

## 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, from council taxpayers and ratepayers.
- 1.2. Collection rates for both Council Tax and Business Rates have continued to fall this year compared to 2019/20, although the drop has slowed. At the end of December 2020 the Council Tax collection rate was 84.94%, down by 0.99% from this time last year (£1.6m drop). For business rates the collection rate was 81.20%, down by 3.08% from last year (£3.4m drop).
- 1.3. Council Tax –The latest 2020/21 forecast shows a projected deficit of £1.706m of which £1.439m will be 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 is £5.752m. The deficit is due to the estimated impact of COVID-19 on collection rates and higher Local Council Tax Support costs.

**Table 1 - Council Tax Income - December 2020**

	Q2	Q3	Movement
	£m	£m	£m
Council Tax Collection Fund	1.361	1.706	0.345
Deficit			
Milton Keynes Share	1.148	1.439	0.291

- 1.4. Business Rates - The Council’s budget for retained business rates income for 2020/21 is £54.264m. Based on our latest forecast it is currently projected that the Council’s actual share of retained business rates will be £6.000m lower due to expected higher non-collection rates and lower than budgeted growth.

**Table 2 - Business Rates Income – December 2020**

MKC Share	Budget	Forecast	Movement
	£m	£m	£m
Business Rates	54.264	48.264	6.000

- 1.5. The above forecast 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 does not include the 75% Local Tax Income Guarantee Scheme as the formula for calculating this is still to be confirmed.
  
- 1.6. 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.