

COUNCIL TAX BASE CALCULATION 2021-22

Cabinet	14 January 2021
Report Author	Tim Willis, Deputy Chief Executive & s151 Officer
Portfolio Holder	Cllr Rob Yates, Cabinet Member for Finance, Administration & Community Wealth Building
Status	For Decision
Classification:	Unrestricted
Key Decision	Budget and Policy Framework
Ward:	All

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 2021-22 as 44,155.70 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) Confirm the introduction of a council tax premium for all properties that have been left empty and substantially unfurnished for 10 years or more. This will take effect from 1 April 2021 and will introduce the premium at 300%.
- (iii) Determine not to revise the Council Tax Reduction Scheme for 2021-22.

Corporate Implications

Financial and Value for Money

The Council Tax Base is used to calculate Council Tax levels for 2021-22. Failure to comply with timescales could delay Council Tax bills with the potential to affect collection and cash-flow.

On the assumption that the levels of support under the Council Tax Reduction Scheme and the Discounts are adopted, the Council Tax Base for Thanet District Council will decrease by

390.70 Band D properties between 2020-21 and 2021-22. This has been reflected in the draft budget included elsewhere on the agenda.

Legal

This tax base has been prepared in accordance with the current regulations which came into force on 30th November 2012. The Local Authorities (Calculation of Council Tax Base) (England) 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 setting.

Equality Act 2010 & Public Sector Equality Duty

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.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

CORPORATE PRIORITIES

This report relates to the following corporate priorities: -

- 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 2021-22 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	16,299
Band B		7/9	19,618
Band C		8/9	17,688
Band D		9/9	7,803
Band E		11/9	3,995
Band F		13/9	1,532
Band G		15/9	772
Band H		18/9	34

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 2021-22 is set at **44,155.70**. This represents a decrease of 390.70 or 0.88% in the taxbase compared to 2020-21. The decrease in the taxbase has largely been driven by an increase in the number of people in receipt of Council Tax Reduction Scheme discounts as a result of the Covid-19 pandemic.

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 2021-22.

4. Approve the introduction of a Council Tax premium (a ‘Long Term Empty Premium’) for properties empty and substantially unfurnished for 10 years or more

- 4.1 Legislation was previously 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 meant that when a property had 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 legislation included 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 5 years or more to 200%, (which was introduced in Thanet from April 2020), and the Long Term Empty Premium at 300% (from April 2021), for properties empty and substantially unfurnished for 10 years or more.

Cabinet approval is now sought to implement the 300% Council Tax premium for properties empty and substantially unfurnished for 10 years or more from 1 April 2021. It is estimated that this will affect approximately 41 properties in Thanet.

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).
- 5.2 The current CTR scheme includes an increased ‘income disregard’, for 2020-21 only. This was introduced to combat the effects of the government increasing Working Tax Credit and Universal Credit (WTC/UC) by £20 per week, as a COVID support measure. The £20 per week is for one year only, and in legislation it ends in April 2021. The increased ‘income disregard’ in the current CTR scheme protects claimants from experiencing a drop in CTR entitlement due to them receiving increased WTC/UC, and aligns with how the Housing Benefit scheme works.
- 5.3 In his Spending Review 25 November 2020, the Chancellor confirmed that there are no plans to extend the £20 per week WTC/UC increase. Therefore it will end in April 2021 as set out in legislation. That being the case, the increased ‘income disregard’ will need to be reverted to the pre-COVID level.

- 5.4 Should the government decide the increase in the WTC/UC support be continued beyond April 2021, then it is recommended the corresponding increased 'CTR income disregard' remain in place for the equivalent period.
- 5.5 Cabinet is asked to approve this approach, to ensure claimants are treated equally and the CTR scheme remains aligned with the Housing Benefit scheme. In all other regards, other than the usual annual uprating of allowances and premiums (aligned with Housing Benefit), the CTR scheme remains unchanged, and recommended for continuation for 2021-22.

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) (England) 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 2021-22 which will replace the current one for 2020-21. There are no options for the calculation.

7. Options

- 7.1 There are no options available to Members other than to approve the District's 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 2021-22 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 2021-22
- 7.2 There is however an option of not approving the introduction in the charge for the Premium, at 300%, for properties empty and substantially unfurnished for 10 years or more. 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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Annex List

Annex 1: Council Tax Base Calculation for 2021-22

Annex 2: Council Tax Base for the Towns and Parishes

Background Papers

Empty Homes Plan 2020-23, December 20

Corporate Consultation

Finance: *N/A*

Legal: *Estelle Culligan, Director of Law and Democracy*