

# Council Tax – Calculation of Tax Base 2023/24

For Cabinet on 8 December 2022

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## Summary

**Lead Member:** Councillor Christopher Hall (Cabinet Member for Finance & Performance)

**Lead Director:** Lee Colyer, Director of Finance, Policy & Development

**Head of Service:** Jane Fineman, Head of Finance, Procurement & Parking

**Report Author:** Jane Fineman, Head of Finance, Procurement & Parking

**Classification:** Public document (non-exempt)

**Wards Affected:** All

Approval Timetable	Date
Management Board	26 October 2022 (Verbal update)
Cabinet Member	28 October 2022 (Verbal update)
Finance & Governance Cabinet Advisory Board	15 November 2022 (Verbal Update)
Cabinet	8 December 2022

## Recommendations

Officer / Committee recommendations as supported by the Portfolio Holder:

1. That Cabinet approve the Tunbridge Wells Tax Base for 2023/24, as shown in Appendix B of this report.
2. *That Cabinet give delegated authority to the s151 Officer, in consultation with the Cabinet Member for Finance and Performance, to give notice of any further council tax premiums that are provided for within the Levelling-Up and Regeneration Bill, should it receive Royal Assent (see Background Papers for link).*

# 1. Introduction and Background

- 1.1 As part of the Council Tax setting process for the coming year the Council is required to calculate the Tax Base in the period 1 December to 31 January. The Tax Base must be notified to Kent County Council, Kent Police Authority, Kent and Medway Fire & Rescue Authority and the Parishes by 31 January 2023.
- 1.2 This report details the calculations of the 2023/24 Tax Base and recommends tax base levels for the Borough as a whole and the special expenses, town and parish council areas.
- 1.3 A statutory instrument setting out how the Tax Base must be calculated was created on the 20 November 2012 and came into force on the 30 November 2012. It recognises the need to calculate the effects of the changes introduced by the Welfare Reform Act. The national scheme for council tax benefit ceased on the 31 March 2013 and was replaced by a new locally determined discount scheme. The tax base reflects the Councils own scheme.
- 1.4 Calculations must still be made for the whole of the Borough area and for each parish council, town council and special expense area.

## 2. Tax Base 2023/24

- 2.1 The tax base calculation takes into account:
  - The number of dwellings in each tax band
  - The estimated additions and subtractions during the year
  - Exemptions
  - Disabled Persons Relief adjustments
  - Discounts for single occupancy and empty properties
  - Council Tax Reduction provided by the Tunbridge Wells Borough Council
  - Collection Rate
- 2.2 The Council made the following changes to discounts for 2013/14:
  - i. To charge a 50% Council Tax premium on property that has been empty for more than 2 years. Previously, if a property remained empty for more than 6 months, full Council Tax would be levied.
  - ii. To remove the exemption for properties empty for between 3 and 6 months. They are now charged full Council Tax.

- iii. To reduce the discount for properties empty for up to 12 months due to the need for substantial refurbishment or repair, from 100% to 75%.
- iv. To remove the 10% discount on second homes.
- v. To remove the exemption for properties where the mortgagee is in possession.
- vi. To fully protect Pensioner household benefits and protect 81.5% of working age households benefits.

2.3 In 2014/15 there were further changes to discounts 2.2ii and 2.2iii above and 2.2v was deleted as follows:

- i. To remove the exemption for properties empty for between 2 and 3 months (see 2.2ii).
- ii. To reduce the discount for properties empty for up to 12 months due to the need for substantial refurbishment or repair, from 100% to 50% (see 2.2iii).
- iii. Legislation to approve 2.2v was anticipated to be passed in 2013, however, was eventually rejected.

2.4 In 2015/16 changes were made extending 2.2ii and 2.3i, and 2.2iii and 2.3ii:

- i. To remove the exemption for properties empty for between 1 and 2 months (see 2.2ii and 2.3i).
- ii. To reduce the discount for properties empty for up to 12 months due to the need for substantial refurbishment or repair, from 50% to 25% (see 2.2iii and 2.3ii).

2.5 2016/17 remained unchanged, but Cabinet approved changes to discounts awarded for 2017/18 on the 9 February 2017 as follows:

- i. To remove the exemption for properties empty for up to 1 month (see 2.2ii, 2.3i and 2.4i).
- ii. To remove the 25% discount for properties empty for up to 12 months due to the need for substantial refurbishment or repair. Tunbridge Wells Borough Council will only consider a discount of 25% where a property is uninhabitable because of a natural disaster, flooding, or malicious damage which can be substantiated by a police report number (see 2.2iii, 2.3ii and 2.4ii).

