

Collection Fund Outturn at 31 March 2021

The 2020/21 budget forecast a £2.4m surplus on the Collection Fund at 31 March 2021. This assumed collection rates of 98%, no significant increase in the level of appeals on rateable values for business rates, and growth in the Council Tax base as a result of new homes.

The outturn position on the Collection Fund is a deficit of £30.126m, which is a net deficit of £32.029m on Business Rates and a £1.903m surplus on Council Tax. Key messages include:

- Collectable Council Tax Income (the Council Tax Net Debit) is £2.212m lower than budget. This is due to a significant increase in reliefs and exemptions awarded to Council Tax Support Claimants, and an increase in empty properties awaiting probate. Most of this shortfall in income is offset by Council Tax COVID Support grant of £2.133m.
- The Allowance for non-collection of Council Tax income has been increased by more than budget to reflect an expectation that collection of Council Tax arrears will be more difficult in the current economic climate.
- Collectable NNDR income is forecast to be £32.006m less than budget. A significant proportion of this shortfall is due to additional COVID reliefs granted by Government and £28.9m of additional section 31 grant is forecast to fund this element of the deficit. The additional section 31 grant is recognised in the general fund and has been taken to reserves to fund the repayment of the deficit in 2021/22. Other losses reflect reduced collection rates and a reduction in the business rates base due to the economic impact of COVID. The Council expects to receive income compensation from Government to cover 75% of the shortfall related to the reduction in the business rates base (compensation is not paid for losses due to reduced collection). Calculations have yet to be confirmed by MHCLG but is currently expected to be in the region of £2.551m.
- The actual deficit on the Collection Fund is not as high as previously forecast at period 8 and 10 due to collection performance improvements during the last three months of the year. The 2021/22 budget included provision to fund the deficit on the Collection Fund based on the forecast at Month 8. The reduced deficit position will release resources in 2021/22 and future years, and the MTFP and 2021/22 forecast will be revised once final figures for the Income Compensation Scheme have been agreed with Government.

