

Council Tax Collection Fund Deficit Spreading Tool for 2021-22

This tool is for use by billing authorities who calculated a collection fund exceptional balance in deficit in 2020-21 and who were therefore required to spread its repayment over the three years 2021-22 to 2023-24. Authorities that had an exceptional balance in surplus or balance in 2020-21 should not use the tool and should estimate their collection fund balance for 2021-22 in the usual way.

The Tool is intended to assist 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 apportioning surpluses and deficits correctly.

Background

1. This note sets out the purpose and content of the Council Tax Collection Fund Deficit Spreading Tool which DLUHC has prepared to assist billing authorities in meeting the requirements of the [Local Authorities \(Funds\) \(England\) Regulations 1992](#) as amended by the [Local Authorities \(Collection Fund: Surplus and Deficit\) \(Coronavirus\) \(England\) Regulations 2020](#) and the [Local Authorities \(Funds\) \(England\) \(Amendment\) \(Coronavirus\) Regulations 2021](#) (“the Regulations”) when estimating their collection fund balance for 2021-22 on 15 January 2022.
2. The Regulations made provision for the estimation and phasing of an ‘exceptional balance’ when billing authorities estimated their collection fund balance on 15 January 2021. In summary, the exceptional balance is the estimated surplus or deficit for 2020-21 net of any prior year elements. Where the exceptional balance was in deficit, billing and major precepting authorities are required to discharge their liability for it equally over the three financial years 2021-22, 2022-23 and 2023-24 rather than one. If the exceptional balance was in surplus, it could not be spread. The prior year elements of the 2020-21 surplus or deficit could not be spread.
3. [The Council Tax Information Letter](#) issued on 5 November 2020 provided an overview of the requirements of the regulations across all three years of the scheme and it is recommended that billing authorities remind themselves of its contents. [The collection fund deficit phasing tool](#) issued on 15 December 2020 was provided to assist billing authorities in making the calculations required in respect of the first year of the phasing scheme on 15 January 2021.
4. The guidance notes and calculator are provided to assist billing authorities in making the calculations required in respect of the second year of the scheme on 15 January 2022. A further calculator will be provided to use in respect of the third year of the scheme.

Council tax collection fund calculations required on 15 January 2022

5. On 15 January 2022 billing authorities must do the following.
 - a. Estimate the collection fund surplus or deficit for 2021-22 in the usual way
 - b. Credit one-third of the exceptional balance estimated on 15 January 2021 to the overall surplus or deficit for 2021-22. This will make a deficit smaller and a surplus larger. As the initial estimate of the collection fund surplus/deficit mentioned in (a) will contain 2/3 of the exceptional balance, crediting 1/3 has the effect of removing 1/3 of the exceptional balance deficit from the surplus/deficit to be apportioned, leaving 1/3 still to be dealt with in the estimate of collection fund balance undertaken on 15 January 2023.

- c. Apportion the resulting surplus/ deficit in two separate parts
 - i. 1/3 of exceptional balance; and
 - ii. the remainder of the overall surplus/ deficit estimated for 2021-22.
 - d. To effect this separate apportionment, the billing authority must undertake the following steps
 - i. deduct an amount equivalent to 1/3 of the exceptional balance from the overall council tax collection fund surplus/ deficit estimated on 15 January 2021,
 - ii. apportion 1/3 of the exceptional balance according to the billing and major precepting authorities' relative shares of the aggregate council tax requirement for the billing authority's area in 2020-21.
 - iii. apportion the remainder of the overall council tax collection fund surplus/ deficit estimated on 15 January 2022 (including the 2021-21 prior year surplus/ deficit and the 2021-22 in year deficit) according to the billing and major precepting authorities' relative shares of the aggregate council tax requirement for the billing authority's area in 2021-22.
6. The Tool is pre-populated with information about the council tax requirements of all billing and major precepting authorities in 2020-21 and 2021-22, and the exceptional balance figures reported to the Department in CTR forms in March 2021. Billing authorities will need to enter information about the estimated council tax collection fund surplus or deficit for 2021-22. The form will then automatically calculate the billing and major precepting authorities' share of the exceptional balance from 2020-21 and their share of the remainder of the overall collection fund balance calculated on 15 January 2022.
7. Annex A summarises the purpose of each line of the Tool, as well as the calculation and meaning of each of the amounts displayed. Should you have any queries about this tool, please contact the Department at council.tax@communities.gov.uk

Local Taxation Division
DLUHC

Annex A

Line by line overview of the council tax collection fund deficit spreading tool for 2021-22.

