

Agenda Item No:

Report To: Cabinet

Date of Meeting: 26 October 2023

Report Title: Council Tax Base 2024/25

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Portfolio Holder: Cllr. Noel Ovenden
Portfolio Holder for: Prosperity and Resource



Summary: This Council is required to approve the tax base used to calculate the level of Council Tax for 2024/25. It is calculated with regard to the number of domestic properties (including a forecast of new properties), which are then converted to Band D equivalents.

The tax base has been calculated at 49,832 band D properties, an increase of 926 (or 1.89%) on the current year.

The council tax base is built on the assumption that 6 week discounts for empty but furnished properties and 12 month discounts for properties that are empty and unfurnished but are also undergoing major structural repairs and refurbishment (referenced as Class C and Class D discounts respectively) will be reduced from a 100% to 0%, this change is subject to council approval.

Key Decision: YES

Significantly Affected Wards: All

Recommendations: **The Cabinet is recommended to:-**

- I. Subject to approval of the recommendation by Council to change Class C and D, agree the 2024/25 'Net' tax base of 49,832 Band D equivalent properties**
- II. Note the possibility of further Cabinet and Council decisions being required, before the end of January, should any material change in the tax**

base be required.

III. Recommend to council the changes from 1 April 2024 to Class C and Class D discounts, set out in Appendix D.

Policy Overview:	The Council Tax base is required to be set in accordance with the Local Authorities (Calculations of Tax Base) Regulations 2012
Financial Implications:	The tax base will be used to calculate the level of Council Tax requirement, which will be recommended to the Council on 29 February 2024.
Legal Implications: <i>Text agreed by Principal Solicitor Contracts and Procurement on 26.09.23</i>	The process of setting the Council Tax base is governed by the Local Government Finance Act 1992 and detailed Regulations made under it, which collectively set out detailed requirements for how the calculation must be done.
Equalities Impact Assessment:	A full assessment is part of the final budget reported to Cabinet in February.
Data Protection Impact Assessment:	N/A
Risk Assessment (Risk Appetite Statement):	N/A
Sustainability Implications:	N/A
Other Material Implications:	None
Exempt from Publication:	NO
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Report Title: Council Tax Base 2024/25

Introduction and Background

1. The Council Tax Base for 2024/25 and its distribution across parished and un-parished areas needs to be agreed.
2. By 31 January 2024, the Council as the 'billing authority' is required to notify its major precepting bodies (Kent County Council, Kent Police Authority and Kent and Medway Fire and Rescue Authority) and the parishes of the relevant council tax base for the 2024/25 financial year.

Class C and Class D Discounts

3. In order to reduce the number of empty homes in Ashford, and increase the revenue due to the Council, and its preceptors, it is proposed that the six-week discount for Class C (empty and unfurnished) properties, and the 12-month discount for Class D (empty, unfurnished and undergoing major structural and refurbishment work) properties, are both reduced from 100% to 0% discount.
4. Removing these discounts has led to an additional 262 properties in the Tax Base calculation, which is expected to generate an additional £400,000, Ashford's share of which would be £35,000 as the full benefit is apportioned in the usual preceptor percentages. As KCC is the main beneficiary of this change they have offered ABC 25% of their benefit, this will generate further income of £73,000 to the Council.
5. Further information regarding the removal of these discounts can be found at **Appendix D**.
6. There are no current proposals for other potential areas of income maximisation, in particular there are no proposals to amend the level of support provided in the Local Council Tax Reduction Scheme (LCTRS). LCTRS provides financial support to low income and/or vulnerable households by reducing their council tax bill, and it is expected that the same level of support will be offered in 2024/25 as it is in 2023/24. In addition, further areas of council tax reform - such as amending the time period for charging additional premiums for long-term empty properties, and introducing additional premiums for second homes – cannot be introduced until the Levelling Up Bill (currently being debated in Parliament) has received Royal Assent. Further recommendations concerning such premiums may therefore follow in due course.
7. **Cabinet is recommended to agree the reduction from 100% to 0% discount of the Class C and Class D Empty Homes discounts from 1 April 2024.**

The Tax Base (adjusted for various allowances)

