

## **Collection Fund Forecast to 31 March 2023**

The Collection Fund is a separate ring fenced fund where income from Council Tax and Business Rates is collected before being distributed to the 'precepting' bodies (the Council, the Greater Manchester Fire and Rescue Authority and the Greater Manchester Mayoral Police and Crime Commissioner). The annual precept amount for each body is fixed as part of the budget setting process resulting in either a surplus or a deficit on the Collection Fund where the amount collected in year is different to the amount estimated and set at the beginning of the financial year as part of budget setting. Regulations require that any surplus or deficit is settled in future financial years – this means that surpluses or deficits forecast in year do not have any immediate impact on the Council's revenue budget position.

The outturn position on the Collection Fund for 2021/22 was an in year surplus of £23.072m, reducing the overall deficit at 31 March 2022 to £7.054m. When setting the budget for 2022/23 in January 2022, the forecast had been for an overall deficit of just over £15 million, but the outturn position was better than anticipated mainly due to a reduction in the provision for appeals in respect of business rates, and provisions for non-collection did not need to be increased to the extent previously forecast.

Based on the level of collectible Council Tax and Business Rates billed to date in 2022/23, the forecast position on the Collection Fund by the end of March 2023 is now for a surplus of £2.168 million. This is mainly driven by the fact that the budgeted contributions into the Collection Fund are higher than is now required, due to the outturn position in 2021/22 being better than forecast. The forecast surplus at 31 March 2022 will be repaid to precepting organisations in 2023/24. Key variations are as follows:

- Collectable Council Tax Income (the Council Tax Net Debit) is £81k less than budget at the mid point in the year. The Council Tax debit usually increases gradually over the year as new properties come on line and the net collectible debit is therefore expected to have increased by year end.
- The total income from non domestic rates (NDR income) is £2,245k less than budget due to the extension of Business Rate Relief schemes into 2022/23 which were previously expected to end on 31 March 2022. 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 will be taken to reserves to the 2023/24 budget.
- The contribution to the provision for losses on collection for business rates is less than budget as the level of NNDR debt has not increased at the rate previously forecast. 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 31 MARCH 2023			P6 FORECAST 31 MARCH 2023			VARIANCE £000
	Council Tax £000	NDR £000	Total £000	Council Tax £000	NDR £000	Total £000	
<b>Income</b>							
Income from Council Tax	(129,444)		<b>(129,444)</b>	(129,363)		<b>(129,363)</b>	81
Transfers from General Fund							
Income from NDR		(54,047)	<b>(54,047)</b>		(51,802)	<b>(51,802)</b>	2,245
<b>Total Income</b>	<b>(129,444)</b>	<b>(54,047)</b>	<b>(183,491)</b>	<b>(129,363)</b>	<b>(51,802)</b>	<b>(181,165)</b>	<b>2,326</b>
<b>Expenditure</b>							
<u>Council Tax</u>							
The Council*	104,622		<b>104,622</b>	104,622		<b>104,622</b>	
Mayoral Police and Crime Commissioner	14,453		<b>14,453</b>	14,453		<b>14,453</b>	
GM Fire and Rescue Authority	6,517		<b>6,517</b>	6,517		<b>6,517</b>	
<u>NDR</u>							
The Council		47,100	<b>47,100</b>		47,100	<b>47,100</b>	
Central Government							
GM Fire and Rescue Authority		476	<b>476</b>		476	<b>476</b>	
Allowance for cost of collection		285	<b>285</b>		285	<b>285</b>	
Transitional Protection Payments					(79)	<b>(79)</b>	(79)
Increase/(decrease) in:							
Allowance for non-collection	3,883	2,702	<b>6,585</b>	3,883	1,012	<b>4,895</b>	(1,690)
Provision for appeals		3,485	<b>3,485</b>		3,654	<b>3,654</b>	169
<u>Surplus/deficit allocated/paid out in year:</u>							
The Council	3,036	(15,062)	<b>(12,026)</b>	3,036	(15,062)	<b>(12,026)</b>	
Central Government							
Mayoral Police and Crime Commissioner	413		<b>413</b>	413		<b>413</b>	
GM Fire and Rescue Authority	172	(152)	<b>20</b>	172	(152)	<b>20</b>	
<b>Total Expenditure</b>	<b>133,096</b>	<b>38,834</b>	<b>171,930</b>	<b>133,096</b>	<b>37,234</b>	<b>170,330</b>	<b>(1,600)</b>
<b>(Surplus)/deficit for the year</b>	<b>3,653</b>	<b>(15,213)</b>	<b>(11,560)</b>	<b>3,733</b>	<b>(14,568)</b>	<b>(10,835)</b>	<b>726</b>
Balance brought forward	(3,516)	10,570	<b>7,054</b>	(1,903)	10,570	<b>8,667</b>	1,613
Surplus/deficit for the year	3,653	(15,213)	<b>(11,560)</b>	3,733	(14,568)	<b>(10,835)</b>	726
<b>(Surplus)/deficit carried forward</b>	<b>137</b>	<b>(4,643)</b>	<b>(4,506)</b>	<b>1,830</b>	<b>(3,998)</b>	<b>(2,168)</b>	<b>2,339</b>

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<u>Month</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>
<b>Council Tax</b>						
<b>Target % 2022/23</b>	10.60%	19.50%	28.50%	37.00%	46.00%	55.00%
<b>Achieved % 2022/23</b>	10.20%	19.11%	28.08%	36.91%	46.71%	55.30%

<u>Month</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>
<b>NDR</b>						
<b>Target % 2022/23</b>	12%	22%	32%	40%	49%	57%
<b>Achieved % 2022/23</b>	11.22%	21.56%	25.99%	36.83%	45.39%	56.57%

## Collection rates

Collection of arrears remains challenging and is expected to be increasingly difficult as the cost of living pressures remain during 2022 and 2023.

As at the end of September 2022, collection rates for Council Tax are just above target and for Business Rates collection rates are just below target. Collection will continue to be closely monitored throughout the year.