
Subject:	COUNCIL TAX BASE 2021/22
Meeting and Date:	COUNCIL – 27 JANUARY 2021
Report of:	Mike Davis, Strategic Director (Corporate Resources)
Portfolio Holder:	Councillor Chris Vinson, Portfolio Holder for Finance, Governance, and Digital
Classification:	UNRESTRICTED

Purpose of the report: To set the Council Tax base for 2021/22, to determine Council Tax Discounts and the “Long Term Empty Premium” for properties that have been left empty and substantially unfurnished and agree to consult on changes to the current Council Tax Reductions Scheme for the financial year 2021/22 .

- Recommendation:** It is recommended that Council:
1. Determine that for the financial year 2021/22, the empty homes discount for properties unoccupied and unfurnished remains at 0%, so that Council Tax will be payable in full on these properties.
 2. Approve the District's Council Tax Base for 2021/22 as 38,993.94 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. Formally determines the “Long Term Empty Premium” for properties that have been left empty and substantially unfurnished:
 - (a) for periods of 2 years 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. Consults on a revision to the current Council Tax Reductions Scheme (CTRS) for the financial year 2021/2022 to embody within the scheme the principal that the income bands within the income grid used in the Scheme are automatically adjusted upwards or downwards from time to time to reflect:-
 - (a) Adjustments of the National Living Wage

- (b) Adjustments in Working Tax Credit and Universal Credit received by claimants from the government as a COVID support measure.

So that the percentage discount receivable by claimants is not negatively affected by these adjustments to the National Living Wage and adjustments in Working Tax Credit and Universal Credit awarded to claimants by the government as a COVID support measure.

And that accordingly the grid shown at Appendix 4 be substituted for the grid currently in the scheme, with the figures shown to be uplifted by £20 (or any other amount) for any period of 2021/22 to reflect the Government's adjustments in Working Tax Credit and Universal Credit.

1. Summary

- 1.1 The Council Tax base for the coming year is set by Dover 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.
- 1.2 The taxbase for 2020/21 was 39,029.75 Band D equivalents. The proposed taxbase for 2021/22 is 38,993.94 Band D equivalents. This is a reduction of 35.81 Band D equivalents, or 0.09%.
- 1.3 The main factor causing downwards pressure on the tax base is the assumed increase in the level of CTRS in 2021/22 over and above the assumed level when the 2020/21 tax base was set, reflecting the more challenging economic conditions that are expected.

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 tax base is defined mainly in terms of the number of Band D equivalent properties, but it is then adjusted to reflect the collection rate, various discounts and the level of CTRS claimed.
- 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.

- 2.3 The tax base for 2021/22 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.
- 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	7,047
Band B	7/9	16,872
Band C	8/9	14,061
Band D	9/9	7,269
Band E	11/9	4,357
Band F	13/9	2,403
Band G	15/9	1,508
Band H	18/9	76

- 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 adjustments, the most significant of which is for single person discounts.
- 2.7 Final adjustments are required to allow for non-collection and assumptions in the level of CTRS required in the year. The council is required to estimate what its collection rate is likely to be and apply this to its council tax base. It is proposed to use a collection rate of 97.65% and to increase the assumed level of CTRS by 6% for 2021/22. This results in a tax base of 38,993.94 Band D equivalent properties.

3. Reduction of Council Tax Discounts

- 3.1 From the year 2013/2014 and subsequently, the Council removed the following Council Tax Discounts in order to offset some of the cost of operating the CTRS:

¹ “Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI:2012:2914)”

² 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.
- 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 2021/22.

4. 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 basic design of the CTRS for 2021/2022 but, in order to enable the CTRS to cope with certain changes during the year, that two minor revisions are made to increase/decrease the income bands used to determine discounts to reflect:
- i) the level of the National Living Wage set by government; and
 - ii) to 'track' the amount by which the government enhances or reduces levels of Working Tax Credit/Universal Credit as a response to the COVID 19 pandemic from time to time or removes them.
- 4.4 National Living Wage
- 4.5 The starting point for the figures contained within the grid is the hourly rate of the National Living Wage (NLW) for the relevant year. When the grid was first created this was £8.21 per hour. Currently it is £8.72 per hour.
- 4.6 The government has asked the Low Pay Commission to increase the NLW to two thirds of median earnings by 2024. This would mean increasing the NLW to £9.21 per hour (with a likely range of 6p above or below), from April 2021. The Low Pay Commission has consulted on that proposed increase. The outcome of that consultation is not yet known.
- 4.7 If the outcome is that the NLW increases to £9.21 per hour, then to ensure the CTRS income grid reflects the levels of pay that working age people can expect to receive, the CTRS income grid would need to increase to reflect that NLW at £9.21 per hour. What that income grid would look like is shown at Appendix 4.

