
Cabinet

11th January 2022

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor R Brown

Director approving submission of the report:

Director of Finance

Ward(s) affected:

All

Title:

The 2022/23 Council Tax Base Report

Is this a key decision?

Yes – this report deals with income in excess of £1m

Executive summary:

The main purpose of this report is to establish the 2022/23 Council Tax base for tax setting purposes.

The Council Tax base is the measure of the taxable capacity of an area, for the purpose of calculating an authority's Council Tax. It represents the estimated number of Band D equivalent chargeable dwellings for the year. It also takes into account the authority's estimated Council Tax collection rate.

This report does not set the actual level of Council Tax in Coventry; that will be set by Council on the 22nd February 2022.

Recommendations:

The Cabinet is recommended to:

- 1) Approve that the Council Tax collection rate for 2022/23 be set at 97.9%
- 2) That, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 2012, the amounts calculated by the City Council for 2022/23 shall be:

a net tax base of 84,264.3 for the whole of the City Council area made up as follows:

Allesley Parish	356.9
Finham Parish	1,524.6

Keresley Parish	237.0
All Other Coventry City Council Wards	82,145.8
TOTAL	84,264.3

3. That the following grant payments should be made to parish councils to reflect the impact in 2022/23 of Council Tax reductions on their tax bases.

Allesley Parish	£2,135
Finham Parish	£3,060
Keresley Parish	£1,313
TOTAL	£6,508

List of Appendices included:

Appendix A - Tax Base Calculation for 2022/23 Tax Setting (Coventry)
Appendix B - Tax Base Calculation for 2022/23 Tax Setting (Allesley)
Appendix C - Tax Base Calculation for 2022/23 Tax Setting (Finham)
Appendix D - Tax Base Calculation for 2022/23 Tax Setting (Keresley)
Appendix E - Grant payments to parish councils

Background papers:

None

Other useful documents:

None

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?

No

**Report title:
The 2022/23 Council Tax Base Report**

1. Context

1.1 Council tax base

- 1.1.1 The Council tax base is the measure of the taxable capacity of an area, for the purpose of calculating an authority's Council Tax. It represents the estimated number of Band D equivalent chargeable dwellings for the year. It also takes into account the authority's estimated Council Tax collection rate.
- 1.1.2 This report makes the necessary calculations in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 to establish the Council Tax base for the City Council and its parishes. These regulations include the impact of the Council Tax Support Scheme (also known as the Council Tax Reduction Scheme).
- 1.1.3 The Council Tax base for the City Council will be used by major preceptors when setting their precepts.
- 1.1.4 Under the Support Scheme, the Council Tax base is reduced according to the amount of reductions awarded under the scheme, as the authority will be foregoing the relevant Council Tax income, and instead will receive partial compensation via an adjustment within the Local Government Finance Settlement calculations. These reductions are reflected in the calculation of the Council Tax base, in order to calculate the correct amount of Band D Council Tax for the billing authority (Coventry City Council), the major preceptors (West Midlands Police and Crime Commissioner, the West Midlands Fire and Rescue Authority and the West Midlands Combined Authority), and the local precepting authorities (Allesley Parish Council, Finham Parish Council and Keresley Parish Council).
- 1.1.5 It is estimated that the effect on the tax base of the Support Scheme will be to reduce it by 13.8%. The financial impact of the reduction in tax base will be partially offset by an element of the overall funding settlement from Government.
- 1.1.6 The tax bases for the parishes of Allesley, Finham and Keresley will also be reduced by 13.8% as a result of the Council Tax Support Scheme. It is proposed that the Council transfers an element of the compensation described above to offset the impact of the reduced tax base on tax income for the parish councils. Recommendation 3 proposes that Allesley, Finham and Keresley receive payments of £2,135, £3,060 and £1,313 respectively to offset the effect of the tax base reduction. These payments have been calculated to offset 90% of the effect of the tax base reduction, in keeping with the compensation percentage adopted when the scheme was first introduced. The details of the calculations are provided in Appendix E.
- 1.1.7 This report does not set the actual level of Council Tax in Coventry; that will be set by Council on the 22nd February 2022. The determination of the tax base is one part of the process and must occur before 31st January each year.
- 1.1.8 The technical nature of this report reflects the fact that the tax base calculation is prescribed by statute. The tax base measures all properties in an area, relative to a band D property even though this is not representative of the typical domestic property in Coventry. In fact, 87% of properties in Coventry fall into Bands A to C, which attract lower bills than Band D properties.

