13
Key Decision:	Yes
Responsible Officer:	Julie Alderson, Corporate Director of Resources
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	None

Section 1 – Summary and Recommendations

This report sets out the estimated financial position on the Collection Fund as at 31 March 2013.

Recommendations

Cabinet is asked to:

- (a) Note an estimated surplus of £1,319,071 on the Collection Fund as at 31 March 2013 of which £1,045,960 is the Harrow share; and
- (b) Agree that an amount of £1,045,960 be transferred to the General Fund in 2013/14.

Reason (for recommendation)

To report to Cabinet on the Council's statutory obligation to make an estimate of the surplus or deficit on the Collection Fund by 15 January 2013. Approval to the recommendations set out is a major part of the annual budget review process. If the recommendations are not approved statutory requirements will not be met.

Section 2 – Report

Executive Summary

1. The Council, as a billing authority for Council Tax, is required to keep a special fund known as the Collection Fund. The Fund is credited with the amount of Council Tax and Non Domestic Rates (NDR) it collects. The payments out of the Fund are in respect of Harrow's own local demand (i.e. General Fund expenditure net of Revenue Support Grant and share of NDR), National NDR Pool and the precept issued by the Greater London Authority (GLA).
2. If a surplus, or deficit, remains in the Collection Fund at the year-end it is subsequently borne by, or distributed to, the billing authority (i.e. Harrow) and the preceptor (i.e. GLA). Billing authorities are required to estimate the expected Collection Fund surplus, or deficit, for the year to 31 March in order that the sum can be taken into account by billing authorities and preceptors in calculating the amounts of Council Tax for the coming year. The difference between the estimate and the actual surplus, or deficit, at 31 March will be taken into account in the following financial year.
3. The estimated financial position on the Collection Fund at 31 March 2013 is set out below.

	£
Collection Fund Surplus at 31 March 2012	-1,727,621
Transfer in respect of estimated surplus at 31 March 2012	1,683,702
Increase in collectable debit in 2012/13	-735,225
Reduction in provision for non-collection (BDP)	-539,927
Estimated surplus at 31 March 2013	-1,319,071

4. There are three factors in the calculation – any surplus or deficit brought forward from the previous financial year, the change in the collectable debit, and changes to the appropriate level of bad debt provision (BDP). The estimated surplus set out in the above table includes both Harrow's and the GLA's share.
 - The Collection Fund surplus at the end of 2011/12 was £1,728k This was £44k higher than the anticipated surplus of £1,684k when the 2012/13 budget and Council Tax was set;
 - The bad debt provision is calculated using the following rates :-

	%
Previous year debt	50
Debt over 2 years	60
Debt over 3 years	75
Debt over 4 years	100

This calculation has resulted in a reduction in provision of £540k.

5. The Regulations provide for the Council's share of the estimated surplus to be transferred to the General Fund. The transfer of £1,045,960 (Harrow Council's share) will reduce the amount required from the Collection Fund to fund the budget requirement and will be taken into account in the calculation of the 2013/14 Council Tax. The remaining sum of £273,111 will be payable to the GLA.

Financial Implications

6. Financial matters are integral to the report.

Performance Issues

7. There are no direct implications for individual performance indicators as the Collection Fund does not form part of the General Fund finance of the Council

Environmental Impact

8. There are none directly related to this report.

Risk Management Implications

9. In the current economic climate there is a risk that the Council's collection performance could decline. This would have an adverse impact on the Collection Fund financial position.

- Risk included on Directorate risk register? Yes
- Separate risk register in place? No

Equalities Implications

10. There are no direct equalities impacts arising from the decisions within this report.

Corporate Priorities

11. This report deals with the Collection Fund which is a key part of the budget funding and therefore helps deliver the Council's corporate priorities.

Section 3 - Statutory Officer Clearance

Name: Julie Alderson	<input checked="" type="checkbox"/>	On behalf of the Chief Financial Officer
Date: 3 December 2012		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 3 December 2012		

Section 4 – Performance Officer Clearance

Name: Liz Defries



on behalf of the
Divisional Director Strategic
Commissioning

Date: 3 December 2012

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards



Divisional Director

Date: 3 December 2012

(Environmental Services)

Section 6 - Contact Details and Background Papers

Contact: Julie Alderson, Corporate Director of Resources

Tel: 020-8420-9269

Email: julie.alderson@harrow.gov.uk

Background Papers:

- The Local Authorities (Funds) (England) Regulations 1992
<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>
- Statement of Accounts 2011/12
http://www.harrow.gov.uk/info/200110/council_budgets_and_spending/2657/statement_of_accounts

**Call-In Waived by the
Chairman of Overview
and Scrutiny Committee**

NOT APPLICABLE

[Call –in applies]