

# COUNCIL TAX AND MAINTAINING THE PROPERTY BASE

Introduction to Council Tax 23<sup>rd</sup> January 2020

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# Local Government Funding

- Central Government Grants
  - Revenue Support Grant
- Local Fees & Charges
  - Including Sundry Debts, Parking
- Business Rates
  - Retention
- Council Tax
  - Tax on domestic property

# Public View of Council Tax

- Highly Visible
- Not a progressive tax
- Difficult to avoid
- Annual increases subject to referendum
- Viewed as a charge for services, not as a tax on domestic property
- Adult Social Care – April 2016

# Where does Council Tax Go?

- Preceptors
  - Unitary/Metropolitan Councils
  - County Councils
  - District Councils
  - Police and Crime Commissioner
  - Fire Service
  - Parish & Town Councils

# How is Council Tax Calculated?

- Calculate Budget Requirement for Council Tax
  - After taking account of other income
- Calculate Number of Chargeable Properties
  - Band D equivalent number of properties
- Divide Budget Requirement by the Band D number of properties
- Example: £10,000,000 Budget / 50,000 Band D properties
  - = Band D Council Tax amount of £200
- Each preceptor does their own calculation

# The Property Base

- Local Government Finance Act 1992 – Part 1
  - Each ‘billing authority’ shall levy and collect a tax.....which shall be payable in respect of dwellings situated in its area
  - Dwelling:
    - Would have been liable for Rates
    - Is not in the Non Domestic rating list
    - Is not exempt from Non Domestic rating
    - May be a composite hereditament

# Unusual Domestic Properties

- Mobile Caravans and Boats
  - Non Domestic, unless occupied as a sole or main residence
  - Caravan pitch or mooring
- Permanent Caravans
- Annexes
  - Self contained unit of occupation

# Types of Domestic Property

- Care home for the elderly
- Sheltered housing schemes
- Halls of residence
- Bedsits/HMOs



# Valuing Property

- Valuation Office
  - An agency of HMRC
  - Appoint a Listing Officer
  - Compiles the Valuation List
    - Determines whether a property is a 'dwelling' for the purposes of Council Tax
    - Decides upon the Valuation Band for the property and enters it on the list

# Valuation Bands

- Value as at 1<sup>st</sup> April 1991:

Band	Value	Proportion	Example
A	Up to £40,000	6/9	£900,00
B	£40,001 to £52,000	7/9	£1,166.67
C	£52,001 to £68,000	8/9	£1,333.33
D	£68,001 to £88,000	9/9	£1,500.00
E	£88,001 to £120,000	11/9	£1,833.33
F	£120,001 to £160,000	13/9	£2,166.67
G	£160,001 to £320,000	15/9	£2,500.00
H	Exceeding £320,000	18/9	£3,000.00

# The Valuation List

- Compilation
- Alterations
- Appeals
- Band Changes
- New Dwellings

# Valuation List

- Important to manage and monitor the property base:
  - Inspectors
  - Local knowledge
  - Liaison with other council departments
  - Increase in the number of properties:
    - Increases Council Tax income
    - New Homes Bonus

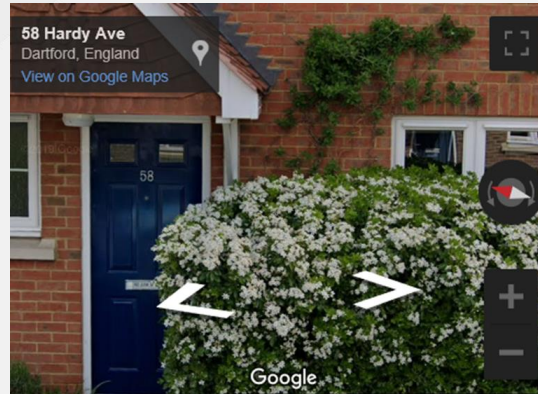
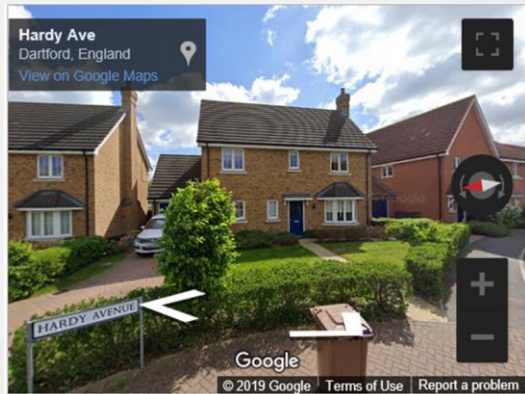
# Valuation List – Is It Complete?

1, ST JAMES COURT, ST JAMES LANE, GREENHITHE, KENT DA9 9LF	F
2, ST JAMES COURT, ST JAMES LANE, GREENHITHE, KENT DA9 9LF	F



# Valuation List – Is It Complete?

56, HARDY AVENUE, DARTFORD, DA1 2FE	F
57, HARDY AVENUE, DARTFORD, DA1 2FE	F
59, HARDY AVENUE, DARTFORD, DA1 2FE	D
60, HARDY AVENUE, DARTFORD, DA1 2FE	D



# Completion Notices

- New Dwellings
  - Work remaining can reasonably expected to be completed within a period of 3 months, or:
  - At the time of inspection, work is complete

# COUNCIL TAX DISCRETIONS

- Councils can generate additional Council Tax income by
  - Reducing the amount of Council Tax Support payable
  - Increasing the amounts payable for empty properties
    - Unoccupied and unfurnished plus Premium:
      - 100% - Properties empty for 2 to 5 years
      - 200% - Properties empty for 5 to 10 years. Effective from April 2020
      - 300% - Properties empty for 10 years or more. Effective from April 2021
    - Unoccupied but furnished
    - Uninhabitable
- But this has to be collected



# In Summary

- Council Tax is an important source of income for councils and other preceptors
- Residents are familiar with and highly aware of Council Tax
- Council Tax remains in the spotlight both nationally and locally