2. Options considered and recommended proposal

2.1 Calculation of the Council tax base

2.1.1 The regulations specify in detail the calculations required. The basic formula is $A \times B$, where:

- 'A' is the number of "Band D equivalent" properties estimated to be applicable for the forthcoming financial year. This is referred to as the 'gross tax base'. The calculation and exact definition are explained in section 2.1.3 below.
- 'B' is the City Council's estimate of the Council Tax collection rate for those Band D equivalent properties as explained in section 2.2 below.

2.1.2 The calculation of the number of Band D equivalent properties is set out in full in Appendix A. This provides a gross tax base figure (**A**) of **86,071.8** for the City of Coventry.

2.1.3 The gross tax base is derived for each band by taking the valuation list as at the 30th November in the current financial year, adjusted for the effect of exemptions, discounts and reliefs claimed on that day, as well as estimated changes throughout the year. The tax base is also adjusted for the estimated effect of reductions that have replaced the previous Council Tax benefits. The calculation of each band is then weighted to the equivalent of a Band D property and added together to give the gross tax base.

2.1.4 Calculation of the gross tax base considers an estimate of the change in tax base that is likely to occur during the forthcoming financial year. This includes the anticipated effect of retrospective amendments. Most of these amendments relate to properties that are exempt from Council Tax (e.g. student accommodation), where the exemption is only made known to the Council at a later date.

2.1.5 For the purposes of calculating the 2022/23 tax base, an adjustment of **-2.1%** has been made, based on existing experience, to consider the anticipated effect of these amendments.

2.2 The Calculation of the Collection Rate

2.2.1 The City Council also has to estimate the likely rate of collection of Council Tax (referred to as 'B' in 2.1.1 above). This determines the amount of tax due which the Council believes it can collect after allowing for bankruptcies, absconders and other non-collectable sums. The collection rate is applied to the gross tax base to give the net tax base, used for the purpose of setting Council Tax.

2.2.2 Reductions or increases in the collection rate lower or raise the net tax base and hence the amount of Council Tax available to fund services. A 0.25% variation in the collection rate would reduce or increase the amount of Council Tax to meet the budget requirement by approximately £0.4m.

2.2.3 Balancing recent arrears collection performance and the pattern of write offs, it is recommended that an assumed eventual collection rate of 97.9% is adopted for 2022/23. Collection performance will be monitored throughout the forthcoming year and the rate reviewed as part of the determination of 2023/24 tax base.

2.2.4 Multiplying the gross tax base (A) of 86,071.8 by the collection rate (B) of 97.9% gives a recommended net tax base of **84,264.3** for the City Council.

2.3 Calculation of Tax Base for the Parish Councils

- 2.3.1 The City Council is also required to calculate a tax base for each part of its area on which parish precepts are to be levied. Accordingly, the net tax bases for Allesley (Appendix B), Finham (Appendix C) and Keresley (Appendix D) parishes have been calculated as 356.9, 1,524.6 and 237.0 respectively.

3. Results of consultation undertaken

None

4. Timetable for implementing this decision

The tax base assumed within this report relates to financial year 2022/23.

5. Comments from Director of Finance and the Director of Law and Governance

5.1 Financial Implications

- 5.1.1 The contents of this report are driven by a statutory framework and as such the Council is governed by this framework in relation to the contents of the report. Council Tax collection performance is the key area that will dictate whether the Council achieves the eventual collection rate of 97.9% assumed within this report. This matter is subject to regular performance monitoring.

- 5.1.2 The net tax base directly influences the level of Council Tax levied and therefore the resources available to the City Council. This will be dealt with as part of the Council Tax Setting and Budget Requirement Reports that will be considered by Council on 22nd February 2022.

5.2 Legal Implications

- 5.2.1 As stated in section 1 above, the tax base calculations for a particular financial year must comply with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 and be determined by no later than 31st January in the preceding financial year. These regulations have been made under the Local Government Finance Act 1992, as amended (LGFA 1992).

- 5.2.2 The Local Government Finance Act 2012 (LGFA 2012) includes several amendments to the LGFA 1992 that affect the calculation of the Council Tax base. These amendments require councils to operate a Council Tax Support Scheme (as a replacement of Council Tax benefit) and gave powers to determine further discounts and set premiums.

- 5.2.3 The Tax Base for the City Council will be used by the West Midlands Police and Crime Commissioner, the West Midlands Fire and Rescue Authority and the West Midlands Combined Authority when setting their 2022/23 precepts in February 2022. It will also be used to set the City Council's element of the Council Tax for 2022/23, at the full Council meeting on 22nd February 2022.

6. Other implications

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

This report is technical in nature and its implications do not have any direct bearing on these matters.

6.2 How is risk being managed?

Regular monitoring of performance will ensure that the Council can take appropriate management action in the area of Council Tax collection.