- 4.8 The government may not decide on a new rate of NLW until after the date by which a CTS scheme must be approved (11 March). If that happens, the CTRS income grid could be out of step with NLW. Councillors are therefore asked to approve a revision to the scheme whereby the principle would be embodied within the scheme that the salary bands shown in the income grid would be automatically be adjusted upwards (or, exceptionally, downwards) from time to time to reflect adjustments of the NLW.
- 4.9 Working Tax Credit/Universal Credit
- 4.10 The current grid at Appendix 3 is based on the NLW of £8.72 per hour, but then each amount is increased by £20 per week. This increase was made to effectively offset the £20 per week increase in Working Tax Credit and Universal Credit that each WTC/UC claimant received from the government for the year 2020/21 (this was given as a COVID support measure for claimants) in order to ensure that no claimants lose the additional £20 benefit of, or are negatively affected by, the increase .
- 4.11 It should be noted that the £20 increase in WTC/UC is a ‘one year only’ arrangement, and will be removed from 4 April 2021, unless legislation is amended. Legislation enabled the increases to be made effective, and for them to be withdrawn from 4 April 2021 (for WTC this is the Coronavirus Act 2020, section 77, and for UC this is The Social Security (Coronavirus) (Further Measures) Regulations 2020 [S.I 2020/371]).
- 4.12 The Chancellor, in his Spending review 25 November 2020, made no plans to amend the legislation further. There are calls, from welfare organisations such as the Joseph Rowntree Foundation, to make the £20 increase permanent and to extend it to other benefits, but currently the increase will be removed from 4 April 2021, as originally planned.
- 4.13 It therefore follows, at time of writing, that for April 2021 the income grid in the CTRS scheme needs to revert to pre-COVID levels (see Appendix 3). This will ensure that when a claimant’s WTC/UC is reduced by £20, the CTS income grid is also reduced by £20 overall, thereby keeping claimants at the correct level of CTS entitlement .
- 4.14 However, by amending the scheme to “track” the additional £20, if the term of this increase is extended, or if it is reintroduced at a later date, or for a different amount, the scheme will automatically adjust for this to protect claimants. If this amendment is not introduced it might prove impossible to protect claimants in this way during 2021/22.

Consultation

- 4.15 In view of the limited revisions to the scheme, (which in effect only allow claimants to continue to enjoy discounts which have been available to them in 2020/2021 through other mechanisms), it is proposed to adopt a ‘light touch’ approach to consultation. Major precepting authorities will be written to and the proposed revisions will be posted on the Council’s website. The matter will be brought back to the Council meeting scheduled for 3 March 2021 for final determination.

5. Long Term Empty Premium for properties empty 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. Dover 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. Dover introduced this premium from April 2020.
- 5.3 From April 2021, billing authorities can again further increase the premium for properties left empty and substantially unfurnished for 10 years or more. This means that for properties left empty and substantially unfurnished for 10 years or more Council Tax will be charged at 400% from 1 April 2021.
- 5.4 Whilst exact figures for 1 April cannot be provided (due to possible changes in circumstances between now and then) at the time of writing this report there are 18 properties in Dover that will be affected by this change on 1 April 2021.
- 5.4 Results from the public consultation which took place in December 2018 were put to Full Council on 30 January 2019, and all increases were approved. The purpose is now to formally determine the charging of:
- (a) the 100% Long Term Empty Premium for properties empty and unfurnished for periods of 2 years 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

5.5 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.

- 5.6 Second, empty Annexes are not subject to the Long Term Empty Premium.

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

6.1 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, except for the recommended empty home discounts and the long term empty property premium. Although Members do have the option to amend these discounts and the premium, it is recommended that Members approve them as recommended because:

- they send an important message to property owners about the use of property in a time of housing shortage;
- the discounts and premium are part of an overall package agreed with KCC and all Kent districts to introduce broadly equivalent schemes (when combined with the Council tax Support Schemes) in exchange for administrative / financial support from KCC, who are the main recipient of the Council Tax.

7. Corporate Implications

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

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 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>.

