



Department for Levelling Up,
Housing & Communities

Local Taxation Division
*Department for Levelling Up, Housing &
Communities*

Fry Building
2 Marsham Street
London
SW1P 4DF

To: Local Authorities in England

Email: council.tax@levellingup.gov.uk

www.gov.uk/dluhc

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FOR THE ATTENTION OF FINANCE DIRECTORS

Dear Colleague

On 2 July 2020 the Secretary of State set out a [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 would be spread over the subsequent three years rather than the usual period of a year, giving councils breathing space in setting budgets.”. The scheme was implemented through the provisions of the [Local Authorities \(Collection Fund: Surplus and Deficit\) \(Coronavirus\) \(England\) Regulations 2020](#) and the [Local Authorities \(Funds\) \(England\) \(Amendment\) \(Coronavirus\) Regulations 2021](#).¹

On 15 December 2020 and 10 January 2022 the Department issued Council Tax Information Letters [6/2020](#) and [1/2022](#). These included council tax deficit spreading calculation tools and guidance notes for use by billing authorities when making the required annual estimates of collection fund surpluses and deficits during the first two years of the scheme. The Department indicated that a further tool would be issued for eligible authorities to use when making the final round of deficit spreading calculations on 15 January 2023.

The attached calculation tool is prepopulated with information about authorities’ phased deficits (‘the exceptional balance’) and their council tax requirements for 2020-21 and 2022-23 as reported to the Department in CTR forms in March 2020 and 2022 respectively. The only exceptions to this are in relation to local authorities which have restructured since the scheme was established. The guidance notes set out the data which the affected billing authorities will need to use.

A series of embedded formulas will assist billing authorities in estimating their collection fund balance on 15 January 2023 and apportioning elements relating to the phased deficit and other amounts. They will also calculate the total amount of estimated surplus or deficit for which each eligible billing and major precepting authority will be responsible in 2023-24.

¹ 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.

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.

The Department is grateful for the technical assistance provided by CIPFA throughout the operation of the deficit phasing scheme.

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

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