6.3 What is the impact on the organisation?

The report affects the potential Council Tax resources available to the City Council and, as such, impacts on the 2022/23 budget setting process.

6.4 Equalities / ECA

None

6.5 Implications for (or impact on) climate change and the environment

No impact

6.6 Implications for partner organisations?

The Council Tax base for the City Council will be used by the by the West Midlands Police and Crime Commissioner, the West Midlands Fire and Rescue Authority and the West Midlands Combined Authority when setting their 2022/23 precept.

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Appendix A Tax Base Calculation for 2022/23 Tax Setting (COVENTRY)									
Band	A	B	C	D	E	F	G	H	TOTAL
	Entitled To Disabled Relief								
Properties on Valuation List	61,080	43,392	24,577	10,349	4,905	2,506	1,455	177	148,441
Percentage of Total	41.1%	29.2%	16.6%	7.0%	3.3%	1.7%	1.0%	0.1%	100.0%
Adjustments:									
Exempt Dwellings (B to W)	(5,745)	(1,392)	(912)	(645)	(208)	(179)	(59)	(52)	(9,192)
Disabled Persons Relief	310	189	88	62	43	27	20	20	907
Deletions	(168)	(310)	(189)	(88)	(62)	(43)	(27)	(20)	(907)
Number of Chargeable Dwellings on Valuation List	168	41,879	23,564	9,678	4,678	2,311	1,389	105	139,249
Percentage of Total	0.1%	30.1%	16.9%	7.0%	3.4%	1.8%	1.0%	0.1%	100.1%
25% Discounts									
Single Person Discount (25%)	38	13,495	6,514	2,201	806	345	165	8	49,364
Dwellings entitled to 25% discount due to all but one resident being disregarded for council tax purposes	5	565	310	113	37	19	11	1	1,763
Total no. of dwellings with 25% discount	43	14,060	6,824	2,314	843	364	176	9	51,127
50% Discounts									
Dwellings entitled to 50% discount due to all residents being disregarded for council tax purposes	4	54	23	46	24	17	29	12	287
Dwellings classed as empty homes and entitled to 50% discount	0	0	0	0	0	0	0	0	0
Total no. of dwellings with 50% discount	4	54	23	46	24	17	29	12	287
Total equivalent number of chargeable dwellings after discounts, exemptions and disabled persons relief									
[Calculation: I - (II x 0.25) - (III x 0.5)]	155.25	38,337.00	21,846.50	9,076.50	4,455.25	2,211.50	1,330.50	96.75	126,323.75
Anticipated change in taxbase during the year including the effect of retrospective amendments	(3.26)	(805.09)	(458.78)	(190.61)	(93.56)	(46.44)	(27.94)	(2.03)	(2,652.80)
Change in equivalent number of chargeable dwellings as a result of estimated tax base change during the year									
Total equivalent number of dwellings after accounting for retrospective amendments	151.99	37,531.92	21,387.72	8,885.89	4,361.69	2,165.06	1,302.56	94.72	123,670.95
[Calculation: IV + V]									
Estimated Effect of Council Tax Support Scheme									-13.8%
Change in equivalent number of chargeable dwellings as a result of estimated Effect of Council Tax Reduction scheme	(20.97)	(5,179.40)	(2,951.51)	(1,226.25)	(601.91)	(298.78)	(179.75)	(13.07)	(17,066.59)
Total equivalent number of dwellings after accounting for retrospective amendments	131.02	41,194.46	18,436.21	7,659.64	3,759.78	1,866.28	1,122.81	81.65	106,604.36
[Calculation: VI + VII]									
Ratio of Band to Band D (where Band D = 9)	5	6	7	9	11	13	15	18	
Gross Tax Base (to 1 decimal place)	72.8	27,463.0	25,163.1	7,659.6	4,595.3	2,695.7	1,871.3	163.3	86,071.8
Collection Rate									97.9%
Net Tax Base (to 1 decimal place)									84,264.3

Appendix B Tax Base Calculation for 2022/23 Tax Setting (ALLESLEY)