8. The Council has submitted a tax base return to central government, for 54,058 (2023/24 53,461) Band D equivalent properties on the valuation list as at 2 October 2023. This return is higher the proposed tax base recommended within this report, as it does not include provision for new properties, Council Tax Reduction discounts, and allowances for non-collection.
9. The tax base calculation, set out in this report, allows for new properties anticipated to be coming on to the Valuation List. It is forecast that 617 properties will be added to the valuation list (568 Band D equivalent), which is broadly in line with the assumption in the Medium Term Financial Plan.
10. In calculating the tax base the authority must also have regard to discounts, exemptions, premiums, non-collection, and appeals. For the purposes of this calculation 1.5% has been estimated for losses on collections and appeals, this remains the same as 2023/24.
11. For 2024/25 the tax base has been calculated at 49,832 (2023/24 was 48,906) as detailed at **Appendices A, B & C**.
12. **Cabinet are asked to agree the 2024/25 'Net' tax base of 49,832 Band D equivalent properties.**

Implications and Risk Assessment

13. The Council Tax base is an important element of the budget setting process, estimating the number of properties upon which council tax will be levied.

Next Steps in Process

14. Once agreed by the Council the tax base will be notified to the County Council, Kent Police, Kent and Medway Fire Authority and the Parish Councils.

Conclusion

15. The 2024/25 tax base is in line with the assumptions in the Medium Term Financial Plan, the calculation results in a tax base of 49,832 band D equivalent properties. This will be used in the detailed budget and council tax setting calculations.

Portfolio Holder's Views

16. The Council Tax Base calculation is a detailed piece of work that incorporates many elements. This calculation for 2024/25 includes the recommendation to remove the discount for empty homes, in order to bring empty properties back into use and increase the tax base, as such, I recommend the tax base be set at 49,832 Band D equivalent properties.

Contact and Email

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Appendix A

TAXE BASE 2024/25 BAND D EQUIVALENTS

BAND	@	A	B	C	D	E	F	G	H	TOTAL
PARISH										
Aldington and Bonnington	0	21	27	112	85	81	161	157	5	649
Appledore	0	5	9	54	80	57	78	104	2	389
Bethersden	0	30	46	56	106	145	134	252	17	786
Biddenden	0	117	84	192	120	190	225	375	24	1,327
Bilsington	0	7	5	10	22	25	39	55	0	163
Boughton Aluph and Eastwell	0	9	72	101	238	269	279	132	10	1,110
Brabourne	0	9	19	53	127	176	145	102	10	641
Brook	0	0	1	3	17	57	36	38	0	152
Challock	0	9	9	24	76	86	162	175	14	555
Charing	0	88	113	178	183	225	293	323	12	1,415
Chilham	0	12	34	106	156	184	131	158	24	805
Crundale (PM)	0	2	3	8	14	13	17	38	2	97
Egerton	0	12	22	38	96	108	132	140	4	552
Godmersham	0	1	4	17	32	57	31	40	4	186
Great Chart with Singleton	0	92	361	705	912	444	301	141	8	2,964
Hastingleigh	0	4	2	4	26	12	29	34	4	115
High Halden	0	29	19	167	92	126	176	204	6	819
Hothfield	0	5	68	67	29	29	27	52	4	281
Kennington	0	88	591	1,016	885	525	765	67	4	3,941
Kenardington	0	3	1	24	10	21	21	35	4	119
Kingsnorth	0	14	311	822	1,243	1,189	1,139	114	3	4,835
Little Chart	0	5	3	12	20	21	17	56	6	140
Mersham	0	11	19	38	65	126	159	126	10	554
Molash	0	3	2	10	18	21	24	42	4	124
Newenden	0	1	1	13	15	17	26	35	2	110
Olestone	0	5	22	211	149	70	166	47	4	674
Pluckley	0	7	13	70	79	71	101	199	6	546
Rolvenden	0	10	17	141	111	129	126	169	31	734
Ruckinge	0	24	8	21	29	93	109	76	2	362
Sevington	0	2	59	216	302	145	192	23	0	939
Shadoxhurst	0	23	18	62	60	162	192	76	0	593
Smarden	0	19	29	61	87	92	156	276	24	744
Smeeth	0	6	13	74	60	99	65	64	6	387
Sth Willesborough and Newtown	0	64	629	337	212	54	3	0	0	1,299
Stanhope	0	119	570	112	3	1	0	0	2	807
Stone	0	5	6	30	30	30	36	77	4	218
Tenterden (TC)	0	26	138	570	782	875	894	657	59	4,001
Warehorne	0	4	6	28	42	46	42	40	2	210
Westwell	0	9	11	35	84	145	91	135	8	518
Wittersham	0	14	21	94	59	121	97	143	19	568
Woodchurch	0	99	24	103	148	114	186	204	6	884
Wye with Hinxhill	0	35	93	159	218	171	236	164	22	1,098
Unparished Area	2	714	4,225	3,853	2,008	1,215	970	171	2	13,160
	2	1,762	7,728	10,007	9,130	7,837	8,209	5,516	380	50,571
Contributions in Lieu	0	0	0	0	20	0	0	0	0	20
Less 1% Provision	0	(26)	(116)	(150)	(137)	(118)	(123)	(83)	(6)	(759)
	2	1,736	7,612	9,857	9,013	7,719	8,086	5,433	374	49,832

