

Subject:	COUNCIL TAX BASE 2019/20
Meeting and Date:	Council –30th January 2019
Report of:	Mike Davis, Strategic Director (Corporate Resources)
Portfolio Holder:	Councillor Mike Conolly, Portfolio Holder for Corporate Resources and Performance
Classification:	Unrestricted

Purpose of the report: To formally determine not to revise the reduction of Council Tax Discounts.

To formally determine not to revise the Council Tax Reduction Scheme.

To set the Council Tax base for 2019/20 by 31 January 2019, in accordance with the Local Government Finance Act 1992.

Consider the introduction of a Long Term Empty Premium, following the public consultation. Properties that have been left empty and substantially unfurnished for two years or more will attract a premium. This will take effect from April 2019 and will see the premium charged at 100% extra on the Council Tax payable.

Recommendation: It is recommended that Council:

1. Determine that for the financial year 2019/20, the empty homes discount remains at 0% for Class C empty properties, and continue to remove the discount for 2nd homes so that Council Tax will be payable in full on these properties.
2. Determine not to revise the Council Tax Reduction Scheme for 2019/20
3. Approve the District's Council Tax Base for 2019/20 as £38,526.26 and the tax base for the towns and parishes in the Council's administrative area, as set out in the table at Appendix 2.
4. Approve the introduction of the Long Term Empty Premium charge for properties that have been empty for 2 years or more.

1. Summary

- 1.1 The Council Tax base for the coming year is set by DDC, 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.

2. Introduction and Background

- 2.1 The Council is required to set its tax base by 31 January every year, for the following financial year. The taxbase is defined mainly in terms of the number of Band D equivalent properties, but it is then adjusted to reflect various discounts.
- 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 not to revise the Council Tax Reduction Scheme for 2019/20. This scheme was approved by full Council in 2017.
- 2.3 The tax base for 2019/20 has been prepared in accordance with the current regulations¹
- Which came into force on 30 November 2012. The calculations are shown in Appendix 1
- 2.4 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 “Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI:2012:2194)”

2.5 The table below illustrates how this works.

Council Tax Band	Ratio to Band D	Number of Dwellings (based on the Valuation Office list)²
Band A	6/9	7027
Band B	7/9	16677
Band C	8/9	13909
Band D	9/9	7108
Band E	11/9	4279
Band F	13/9	2354
Band G	15/9	1459
Band H	18/9	73

2.6 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 is followed by 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.

2.7 Based on these factors it is recommended that the tax base for 2019/20 is set at £38,526.26

3. Identification of Options for the Setting of the Council Tax Base

3.1 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 In the actual calculation this is adjusted for anticipated new build, demolitions, etc. expected during the year

4. Reduction of Council Tax Discounts

4.1 From the year 2013/2014 and subsequently, the Council removed the following Council Tax Discounts in order to meet the cost of operating the chosen Council Tax Reduction Scheme:

- (a) Second Home discount of 10% removed;
- (b) Empty property exemption (Class C) removed.

4.2 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 2019/20.

5. Council Tax Reduction Scheme

5.1 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 council tax reduction scheme, with effect from 1 April 2014, adopting, as the scheme, the document cited as “the Local Council Tax Support Scheme – Dover District Council 2015 (“the 2015 scheme”).

5.2 The revised scheme for 2017 was agreed and approved at full council on 30th November 2016 and therefore not cited in this report.

5.3 For 2019/20 (as in 2018/19), the CTS scheme for working-age people allows for a maximum CTS entitlement of 90%. How this works in practice is that every award of CTS is reduced by 10% before it is paid onto a person's council tax account. This way, everyone contributes towards their council tax liability.

6. Approve the Introduction of the Long Term Empty Premium.

6.1 Legislation had been passed in 2017 to allow councils to charge a Long Term Empty Premium for properties that had remained empty and substantially unfurnished for 2 years or more. Dover Council had not introduced this premium when it was introduced in 2017. New legislation passed in 2018 will now allow councils to increase this premium. The Long Term Empty premium will be charged at an extra 100% of the liable charge. A public consultation had been completed to inform the affected property owners. The premium will be introduced from April 2019. All properties identified as being substantially unfurnished and empty for 2 years or more will be charged at 200%. Further legislation has been passed to charge an increased amount for empty and substantially unfurnished for longer periods.