Band	A	B	C	D	E	F	G	H	TOTAL
	Entitled To Disabled Relief								
Properties on Valuation List	40	8	12	37	67	103	88	3	368
Percentage of Total	11.2%	2.2%	3.4%	10.3%	18.7%	28.8%	24.6%	0.8%	100.0%
Adjustments:									
Exempt Dwellings (A to W)	(1)	(1)	0	0	(2)	(1)	0	0	(5)
Disabled Persons Relief Additions	0	0	0	0	1	1	0	0	2
Disabled Persons Relief Deletions	0	0	0	0	0	(1)	(1)	0	(2)
Number of Chargeable Dwellings on Valuation List	39	7	12	37	66	102	87	3	353
Percentage of Total	11.0%	2.0%	3.4%	10.5%	18.7%	29.0%	24.6%	0.8%	100.0%
25% Discounts									
Single Person Discount (25%)	16	2	3	9	15	24	11	0	80
Dwellings entitled to 25% discount due to all but one resident being disregarded for council tax purposes	0	0	0	0	1	0	0	0	1
Total no. of dwellings with 25% discount	16	2	3	9	16	24	11	0	81
50% Discounts									
Dwellings entitled to 50% discount due to all residents being disregarded for council tax purposes	0	0	0	0	0	0	0	2	2
Dwellings classed as empty homes and entitled to 50% discount	0	0	0	0	0	0	0	0	0
Total no. of dwellings with 50% discount	0	0	0	0	0	0	0	2	2
Total equivalent number of chargeable dwellings after discounts, exemptions and disabled persons relief [Calculation: I-(II x 0.25) - (III x 0.5)]	35.00	6.50	11.25	34.75	62.00	96.00	84.25	2.00	331.75
Anticipated change in taxbase during the year including the effect of retrospective amendments	0.00	(0.74)	(0.24)	(0.73)	(1.30)	(2.02)	(1.77)	(0.04)	(6.98)
Change in equivalent number of chargeable dwellings as a result of estimated tax base change during the year	0.00	(0.14)	(0.24)	(0.73)	(1.30)	(2.02)	(1.77)	(0.04)	(6.98)
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: IV + V]	34.26	6.36	11.01	34.02	60.70	93.98	82.48	1.96	324.77
Estimated Effect of Council Tax Support Scheme									(13.8%)
Change in equivalent number of chargeable dwellings as a result of estimated Effect of Council Tax Reduction scheme	0.00	(4.73)	(1.52)	(4.69)	(8.38)	(12.97)	(11.38)	(0.27)	(44.82)
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: VI + VII]	29.53	5.48	9.49	29.33	52.32	81.01	71.10	1.69	279.95
Ratio of Band to Band D (where Band D = 9)	5	7	8	9	11	13	15	18	
Gross Tax Base (to 1 decimal place)	0.0	19.7	4.3	29.3	64.0	117.0	118.5	3.4	364.6
Collection Rate									97.9%
Net Tax Base (to 1 decimal place)									356.9

Appendix C Tax Base Calculation for 2022/23 Tax Setting (FINHAM)									
Band	A	B	C	D	E	F	G	H	TOTAL
	Entitled To Disabled Relief								
Properties on Valuation List	3	221	582	597	248	227	51	1	1,930
Percentage of Total	0.2%	11.5%	30.1%	30.9%	12.8%	11.8%	2.6%	0.1%	100.0%
Adjustments:									
Exempt Dwellings (A to W)	0	(5)	(12)	(7)	(5)	(3)	0	0	(32)
Disabled Persons Relief Additions	4	2	8	3	5	0	0	0	22
Disabled Persons Relief Deletions	0	(4)	(2)	(8)	(3)	(5)	0	0	(22)
Number of Chargeable Dwellings on Valuation List	I	7	576	585	245	219	51	1	1,898
Percentage of Total	0.0%	11.3%	30.3%	30.8%	12.9%	11.5%	2.7%	0.1%	100.0%
25% Discounts									
Single Person Discount (25%)	4	96	145	149	47	34	9	0	484
Dwellings entitled to 25% discount due to all but one resident being disregarded for council tax purposes	0	5	2	9	1	0	2	0	19
Total no. of dwellings with 25% discount	II	4	147	158	48	34	11	0	503
50% Discounts									
Dwellings entitled to 50% discount due to all residents being disregarded for council tax purposes	0	1	0	1	0	1	0	0	3
Dwellings classed as empty homes and entitled to 50% discount	0	0	0	0	0	0	0	0	0
Total no. of dwellings with 50% discount	III	0	0	1	0	1	0	0	3
Total equivalent number of chargeable dwellings after discounts, exemptions and disabled persons relief [Calculation: I-(II x 0.25) - (III x 0.5)]	IV	6.00	539.25	545.00	233.00	210.00	48.25	1.00	1,770.75
Anticipated change in taxbase during the year including the effect of retrospective amendments									-2.1%
Change in equivalent number of chargeable dwellings as a result of estimated tax base change during the year	V	(0.13)	(11.32)	(11.45)	(4.89)	(4.41)	(1.01)	(0.02)	(37.18)
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: IV + V]	VI	5.87	527.93	533.55	228.11	205.59	47.24	0.98	1,733.57
Estimated Effect of Council Tax Support Scheme									-13.8%
Change in equivalent number of chargeable dwellings as a result of estimated Effect of Council Tax Reduction scheme	VII	(0.81)	(72.85)	(73.63)	(31.48)	(28.37)	(6.52)	(0.14)	(239.23)
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: VI + VII]		5.06	455.08	459.92	196.63	177.22	40.72	0.84	1,494.34
Ratio of Band to Band D (where Band D = 9)		5	8	9	11	13	15	18	
Gross Tax Base (to 1 decimal place)		0.0	123.6	404.5	459.9	256.0	67.9	1.7	1,557.3
Collection Rate									97.9%
Net Tax Base (to 1 decimal place)									1,524.6

