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STATUTORY INSTRUMENTS

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**2020 No. 1202**

**The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020**

**Amendment of the Local Authorities (Funds) (England) Regulations 1992**

2.—(1) Schedule 2 of the Local Authorities (Funds) (England) Regulations 1992(1) is amended as follows.

(2) In paragraph 2(3) for “Subject to sub-paragraph (5),” substitute “Subject to sub-paragraphs (5) to (8),”.

(3) After paragraph 2(5) insert—

“(6) Sub-paragraphs (7) and (8) apply to a billing authority where, in the financial year beginning on 1st April 2021, the exceptional balance in the authority’s collection fund for the preceding financial year calculated in accordance with Part 3 of this Schedule is a negative amount.

(7) As regards the financial year beginning on 1st April 2021, the amount referred to in sub-paragraph (3) is the total of the items listed in that sub-paragraph and a sum equivalent to two thirds of the exceptional balance (expressed as a positive amount).

(8) As regards the financial year beginning on 1st April 2022, the amount referred to in sub-paragraph (3) is the total of the items listed in that sub-paragraph and a sum equivalent to one third of the exceptional balance (expressed as a positive amount).”.

(4) At the beginning of paragraph 6(2) insert “Subject to sub-paragraph (14) below and paragraph 7,”.

(5) In paragraph 6(4) for “Subject, in the financial year beginning on 1st April 2000, to sub-paragraphs (5) to (13) below,” substitute “Subject to sub-paragraphs (5) to (14) below and paragraph 7,”.

(6) After paragraph 6(13) insert—

“(14) In relation to the Isle of Wight Council and the financial year beginning on 1st April 2021 sub-paragraphs (1) to (4) apply with the following modifications—

(a) the Hampshire and Isle of Wight Fire and Rescue Authority is treated as a relevant major precepting authority which, for the purposes of C and D, issued a precept of £3,347,939.09 for the year beginning on 1st April 2020 to the Isle of Wight Council;

(b) B is the amount calculated (or last calculated) by the authority under section 97(1) of the 1988 Act for the year beginning on 1st April 2020 minus £3,347,939.09.”.

(7) After paragraph 6 insert—

“7.—(1) This paragraph applies to a billing authority where, as regards the financial year beginning on 1st April 2021, the exceptional balance in the authority’s collection fund

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(1) [S.I. 1992/2428](#); amended by [S.I. 1999/3459](#), [S.I. 2009/2543](#) and [S.I. 2013/2974](#). There are other amendments and modifications but none is relevant.

for the preceding financial year calculated in accordance with Part 3 of this Schedule is a negative amount.

(2) As regards the financial years beginning on 1st April 2022 and 1st April 2023, paragraph 6(2) and (4) applies as if for the definition of “A” there were substituted—

“A is—

- (a) the amount of the surplus (expressed as a positive amount) or deficit (expressed as a negative amount), as the case may be, estimated by the authority under paragraph 2 of Part 1 of this Schedule for the year; less
- (b) an amount equal to one third of the exceptional balance expressed as a negative amount;

and where the resulting amount is—

- (c) greater than zero, A is a surplus;
- (d) less than zero, A is the equivalent positive amount and is a deficit;
- (e) zero, there is no surplus or deficit.”.

(3) As regards the financial years beginning on 1st April 2022 and 1st April 2023, subject to sub-paragraph (7) below, the amount of one third of the exceptional balance (expressed as a positive amount) which is to be borne by a billing authority for the year is calculated by applying the formula—

$$N \times \left( \frac{O}{O + P} \right)$$

where—

N is one third of the exceptional balance (expressed as a positive amount);

O is, subject to sub-paragraph (4), the amount calculated (or last calculated) by the authority under section 97(1) of the 1988 Act for the year beginning on 1st April 2020;

P is the aggregate of the amounts stated by any relevant major precepting authorities in precepts issued (or last issued) to the authority for the year beginning on 1st April 2020 under section 40(2)(b) of the 1992 Act.

(4) Where the amount last calculated by a billing authority under section 97(1) of the 1988 Act is a negative amount O is zero.

(5) Subject to sub-paragraphs (6) and (7) below, the amount of one third of the exceptional balance (expressed as a positive amount) which is to be borne by a relevant major precepting authority for the year shall be calculated by applying the formula—

$$N \times \left( \frac{Q}{O + P} \right) + R$$

where—

N, O and P have the same meanings as in sub-paragraphs (3) and (4);

Q is the amount stated by that precepting authority in a precept issued (or last issued) to a billing authority for the year beginning on 1st April 2020 under section 40(2)(b) of the 1992 Act;

R is the amount of 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 under paragraph 6(3)(b) of Schedule 1A to the 1992 Act(2), expressed as a negative amount where the calculation concerns a deficit.

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(2) 1992 c.14; Schedule 1A was inserted by Schedule 4 to the Local Government Finance Act 2012 (c.17).

(6) Where the amount given by sub-paragraph (5) is a negative amount, the billing authority is liable to pay the equivalent positive amount to that major precepting authority and must treat that equivalent positive amount for the purposes of regulation 3(6) as if it were that major precepting authority's share of a surplus in the collection fund for that year, calculated in accordance with regulation 11.

(7) Sub-paragraphs (2) to (6) apply to the Isle of Wight Council with the following modifications—

- (a) O has the same meaning as B in paragraph 6(14)(b); and
- (b) the Hampshire and Isle of Wight Fire and Rescue Authority is treated as a relevant major precepting authority which, for the purposes of P and Q, issued a precept of £3,347,939.09 to the Isle of Wight Council for the year beginning on 1st April 2020.

### PART 3

#### Calculation of the exceptional balance

8.—(1) A billing authority's exceptional balance for the financial year beginning on 1st April 2021 is calculated in accordance with the formula—

$$S - T$$

where—

S is the billing authority's estimated surplus (expressed as a positive amount) or deficit (expressed as a negative amount) for the preceding year, calculated in accordance with Part 1 of this Schedule (but ignoring the effect of paragraph 2(7));

T is the billing authority's prior year balance, calculated in accordance with sub-paragraph (2) below.

(2) A billing authority's prior year balance for the year beginning on 1st April 2021 is calculated by applying the formula—

$$U + V - W - X$$

where—

U is the amount referred to in paragraph 2(3)(a);

V is the amount referred to in paragraph 2(3)(b)(iii);

W is the amount referred to in paragraph 2(4)(a);

X is the amount referred to in paragraph 2(4)(b)(iii).”.