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| <b>CABINET MEETING – 16TH FEBRUARY 2011</b><br><br><b>EXECUTIVE SUMMARY SHEET- PART 1</b>  |   |
| <b>Title of Report:</b><br>Collection Fund 2010/2011   |   |
| <b>Author(s):</b><br>Executive Director of Commercial and corporate Services   |   |
| <b>Purpose of Report:</b><br>This report advises Cabinet of the estimated balance on the Collection Fund for 2010/2011 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2011/2012.  |   |
| <b>Description of Decision:</b><br>Members are requested to note the position in relation to the Collection Fund for 2010/2011 and the surplus of £500,000 which will be taken into account when setting the Council Tax level for the Council for 2011/2012.  |   |
| <b>Is the decision consistent with the Budget/Policy Framework?</b> No, the decision forms part of the budget setting process for 2011/2012.   |   |
| <b>If not, Council approval is required to change the Budget/Policy Framework</b>  |   |
| <b>Suggested reason(s) for Decision:</b><br>Estimating the Collection Fund balance available at the end of 2010/2011 for use in setting the Council Tax for 2011/2012 is a legal requirement, which the Council must fulfil, based on information available to it as at 15 <sup>th</sup> January, each year.<br><br>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. |   |
| <b>Alternative options to be considered and recommended to be rejected:</b><br>Not applicable as the report is for information only.   |   |
| <b>Is this a “Key Decision” as defined in the Constitution?</b><br>Yes   | <b>Relevant Scrutiny Committee:</b><br><br>Management |
| <b>Is it included in the Forward Plan?</b><br>Yes  |   |



**Collection Fund 2010/2011**

**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 2010/2011 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2011/2012.

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

- 2.1 Members are requested to note the position in relation to the Collection Fund for 2010/2011 and the surplus of £500,000 which will be taken into account when setting the Council Tax level for the Council for 2011/2012.

**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 2011 will therefore be taken into account in setting the Council Tax for 2011/2012.
- 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 2011/2012.

## 5. Collection Fund 2010/2011

- 5.1 The surplus on the Collection Fund as at 31st March 2010, reported as part of the Statement of Accounts for 2009/2010, was £1,140,846 and relates entirely to Council Tax. The actual level of the surplus reported was 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 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, that can now provide much more meaningful data on levels and types of arrears which has meant better targeting of recovery measures which saw an increase in collection rates in 2009/2010;
  - c) various other positive measures adopted by the Council Tax Section to help recover more Council Tax in the year:  
Reviewed Single Person Discounts entitlement,  
Increased the number of direct debit payments in the year and extended payment terms to 12 months where necessary, and,  
Pointed the public to where they could access 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.
- 5.2 It was estimated, in a report to Cabinet on the 11<sup>th</sup> February 2010, that the Council would use some of the projected surplus on the Collection Fund at 31<sup>st</sup> March 2010 as follows:

|   | £             |
|---|---------------|
| Council Tax                             |               |
| Sunderland City Council                 | 50,000        |
| Northumbria Police Authority            | 3,470         |
| Tyne and Wear Fire and Rescue Authority | <u>3,093</u>  |
|   | <u>56,563</u> |

These sums were consequently taken into account when setting the Council Tax for 2010/2011 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 2011 will be £566,124. This sum will be shared as follows:

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

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 2011/2012.

## **6. Reasons for Decision**

- 6.1 Estimating the Collection Fund balance available in 2010/2011 for use in setting the Council Tax for 2011/2012 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 2009/2010 Report 11<sup>th</sup> February, 2009  
Calculation of Council Tax Base Report 17<sup>th</sup> January, 2011  
Statement of Accounts 2009/2010  
Council Tax Collection Estimates for 2010/2011

