

SUBJECT: COLLECTION FUND SURPLUS OR DEFICIT – COUNCIL TAX

DIRECTORATE: DIRECTORATE OF RESOURCES

REPORT AUTHOR: LOUISE ALLISON, FINANCIAL SERVICES MANAGER

1. Purpose of Report

- 1.1 To inform Members of the estimated balance for the Council Tax element of the Collection Fund and the surplus or deficit to be declared for 2015/16.

2. Programme Summary

- 2.1 Prior to setting the Council Tax for 2016/17 the City Council is required to estimate whether there is to be a surplus or deficit on Council Tax element of the Collection Fund for the current financial year (2015/16).
- 2.2 The Council will declare a surplus on Council Tax for 2015/16 of £879,300 for the financial year 2015/16.

3. Background

- 3.1 As a Council Tax Billing Authority the City Council is required to estimate whether there is to be a surplus or deficit on the Collection Fund for the current financial year, prior to setting its Council Tax for the next year. The calculation is based on an estimate of tax collected in year compared to the estimate made the previous year, taking into account any previously declared surplus or deficit and the expected year-end arrears position.
- 3.2 The calculation of Council Tax is based on an estimate of tax collected in year compared to the estimate made the previous year, taking into account any previously declared surplus or deficit, and a forecast for the remainder of the current year.
- 3.3 A surplus or deficit may occur in the Collection Fund if actual performance during the year is higher or lower than originally estimated when Council was set. Areas of variance include:
- Council Tax base is larger or smaller than originally anticipated (reasons may be increased property development or changes in exemptions and discounts)
 - In year collection rates are higher or lower than expected,
 - Arrears collection rates are higher or lower than expected
- 3.4 The Council is required to declare any surplus or deficit during January of each financial year and once approved has an obligation to notify its major precepting authorities (Lincolnshire County Council and Lincolnshire Police) of their share of the estimated surplus or deficit.

- 3.5 A report on the estimated balance on the Collection Fund for National Non-Domestic Rates (NNDR) will be reported to the Executive on 25 January 2016 alongside the estimated NNDR base ahead of the submission of the NNDR 1 return to the DCLG due by 31 January 2016.

4. Estimated Surplus/Deficit for 2015/16 – Council Tax

- 4.1 As at 31 March 2016 the Collection Fund is estimated to have a surplus of £350,000 for Council Tax relating to the Financial Year 2015/16.
- 4.2 In addition to declaring the estimated surplus or deficit position on the Collection Fund for the current financial year the Council is also required to declare any surplus or deficit relating to the difference between previously declared surplus/deficit positions and the actual outturn position as reported in the Council's Statement of Accounts. In 2015/16 there is a surplus balance of £529,300 in the Collection Fund relating to previous years.
- 4.3 Based on the forecast position of the in-year Collection Fund as at 31 March 2016 and taking into account an adjustment for the difference between prior year estimates compared to the actual outturn it is estimated that there will be a surplus of £879,300 on the Council Tax element of the Collection Fund in 2015/16, to be distributed to preceptors in 2016/17.

5. Strategic Priorities

- 5.1 There are no direct implications for the Council's Strategic Priorities arising as a result of this report.

6. Organisational Impacts

6.1 Finance

For City of Lincoln the financial implications of the report are summarised below:

Distribution of surplus/(deficit)	CoLC share £
Council Tax – 2015/16 surplus	57,010
Council Tax – Prior year surplus	83,790
Net impact surplus	140,800

The Council's share of the estimated surplus/deficits will be distributed in 2016/17 and will form part of the Medium Term Financial Strategy 2016-21.

- 6.2 Legal Implications incl Procurement Rules - There are no legal implications arising as a direct result of this report.

7. Risk Implications

- 7.1 (i) Options Explored
- 7.2 (ii) Key risks associated with the preferred approach

8. Recommendations

- 8.1 The Executive are recommended to confirm the action of the Assistant Director of Resources (Business Development & Finance) in declaring a Council Tax surplus of £879,300.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? None

List of Background Papers: None

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