

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA****Meeting of the Council – 24 January 2007****Item 6 – Submissions from the Cabinet****COUNCIL TAX BASE 2007/08****1 COUNCIL TAX DISCOUNT POWERS**

- 1.1 The Local Government Act 2003 gave local authorities the local option from 1st April 2004 to reduce the second home Council Tax discount from 50 per cent to a minimum of 10 per cent, reduce or remove the long-term empty home Council Tax discount from 50 per cent down to a minimum of 10 per cent and the power to reduce the amount payable in either individual cases or classes of cases.
- 1.2 In setting its Council Tax base for the last three financial years (2004/05 - 2006/07) the Royal Borough made the decision to reduce both the second and long term empty home discount to 10 per cent. The Council in January 2006 re-confirmed these decisions for future financial years until varied or revoked.
- 1.3 The decision was taken not to use the power to reduce the amount payable in either individual cases or classes of case. It is not proposed to use the power for 2007/08.

**2 2007/08 COUNCIL TAX BASE****Methodology**

- 2.1 The starting point for determining the Council Tax base is the property band valuation list supplied by the Valuation Office Agency of the Inland Revenue.
- 2.2 The total number of dwellings in each band is reduced by exemptions and discounts. Discounts include, for example, reductions for one-adult households, households with one or more students and dwellings containing people who are discounted under Council Tax legislation.

- 2.3 The reduced discount on long-term empty properties is taken into account in the Council Tax base for the purposes of distributing Revenue Support Grant for 2006/07 and 2007/08 (reduces grant).
- 2.4 **Appendix A** sets out the numbers of properties in each Council Tax valuation band and the discounted Band D equivalent.

### **Assumptions**

- 2.5 Discounted Band D equivalents are based on a 'snapshot' of the Council Tax List with exemptions, disregards and discounts based on occupancy at the end of November 2006. This can and does change during the year. The following factors and assumptions must also be taken into account:
- **Non-Collection** – It is assumed that the 2006/07 estimate of non-collection of 1.5 per cent will continue on all properties excluding second homes.
  - **Appeals** – Outstanding appeals, if upheld, can reduce the Council Tax base. The number of appeals outstanding remains negligible and it is assumed that no adjustment is required for 2007/08.
  - **Changes in entitlement to discounts, exemptions and disregards.** These will occur throughout the financial year and may result in either an increase or decrease in the Council Tax base. The basic assumption is a two per cent reduction, based on historical trends. This includes a continuing reduction in the number of properties categorised as second homes for Council Tax purposes, but at a lower rate than previously assumed.
- 2.6 The combined effect of all these assumptions is to give an overall collection rate of **96.5 per cent** - an estimated increase of +0.3 per cent over 2006/07 (96.2 per cent). The current year collection rate has reduced due to the introduction of the new council tax management software but this is expected to correct and improve over previous levels by early next year as the system becomes embedded.
- 2.7 The Council will continue to pursue collection vigorously and we continue to make it easier to pay through facilities for payment through the Internet and automated telephone calls. We remain committed to pursuit of payment, for example through our 'visiting' programme to check the status of properties, and court fees for non-payment.

- 2.8 Based on the assumptions set out above and with the continued use of the discount powers, the 2007/08 adjusted Band D equivalent tax base is **97,328**. **Appendix A** sets out the tax base calculation and also shows the tax base without the reduced discount for second homes (Column 6). The result of the equivalent calculation for each of the areas to which a special Garden Square levy applies is set out in **Appendix B**. This includes the impact of the 10 per cent discount for second homes and long term empty property.

### **3 FINANCIAL, LEGAL, PERSONNEL AND DIVERSITY IMPLICATIONS**

- 3.1 The financial implications are included within the report. The change in the tax base represents a 0.4% increase over the 2006/07 figure.
- 3.2 The Local Government Act 2003 brought changes to the way Council Tax discounts are applied in respect of second homes and long-term empty properties. In accordance with the Constitution a decision to exercise these powers has already been made by full Council.
- 3.3 The authority is also required to determine the Council Tax base, before 31 January, in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003.
- 3.4 There are no personnel or diversity implications arising from this report.

### **4 RECOMMENDATIONS**

- 4.1 The Council is recommended to approve:
- (i) That the current level of discount to be applied in respect of second homes and empty homes remains at 10 per cent and will remain at that level until varied or revoked .
  - (ii) That no locally determined discounts are applied for 2007/08, nor future financial years, until varied or revoked.
  - (iii) That the Council Tax base for 2007/08 is **97,328** (taking into account collection rate loss assumptions) as set out in Column 8 of **Appendix A**.

- (iv) That the Council Tax bases for garden square areas is as set out in Column 3 of **Appendix B**

**FOR DECISION**

S. Beauchamp  
**Executive Director for Finance, Information Systems and Property**

**Background Papers**

Local Authorities (Calculation of Council Tax Base) Regulations 1992 (Statutory Instrument 1992 No. 612) as amended by The Local Authorities (Calculation of Council Tax Base)(Amendment)(England) Regulations 2003 (Statutory Instrument 2003 No. 3012).

