

Cabinet

23rd February 2010

Council

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**Name of Cabinet Member:**  
**Cabinet Member (Finance and Value for Money) - Councillor Foster**

**Director approving the report:**  
**Director of Finance and Legal Services**

**Ward(s) affected:**  
**All**

**Title:**  
**2010/11 Council Tax and Budget Requirement**

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**Is this a key decision?**

**Yes**

Cabinet and Council are being recommended to approve the final Council Tax rates and Budget Requirement for 2010/11.

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**Executive summary:**

This report calculates the Budget Requirement and Council Tax level for 2010/11 and makes appropriate recommendations to the full City Council.

The figures represent a Council Tax increase, from 2009/10 figures, of **2.40%** for the City's Council Tax and **2.33%** overall, taking into account the precepts from the Police and Fire Authorities. The Council's final Budget Requirement is **£269,393,761**. The report incorporates the impact of the Government's final Formula Grant settlement, the City's approved Council Tax-base and the revenue budget proposals approved by Council on 8<sup>th</sup> December 2009.

Members should note that the recommendations follow the structure of resolutions drawn up by the local authority associations, to ensure that legal requirements are fully adhered to in setting the tax. As a consequence, the wording of the proposed resolutions is necessarily complex.

**Recommendations:**

That Cabinet recommend to Council the approval of recommendations (1) to (4). Council are recommended:

(1) That it be noted that at its meeting on 12th January 2010 the Council's Cabinet approved the following amounts as its Council Tax-base for the year 2010/11 in accordance with Regulations made under Section 33(5) of the Local Government Finance Act 1992:

a) 88,578.0 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax base for the year;

b) Allesley 421.4  
Keresley 212.5

being the amounts calculated by the Council, in accordance with Regulation 6 of the regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate.

(2) That the following amounts be now calculated by the Council for the year 2010/11 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:

- a) £ 808,209,761 being the aggregate of the amounts that the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act, other than any expenditure estimated to be incurred which will be charged to a Business Improvement District (BID) revenue account as set out in section 43(2)(a) of the Local Government Act 2003. (*Gross Expenditure including the amount required for the working balance*);
- b) £ 538,816,000 being the aggregate of the amounts that the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act, other than any income estimated to be received which will be credited to a BID revenue account as set out in section 43(2)(b) or (c) of the Local Government Act 2003. (*Gross Income including reserves to be used to meet the Gross Expenditure*);
- c) £ 269,393,761 being the amount by which the aggregate at (2) (a) above exceeds the aggregate at (2) (b) above, calculated by the Council in accordance with Section 32(4) of the Act, as its **budget requirement** for the year;
- d) £ 152,129,205 being the net aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of Formula Grant (the sum of Revenue Support Grant and National Non Domestic Rates) [£153,025,914] and the amount of the sums which the Council estimates will be transferred in the year to its Collection Fund from its General Fund in accordance with the Act as amended by the 1994 Regulations (Council Tax Deficit) [£896,709] and pursuant to the Collection Fund (Community Charge) directions under Section 98(4) of the Local Government Finance Act 1988 (Community Charge Surplus) [£0].

$$e) \text{ £ } 1,323.86 \quad \frac{(2) (c) - (2) (d)}{(1) (a)} = \frac{269,393,761 - 152,129,205}{88,578.0}$$

being the amount at (2) (c) above, less the amount at (2) (d) above, all divided by the amount at (1) (a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year. (*Average Council Tax at Band D for the City including Parish Precepts*).

f) £ 5,000.00 being the aggregate amount of all special items referred to in Section 34(1) of the Act. (*Parish Precepts*);

$$g) \text{ £ } 1,323.80 = \frac{(2) (e) - (2) (f)}{(1) (a)} = \frac{1,323.86 - \frac{5,000}{88,578.0}}$$

being the amount at (2) (e) above, less the result given by dividing the amount at (2) (f) above by the amounts at (1) (a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of the area to which no special item relates. (*Council Tax at Band D for the City excluding Parish Precepts*);

h)

Coventry Unparished Area	1,323.80
Allesley	1,332.11
Keresley	1,330.86

being the amounts given by adding to the amount at (2) (g) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at (1) (b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate. (*Council Taxes at Band D for the City and Parish*).

i)

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Keresley
	£	£	£
A	882.53	888.07	887.24
B	1029.62	1036.08	1035.11
C	1176.71	1184.10	1182.99
<b>D</b>	<b>1323.80</b>	<b>1332.11</b>	<b>1330.86</b>
E	1617.98	1628.14	1626.61
F	1912.16	1924.16	1922.36
G	2206.33	2220.18	2218.10
H	2647.60	2664.22	2661.72

being the amounts given by multiplying the amounts at (2) (h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwelling listed in different valuation bands.

