



Department for Levelling Up,
Housing & Communities

Local Taxation Division
Department for Levelling Up, Housing & Communities

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FOR THE ATTENTION OF FINANCE DIRECTORS

Dear Colleague

Phasing of 2020-21 collection fund deficits: updated council tax calculation tool

On 2 July 2020 the Secretary of State set out a further package of measures to help local authorities manage the financial impact of the coronavirus pandemic. This included a commitment that the repayment of collection fund deficits arising in 2020-21 will be spread over the next three years rather than the usual period of a year, giving councils breathing space in setting budgets.”¹ The scheme was implemented through the provisions of the [Local Authorities \(Collection Fund: Surplus and Deficit\) \(Coronavirus\) \(England\) Regulations 2020](#).²

On 15 December 2020 the Department issued [Council Tax Information Letter 6/2020](#). This included a council tax deficit spreading calculation tool and guidance notes for use by billing authorities when making the required estimate of collection fund surpluses and deficits on 15 January 2021. The letter indicated that a further tool would be issued for eligible authorities to use when making the required calculations on 15 January 2022.

The attached tool is prepopulated with information about [authorities’ phased deficits](#) (‘the exceptional balance’) and their council tax requirements for 2020-21 and 2021-22 as reported to the Department in CTR forms in March 2020 and 2021 respectively. It also contains a number of embedded formulas to help billing authorities estimate their collection fund balance on 15 January 2022 and separately to apportion elements relating to the phased deficit and other amounts. In the case of authorities which have undergone restructuring, the prepopulated data reflects the amounts set out in the 2020 Regulations as amended by the [Local Authorities \(Funds\) \(England\) \(Amendment\) \(Coronavirus\) Regulations 2021](#).³

The tool calculates the total amount of estimated surplus or deficit for which each eligible billing and major precepting authority will be responsible in 2022-23, and identifies the

¹ <https://questions-statements.parliament.uk/written-statements/detail/2020-07-02/hcws333>

² The 2020 regulations amended the Local Authorities (Funds) (England) Regulations 1992 which govern the operation of the collection fund in respect of council tax receipts.

³ These authorities are Isle of Wight Council, Hampshire and Isle of Wight Fire and Rescue Authority, North Northamptonshire Council, and West Northamptonshire Council. Precepts issued by the West Yorkshire Police and Crime Commissioner in 2020-21 are to be treated as if they were issued by the West Yorkshire Combined Authority.

amount of spread deficit which must be carried forward into the billing authority's collection fund opening balance for that year.

Although the tool is intended to assist eligible authorities in undertaking the calculations required by the regulations, it remains the responsibility of billing authorities to satisfy themselves that they have complied with the legislation and are calculating and apportioning surpluses and deficits correctly.

A further tool will be provided to assist authorities in calculating the council tax collection fund estimates they must make on 15 January 2023 for the final year of the scheme.

Should you have any queries about this tool, please contact the Department at council.tax@communities.gov.uk

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