
**Cabinet
Council**

**14th February 2012
21st February 2012**

Name of Cabinet Member:

Cabinet Member (Strategic Finance and Resources) - Councillor Duggins

Director Approving Submission of the report:

Director of Finance and Legal Services

Ward(s) affected:

All

Title:

2012/13 Council Tax Setting Report

Is this a key decision?

Yes

Council are being recommended to approve the Council Tax levels for 2012/13

Executive Summary:

This report calculates the Council Tax level for 2012/13 and makes appropriate recommendations to the Council. Some figures and information are necessarily provisional at this stage due to the Police and Fire precepts not having been confirmed. These are shaded in grey.

The report incorporates the impact of the Council's gross expenditure and the level of income it will receive through grants, fees and charges. This results in a Council Tax requirement, as the amount that its expenditure exceeds all other sources of income.

The report includes a calculation of the Band D Council Tax that will be needed to generate this Council Tax requirement, based on the City's approved Council Tax base. The 2012/13 Band D Council Tax that is calculated through this process is unchanged from the 2011/12 level.

As part of the 2011/12 budget setting process Councils were compensated, by central government, for maintaining tax levels at, or below, the previous year's level. This reward took the form of a grant equivalent to a 2.5% increase in Council Tax. This scheme has been maintained and extended into 2012/13 to provide additional grant to Councils that maintain fixed or reduced tax levels.

As a result of maintaining its Council Tax at 2010/11 levels Coventry received £2.9m in 2011/12. On the basis of the unchanged Council Tax levels for 2012/13, as recommended in this report,

the Council will receive a cumulative Council Tax Freeze Grant of £5.9m (£2.9m related to last year's freeze and an additional £3.0m for this year).

The Government do not intend to provide Council Tax Freeze grants indefinitely. The compensation provided for not increasing the tax in 2011/12 will be provided for a period of four years (2011/12 – 2014/15) and the compensation provided for not increasing the tax in 2012/13 is for one year only.

At the time of writing the final report, the precepts from both the West Midlands Fire and Rescue Authority and the West Midlands Police Authority are not known. These authorities are holding their budget setting meetings on the 13th February 2012 and the 16th February 2012 respectively.

The provisional figures provided in this report are stated on the assumption of no change for both the police and fire authorities.

Members should note that the recommendations follow the structure of resolutions drawn up by the Chartered Institute of Public Finance and Accountancy, 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:

The Council are recommended:

(1) To note the following Council Tax base amounts for the year 2012/13, as approved by Cabinet on 3rd January 2012, in accordance with Regulations made under Section 31B of the Local Government Finance Act 1992 (as amended by the Localism Act 2011) ("the Act"):

a) 89,393.9 being the amount calculated by the Council as its Council Tax base for the year for the whole Council area;

b) Allesley 362.8
 Keresley 226.2

being the amounts calculated by the Council as 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 2012/13 in accordance with Sections 31A, 31B and 34 to 36 of the Act :

- a) £740,161,568 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils (*Gross Expenditure and reserves required to be raised for estimated future expenditure*);
- b) £621,816,823 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(3) of the Act. (*Gross Income including reserves to be used to meet the Gross Expenditure but excluding Council Tax income*);
- c) £118,344,745 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 31A(4) of the Act, as its Council Tax requirement for the year;

$$\begin{array}{rcl} \text{d) } \pounds 1,323.86 & \frac{(2) \text{ c}}{(1) \text{ a}} & = \frac{\pounds 118,344,745}{89,393.9} \end{array}$$

being the amount at (2) (c) above divided by the amount at (1) (a) above, calculated by the Council in accordance with Section 31B 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*).

e) $\pounds 5,100.00$ being the aggregate amount of all special items referred to in Section 34(1) of the Act. (*Parish Precepts*);

$$\begin{array}{rcl} \text{f) } \pounds 1,323.80 & = \frac{(2) \text{ d} - (2) \text{ e}}{(1) \text{ a}} & = \frac{\pounds 1,323.86 - \pounds 5,100.00}{89,393.9} \end{array}$$

being the amount at (2) d) above, less the result given by dividing the amount at (2) e) 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*);

g)

