

REPORT FOR: **CABINET**

Date:	13 January 2011
Subject:	Collection Fund 2011/12
Key Decision:	Yes
Responsible Officer:	Myfanwy Barrett, Corporate Director Finance
Portfolio Holder:	Councillor Bill Stephenson, Leader and Portfolio Holder for Finance and Business Transformation
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 2011.

Recommendations

Cabinet is asked to:

- (a) Note an estimated surplus of £2,494,181 on the Collection Fund as at 31 March 2011 of which £1,977,885 is the Harrow share; and
- (b) Agree that an amount of £1,977,885 be transferred to the General Fund in 2011/12.

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 2011. 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

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 2011 is set out below.

	£
Collection Fund Surplus at 31 March 2010	-1,771,533
Transfer in respect of estimated surplus at 31 March 2010	1,825,964
Increase in collectable debit in 2010/11	-848,784
Reduction in provision for non-collection (BDP)	-1,699,828
Estimated surplus at 31 March 2011	-2,494,181

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 2009/10 was £1,772k. This was £54k lower than the anticipated surplus of £1,826k when the 2010/11 budget and Council Tax was set;
 - Due to continued stricter policing of discounts and exemptions, the amount to be collected from Council Tax has increased by £849k against the budgeted requirement of £129,230k for 2010/11; and
 - The bad debt provision is calculated using the following rates :-

	%
Previous year debt	43
Debt over 2 years	54
Debt over 3 years	73
Debt over 4 years	86
Debt over 5 years	100

This calculation has resulted in a reduction in provision of £1,700k.

5. The Regulations provide for the Council's share of the estimated surplus to be transferred to the General Fund. The transfer of £1,977,885 (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 2011/12 Council Tax. The remaining sum of £516,295 will be payable to the GLA.

Financial Implications

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

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 is no direct equalities impact.

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: Myfanwy Barrett	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 3 December 2010		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 8 December 2010		

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap



Divisional Director

Date: 2 December 2010

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards



Divisional Director

Date: 1 December 2010

Section 6 - 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 2009/10

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

NOT APPLICABLE