Current Council Tax records indicate that there are 222 properties that will fall into this category of an increased council tax liability. Whilst the collectable increase charge is likely to be in the region of £340,315.25, the actual yield to Dover District Council is approximately, £32,104.93 following the payments made to the preceptors. This may be subject to vary slightly as the properties status may change with regard to the empty status.

The current status is shown below:

Band	No of properties which have been empty since 01.04.17	Average Band Charge for 2018/2019	Estimated Levy Raised (based on 100%)
A	57	£1,145.19	£65,275.83
B	67	£1,336.05	£89,515.35
C	40	£1,526.92	£61,076.80
D	24	£1,717.79	£41,226.96
E	11	£2,099.52	£23,094.72
F	15	£2,481.25	£37,218.75
G	8	£2,862.98	£22,903.84
Grand Total	222		£340,312.25

6.2 There are two exceptions

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.

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

6.4 These are the only two exemptions that will be considered from the Long Term Empty Premium.

6.5 An Equality Impact Assessment has been completed and there are no protected characteristics which should be taken into consideration, this change in policy will affect all persons that own property or are liable for council tax on that property that has been empty for 2 years or more.

6.6 Results from the public consultation which took place in December 2018 can be found in Appendix 3

7. Identification and Evaluation of Options for the Reduction of Council Tax Discounts

7.1 The reduction of Council Tax discounts is a separate decision from the decision already taken to replace the Council tax Reduction Scheme. However, the additional income from

the reduction in discounts offsets the costs of the Council Tax Reduction Scheme and the two are in balance.

7.2 The options identified are:

- (1) Reinstatement of the Second Home discount of 10% and / or the empty property exemption (Class C)
- (2) Maintain the removal of the Second Home discount of 10% and the empty property exemption (Class C)

7.3 Option (1) would require the Council to review the level of support provided in the Council Tax Reduction Scheme and / or make reductions in the budgets for other services.

Option (2) is the recommended option for the continuation of the scheme. The operation of the scheme is continuously monitored, and is summarised in the Quarter 3 Performance Report included in the published Cabinet agenda for February 2019.

8. Corporate Implications

8.1 Comment from the Strategic Director (Corporate Resources) The Director has been consulted in the preparation of this report and has nothing further to add.

8.2 Comment from the Solicitor to the Council: The Solicitor to the council has been consulted in the preparation of this report and has nothing further to add.

8.3 Comment from the Equalities Officer: It is noted that an Equality Impact Assessment has been completed in relation to the changes to the long term empty premium and this has identified no specific equality implications. However, in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the

Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>.

9. Appendices

Appendix 1 – The Council Tax Base Calculation for 2019/20

Appendix 2 – The Council Tax Base for the Towns and Parishes

10. Background Papers

Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI: 2012:2914)

Detailed calculations for District and Parish/Town Council Tax Bases

Contact Officer: Mandie Kerry, Income Manager, EK Services Mandie.kerry@civica.ekservices.org

The Council Tax Base Calculation for 2019/20

Council Tax Base = A x B:

- (i) A is the total of the "relevant amounts" (or Band D equivalents) for that year for each of the valuation bands which is shown or is likely to be shown for any day in that year in the authority's valuation list as applicable to one or more dwellings situated in this area.
- (ii) B is the authority's estimate of its collection rate for that year (97.65%)
- (iii) The "relevant amount" for a valuation band is the amount found by applying the formula: $(H - Q + E + J) \times (F/G)$
- (iv) H is the number of chargeable dwellings in the area of the Council (as billing authority) on calculated in accordance with the regulations at 30th November 2012
- (v) Q is the factor to take account of the discounts to which the amount of council tax payable was subject to that band, estimated in accordance with the regulations at 30th November 2012
- (vi) E is a factor to take into account any premiums, if any, to which the council tax payable was subject to that band, estimated in accordance with the regulations at 30th November 2012
- (vii) J is the estimated adjustments due to change in the number of dwellings, exemptions and discounts.
- (viii) Z is the total amount that the authorities estimates will be applied in relation to the Authorities council tax reduction scheme in relation to the band, expressed as an equivalent number of chargeable dwellings in the band.
- (ix) F is the number which is the proportion of dwellings in that band.
- (x) G is the number that, in that proportion, is applicable to dwellings in band D.

