

Collection Fund Monitoring

As at 30th September

Summary

1. In 2022/23 approximately £343.6m of the Council's net expenditure was forecast to be financed directly through locally collected taxation. This taxation is initially collected by the Council and credited to the Collection Fund.
2. As at the end of September, the local share of the Collection Fund Income Stream is forecasting a small £0.1m surplus.
3. This is an estimate that is subject to considerable uncertainty and highly sensitive to changes in local and national economic trends.

Income Stream, retained by SCC (all figures £m)	Budget 22/23	Forecast Year End Position	Variance
Council Tax	(251.3)	(251.4)	(0.1)
Business Rates	(92.3)	(92.3)	0.0
Total	(343.6)	(343.7)	(0.1)

Council Tax

4. The forecast year end position for Council Tax is a broadly balanced position – a surplus of £123k across the Fund.
5. The estimates used for the purposes of setting the 22/23 Budget appear accurate. Payment rates continue to recover to pre-pandemic levels, and the aggregate Council Tax liability after exemptions and discounts are in line with original estimates.

Collection Fund - Council Tax (all figures £m)	Budget 22/23	Forecast Year End Position	Variance
Gross Council Tax income yield for 2022/23	(413.2)	(413.9)	(0.7)
Revenue foregone due to Council Tax Support	43.4	43.6	0.2
Other discounts and exemptions	61.6	61.7	0.1
Net Collectible Council Tax	(308.2)	(308.6)	(0.4)
Losses on collection and increase/(decrease) to bad debt provision	13.8	14.1	0.3
Council Tax Income	(294.4)	(294.5)	(0.1)
Allocation of Council Tax Income (<i>%age share in brackets</i>)			
Sheffield City Council (85.4%)	(251.3)	(251.4)	(0.1)
South Yorkshire Police and Crime Commissioner (10.9%)	(32.0)	(32.0)	(0.0)
South Yorkshire Fire & Rescue (3.8%)	(11.1)	(11.1)	(0.0)
Total Allocations	(294.4)	(294.5)	(0.1)

6. The main threat to the position is the uncertainty created by the current cost of living crisis, and the impact this may have on residents' ability to pay Council Tax. The

headline position assumes a level of decline in future months, so we are proceeding on a cautious footing.

7. Any variance to the budgeted position will not affect the 22/23 outturn position but must be accounted for in future years. The above table demonstrates a relatively minor surplus payment into 23/24, if this position holds true.

Business Rates

8. The forecast year end position for Business Rates is a broadly balanced position, as below.

Collection Fund - Business Rates (all figures £m)	Budget 22/23	Forecast Year End Position	Variance
Gross Business Rates income yield	(266.8)	(261.7)	5.1
Estimated Reliefs	68.4	68.7	0.3
Losses on collection, appeals and increase/(decrease) to bad debt provision	11.7	6.3	(5.4)
Net Collectable Business Rates	(186.7)	(186.7)	0.0
Transitional Protection Payments due from Authority	-	-	-
Cost of Collection allowance	0.7	0.7	-
Designated amounts	3.7	3.7	-
Non Domestic Rating Income	(182.3)	(182.3)	0.0
Allocation of net business rates (<i>%age share in brackets</i>)			
Sheffield City Council (49%)	(89.3)	(89.3)	-
SY Fire Authority (1%)	(1.8)	(1.8)	-
Central Government (50%)	(91.2)	(91.2)	-
Total Allocations	(182.3)	(182.3)	-
Share of disregarded amounts			
Sheffield City Council	(3.0)	(3.0)	0.0
South Yorkshire Mayoral Combined Authority	(0.7)	(0.7)	(0.0)
Sheffield City Council NDR Income	(92.3)	(92.3)	0.0

9. The net collectible business rates position is broadly balanced, but contains some large movements described below:

- Gross liability is assumed to fall £5.1m below budgeted levels. This is largely due to a cautious forecast of the activity in the rest of the year.
- Reliefs are £0.3m higher than estimated in the Budget. This figure fluctuates as ratepayers submit claims for relief and we have assumed a level of continued claims for relief in this year.
- The improvements offsetting this £5.4m movement are releases of £4.3m and £1.1m from the bad debt and appeals provision respectively. This is due to successful enforcement and collection activity as regards historic debt, and the

resolution of historic appeals meaning the Council need no longer hold the provision.

10. This position is sensitive to a number of risks – that aggregate rating liability remains stable, and that payment rates continue to be strong. As above, this position has an amount of decline 'built in' to provide against risks borne of an uncertain and changeable backdrop.

Conclusion

11. The above forecast of a modest surplus position rests on a number of assumptions – detailed above. For avoidance of doubt, it must be remembered that any eventual surplus or deficit at year end does not affect the 2022/23 General Fund revenue outturn and will be accounted for within future revenue budgets.
12. Due to the size of the Collection Fund, any small percentage variations in income or the level of aggregate bills over the coming months will have a significant impact on the forecast position. Monthly monitoring of the Collection Fund position is conducted to ensure that we are fully aware of any changes and the potential budget impacts.

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