
Cabinet

10 January 2023

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor R Brown

Director approving submission of the report:

Chief Operating Officer (Section 151 Officer)

Ward(s) affected:

All

Title:

The 2023/24 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 2023/24 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 21 February 2023.

Recommendations:

The Cabinet is recommended to:

1. Approve that the Council Tax collection rate for 2023/24 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 2023/24 shall be:

a net tax base of 86,075.2 for the whole of the City Council area made up as follows:

Allesley Parish	387.5
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Finham Parish	1,549.4
Keresley Parish	369.8
All Other Coventry City Council Wards	83,768.5
TOTAL	86,075.2

3. That the following grant payments should be made to parish councils to reflect the impact in 2023/24 of Council Tax reductions on their tax bases.

Allesley Parish	£2,057
Finham Parish	£3,114
Keresley Parish	£2,048
TOTAL	£7,219

List of Appendices included:

- Appendix A Tax Base Calculation for 2023/24 Tax Setting (Coventry)
- Appendix B Tax Base Calculation for 2023/24 Tax Setting (Allesley)
- Appendix C Tax Base Calculation for 2023/24 Tax Setting (Finham)
- Appendix D Tax Base Calculation for 2023/24 Tax Setting (Keresley)
- Appendix E Grant payments to parish councils

Other useful background papers:

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 2023/24 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 the 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 £2,057, £3,114 and £2,048 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 21 February 2023. The determination of the tax base is one part of the process and must occur before 31 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 **87,921.6** 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 30 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 2023/24 tax base, an adjustment of **-0.7%** 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 2023/24. Collection performance will be monitored throughout the forthcoming year and the rate reviewed as part of the determination of 2024/25 tax base.

2.2.4 Multiplying the gross tax base (A) of 87,921.6 by the collection rate (B) of 97.9% gives a recommended net tax base of **86,075.2** 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 387.5, 1549.4 and 369.8 respectively.

3. Results of consultation undertaken

None

4. Timetable for implementing this decision

The tax base assumed within this report relates to financial year 2023/24.

5. Comments from the Chief Operating Officer (Section 151 Officer) and the Chief Legal Officer

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 Tax setting and Budget Requirement Report that will be considered by Council on 21 February 2023.

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 31 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 2023/24 precepts in February 2023. It will also be used to set the City Council's element of the Council Tax for 2023/24, at the full Council meeting on 21 February 2023.

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 2023/24 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 2023/24 precept.

Report author(s):

Name and job title:

Phil Baggott, Lead Accountant

Service:

Finance

Tel and email contact:

Tel: 024 7697 2629

Email: phil.baggott@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Service	Date doc sent out	Date response received or approved
Contributors:				
Governance: Suzanne Bennett	Governance Services Co-ordinator	Law and Governance	5/12/22	5/12/22
Paul Jennings	Finance Manager (Corporate Finance)	Finance	19/12/22	19/12/22
Names of approvers: (officers and members)				
Legal: Sarah Harriott	Corporate Governance Lawyer	Law and Governance	5/12/22	5/12/22
Director: Barry Hastie	Chief Operating Officer (Section 151 Officer)	Finance	19/12/22	19/12/22
Members: Councillor Richard Brown	Cabinet Member (Strategic Finance and Resources)		19/12/22	19/12/22

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Appendix A Tax Base Calculation for 2023/24 Tax Setting (COVENTRY)

