
Subject:	COUNCIL TAX BASE 2014/15
Meeting and Date:	Council – 29th January 2014
Report of:	Mike Davis, Director of Finance, Housing and Community
Portfolio Holder:	Councillor Mike Conolly, Portfolio Holder for Corporate Resources and Performance
Classification:	Unrestricted

Purpose of the report: To formally determine 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 2014/15 by 31 January 2014, in accordance with the Local Government Finance Act 1992..

Recommendation: It is recommended that Council :

1. Determine that for the financial year 2014/15, the empty homes discount is reduced to 0% for Class C empty properties, and remove the 2nd homes discount so that Council Tax will be payable in full on these properties.
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 2014/15 as 35,070.45 and the tax base for the towns and parishes in the Council's administrative area, as set out in the table at Appendix 2

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 taxbase 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 has been prepared in accordance with the new regulations¹ which came into force on 30 November 2012, to enable local authorities to calculate the tax base for the financial year 2014/2015. 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	6,834
Band B	7/9	16,143
Band C	8/9	13,253
Band D	9/9	6,682
Band E	11/9	4,100
Band F	13/9	2,202
Band G	15/9	1,409
Band H	18/9	71

- 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 taxbase for 2014/15 is set at 35,070.45.

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 For the year 2013/2014 the Council removed the following Council Tax Discounts in order to meet the cost of operating the chosen Council House Reduction Scheme³

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

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

³ The current scheme was approved by Council on 30th January 2013, item 10 on the agenda, when Council considered a detailed report “Council Tax Reduction Scheme”. This report is available to Members and contained a full review of the basis for the proposed scheme and discounts.

- (a) Second Home discount of 10% removed.
 - (b) Empty property exemption (Class C) removed.
- 4.2 Reductions in Council Tax Discount 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 2014/15.
- 5. Council Tax Reduction Scheme**
- 5.1 The Welfare Reform Act 2012 abolished Council Tax Benefit from March 2013 and, in accordance with Section 13A of the Local Government Finance Act 1992⁴ the Council makes 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”).
- 5.2 It is recommended that the local scheme as previously adopted for the 2013/14 financial year is not revised or replaced. If this is agreed, the scheme will continue in force but will operate with reference to current amounts, 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 New Regulations “Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI: 2012:2914) which came into force 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) Reinstate 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.

⁴ as inserted by section 10 of the Local Government Finance Act 2012 and the Council Tax Reduction Schemes (Prescribed Requirements)(England) Regulations 2012

- 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 Quarter 3 Performance Report included in the published Cabinet agenda for 3 February 2014.
- 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: The Director has been involved in the production of the report and has no further comment to make (SG/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.

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 2014/15

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

Contact Officer: Mandie Kerry, Income Manager, EK Services

The Council Tax Base Calculation for 2013/14

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 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 2014/15 is £35,070.45 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

Parish	2013/2014 Tax Base - using collection rate	2014/2015 Tax Base using collection rate
Alkham	295.62	295.98
Ash	1,085.28	1,089.49
Aylesham	837.88	856.85
Capel-Le-Ferne	606.29	611.33
Deal	6,125.36	6,198.04
Denton-with-Wootton	165.54	165.76
Dover	7,457.80	7,369.24
Eastry	751.40	751.08
Eythorne	758.93	756.66
Goodnestone	170.52	172.11
Great Mongeham	260.66	264.40
Guston	394.30	380.11
Hougham Without	181.94	179.72
Langdon	218.74	223.62
Lydden	239.61	242.06
Nonington	287.68	290.02
Northbourne	260.97	264.03
Preston	252.16	259.90
Ringwould with Kingsdown	963.13	1,023.87
Ripple	140.50	144.36
River	1,471.64	1,476.86
St Margarets-at-Cliffe	1,216.05	1,236.70
Sandwich	1,823.45	1,839.39
Sheperdswell-with-Coldred	718.31	725.57
Sholden	388.65	435.32
Staple	224.89	227.75
Stourmouth	112.85	112.18
Sutton by Dover	290.75	297.88
Temple Ewell	608.77	619.63
Tilmanstone	145.79	149.22
Walmer	3,143.32	3,211.85
Whitfield	1,705.16	1,736.53
Wingham	645.48	646.98
Woodnesborough	379.88	383.49
Worth	428.55	432.47
Total	34,757.85	35,070.45