Appendix D Tax Base Calculation for 2022/23 Tax Setting (KERESLEY)																			
Band	A	B	C	D	E	F	G	H	TOTAL										
	A		B		C		D		E		F		G		H		TOTAL		
	Entitled To Disabled Relief																		
Properties on Valuation List	97	42	111	40	26	13	10	6	345										
Percentage of Total	28.1%	12.2%	32.2%	11.6%	7.5%	3.8%	2.9%	1.7%	100.0%										
Adjustments:																			
Exempt Dwellings (A to W)	(2)	(1)	(2)	0	0	0	0	0	(5)										
Disabled Persons Relief Additions	1	1	0	0	1	0	1	0	4										
Disabled Persons Relief Deletions	0	(1)	(1)	0	0	(1)	0	(1)	(4)										
Number of Chargeable Dwellings on Valuation List	96	41	108	40	27	12	11	5	340										
Percentage of Total	28.2%	12.1%	31.8%	11.8%	7.9%	3.5%	3.2%	1.5%	100.0%										
25% Discounts																			
Single Person Discount (25%)	0	22	25	6	4	1	0	1	105										
Dwellings entitled to 25% discount due to all but one resident being disregarded for council tax purposes	0	1	3	0	0	0	0	0	5										
Total no. of dwellings with 25% discount	0	23	28	6	4	1	0	1	110										
50% Discounts																			
Dwellings entitled to 50% discount due to all residents being disregarded for council tax purposes	0	1	0	1	0	1	0	0	3										
Dwellings classed as empty homes and entitled to 50% discount	0	0	0	0	0	0	0	0	0										
Total no. of dwellings with 50% discount	0	1	0	1	0	1	0	0	3										
Total equivalent number of chargeable dwellings after discounts, exemptions and disabled persons relief [Calculation: I-(II x 0.25) - (III x 0.5)]	84.25	34.75	101.00	38.00	26.00	11.25	11.00	4.75	311.00										
Anticipated change in taxbase during the year including the effect of retrospective amendments																			
Change in equivalent number of chargeable dwellings as a result of estimated tax base change during the year	(1.77)	(0.73)	(2.12)	(0.80)	(0.55)	(0.24)	(0.23)	(0.10)	(6.54)										
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: IV + V]	82.48	34.02	98.88	37.20	25.45	11.01	10.77	4.65	304.46										
Estimated Effect of Council Tax Support Scheme																			
Change in equivalent number of chargeable dwellings as a result of estimated Effect of Council Tax Reduction scheme	(11.38)	(4.69)	(13.65)	(5.13)	(3.51)	(1.52)	(1.49)	(0.64)	(42.02)										
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: VI + VII]	71.10	29.33	85.23	32.07	21.94	9.49	9.28	4.01	262.44										
Ratio of Band to Band D (where Band D = 9)	5	6	7	8	11	13	15	18											
Gross Tax Base (to 1 decimal place)	0.0	47.4	22.8	75.8	26.8	13.7	15.5	8.0	242.1										
Collection Rate									97.9%										
Net Tax Base (to 1 decimal place)									237.0										

Appendix E - Grant payment to Parish Councils

		Allesley	Finham	Keresley	
a	Tax Base without the effect of Council Tax reductions	414.0	1,768.7	274.9	
b	Effect of Council Tax reductions	-13.8%	-13.8%	-13.8%	
c	Tax Base change as a result of Council Tax reductions	a x b	-57.1	-244.1	-37.9
d	Tax Base	a + c	356.9	1,524.6	237.0
e	Band D parish precept from previous year		£41.51	£13.93	£38.46
f	Loss of Income from Council Tax reductions	c x e	-£2,372	-£3,400	-£1,459
g	Grant payment (90% of lost income)	f x 90%	<u>£2,135</u>	<u>£3,060</u>	<u>£1,313</u>