8. Appendices

Appendix 1 – The Council Tax Base Calculation for 2021/22

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

Appendix 3 – Current CTRS 'income grid' 2020/21 (with NLW at £8.72 per hour and a £20 uplift)

Appendix 4 - Illustrative 2021/22 CTRS income grid (with NLW at £9.21 per hour (but not including the £20 uplift as it is subject to changes by government)).

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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[https://dovergovuk.sharepoint.com/sites/msteams_389aa4/Shared Documents/General/Budgets/2021-22/Rates and Precepts/Precepts/Tax Base/DDC taxbase report for council 2021-22 MG draft v5 \(002\).docx](https://dovergovuk.sharepoint.com/sites/msteams_389aa4/Shared Documents/General/Budgets/2021-22/Rates and Precepts/Precepts/Tax Base/DDC taxbase report for council 2021-22 MG draft v5 (002).docx)

The Council Tax Base Calculation for 2021/22

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 2021/22 is 38,993.94 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	2020/21 Tax Base - using collection rate	2021/22 Tax Base using collection rate
Alkham	304.27	303.93
Ash	1161.21	1177.32
Aylesham	1568.81	1567.16
Capel-Le-Ferne	673.96	677.79
Deal	6828.29	6763.64
Denton-with-Wootton	171.43	177.95
Dover	8299.07	8162.52
Eastry	817.26	807.20
Eythorne	802.60	793.06
Goodnestone	174.43	173.63
Guston	403.13	417.05
Hougham Without	180.70	179.72
Langdon	242.80	237.42
Lydden	257.00	260.97
Nonington	295.03	293.20
Northbourne	270.56	277.73
Preston	380.46	384.78
Ringwould with Kingsdown	1028.01	1025.62
Ripple	148.49	142.39
River	1496.74	1487.93
St Margarets-at-Cliffe	1303.78	1299.06
Sandwich	1940.37	1939.66
Shepherdswell-with-Coldred	765.48	766.76
Sholden	736.50	722.01
Staple	232.89	232.32
Stourmouth	116.46	117.02
Sutton by Dover	304.77	307.89
Temple Ewell	662.04	666.71
Tilmanstone	156.52	159.70
Whitfield	2039.52	2079.88
Wingham	685.90	749.80
Woodnesborough	479.01	494.80
Worth	487.42	490.17
Great Mongeham	274.27	271.50
Walmer	3340.57	3385.65
<i>Total Band D Equivalents</i>	39029.75	38993.94

Current CTRS income grid 2020/21

ILLUSTRATIVE CTS INCOME GRID REVISED FOR ADDITIONAL £20 FOR INCREASED WTC AND UC (COVID-19) MARCH 2020 (this is the £20 uplifted grid, in place for 1 year only 01.04.20 – 31.03.21).

NLW at £8.72 PH This is the current grid in place.

£	Single person	Couple	Family/single parent with 1 child	Family/single parent with 2+ children	% discount on council tax bill
band 1 income range	0 to 107.20	0 to 147.20	0 to 197.20	0 to 247.20	90
band 2 income range	107.21 to 150.80	147.21 to 190.80	197.21 to 240.80	247.21 to 290.80	75
band 3 income range	150.81 to 194.40	190.81 to 234.40	240.81 to 284.40	290.81 to 334.40	60
band 4 income range	194.41 to 238.00	234.41 to 278.00	284.41 to 328.00	334.41 to 378.00	45
band 5 income range	238.01 to 281.60	278.01 to 321.60	328.01 to 371.60	378.01 to 421.60	30

Illustrative 2021/22 CTRS income grid

ILLUSTRATIVE CTRS INCOME GRID REVISED FOR POSSIBLE NLW AT £9.21 P/H (April 21) – this is the grid if the NLW increases to £9.21 from April 2021).

The grid does not include the possible £20 uplift, which will automatically be added if the £20 (or any other amount) uplift is implemented by Government.

£	Single person	Couple	Family/single parent with 1 child	Family/single parent with 2+ children	% discount on council tax bill
band 1 income range	0 to 92.10	0 to 132.10	0 to 182.10	0 to 232.10	90
band 2 income range	92.11 to 138.15	132.11 to 178.15	182.11 to 228.15	232.11 to 278.15	75
band 3 income range	138.16 to 184.20	178.16 to 224.20	228.16 to 274.20	278.16 to 324.20	60
band 4 income range	184.21 to 230.25	224.21 to 270.25	274.21 to 320.25	324.21 to 370.25	45
band 5 income range	230.26 to 276.30	270.26 to 316.30	320.26 to 366.30	370.26 to 416.30	30