Band	A	B	C	D	E	F	G	H	TOTAL
	Entitled To Disabled Relief								
Properties on Valuation List	62,434	43,785	24,796	10,448	4,971	2,547	1,474	178	150,633
Percentage of Total	41.4%	29.1%	16.5%	6.9%	3.3%	1.7%	1.0%	0.1%	100.0%
Adjustments:									
Exempt Dwellings (B to W)	(6,720)	(1,424)	(1,039)	(625)	(212)	(172)	(62)	(49)	(10,303)
Disabled Persons Relief Additions	312	182	87	67	40	23	20	(20)	904
Disabled Persons Relief Deletions	(173)	(312)	(182)	(87)	(67)	(40)	(23)	(20)	(904)
Number of Chargeable Dwellings on Valuation List	I 173	42,231	23,662	9,803	4,732	2,358	1,409	109	140,330
Percentage of Total	0.1%	39.7%	16.9%	7.0%	3.4%	1.8%	1.0%	0.1%	100.1%
25% Discounts									
Single Person Discount (25%)	35	26,186	6,578	2,264	803	354	163	9	50,273
Dwellings entitled to 25% discount due to all but one resident being disregarded for council tax purposes	10	720	334	113	47	18	9	2	1,842
Total no. of dwellings with 25% discount	II 45	26,906	6,912	2,377	850	372	172	11	52,115
50% Discounts									
Dwellings entitled to 50% discount due to all residents being disregarded for council tax purposes	4	53	26	46	23	16	30	12	295
Dwellings classed as empty homes and entitled to 50% discount									
Total no. of dwellings with 50% discount	III 4	86	26	46	23	16	30	12	296
Total equivalent number of chargeable dwellings after discounts, exemptions and disabled persons relief									
[Calculation: I-(II x 0.25) - (III x 0.5)]	IV 159.75	49,083.50	21,921.00	9,185.75	4,508.00	2,257.00	1,351.00	100.25	127,153.25
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	V (1.12)	(343.58)	(153.45)	(64.30)	(31.56)	(15.80)	(9.46)	(0.70)	(890.08)
Total equivalent number of dwellings after accounting for retrospective amendments	VI 158.63	48,739.92	21,767.55	9,121.45	4,476.44	2,241.20	1,341.54	99.55	126,263.17
[Calculation: IV + V]									
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	VII (21.89)	(6,726.11)	(3,003.92)	(1,258.76)	(617.75)	(309.29)	(185.13)	(13.74)	(17,424.32)
Total equivalent number of dwellings after accounting for retrospective amendments	136.74	42,013.81	18,763.63	7,862.69	3,858.69	1,931.91	1,156.41	85.81	108,838.85
[Calculation: VI + VII]									
Ratio of Band to Band D (where Band D = 9)	5	6	8	9	11	13	15	18	
Gross Tax Base (to 1 decimal place)	76.0	28,009.2	25,689.3	7,862.7	4,716.2	2,790.5	1,927.3	171.6	87,921.6
Collection Rate									97.9%
Net Tax Base (to 1 decimal place)									86,075.2

Appendix B Tax Base Calculation for 2023/24 Tax Setting (ALLESLEY)

Band	A	B	C	D	E	F	G	H	TOTAL
	Entitled To Disabled Relief								
Properties on Valuation List	39	14	24	39	78	108	86	3	391
Percentage of Total	10.0%	3.6%	6.1%	10.0%	19.9%	27.6%	22.0%	0.8%	100.0%
Adjustments:									
Exempt Dwellings (A to W)	(1)	0	0	0	(1)	(1)	0	0	(3)
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	38	14	24	39	78	107	85	3	388
Percentage of Total	9.8%	3.6%	6.2%	10.1%	20.1%	27.5%	21.9%	0.8%	100.0%
25% Discounts									
Single Person Discount (25%)	17	8	8	9	16	29	13	0	100
Dwellings entitled to 25% discount due to all but one resident being disregarded for council tax purposes	1	0	0	0	1	0	0	0	2
Total no. of dwellings with 25% discount	18	8	8	9	17	29	13	0	102
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)]	33.50	12.00	22.00	36.75	73.75	99.75	81.75	2.00	361.50
Anticipated change in taxbase during the year including the effect of retrospective amendments									-0.7%
Change in equivalent number of chargeable dwellings as a result of estimated tax base change during the year	0.00	(0.08)	(0.15)	(0.26)	(0.52)	(0.70)	(0.57)	(0.01)	(2.52)
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: IV + V]	33.27	11.92	21.85	36.49	73.23	99.05	81.18	1.99	358.98
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	0.00	(1.64)	(3.02)	(5.04)	(10.11)	(13.67)	(11.20)	(0.27)	(49.54)
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: VI + VII]	28.68	10.28	18.83	31.45	63.12	85.38	69.98	1.72	309.44
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	8.0	16.7	31.5	77.2	123.3	116.6	3.4	395.8
Collection Rate									97.9%
Net Tax Base (to 1 decimal place)									387.5

Appendix C Tax Base Calculation for 2023/24 Tax Setting (FINHAM)