Key

Data prepopulated by DLUHC is highlighted in blue. This information can be overwritten if any figure was incorrectly entered on the CTR 1 form.

Data which will need to be inserted by billing authorities is highlighted in yellow.

Data which will be automatically generated by formulas embedded in the form is highlighted in green.

All figures are to be entered as positive amounts unless otherwise stated.

References to “the Regulations” are to the [Local Authorities \(Funds\) \(England\) Regulations 1992](#) as amended by the [Local Authorities \(Collection Fund: Surplus and Deficit\) \(Coronavirus\) \(England\) Regulations 2020](#) and the [Local Authorities \(Funds\) \(England\) \(Amendment\) \(Coronavirus\) Regulations 2021](#) unless otherwise stated.

Section A – Amount of exceptional balance to be repaid in 2022-23

Line 1

Billing authority name (please select from the dropdown) = **X**

Line 2

Column 1

The exceptional balance estimated on 15 January 2021 = **Amount A** (Expressed as a negative amount). [This was the amount reported on the 2021-22 CTR1 form. Authorities may overwrite this if they reported an incorrect figure on CTR 1 2021-22.

NB North Northamptonshire Council and West Northamptonshire should use the exceptional balance figures they reported to DLUHC in the 2021-22 CTR form. It is in subsequent lines of the calculator – where the exceptional balance is apportioned - that they will each have to use figures recently specified in paragraphs 8 and 9 of Schedule 2 of the [Local Authorities \(Funds\) \(England\) Regulations 1992](#).

Column 2

Amount of exceptional balance to be repaid in 2022-23 [Amount A/3] = **Amount B** (expressed as a negative amount)

NB this figure is needed to calculate the apportionment in lines 13-16 below,

Column 3

Remaining exceptional balance to carry forward to be repaid in 2023-34 [Amount A/3] = **Amount C** (expressed as a negative amount)

[NB Billing authorities will carry over this amount in an adjustment account, reflect it in their audited accounts for 2022-23, and it will form part of the opening balance when they make their estimate of collection fund balance on 15 January 2023]

Section B – Estimate of collection fund surplus or deficit for 2021-22 on 15 January 2022.

Line 5

Any opening collection fund surplus for 2021-22. Any amount entered here should reflect the remaining 2/3rds of the exceptional balance estimated on 15 January 2021, which was carried forward to 2021-22. Enter zero if the amount was a deficit or zero = **Amount D**

This is the amount specified at para 2(3)(a) of schedule 2 of the Regulations.

Line 6

The sum of the billing authority's estimates of the amounts credited or to be credited, in accordance with proper practices, to its collection fund income and expenditure account for 2021-22. Enter zero if no payments were made in respect of a deficit = **Amount E**

This is the sum of the amounts specified at para 2(3)(b) of schedule 2 of the Regulations.

Line 7

The sum of the billing authority's estimates of any other amounts, relating to council tax, credited or to be credited, in accordance with proper practices, to its collection fund income and expenditure account for 2021-22, including prior year adjustments and amounts credited or to be credited relating to reductions in provision previously made for non-collection of council tax = **Amount F**

This is the sum of the amounts specified at para 2(3)(c) of schedule 2 of the Regulations.

Line 8

A credit of one third of the exceptional balance (expressed as a positive amount). Applying this credit defers repayment of one third of the exceptional balance until 2023-24 = **Amount C**

This credit is required by para 2(8) of schedule 2 of the Regulations.

Line 9

Any opening collection fund deficit for 2021-22. This amount will include the remaining 2/3rds of the exceptional balance estimated on 15 January 2021, which was carried forward to 2021-22. Enter zero if the amount was a surplus or zero = **Amount G**

This is the amount specified at para 2(4)(a) of schedule 2 of the Regulations.

