

CABINET MEETING – 11 FEBRUARY 2020 EXECUTIVE SUMMARY SHEET- PART 1	
Title of Report:	Collection Fund (Council Tax) 2019/2020
Author(s):	Executive Director of Corporate Services
Purpose of Report:	This report advises Cabinet of the estimated balance on the Collection Fund for 2019/2020 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 2020/2021.
Description of Decision:	Members are requested to note the overall position in relation to the Collection Fund (Council Tax) for 2019/2020 and the Council's share of the surplus of £835,304. Of this £500,000 is to be used to support the 2020/2021 budget position, with the balance to be added to the Collection Fund Surplus Reserve to fund future Medium Term Financial Plan (MTFP) requirements.
Is the decision consistent with the Budget/Policy Framework?	No, the decision forms part of the budget setting process for 2020/2021.
If not, Council approval is required to change the Budget/Policy Framework	
Suggested reason(s) for Decision:	<p>Estimating the Collection Fund balance available at the end of 2019/2020 for use in setting the Council Tax for 2020/2021 is a legal requirement, which the Council must fulfil, based on information available to it as at 15th 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>
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 – 11 FEBRUARY 2020

COLLECTION FUND (COUNCIL TAX) 2019/2020

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 2019/2020 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 2020/2021.

2. Description of Decision (Recommendation)

- 2.1 Members are requested to note the overall position in relation to the Collection Fund (Council Tax) for 2019/2020 and the Council's share of surplus of £835,304. Of this £500,000 is to be used to support the 2020/2021 budget position, with the balance to be added to the Collection Fund Surplus Reserve to fund future Medium Term Financial Plan (MTFP) requirements.

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. The estimate is to be made based on information available to it as at 15th January, 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 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 2020 will therefore be taken into account in setting the Council Tax for 2020/2021.

5. Collection Fund (Council Tax) 2019/2020

- 5.1 It was agreed, in a report to Cabinet on the 13th February 2019, that the Council would distribute the projected surplus on the Collection Fund at 31st March 2019 as follows:

	£
Sunderland City Council	353,199
Police and Crime Commissioner for Northumbria	28,649
Tyne and Wear Fire and Rescue Authority	20,758
	402,606

These sums were consequently taken into account when setting the Council Tax for 2019/2020 by the Council and its precepting authorities.

- 5.2 The surplus on the Collection Fund as at 31st March 2019, reported as part of the Statement of Accounts for 2018/2019, was £489,239, slightly higher than forecast.
- 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 2020 will be £963,252 (inclusive of the additional surplus available at outturn 2018/2019, but not previously distributed). 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	835,304
Police and Crime Commissioner for Northumbria	79,328
Tyne and Wear Fire and Rescue Authority	48,620
	963,252

The major precepting authorities have been informed of the position.

- 5.4 The sum of £500,000 has been allowed for within the Council's MTFP for the year 2020/2021 and the three subsequent years to 2023/2024. The Council therefore holds a reserve to smooth any surplus or deficits that may arise on the Collection Fund each year, in order to meet MTFP requirements. As such it is proposed £500,000 of the surplus will be used to support the budget in line with MTFP requirements, with the balance of £335,304 being added to the reserve to support the Council's budget in line with future MTFP assumptions.

6. Reasons for Decision

- 6.1 Estimating the Collection Fund balance available in 2019/2020 for use in setting the Council Tax for 2020/2021 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.

8. Impact Analysis

8.1 There are no implications.

9. Other Relevant Considerations / Consultations

9.1 None

10. List of Appendices

10.1 None

11. Background Papers

11.1 None