

Collection Fund Outturn at 31 March 2022

At the end of March 2021, there was a deficit of £30.126m on the Collection Fund, due to the impact of COVID on collection rates and the Business Rates Reliefs schemes. Regulations require that this exceptional COVID related deficit is recovered over a three year period. The 2021/22 budget forecast an in year surplus on the Collection Fund of £23.132m as part of the recovery of this deficit, with the majority of this surplus being generated from additional section 31 grants provided to the Council by Government to compensate for additional Business Rate Reliefs. This assumed medium term collection rates of 97% (reduced from 98% in previous years), 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 for 2021/22 is an in year surplus of £23.072m, reducing the overall deficit at 31 March 2022 to £7.054m. The MTFP assumes that the remainder of this deficit will be recovered over the 2022/23 and 2023/24 financial years. Key messages for 2021/22 include:

- Collectable Council Tax Income (the Council Tax Net Debit) is £1.308m greater than budget, due to housing growth exceeding forecasts in 2021.
- 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 challenging economic climate.
- The total income from non domestic rates (NDR income) is £5.930m less than budget due to the extension of Business Rate Relief schemes during 2021/22. These additional reliefs are funded by section 31 grants which do not form part of the collection fund. 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 2022/23.
- The contribution to the provision for losses on NDR appeals is less than budget as the level of challenges and appeals on the rating list remains lower than that experienced on the previous rating list. This remains an area of uncertainty and financial risk, and the level of provision will remain under review.

APPENDIX 3 - Collection Fund

Collection Fund for the year ended 31 March 2022	BUDGET			OUTTURN			VARIANCE £000
	Council Tax £000	NDR £000	Total £000	Council Tax £000	NDR £000	Total £000	
Income							
Income from Council Tax	(121,993)	-	(121,993)	(123,301)	-	(123,301)	(1,308)
Transfers from General Fund	-	-	0	(1,012)	-	(1,012)	(1,012)
Income from NDR	-	(53,258)	(53,258)	-	(47,328)	(47,328)	5,930
Total Income	(121,993)	(53,258)	(175,251)	(124,313)	(47,328)	(171,641)	3,610
Expenditure							
<u>Council Tax</u>							
The Council*	99,239	-	99,239	99,239	-	99,239	-
Mayoral Police and Crime Commissioner	13,500	-	13,500	13,500	-	13,500	-
GM Fire and Rescue Authority	5,625	-	5,625	5,625	-	5,625	-
<u>NDR</u>							
The Council	-	52,725	52,725	-	52,725	52,725	-
GM Fire and Rescue Authority	-	533	533	-	533	533	-
Allowance for cost of collection	-	286	286	-	286	286	-
Transitional Protection Payments	-	768	768	-	500	500	(268)
Allowance for non-collection	3,660	1,789	5,449	4,886	406	5,292	(157)
Provision for appeals	-	3,544	3,544	-	419	419	(3,125)
<u>Surplus/deficit allocated/paid out in year:</u>							
The Council	(445)	(28,710)	(29,155)	(445)	(28,710)	(29,155)	-
Mayoral Police and Crime Commissioner	(64)		(64)	(64)		(64)	-
GM Fire and Rescue Authority	(41)	(290)	(331)	(41)	(290)	(331)	-
Total Expenditure	121,474	30,645	152,119	122,700	25,869	148,569	(3,550)
(Surplus)/deficit for the year	(519)	(22,613)	(23,132)	(1,613)	(21,459)	(23,072)	60
Balance brought forward	(1,903)	32,029	30,126	(1,903)	32,029	30,126	(1,903)
Surplus/deficit for the year	(519)	(22,613)	(23,132)	(1,613)	(21,459)	(23,072)	60
(Surplus)/deficit carried forward	(2,422)	9,416	6,994	(3,516)	10,570	7,054	(1,843)

APPENDIX 3 – Council Tax

Council Tax Collection	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Target % 2021/22	10.60%	19.50%	28.50%	37.00%	46.00%	55.00%	64.00%	73.00%	81.00%	90.00%	93.00%	94.00%
Achieved % 2021/22	10.57%	19.30%	28.23%	37.05%	46.06%	54.89%	63.66%	72.62%	81.12%	89.85%	92.23%	94.03%

In year collection

Collection performance returned to more stable levels during 2021/22 when compared to the prior year. The final in year collection rate for Council Tax is 94.03% against a target of 94%, which is a positive position given the reduced collection rates in 2020/21 and current pressures on the cost of living.

Council Tax Collection	£m
Net Collectible Debit	£ 123.389
In year Cash Collection	£ 116.022
In year Collection %	94.03%
Arrears Balance 21/22	£ 30.821
In year arrears cash collection	£ 4.624
Arrears collection %	15.00%

Council Tax	Cumulative Collection Rate
2011/12	98.97%
2012/13	98.82%
2013/14	98.23%
2014/15	97.91%
2015/16	97.59%
2016/17	97.19%
2017/18	96.68%
2018/19	96.24%
2019/20	95.67%
2020/21	95.72%

Cumulative collection

Collection of arrears remains challenging and is expected to be increasingly difficult as the cost of living pressures remain during 2022/23 (and potentially beyond). The MTFP assumes a medium term collection rate (over 5-6 years) of 97% for Council Tax. Prior to 2021/22 this had been assumed at 98% but was reduced due to the economic impacts of COVID.

APPENDIX 3 – Business Rates

<u>NDR Collection</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>March</u>
Target % 2021/22	12.00%	22.00%	32.00%	40.00%	49.00%	57.00%	66.00%	73.00%	80.50%	89.50%	93.20%	96.70%
Achieved % 2021/22	10.69%	25.01%	29.29%	36.45%	43.97%	52.54%	59.34%	67.44%	76.37%	85.54%	91.17%	96.44%

The 2021/22 budget was based on expected collectable business rates income of £53.2m. Following the announcement of the extension of COVID reliefs in March 2021, and some additional reliefs in winter 2021/22, the level of collectable rates has reduced. The additional reliefs are compensated with section 31 grants which is taken to the general fund and set aside to repay the deficit.

Collection rates during 2021/22 have returned to more stable levels following the significant fluctuations in the previous year due to COVID. In year collection is just below target at 96.44% and collection of prior year arrears continues.

<u>Non Domestic Rates Collection</u>	<u>£m</u>
Net Collectible Debit	£ 49.233
In year Cash Collection	£ 47.478
In year Collection %	96.44%
Arrears Balance at 1 April 2021	£ 4.294
In year arrears cash collection	£ 1.930
Arrears collection %	44.95%