Line 10

The sum of the billing authority's estimates of the amounts charged or to be charged, in accordance with proper practices, to its collection fund income and expenditure account for the preceding financial year = **Amount H**

This is the sum of the amounts specified at para 2(4)(b) of schedule 2 of the Regulations:

- (i) precepts payable to relevant major precepting authorities under regulation 3 [disregarding any variation to any payment or instalment of a payment relating to a precept as agreed between the billing authority and the major precepting authority under paragraph 6(3)(b) of Schedule 1A to the 1992 Act],
- (ii) transfers to the billing authority's general fund under section 97(1) of the 1988 Act,
- (iii) transfers to that authority's general fund under section 97(3) of the 1988 Act and any payments to relevant major precepting authorities under regulation 3 in

respect of an estimated surplus in the billing authority's collection fund for the relevant prior year, and

(iv) payments in respect of boundary changes made by that authority to any other billing authority pursuant to an agreement or award made under section 68 of the Local Government Act 1972 which the Secretary of State specifies under section 90(2) of the 1988 Act are to be met from that authority's collection fund.

Line 11

The sum of the billing authority's estimates of any other amounts relating to council tax, charged or to be charged, in accordance with proper practices, to its collection fund income and expenditure account for 2021-22, including prior year adjustments in respect of council tax and amounts charged or to be charged in respect of provision for non-collection of council tax = **Amount I**

This is the sum of the amounts specified at para 2(4)(c) of schedule 2 of the Regulations.

NB The form will prompt you to review the figures you have inputted if one of lines 5 and 9 does not contain a zero.

Line 12

Total estimated collection fund balance for 2021-22 [Amount D+E+F+C-G-H-I] = **Amount J**

This is the calculation set out at paragraph 2(2) of Schedule 2 of the Regulations.

Section C – Apportionment of one-third of the exceptional balance for repayment in 2022-23

In order to apportion the estimated overall collection fund balance for 2021-22, the regulations require the billing authority to strip out the 1/3 of the exceptional balance to be repaid in 2022-23 and allocate this on the basis of the billing and major precepting authorities' relative shares of the aggregate area council tax requirement for 2020-21.

The remainder of the collection fund balance estimated on 15 January 2022 should be apportioned on the basis of the billing and major precepting authorities' relative shares of the aggregate area council tax requirement for 2021-22.

Line 13

Column 1

Billing authority's Council Tax Requirement for 2020-21 (including parish precepts), as reported on CTR1 forms = **Amount K**

- For the Isle of Wight Council, Amount K should be prepopulated with the reported council tax requirement for 2020-21 minus £3,347,939.09 which 'transferred' to the new Hampshire and Isle of Wight FRA. This reflects local agreement about responsibility for collection fund surpluses and deficits, and the requirements of [paragraph 6\(14\)\(b\) of Schedule 2 of the Local Authorities \(Funds\) \(England\) Regulations 1992](#)

- For North Northamptonshire Council amount K should be prepopulated with £167,399,699, which is specified in [paragraph 7\(8\)\(a\) of the Local Authorities \(Funds\) \(England\) Regulations 1992](#)
- For West Northamptonshire Council amount K should be prepopulated with £214,621,716 which is specified in [paragraph 7\(9\)\(a\) of the Local Authorities \(Funds\) \(England\) Regulations 1992](#)

Columns 2-5

Each major precepting authority's 2020-21 precept for the billing authority's area, as reported on the billing authority CTR1 form = **Amounts K1, K2, K3, K4**

- The new Hampshire and Isle of Wight FRA, which assumed the fire functions of the Isle of Wight Council from 1 April 2021, should be treated as a major precepting authority of Isle of Wight Council which issued a precept of £3,347,939.09 for 2020-21. This reflects local agreement about responsibility for collection fund surpluses and deficits, and the requirements of [paragraph 6\(14\)\(a\) of Schedule 2 of the Local Authorities \(Funds\) \(England\) Regulations 1992](#).
- Northamptonshire County Council issued a precept in 2020-21 but following unitarisation of local government in the county on 1 April 2021, responsibility for its share of the collection fund balances for 2020-21 has passed to North Northamptonshire Council and West Northamptonshire Council. As such no precept for Northamptonshire County Council should be shown in columns 2-5.
- [Para 7\(10\) of Schedule 2 of the regulations](#) requires the precept issued by the West Yorkshire Police and Crime Commissioner for 2020-21 to be treated as if it was issued by the Mayor for the West Yorkshire Combined Authority in respect of the Mayor's police and crime commissioner functions. The Mayor assumed these police functions on 10 May 2021.