(3) That it be noted that for the year 2010/11 the West Midlands Police Authority and West Midlands Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:

<b>Valuation Band</b>	<b>West Midlands Police Authority £</b>	<b>West Midlands Fire Authority £</b>
A	66.30	31.89
B	77.35	37.20
C	88.40	42.52
<b>D</b>	<b>99.45</b>	<b>47.83</b>
E	121.55	58.46
F	143.65	69.09
G	165.75	79.72
H	198.90	95.66

(4) That having calculated the aggregate in each case of the amounts at (2) (i) and (3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2010/11 for each of the categories of dwellings shown below:

<b>Valuation Band</b>	<b>Parts to which no special item relates £</b>	<b>Parish of Allesley £</b>	<b>Parish of Keresley £</b>
A	980.72	986.26	985.43
B	1144.17	1150.63	1149.66
C	1307.63	1315.02	1313.91
<b>D</b>	<b>1471.08</b>	<b>1479.39</b>	<b>1478.14</b>
E	1797.99	1808.15	1806.62
F	2124.90	2136.90	2135.10
G	2451.80	2465.65	2463.57
H	2942.16	2958.78	2956.28

**List of Appendices included:**

None

**Other useful background papers:**

The 2010/11 Budget Report (Council 8<sup>th</sup> December 2009)

The Council Tax Base 2010/11 (Cabinet 12<sup>th</sup> January 2010)

**Has it or will it be considered by scrutiny?**

No

**Has it, or will it be considered by any other council committee, advisory panel or other body?**

No

**Will this report go to Council?**

Yes 23<sup>rd</sup> February 2010

**Report title:  
2010/11 Council Tax and Budget Requirement**

**1. Context**

1.1 The purpose of this report is to seek approval for the City's 2010/11 Council Tax and Budget Requirement. The Budget Report 2010/11 approved by Council on 8<sup>th</sup> December 2009 approved a set of savings and expenditure proposals as the basis of the Council's revenue budget. That report was based on estimates of both the Government's Formula Grant allocation for the Council and the City's tax-base. These items have now been confirmed. However, some figures are necessarily provisional at this stage due to the Police and Fire precepts not having been confirmed. These are shaded in grey.

**2. Options considered and recommended proposal**

2.1 The total Band D Council Tax in 2009/10 was £1437.65. The figures calculated above represent an increase, from 2009/10 figures, of 2.40% for the City's Council Tax and 2.33% in total.

Total Council Tax excluding any element for Parish Precepts can be broken down as:

	Band D £	Increase from 2009/10 %	Proportion of total bill %
Coventry City Council	1323.80	2.40	89.99
West Midlands Police Authority	99.45	1.50	6.76
West Midlands Fire Authority	47.83	1.99	3.25
<b>Total Coventry Council Tax</b>	<b>1471.08</b>	<b>2.33</b>	<b>100.00</b>

2.2 The Band D Council Tax is used by Government as the national comparator. However, for Coventry, this does not reflect the demographics of the area and the make up of the property mix; Coventry's property base is weighted towards Bands A – C. The average Council Tax bill in Coventry is £1,027.13, after allowing for exemptions.

The Council Tax bill for a property may be further reduced for single adults, who receive a 25% discount.

2.3 In addition, households on low income may also receive reductions in the form of council tax benefit. Individuals living in properties in Bands F, G and H are not entitled to full benefit, they can only claim the amount they would be entitled to if they lived in a Band E property. These reductions are matched by central government grant.

2.4 The total or "headline" council tax calculated for each band, for households of 2 or more adults with no reductions, and for households of 1 adult, is summarised below:

Valuation Band	Value of Property As at April 1991	Proportion Of Band D	Chargeable Dwellings		Council Tax	
			No.	%	2 + Adults <sup>1</sup> £	1 Adult <sup>1</sup> £
Band A dwellings entitled to Disabled Persons Relief		5/9	111	0.1	817.27	612.96
A	Up to £40,000	6/9	52,005	40.9	980.72	735.54
B	£40,001 to £52,000	7/9	37,901	29.9	1144.17	858.12
C	£52,001 to £68,000	8/9	20,969	16.5	1307.63	980.72
D	£68,001 to £88,000	9/9	8,226	6.5	1471.08	1103.31
E	£88,001 to £120,000	11/9	4,128	3.3	1797.99	1348.48
F	£120,001 to £160,000	13/9	2,117	1.7	2124.90	1593.68
G	£160,001 to £320,000	15/9	1,319	1.0	2451.80	1838.85
H	Over £320,000	18/9	92	0.1	2942.16	2206.61
			126,868	100.0		

<sup>1</sup> These amounts may be subject to penny roundings when the actual bill is produced

2.5 The Council's final Formula Grant settlement notified to us by Government is £153.026m. This is the same figure previously notified in the provisional settlement and upon which our financial plans have been made.

### 3. Results of consultation undertaken

3.1 The proposals in the 2010/11 Budget Report to Council on 8<sup>th</sup> December were subject to a public consultation exercise.

