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<b>Subject:</b>	<b>COUNCIL TAX BASE 2015/16</b>
<b>Meeting and Date:</b>	<b>Council – 29<sup>th</sup> January 2015</b>
<b>Report of:</b>	<b>Mike Davis, Director of Finance, Housing and Community</b>
<b>Portfolio Holder:</b>	<b>Councillor Mike Conolly, Portfolio Holder for Corporate Resources and Performance</b>
<b>Classification:</b>	<b>Unrestricted</b>

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**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 or replace it with another scheme.

To set the Council Tax base for 2015/16 by 31 January 2015, in accordance with the Local Government Finance Act 1992.

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**Recommendation:** It is recommended that Council:

1. Determine not to revise the Council Tax Discounts.
2. Determine not to revise the Council Tax Reduction Scheme or replace it with another scheme.
3. Approve the District's Council Tax Base for 2015/16 as 35,503.73 and the tax base for the towns and parishes in the Council's administrative area, as set out in the table at Appendix 2.

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## 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) Consider whether to revise its Council Tax Reduction Scheme or to replace it with another scheme.

- 2.3 The tax base for 2015/16 has been prepared in accordance with the current regulations<sup>1</sup> 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.
- 2.5 The table below illustrates how this works.

<b>Council Tax Band</b>	<b>Ratio to Band D</b>	<b>Number of Dwellings (based on the Valuation Office list)<sup>2</sup></b>
Band A	6/9	6,850
Band B	7/9	16,153
Band C	8/9	13,295
Band D	9/9	6,736
Band E	11/9	4,125
Band F	13/9	2,211
Band G	15/9	1,402
Band H	18/9	70

- 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 2015/16 is set at 35,503.73.

### **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.

### **4. Reduction of Council Tax Discounts**

- 4.1 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:

<sup>1</sup> “Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI:2012:2194)

<sup>2</sup> In the actual calculation this is adjusted for anticipated new build, demolitions etc expected during the year)

- (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 2015/16.
- 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 2014 (“the 2014 scheme”). This was continued for the financial year 2014/15 – it was not revised or replaced with another scheme.
- 5.2 It is recommended that the local scheme, as previously adopted for the 2013/14 and continued in the 2014/15 financial years is not revised or replaced. If this is agreed, the scheme will continue in force but will operate with reference to current amounts and dates as necessary. The main features of the scheme are:
  - (a) The council will continue to make a reduction of 6% from the Council Tax Support award for those customers who are not treated as pensioners under the conditions of the scheme. This will be deducted from the final weekly amount awarded rather than the maximum eligible Council Tax figure.
  - (b) Dover District Council will follow the prescribed scheme for people of pensionable age, who will continue to receive the full assistance for their council tax liability.
- 5.3 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. **Identification and Evaluation of Options For the Reduction of Council Tax Discounts and Continuation of the current Council Tax Reduction Scheme**
- 6.1 The reduction of Council Tax discounts is a separate decision from the decision not to revise the Council Tax Reduction Scheme, or replace it with another 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.
- 6.2 The options identified are:
  - (a) Reinstatement of the Second Home discount of 10% and / or the empty property exemption (Class C) and consider reductions in the Council Tax Reduction Scheme; or
  - (b) Maintain the removal of the Second Home discount of 10% and the empty property exemption (Class C), and maintain the current Council Tax Reduction Scheme.
- 6.3 Option (a) would require the Council to reduce the level of support provided in the Council Tax Reduction Scheme and / or make reductions in the budgets for other

services. Reduction in support for the Council Tax Reduction Scheme will have the greatest impact on those on lowest incomes. It should also be noted that Council Tax collection rates have been maintained, but would probably be reduced by this measure. The operation of the scheme is continuously monitored, and is summarised in the Council's Performance Reports.

6.4 In addition, the latest consultation on Council services showed limited public appetite for service budget reductions. For these reasons option (a) is not supported and option (b) is the preferred option

## 7. **Corporate Implications**

7.1 Comment from the Director of Finance, Housing and Community: Finance has been consulted and has no further comment to make. (SG).

7.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

7.3 Comment from the Equalities Officer: This report does not specifically highlight any equalities implications however, in discharging their responsibilities 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>.

## 8. **Appendices**

Appendix 1 – The Council Tax Base Calculation for 2015/16

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

## 9. **Background Papers**

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

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**The Council Tax Base Calculation for 2015/16**

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 (97.61%)
- (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 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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 2015/16 is 35,503.73 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 97.61%

## Appendix 2

<b>Parish</b>	<b>2014/15 Tax Base - using collection rate</b>	<b>2015/16 Tax Base using collection rate</b>
Alkham	295.98	295.37
Ash	1,089.49	1,088.34
Aylesham	856.85	862.66
Capel-Le-Ferne	611.33	616.81
Deal	6,198.04	6,344.48
Denton-with-Wootton	165.76	168.76
Dover	7,369.24	7,514.01
Eastry	751.08	752.72
Eythorne	756.66	765.70
Goodnestone	172.11	172.38
Great Mongeham	264.40	263.00
Guston	380.11	383.17
Hougham Without	179.72	182.26
Langdon	223.62	224.80
Lydden	242.06	244.11
Nonington	290.02	295.31
Northbourne	264.03	265.29
Preston	259.90	258.52
Ringwould with Kingsdown	1,023.87	1,011.53
Ripple	144.36	145.75
River	1,476.86	1,478.45
St Margarets-at-Cliffe	1,236.70	1,241.27
Sandwich	1,839.39	1,884.80
Sheperdswell-with-Coldred	725.57	732.71
Sholden	435.32	452.45
Staple	227.75	227.81
Stourmouth	112.18	109.72
Sutton by Dover	297.88	298.00
Temple Ewell	619.63	628.25
Tilmanstone	149.22	149.99
Walmer	3,211.85	3,224.73
Whitfield	1,736.53	1,744.48
Wingham	646.98	659.48
Woodnesborough	383.49	383.49
Worth	432.47	433.13
<b>Total</b>	<b>35,070.45</b>	<b>35,503.73</b>