
Subject: COUNCIL TAX BASE AND COUNCIL TAX REDUCTION SCHEME
2024/25

Meeting and Date: Council – 31 January 2024

Report of: Mike Davis, Strategic Director (Finance & Housing)

Portfolio Holder: Councillor Sue Beer, Portfolio Holder for Finance, Governance,
Climate Change, and Environment

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, 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.

Purpose of the report: To set the Council Tax Base for 2024/25, to determine Council Tax discounts and premiums, to agree to retain the current Council Tax Reduction Scheme (CTRS) for the financial year 2024/25 (subject to the usual annual uplift of the 'income grid'). To also agree to the implementation of Council Tax premiums on second homes, to agree to implement a 100% Council Tax premium on 'long term empty' properties after 1 year, rather than 2 years as at present, and to agree the discontinuation of Council Tax 'Class D' discount, effective 1 April 2024.

Recommendation: It is recommended that Council:

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 40,874.50 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 approves the application of the 100% Council Tax premium on properties empty for 1 year but less than 5 years, applicable from 1 April 2024, in line with the Levelling-Up and Regeneration Act 2023.

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 ceasing new applications for the council Tax 'Class D' discount, for properties undergoing structural alteration and/or major repair, on 1 April 2024.

5. Formally approves the 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.

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 council tax base for 2023/24 was 39,974.37 Band D equivalents. The proposed tax base for 2024/25 is 40,874.50 Band D equivalents. This is an increase of 900.13 Band D equivalents, or 2.25%.

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 add or reduce 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 2024/25 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	7,221
Band B	7/9	17,234
Band C	8/9	14,477
Band D	9/9	7,635
Band E	11/9	4,569
Band F	13/9	2,543
Band G	15/9	1,571
Band H	18/9	74

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 98.0%. This results in a tax base of 40874.50 Band D equivalent properties.

3. Underlying assumptions

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

- 3.1 Council Tax collection rate – a collection rate of 98.0%³ has been assumed for 2024/25. There is some uncertainty as to the overall level of Council Tax collection that will be achieved, in the coming and possibly future years, due to the current cost of living crisis, and challenging economic situation. The long-term collection rate is being monitored and reported to the council's Section 151 officer on a 6-monthly basis.
- 3.2 Council Tax Reduction (CTR) - A prudent assumption has been made in terms the cost of CTR. No growth rate has been applied. Essentially, any CTR growth equates to Taxbase reduction. The current CTR caseload fluctuates very slightly month by month, but is expected to hold steady over the course of the coming 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 offset some of the cost of operating the CTRS:
- (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 discounts are continued for the year 2024/25, along with the removal of 'Class D' discount – see section 8 below.

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 CTRS, with effect from 1 April 2013.
- 5.2 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.
- 5.3 It is proposed that no changes are made to the CTRS for 2024/25, other than uprating the income bands (the 'income grid') in line with the previously agreed methodology of the scheme reflecting the level of the National Living Wage in force at 1 April each year.

5.4 National Living Wage (NLW)

³ This is the 'ultimate' collection rate (the rate of collection the council can expect after 5 years) rather than the 'in year' collection rate. The 'in year' collection rate is expected to be 96.84%

- 5.5 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 £10.42 per hour .
- 5.6 The government has announced that the NLW will reach two thirds of median earnings by 2024, and has announced that with effect from 1 April 2024 it will be £11.44 per hour. Appendix 3 provides the current income grid, plus the grid based on NLW at £11.44 – this is the grid proposed for 2024/25.
- 5.7 It should be noted that the current income grid, whilst based on NLW at £10.42, also includes an element of transitional protection (a legacy issue from COVID) when the council protected claimants from the effects of Universal Credit being increased. As the NLW will be set at £11.00 per hour, that transitional protection will be removed, as the grid will exceed the transitionally protected amount.

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

- 6.1 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.
- 6.2 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.
- 6.3 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. 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.

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

- 7.1 The Levelling-Up & Regeneration Act 2023('the Act') received Royal Assent on 26 October 2023. The Act allows for, amongst other things, two important changes to Council Tax, at sections 79 and 80, 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 (Dover 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 ability to levy 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. Dover 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 Dover 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. Appendix 4 shows the relevant part of the Act.

Note: the Act states that the authority should, when exercising its functions under sections 79 & 80 of the Act, have regard to any guidance issued by the Secretary of State. No such guidance has yet been issued.

8.0 Changes to Council Tax 'Long Term Empty' premium

- 8.1 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.
- 8.2 Using figures as at 20 November 2023 there are 120 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 £2,072.85 this generates £248,742. 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 £187k, the district's share (9.7%) of that revenue would be circa £18k, 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.

