

CALCULATION OF COUNCIL TAX BASE AND OTHER TAX SETTING ISSUES

Cabinet - 12 January 2023

Report of: Deputy Chief Executive and Chief Officer - Finance & Trading

Status: For Decision

Also considered by:

- Council - 21 February 2023

Key Decision: No

Executive Summary: This report sets out details of the calculation of the District's tax base for council tax setting purposes. These figures are used to determine tax rates for each of the council tax bands once the Council's budget requirement is known. The report also advises Members of the timetable for setting the 2023/24 council tax.

This report supports the Key Aim of: efficient management of the Council's resources.

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Jessica Booth, Ext. 7436

Recommendation to Cabinet:

That it be recommended to Council that:

- (a) the report of the Deputy Chief Executive and Chief Officer - Finance & Trading for the calculation of the Council's tax base for the year 2023/24 be approved;
- (b) pursuant to the report of the Deputy Chief Executive and Chief Officer - Finance & Trading and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as its council tax base for the whole area for the year 2023/24 shall be 51,990.30;

- (c) pursuant to the report of the Deputy Chief Executive and Chief Officer - Finance & Trading and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as the council tax base for 2023/24 for the calculation of local precepts shall be:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,483.11
Badgers Mount	337.07
Brasted	790.33
Chevening	1,458.10
Chiddingstone	619.26
Cowden	449.59
Crockenhill	659.42
Dunton Green	1,347.57
Edenbridge	3,891.91
Eynsford	956.23
Farningham	679.90
Fawkham	306.55
Halstead	811.60
Hartley	2,560.84
Hever	646.99
Hextable	1,692.19
Horton Kirby & South Darent	1,293.29
Kemsing	1,871.11
Knockholt	642.62
Leigh	952.95
Otford	1,735.72
Penshurst	839.73
Riverhead	1,270.73
Seal	1,345.48
Sevenoaks Town	9,844.68
Sevenoaks Weald	629.00
Shoreham	718.66
Sundridge	944.90
Swanley	5,710.83
Westerham	2,091.38
West Kingsdown	2,408.56

- (d) any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a parish or community council or the chairman of a parish meeting shall not be treated as special expenses for the purposes of section 35 of the Local Government Finance Act 1992.

Recommendation to Council: That the various calculations detailed above be approved.

Reason for recommendation: As part of the tax setting process for 2023/24, the Council needs to formally approve the tax base at individual town and parish level as well as for the District as a whole.

Introduction and Background

- 1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992, made under powers of the Local Government Finance Act 1992, specify formulae for calculating the council tax base which must be set between 1 December and 31 January.
- 2 The council tax base is a measure of the number of dwellings to which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating a billing authority's and other precepting authorities' band D council tax. The amounts payable in the other bands are expressed as a proportion of the band D figure and these are shown in Appendix A.
- 3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the Council's estimated collection rate for the year.
- 4 The Council is required to calculate a tax base figure for the Department for Levelling Up, Housing & Communities (DLUHC). This is based on the valuation list as at 13 September 2022 and occupancy information at 4 October 2022. The tax base for tax setting purposes is based on information available in December 2022. In addition, other factors may be taken into account to reflect likely changes to the tax base during 2023/24. These factors include:-
 - An allowance for changes in the amount of disabled relief
 - An allowance for changes in the number of exempt properties
 - An estimate of the number of new properties liable to council tax
 - An estimate of the number of properties ceasing to be liable to council tax
 - An allowance for changes in the number of single person discounts
 - An allowance for changes in the level of Council Tax Reduction Scheme payments
 - An allowance for the effect of appeals by taxpayers on the banding of their properties

- 5 It has always been the practice to assume that these items will be self-balancing and hence no adjustment to the overall tax base was made other than the usual allowance for non-collection. Over the last few years the tax base has been rising due to new properties being built.

Detailed Tax Base Calculations

- 6 The current year's tax base calculation assumes a 98.9% collection rate, which also allows for some movement in the items mentioned in Paragraphs 4 & 5. It had been increased from 98.4% in 2021/22. As the effect of the COVID-19 pandemic on collection rates seems to have eased, it is considered appropriate to increase the assumed collection rate up to 99.4% for 2023/24. This represents a return to pre COVID-19 projections.
- 7 The second column of the table below sets out the number of band D equivalents based on the valuation list and occupancy information at 1 December 2022 for each parish, together with a summary for the District. The figures are then subjected to the collection rate adjustment in column 3 to arrive at the tax base for council tax setting purposes appearing in column 4. The corresponding figures for 2022/23 appear in column 5.

