

# 6(i)

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**  
**Meeting of the Council - 25 January 2006**  
**Item 6 - Submissions from the Cabinet**

## **COUNCIL TAX BASE 2006/07**

The following matters were considered by the Cabinet at its meeting on 17 January 2006 and are now submitted to full Council for approval and adoption in accordance with Standing Order 20.

### **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 two financial years (2004/05 and 2005/06) the Royal Borough made the decision to reduce both the second and long term empty home discount to 10 per cent. The 19 January 2005 Council also 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 2006/07.

### **2 2006/07 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 2005. 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 2005/06 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 2006/07.
  - **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 in 2005/06. However, as set out above, it is assumed that changes in discounts are higher for that segment of the tax base provided by the lower discount on second homes. This assumes a continuing reduction in the number of properties categorised as second homes for Council Tax purposes - a continuation of a trend identified for 2004/05 and 2005/06.

The combined effect of all these assumptions is to give an overall collection rate of 96.2 per cent - an estimated increase of +0.4 per cent over 2005/06 (95.8 per cent). The Council will continue to pursue collection vigorously. 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.

- 2.6 Based on the assumptions set out above and with the continued use of the discount powers, the 2006/07 adjusted Band D equivalent tax base is **96,927**. **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 LEGAL IMPLICATIONS**

- 3.1 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.
- 3.2 The authority is also required to determine the Council Tax base, before 31<sup>st</sup> 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.

### **4 Recommendations from the Cabinet**

- 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.
  - (ii) That any locally determined discounts are not applied for 2006/07, nor future financial years, until varied or revoked.
  - (iii) That the Council Tax base for 2006/07 is **96,927** (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**

**MERRICK COCKELL**  
Leader of the Council

### **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).

- Relevant Office of the Deputy Prime Minister Council Tax Information Letters.

**Officer Contact:** Mr Paul Kidd on tel: 020 7361 2316 and e-mail  
[paul.kidd@rbkc.gov.uk](mailto:paul.kidd@rbkc.gov.uk)

## APPENDIX A

### WHOLE BOROUGH TAX BASE 2006/07

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Band	No. of Dwellings	Exemptions, Disregards & Discounts*	No. of dwellings after disregards, exemptions & discounts	Band ratio	Band D Equivalents	Add Back Band D equivalent - 2nd Home Discount Reduced (50% to 10%)	Total Band D Equivalents 2006/07	Band D Equivalents 2005/06
A	722	191	531	6/9	354	11	365	353
B	3,305	788	2,517	7/9	1,958	23	1,981	1,979
C	8,948	1,922	7,026	8/9	6,245	131	6,376	6,421
D	13,304	2,923	10,381	1	10,380	302	10,682	10,671
E	13,199	2,684	10,515	11/9	12,852	457	13,309	13,264
F	11,868	2,360	9,508	13/9	13,734	612	14,346	14,264
G	19,937	3,902	16,035	15/9	26,725	1,527	28,252	28,271
H	14,170	2,020	12,150	18/9	24,300	1,094	25,394	25,012
<b>Class O</b>					50		50	50
	<b>85,453</b>	<b>16,790</b>	<b>68,663</b>		<b>96,598</b>	<b>4,156</b>	<b>100,754</b>	<b>100,285</b>
<b>Collection adj</b>					(3,381)	(446)	(3,827)	(4,210)
<b>Net Taxbase</b>					<b>93,217</b>	<b>3,710</b>	<b>96,927</b>	<b>96,075</b>

<b>*Exemptions, Disregards and Discounts</b>	<b>Relief</b>	<b>No.</b>	<b>Reduction in dwelling No.s</b>
Exempt properties **	100%	4,363	4,362
Disabled relief band adjustments	moved 1 band lower	195	0
Single adult households	25%	34,654	8,663
Single disregards	25%	586	147
Double disregards	50%	109	55
Second Homes (basic element only)	50%	6,889	3,444
Long term empty homes	10%	1,185	119
		<b>16,790</b>	

\*\* *Exempt properties* include: empty properties having structural repairs (max 12 months); empty unfurnished (max 6 months) student residences; empty property which was previously occupied by: people now in prison, receiving personal care other than in hospital or a home permanently living in a hospital or home, someone who has died; MOD and visiting forces accommodation; property only lived in by foreign diplomats or people under age 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**

<b>ROYAL BOROUGH COUNCIL TAX - GARDEN SQUARES</b>		
<b>KENSINGTON IMPROVEMENT ACT 1851</b>		
(1)	(2)	(3)
<b>CODE</b>	<b>GARDEN SQUARE</b>	<b>BAND D EQUIVALENTS</b>
900	Addison Gardens	131
901	Arundel Gardens/Ladbroke Gardens	246
902	Avondale Park Gardens	29
904	Barkston Gardens	255
906	Bina Gardens (West)	190
907	Bolton Gardens	114
908	Bramham Gardens	377
909	Brompton Square	179
912	Campden Hill Square	84
913	Campden House Court	228
914	Clarendon Rd/Lansdowne Rd	49
915	Collingham Gardens	203
916	Cornwall Gardens	654
917	Courtfield Gardens (East)	225
918	Courtfield Gardens (West)	455
921	Earls Court Square	294
922	Edwardes Square	237
925	Gledhow Gardens	268
928	Hereford Square	83
929	Holland Rd/Russell Rd	182
930	Hornton St/Holland St	112
933	Iverna Court	227
936	Kensington Square	125
939	Lexham Gardens	288
942	Moreton & Cresswell Gardens	117
944	Nevern Square	328
945	Norland Square	175
948	Ovington Square	205
951	Pembridge Square	229
952	Philbeach Gardens	299
955	Royal Crescent	178
958	St James's Gardens	158
959	Stanley Crescent	175
960	Stanley Gardens (North)	123
961	Stanley Gardens (South)	176
962	Sunningdale Gardens	27
965	Wetherby Gardens	366

<b>ROYAL BOROUGH COUNCIL TAX - GARDEN SQUARES</b>		
<b>TOWN GARDENS PROTECTION ACT 1863</b>		
<b>CODE</b>	<b>GARDEN SQUARE</b>	<b>BAND D EQUIVALENTS</b>
975	Arundel Gardens/Elgin Crescent	278
977	Blenheim Crescent/Elgin Crescent	245
978	Emperor's Gate	220
979	Ladbroke Grove	55
980	Lansdowne Rd/Elgin Crescent	133
981	Lansdowne Rd/Lansdowne Crescent	175
982	Lansdowne Walk / Lansdowne Rd (Hanover)	152
984	Montpelier Gardens	116
986	Notting Hill	41