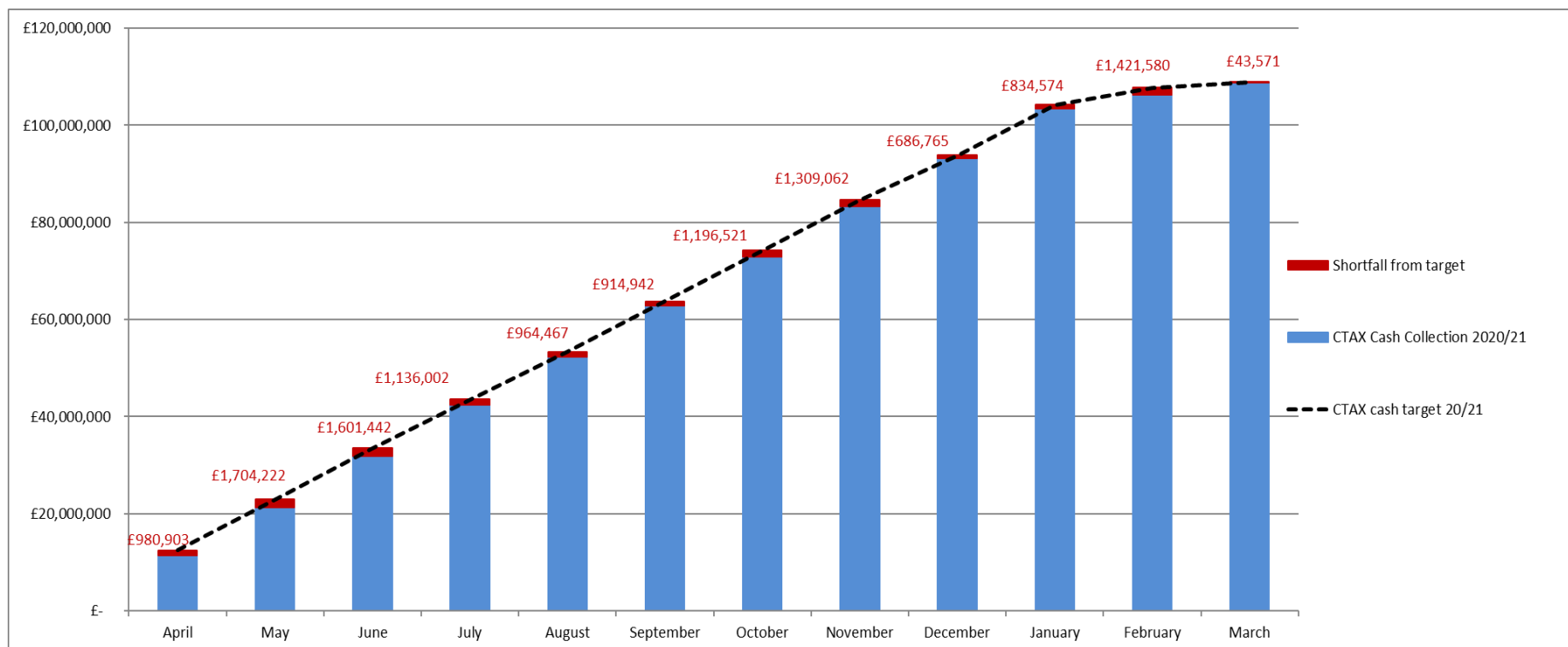
APPENDIX 3 - Collection Fund

31 March 2021	BUDGET £000s			OUTTURN £000s			VARIANCE £000s		
	Council Tax	NDR	TOTAL	Council Tax	NDR	TOTAL	Council Tax	NDR	TOTAL
Income									
Income from Council Tax	(118,037)		(118,037)	(115,825)		(115,825)	2,212		2,212
Council Tax Support Grant			0	(2,133)		(2,133)	(2,133)		(2,133)
Income from NDR		(59,392)	(59,392)		(27,386)	(27,386)		32,006	32,006
Total Income	(118,037)	(59,392)	(177,429)	(117,958)	(27,386)	(145,345)	79	32,006	32,084
Expenditure									
<u>Council Tax</u>									
The Council*	96,762		96,762	96,762		96,762			
Mayoral Police and Crime Commissioner	13,187		13,187	13,187		13,187			
GM Fire and Rescue Authority	5,758		5,758	5,758		5,758			
<u>NDR</u>									
The Council		53,844	53,844		53,844	53,844			
GM Fire and Rescue Authority		544	544		544	544			
Allowance for cost of collection		285	285		285	285			
Transitional Protection Payments		739	739		1,163	1,163		424	424
Allowance for non-collection	2,361	1,188	3,549	2,647	1,014	3,661	286	(174)	112
Provision for appeals		2,791	2,791		2,738	2,738		(53)	(53)
<u>Surplus/deficit allocated/paid out in year:</u>									
The Council	3,657	(2,636)	1,021	3,657	(2,636)	1,021			
Mayoral Police and Crime Commissioner	493		493	493		493			
GM Fire and Rescue Authority	191	(27)	164	191	(27)	165			
Total Expenditure	122,409	56,728	179,137	122,695	56,927	179,622	286	198	484
(Surplus)/deficit for the year	4,372	(2,664)	1,708	4,737	29,540	34,277	364	32,203	32,568
Balance brought forward	(6,640)	2,489	(4,151)	(6,640)	2,489	(4,151)			
(Surplus)/deficit for the year	4,372	(2,664)	1,708	4,737	29,540	34,277	365	32,204	32,569
(Surplus)/deficit carried forward	(2,268)	(175)	(2,443)	(1,903)	32,029	30,126	365	32,204	32,569

APPENDIX 3 – Council Tax

Council Tax

Collection performance fluctuated during the year, with some cash shortfalls of £1.7m and £1.6m in May and June 2020. The final in year collection rate for Council Tax is 93.95% against a target of 94%, which is a positive position given the reduced collection rates in the earlier part of the year. However, whilst the percentage of Council Tax collected is only just short of target, there has been a significant reduction in the amount of Council Tax available to collect (a reduction in the Council Tax Base) due to increased discounts and reliefs for Council Tax Support Claimants, increased numbers of exempt properties awaiting probate and housing growth not materialising as expected. All of these factors are due to the impacts of COVID 19.



