

COUNCIL TAX BASE CALCULATION 2024/25

Cabinet	11th January 2024
Report Author	Chris Blundell, Director of Corporate Services and S151 Officer
Portfolio Holder	Cllr Rob Yates, Cabinet Member for Corporate Services
Status	For Decision
Classification:	Unrestricted
Key Decision:	Non Key
Ward:	Thanet Wide

Section 106 Local Government Finance Act 1992

Section 106 of the Local Government Finance Act 1992 applies to this item of business. If any member of the Council who is present at the meeting at which this report is considered owes any sum in respect of council tax which has remained unpaid for at least two months, they shall at the meeting and as soon as practicable after its commencement disclose the fact that section 106 applies to them and shall not vote on any question with respect to the matter.

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:

1. Determine that for the financial year 2024/25, the empty homes discount for properties unoccupied and unfurnished ('Class C' properties) remains at 0%, so that Council Tax will be payable in full on these properties.
2. Approve the District's Council Tax Base for 2024/25 as 46,454.06 and the tax base for the towns and parishes in the Council's administrative area, as set out in the table at Appendix 2.

3. Determines the “Long Term Empty Premium” for properties that have been left empty and substantially unfurnished:
 - (a) for periods of 1 year but less than 5 years, a Long Term Empty premium to be charged at 100%; and
 - (b) for periods of 5 years but less than 10 years, a Long Term Empty premium to be charged at 200%; and
 - (c) for periods of 10 years or more a Long Term Empty premium to be charged at 300%.
4. Formally approves the discontinuation of the council Tax ‘Class D’ discount, for properties undergoing structural alteration and/or major repair, effective from 1 April 2024.
5. Formally approves the Council Tax Reduction Scheme (CTRS) as set out in this report, effective from 1 April 2024.
6. Formally approves the application of a 100% Council Tax premium on properties that are unoccupied and furnished, often referred to as ‘second homes’ (‘Class B’ properties), applicable from 1 April 2025, in line with the Levelling-Up and Regeneration Act 2023.

Corporate Implications

Financial and Value for Money

The Council Tax Base is used to calculate Council Tax levels for 2024-25. 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 694.59 Band D properties between 2023-24 and 2024-25.

Legal

in relation to the setting of Council tax, the Council is bound to adhere to statutory requirements. These are set out in the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base (England)) Regulations 2012. This report ensures that the council is meeting its statutory requirements.

Under section 13A (2) of the Local Government Finance Act 1992, the Council as billing authority must make a localised Council Tax Reduction Scheme in accordance

with Schedule 1A of the Act. Each financial year the Council must consider whether to revise its scheme, or to replace it with another scheme. This report notes that the Council proposes no changes to the current scheme.

The relevant legal provisions of the Levelling up and Regeneration Act 2023 are set out in the body of this report.

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.

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 2024-25 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	16,337
Band B		7/9	19,990
Band C		8/9	18,156
Band D		9/9	8,091
Band E		11/9	4,159
Band F		13/9	1,642
Band G		15/9	822
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 98.00% to reflect this.

Based on these factors it is recommended that the tax base for 2024-25 is set at 46,454.06. This represents a 694.59 or 1.52% increase in the tax base compared to 2023-24.

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.

2.2 The Council is also required, on an annual basis:

- (a) To determine whether and, if so, the extent to which it will reduce or remove any Council Tax discounts;
- (b) To determine the Long Term Empty premium;
- (c) To approve, by 11th March, a CTRS for the coming financial year.

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

3.1 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.

3.2 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.

3.3 Empty Annexes are not subject to the Long Term Empty Premium.

4. Council Tax Reduction Scheme (Council Tax Reduction Scheme)

4.1 The Welfare Reform Act 2012 abolished Council Tax Benefit from April 2013 and, in accordance with Section 13A of the Local Government Finance Act 1992 the Council approved a local CTRS, with effect from 1 April 2013.

4.2 The current scheme, which has been in place since April 2020, was agreed and approved at full council on 29 January 2020. The Local Government Finance Act 1992 requires that for each financial year, the Council must consider whether to revise its scheme or to replace it with another scheme. Where a new scheme is proposed or revisions to an existing scheme are proposed, there must be prior consultation with major precepting authorities, and such other persons as are likely to have an interest in the operation of the scheme.

4.3 It is proposed that no changes are made to the CTRS for 2024/25, other than the annual national uprating of applicable amounts, allowances, and premiums.