Coventry Unparished Area	$\pounds 1,323.80$
Allesley	$\pounds 1,333.72$
Keresley	$\pounds 1,330.43$

being the amounts given by adding to the amount at (2) f) 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*).

h)

Valuation Band	Parts to which no special item relates	Parish of Allesley	Parish of Keresley
	\pounds	\pounds	\pounds
A	882.53	889.14	886.95
B	1029.62	1037.34	1034.78
C	1176.71	1185.53	1182.60
D 1323.80		1333.72	1330.43
E	1617.98	1630.10	1626.08
F	1912.16	1926.49	1921.74
G	2206.33	2222.86	2217.38
H	2647.60	2667.44	2660.86

being the amounts given by multiplying the amounts at (2) g) 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 2012/13 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 Act, for each of the categories of dwelling shown below:

Valuation Band	West Midlands Police Authority £	West Midlands Fire Authority £
A	66.30	31.89
B	77.35	37.20
C	88.40	42.52
D 99.45		47.83
E	121.54	58.46
F	143.64	69.09
G	165.74	79.72
H	198.89	95.66

(4) That having calculated the aggregate in each case of the amounts at (2) h) and (3) above, the Council, in accordance with Sections 30 and 36 of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2012/13 for each part of its area and for each of the categories of dwellings shown below:

Valuation Band	Parts to which no special item relates £	Parish of Allesley £	Parish of Keresley £
A	980.72	987.33	985.14
B	1144.17	1151.89	1149.33
C	1307.63	1316.45	1313.52
D 1471.08		1481.00	1477.71
E	1797.98	1810.10	1806.08
F	2124.89	2139.22	2134.47
G	2451.79	2468.32	2462.84
H	2942.15	2961.99	2955.41

List of Appendices included:

None

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 21st February 2012

Report title:
2012/13 Council Tax Setting Report

1. Context (or background)

- 1.1 The purpose of this report is to seek approval for the City's 2012/13 Council Tax. The total planned spending (Gross Expenditure) in 2012/13 will be met in part by grant income (including Formula Grant), and fees and charges. Any spending that is in excess of these income streams must be met from Council Tax and is referred to as the 'Council Tax Requirement'.
- 1.2 The details of the planned spending for 2012/13 are proposed in the 'Budget Report 2012/13' that is being considered by the Council in conjunction with this Council Tax Setting Report.
- 1.3 At the time of writing this report, the precepts from both the West Midlands Fire and Rescue Authority and the West Midlands Police Authority have not been confirmed. A report, with confirmed final figures, will be presented at the Council meeting on the 21st February 2012.
- 1.4 As part of the 2011/12 budget setting process Councils were compensated, by central government, for maintaining tax levels at, or below, the previous year's level. This reward took the form of a grant equivalent to a 2.5% increase in Council Tax. This scheme has been maintained and extended into 2012/13 to provide additional grants to Councils that maintain fixed or reduced tax levels.
- 1.5 As a result of maintaining its Council Tax at 2010/11 levels Coventry received £2.9m in 2011/12. On the basis of the unchanged Council Tax levels for 2012/13 recommended in this report, the Council will receive a cumulative Council Tax Freeze Grant of £5.9m (£2.9m related to last year's freeze and an additional £3.0m for this year).
- 1.6 The Government do not intend to provide Council Tax Freeze grants indefinitely. The compensation provided for not increasing the tax in 2011/12 will be provided for a period of four years (2011/12 – 2014/15) and the compensation provided for not increasing the tax in 2012/13 is for one year only.
- 1.7 Through the adoption of the Localism Act 2011 the Government have abolished their right to take capping action against authorities. This has been replaced by the requirement for authorities to carry out referendums to allow local people to approve or veto potentially excessive tax increases. For 2012/13 the Government has prescribed that, for most principal authorities such as Coventry, any increase in excess of 3.5% would trigger the requirement to carry out a referendum.

2. Options considered and recommended proposal

- 2.1 The total Band D Council Tax in 2011/12 was £1,471.08. The figures calculated in this report represent no change from the 2011/12 figures, for the City's Council Tax and the total Council Tax.

