

COUNCIL TAX BASE CALCULATION 2022-23

Cabinet	13 January 2022
Report Author	Chris Blundell, Director of Finance and Acting S151 Officer
Portfolio Holder	Cllr David Saunders, Cabinet Member for Finance
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)

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 2022-23 as 44,975.20 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) Determines that council tax discounts remain unchanged for 2022-23
- (iii) Determines the "Long Term Empty Premium" for properties that have been left empty and substantially unfurnished:
 - for periods of 2 years but less than 5 years, a Long Term Empty Premium to be charged at 100%; and
 - for periods of 5 years but less than 10 years, a Long Term Empty Premium to be charged at 200%; and
 - for periods of 10 years or more a Long Term Empty Premium to be charged at 300%.
- (iv) Determine not to revise the Council Tax Reduction Scheme for 2022-23

Corporate Implications

Financial and Value for Money

The Council Tax Base is used to calculate Council Tax levels for 2022-23.

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 and premiums are confirmed, the Council Tax Base for Thanet District Council will increase by 819.50 Band D properties between 2021-22 and 2022-23.

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), and the calculations are shown in Appendix 1.

Corporate

Failure to confirm the decision will affect the collection of Council Tax and budget settings.

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.

This report relates to the following aim of the equality duty: -

- To eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act.
- To advance equality of opportunity between people who share a protected characteristic and people who do not share it
- To foster good relations between people who share a protected characteristic and people who do not share it.

No direct equality implications are recognised in this report.

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 2022-23 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	16,309
Band B		7/9	19,684
Band C		8/9	17,838
Band D		9/9	7,864
Band E		11/9	4,033
Band F		13/9	1,566
Band G		15/9	790
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 98.00% to reflect this.

Based on these factors it is recommended that the tax base for 2022-23 is set at 44,975.20. This represents an 819.50 or 1.86% increase in the tax base compared to 2021-22.

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 2013-14, 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 discounts are continued for the year 2022-23.

4. Approve the continuation of a Council Tax premium (a 'Long Term Empty Premium') for properties empty and substantially unfurnished, as follows:

- 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% (which was introduced in Thanet from April 2021), for properties empty and substantially unfurnished for 10 years or more.

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 approve a Council Tax Reduction (CTR) Scheme (of which the current scheme was approved by the Full Council in January 2017).

5.2 The current CTR scheme requires no changes, other than the usual uprating of personal allowances and premiums to align with the Department for Work and Pensions' annual uprating of benefits.

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 2022-23 which will replace the current one for 2021-22. 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 the 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 2022-23 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) Approve no changes to council tax discount and premiums
- (iii) Determine not to revise the Council Tax Reduction Scheme for 2022-23

Contact Officer: *Chris Blundell (Director of Finance)*

Reporting to: *Madeline Homer (Chief Executive)*

Annex List

Annex 1: Council Tax Base Calculation for 2022-23

Annex 2: Detailed calculations for District and Parish/Town Council Tax Bases

Corporate Consultation

Finance: *N/A*

Legal: *Estelle Culligan (Director of Law and Democracy)*

