

CABINET MEETING – 10 FEBRUARY 2016

EXECUTIVE SUMMARY SHEET- PART 1

Title of Report:

Collection Fund (Council Tax) 2015/2016

Author(s):

Director of Finance

Purpose of Report:

This report advises Cabinet of the estimated balance on the Collection Fund for 2015/2016 in respect of Council Tax and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2016/2017.

Description of Decision:

Members are requested to note the overall positive position in relation to the Collection Fund (Council Tax) for 2015/2016, and the surplus of £2,500,000 which will be taken into account when setting the Council Tax level for the Council for 2016/2017.

Is the decision consistent with the Budget/Policy Framework? No, the decision forms part of the budget setting process for 2016/2017.

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 2015/2016 for use in setting the Council Tax for 2016/2017 is a legal requirement, which the Council must fulfil, based on information available to it as at 15th 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.

Impacts analysed:

Equality



Privacy



Sustainability



Crime and Disorder



Is the Decision consistent with the Council's co-operative values? Yes

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the 28 day Notice of Decisions? Yes

Cabinet Meeting – 10 February 2016

Collection Fund (Council Tax) 2015/2016

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 2015/2016 in respect of Council Tax and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2016/2017.

2. Description of Decision (Recommendation)

- 2.1 Members are requested to note the position in relation to the Collection Fund (Council Tax) for 2015/2016 and the surplus of £2,500,000 which will be taken into account when setting the Council Tax level for the Council for 2016/2017.

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 2016 will therefore be taken into account in setting the Council Tax for 2016/2017.
- 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 2016/2017.

5. Collection Fund (Council Tax) 2015/2016

- 5.1 The surplus on the Collection Fund as at 31st March 2015, reported as part of the Statement of Accounts for 2014/2015, was £3.840m.
- 5.2 It was agreed, in a report to Cabinet on the 11th February 2015, that the Council would use some of the projected surplus on the Collection Fund at 31st March 2015 as follows:

	£
Council Tax	
Sunderland City Council	500,000
Police and Crime Commissioner for Northumbria (PCCN)	36,515
Tyne and Wear Fire and Rescue Authority	<u>30,844</u>
	<u>567,359</u>

These sums were consequently taken into account when setting the Council Tax for 2015/2016 by the Council and its precepting authorities.

- 5.3 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 2016 will be £5.286m. The sum of £2,843,498 is therefore proposed to be used in 2016/2017 as a prudent measure with any remaining actual surplus to be used in future years. The amount is to be shared as follows:

	£
Sunderland City Council, (Billing Authority)	2,500,000
Precepting Authorities:	
Police and Crime Commissioner for Northumbria (PCCN)	186,199
Tyne and Wear Fire and Rescue Authority	<u>157,299</u>
	<u>2,843,498</u>

The major precepting authorities have been informed of the position.

- 5.4 The sum of £2,500,000 has therefore been taken into consideration in resourcing the Council's Revenue Budget for 2016/2017.
- 5.5 This positive position reflects the forecast in-year impact of the increase in council tax base reported to Cabinet in January, the continued strong focus on Council Tax collection, and continuous improvement in systems and processes.

6. Reasons for Decision

- 6.1 Estimating the Collection Fund balance available in 2015/2016 for use in setting the Council Tax for 2016/2017 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.

