

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 September 2020 the Council Tax collection rate was 56.68%, down by 1.34% from this time last year (£2.1m drop). For business rates the collection rate was 52.91%, down by 3.45% from last year (£4.8m drop).
- 1.3. Council Tax –The latest 2020/21 forecast shows a projected in-year deficit of £5.407m of which £4.590m will be MKC’s share. This is due to the estimated impact of COVID-19 on collection rates and higher Local Council Tax Support costs.

Table 1 - Council Tax Income - September 2020

	Q1	Q2	Movement
		£m	£m
Council Tax Collection Fund	7.485	5.407	(2.078)
Deficit			
Milton Keynes Share	6.318	4.590	(1.728)

- 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 – September 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.
- 1.6. The Government has recently announced a change in regulations to allow any collection fund deficits in 2020/21 to be spread across three future years. Existing regulations required deficits to be paid back fully in the following year.