

COUNCIL TAX BASE CALCULATION 2020-21

Cabinet	14 January 2020
Report Author	Tim Willis, Deputy Chief Executive and s151 Officer
Portfolio Holder	Councillor Yates, Cabinet Member for Financial Services & Estates
Status	For Decision
Classification:	Unrestricted
Key Decision	Yes
Reasons for Key	Significant effect on community (Tax base to be confirmed to enable budget setting and expenditure)
Previously Considered by	None
Ward:	Thanet wide

Executive Summary:

The Council Tax base for the coming year is set by Thanet District Council and is used by Kent County Council, the Police and Crime Commissioner for Kent, Kent and Medway Fire and Rescue Authority and the various town and parish councils when setting their Council Tax and their precepts.

Recommendation(s):

It is recommended that Cabinet:

- (i) Approve the District's Council Tax Base for 2020-21 as 44,546.40 and the tax base for the towns and parishes in the Council's administrative area, as set out in the table at Annex 2;
- (ii) Approve the increase in premium for all properties that have been left empty and substantially unfurnished for five years but less than 10 years. This will take effect from April 2020 and will see the premium increased from 100% to 200%.
- (iii) Determine not to revise the Council Tax Reduction Scheme for 2020-21

CORPORATE IMPLICATIONS

Financial and Value for Money	<p>The Council Tax Base is used to calculate Council Tax levels for 2020-21. Failure to comply with timescales could delay Council Tax bills with the potential to affect collection and cash-flow.</p> <p>On the assumption that the levels of support under the Council Tax Reduction Scheme and the Discounts are adopted, the Council Tax Base</p>
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	for Thanet District Council will increase by 783 Band D properties between 2019-20 and 2020-21.								
Legal	This tax base has been prepared in accordance with the current regulations which came into force on 30 th November 2012. The Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI:2012:2914) The calculations are shown in Appendix 1.								
Corporate	Failure to confirm the decision will affect the collection of council tax and budget settings.								
Equalities Act 2010 & Public Sector Equality Duty	<p>Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.</p> <table border="1"> <tr> <td colspan="2">Please indicate which aim is relevant to the report.</td></tr> <tr> <td>Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td><td></td></tr> <tr> <td>Advance equality of opportunity between people who share a protected characteristic and people who do not share it</td><td></td></tr> <tr> <td>Foster good relations between people who share a protected characteristic and people who do not share it.</td><td></td></tr> </table> <p><i>No direct equality implications are recognised in this report.</i></p>	Please indicate which aim is relevant to the report.		Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,		Advance equality of opportunity between people who share a protected characteristic and people who do not share it		Foster good relations between people who share a protected characteristic and people who do not share it.	
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CORPORATE PRIORITIES (tick those relevant)✓	
Growth	✓
Environment	✓
Communities	✓

1. Introduction and Background

- 1.1 The Council is required to set its tax base by 31 January every year, for the following financial year. The tax base is defined in terms of the number of Band D equivalent properties, adjusted to reflect various discounts.
- 1.2 The Council is also required on an annual basis to determine whether and, if so, the extent to which it will reduce or remove any Council Tax Discounts.
- 1.3 The tax base for 2020-21 has been prepared in accordance with the current regulations which came into force on 30 November 2012. The calculations are shown in Annex 1.
- 1.4 As the Council Tax base is defined in terms of “Band D equivalent” dwellings, and Band D dwellings are treated as “average” houses, all other properties are defined as a ratio against Band D houses, and pay Council Tax in accordance with that ratio.
- 1.5 The table below illustrates how this works.

Council Band	Tax	Ratio to Band D	Number of Dwellings (based on the Valuation Office list)
Band A		6/9	16,257
Band B		7/9	19,583
Band C		8/9	17,587
Band D		9/9	7,752
Band E		11/9	3,958
Band F		13/9	1,502
Band G		15/9	752
Band H		18/9	35

- 1.6 The basis of the calculation is to multiply the number of dwellings in each band by their respective ratio, then add the totals together to produce a “Band D equivalent” total. This total includes a number of adjustments for factors such as single person discounts, people in receipt of Council Tax Reduction Scheme discounts, etc. The total is then adjusted for the anticipated collection rate, in order to determine the tax base. The assumed collection rate recognises that there will be an element of bad debt that will not be collected and as such the collection rate is set at 98% to reflect this.

