

Council Tax Collection Fund Deficit Spreading Tool for 2022-23

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 which had an exceptional balance in surplus or balance in 2020-21 should not use the tool and should estimate their collection fund balance for 2022-23 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 2022-23 on 15 January 2023.
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. [The collection fund deficit phasing tool](#) issued on 10 January 2022 was provided to assist billing authorities in making the calculations required in respect of the second year of the phasing scheme on 15 January 2022.
4. This guidance notes and calculator are provided to assist billing authorities in making the calculations required in respect of the third (final) year of the scheme on 15 January 2023.

Council tax collection fund calculations required on 15 January 2023

5. On 15 January 2023 billing authorities must estimate the collection fund surplus or deficit for financial year 2022-23 in the usual way. The estimated closing balance on the collection fund will include the final 1/3 of any deficit that has been subject to spreading.¹
6. The estimated closing balance will include two elements.

¹ Billing authorities may find it helpful to be reminded that when the estimate of collection fund surplus or deficit was made for 2021-22 (the second year of the scheme) on 15 January 2022, 1/3 of the exceptional balance was applied as a credit. This made a deficit smaller and a surplus larger and meant that 1/3 of the exceptional balance would be carried over to 2022-23.

- a) 1/3 of any 2020-21 deficit subject to spreading; and
- b) the remaining balance, being the difference between the total estimated closing balance and item a).

For clarity, the total of the amounts at 6a and 6b together should be equal to the estimated closing balance on the collection as at 31 March 2023.

7. To effect this separate apportionment, the billing authority must undertake the following steps
 - a) apportion 1/3 of the exceptional deficit 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; and
 - b) apportion the remainder of the overall council tax collection fund surplus/ deficit estimated on 15 January 2023 according to the billing and major precepting authorities' relative shares of the aggregate council tax requirement for the billing authority's area in 2022-23.

For clarity, the total of the amounts apportioned at 7a and 7b together should be equal to the estimated closing balance on the collection fund as at 31 March 2023.

8. The Tool is pre-populated with information about the council tax requirements of billing and major precepting authorities in 2020-21 and 2022-23, 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 2022-23. 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 estimated overall collection fund balance calculated on 15 January 2023.
9. 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 2022-23.

Key

Data prepopulated by DLUHC is highlighted in **blue**. This information can be overwritten if any figure was incorrectly entered on the CTR1 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 2023-24

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 CTR1 2021-22.]

North Northamptonshire Council and **West Northamptonshire Council** 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 specified in paragraphs 8 and 9 of Schedule 2 of the [Local Authorities \(Funds\) \(England\) Regulations 1992](#).

New **North Yorkshire Council** should use the aggregate of exceptional balance figures reported by its predecessor billing authorities (the shire districts) to DLUHC in the 2021-22 CTR form. The predecessor billing authorities are Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough and Selby.

New **Somerset Council** should use the aggregate of exceptional balance figures reported by its predecessor billing authorities (the shire districts) to DLUHC in the 2021-22 CTR form. The predecessor billing authorities are Mendip, Sedgemoor, Somerset West and Taunton and South Somerset.

New **Cumberland Council** should use the aggregate of exceptional balance figures reported by its predecessor billing authorities (the shire districts) to DLUHC in the 2021-22 CTR form. The predecessor billing authorities are Allerdale, Carlisle and Copeland. It is in subsequent lines of the calculator – where the exceptional balance is apportioned - that they will have to input figures reflecting local agreement about responsibility for the shares of

collection fund balances which would have been borne by the outgoing county council. These shares will be apportioned between

- Cumberland Council
- Westmorland and Furness Council
- The new Police, Fire and Crime Commissioner for Cumbria which will assume responsibility for the former County Council Fire Service from 1 April 2023.

New **Westmorland and Furness Council** should use the aggregate of exceptional balance figures reported by its predecessor billing authorities (the shire districts) to DLUHC in the 2021-22 CTR form. The predecessor billing authorities are Barrow-in-Furness, Eden and South Lakeland. It is in subsequent lines of the calculator – where the exceptional balance is apportioned - that they will have to input figures reflecting local agreement about responsibility for the shares of collection fund balances which would have been borne by the outgoing Cumbria County Council. These shares will be apportioned between

- New Westmorland and Furness Council
- New Cumberland Council
- The new Police, Fire and Crime Commissioner for Cumbria, which will assume responsibility for the former County Council Fire Service from 1 April 2023.

Line 3

Amount of exceptional balance to be repaid in 2023-24 [Amount A/3] = **Amount B**
(expressed as a negative amount)

NB this figure is needed to calculate the apportionment in lines 12-15 below,

Section B – Estimate of collection fund surplus or deficit for 2022-23 on 15 January 2023.