Band	A	B	C	D	E	F	G	H	TOTAL
	Entitled To Disabled Relief								
Properties on Valuation List	3	219	584	596	248	227	52	1	1,930
Percentage of Total	0.2%	11.3%	30.2%	30.9%	12.8%	11.8%	2.7%	0.1%	100.0%
Adjustments:									
Exempt Dwellings (A to W)	0	(7)	(11)	(5)	(5)	(1)	(1)	0	(30)
Disabled Persons Relief Additions	4	1	8	3	3	0	0	0	19
Disabled Persons Relief Deletions	0	(4)	(1)	(8)	(3)	(3)	0	0	(19)
Number of Chargeable Dwellings on Valuation List	0	209	580	586	243	223	51	1	1,900
Percentage of Total	0.0%	11.0%	30.5%	30.8%	12.8%	11.7%	2.7%	0.1%	100.0%
25% Discounts									
Single Person Discount (25%)	0	4	150	150	40	35	12	0	491
Dwellings entitled to 25% discount due to all but one resident being disregarded for council tax purposes	0	3	2	7	2	2	0	0	16
Total no. of dwellings with 25% discount	0	4	152	157	42	37	12	0	507
50% Discounts									
Dwellings entitled to 50% discount due to all residents being disregarded for council tax purposes	0	1	0	0	0	1	0	0	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	1	0	0	0	1	0	0	2
Total equivalent number of chargeable dwellings after discounts, exemptions and disabled persons relief [Calculation: I-(II x 0.25) - (III x 0.5)]	0.00	182.75	542.00	546.75	232.50	213.25	48.00	1.00	1,772.25
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	0.00	(1.28)	(3.79)	(3.83)	(1.63)	(1.49)	(0.34)	(0.01)	(12.41)
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: IV + V]	0.00	181.47	538.21	542.92	230.87	211.76	47.66	0.99	1,759.84
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	0.00	(0.82)	(74.27)	(74.92)	(31.86)	(29.22)	(6.58)	(0.14)	(242.86)
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: VI + VII]	0.00	156.43	463.94	468.00	199.01	182.54	41.08	0.85	1,516.98
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	121.7	412.4	468.0	243.2	263.7	68.5	1.7	1,582.6
Collection Rate									97.9%
Net Tax Base (to 1 decimal place)									1,549.4

Appendix D Tax Base Calculation for 2023/24 Tax Setting (KERESLEY)

Band	A	B	C	D	E	F	G	H	TOTAL
	Entitled To Disabled Relief								
Properties on Valuation List	99	71	156	54	70	28	17	6	501
Percentage of Total	19.8%	14.2%	31.1%	10.8%	14.0%	5.6%	3.4%	1.2%	100.1%
Adjustments:									
Exempt Dwellings (A to W)	(3)	(1)	(5)	(1)	0	0	(1)	0	(11)
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	97	70	150	53	71	27	17	5	490
Percentage of Total	19.8%	14.3%	30.6%	10.8%	14.5%	5.5%	3.5%	1.0%	100.0%
25% Discounts									
Single Person Discount (25%)	0	43	37	9	6	2	0	1	127
Dwellings entitled to 25% discount due to all but one resident being disregarded for council tax purposes	1	1	2	0	0	0	0	0	4
Total no. of dwellings with 25% discount	44	30	39	9	6	2	0	1	131
50% Discounts									
Dwellings entitled to 50% discount due to all residents being disregarded for council tax purposes	0	1	0	0	0	1	0	0	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	1	0	0	0	1	0	0	2
Total equivalent number of chargeable dwellings after discounts, exemptions and disabled persons relief [Calculation: I-(II x 0.25) - (III x 0.5)]	86.00	62.00	140.25	50.75	69.50	26.00	17.00	4.75	456.25
Anticipated change in taxbase during the year including the effect of retrospective amendments									-0.7%
Change in equivalent number of chargeable dwellings as a result of estimated tax base change during the year	0.00	(0.43)	(0.98)	(0.36)	(0.49)	(0.18)	(0.12)	(0.03)	(3.19)
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: IV + V]	85.40	61.57	139.27	50.39	69.01	25.82	16.88	4.72	453.06
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	0.00	(11.79)	(19.22)	(6.95)	(9.52)	(3.56)	(2.33)	(0.65)	-13.8%
Total equivalent number of dwellings after accounting for retrospective amendments [Calculation: VI + VII]	73.61	53.07	120.05	43.44	59.49	22.26	14.55	4.07	390.54
Ratio of Band to Band D (where Band D = 9)	5	6	8	9	11	13	15	18	
Gross Tax Base (to 1 decimal place)	0.0	49.1	41.3	43.4	72.7	32.1	24.3	8.1	377.7
Collection Rate									97.9%
Net Tax Base (to 1 decimal place)									369.8

Appendix E - Grant payment to Parish Councils

		Allesley	Finham	Keresley	
a	Tax Base without the effect of Council Tax reductions	449.5	1,797.4	429.0	
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	-62.0	-248.0	-59.2
d	Tax Base	a + c	387.5	1,549.4	369.8
e	Band D parish precept from previous year	£36.85	£13.95	£38.45	
f	Loss of Income from Council Tax reductions	c x e	-£2,286	-£3,460	-£2,276
g	Grant payment (90% of lost income)	f x 90%	<u>£2,057</u>	<u>£3,114</u>	<u>£2,048</u>