

Meeting:	Cabinet
Date:	15 January 2009
Subject:	Collection Fund 2009-10
Key Decision:	Yes
Responsible Officer:	Myfanwy Barrett (Corporate Director of Finance)
Portfolio Holder:	David Ashton ,Leader and Portfolio Holder for Strategy, Partnership and Finance
Exempt:	No
Enclosures:	N/A

Section 1 – Summary and Recommendations

This report sets out the estimated financial position on the Collection Fund as at 31 March 2009.

Recommendations:

Cabinet is asked to:

- (a) Note an estimated surplus of £380,779 on the Collection Fund as at 31 March 2009 of which £300,092 is the Harrow share;
- (b) Agree that an amount of £300,092 be transferred to the General Fund in 2009-2010.

Reason:

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 2009. Approval of 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

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) and to the 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 2009 is set out below.

	£
Collection Fund Deficit at 31 March 2008	1,801,121
Transfer in respect of estimated deficit at 31 March 2008	-1,735,592
Increase in collectable debt in 2008-2009	-643,664
Increase in provision for non-collection (BDP)	197,356
Estimated surplus at 31 March 2009	-380,779

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 deficit at the end of 2007-2008 was £1,801,121. This was £65,529 higher than the anticipated deficit of £1,735,592 when the 2008-2009 budget and Council Tax was set;
 - Due to stricter policing of discounts and exemptions, the amount to be collected from Council Tax has increased by £0.644m against the budgeted requirement of £124.9m for 2008-2009;

- The following rates in respect of Bad Debt Provision remain unchanged to those agreed by the Cabinet in January 2008.

Current Bad Debt Provision Rates:

	%
Previous year debt	54
Debt over 2 years	73
Debt over 3 years	86
Debt over 4 years	100

5. The Regulations provide for the Council's share of the estimated surplus to be transferred the General Fund. The transfer of £300,092 (Harrow Council's share) will reduce the local demand on the Collection Fund and will be taken into account in the calculation of the 2009-2010 Council Tax. The remaining sum of £80,687 will be payable to the GLA.

Legal Implications

6. The Council is required by The Local Authorities (Funds) (England) Regulations 1992 in exercise of the powers under Section 99(3) of the Local Government Finance Act 1988 to make an estimate by 15 January of the amount of the deficit or surplus on the Collection Fund as at 31 March 2009.

Financial Implications

This is a report from the Corporate Director of Finance and deals with financial matters throughout.

Performance Issues

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.

Section 3 - Statutory Officer Clearance

Name: Myfanwy Barrett	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 05 th January 2009		
Name: Helen White	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 06 th January 2009		

SECTION 4: PERFORMANCE OFFICER CLEARANCE

Name: Tom Whiting



On behalf of the Divisional
Director of Strategy and
Improvement

Date: 06th January 2009

Section 5 - Contact Details and Background Papers

Contact: Jennifer Hydari (Divisional Director, Finance &
Procurement)

Tel: 020-8424-1393 / Email: jennifer.hydari@harrow.gov.uk

Background Papers:

- The Local Authorities (Funds) (England) Regulations 1992
- Statement of Accounts 2007-2008