Note: Discounts for disabled residents are calculated by reducing the charge by one Band, Band @ is the band given to those Band A properties eligible for this discount.

Appendix B

ANALYSIS OF PROPERTIES FOR WHOLE AUTHORITY 2024/25

	@ No.	A No.	B No.	C No.	D No.	E No.	F No.	G No.	H No.	TOTAL No.
Total Chargeable Dwellings	4	4,162	13,706	13,430	10,032	6,974	5,995	3,458	196	57,957
Of which:										
Full Charge	3	1,756	7,623	8,761	7,170	5,299	4,903	2,862	161	38,538
Single Persons Discount	0	2,134	5,552	4,191	2,444	1,416	898	454	21	17,110
Discount (Disregard Disc)	0	33	173	163	150	103	56	31	0	709
Discount (Disregard 2 Disc)	1	15	12	10	13	17	16	16	2	102
2nd Homes	0	112	97	101	88	52	41	46	6	543
Class C & D	0	37	68	67	36	23	16	15	0	262
Full Charge on LT Empties	0	67	159	122	121	59	61	30	1	620
Premium on LT Empties @ 100%	0	5	17	12	3	4	2	2	5	50
Premium on LT Empties @ 200%	0	2	5	2	4	1	0	2	0	16
Premium on LT Empties @ 300%	0	1	0	1	3	0	2	0	0	7
Total number of Properties	4	4,162	13,706	13,430	10,032	6,974	5,995	3,458	196	57,957
Total Equivalent Number - CTB1	2	2,363	9,534	10,966	9,383	8,049	8,308	5,551	380	54,536
Adjust for Council Tax Support	0	(626)	(1,820)	(1,225)	(516)	(212)	(99)	(35)	0	(4,533)
New Properties	0	25	14	266	263	0	0	0	0	568
Adjusted Band D equivalents	2	1,762	7,728	10,007	9,130	7,837	8,209	5,516	380	50,571
Contributions in Lieu	0	0	0	0	20	0	0	0	0	20
Losses In Collection	0	(26)	(116)	(150)	(137)	(118)	(123)	(83)	(6)	(759)
Tax base	2	1,736	7,612	9,857	9,013	7,719	8,086	5,433	374	49,832

TAX BASE 2024/25
LOCAL TAX BASE (WHOLE/PART AREAS)

LOCAL TAX BASE	WHOLE AREA	BAND D EQUIVALENT	NEW OCCUPATIONS	1.5% PROVISION	Less discounts Council Tax Support	LOCAL TAX BASE 2024/25
2023/24		52,845	734	(492)	(4,423)	48,664
	PARISH					
641	Aldington & Bonnington	699	2	(10)	(51)	640
383	Appledore	429	2	(6)	(42)	383
762	Bethersden	839	6	(12)	(58)	775
1,310	Biddenden	1,408	4	(20)	(87)	1,305
158	Bilsington	166	0	(2)	(4)	160
1,084	Boughton Aluph and Eastwell	1,158	0	(17)	(49)	1,092
625	Brabourne	659	1	(10)	(19)	631
156	Brook	157	0	(2)	(4)	151
534	Challock	559	8	(8)	(13)	546
1,374	Charing	1,546	6	(21)	(138)	1,393
784	Chilham	864	8	(12)	(66)	794
94	Crundale (PM)	96	1	(1)	(1)	95
536	Egerton	561	11	(8)	(21)	543
180	Godmersham	191	0	(3)	(6)	182
2,761	Great Chart with Singleton	3,067	103	(44)	(206)	2,920
116	Hastingleigh	120	0	(2)	(6)	112
751	High Halden	863	17	(12)	(62)	806
273	Hothfield	341	0	(4)	(60)	277
109	Kenardington	123	1	(2)	(6)	116
3,775	Kennington	4,277	52	(59)	(388)	3,882
4,651	Kingsnorth	4,980	60	(73)	(205)	4,762
135	Little Chart	142	0	(2)	(3)	137
523	Mersham	573	5	(8)	(24)	546
116	Molash	130	0	(2)	(6)	122
109	Newenden	115	0	(2)	(6)	107
637	Orlestone	687	34	(10)	(47)	664
504	Pluckley	561	16	(8)	(32)	537
714	Rolvenden	786	0	(11)	(52)	723
342	Ruckinge	382	0	(5)	(20)	357
863	Sevington	844	136	(14)	(43)	923
579	Shadoxhurst	629	1	(9)	(37)	584
723	Smarden	782	6	(11)	(43)	734
379	Smeeth	412	1	(6)	(25)	382
1,268	Sth Willesborough & Newtown	1,541	9	(19)	(251)	1,280
784	Stanhope	1,049	0	(12)	(241)	796
213	Stone	231	0	(3)	(14)	214
3,891	Tenterden (TC)	4,303	10	(60)	(314)	3,939
166	Warehome	209	8	(3)	(8)	206
513	Westwell	524	1	(8)	(8)	509
560	Wittersham	605	3	(9)	(38)	561
873	Woodchurch	952	1	(13)	(69)	871
1,082	Wye with Hinxhill	1,192	4	(16)	(97)	1,083
12,875	Unparished Area	14,804	51	(200)	(1,663)	12,992
48,906		54,556	568	(759)	(4,533)	49,832

