

## CABINET MEETING – 15 FEBRUARY 2012

### EXECUTIVE SUMMARY SHEET- PART 1

**Title of Report:**

Collection Fund 2011/2012

**Author(s):**

Executive Director of Commercial and Corporate Services

**Purpose of Report:**

This report advises Cabinet of the estimated balance on the Collection Fund for 2011/2012 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2012/2013.

**Description of Decision:**

Members are requested to note the position in relation to the Collection Fund for 2011/2012 and the surplus of £500,000 which will be taken into account when setting the Council Tax level for the Council for 2012/2013.

**Is the decision consistent with the Budget/Policy Framework?** No, the decision forms part of the budget setting process for 2012/2013.

**If not, Council approval is required to change the Budget/Policy Framework**

**Suggested reason(s) for Decision:**

Estimating the Collection Fund balance available at the end of 2011/2012 for use in setting the Council Tax for 2012/2013 is a legal requirement, which the Council must fulfil, based on information available to it as at 15<sup>th</sup> January, each year.

The Council also has an obligation to notify its major precepting authorities of the estimated surplus or deficit on the Collection Fund within 7 working days of when this calculation has been made.

**Alternative options to be considered and recommended to be rejected:**

Not applicable as the report is for information only.

**Is this a “Key Decision” as defined in the Constitution?**

Yes

**Relevant Scrutiny Committee:**

Management

**Is it included in the Forward Plan?**

Yes

## **Cabinet Meeting – 15<sup>th</sup> February 2012**

### **Collection Fund 2011/2012**

#### **Report of the Executive Director of Commercial and Corporate Services**

##### **1. Purpose of Report**

- 1.1 This report advises Cabinet of the estimated balance on the Collection Fund for 2011/2012 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2012/2013.

##### **2. Description of Decision (Recommendation)**

- 2.1 Members are requested to note the position in relation to the Collection Fund for 2011/2012 and the surplus of £500,000 which will be taken into account when setting the Council Tax level for the Council for 2012/2013.

##### **3. Background Information**

- 3.1 The Local Authorities (Funds) (England) Regulations 1992 made under Section 99 of the Local Government Act 1988, require that billing authorities inform their relevant major precepting authorities of the amount of any estimated surplus or deficit on their Collection Fund at 31st March.
- 3.2 The estimate is to be made on 15th January or if that is not a working day, the next such day, in accordance with prescribed rules.
- 3.3 Major precepting authorities are to be notified of the estimated surplus or deficit within 7 working days of the estimate being made.

##### **4. Council Tax Surplus or Deficit**

- 4.1 The amount of any surplus or deficit, which the billing authority estimates on its Collection Fund as at 31st March is shared by the billing authority and the major precepting authorities in proportion to their respective demands upon the Collection Fund. The amount which is estimated will be taken into account by those authorities in calculating their basic amounts of Council Tax for the following year. The estimated surplus or deficit at 31st March 2012 will therefore be taken into account in setting the Council Tax for 2012/2013.
- 4.2 The sums calculated in accordance with paragraphs 3.1 and 3.2 above are not to be taken into account by authorities in calculating their budget levels, but are to be taken into account when calculating the basic amounts of Council Tax for 2012/2013.

## 5. Collection Fund 2011/2012

5.1 The surplus on the Collection Fund as at 31st March 2011, reported as part of the Statement of Accounts for 2010/2011, was £1,673,137 and relates entirely to Council Tax. The actual level of the surplus reported is higher than the forecasted level because of three main factors which include:

- a) the impact of the various proactive actions taken by the Council during the year to help people claim benefits that they were entitled to, to point the public to where they could access free financial advice and to provide more flexible payment arrangements and has sponsored a free website known as LIBRA with partner organisations which acts as a 'Financial Friend' which signposts the public to where they can obtain free financial advice and guidance on a wide range of topics to help them save money (cheaper insurance, access to responsible credit unions etc.);
- b) the impact of the new council tax system which has meant better targeting of recovery measures and a much more streamlined and lean process which has resulted in less court action and higher level of payments. These actions working together has helped improve collection rates on in year and arrear levels in 2011/2012.

5.2 It was estimated, in a report to Cabinet on the 16<sup>th</sup> February 2011, that the Council would use some of the projected surplus on the Collection Fund at 31<sup>st</sup> March 2011 as follows:

	£
Council Tax	
Sunderland City Council	500,000
Northumbria Police Authority	35,280
Tyne and Wear Fire and Rescue Authority	<u>30,844</u>
	<u>566,124</u>

These sums were consequently taken into account when setting the Council Tax for 2011/2012 by the Council and its precepting authorities.

5.4 On the basis of current collection rates and the recovery of Council Tax arrears, it is estimated that the surplus on the Collection Fund as at 31st March 2012 will be £1,107,013. The sum of £566,124 is proposed to be used in 2012/13 as a prudent measure with any remaining actual surplus to be used in future years. The amount of £566,124 is to be shared as follows:

	£
Sunderland City Council, (Billing Authority)	500,000
Precepting Authorities:	
Northumbria Police Authority	35,280
Tyne and Wear Fire and Rescue Authority	<u>30,844</u>
	<u>566,124</u>

The major precepting authorities have been informed of the position.

5.5 The sum of £500,000 has been taken into consideration in resourcing the Council's Revenue Budget for 2012/2013.

## **6. Reasons for Decision**

6.1 Estimating the Collection Fund balance available in 2011/2012 for use in setting the Council Tax for 2012/2013 is a legal requirement, which the Council must carry out, based on information available to it as at 15<sup>th</sup> January of each year.

6.2 The Council also has an obligation to notify its major precepting authorities of the estimated surplus or deficit on the Collection Fund within 7 working days of when this calculation has been made.

## **7. Alternative options to be considered and recommended to be rejected**

7.1 Not applicable as the report is for information only.

### **Background papers:**

Collection Fund 2010/2011 Report 16<sup>th</sup> February, 2011

Calculation of Council Tax Base Report 11<sup>th</sup> January, 2012

Statement of Accounts 2010/2011

Council Tax Collection Estimates for 2011/2012