

Collection Fund Monitoring

As at 30th September

Summary

1. In 2024/25 approximately £382.5m 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 surplus of £1.0m across the Fund.
3. This surplus will not affect the 2024/25 general fund position, and instead will be accounted for within the 2025/26 revenue budget.

Income Stream, retained by SCC (all figures £m)	Budget 24/25	Forecast Year End Position	Variance
Council Tax	(284.6)	(285.5)	(0.9)
Business Rates (<i>excl related grants</i>)	(97.9)	(98.0)	(0.1)
Total	(382.5)	(383.5)	(1.0)

Council Tax

4. The forecast year end position for Council Tax is a surplus of £1.0m, of which the Council will retain £0.9m.

Collection Fund - Council Tax (all figures £m)	Budget 24/25	Forecast Year End Position	Variance
Gross Council Tax income yield for 2024/25	(464.9)	(466.4)	(1.5)
Revenue foregone due to Council Tax Support	41.2	41.2	0.0
Other discounts and exemptions	75.6	75.2	(0.4)
Prior year liability adjustments		0.8	0.8
Net Collectible Council Tax	(348.0)	(349.1)	(1.0)
Losses on collection and increase/(decrease) to bad debt provision	13.9	13.9	0.0
Council Tax Income	(334.1)	(335.1)	(1.0)
Allocation of Council Tax Income (<i>%age share in brackets</i>)			
Sheffield City Council (85.2%)	(284.6)	(285.5)	(0.9)
South Yorkshire Police and Crime Commissioner (11.1%)	(37.0)	(37.1)	(0.1)
South Yorkshire Fire & Rescue (3.7%)	(12.5)	(12.6)	(0.0)
Total Allocations	(334.1)	(335.1)	(1.0)

5. The estimates used for the purposes of setting the 24/25 Budget appear to be reasonably accurate. The Net Collectible Council Tax (after exemptions and discounts) are in line with original estimates, producing a £1.0m surplus. The cash collection rate has improved against the estimates taken earlier in the year, so the necessary charge to the fund to guard against credit loss is effectively balanced.

6. The main threat to the position would be if the trend of growth within the taxbase were to slow down (via sluggish property growth, or increased reductions to liability via discounts/CTS etc), and if there were to be significant downward change in how residents pay their Council Tax bills. The headline position assumes a level of decline in future months, so we are proceeding on a cautious footing and estimating a level of payment failure and additional provision needed for eventual bad debt.
7. As above, any variance to the budgeted position will not affect the 24/25 outturn position but must be accounted for in future years. The above table demonstrates a modest surplus payment into 25/26, if this position holds true.

Business Rates

8. The forecast year end position for Business Rates is an eventual £0.1m surplus.

Collection Fund - Business Rates (all figures £m)	Budget 24/25	Forecast Year End Position	Variance
Gross rates yield relating to 24/25	(285.6)	(284.8)	0.8
Estimated reliefs relating to 24/25	75.8	71.6	(4.2)
Prior year liability adjustments	-	10.0	10.0
Losses on collection, appeals and increase/(decrease) to bad debt provision	11.7	4.9	(6.8)
Net Collectable Business Rates	(198.1)	(198.2)	(0.1)
Cost of Collection allowance	0.7	0.7	(0.0)
Disregarded amounts (see breakdown below)	4.7	5.2	0.5
Non Domestic Rating Income	(192.7)	(192.3)	0.4
Allocation of net business rates (%age share in brackets)			
(a) Sheffield City Council (49%)	(94.4)	(94.2)	0.2
SY Fire Authority (1%)	(1.9)	(1.9)	0.0
Central Government (50%)	(96.3)	(96.1)	0.2
Total Allocations	(192.7)	(192.3)	0.4
Share of disregarded amounts			
(b) Sheffield City Council	(3.5)	(3.8)	(0.3)
South Yorkshire Mayoral Combined Authority	(1.2)	(1.4)	(0.2)
Sheffield City Council NDR Income, (a) + (b)	(97.9)	(98.0)	(0.1)

9. This is a roughly balanced position but does have some variances within it. The estimates of Net Collectable Business Rates within the taxbase appear to be reasonably accurate. Prior year adjustments are assumed to reach £10.0m, based on prior year trends, but this is largely offset by releasing from the provisions made in prior years to cover things like default and loss on appeal.
10. The position is improved by increased retention within the New Development Deal, as businesses within the Heart of the City 2 development begin to come on-line. More of

these are expected, which is overall good news to the business rates income, but the exact timing of these is unclear currently.

11. This position is sensitive to a number of risks – that aggregate rating liability remains stable, and that payment rates continue to be strong. The assessments of bad debt, loss on appeal and taxbase changes at this stage proceeds on a prudent footing, and regular monitoring is conducted to give confidence to the forecast year end position.

Conclusion

12. 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 the Collection Fund outturn does not affect the 2024/25 General Fund revenue outturn and will be accounted for within future revenue budgets.
13. Due to the size of the Collection Fund, a small percentage variation in income or expenditure over the coming months will have a significant impact on the forecast position. The surplus outlined above is less than 1% of the 24/25 Collection Fund income share. 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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