### 4. Timetable for implementing this decision

4.1 The proposals in this report take effect for the financial year starting 1<sup>st</sup> April 2010.

### 5. Comments from Director of Finance and Legal Services

#### Financial implications

5.1 Under the terms of the Local Government Act 2003, the Chief Financial Officer (the Director of Finance and Legal Services) is required to give assurance on the robustness of the estimates included in the forthcoming budget. In the view of the Director of Finance and Legal Services the budget being recommended to the City Council is supported by robust estimates of income and expenditure. This judgement is based on the following:

- i) The budget has been set within the guidelines of the authority's Medium Term Financial Strategy, approved by members, that sets out the broad policies and assumptions that lie behind the Council's medium term financial planning process.

- ii) There is a medium term financial plan in place that sets out the known changes to the current budget over three years incorporating the concept of strictly controlled Directorate budgets, known policy changes and best estimates of the impact of inflationary pressures and expectations of resources.
- iii) The authority operates an integrated medium term policy and financial planning process that incorporates a comprehensive and detailed assessment of the new policy and technical changes that will affect the proposed budget and the medium term budgetary position of the authority.
- iv) Individual Directorates, working to strict budgets, prepare detailed service budgets that are the financial representation of the authority's statutory duties and corporate service objectives for the coming year.
- v) The authority's individual Directorate Management Teams and its Corporate Management Board have been fully involved in the detailed make-up of the information included in the policy and financial planning process.
- vi) As discussed further below, the Authority's level of reserve balances is sufficient to meet other unforeseen eventualities, within reasonable limits of assessed risk, that may potentially need to be met by the authority.

All of the authority's political groups were provided with information on the policy and financial planning process and were consulted on the options available to enable them to take a full part in the final budget setting decisions.

5.2 In line with Section 5.1 above, the Local Government Act 2003 also requires the Chief Financial Officer to give assurance on the adequacy of reserves of the Authority for which the budget provides. The final position of reserve balances carried forward into 2010/11 will not be known until finalisation of the 2009/10 accounts. It is likely that the total level of reserves will be broadly equivalent to the figure as at 31st March 2009 as detailed in the 2010/11 Budget Report approved by Council in December. It is the view of the Director of Finance and Legal Services that the City Council holds an adequate level of reserves to support the recommended budget for 2010/11. This judgement is based on the following:

- i) The Council is well provided for in terms of its reserves compared to its overall level of budget and much better provided for than many other authorities.
- ii) The level of insurance reserves is sufficient to meet any likely calls on them (within reasonable limits of assessed risk).
- iii) The level of reserves is sufficient to support contributions to 2010/11 directorate-based budgets (including schools) and Corporate commitments both for capital and revenue purposes.
- iv) The level of uncommitted Working Balances provides a sufficient level of short-term resource to meet any other unforeseen eventualities (within reasonable limits of assessed risk) balanced against pressures to not hold an excessive level of reserve balances. This follows a planned increase in such balances in 2008/09 from their previous level of 1% of net revenue spend to 2%.

5.3 Our policy on reserve usage is set out in the Medium Term Financial Strategy. The overriding aim is to ensure that reserve usage is focused on delivery of the Council's corporate priorities, recognising that reserves can only be used once and that they should not be used to support ongoing expenditure. A number of these reserves are dedicated to specific purposes, such as schools and insurance, and the remainder have been brought together and are scrutinised by the Corporate Management Board in order to ensure the best use possible for the corporate objectives of the authority.



5.4 The Comprehensive Area Assessment Use of Resources judgement from the Audit Commission was announced in December 2009. The City Council achieved a score of 2 overall and 3 for Key Line of Enquiry 1.1 – planning finances effectively. This latter score is a positive judgement taking into account a range of factors including whether we have a soundly based policy on the level and nature of reserve balances and whether we maintain our levels of reserves and balances in line with this policy. We will continue to make reference to the Audit Commission's guidance and expectations in this area in the future.

5.5 **Legal implications**

The level of Council Tax is calculated strictly in accordance with reference to Sections 32 to 36 of the Local Government Finance Act 1992, and all relevant regulations. This report also sets a balanced budget and includes the duty to report to the Council on the robustness of the estimates provided and the adequacy of the financial reserves in place. Section 32 of the Local Government Act 1992 and Section 25 of the Local Government Act 2003 refer.

6. **Other implications**

6.1 **How will this contribute to achievement of the council's key objectives/corporate priorities (corporate plan/scorecard)/organisational blueprint/LAA (or Coventry SCS)?**

This report finalises the budget proposals for 2010/11. It reaffirms our intention, stated in the December budget report to deliver the key objectives of the Sustainable Community Strategy and deliver better value for money in the services that we provide through our ABC Programme.

6.2 **How is risk being managed?**

The proposals within this report support the 2009 Medium Term Financial Strategy and the 2010/11 Budget Report that are designed to mitigate the key financial risks facing the City Council.

6.3 **What is the impact on the organisation?**

No further implications.

6.4 **Equalities / EIA**

No further implications.

6.5 **Implications for (or impact on) the environment**

No further implications.

6.6 **Implications for partner organisations?**

No further implications.

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