



Northumberland

County Council

Cabinet

Tuesday, 16 January 2024

Notification of the Estimated Collection Fund Balances 2023-24– Council Tax and Business Rates

Report of Councillor(s) Richard Wearmouth, Deputy Leader and Cabinet Member for Corporate Resources

Responsible Officer(s): Jan Willis, Executive Director for Resources & Transformation (S151)

1. Link to Key Priorities of the Corporate Plan

The Council's budget is aligned to the priorities outlined in the Corporate Plan 2023-26.

2. Purpose of report

To advise members of the estimated year end balances on the Collection Fund in relation to Council Tax and Business Rates for the year ending 31 March 2024.

3. Recommendations

Members are requested to:

- 3.1 Approve the declaration of a surplus on the Collection Fund for the year ending 31 March 2024 in relation to Council Tax of £4.486 million to be distributed to the Council and Northumbria Police and Crime Commissioner in accordance with Council Tax regulations; the Council's share being £4.149 million.**
- 3.2 Note the overall estimated surplus on the Collection Fund for the year ending 31 March 2024 in relation to Business Rates of £6.943 million; the Council's share being £3.471 million.**
- 3.3 Note the distribution of the estimated Collection Fund surplus for Council Tax to the Northumbria Police and Crime Commissioner of £0.337 million, and the distribution of the estimated Collection Fund surplus for Business Rates of £3.471 million to the Secretary of State.**

3.4 Note the inclusion of the Council’s share of the estimated Collection Fund balances distributable in 2023-24 of £4.149 million surplus and £3.471 million surplus for Council Tax and Business Rates respectively, within the Council’s budget 2024-25.

4. Forward plan date and reason for urgency if applicable

The forward plan for this report was added 4 October 2023.

5. Background

- 5.1 As a Council Tax and Business Rates Billing Authority the Council is required by legislation to estimate the surplus or deficit for each financial year on the Collection Fund.
- 5.2 Both Council Tax and Business Rates precepts are fixed prior to the start of a financial year. Any variations from this realised through the Collection Fund in year are distributed in the following two financial years (based on estimates in the following year and actuals in the subsequent year).
- 5.3 The Collection Fund is a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for:
- a) Income into the Fund: The Fund is credited with the amount of receipts of Council Tax and Business Rates it collects.
 - b) Payments out of the Fund: In relation to Council Tax, payments are made to the Council; the one major precepting authority (Northumbria Police & Crime Commissioner); and, the local preceptors (parish and town councils). In relation to Business Rates, payments are made to the Council and the Secretary of State.
- 5.4 The Local Government Finance Act 1992 (as amended) requires the Council as the Billing Authority to calculate a Collection Fund estimate by 15 January each year for Council Tax.
- 5.5 The Non-Domestic Rating (Rates Retention) Regulations 2013 require the Council as the Billing Authority to calculate a Collection Fund estimate on or before 31 January each year for Business Rates.
- 5.6 Both estimates relate to the Collection Fund for the year ending 31 March 2024 and show the impact of this on the cumulative Collection Fund balance.

Estimated Surplus for Council Tax

1. The Council Tax Collection Fund balance for the year ending 31 March 2024, shows a forecast surplus of £4.486 million based on figures up to the end of October 2023. The forecast surplus on the Council Tax Collection Fund is due largely to an increase in the Council Tax Base because of additional properties.
2. The year-end forecast surplus will be distributed to the major precepting authorities in the following year, in the relevant proportions.

Estimated Surplus for Business Rates

1. The Business Rates Collection Fund balance for the year ending 31 March 2024, shows a forecast surplus of £6.943 million based on figures up to the end of October 2023. The forecast surplus on the Business Rates Collection Fund is due largely to changes to the Bad Debt provision and Appeals provision in prior years.
2. The estimation of the Business Rates base each January sets the amount of Business Rates income to be distributed from the Collection Fund to preceptors in the following year. Any variations during the year will be borne by the Collection Fund and distributed to preceptors in future years through the declaration of a surplus or deficit on the fund.
3. The NNDR1 return to central government is the mechanism by which the estimated business rates balances are set for the following year. Unless there are any major changes to any of the assumptions detailed within this report then the figures included within this report will be reported to central government on the Council's NNDR1 return.

Distribution of the Estimated Collection Fund Balances

1. The following table shows the distribution of the estimated balances between the relevant precepting bodies.

Precepting Body	Council Tax	Business Rates	Total
	£	£	£
2023-24			
Northumberland County Council	(4,149,168)	(3,471,354)	(7,620,522)
Northumbria Police & Crime Commissioner	(337,003)	-	(337,003)
Secretary of State	-	(3,471,354)	(3,471,354)
Total	(4,486,171)	(6,942,708)	(11,428,879)

2. The Council's share of the estimated balances will be incorporated into the budget for 2024-25 and Medium-Term Financial Plan 2024-28.
3. The Northumbria Police and Crime Commissioner and the Secretary of State will be notified of their respective shares of the estimated balances in January 2024.
4. A full breakdown of the estimated Council Tax surplus is shown at Appendix 1 and the estimated Business Rates surplus is shown at Appendix 2.

