
**Cabinet
Council**

**20 February 2018
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Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director Approving Submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

City Wide

Title:

2018/19 Council Tax Setting Report

Is this a key decision?

Yes - Council are being recommended to approve the Council Tax levels for 2018/19

Executive Summary:

This report calculates the Council Tax level for 2018/19 and makes appropriate recommendations to the Council, consistent with the Budget Report 2018/19 on the same agenda. The report recommends a 4.9% increase in the City's Council Tax. Some figures and information are necessarily provisional at this stage due to 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 2018/19 Band D Council Tax that is calculated through this process has increased by £74.18 from the 2017/18 level.

As part of the Chancellor's Autumn Statement (November 2015) it was announced that councils which provide social care to adults would be allowed to increase their share of Council Tax by up to an extra 2%, provided that the additional resources are all used to fund the increasing costs of adult social care. This additional Council Tax charge is known as the 'Adult Social Care (ASC) precept'. The Government indicated that authorities could include this additional 2% precept in each year of the four year period: 2016/17 to 2019/20.

In December 2016 the Government announced that councils could opt to bring forward some, or all, of the potential 2% ASC precept available in 2019/20 to earlier years. However the maximum increase in any one year was limited to 3%, and the total over the three year period 2017/18 to 2019/20 was limited to the original total increase of 6%.

Coventry City Council made use of this additional flexibility in 2017/18 and increased its Council Tax charge by a total of 4.9%. This was made up of a basic 1.9% increase plus a further 3% ASC precept. In keeping with this approach, and in order to maximise the resources available to fund ASC services in the city, the recommendations within the Budget Report 2018/19 are based on a proposed increase in Council Tax of 4.9%. As in 2017/18, this is again made up of a basic 1.9% increase plus a further 3% ASC precept.

At the time of writing this report the precept from the Police and Crime Commissioner and the precept from the Fire and Rescue Authority have not been confirmed. The provisional figures provided in this report are based on indicative figures. A report, with confirmed final figures, will be presented at the Council meeting on the 20 February 2018.

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:

That Cabinet recommend to Council the approval of recommendations (1) to (5).

Council are recommended:

(1) To note the following Council Tax base amounts for the year 2018/19, as approved by Cabinet on 9 January 2018, in accordance with Regulations made under Section 31B of the Local Government Finance Act 1992 (as amended) ("the Act"):

a) 80,815.4 being the amount calculated by the Council as its Council Tax base for the year for the whole Council area;

b) Allesley	333.0
Finham	1520.9
Keresley	231.4

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 2018/19 in accordance with Sections 31A, 31B and 34 to 36 of the Act :

(a) £726,922,000 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) £599,669,103 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) £127,252,897 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;

(d) £1,574.61		(2)(c)	=	<u>£127,252,897</u>
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(1)(a) 80,815.4

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) £30,870 being the aggregate amount of all special items referred to in Section 34(1) of the Act. (*Parish Precepts*);

(f) £1,574.23 = (2)(d) – $\frac{(2)(e)}{(1)(a)}$ = £1,574.61 – $\frac{£30,870}{80,815.4}$

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	£1,574.23
Allesley	£1,599.12
Finham	£1,587.99
Keresley	£1,581.37

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 Finham	Parish of Keresley
	£	£	£	£
A	1,049.49	1,066.08	1,058.66	1,054.25
B	1,224.40	1,243.76	1,235.10	1,229.95
C	1,399.32	1,421.44	1,411.55	1,405.67
D	1,574.23	1,599.12	1,587.99	1,581.37
E	1,924.06	1,954.48	1,940.88	1,932.79
F	2,273.89	2,309.84	2,293.77	2,284.20
G	2,623.72	2,665.20	2,646.65	2,635.62
H	3,148.46	3,198.24	3,175.98	3,162.74

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) To note that for the year 2018/19 the Police and Crime Commissioner for the West Midlands 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	Police and Crime Commissioner for the West Midlands	West Midlands Fire Authority
	£	£
A	85.70	39.23
B	99.98	45.77
C	114.27	52.30
D	128.55	58.84
E	157.12	71.92
F	185.68	84.99
G	214.25	98.07
H	257.10	117.68

(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 2018/19 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 Finham	Parish of Keresley
	£	£	£	£
A	1,174.42	1,191.01	1,183.59	1,179.18
B	1,370.15	1,389.51	1,380.85	1,375.70
C	1,565.89	1,588.01	1,578.12	1,572.24
D	1,761.62	1,786.51	1,775.38	1,768.76
E	2,153.10	2,183.52	2,169.92	2,161.83
F	2,544.56	2,580.51	2,564.44	2,554.87
G	2,936.04	2,977.52	2,958.97	2,947.94
H	3,523.24	3,573.02	3,550.76	3,537.52

(5) That the Council determines that its relevant basic amount of Council Tax for 2018/19 is not excessive in accordance with the principles approved under Sections 52ZC and 52ZD of the Act.

