

CABINET MEETING – 8 FEBRUARY 2022 EXECUTIVE SUMMARY SHEET- PART I	
Title of Report: Collection Fund (Council Tax) 2021/2022	
Author(s): Executive Director of Corporate Services	
Purpose of Report: This report advises Cabinet of the estimated balance on the Collection Fund for 2021/2022 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 2022/2023.	
Description of Decision: Cabinet is requested to note the overall position in relation to the Collection Fund (Council Tax) for 2021/2022 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 2022/2023.	
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 2022 for use in setting the Council Tax for 2022/2023 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.	
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) 2021/2022**Report of the Executive Director of Corporate Services****1. Purpose of Report**

- 1.1 This report advises Cabinet of the estimated balance on the Collection Fund for 2021/2022 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 2022/2023.

2. Description of Decision (Recommendation)

- 2.1 Cabinet is requested to note the overall position in relation to the Collection Fund (Council Tax) for 2021/2022 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 it 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 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 2022, reduced for the amount deferred until 2023/2024, will therefore be taken into account in setting the council tax requirement for 2022/2023.

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 subsequently taken into account when setting the council tax requirement for 2021/2022 by the Council and its precepting authorities.

- 5.2 The final position on the Collection Fund at 31st March 2021 (inclusive of adjustments relating to prior years), reported as part of the Statement of Accounts for 2021/2022, was a deficit of £5,226,889 which is slightly lower than the projected deficit of £5,410,410. As a result, the reduction in deficit of £183,521 must be distributed during 2022/2023.
- 5.3 In line with regulations this distribution 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	159,777
Police and Crime Commissioner for Northumbria	14,883
Tyne and Wear Fire and Rescue Authority	8,861
	183,521

6. Collection Fund (Council Tax) 2021/2022

- 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 £2,734,996 on the Collection Fund relating to 2021/2022.
- 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	2,381,145
Police and Crime Commissioner for Northumbria	221,796
Tyne and Wear Fire and Rescue Authority	132,055
	2,734,996

7. Overall Collection Fund (Council Tax) position at 31 March 2022

- 7.1 Combining the recovery required to address the Collection Fund deficit relating to 2020/2021 which has been spread over 3 years, with the projected surplus at 31st March 2022, the full impact on the billing authority and the major precepting authorities for 2022/2023 is:

	£
Sunderland City Council	1,294,674
Police and Crime Commissioner for Northumbria	120,601
Tyne and Wear Fire and Rescue Authority	69,769
	1,485,044

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 2022/2023 budget and Medium Term Financial Plan.

8. Reasons for Decision

- 8.1 Estimating the Collection Fund balance available at 31 March 2022 for use in setting the Council Tax for 2022/2023 is a legal requirement, which the Council must carry out, based on information available to it as at 15th 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 Not applicable as the report is for information only.

10. List of Appendices

- 10.1 None

11. Background Papers

- 11.1 None