

Collection Fund

- 1.1. The Collection Fund includes all income generated from council tax and business rates that is due in the year, including arrears.
- 1.2. In year collection rates for both Council Tax and Business Rates remained below those for 2019/20 but Council Tax recovered in the last quarter. At the end of March 2021 the Council Tax collection rate was 97.34%, down by 0.41% from this time last year. For business rates the collection rate was 94.54%, down by 3.91% from last year.
- 1.3. Council Tax –The outturn position shows a surplus of £2.660m of which £2.228 is MKC’s share. This is after taking into account a surplus brought forward balance of £4.046m. The in year deficit before taking account of the brought forward surplus was £1.387m.
- 1.4. The deficit is due to the impact of COVID-19 on collection rates and arrears together with higher Local Council Tax Support (LCTS) costs. The impact, however, has not been as severe as originally estimated. Despite the new lockdown from December continued government support has meant LCTS claimant numbers were significantly lower than anticipated. From December to March LCTS caseload numbers actually dropped.

**Table 1 - Council Tax Income – March 2021**

	Q3	Outturn	Movement
	£m	£m	£m
Council Tax Collection Fund	1.706	(2.660)	4.366
Milton Keynes Share	1.439	(2.228)	3.667

- 1.5. Business Rates - The Council’s budget for retained business rates income for 2020/21 is £54.264m. The Council’s actual share of retained business rates will be £4.248m lower due to higher non-collection rates and lower than budgeted growth. This loss will be funded from the Covid-19 Support Grant.

**Table 2 - Business Rates Income – March 2021**

<b>MKC Share</b>	<b>Budget</b>	<b>Outturn</b>	<b>Movement</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Business Rates	54.264	50.016	4.248

- 1.6. The above position takes into account the impact of s31 grants for reliefs funded by Government. This includes s31 grant for the expanded relief scheme for the retail, leisure and hospitality sectors following COVID-19. It also includes compensation from the 75% Local Tax Income Guarantee Scheme of £1.392m.
- 1.7. The Government has made a change in regulations to allow any collection fund deficits in 2020/21 only to be spread across three future years. Existing regulations required deficits to be paid back fully in the following year.