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| <p><b>CABINET MEETING – 31 JANUARY 2024</b></p> <p><b>EXECUTIVE SUMMARY SHEET - PART I</b></p>   |
| <p><b>Title of Report:</b><br/>Collection Fund (Council Tax) 2023/2024</p>   |
| <p><b>Author(s):</b><br/>Director of Finance</p>   |
| <p><b>Purpose of Report:</b><br/>This report advises Cabinet of the estimated balance on the Collection Fund for 2023/2024 in respect of Council Tax and the surplus attributable to the Council and its major precepting authorities for use in setting Council Tax levels for 2024/2025.</p>   |
| <p><b>Description of Decision:</b><br/>Cabinet is requested to note the overall position in relation to the Collection Fund (Council Tax) for 2023/2024 and the Council's share of the surplus.</p>  |
| <p><b>Is the decision consistent with the Budget/Policy Framework?</b><br/>No, the decision forms part of the budget setting process for 2024/2025.</p>  |
| <p><b>If not, Council approval is required to change the Budget/Policy Framework</b></p>   |
| <p><b>Suggested reason(s) for Decision:</b><br/>Estimating the Collection Fund balance available at 31 March 2024 for use in setting the Council Tax for 2024/2025 is a legal requirement, which the Council must fulfil, based on information available to it as at 15<sup>th</sup> January, each year.</p> <p>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.</p> |
| <p><b>Alternative options to be considered and recommended to be rejected:</b><br/>There are no alternative options, the Council must comply with its legal requirements.</p>  |
| <p><b>Impacts analysed:</b></p> <p>Equality <input checked="" type="checkbox"/> Privacy <input checked="" type="checkbox"/> Sustainability <input checked="" type="checkbox"/> Crime and Disorder <input checked="" type="checkbox"/></p>  |
| <p><b>Is the Decision consistent with the Council's Co-operative values? Yes</b></p>   |

|   |     |
|---|-----|
| <b>Is this a “Key Decision” as defined in the Constitution?</b> | Yes |
|---|-----|

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|--|-----|
| <b>Is it included in the 28 day Notice of Decisions?</b> | Yes |
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**COLLECTION FUND (COUNCIL TAX) 2023/2024****Report of the Director of Finance****1. Purpose of Report**

- 1.1 This report advises Cabinet of the estimated balance on the Collection Fund for 2023/2024 in respect of Council Tax and the surplus attributable to the Council and its major precepting authorities for use in setting Council Tax levels for 2024/2025.

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

- 2.1 Cabinet is requested to note the overall position in relation to the Collection Fund (Council Tax) for 2023/2024 and the Council's share of the surplus.

**3. Background Information**

- 3.1 The Local Authorities (Funds) (England) Regulations 1992 require that billing authorities inform their relevant major precepting authorities of the amount of any estimated surplus or deficit on their Collection Fund at 31<sup>st</sup> March of each year. The estimate is to be made based on information available to the billing authority as at 15<sup>th</sup> January of each year, in accordance with prescribed rules.
- 3.2 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 31<sup>st</sup> 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 31<sup>st</sup> March 2024 will therefore be taken into account in setting the Council Tax for 2024/2025.

**5. Collection Fund (Council Tax) at 31 March 2022**

- 5.1 It was agreed, in a report to Cabinet on 2<sup>nd</sup> February 2023, that the Council would distribute the projected surplus on the Collection Fund at 31<sup>st</sup> March 2023 as follows:

|   |                  |
|---|------------------|
|   | £                |
| Sunderland City Council                       | 1,492,553        |
| Police and Crime Commissioner for Northumbria | 144,375          |
| Tyne and Wear Fire and Rescue Authority       | 81,976           |
|   | <b>1,718,904</b> |

These sums were taken into account when setting the Council Tax for 2023/2024 by the Council and its precepting authorities.

5.2 The final position on the Collection Fund at 31<sup>st</sup> March 2023, reported as part of the Statement of Accounts for 2022/2023, was a surplus of £826,100 rather than the projected surplus of £1,718,904 which has been shared with the major precepting authorities to support their 2023/2024 budgets. The resulting deficit relating to 2022/23 and difference of £892,804 must be collected during 2024/2025.

5.3 In line with regulations this is shared by the billing authority and the major precepting authorities in proportion to their respective demands upon the Collection Fund as follows:

|   | £              |
|---|----------------|
| Sunderland City Council                       | 775,236        |
| Police and Crime Commissioner for Northumbria | 74,989         |
| Tyne and Wear Fire and Rescue Authority       | 42,579         |
|   | <b>892,804</b> |

## **6. Collection Fund (Council Tax) 2023/2024**

6.1 On the basis of current collection rates, the recovery of council tax arrears and the costs associated with the local council tax support scheme, it is estimated that there will be an in-year surplus of £215,551 on the Collection Fund relating to 2023/2024.

6.2 In line with regulations this forecast surplus is shared by the billing authority and the major precepting authorities in proportion to their respective demands upon the Collection Fund as follows:

|   | £              |
|---|----------------|
| Sunderland City Council                       | 185,906        |
| Police and Crime Commissioner for Northumbria | 19,163         |
| Tyne and Wear Fire and Rescue Authority       | 10,482         |
|   | <b>215,551</b> |

## **7. Overall Collection Fund (Council Tax) position at 31 March 2024**

7.1 Combining the recovery required to address the 2022/2023 adjustment for the actual surplus and the projected surplus for 2023/2024, the full impact on the billing authority and the major precepting authorities for 2024/2025 is a deficit of £677,253 and is shared by the billing authority and the major precepting authorities in proportion to their respective demands upon the Collection Fund as follows:

|   | £              |
|---|----------------|
| Sunderland City Council                       | 589,330        |
| Police and Crime Commissioner for Northumbria | 55,826         |
| Tyne and Wear Fire and Rescue Authority       | 32,097         |
|   | <b>677,253</b> |

The major precepting authorities have been informed of the position.

- 7.2 The impact on the Council has been reflected in the Council's proposed 2024/2025 budget and Medium-Term Financial Plan.

## **8. Reasons for Decision**

- 8.1 Estimating the Collection Fund balance available at 31 March 2024 for use in setting the Council Tax for 2024/2025 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.
- 8.2 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.

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

- 9.1 There are no alternative options, the Council must comply with its legal requirements.

## **10. List of Appendices**

- 10.1 None

## **11. Background Papers**

- 11.1 None