- 8.3 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

8.4 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.

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

9.1 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.

9.2 The estimated revenue generated for Dover from implementing a 100% Council Tax premium on circa 1,316 second homes could be in the region of £198k per annum (again based on collecting 75% of the district's share of the yield).

9.3 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 data base 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.

9.4 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.

10 **Removal of the Council Tax 'Class D' discount – Properties undergoing structural alteration and/or major repair**

- 10.1 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 101 properties in the district attracting this discount.
- 10.2 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 Dover the only discount that could be modified, to increase the Taxbase, is the 'Class D' discount.
- 10.3 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 make. Based on current numbers of Class D discounts in place that equates to: £162k, of which KCC share (71.3%) is £116k and DDC share (9.7%) is £16k. So, in total, DDC would receive 25% of £116k ie £29k + £16k = £45k.
- 10.4 We would have a hardship scheme, funded from the £45k, for 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 expectation is that there would be no more than 2 or 3 such cases each year.
- 10.5 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.
- 10.6 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.
- 10.7 Applications for retrospective Class D discounts will cease on 1 April 2024.

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

- 11.1 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 Councillors to consider, except for the recommended empty home discounts and the Long Term Empty property premium. Although Councillors do have the option to amend these discounts and the premium, it is recommended that Councillors 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 Reduction Schemes) in exchange for administrative / financial support from KCC, who are the main recipient of the Council Tax.

12. Corporate Implications

- 12.1 Comment from the Strategic Director (Finance & Housing): The Strategic Director (Finance & Housing) has been consulted in the preparation of this report and has nothing further to add (MD).
- 12.2 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.
- 12.3 Comment from the Equalities Officer: This report relating to the Council's Tax Base for 2024-2025 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/section/149>

13. Appendices

- Appendix 1 – The Council Tax Base Calculation for 2024/25
- Appendix 2 – The Council Tax Base for the Towns and Parishes
- Appendix 3 – CTRS 'income grids'
- Appendix 4 – Levelling- Up & Regeneration Act 2023 (sections 79 and 80)

14. 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: Mark Gillmore, Head of Revenues and Benefits , Civica mark.gillmore@civica.ekservices.org or Sharon Harvey, Revenues & Benefits Operational Manager, Civica Sharon.harvey@civica.ekservices.org

The Council Tax Base Calculation for 2024/25

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 (98.0%)
- (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 2024/25 is 40,874.50 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 Reduction discounts and exemptions. This report seeks the approval of the collection rate of 98.0%.

The Council Tax Base for the Towns and Parishes

Parish	2023/2024 Tax Base using collection rate	2024/2025 Tax Base using collection rate	Difference
Alkham	309.08	305.08	-4.00
Ash	1294.18	1296.38	2.20
Aylesham	1634.04	1690.93	56.89
Capel-Le-Ferne	669.42	668.76	-0.66
Deal	6884.60	7083.24	198.64
Denton-with-Wootton	177.57	184.47	6.90
Dover	8352.16	8516.39	164.23
Eastry	852.66	852.52	-0.14
Eythorne	799.85	812.87	13.02
Goodnestone	176.20	175.30	-0.90
Great Mongeham	292.75	327.85	35.10
Guston	446.39	443.98	-2.41
Hougham Without	179.54	177.96	-1.58
Langdon	241.89	239.85	-2.04
Lydden	298.29	299.62	1.33
Nonington	300.82	297.73	-3.09
Northbourne	278.97	278.78	-0.19
Preston	392.71	400.29	7.58
Ringwold with Kingsdown	1020.66	1089.59	68.93
Ripple	154.40	155.04	0.64
River	1487.94	1493.49	5.55
St Margarets-at-Cliffe	1325.39	1338.05	12.66
Sandwich	2048.68	2114.49	65.81
Sheperdswell-with-Coldred	784.02	803.54	19.52
Sholden	731.21	757.41	26.20
Staple	244.61	263.33	18.72
Stourmouth	115.75	113.69	-2.06
Sutton by Dover	311.66	319.93	8.27
Temple Ewell	675.93	689.70	13.77
Tilmanstone	162.40	159.21	-3.19
Walmer	3372.32	3414.40	42.08
Whitfield	2236.86	2366.21	129.35
Wingham	709.28	724.67	15.39
Woodnesborough	511.38	520.98	9.60
Worth	500.74	498.77	-1.97
<i>Total Band D Equivalents</i>	39974.37	40874.50	900.13