The amount calculated for Dover District Council's Council Tax Base in 2019/20 is £38,526.26 save for the following parts of the Council's administrative area where its Council Tax Base shall be the amounts shown against each part respectively.

Collection rate has been reviewed with regard to the changes, Council Tax Support discounts and exemptions. This report seeks the approval of the collection rate of 97.65%.

Appendix 2

Parish	2018/19 Tax Base - using collection rate	2019/20 Tax Base using collection rate
Alkham	307.61	310.13
Ash	1126.94	1152.87
Aylesham	1365.88	1474.03
Capel-Le-Ferne	660.15	659.24
Deal	6651.71	6750.79
Denton-with-Wootton	171.45	172.51
Dover	8073.27	8198.33
Eastry	788.15	816.95
Eythorne	782.97	792.44
Goodnestone	171.61	174.81
Great Mongeham	268.71	268.83
Guston	374.95	399.09
Hougham-Without	183.08	182.30
Langdon	227.56	236.07
Lydden	254.42	251.67
Nonington	293.16	295.01
Northbourne	267.72	269.95
Preston	326.30	366.78
Ringwould-with-Kingsdown	1018.86	1021.39
Ripple	152.03	149.51
River	1487.35	1488.97
St Margarets-at-Cliffe	1303.27	1294.76
Sandwich	1992.46	1917.37
Shepherdswell-with-Coldred	753.56	757.31
Sholden	746.02	736.36
Staple	229.77	232.27
Stourmouth	113.25	116.29
Sutton-by-Dover	307.40	303.62
Temple Ewell	645.05	651.17
Tilmanstone	153.26	154.16
Walmer	3290.37	3337.77
Whitfield	1933.63	1972.43
Wingham	681.07	677.85
Woodnesborough	464.24	465.57
Worth	465.46	477.65
Total	37,962.69	38,526.26

Results from the Public Consultation on the introduction of the Long Term Empty Premium.

The consultation was published on the Dover District Council website and ran for a month during December 2018. Customers were asked to agree or disagree with Dover introducing the Long Term Empty Premium. There was also an opportunity to provide comments about the charge.

The public were asked to complete an on line form, however other methods were available if this was not possible.

48 people completed the consultation and from that 40 people agreed to introduce the Premium and 8 disagreed.

38 comments were left and of those, 26 were in favour of the introduction of the premium, 4 people disapproved of the introduction of the premium.

8 people neither approved nor disapproved but had entered comments with views around the types of properties, customers personal circumstances and whether this would discourage landlord's buying part derelict properties to rent when it may take a longer period to renovate.

Sample of positive comments;

"Anything that increases the availability of housing is a positive step and two years is plenty to either bring it back into use or sell it to someone who can"

"We need to secure more affordable housing and if a property is left empty for long periods of time the council needs to take action"

"I think it is an excellent idea, and may free up houses for the homeless"

"Should have happened a long time ago"

Sample of negative comments;

"The Council are not inflicted with additional costs because these properties are empty so these additional charges are fines without justification other than money making scam on their core customers"

"It is unacceptable interference by the state"

“None of the Council’s business if I choose to keep a property empty I am already paying the council tax on the property. This is claiming money under false pretences and is despicable. You have no right to tell me what to do with my property”.

Equality Impact Assessment

An Equality Impact assessment has been completed and identifies no protected characteristics or equality issues for any members of the public which may be affected by this change. Any person that has ownership or liability to pay the council tax for properties that have been empty for 2 years or more will be affected.