6. Implications

Policy	This report provides information on the Collection Fund Balances and it fully supports the priorities outlined in the Corporate Plan 2023-26
Finance and value for money	The Collection Fund is a statutory stand-alone fund. The estimated balances on the fund ultimately feed into the General Fund and are incorporated into the Council’s Budget and Medium-Term Financial Plan.
Legal	Section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) reflects the statutory requirement for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of council tax and non-domestic rates.
Procurement	There are no specific procurement implications within this report.
Human resources	There are no specific human resources implications within this report.
Property	There are no specific property implications within this report.
The Equalities Act: is a full impact assessment required and attached?	No - no equalities issues identified There are no specific equalities implications within this report.
Risk assessment	There is a risk that the actual position on the Collection Fund may not be in line with the estimated position contained within this report. In order to mitigate these risks monthly budget monitoring is undertaken. Any variation between the actual and estimated balance is contained within the Collection Fund in year and has no immediate impact on the General Fund.
Crime and disorder	There are no specific crime & disorder implications within this report.
Customer considerations	There are no specific customer consideration implications within this report.
Carbon reduction	There are no specific carbon reduction implications within this report.
Health and wellbeing	The Council’s budget is founded on the principle of promoting inclusivity.
Wards	(All Wards);

7. Background papers

Not applicable

8. Links to other key reports already published

Not applicable

9. Author and Contact Details

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2022-23		2023-24
Actual	COLLECTION FUND ACCOUNT - COUNCIL TAX	Estimate
£		£
	Income	
(234,540,161)	Income from Council Tax	(249,709,237)
(2,499,583)	Transfer from General Fund for LDD & LCTS Hardship	(2,924,280)
(338,370)	Ministry of Defence Payments	(338,370)
(237,378,114)	Total Income	(252,971,887)
	Expenditure	
	<u>Precepts</u>	
206,070,229	Northumberland County Council (NCC)	218,685,570
9,869,569	Parish Councils	10,293,859
16,707,869	Northumbria Police & Crime Commissioner (NPCC)	18,598,114
	<u>Bad & Doubtful Debts</u>	
1,785,656	Increase/(Decrease) in Bad Debt Provision	(528,458)
234,433,323	Total Expenditure	247,049,085
(2,944,791)	Surplus for year	(5,922,802)
	Collection Fund accumulated (surplus)/deficit	
(3,099,308)	Balance Brought Forward	(1,511,671)
4,214,663	Distribution of NCC share of prior year estimated deficit	2,734,892
317,765	Distribution of NPCC share of prior year estimated deficit	213,410
(2,944,791)	Surplus for year	(5,922,802)
(1,511,671)	Accumulated surplus carried forward before spreading adjustment	(4,486,171)
	Distribution of Collection Fund accumulated (surplus)/deficit	
(5,153,244)	Northumberland County Council (NCC) in year surplus	(5,477,879)
554,167	Northumberland County Council (NCC) spreading adjustment	-
3,195,968	Northumberland County Council (NCC) prior year residual deficit	1,328,711
(1,403,109)	Northumberland County Council (NCC) Total	(4,149,168)
(211,483)	Northumbria Police & Crime Commissioner (NPCC) in year surplus	(444,923)
41,074	Northumbria Police & Crime Commissioner (NPCC) spreading adjustment	-
61,847	Northumbria Police & Crime Commissioner (NPCC) prior year residual deficit	107,920
(108,562)	Northumbria Police & Crime Commissioner (NPCC) Total	(337,003)
(1,511,671)	Total	(4,486,171)

2022-23		2023-24
Actual	COLLECTION FUND ACCOUNT - BUSINESS RATES	Estimate
£		£
	Income	
(75,889,681)	Income from Business Rates	(82,720,055)
350,057	Transitional Protection	(7,299,855)
(75,539,624)	Total Income	(90,019,910)
	Expenditure	
	<u>Precepts and Payments</u>	
36,152,719	Northumberland County Council (NCC)	39,355,936
36,152,719	Secretary of State (SoS)	39,355,936
494,792	Cost of Collection Allowance	507,428
	<u>Bad & Doubtful Debts</u>	
262,553	Increase in Bad Debt Provision	2,165,289
	<u>Appeals & Losses</u>	
(4,264,569)	Increase/(decrease) in appeals provision	4,180,747
	<u>Disregarded Amounts</u>	
4,963,144	Renewable Energy	359,334
232,486	Enterprise Zone Growth	5,371,738
73,993,844	Total Expenditure	91,296,408
(1,545,780)	Deficit/(Surplus) for year	1,276,498
	Collection Fund accumulated surplus	
25,015,249	Balance Brought Forward	(4,331,824)
(12,547,094)	Distribution of NCC share of prior year estimated surplus	(1,943,691)
(12,547,094)	Distribution of SoS share of prior year estimated surplus	(1,943,691)
(4,252,885)	Deficit/(surplus) for year	1,276,498
(4,331,824)	Accumulated surplus carried forward	(6,942,708)

	Distribution of Collection Fund accumulated surplus	
(39,469)	Northumberland County Council (NCC) prior year surplus	(4,109,603)
(2,468,422)	Northumberland County Council (NCC) in year (surplus)/deficit	638,249
341,979	Northumberland County Council (NCC) spreading adjustment	-
(2,165,912)	Northumberland County Council (NCC) Total	(3,471,354)
(39,469)	Secretary of State (SoS) prior year surplus	(4,109,603)
(2,468,422)	Secretary of State (SoS) in year (surplus)/deficit	638,249
341,979	Secretary of State (SoS) spreading adjustment	-
(2,165,912)	Secretary of State (SoS) Total	(3,471,354)
(4,331,824)	Total	(6,942,708)