<u>(1)</u> <u>Parish</u>	<u>(2)</u> <u>Band D</u> <u>Equivalents</u>	<u>(3)</u> <u>Collection</u> <u>Rate</u> <u>Multipliers</u>	<u>(4)</u> <u>Tax base</u> <u>2023/24</u>	<u>(5)</u> <u>Tax base</u> <u>2022/23</u>
Ash-cum-Ridley	2,498.10	0.994	2,483.11	2,444.31
Badgers Mount	339.10	0.994	337.07	331.71
Brasted	795.10	0.994	790.33	781.61
Chevening	1,466.90	0.994	1,458.10	1,450.67
Chiddingstone	623.00	0.994	619.26	609.13
Cowden	452.30	0.994	449.59	440.01
Crockenhill	663.40	0.994	659.42	655.21
Dunton Green	1,355.70	0.994	1,347.57	1,343.85
Edenbridge	3,915.40	0.994	3,891.91	3,819.62
Eynsford	962.00	0.994	956.23	951.52
Farningham	684.00	0.994	679.90	669.26
Fawkham	308.40	0.994	306.55	297.59
Halstead	816.50	0.994	811.60	778.64
Hartley	2,576.30	0.994	2,560.84	2,556.47
Hever	650.90	0.994	646.99	638.60
Hextable	1,702.40	0.994	1,692.19	1,693.66
Horton Kirby & S Darenth	1,301.10	0.994	1,293.29	1,277.99
Kemsing	1,882.40	0.994	1,871.11	1,854.08
Knockholt	646.50	0.994	642.62	633.16
Leigh	958.70	0.994	952.95	966.25
Otford	1,746.20	0.994	1,735.72	1,721.95
Penshurst	844.80	0.994	839.73	840.95
Riverhead	1,278.40	0.994	1,270.73	1,258.50
Seal	1,353.60	0.994	1,345.48	1,343.85
Sevenoaks Town	9,904.10	0.994	9,844.68	9,766.28
Sevenoaks Weald	632.80	0.994	629.00	626.83
Shoreham	723.00	0.994	718.66	701.30
Sundridge	950.60	0.994	944.90	941.03
Swanley	5,745.30	0.994	5,710.83	5,665.09
Westerham	2,104.00	0.994	2,091.38	2,079.47
West Kingsdown	2,423.10	0.994	2,408.56	2,375.68
TOTALS	52,304.10		51,990.30	51,514.27

- 8 The Council has previously resolved that its expenses are to be treated as general expenses. In addition the Council has formally to approve what are to be regarded as special expenses now that parish precepts are treated as part of the District Council's general fund and therefore its budget requirement.

Timetable for Setting the Tax

- 9 The County Council, Police & Crime Commissioner and Fire and Rescue Service have advised me of their budget meeting dates for 2022/23:
- County Council - 9 February 2023
 - Police & Crime Commissioner - 1 February 2023 - TBC
 - Fire & Rescue Service - 17 February 2023 - TBC
- 10 The council tax for the Sevenoaks area cannot be set before the County, Police and Fire precepts have been ratified. There are several dates laid down in regulations on, or by which, certain tasks in relation to the budget process and tax setting have to be carried out. These key dates appear in Appendix B.
- 11 As part of the tax setting process, the Council is required to make an estimate of the collection fund surplus or deficit at 15 January 2023 or the first working day after this, for the year ending 31 March 2023.
- 12 The amount of any surplus or deficit which a billing authority estimates in its collection fund will not remain in the collection fund but will be shared and taken into account by both billing and major precepting authorities in calculating their basic amounts of council tax for 2023/24.
- 13 As a result of the COVID-19 pandemic, the rules were changed regarding recovery of an estimated deficit on the collection fund in relation to the year 2020/21. In simple terms, rather than the full amount of an estimated deficit being taken into account by the billing and precepting authorities in 2021/22, it had to be spread equally over 2021/22 and the following two financial years. This was designed to reduce the effect on an authority's General Fund. The rules do not apply to an estimated surplus, the full amount of which gets taken into account by the billing and precepting authorities.
- 14 An authority's share of any surplus or deficit relating to council tax is to be in the same proportion as its demand bears to the total demand and precepts on the collection fund for 2022/23. Payment is to be made during 2023/24 on the same dates as precept payments.

Key Implications

Financial

There are no financial implications.

Legal Implications and Risk Assessment Statement

Calculation of the tax base for the District is a statutory requirement. The information is used by other authorities in setting their precepts. The actual tax base will vary during the year as new properties are built and exemptions and discounts are granted or withdrawn. Any difference in the revenue raised to that needed to pay precepts remains in the collection fund to be distributed to or collected from the billing and major precepting authorities in the following year.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Conclusions

Members are asked to approve the calculation of the District's tax base for council tax setting purposes and to note the timetable for setting the 2022/23 council tax.

Appendices

Appendix A - Council tax valuation bands

Appendix B - Key dates in the council tax setting process

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading