

Report title	Collection Fund Estimated Outturn 2023-2024	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Louise Miles Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable Director	James Howse, Interim Director of Finance	
Originating service	Strategic Finance	
Accountable employee	Alison Shannon	Deputy Director of Finance
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Report to be/has been considered by		

Recommendations for decision:

The Cabinet is recommended to approve:

1. The estimated outturn for Council Tax in 2023-2024 is a cumulative surplus of approximately £546,000 which includes the carry forward of the in-year 2020-2021 deficit, which the Government confirmed could be spread over three years from 2021-2022 to 2023-2024.
2. The estimated outturn for Business Rates, also referred to as Non-Domestic Rates, in 2023-2024 is a cumulative surplus of approximately £3.3 million with an estimated deficit in 2023-2024 totalling approximately £354,000.
3. That authority be delegated to the Cabinet Member for Resources, in consultation with the interim Director of Finance, to confirm any final changes to the forecast outturn reflecting any further information received ahead of the statutory deadline of 31 January 2024.
4. That authority be delegated to the interim Director of Finance to confirm and arrange the final payments to the precepting authorities.

1.0 Purpose

- 1.1 The purpose of this report is to inform Cabinet of the estimated outturn for Council Tax and Business Rates, also referred to as Non-Domestic Rates (NDR), transactions on the Collection Fund in 2023-2024.

2.0 Background

- 2.1 Council Tax billing authorities are required to maintain a Collection Fund in accordance with Sections 89 and 90 of the Local Government Finance Act 1988. The operation of the Collection Fund is prescribed in detail by a series of specifications, regulations and directions made under various sections of the Local Government Finance Acts 1988 and 1992. Broadly, the Collection Fund's income comes from receipts of Council Tax and Business Rates, also referred to as Non-Domestic Rates (NDR), collected from taxpayers and any amounts transferred in (e.g. in respect of previous years' deficits). Expenses met from the Fund consist of adjustments to individuals' and companies' tax liabilities (refunds etc.), the billing authority's own budget demand, write offs, precepts and previous years' surpluses transferable out.
- 2.2 Each billing authority must make an estimate of the surplus or deficit for the Council Tax and Business Rates transactions of the Collection Fund for the current financial year. Such estimated surpluses or deficits do not remain in the Collection Fund but are shared between the billing authority, precepting authorities and central government (where applicable) in the year following the financial year to which they relate. Precepting authorities should be notified of their share of any surplus or deficit within seven working days of the estimate being made.
- 2.3 The surplus or deficit is then transferred in instalments in the financial year following the year for which the surplus or deficit has been estimated. In the case of billing authorities, the amounts are transferable in accordance with the schedule of instalments adopted for the payment of precepts and demands. Transfers to or from precepting authorities must take place in no more than ten equal instalments in the following year. The first and final instalments are to be paid by 31 May 2024 and 31 March 2025 respectively with an equal number of working days between instalments.
- 2.4 All Collection Fund surpluses or deficits for Council Tax transactions are to be ignored for the purpose of calculating the billing or precepting authority's budget requirement. They are, however, to be taken into account in calculating a billing authority's basic Council Tax or a joint authority's precept.
- 2.5 It is important to note however that the estimated Collection Fund outturn for the current financial year has to be forecast by January of that year and is based upon information available at a point in time. Therefore, any changes to the assumptions that occur in the remaining months of the financial year, will have an impact on actual Council Tax and Business Rates collected and consequentially the final outturn on the Collection Fund. Any resulting change to the surplus or deficit, will be recovered in future years.

3.0 Council Tax estimated outturn 2023-2024

- 3.1 The estimate on the Collection Fund for 2023-2024 in relation to Council Tax is set out below and includes assumptions about collection rates. It is forecast that there will be an accumulated surplus in the region of £546,000 at 31 March 2024, which includes the carry forward of the in-year 2020-2021 deficit, which the Government confirmed could be spread over three years from 2021-2022 to 2023-2024.
- 3.2 The overall position in terms of the allocation of the deficit between the Council and the precepting bodies is also summarised in the table. The split is based on the 2023-2024 Council Tax bill that was approved by Full Council in the formal Council Tax resolutions on 1 March 2023.

Table 1 – Forecast Council Tax outturn 2023-2024 and recommended split of forecast deficit/(surplus) for 2023-2024, to be distributed in 2024-2025

	City of Wolverhampton Council £000	West Midlands Police and Crime Commissioner £000	West Midlands Fire and Rescue Authority £000	Total £000
Actual accumulated deficit/(surplus) at 1 April 2023	(1,020)	(97)	(40)	(1,157)
Apportionment of 2022-2023 estimated deficit calculated January 2023 (payments made during 2023-2024):				
One third 2020-2021 estimated deficit	(1,971)	(190)	(72)	(2,233)
Adjustment to above deficit due to 2022-2023 estimated outturn	1,217	125	45	1,387
Total payments made during 2023-2024	(754)	(65)	(27)	(846)
Net accumulated deficit/(surplus) 2022-2023 to be apportioned in 2024-2025	(1,774)	(162)	(67)	(2,003)
Estimated income 2023-2024				
Income from Council Tax				(147,250)
Reimbursements from General Fund e.g. discretionary discounts etc.				(727)
Total estimated income				(147,977)
Estimated expenditure 2023-2024				
Demands on Collection Fund:				
City of Wolverhampton Council				125,983
West Midlands Police and Crime Commissioner				13,367
West Midlands Fire and Rescue Authority				4,819
Provision for non-collection of Council Tax				5,265
Total estimated expenditure				149,434
Net estimated deficit/(surplus) for 2023-2024				1,457
Apportionment of 2023-2024 estimated deficit/(surplus) calculated January 2024	1,297	111	49	1,457
Estimated accumulated deficit/(surplus) at 31 March 2024 (to be apportioned)	(477)	(51)	(18)	(546)

4.0 Business Rates (Non-Domestic Rates) estimated outturn 2023-2024

- 4.1 The estimate on the Collection Fund for 2023-2024 in relation to Business Rates, also referred to as Non-Domestic Rates (NDR), is set out below along with the allocation between the Council and the precepting body. It is forecast that there will be an accumulated surplus of £3.3 million at 31 March 2024 with an estimated deficit in 2023-2024 totalling approximately £354,000.

Table 2 – Forecast Business Rates outturn 2023-2024 and recommended split of forecast deficit/(surplus) for 2023-2024, to be distributed in 2024-2025

	City of Wolverhampton Council £000	West Midlands Fire and Rescue Authority £000	Central Government £000	Total £000
Actual accumulated deficit/(surplus) at 1 April 2023	(5,650)	(54)	261	(5,443)
Apportionment of 2022-2023 estimated deficit calculated January 2023 (payments made during 2023-2024):				
One third 2020-2021 estimated deficit	282	3	-	285
2022-2023 estimated deficit	1,524	15	-	1,539
Total payments made during 2023-2024	1,806	18	-	1,824
Net accumulated deficit/(surplus) 2022-2023 to be apportioned in 2024-2025	(3,844)	(36)	261	(3,619)
Estimated income 2023-2024				
Income from Business Rates (NDR)				(72,578)
Reimbursements from General Fund e.g. discretionary discounts etc.				(4)
Transitional payment				(9,032)
Reconciliation payment				700
Total estimated income				(80,914)
Estimated expenditure 2023-2024				
Demands on Collection Fund:				
City of Wolverhampton Council (including designated areas and renewable energy)				75,854
West Midlands Fire and Rescue Authority				758
Provision for non-collection of NDR (incl. appeals and interest)				4,320
Cost of collection allowance				336
Total estimated expenditure				81,268
Net estimated deficit/(surplus) for 2023-2024				354
Apportionment of 2023-2024 estimated deficit/(surplus) calculated January 2024	353	1	-	354
Estimated accumulated deficit/(surplus) at 31 March 2024 (to be apportioned)	(3,491)	(35)	261	(3,265)

5.0 Evaluation of alternative options

5.1 The estimated outturn on the Collection Fund for 2023-2024 has been prepared in accordance with specifications, regulations and directions made under various sections of the Local Government Finance Acts 1988 and 1992.

6.0 Reasons for decisions

6.1 Cabinet is recommended to approve the payments to/from the precepting bodies based on the estimated outturn of the Collection Fund for 2023-2024. This will inform the budget setting process for 2024-2025, for the Council and precepting bodies.

6.2 Approval is also sought to delegate authority to the Cabinet Member for Resources, in consultation with the Director of Finance, to confirm any final changes to the forecast outturn reflecting any further information received ahead of the statutory deadline of 31 January 2024. This will ensure that the most up to date information is used to inform 2024-2025 budgets.

7.0 Financial implications

7.1 The table below summarises the overall Collection Fund forecast position at 31 March 2024 estimated to be in the region of £3.8 million net surplus.

Forecast position at 31 March 2024	City of Wolverhampton Council £000	West Midlands Police and Crime Commissioner £000	West Midlands Fire and Rescue Authority £000	Central Government £000	Total £000
Council Tax	(481)	(51)	(13)	-	(545)
Business Rates	(3,491)	-	(35)	261	(3,265)
Forecast deficit/(surplus)	(3,972)	(51)	(48)	261	(3,810)

The Council will be expected to retain a surplus of approximately £4.0 million to be apportioned over 2024-2025.

7.2 The Council's Medium Term Financial Strategy (MTFS) will be updated to reflect the forecast outturn on the Collection Fund and reported to Cabinet on 21 February 2024.

7.3 It is important to note however, that the estimated Collection Fund outturn for the current financial year has to be forecast by January of that year and is based upon information available at a point of time. Therefore, any changes to the assumptions that occur in the remaining months of the financial year, will have an impact on actual Council Tax and Business Rates collected and consequently the final outturn on the Collection Fund. Any resulting change to the surplus or deficit, will be recovered in future years.

[SH/09012024/J]

8.0 Legal implications

8.1 The relevant legislation is contained in the body of the report and the recommendations are made in accordance with the legislation.

[TC/0912024/C]

9.0 Equalities implications

9.1 There are no relevant equalities implications arising from this report, however the method by which the MTFS and supporting resources, including those detailed in this report for 2024-2025 are developed, is governed by the Council Plan priorities, which itself was guided by consultation and equality analysis. All of this will enable Councillors to pay, "due regard" to the equalities impact of their budget decisions at that point in the budget development process. The resulting and final report to Cabinet and Council will contain a supporting equality analysis that will offer information across the whole range of proposals and in doing so enable Councillors to discharge their duty under Section 149 of the Equality Act 2010.

10.0 All other implications

10.1 There are no other implications arising from this report.

11.0 Schedule of background papers

- 11.1 [Council Tax Formal Resolutions included in 2023-2024 Final Budget Report](#), report to Council, 1 March 2023