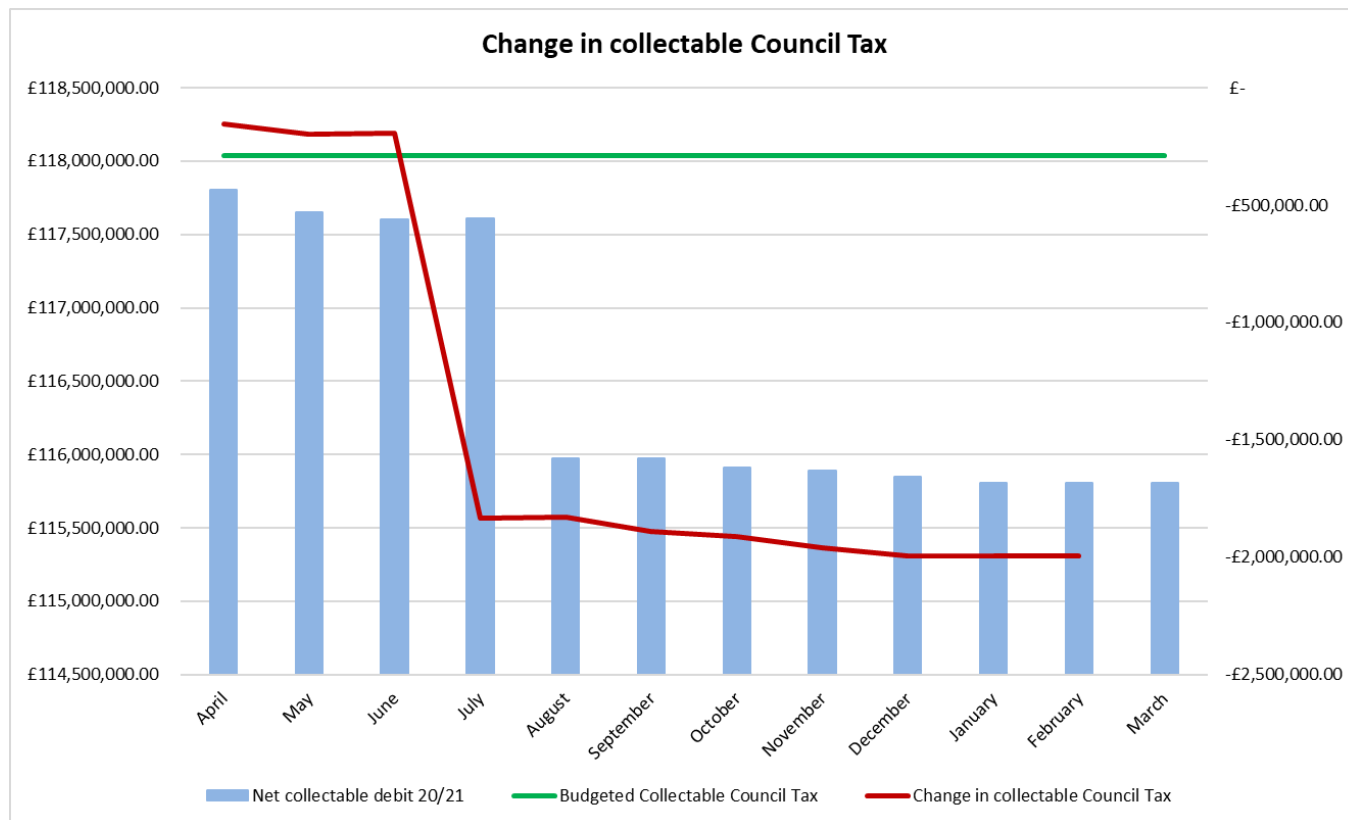
APPENDIX 3 – Council Tax

Council Tax

The 2020/21 Council Tax calculations assumed that the total collectable Council Tax income would exceed £118m due to forecast growth in the Council Tax base (new homes).