Line 4

Any opening collection fund surplus for 2022-23. Any amount entered here should include the remaining 1/3 of the exceptional balance estimated on 15 January 2021, which was carried forward to 2022-23. Enter zero if the amount was a deficit or zero = **Amount C**

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

Line 5

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 the preceding financial year. = **Amount D**

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

- (i) council tax,
- (ii) transfers pursuant to any direction made by the Secretary of State under section 98(4) and (5) of the 1988 Act in respect of council tax benefits, reductions in amounts of council tax and reductions for lump sum payment of council tax,
- (iii) transfers to that authority's collection fund under section 97(4) of the 1988 Act and any payments by relevant major precepting authorities under regulation 12 in respect of an estimated deficit in the billing authority's collection fund for the relevant prior year,
- (iv) transfers to that authority's collection fund under section 97(2) of the 1988 Act, and
- (v) payments in respect of boundary changes made to that authority by 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(1) of the 1988 Act are to be paid into that authority's collection fund.

Line 6

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 2022-23, 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 E**

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

Line 7

Any opening collection fund deficit for 2022-23. Any amount entered here should include the remaining 1/3 of the exceptional balance estimated on 15 January 2021, which was carried forward to 2022-23. Enter zero if the amount was a surplus or zero = **Amount F**

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

NB The form will prompt you to review the figures you have inputted if one of lines 4 and 7 does not contain a zero.

Line 8

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 G**

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 9

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 2022-23, 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 H**

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

Line 10

Total estimated collection fund balance for 2022-23 [Amount C+D+E-F-G-H] = **Amount I**

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 2023-24

In order to apportion the estimated overall collection fund balance for 2022-23, the regulations require the billing authority to strip out the 1/3 of the exceptional balance to be repaid in 2023-24 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 2023 should be apportioned on the basis of the billing and major precepting authorities' relative shares of the aggregate area council tax requirement for 2022-23.

Line 11

Column 1

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

- For the Isle of Wight Council, Amount J 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 J 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 J should be prepopulated with £214,621,716 which is specified in [paragraph 7\(9\)\(a\) of the Local Authorities \(Funds\) \(England\) Regulations 1992](#)
- For new **North Yorkshire Council**, amount J should be prepopulated with the aggregate reported 2020-21 council tax requirement of its predecessor billing authorities (the shire districts) plus that of the outgoing North Yorkshire County Council. The predecessor billing authorities are Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough and Selby.
- For new **Somerset Council** amount J should be prepopulated with the aggregate reported 2020-21 council tax requirement of its predecessor billing authorities (the shire districts) plus that of the outgoing Somerset County Council. The predecessor billing authorities are Medip, Sedgemoor, Somerset West and Taunton and South Somerset.

- New **Cumberland Council** will need to enter its own amount J. This figure should be
 - the aggregate reported council tax requirement of its predecessor billing authorities (Allerdale, Carlisle and Copeland) for 2020-21; plus
 - a locally agreed share of the 2020-21 reported council tax requirement of the outgoing Cumbria County Council for 2020-21 (net of any share which is to be the responsibility of the new Police, Fire and Crime Commissioner for Cumbria, which will assume responsibility for the former county council fire service from 1 April 2023).

- New **Westmorland and Furness Council** will need to enter its own amount J. This figure should be
 - the aggregate reported council tax requirement of its predecessor billing authorities (Barrow-in-Furness, Eden and South Lakeland) for 2020-21; plus
 - a locally agreed share of the 2020-21 reported council tax requirement of the outgoing Cumbria County Council for 2020-21 (net of any share which is to be the responsibility of the new Police, Fire and Crime Commissioner for Cumbria, which will assume responsibility for the former county council fire service from 1 April 2023).

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 J1, J2, J3, J4**

- **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 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.

- **North Yorkshire County Council** issued a precept in 2020-21. However, unitarisation of local government in the county on 1 April 2023 means that responsibility for its share of the collection fund balances for 2020-21 is passing to North Yorkshire Council (a new billing authority). As such no precept for North Yorkshire County Council should be shown in columns 2-5.

- **Somerset County Council** issued a precept in 2020-21. However, unitarisation of local government in the county on 1 April 2023 means that responsibility for its share

of the collection fund balances for 2020-21 is passing to Somerset Council (a new billing authority). As such no precept for Somerset County Council should be shown in columns 2-5.

- **Cumbria County Council** issued a precept in 2020-21. However, unitarisation of local government in the county on 1 April 2023, and the creation of a new separate fire authority means that responsibility for its share of the collection fund balances for 2020-21 is passing to Cumberland Council, Westmorland and Furness Council and the Police, Fire and Crime Commissioner for Cumbria in locally agreed proportions.
- **The Police, Fire and Crime Commissioner for Cumbria** will assume the fire functions of the outgoing Cumbria County Council from 1 April 2023 and will take a locally-agreed share of its collection fund balances. The PFCC should therefore be treated as a major precepting authority for 2020-21 for Cumberland Council and Westmorland and Furness Council. Each of these billing authorities will need to enter figures to reflect this locally agreed share in their respective areas.

