

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 fallen this year compared to 2019/20. At the end of June 2020 the Council Tax collection rate was 29.06%, down by 1.02% from this time last year (£1.6m drop). For business rates the collection rate was 26.65%, down by 3.25% from last year (£3.6m drop).
- 1.3. Council Tax – Based on our medium budget scenario the latest 2020/21 forecast shows a projected deficit of £6.739m (£0.746m surplus carried forward from previous year), of which £5.688m will be MKC's share.

Table 1 - Council Tax Income - June 2020

	Carried Forward £m	Q1 £m	Total £m
Council Tax Collection Fund Deficit	(0.746)	7.485	6.739
Milton Keynes Share	(0.630)	6.318	5.688

- 1.4. Business Rates - The Council's budget for retained business rates income for 2020/21 is £54.264m. Based on our medium budget scenario it is currently projected that the Council's actual share of retained business rates will be £4.400m lower due to expected higher non-collection rates and lower than budgeted growth.

Table 2 - Business Rates Income – June 2020

MKC Share	Budget £m	Forecast £m	Movement £m
Business Rates	54.264	49.864	4.400

- 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.

- 1.6. The Government has recently announced that any collection fund deficit in 2020/21 will be able to be paid back over three years, but details are still to be confirmed. This will require a change in regulations as currently deficits are required to be paid back fully in the following year.

- 1.7. Our budget scenarios for Council Tax and Business Rates are detailed in Annex M.