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 – 20 February 2018

Report title:
2018/19 Council Tax Setting Report

1. Context (or background)

- 1.1 The purpose of this report is to seek approval for the City's 2018/19 Council Tax. The total planned spending (Gross Expenditure) in 2018/19 will be met in part by grant income, 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 2018/19 are proposed in the 'Budget Report 2018/19' that is being considered by the Council in conjunction with this Council Tax Setting Report.
- 1.3 As part of the Chancellor's Autumn Statement (November 2015) it was announced that councils which provide social care to adults would be allowed to increase their share of Council Tax by up to an extra 2%, provided that the additional resources are all used to fund the increasing costs of adult social care. This additional Council Tax charge is known as the 'Adult Social Care (ASC) precept'. The Government indicated that authorities could include this additional 2% precept in each year of the four year period: 2016/17 to 2019/20.
- 1.4 Coventry City Council made use of this flexibility in 2016/17 and increased its Council Tax charge by a total of 3.9%. This was made up of a basic 1.9% increase plus a further 2% ASC precept.
- 1.5 In December 2016 the Government announced that Councils could opt to bring forward some, or all, of the potential 2% ASC precept available in 2019/20 to earlier years. However the maximum increase in any one year was limited to 3%, and the total over the three year period 2018/19 to 2019/20 was limited to the original total increase of 6%.
- 1.6 In order to maximise the resources available to fund ASC services in the city, the recommendations within the Budget Report 2018/19 are based on a proposed increase in Council Tax of 4.9%. This is made up of a basic 1.9% increase plus a further 3% ASC precept, utilising the additional flexibility described above.
- 1.7 At the time of writing this report the precept from the Police and Crime Commissioner and the precept from the Fire and Rescue Authority have not been confirmed. A report, with confirmed final figures, will be presented at the Council meeting on the 20 February 2018.
- 1.8 As a result of changes in the membership of Keresley Parish Council that are currently taking place it has not yet been possible for the parish council to meet to agree their 2018/19 precept. In accordance with statutory regulations under Section 41 of The Act, billing authorities can anticipate a local precept on behalf of a parish council. The amount specified for Keresley, in recommendation 2g) above, has been set on this basis. It has been based on the level of the precept in recent years and adjusted for inflation.

2. Options considered and recommended proposal

- 2.1 The total Band D Council Tax in 2017/18 was £1,673.74. The figures calculated in this report represent a 4.9% increase from the 2017/18 figures for the City's Council Tax, and a 5.3% increase in total.

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

	Band D £	Increase from 2017/18 %	Proportion of total bill %
Coventry City Council	1,574.23	4.9	89.4
Police and Crime Commissioner for the West Midlands	128.55	10.3	7.3
West Midlands Fire Authority	58.84	3.0	3.3
Total Coventry Council Tax	1,761.62	5.3	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 to C. The average Council Tax bill in Coventry is £1,065.69, after allowing for all discounts and exemptions.
- 2.3 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 (who receive a 25% discount), 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			138	0.1	978.68	734.01
A	Up to £40,000	6/9	53414	40.0	1,174.42	880.81
B	£40,001 to £52,000	7/9	40189	30.1	1,370.15	1,027.61
C	£52,001 to £68,000	8/9	22484	16.8	1,565.89	1,174.41
D	£68,001 to £88,000	9/9	9113	6.8	1,761.62	1,321.21
E	£88,001 to £120,000	11/9	4567	3.4	2,153.10	1,614.82
F	£120,001 to £160,000	13/9	2262	1.7	2,544.56	1,908.42
G	£160,001 to £320,000	15/9	1354	1.0	2,936.04	2,202.03
H	Over £320,000	18/9	98	0.1	3,523.24	2,642.42
			133,619	100.0		

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

3. Results of consultation undertaken

The proposals in the Pre-Budget Report have been subject to an eight week period of public consultation ending on the 21 January 2018. The details arising out of this consultation period have been reported in Appendix 2 of the budget report.

4. Timetable for implementing this decision

The proposals in this report take effect for the financial year starting 1st April 2018

5. Comments from Director of Finance and Corporate Services

5.1 Financial implications

A £1m increase or decrease in either the City Council's 2018/19 Council Tax requirement or Government grant, would lead to a £12.37 increase or decrease in Band D Council Tax (£7.48 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 £80,815.

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 categories 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 made significant changes to this Act, requiring authorities to calculate a Council Tax requirement for the year, not a budget requirement as was previously required. The Local Government Finance Act 2012 made minor changes to the 1992 Act, clarifying the effect of the changes made to the way non-domestic rates income is distributed.

6. Other implications

6.1 How will this contribute to achievement of the Council's Plan?

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.

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 Setting 2018/19 Report, Council 20 February 2018.

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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