2.6 In 2018/19 Full Council approved a revised Council Tax Long Term Empty Premium be implemented for the financial years 2019/20, 2020/21 and 2021/22 as follows:

- i. To levy a 100% premium for properties that had been empty for more than 2 years from 1 April 2019.
  - ii. To levy a 200% premium for properties that had been empty for over 5 years from 1 April 2020.
  - iii. To levy a 300% premium for properties that had been empty for over 10 years from 1 April 2021
- 2.7 There were no further changes made in 2019/20, 2020/21, 2021/22 or 2022/23.
- 2.8 There will be no further changes made in 2023/24.
- 2.9 The removal of the National Council Tax Benefit Scheme and replacement with a Local Council Tax Support Scheme (LCTS) has the effect of reducing the tax base. Pensioner households have had their benefits fully protected, whilst working age households had 81.5% of their benefits protected until 2016/17. In 2017/18 the protection was reduced to 80% and there were various other smaller changes to eligibility for the scheme. There have been no further changes to the levels of protection since 2017/18 and it is proposed that they remain unchanged in 2023/24.
- 2.10 The forecast number of LCTS claimants for 2023/24 remains at levels similar to those experienced before the pandemic. As the borough has high levels of employment, it is not anticipated that there will be any increase in the number of claimants due to the current economic conditions.
- 2.11 The Council Tax Reduction Scheme was updated for 2021/22 as the existing scheme had become overly complicated to administer and difficult for customers to understand. Full Council approved that the Council change to a Banded Income Scheme which awards different levels of discount based on set bands of income. The changes were implemented for 2021/22 with the intention that the change would be cost neutral in terms of the tax base. The scheme remained unchanged for 2022/23 and will do so again in 2023/24.
- 2.12 As part of the overall calculation the Council must estimate the collection rate for the year. This is the total of the amounts which are likely to be paid to the Council as a proportion of the total amounts payable. Prior to the abolition of the national scheme the Council had estimated an overall collection rate (as opposed to an in year collection rate) of 99.0%. This was reduced to 98.7% in 2013/14 as working households were required to make a minimum contribution to the council tax charged. It was forecast that in 2019/20 the recovery rate would actually improve slightly to 98.8%, but following the pandemic the recovery rate for 2021/22 and 2022/23 was reduced to 97.5%. Whilst the pandemic is now receding, the inflationary pressures on the cost of living are likely to depress the recovery rate instead. It can be seen in Appendix B that the recovery rate remains unchanged for 2023/24 at 97.5%.
- 2.13 For charging purposes the relationship between the valuation bands is as follows:

A with a disabled discount	5/9	
A	6/9	i.e. will pay 2/3 of Band D
B	7/9	
C	8/9	
D	9/9	
E	11/9	
F	13/9	
G	15/9	
H	18/9	i.e. will pay twice Band D

- 2.14 The Tax Base is determined in Band D equivalents. It therefore indicates the amount that will be raised if an amount of £1 is charged on Band D properties.
- 2.15 The Tax Base for the whole borough for 2023/24 is 47,402.10 (46,479.60 in 2022/23), which represents an increase of 1.98% in the year. The actual number of dwellings in the Borough has increased by 648 thus far in 2022/23. It is encouraging that a further 620 new dwellings are anticipated to be occupied in 2023/24.

### 3. Options Considered

- 3.1 The Council is required by statute to create a Tax Base, so cannot “do nothing”.
- 3.2 This report provides a recommended Tax Base which has been calculated to comply with the statutory instrument, using a combination of actual Council Tax property data and a forecast of properties to be completed by 2023/24. There is little scope for critical judgement except where the number of new properties needs to be estimated. Planning approvals information is combined with site visits to estimate the number of properties likely to be completed. The forecast Tax Base can be accepted as recommended or an alternative proposal as to the method of calculation of additional properties can be proposed.

### 4. Preferred Option and Reason

- 4.1 That Cabinet approve the Tunbridge Wells Tax Base for 2023/24, as shown in Appendix B of this report.

### 5. Consultation on Options

- 5.1 The Council has been through a formal public consultation for each of the changes detailed above.

## Recommendation from Cabinet Advisory Board

5.2 The Finance & Governance Cabinet Advisory Board were consulted on 15 November 2022 and agreed the following:

The Finance & Governance Cabinet Advisory Board understood that this is a technical calculation borne of a statutory instrument and supported the approach.

## 6. Implementation

6.1 The Tax Base must be notified to Kent County Council, Kent Police Authority and Kent and Medway Fire & Rescue Authority by 31 January 2023.

6.2 The individual parish Tax Bases will also be communicated to the Town and Parish Councils by 31 January 2023.

6.3 Notifications are made to Kent County Council, Kent Police Authority and Kent and Medway Fire & Rescue Authority by email in their own required format. Town and Parish Councils will receive a letter informing them of their Tax Base.