Based on these factors it is recommended that the tax base for 2020-21 is set at **44,546.40**. This represents a 783.13 or 1.79% increase in the taxbase compared to 2019-20.

2. Identification of Options For the Setting of the Council Tax Base

- 2.1 The setting of the Council Tax base is mainly a mechanical process based on the projected number of properties, level of discounts and collection rates, and does not produce options for Members to consider.

3. Reduction of Council Tax Discounts

- 3.1 From the year 2013-2014, the Council removed the following Council Tax Discounts in order to meet the cost of operating the chosen Council Tax Reduction Scheme:
- (i) Second Home discount of 10% removed;
 - (ii) Empty property discount (Class C) removed.
- 3.2 Reductions in Council Tax discounts are required to be determined on an annual basis, and it is recommended that the existing Council Tax reductions/removals are continued for the year 2020-21.

4. Approve the increase for the Long Term Empty Premium

- 4.1 Legislation has been passed to allow councils to increase the Long Term Empty Premium currently being charged for domestic properties that have been left empty and substantially unfurnished for two years or more. This took effect from April 2019 and saw the premium increase from 50% to 100%. This means that when a property has been empty and unfurnished for two years or more, an additional 100% Council Tax was charged from April 2019, making Council Tax payable at 200% from April 2019.

The new legislation included the further increases in the premium for future years for properties that have been empty and substantially unfurnished for longer periods. Public consultation undertaken in December 2018 resulted in respondents being in favour of further increasing the Long Term Empty Premium for properties empty for between 5 years and 10 years to 200%, with effect from April 2020. This means that for properties empty and substantially unfurnished for between 5 years and 10 years, an additional 200% Council Tax will be charged, making Council Tax payable at 300% from April 2020. It is estimated that this will affect approximately 100 properties in Thanet.

From April 2021, the legislation will allow for a 300% premium on properties empty for longer than 10 years, making Council Tax payable at 400%.

There are two exceptions.

- 4.2 Where the property is left empty by a serving member of the armed forces, who is living elsewhere in accommodation provided by the Secretary of State for defence; or where the property is the sole or main residence of a serving member of the armed forces, who is subject to a job related discount at an alternative address provided by the Secretary of State for defence.
- 4.3 Empty Annexes are not subject to the Long Term Empty Premium.

5. Continuation of the current Council Tax Reduction Scheme

- 5.1 The reduction of Council Tax discounts is a separate decision from the decision to continue with the current Council Tax Reduction Scheme (which had been approved by the Full Council in January 2017). Consultation on a proposal to move to a banded scheme was undertaken in 2019, however responses to the changes were mixed and further work is required on the scheme before it can be progressed. As such it is recommended to continue the current scheme for 2020-21.

6. The Current Situation:

- 6.1 The calculation of the Tax Base has been undertaken in accordance with the current Regulations, "Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012:2914)", which came into force in November 2012.
- 6.2 A decision is required to implement the new tax base for 2020-21 which will replace the current one for 2019-20. There are no options for the calculation.

7. Options

- 7.1 There are no options available to Members other than to approve the Districts Council Tax base, approve no revision of the Council Tax Discounts, and approve no revision of the Council Tax Reduction Scheme. This is because calculation of council tax base is on the basis of set regulation as stated in the sections above. Regulations state that the Tax base must be agreed by January 31 each year.

Therefore;

- (i) Approve the District's Council Tax Base for 2020-21 and the tax base for the towns and parishes in the Council's administrative area, as set out in the table at Appendix 2;
 - (ii) Determine not to revise the Council Tax Reduction Scheme for 2020-21
- 7.2 There is however an option of not approving the increase in the charge for the Premium for properties empty for between 5 years and 10 years from 100% to 200%. Approval is sought further to the results of the consultation completed in December 2018 which concludes the opinions of the public in favour of this premium.

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Reporting to:	Tim Willis, Deputy Chief Executive and s151 Officer

Annex List

Annex 1	Council Tax Base Calculation for 2020-21
Annex 2	Council Tax Base For the Towns and Parishes

Background Papers

Local Government Finance Act	Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI: 2012:2914)
Council Tax Base Report 2020-21	Detailed calculations for District and Parish/Town Council Tax Bases

Corporate Consultation

Finance	Chris Blundell Head of Financial and Procurement Services
Legal	Estelle Finnegan Head of Legal & Democratic Services