5. Background to the Long Term Empty premium for properties empty (unoccupied and unfurnished) for more than 2 years

5.1 Legislation was passed in 2017 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% extra Council Tax payable. This means that if a property is empty and unfurnished for two years or more, but less than 5 years, Council Tax was charged at 200% from April 2019. Thanet introduced this premium from April 2019.

5.2 Further legislation was passed allowing billing authorities to charge an increased amount for properties left 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%, with effect from April 2020. This meant that for properties empty and substantially unfurnished for 5 years or more, Council Tax was charged at 300% from April 2020. Thanet introduced this premium from April 2020.

5.3 From April 2021, billing authorities have been able to further increase the premium for properties left empty and substantially unfurnished for 10 years or more. A council tax premium of 300% can be levied on such properties. This means that for properties left empty and substantially unfurnished for 10 years or more Council Tax can be charged at 400% from 1 April 2021. Thanet introduced this premium from April 2021.

6. Summary of the Levelling-Up & Regeneration Act 2023

6.1 The Levelling-Up & Regeneration Act ('the Act') received Royal Assent on 26 October 2023. The Act allows for, amongst other things, two important changes to Council Tax, as follows;

1. A change in the application of a Council Tax premium on 'Long Term Empty' properties. *Currently*, if a property has been unoccupied and unfurnished for 2 years but less than 5 years, then a 100% Council Tax premium can be applied to the property (Thanet District Council currently applies this premium in line with the relevant regulations). The Act allows for that 2 year period to be shortened to 1 year. The change to long term empty (LTE) premium can be implemented from 1 April 2024, in accordance with [S11B\(5\) LGFA 1992](#) which allows for a decision to be varied or revoked providing the decision is taken before the start of the financial year. 'Long Term Empty' premiums are applied to encourage owners to bring properties back into use so they are not left empty for extended periods.

2. The implementation of a Council Tax premium on 'second homes'. 'Second homes' are properties which are unoccupied but furnished. For some years now local councils have been able to apply a full Council Tax charge to second homes. Thanet District Council applies such a charge. The Act allows councils to apply a Council Tax premium of '*not more than 100%*' on second homes (so, if Thanet implemented the maximum premium permissible, that would mean an owner of property that is unoccupied and furnished in the district would pay double the normal council tax charge).

The council tax premium on 'second homes' requires a full year 'lead-in' period before it can be implemented. Therefore, the 'second home' premium could only be implemented from 1 April 2025 at the earliest, provided Full Council approves the charging of the 'second home' premium before 1 April 2024. Annex 3 shows the relevant part of the Act.

7.0 Changes to Council Tax 'Long Term Empty' premium

7.1 The Levelling-Up & Regeneration Act allows for a change in the application of a Council Tax premium on 'Long Term Empty' properties. The Act allows for the original 2 year period when the premium is applied to be shortened to 1 year.

7.2 Using figures as at 20 November 2023 there are 183 cases subject to the 'Long Term Empty' 100% Council Tax premium (empty for 2 years but less than 5 years). Using a Band D Council Tax figure of £2,173.17 this generates £397,690. Clearly, if the two year period is reduced to 1 year then that revenue will be received by the council one year earlier than at present. Based on a conservative assumption of collecting 75%, or £298k, the district's share (11.76%) of that revenue would be circa £35k, collected a year earlier than under existing legislation.

There will be properties currently empty that have not yet reached the 12 month milestone, and estimates of additional revenue can only ever be 'best estimate', as properties may be brought back into use before the milestone is reached.

7.3 The purpose is now to formally determine, for 2024/25, the charging of:

- (a) the 100% Long Term Empty premium for properties empty and unfurnished for periods of 1 year but less than 5 years;
- (b) the 200% Long Term Empty premium for properties empty and unfurnished for periods of 5 years but less than 10 years; and
- (c) the 300% Long Term Empty premium for properties empty and unfurnished for periods of 10 years or more

7.4 There are two exceptions

- First, 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.
- Second, empty annexes are not subject to the Long Term Empty premium.

8.0 Implementation of a 'second home' Council Tax premium for unoccupied but furnished properties

8.1 The Levelling-Up & Regeneration Act allows councils to apply a Council Tax premium of '*not more than 100%*' on properties that are unoccupied and furnished (often referred to as 'second homes'. That would mean an owner of property that is unoccupied and furnished in the district would pay double the normal Council Tax.

