

CABINET MEETING – 3RD FEBRUARY 2010 EXECUTIVE SUMMARY SHEET- PART 1	
Title of Report: Collection Fund 2009/2010	
Author(s): Director of Financial Resources	
Purpose of Report: This report advises Cabinet of the estimated balance on the Collection Fund for 2009/2010 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2010/2011.	
Description of Decision: Members are requested to note the position in relation to the Collection Fund for 2009/2010 and the surplus of £50,000 which will be taken into account when setting the Council Tax level for the Council for 2010/2011.	
Is the decision consistent with the Budget/Policy Framework? No, the decision forms part of the budget setting process for 2010/2011.	
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 2009/2010 for use in setting the Council Tax for 2010/2011 is a legal requirement, which the Council must fulfil, based on information available to it as at 15 th 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 – 3rd February 2010

Collection Fund 2009/2010

Report of the Director of Financial Resources

1. Purpose of Report

- 1.1 This report advises Cabinet of the estimated balance on the Collection Fund for 2009/2010 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2010/2011.

2. Description of Decision (Recommendation)

- 2.1 Members are requested to note the position in relation to the Collection Fund for 2009/2010 and the surplus of £50,000 which will be taken into account when setting the Council Tax level for the Council for 2010/2011.

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 2010 will therefore be taken into account in setting the Council Tax for 2010/2011.
- 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 2010/2011.

5. Collection Fund 2009/2010

5.1 The surplus on the Collection Fund as at 31st March 2009, reported as part of the Statement of Accounts for 2008/2009, was £165,738 and related entirely to Council Tax. The actual level of the surplus reported was lower than the forecasted level because of the effect of the economic climate on Council Tax income. The Council has responded to the difficulties people are facing in paying their Council Tax bills by taking various positive measures to help address the position by:

- Providing the public with more flexible payment arrangements;
- Encouraging and increasing Benefit Take-up;
- Council Tax Bills and Reminders show where the public can obtain free financial advice from both the Council directly or via other sources such as the National Debt Line, the Citizens Advice Bureau, the Consumer Credit Counselling Service etc.;
- Sponsoring 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.);
- The Consumer Credit Counselling Service hold weekly surgeries in the Civic Centre to provide the public with consultations and free advice.

In addition, the Council has made available additional resources to assist with the collection of council tax given the difficult economic climate.

5.2 It was estimated, in a report to Cabinet on the 11th February 2009, that the Council would use some of the projected surplus on the Collection Fund at 31st March 2009 as follows:

	£
Council Tax	
Sunderland City Council	500,000
Northumbria Police Authority	32,589
Tyne and Wear Fire and Rescue Authority	<u>30,542</u>
	<u>563,131</u>

These sums were consequently taken into account when setting the Council Tax for 2009/2010 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 2010 will be £56,563. This sum will be shared as follows:

	£
Sunderland City Council,(Billing Authority)	50,000
Precepting Authorities:	
Northumbria Police Authority	3,470
Tyne and Wear Fire and Rescue Authority	<u>3,093</u>
	<u>56,563</u>

The major precepting authorities have been informed of the position.

- 5.5 The sum of £50,000 has been taken into consideration in resourcing the Council's Revenue Budget for 2010/2011.

6. Reasons for Decision

- 6.1 Estimating the Collection Fund balance available in 2009/2010 for use in setting the Council Tax for 2010/2011 is a legal requirement, which the Council must carry out, based on information available to it as at 15th 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 2008/2009 Report 11th February, 2009
Calculation of Council Tax Base Report 13th January, 2010
Statement of Accounts 2008/2009
Council Tax Collection Estimates for 2009/2010