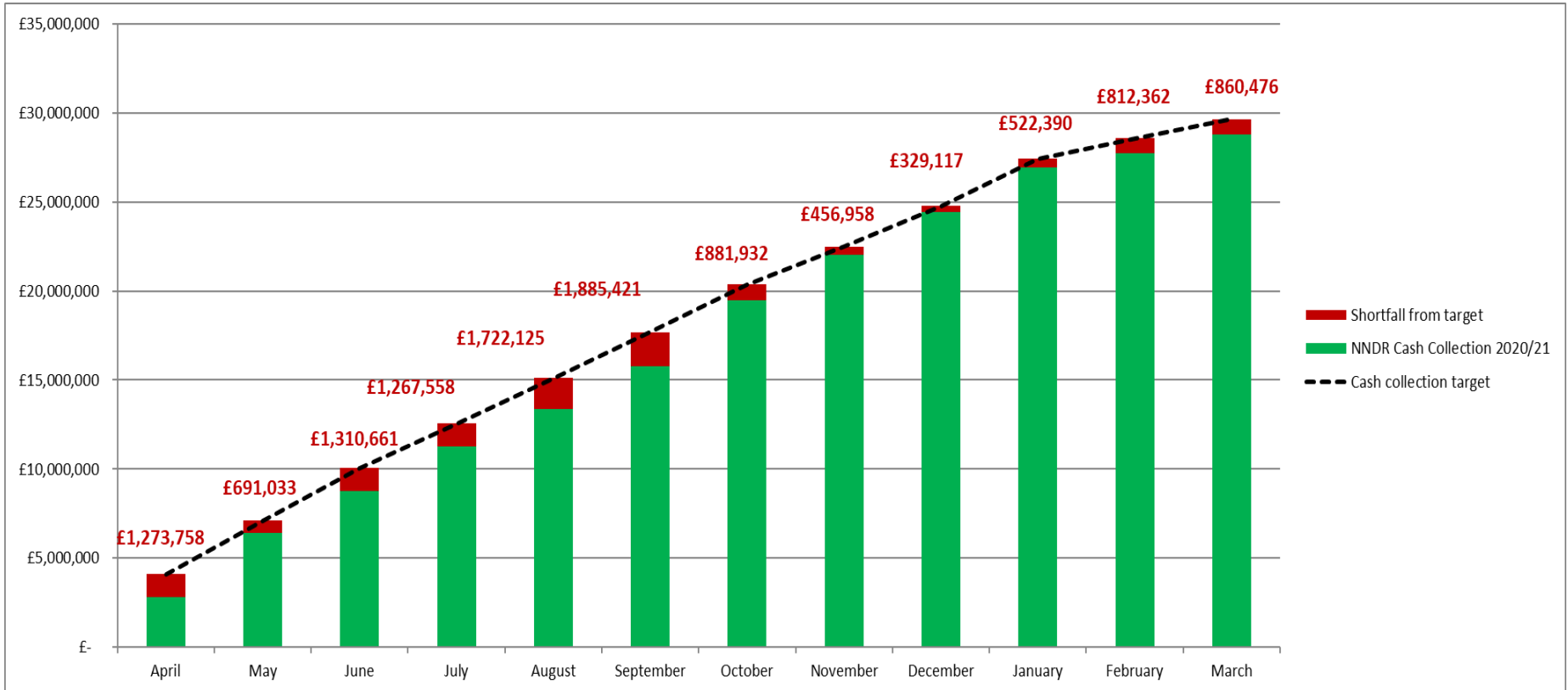
During 2020/21 total collectable Council Tax has reduced significantly as new homes have not been built as expected, and there has been a significant increase in the number of Council Tax Support claimants, and an increase in the number exempt properties awaiting probate. Council Tax Support grant provided to the Council to enable one-off discounts to CTS claimants in 2020/21 accounts for £2.133m of the reduction in collectable income (this is represented by the sharp drop between July and August), however the trend before and after this grant award reflects continued reductions to Council Tax income.

Additional Council Tax Support grant is available to the Council in 2021/22 which will help to offset the impact of reduced income, however the economic impacts of COVID in 2021/22 remain unclear and the additional grants may not be sufficient to offset all income losses.



APPENDIX 3 – Business Rates

Business Rates collection performance has been significantly below target throughout the year, despite significant COVID reliefs and grants to businesses. Collection did improve during the second half of the year but remained below target with the final collection figures representing 94.8% against a target of 97%.



APPENDIX 3 – Business Rates

The 2020/21 budget was based on expected collectable business rates income of £59.392m. Following the announcement of significant additional COVID reliefs in March 2020, the level of collectable rates fell significantly to just over £34m but has subsequently continued to reduce throughout the year. This reduction in the collectable rates, combined with collection rates significantly below target have contributed to the significant deficit on the Collection Fund. After receipt of an additional £28.9m of section 31 grant for reliefs, there is a net deficit of £3.129m to be funded. Provisional calculations indicate that up to £2.551m of this amount may be funded through the income loss compensation scheme, although final figures have yet to be agreed with Government.