## 7. Appendices and Background Documents

Appendices:

- Appendix A: Council Tax Base by Parish/Town Council and Special Expense Area 2023/24
- Appendix B: Council Tax Base 2023/24 Summary

Background Papers:

- Localisation of Council Tax Support (Cabinet: 22 November 2012)  
[http://democracy.tunbridgewells.gov.uk/meetings/documents/s7669/TWBC\\_LCT\\_DS%20141112%20agenda%20version%202.pdf](http://democracy.tunbridgewells.gov.uk/meetings/documents/s7669/TWBC_LCT_DS%20141112%20agenda%20version%202.pdf)
- Statutory Instruments 2012 No.2914 The Local Authorities (Calculation of Council Tax Base) (England) Regulations
- Council Tax Reduction Scheme 2016/17 (Cabinet: 12 November 2015)  
<http://democracy.tunbridgewells.gov.uk/meetings/documents/s24602/7%20-%20Council%20Tax%20Reduction%20Scheme%202016-17%20-%20Report.pdf>
- Council Tax Reduction Scheme 2017/18 (Cabinet: 27 October 2016)  
<http://democracy.tunbridgewells.gov.uk/meetings/documents/s29515/12%20Council%20Tax%20Reduction%20Scheme%202017-18%20-%20Report.pdf>
- Council Tax Reduction Scheme 2019/20 (Full Council: 26 September 2018)  
<http://democracy.tunbridgewells.gov.uk/meetings/documents/g4206/Public%20reports%20pack%2026th-Sep-2018%2018.30%20Full%20Council.pdf?T=10>

- Council Tax Long Term Empty Premium (Full Council: 27 February 2019)  
<http://democracy.tunbridgewells.gov.uk/meetings/documents/s41627/9%20Council%20Tax%20Long%20Term%20Empty%20Premium.pdf>
- Council Tax Reduction Scheme 2020/21 (Cabinet: 12 September 2019)  
<http://democracy.tunbridgewells.gov.uk/meetings/documents/s44678/14%20Council%20Tax%20Reduction%20Scheme%202020-21.pdf>
- Council Tax Reduction Scheme (Covid19) (Delegated Officer Decision: 14 April 2020)  
<https://democracy.tunbridgewells.gov.uk/meetings/documents/s48963/Report%20-%20Council%20Tax%20Reduction%20Scheme%20Covid19.pdf>
- Council Tax Reduction Scheme 2021/22 (Cabinet: 6 August 2020)  
<https://democracy.tunbridgewells.gov.uk/meetings/documents/s49367/Council%20Tax%20Reduction%20Scheme%202021-Cabinet%206%20August%202020%202707.pdf>
- Council Tax Reduction Scheme 2021/22 (Cabinet: 3 December 2020)  
<https://democracy.tunbridgewells.gov.uk/documents/s51158/10%20CTRS%202021-22%20FG%20CAB%2010%20November%202020.pdf>
- Council Tax Reduction Scheme 2022/23 (Cabinet: 23 September 2021)  
<https://democracy.tunbridgewells.gov.uk/documents/s57307/10%20Council%20Tax%20Reduction%20Scheme%202022-23.pdf>
- Council Tax Reduction Scheme 2023/24 (Cabinet: 27 October 2022)  
<https://democracy.tunbridgewells.gov.uk/documents/g5185/Public%20reports%20pack%2027th-Oct-2022%2018.30%20Cabinet.pdf?T=10>
- *Levelling-Up and Regeneration Bill 20 October 2022*  
<https://publications.parliament.uk/pa/bills/cbill/58-03/0169/220169.pdf>

## **8. Cross Cutting Issues**

### **A. Legal (including the Human Rights Act)**

The tax base has been calculated in accordance with the new statutory instrument 2012 No. 2914 COUNCIL TAX, ENGLAND that came into force on the 30 November 2012.

All public consultations necessary to implement the new locally determined council tax discount scheme have been carried out.

Claudette Valmond, Interim Head of Legal Partnership

### **B. Finance and Other Resources**

The report details the calculation of the Council Tax Base which is part of the 2023/24 budget setting process.

Jane Fineman, Head of Finance, Procurement & Parking

### **C. Staffing**

No additional resources are expected.

Jane Fineman, Head of Finance, Procurement & Parking

### **D. Risk Management**

There is risk to the Tax Base in 2023/24 due to the impact of the cost of living crisis on the collection rate and the applications for the Council Tax Reduction Scheme.

Jane Fineman, Head of Finance, Procurement & Parking

### **E. Environment and Sustainability**

There are no relevant issues.

Jane Fineman, Head of Finance, Procurement & Parking



## **F. Community Safety**

There are no relevant issues.

Jane Fineman, Head of Finance, Procurement & Parking

## **G. Equalities**

An equalities impact assessment was a substantial part of the approval of the locally determined discount scheme.

Jane Fineman, Head of Finance, Procurement & Parking

## **H. Data Protection**

There are no relevant issues.

Jane Fineman, Head of Finance, Procurement & Parking

## **I. Health and Safety**

There are no relevant issues.

Jane Fineman, Head of Finance, Procurement & Parking

## **J. Health and Wellbeing**

There are no relevant issues.

Jane Fineman, Head of Finance, Procurement & Parking