Council Tax Empty Homes Discounts (Class C and Class D)

1. Kent County Council (KCC) are keen to maximise income and are asking districts to look at maximising Council Tax income. They are asking all districts (except the few districts that have already removed them) to reduce the discount awarded from 100% to 0%, i.e. in effect remove the empty discounts (called Class C and class D) from Council Tax from April 2024.
2. In 2013 government gave local discretion to all councils to set the level of their empty discounts (previously they were set nationally in legislation – class C was 6 months and class D was 12 months). ABC decided to reduce its class C discount to 6 weeks, and keep its class D discount as 12 months. They have remained unchanged since.
3. Class C provides a 6 week 100% discount for empty and unfurnished properties. Homes that are empty but furnished (second homes) do not qualify. Class C is only available to empty and unfurnished properties, and the most common application of it is between lets, i.e. where there is a gap between when a tenant moves out and a new tenant moves in. The most common beneficiary of this discount is therefore a landlord (or developer). This includes ABC with its own housing stock, in the periods between lets. Whilst landlords are the main beneficiary, the discount is available to tenants/owners where they do not move in immediately after taking on the tenancy/ownership – as long as the property is unfurnished.
4. Class D provides a 12 month 100% discount for properties that are empty and unfurnished and are also undergoing major structural repairs and refurbishment, i.e. they are not habitable. To qualify this has to be major structural work, and not simply refurbishment or a new kitchen/bathroom etc. There has been no high court decision on what is “major repair” and therefore each case has to be decided on its own merits. This often means that an owner may consider a property to be uninhabitable when in fact the local authority does not agree – this can be quite time-consuming in terms of challenges/appeals/complaints.
5. On any one day, there are 150-200 class C discounts in place in Ashford, and about 50 class D discounts. Over the year, there will be about 2,000 class C discounts awarded (as these are for short periods of 6 weeks or less, so lots of overlap), and about 100 class D discounts awarded (a much longer period of up to 12 months). The average award of class C is approx. £200, whilst the average award of class D is approx. £2,000.
6. Looking at last year’s tax base calculation (which KCC has used), removing these discounts would generate gross additional income of approx. £400,000 - of which KCC’s share is approx. £300,000 and ABC’s is £35,000.
7. As part of the agreement to remove the empty discounts, KCC is willing to give ABC 25% of their gain (this is generally a standard agreement between the districts and KCC for such initiatives) so that makes another £75,000 for ABC, or £110,000 in total. This would be a permanent arrangement.
8. If ABC removed these discounts, it would be prudent to have a hardship scheme for the class D discount (uninhabitable discount) - funded from the £110,000, for the exceptional cases where, for example, a property has been flooded out, or is subject to storm or fire damage and to charge Council Tax may be deemed unreasonable. This would only be expected to apply to a handful of cases each year, as currently the majority of applications for this discount are from owners who have just bought a property that requires modernisation or refurbishment, and they are not uninhabitable due to an unforeseen event such as flood or fire.