Line 12

Column 1

Billing authority's share of the exceptional balance to be repaid in 2023-24 [Amount B * (Amount J/(Amount J + The sum of Amounts J1, J2, J3, J4))] = **Amount K** (expressed as a negative amount)

Columns 2-5

Each major precepting authority's share of the exceptional balance to be repaid in 2023-24 prior to any adjustments to reflect variations of instalments [Amount B * (J1 or J2 or J3 or J4/(Amount J + The sum of J1, J2, J3, J4))] = **Amounts K1a, K2a, K3a, K4a** (expressed as a negative amount)

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

Line 13

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 K1b, K2b, K3b, K4b**

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

Line 14

Columns 2-5

Each major precepting authority's share of the exceptional balance to be repaid in 2023-24 [K1a+K1b; K2a+K2b; K3a+K3b; K4a+K4b] = **Amounts L1, L2, L3, L4** (This will be a negative amount unless line 14 has incorporated a large surplus-related variation of an instalment)

Section D – Apportionment of the remainder of the 2022-23 collection fund balance for repayment in 2023-24

Line 15

Subtract one third of the exceptional balance from the total surplus/ deficit estimated for 2022-23 on 15 January 2023 [Amount I (expressed as a negative amount if a deficit)-Amount B (expressed as a negative amount)] = **Amount M** (“The adjusted balance”) (shown as a negative amount if a deficit).

This is the calculation required by paragraph 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 2022-23.

Line 16

Column 1

Billing authority’s Council Tax Requirement for 2022-23 (including parish precepts), as reported on CTR1 forms = **Amount N**

- For new **North Yorkshire County Council** this figure will be the aggregate reported 2022-23 council tax requirements of its predecessor billing authorities (the shire districts) plus that of the outgoing North Yorkshire County Council. The predecessor billing authorities are Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough and Selby.
- For new **Somerset Council** this figure will be the aggregate reported 2022-23 council tax requirements of its predecessor billing authorities (the shire districts) plus that of the outgoing Somerset County Council. The predecessor billing authorities are Mendip, Sedgemoor, Somerset West and Taunton and South Somerset.
- For new **Cumberland Council** (who will need to input the figure themselves) this figure will be
 - the aggregate reported 2022-23 council tax requirements of its predecessor billing authorities (Allerdale, Carlisle and Copeland); plus
 - a locally agreed share of the reported 2022-23 council tax requirement of the outgoing Cumbria County Council, net of any share which is to be the responsibility of the new Police, Fire and Crime Commissioner for Cumbria, which will assume responsibility for the former county council fire service from 1 April 2023.
- For new **Westmorland and Furness Council** (who will need to input the figure themselves) this figure will be
 - the aggregate reported 2022-23 council tax requirements of its predecessor billing authorities (Barrow-in-Furness, Eden and South Lakeland); plus
 - a locally agreed share of the reported 2022-23 council tax requirement of the outgoing Cumbria County Council, net of any share which is to be the responsibility of the new Police, Fire and Crime Commissioner for Cumbria, which will assume responsibility for the former county council fire service from 1 April 2023.

Columns 2-5

Each major precepting authority’s 2022-23 precept for the billing authority’s area, as reported on the billing authority CTR1 form = **Amounts N1, N2, N3, N4**

The County Councils for **North Yorkshire, Somerset and Cumbria** should be excluded from this line as they will be abolished from 1 April 2023 and their shares of 2022-23 collection fund balances will be borne by other authorities.

The **Police, Fire and Crime Commissioner for Cumbria** will assume the fire functions of the outgoing Cumbria County Council from 1 April 2023 and will take a locally-agreed share of its collection fund balances. The PFCC should therefore be treated as a major precepting authority of Cumberland Council and Westmorland and Furness Council for 2022-23. Each of these councils will need to enter figures to reflect the PFCC's locally agreed share in their respective areas.

Line 17

Column 1

Billing authority's share of the adjusted balance to be repaid in 2023-24 [Amount M * (Amount N / (Amount N + The sum of Amounts N1, N2, N3, N4))] = **Amount O**

Columns 2-5

Each major precepting authority's share of the adjusted balance to be repaid in 2023-24 prior to any adjustments to reflect variations of instalments [Amount M * (N1 or N2 or N3 or N4 / (Amount N + The sum of N1, N2, N3, N4))] = **Amounts O1a, O2a, O3a, O4a**

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

Line 18

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 2022 (expressed as a negative amount if it concerns a deficit) = **Amounts O1b, O2b, O3b, O4b**

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

Line 19

Columns 2-5

Each major precepting authority's share of the adjusted balance to be repaid in 2023-24 [O1a+O1b; O2a+O2b; O3a+O3b; O4a+O4b] = **Amounts P1, P2, P3, P4**

Section E – Total 2022-23 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 2022-23 to give the total amount of estimated surplus or deficit which they must each incorporate in their budget and council tax setting for 2023-24.

Line 20

Column 1

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

Column 2

For each major precepting authority [Amounts P1, P2, P3, P4 (expressed as a negative amount if a deficit) + Amounts L1, L2, L3, L4 (expressed as a negative amount if a deficit)] = Amounts R1, R2, R3, R4 (if an authority's figure is negative, there is a deficit to pay off)