

APPENDIX 3 - Collection Fund

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.

For the 2022/23 Financial Year, the budget assumed an in year deficit on Council Tax of £3,653k which was based on distribution of the forecast surplus (estimated in January 2022) at 31 March 2022. The actual surplus on the Collection Fund at 31 March 2022 was slightly lower than forecast, and this shortfall, combined with Council Tax Income currently being forecast to be slightly lower than budget (based on the net collectible debit at the end of December 2022) is resulting in a an overall forecast deficit on the Council Tax Collection Fund of £203k at 31 March 2023. This deficit will be repaid in 2023/24 from Collection Fund Reserves.

On the Business Rates side of the Collection Fund, the Budget for 2022/23 assumed an in year surplus of £15,213k based on the allocation of the forecast deficit (estimated in January 2022) at 31 March 2022. The actual deficit at 31 March 2022 was significantly lower than forecast due to the provision for appeals in 2021/22 not being increased by the amount originally anticipated. In 2022/23 there are several other elements in the Business Rates side of the Collection Fund which are now forecast to be significantly different to budget:

- Income from NDR is less than budget due to an increase in the Government Funded Reliefs awarded in year when compared to budget. These reliefs are funded by Government Grant and the Council will receive additional grant to compensate for the reduction in income.
- The allowance for non-collection is lower than previous forecast due to the reduction in collectible rates. As more reliefs are awarded to businesses, the amount of income that the Council needs to collect is reduced, and as a result the level of arrears relating to 2022/23 is reduced.
- The provision for appeals is significantly reduced compared to budget and previous years. The level of provision has historically been based on appeals rates in the period 2010 to 2017 which averaged 4.7% nationally. The recent completion of the 2023 national revaluation exercise has concluded that average losses on appeals in the period 2017 to 2022 has averaged 3.2% and Tameside average losses average 3.5% - this has enabled the appeals provision to be reduced to 3.5%.

The net impact of the above means that there is now a forecast surplus on the Business Rates side of the Collection Fund in 2022/23. Any surplus will be taken to reserves at year end.

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Collection Fund for the year ended 31 March 2023	BUDGET 31 MARCH 2023			P10 FORECAST 31 MARCH 2023			VARIANCE £000
	Council Tax £000	NDR £000	Total £000	Council Tax £000	NDR £000	Total £000	
Income							
Income from Council Tax	(129,444)		(129,444)	(129,292)		(129,292)	152
Income from NDR		(54,047)	(54,047)		(51,484)	(51,484)	2,563
Total Income	(129,444)	(54,047)	(183,491)	(129,292)	(51,484)	(180,776)	2,715
Expenditure							
<u>Council Tax</u>							
The Council*	104,622		104,622	104,622		104,622	
Mayoral Police and Crime Commissioner	14,453		14,453	14,453		14,453	
GM Fire and Rescue Authority	6,517		6,517	6,517		6,517	
<u>NDR</u>							
The Council		47,100	47,100		47,100	47,100	
Central Government							
GM Fire and Rescue Authority		476	476		476	476	
Allowance for cost of collection		285	285		285	285	
Transitional Protection Payments					(78)	(78)	(78)
Increase/(decrease) in:							
Allowance for non-collection	3,883	2,702	6,585	3,798	1,310	5,108	(1,477)
Provision for appeals		3,485	3,485		405	405	(3,080)
<u>Surplus/deficit (allocated)/paid out in year:</u>							
The Council	3,036	(15,062)	(12,026)	3,036	(15,062)	(12,026)	
Mayoral Police and Crime Commissioner	413		413	413		413	
GM Fire and Rescue Authority	172	(152)	20	172	(152)	20	
Total Expenditure	133,096	38,834	171,930	133,011	34,284	167,295	(4,635)
(Surplus)/deficit for the year	3,653	(15,213)	(11,560)	3,719	(17,200)	(13,481)	(1,921)
Balance brought forward	(3,516)	10,570	7,054	(3,516)	10,570	7,054	
(Surplus)/deficit for the year	3,653	(15,213)	(11,560)	3,719	(17,200)	(13,481)	(1,921)
(Surplus)/deficit carried forward	137	(4,643)	(4,506)	203	(6,630)	(6,427)	(1,921)
<u>Share of (surplus)/deficit</u>							
The Council	114	(4,597)	(4,483)	169	(6,564)	(6,395)	(1,912)
Mayoral Police and Crime Commissioner	16	-	16	23	-	23	8
GM Fire and Rescue Authority	7	(46)	(39)	11	(66)	(56)	(16)
Total (Surplus)/Deficit	137	(4,643)	(4,506)	203	(6,630)	(6,427)	(1,921)

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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>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>
Council Tax										
Target % 2022/23	10.60%	19.50%	28.50%	37.00%	46.00%	55.00%	64.00%	73.00%	81.00%	90.00%
Achieved % 2022/23	10.20%	19.11%	28.08%	36.91%	46.71%	55.30%	63.99%	72.65%	81.01%	89.55%

<u>Month</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>
NNDR										
Target % 2022/23	12.00	22.00	32.00	40.00	49.00	57.00	66.00	73.00	80.50	89.50
Achieved % 2022/23	11.22%	21.56%	25.99%	36.83%	45.39%	56.57%	63.99%	72.01%	79.43%	87.68%

Collection rates

In year collection rates for both Council Tax and Business Rates are below target.

The budget assumes a cumulative collection rate (the amount collected 5 years after the billing year) of 97% and whilst this has been achieved or exceeded for a number of years, the current in year collection rates mean that achievement of the cumulative target is at risk. Collection of arrears remains challenging and is expected to be increasingly difficult as the cost of living pressures remain during 2022 and 2023.