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## APPENDIX A

### WHOLE BOROUGH TAX BASE CALCULATION 2007/08

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Band	No. of Dwellings	Exemptions, Disregards and Discounts*	No. of dwellings after disregards, exemptions and discounts	Band ratio	Band D Equivalents	Add Back Band D equivalent - 2nd Home Discount Reduced to 10%	Total Band D Equivalents 2007/08	Band D Equivalents 2006/07
<b>A</b>	823	197	626	6/9	418	9	427	365
<b>B</b>	3,318	781	2,537	7/9	1,972	21	1,993	1,981
<b>C</b>	8,958	1,901	7,057	8/9	6,272	137	6,409	6,376
<b>D</b>	13,386	2,925	10,461	1	10,461	283	10,744	10,682
<b>E</b>	13,208	2,694	10,514	11/9	12,851	451	13,302	13,309
<b>F</b>	11,881	2,334	9,547	13/9	13,790	548	14,338	14,346
<b>G</b>	19,883	3,842	16,041	15/9	26,734	1,428	28,162	28,252
<b>H</b>	14,210	2,029	12,181	18/9	24,362	1,069	25,431	25,393
<b>Class O</b>					50		50	50
	<b>85,667</b>	<b>16,703</b>	<b>68,964</b>		<b>96,910</b>	<b>3,946</b>	<b>100,856</b>	<b>100,754</b>
<b>Collection adj</b>					(3,391)	(137)	(3,528)	(3,827)
<b>Net Taxbase</b>					<b>93,519</b>	<b>3,809</b>	<b>97,328</b>	<b>96,927</b>

*Exemptions, Disregards and Discounts	Relief	Dwelling No.s	Reduction in dwelling No.s
Exempt properties **	100%	4,399	4,399
Disabled relief band adjustments	1 band lower	191	0
Single adult households	25%	34,912	8,728
Single disregards	25%	565	141
Double disregards	50%	113	56
Second Homes (basic element only)	50%	6,542	3,271
Long term empty homes	10%	1,082	108
		<b>16,703</b>	

\*\* *Exempt properties* include: empty properties having structural repairs, empty unfurnished, student residences, empty property previously occupied by people now in prison or receiving personal care other than in hospital or a home permanently living in a hospital or home, someone who has died, Ministry of Defence and visiting forces accommodation, property only lived in by foreign diplomats or people under 18.

All totals have been rounded to the nearest whole number.  
 Class O exempt dwellings receive a contribution from the Ministry of Defence in lieu.  
 Includes second homes and long term empty homes at 10% discount.

**APPENDIX B**

**ROYAL BOROUGH COUNCIL TAX - GARDEN SQUARES  
KENSINGTON IMPROVEMENT ACT 1851**

(1)

(2)

(3)

<b>CODE</b>	<b>GARDEN SQUARE</b>	<b>BAND D EQUIVALENTS</b>
900	Addison Gardens	119
901	Arundel Gardens/Ladbroke Gardens	249
902	Avondale Park Gardens	27
904	Barkston Gardens	250
906	Bina Gardens (West)	185
907	Bolton Gardens	112
908	Bramham Gardens	388
909	Brompton Square	187
912	Campden Hill Square	83
913	Campden House Court	228
914	Clarendon Rd/Lansdowne Rd	49
915	Collingham Gardens	189
916	Cornwall Gardens	658
917	Courtfield Gardens (East)	223
918	Courtfield Gardens (West)	455
921	Earls Court Square	294
922	Edwardes Square	238
925	Gledhow Gardens	266
928	Hereford Square	77
929	Holland Rd/Russell Rd	189
930	Hornton St/Holland St	109
933	Iverna Court	237
936	Kensington Square	110
939	Lexham Gardens	302
942	Moreton & Cresswell Gardens	112
944	Nevern Square	329
945	Norland Square	166
948	Ovington Square	220
951	Pembridge Square	235
952	Philbeach Gardens	309
955	Royal Crescent	177
958	St James's Gardens	155
959	Stanley Crescent	191
960	Stanley Gardens (North)	125
961	Stanley Gardens (South)	168
962	Sunningdale Gardens	30
965	Wetherby Gardens	361

**ROYAL BOROUGH COUNCIL TAX - GARDEN SQUARES  
TOWN GARDENS PROTECTION ACT 1863**

<b>CODE</b>	<b>GARDEN SQUARE</b>	<b>BAND D EQUIVALENTS</b>
975	Arundel Gardens/Elgin Crescent	267
977	Blenheim Crescent/Elgin Crescent	248
978	Emperor's Gate	224
979	Ladbroke Grove	56
980	Lansdowne Rd/Elgin Crescent	136
981	Lansdowne Rd/Lansdowne Crescent	179
982	Lansdowne Walk / Lansdowne Rd (Hanover)	156
984	Montpelier Gardens	109
986	Notting Hill	39