
Subject: COUNCIL TAX BASE AND COUNCIL TAX REDUCTION SCHEME
2022/23

Meeting and Date: COUNCIL – 26 JANUARY 2022

Report of: Mike Davis, Strategic Director (Corporate Resources)

Portfolio Holder: Councillor Chris Vinson, Portfolio Holder for Finance, Governance, and Digital

Classification: UNRESTRICTED

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, he shall at the meeting and as soon as practicable after its commencement disclose the fact that section 106 applies to him and shall not vote on any question with respect to the matter.

Purpose of the report: To set the Council Tax base for 2022/23, to determine Council Tax Discounts and premiums, and to agree to leave the current Council Tax Reductions Scheme (CTRS) unchanged for the financial year 2022/23.

Recommendation: It is recommended that Council:

1. Determine that for the financial year 2022/23, 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 2022/23 as 39,763.21 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 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. Formally approves the CTRS as unchanged from 2021/22, using the 'income bands' attached at Appendix 3.
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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 2021/22 was 38,993.94 Band D equivalents. The proposed taxbase for 2022/23 is 39,763.21 Band D equivalents. This is an increase of 769.27 Band D equivalents, or 1.97%.

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 2022/23 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	7,098
Band B	7/9	17,040

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

Council Tax Band	Ratio to Band D	Number of Dwellings (based on the Valuation Office list)²
Band C	8/9	14,187
Band D	9/9	7,354
Band E	11/9	4,415
Band F	13/9	2,450
Band G	15/9	1,533
Band H	18/9	75

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%. This results in a tax base of 39,763.21 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:

- (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 2022/23.

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 CTRS for 2022/2023. This would mean deviating from the previously agreed methodology of the income bands in the scheme reflecting the level of the National Living Wage in force at 1 April each year, as explained in the following paragraphs.
- 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 £8.91 per hour.
- 4.6 The government has announced that the NLW will be £9.50 per hour from 1 April 2022. Ordinarily, this would mean that the income bands in the scheme from 1 April 2022 would be based on £9.50 per hour. The 'income bands' based on £9.50 per hour are shown at Appendix 4.
- 4.7 **Using those bands would be less generous than the current scheme.** That is because for 2021/22 councillors approved income bands that were based on the NLW at £8.91, but were then uplifted overall by £20 per week, to offset the national £20 per week increase in Universal Credit and Working Tax Credit. That decision was made to ensure that local people were not financially disadvantaged by the government increasing those benefits nationally which would then have reduced the support paid via CTR.
- 4.8 As can be seen at Appendices 3 and 4, the current income bands are slightly more generous than income bands that would normally be used if those bands were created using the NLW in force at 1 April 2022. Therefore, the recommendation is to leave the existing income bands unchanged for 2022/23, to prevent any claimants experiencing reductions in CTR. There will be a need to review the existing methodology of annually aligning the income bands to the NLW compared to some other measure for annually adjusting CTR, to ensure the CTRS is sustainable and affordable in future years.

Consultation

- 4.9 In view of the fact that no changes to the scheme are being proposed, there is no need to enter into consultation on the scheme for 2022/23.
- 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 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. Dover introduced this premium from 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, for 2022/23, 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.
- 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 premiums 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 2022/23

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

Appendix 3 – Current CTRS 'income grid' 2021/22 (with NLW at £8.91 per hour and a £20 uplift). This is the income grid proposed for 2022/23.

Appendix 4 - Illustrative comparative 2022/23 CTRS income grid using NLW at £9.50 per hour.

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/2022-23/Rates and Precepts/Tax Base/528186 - DRAFT DDC taxbase report for council 2022-23 MG final draft \(003\).docx](https://dovergovuk.sharepoint.com/sites/msteams_389aa4/Shared Documents/General/Budgets/2022-23/Rates and Precepts/Tax Base/528186 - DRAFT DDC taxbase report for council 2022-23 MG final draft (003).docx)

The Council Tax Base Calculation for 2022/23

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 2022/23 is 39,763.21 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	2021/2022 Tax Base using collection rate	2022/2023 Tax Base using collection rate	Difference
Alkham	303.93	310.10	6.17
Ash	1,177.32	1,203.63	26.31
Aylesham	1,567.16	1,647.44	80.28
Capel-Le-Ferne	677.79	680.39	2.60
Deal	6,763.64	6,875.00	111.36
Denton-with-Wootton	177.95	176.26	-1.69
Dover	8,162.52	8,243.29	80.77
Eastry	807.20	825.06	17.86
Eythorne	793.06	799.38	6.32
Goodnestone	173.63	176.71	3.08
Guston	417.05	427.12	10.07
Hougham Without	179.72	184.29	4.57
Langdon	237.42	242.16	4.74
Lydden	260.97	288.11	27.14
Nonington	293.20	298.12	4.92
Northbourne	277.73	272.93	-4.80
Preston	384.78	392.19	7.41
Ringwould with Kingsdown	1,025.62	1,027.50	1.88
Ripple	142.39	151.39	9.00
River	1,487.93	1,492.72	4.79
St Margarets-at-Cliffe	1,299.06	1,324.47	25.41
Sandwich	1,939.66	2,027.45	87.79
Shepherdswell-with-Coldred	766.76	777.73	10.97
Sholden	722.01	727.78	5.77
Staple	232.32	237.18	4.86
Stourmouth	117.02	119.30	2.28
Sutton by Dover	307.89	310.16	2.27
Temple Ewell	666.71	675.20	8.49
Tilmanstone	159.70	164.23	4.53
Whitfield	2,079.88	2,231.59	151.71
Wingham	749.80	715.13	-34.67
Woodnesborough	494.80	510.88	16.08
Worth	490.17	498.09	7.92
Great Mongeham	271.50	288.33	16.83
Walmer	3,385.65	3,441.90	56.25
<i>Total Band D Equivalents</i>	38,993.94	39,763.21	769.27

Appendix 3

CTS INCOME GRID FOR NLW AT £8.91 P/H (National Living Wage from April 2021) PLUS £20 uplift – this is the current grid i.e. 2021/22

£	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 109.10	0 to 149.10	0 to 199.10	0 to 249.10	90
band 2 income range	109.11 to 153.65	149.11 to 193.65	199.11 to 243.65	249.11 to 293.65	75
band 3 income range	153.66 to 198.20	193.66 to 238.20	243.66 to 288.20	293.66 to 338.20	60
band 4 income range	198.21 to 242.75	238.21 to 282.75	288.21 to 332.75	338.21 to 382.75	45
band 5 income range	242.76 to 287.30	282.76 to 327.30	332.76 to 377.30	382.76 to 427.30	30

Appendix 4

Indicative CTS INCOME GRID FOR NLW AT £9.50 P/H (confirmed new National Living Wage from April 2022)

£	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 95.00	0 to 135.00	0 to 185.00	0 to 235.00	90
band 2 income range	95.01 to 142.50	135.01 to 182.50	185.01 to 232.50	235.01 to 282.50	75
band 3 income range	142.51 to 190.00	182.51 to 230.00	232.51 to 280.00	282.51 to 330.00	60
band 4 income range	190.01 to 237.50	230.01 to 277.50	280.01 to 327.50	330.01 to 377.50	45
band 5 income range	237.51 to 285.00	277.51 to 325.00	327.51 to 375.00	377.51 to 425.00	30