- 8.2 The estimated revenue generated for Thanet from implementing a 100% Council Tax premium on circa 1,932 second homes could be in the region of £370k per annum (again based on collecting 75% of the district's share of the yield).
- 8.3 In order to ensure that council records are accurate and that the Council Tax charged per property is correct, it is recommended that a formal review of properties that are shown on our database as unoccupied and furnished (a second home) is undertaken during 2024/25. This would primarily be by way of written communication with the liable party, but could also include home visits in disputed cases. This process would ensure, as far as reasonably practicable, that the council tax charges applied from 1 April 2025 would be accurate.
- 8.4 The Act states that to apply the 'second home premium' approval to do so must be given *at least 12 months before the implementation date*. Therefore I am seeking approval now, on the basis we have the required 12 months lead-in period, in order to apply the premiums from 1 April 2025.

9 Discontinuation of the Council Tax 'Class D' discount – Properties undergoing structural alteration and/or major repair

- 9.1 Currently, the council offers a council tax discount of 100% on properties that are empty and unfurnished and undergoing structural alteration and/or major repairs in order to make them habitable. This discount can apply for a maximum of 12 months. Currently there are 155 properties in the district attracting this discount.
- 9.2 It is recognised that Kent County Council is currently experiencing severe budget pressures. As the major Council Tax preceptor, KCC has sought the assistance of all Kent districts in terms of maximising the council Taxbase, through a review of any discounts being given to taxpayers. Currently for Thanet the only discount that could be modified, to increase the Taxbase, is the 'Class D' discount.
- 9.3 KCC is willing to offer an incentive payment to any district that agrees to remove the Class D discount. 3 districts in Kent have already removed the discount in previous years. The incentive payment equates to 25% of any council tax gain that KCC makes. Based on current numbers of Class D discounts in place that equates to: £235k, of which KCC share (70.6%) is £166k and TDC share (11.76%) is £28k. So, in total, TDC would receive 25% of £166k i.e. £41.5k + £28k = £69.5k.

- 9.4 In exceptional cases where, for example, families have been victims of fire or flood, and to charge them Council Tax in that situation would add unnecessary financial and emotional stress, the council's existing hardship scheme would apply. The expectation is that there would be no more than 2 or 3 such cases each year. The full amount of incentive funding (currently estimated at £69.5k) would be allocated to the council's Council Tax Discretionary Relief fund, and the council would aim to exhaust that funding each year. A review of this arrangement will be undertaken after year 2 of the scheme.
- 9.5 There is no formal requirement to consult on implementing the removal of this discount. Additionally, the current operation of the discount is administratively burdensome in terms of ascertaining what 'major works and/or structural repairs' look like and verifying that the property is unfurnished and not capable of being occupied. Removing the discount would alleviate that administrative burden, although that is not the main driver for recommending its removal.
- 9.6 Pre-existing Class D discounts in place as at 1 April 2024 would remain in place until the end of the 12 month discount period, or until the property becomes occupied, whichever is the earliest.
- 9.7 Applications for retrospective Class D discounts will cease on 1 April 2024.

10. The Current Situation:

- 10.1 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.
- 10.2 A decision is required to implement the new tax base for 2023-24 which will replace the current one for 2022-23. There are no options for the calculation.

11. Options

- 11.1 There are no options available to Members other than to approve the District's Council Tax base, and approve no revision of the Council Tax discounts. 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 it is recommended that Cabinet;

1. Determine that for the financial year 2024/25, the empty homes discount for properties unoccupied and unfurnished ('Class C' properties) remains at 0%, so that Council Tax will be payable in full on these properties.

2. Approve the District's Council Tax Base for 2024/25 as 46,454.06 and the tax base for the towns and parishes in the Council's administrative area, as set out in the table at Appendix 2.
3. Determines the "Long Term Empty Premium" for properties that have been left empty and substantially unfurnished:
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4. Formally approves the discontinuation of the council Tax 'Class D' discount, for properties undergoing structural alteration and/or major repair, effective from 1 April 2024.
5. Formally approves the Council Tax Reduction Scheme (CTRS) as set out in this report, effective from 1 April 2024.
6. Formally approves the application of a 100% Council Tax premium on properties that are unoccupied and furnished, often referred to as 'second homes' ('Class B' properties), applicable from 1 April 2025, in line with the Levelling-Up and Regeneration Act 2023.

Contact Officer: [Chris Blundell \(Director of Corporate Services & Section 151 Officer\)](#)
Reporting to: [Colin Carmichael \(Chief Executive\)](#)

Annex List

Annex 1: Council Tax Base Calculation for 2024-25
Annex 2: Detailed calculations for District and Parish/Town Council Tax Bases
Annex 3: Levelling-Up & Regeneration Act 2023 sections 79 and 80

Background Papers

None

Corporate Consultation

Finance: N/A

Legal: Ingrid Brown (Head of Legal and Democracy & Monitoring Officer)