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

	Band D £	Increase from 2011/12 %	Proportion of total bill %
Coventry City Council	1323.80	0.00	89.99
West Midlands Police Authority	99.45	0.00	6.76
West Midlands Fire Authority	47.83	0.00	3.25
Total Coventry Council Tax	1471.08	0.00	100.00

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 £1,032.96, 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 ¹ £	1 Adult ¹ £
Band A dwellings entitled to Disabled Persons Relief			136	0.1	817.27	612.96
A	Up to £40,000	6/9	52,340	41.0	980.72	735.54
B	£40,001 to £52,000	7/9	38,142	29.8	1144.17	858.12
C	£52,001 to £68,000	8/9	21,155	16.6	1307.63	980.72
D	£68,001 to £88,000	9/9	8,319	6.5	1471.08	1103.31
E	£88,001 to £120,000	11/9	4,146	3.2	1797.99	1348.48
F	£120,001 to £160,000	13/9	2,151	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
			127,800	100.0		

¹ These amounts may be subject to penny rounding when the actual bill is produced

2.5 The Council's final Formula Grant settlement notified to us by Government is £149.074m.

3. Results of consultation undertaken

- 3.1 The proposals in the budget report on today's agenda and the Council Tax freeze recommended within this report have been subject to eight weeks public consultation ending on the 26th January 2012. The details arising out of this consultation period have been reported in Appendix 1 of the budget report and this reflects no significant consultation responses to the proposed Council Tax freeze.

4. Timetable for implementing this decision

- 4.1 The proposals in this report take effect for the financial year starting 1st April 2012

5. Comments from Director of Finance and Legal Services

5.1 Financial implications

A £1m increase or decrease in either the City Council's 2012/13 budget requirement or Government grant, would lead to a £11.19 increase or decrease in Band D Council Tax (£7.82 in the average Council Tax per chargeable dwelling). Every £1 added to or removed from the Council Tax level will raise or reduce Council Tax income by £89,394.

5.2 Legal implications

A statutory duty is placed on the Council, as billing authority, to set for each financial year an amount of council tax for different category of dwellings according to the band in which the dwelling falls. The requirements to calculate and set a Council Tax are set out in the Local Government Finance Act 1992 and are detailed in the report. The Localism Act 2011 has made significant changes to this Act, and now requires the billing authority to calculate a Council Tax requirement for the year, not its budget requirement as previously.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The budget report on today's agenda outlines the very tight resource constraints facing the Council and the planned approach to identify savings options that are intended to minimise any adverse impact on the quality and level of services provided and the achievement of key objectives. This overall position has been arrived at within the context of the recommended Council Tax freeze, compensated as it is by the Council Tax Freeze Grant in 2012/13. It is inevitable that this approach will come under great pressure within and beyond the current planning horizon particularly in the light of the expected fall-out of the 2012/13 Freeze Grant in 2013/14.

6.2 How is risk being managed?

A non-collection rate is built into estimates of Council Tax income. Collection performance is monitored on a regular basis.

6.3 What is the impact on the organisation?

See Budget Report, Council 21st February 2012.

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

Report author(s):

Name and job title:

Phil Baggott
Lead Accountant (Corporate Finance)

Directorate:

Finance & Legal Services (FLS)

Tel and email contact:

02476 833815 phil.baggott@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title Directorate or organisation	Date doc sent out	Date response received or approved	
Contributors:				
John Scarborough	Corporate Governance & Litigation Manager	Finance & Legal Services	30/1/12	2/2/12
Lara Knight	Governance Services Officer	Customer & Workforce Services	30/1/12	1/2/12
Paul Jennings	Finance Manager (Corporate Finance)	Finance & Legal Services	30/1/12	3/2/12
Names of approvers: (officers and members)				
Finance: Barry Hastie	Assistant Director Financial Management	Finance & Legal Services	30/1/12	30/1/12
Director: Chris West	Director of Finance and Legal Services	Finance & Legal Services	30/1/12	30/1/12
Members: Cllr George Duggins	Cabinet Member (Strategic Finance and Resources)		31/1/12	31/1/12

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