Line 14

Column 1

Billing authority's share of the exceptional balance to be repaid in 2022-23 [Amount B * (Amount K / (Amount K + The sum of Amounts K1, K2, K3, K4))] = **Amount I** (expressed as a negative amount)

Columns 2-5

Each major precepting authority's share of the exceptional balance to be repaid in 2022-23 prior to any adjustments to reflect variations of instalments [Amount B * (K1 or K2 or K3 or K4 / (Amount K + The sum of K1, K2, K3, K4))] = **Amounts L1a, L2a, L3a, L4a** (expressed as a negative amount)

These are the calculations required by paras 7(3) to 7(6) of Schedule 2 of the regulations.

Line 15

Columns 2-5

Further changes to precepting authorities' shares of the exceptional balance to reflect any variation to any payment or instalment of a payment relating to a precept as agreed between the billing authority and that major precepting authority for the year beginning on 1st April 2020 (expressed as a negative amount if it concerns a deficit) = **Amounts L1b, L2b, L3b, L4b**

This line deals with item R in paragraph 7(5) of Schedule 2 of the regulations

Line 16

Columns 2-5

Each major precepting authority's share of the exceptional balance to be repaid in 2022-23 [L1a+L1b; L2a+L2b; L3a+L3b; L4a+L4b] = **Amounts M1, M2, M3, M4** (This will be a negative amount unless line 15 has incorporated a large surplus-related variation of an instalment)

Section D – Apportionment of the remainder of the 2021-22 collection fund balance for repayment in 2022-23

Line 17

Subtract one third of the exceptional balance from the total surplus/ deficit estimated for 2021-22 on 15 January 2022 [Amount J (expressed as a negative amount if a deficit)-Amount B (expressed as a negative amount)] = **Amount N** ("The adjusted balance") (shown as a negative amount if a deficit)

This is the calculation required by para 7(2)(a) & (b) of Schedule 2 of the regulations.

This amount needs to be apportioned between the billing authority and its major preceptors according to their relative shares of the aggregate council tax requirement for the billing authority's area in 2021-22.

Line 18

Column 1

Billing authority's Council Tax Requirement for 2021-22 (including parish precepts), as reported on CTR1 forms = **Amount O**

Columns 2-5

Each major precepting authority's 2021-22 precept for the billing authority's area, as reported on the billing authority CTR1 form = **Amounts P1, P2, P3, P4**

Line 19

Column 1

Billing authority's share of the adjusted balance to be repaid in 2022-23 [Amount N * (Amount O/(Amount O + The sum of Amounts P1, P2, P3, P4))] = **Amount Q**

Columns 2-5

Each major precepting authority's share of the adjusted balance to be repaid in 2022-23 prior to any adjustments to reflect variations of instalments [Amount N * (P1 or P2 or P3 or P4/(Amount O + The sum of P1, P2, P3, P4))] = **Amounts Q1a, Q2a, Q3a, Q4a**

These calculations reflect the requirements of paras 6(2) to 6(4) and 7(2) of Schedule 2 of the regulations.

Line 20

Columns 2-5

Further changes to precepting authorities' shares of the adjusted balance to reflect any variation to any payment or instalment of a payment relating to a precept as agreed between the billing authority and that major precepting authority for the year beginning on 1st April

2021 (expressed as a negative amount if it concerns a deficit) = Amounts Q1b, Q2b, Q3b, Q4b

This line deals with item L in paragraph 6(4) of Schedule 2 of the regulations

Line 21

Columns 2-5

Each major precepting authority's share of the adjusted balance to be repaid in 2022-23 [Q1a+Q1b; Q2a+Q2b; Q3a+Q3b; Q4a+Q4b] = Amounts R1, R2, R3, R4

Section E – Total 2021-22 council tax collection fund surplus or deficit to be apportioned amongst the billing authority and its major preceptors

This section brings together each authority's shares of the spread exceptional balance from 2020-21 and the adjusted balance for 2021-22 to give the total amount of estimated surplus or deficit which they must each incorporate in their budget and council tax setting for 2022-23.

Line 22

Column 1

For the billing authority [Amount Q (expressed as a negative amount if a deficit) + Amount L (expressed as a negative amount)] = Amount S (if this figure is negative, there is a deficit to pay off)

Column 2

For each major precepting authority [Amounts R1, R2, R3, R4 (expressed as a negative amount if a deficit) + Amounts M1, M2, M3, M4 (expressed as a negative amount if a deficit)] = Amounts T1, T2, T3, T4 (if an authority's figure is negative, there is a deficit to pay off)