

CABINET MEETING – 2 FEBRUARY 2023 EXECUTIVE SUMMARY SHEET - PART I
Title of Report: Collection Fund (Council Tax) 2022/2023
Author(s): Director of Finance
Purpose of Report: This report advises Cabinet of the estimated balance on the Collection Fund for 2022/2023 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 2023/2024.
Description of Decision: Cabinet is requested to note the overall position in relation to the Collection Fund (Council Tax) for 2022/2023 and the Council's share of the surplus.
Is the decision consistent with the Budget/Policy Framework? No, the decision forms part of the budget setting process for 2023/2024.
If not, Council approval is required to change the Budget/Policy Framework
Suggested reason(s) for Decision: Estimating the Collection Fund balance available at 31 March 2023 for use in setting the Council Tax for 2023/2024 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: There are no alternative options, the Council must comply with its legal requirements.
Impacts analysed: Equality <input checked="" type="checkbox"/> Privacy <input checked="" type="checkbox"/> Sustainability <input checked="" type="checkbox"/> Crime and Disorder <input checked="" type="checkbox"/>

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

COLLECTION FUND (COUNCIL TAX) 2022/2023**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 2022/2023 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 2023/2024.

2. Description of Decision (Recommendation)

- 2.1 Cabinet is requested to note the overall position in relation to the Collection Fund (Council Tax) for 2022/2023 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 31st March of each year. The estimate is to be made based on information available to the billing authority as at 15th 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.
- 3.3 As a result of pressures associated with the Coronavirus pandemic and local authorities across the country being likely to estimate a larger-than-normal deficit on the 2020/2021 Collection Fund, it was acknowledged that this would create a significant resource and budget pressure for 2021/2022. In response, the Government amended secondary legislation and introduced the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020, which required local authorities to spread any estimated deficit on the Collection Fund relating to 2020/2021, over the three years 2021/2022 to 2023/2024. The amended legislation did not allow deficits in other financial years to be spread.

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 2023, reduced for the amount deferred until 2023/2024 (due to the legislative changes noted in paragraph 3.3), will therefore be taken into account in setting the council tax requirement for 2023/2024.

5. Collection Fund (Council Tax) at 31 March 2021

- 5.1 In accordance with the required regulations, it was agreed, in a report to Cabinet on the 9th February 2021, that the Council would allocate the projected deficit relating to the 2020/2021 Collection Fund equally between the financial years 2021/2022 and 2023/2024. The forecast deficit to be taken into account in each of those 3 years is £1,433,473 and was allocated to the Council and the major precepting authorities as follows:

	£
Sunderland City Council	1,246,248
Police and Crime Commissioner for Northumbria	116,078
Tyne and Wear Fire and Rescue Authority	71,147
	1,433,473

These sums were taken into account when setting the council tax requirement for 2022/2023 by the Council and its precepting authorities.

6. Collection Fund (Council Tax) at 31 March 2022

- 6.1 It was agreed, in a report to Cabinet on the 8th February 2022, that the Council would distribute the projected surplus on the Collection Fund at 31st March 2022 as follows:

	£
Sunderland City Council	2,381,145
Police and Crime Commissioner for Northumbria	221,796
Tyne and Wear Fire and Rescue Authority	132,055
	2,734,996

These sums were taken into account when setting the Council Tax for 2022/2023 by the Council and its precepting authorities.

- 6.2 The final position on the Collection Fund at 31st March 2022, reported as part of the Statement of Accounts for 2021/2022, was a surplus of £2,881,946 rather than the projected surplus of £2,734,996 which has been shared with the major precepting authorities to support their 2022/2023 budgets. The additional surplus balance of £146,950 must be distributed during 2023/2024.
- 6.3 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	127,599
Police and Crime Commissioner for Northumbria	12,343
Tyne and Wear Fire and Rescue Authority	7,008
	146,950

7. Collection Fund (Council Tax) 2022/2023

- 7.1 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 £1,718,904 on the Collection Fund relating to 2022/2023.
- 7.2 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	1,492,553
Police and Crime Commissioner for Northumbria	144,375
Tyne and Wear Fire and Rescue Authority	81,976
	1,718,904

8. Overall Collection Fund (Council Tax) position at 31 March 2023

- 8.1 Combining the recovery required to address the Collection Fund deficit relating to 2020/2021 which has been spread over 3 years, the 2021/2022 adjustment for the actual surplus and the projected surplus for 2022/2023, the full impact on the billing authority and the major precepting authorities for 2023/2024 is:

	£
Sunderland City Council	373,904
Police and Crime Commissioner for Northumbria	40,640
Tyne and Wear Fire and Rescue Authority	17,837
	432,381

The major precepting authorities have been informed of the position.

- 8.2 The impact on the Council has been reflected in the Council's proposed 2023/2024 budget and Medium Term Financial Plan.

9. Reasons for Decision

- 9.1 Estimating the Collection Fund balance available at 31 March 2023 for use in setting the Council Tax for 2023/2024 is a legal requirement, which the Council must carry out, based on information available to it as at 15th January of each year.
- 9.2 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.

10. Alternative options to be considered and recommended to be rejected

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

11. List of Appendices

11.1 None

12. Background Papers

12.1 None