

<p>CABINET MEETING – 9 FEBRUARY 2021</p> <p>EXECUTIVE SUMMARY SHEET- PART 1</p>	
<p>Title of Report: Collection Fund (Council Tax) 2020/2021</p>	
<p>Author(s): Executive Director of Corporate Services</p>	
<p>Purpose of Report: This report advises Cabinet of the estimated balance on the Collection Fund for 2020/2021 in respect of Council Tax and the deficit attributable to the Council and its major precepting authorities for use in setting Council Tax levels for 2021/2022.</p>	
<p>Description of Decision: Cabinet is requested to note the overall position in relation to the Collection Fund (Council Tax) for 2020/2021 and the Council’s share of the deficit.</p>	
<p>Is the decision consistent with the Budget/Policy Framework? No, the decision forms part of the budget setting process for 2021/2022.</p>	
<p>If not, Council approval is required to change the Budget/Policy Framework</p>	
<p>Suggested reason(s) for Decision: Estimating the Collection Fund balance available at 31 March 2021 for use in setting the Council Tax for 2021/2022 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.</p>	
<p>Alternative options to be considered and recommended to be rejected: Not applicable as the report is for information only.</p>	
<p>Impacts analysed:</p> <p>Equality <input checked="" type="checkbox"/> Privacy <input checked="" type="checkbox"/> Sustainability <input checked="" type="checkbox"/> Crime and Disorder <input checked="" type="checkbox"/></p>	
<p>Is the Decision consistent with the Council’s Co-operative values? Yes</p>	
<p>Is this a “Key Decision” as defined in the Constitution? Yes</p>	
<p>Is it included in the 28 day Notice of Decisions? Yes</p>	

CABINET MEETING – 9 FEBRUARY 2021

COLLECTION FUND (COUNCIL TAX) 2020/2021

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 2020/2021 in respect of Council Tax and the deficit attributable to the Council and its major precepting authorities for use in setting Council Tax levels for 2021/2022.

2. Description of Decision (Recommendation)

- 2.1 Cabinet is requested to note the overall position in relation to the Collection Fund (Council Tax) for 2020/2021 and the Council's share of the deficit.

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.
- 3.3 As a result of pressures associated with the Coronavirus pandemic, authorities across the country are likely to estimate a larger-than-normal deficit on the 2020/2021 Collection Fund in January 2021, creating a resource and budget pressure for 2021/2022. The Government has therefore amended secondary legislation and the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 requires authorities to spread any estimated deficit on the Collection Fund which relates to 2020/2021 over the three years 2021/2022 to 2023/2024. The amended legislation does not allow deficits in other financial years to be phased.

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 2021, reduced for the amount deferred until 2022/2023 and 2023/2024, will therefore be taken into account in setting the Council Tax for 2021/2022.

5. Collection Fund (Council Tax) at 31 March 2020

- 5.1 It was agreed, in a report to Cabinet on the 11th February 2020, that the Council would distribute the projected surplus on the Collection Fund at 31st March 2020 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

These sums were consequently taken into account when setting the Council Tax for 2020/2021 by the Council and its precepting authorities.

- 5.2 The final position on the Collection Fund at 31st March 2020, reported as part of the Statement of Accounts for 2019/2020, was a deficit of £146,738 rather than the projected surplus of £963,252 which has been shared with the major precepting authorities to support their 2020/2021 budgets. As a result, £1,109,990 must be recovered during 2021/2022.
- 5.3 In line with regulations this recovery 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	965,016
Police and Crime Commissioner for Northumbria	89,883
Tyne and Wear Fire and Rescue Authority	55,091
	1,109,990

6. Collection Fund (Council Tax) 2020/2021

- 6.1 On the basis of current collection rates and the recovery of council tax arrears, it is estimated that there will be a deficit of £4,300,420 on the Collection Fund relating to 2020/2021.
- 6.2 In anticipation of authorities estimating a larger-than-normal deficit relating to 2020/2021, the Government has amended legislation and the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 requires authorities to spread any estimated deficit on the Collection Fund which relates to 2020/2021 over the three years 2021/2022 to 2023/2024.
- 6.3 In line with regulations this forecast deficit is shared by the billing authority and the major precepting authorities over the next three years in proportion to their respective demands upon the Collection Fund as follows:

£

Deficit to be applied in each of the financial years 2021/2022, 2022/2023 and 2023/2024:

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

7. Overall Collection Fund (Council Tax) position at 31 March 2021

7.1 Combining the recovery required to address the actual Collection Fund deficit at 31st March 2020 with the projected deficit at 31st March 2021, the full impact on the billing authority and the major precepting authorities is:

	2021/2022	2022/2023	2023/2024
	£	£	£
Sunderland City Council	2,211,264	1,246,249	1,246,250
Police and Crime Commissioner for Northumbria	205,961	116,078	116,078
Tyne and Wear Fire and Rescue Authority	126,238	71,146	71,146
	2,543,463	1,433,473	1,433,474

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 2021/2022 budget and MTFP.

8. Reasons for Decision

8.1 Estimating the Collection Fund balance available at 31 March 2021 for use in setting the Council Tax for 2021/2022 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. Impact Analysis

10.1 There are no implications.

11. Other Relevant Considerations / Consultations

11.1 None

12. List of Appendices

12.1 None

13. Background Papers

13.1 None