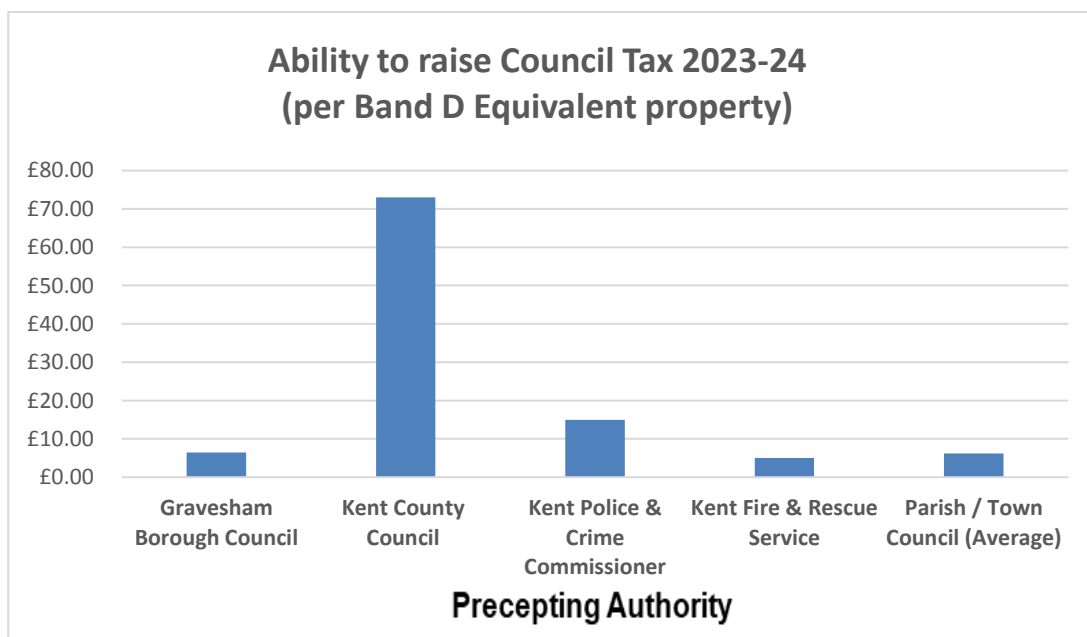


Section Five – Council Tax

1. The Provisional Finance Settlement announcement indicated the continued flexibility for district councils in setting council tax levels by permitting district councils to raise council tax by 3% or up to and including £5 (whichever is higher) without triggering the requirement for a referendum.
2. The table below details the respective annual Council Tax levels being charged by all District Authorities within Kent during 2022-23; this shows that Gravesham's current Council Tax level is below the average level charged within Kent (£217.98 compared to an average of £220.50). The table also shows the maximum permissible annual increase for each authority for 2023/24 without the need for a referendum.

KENT	Annual Charge 2022/23	Maximum permissible increase	Maximum annual charge 2023/24
Folkestone & Hythe	£279.09	£8.37	£287.46
Maidstone	£276.30	£8.29	£284.59
Thanet	£248.13	£7.44	£255.57
Sevenoaks	£229.86	£6.90	£236.76
Canterbury	£226.17	£6.79	£232.96
Tonbridge & Malling	£224.50	£6.74	£231.24
Gravesham	£217.98	£6.54	£224.52
Dover	£202.14	£6.06	£208.20
Tunbridge Wells	£193.75	£5.81	£199.56
Swale	£189.27	£5.68	£194.95
Dartford	£181.35	£5.44	£186.79
Ashford	£177.50	£5.33	£182.83
Average	£220.50	£6.62	£227.12

3. The council has undertaken a critical review of its council tax base. This has resulted in an anticipated increase in the tax base of 1.25% for 2023-24 compared to that of 2022-23.
4. The Provisional Finance Settlement sets out that, for 2023-24, there continues to be differential limits that will trigger the need for a council tax referendum for each of the precepting authorities within the borough:
 - **Gravesham Borough Council** – permitted to raise council tax by 3% or up to and including £5 (whichever is higher).
 - **Kent County Council** – permitted to raise core council tax by up to 3%, with a further 2% relating to the social care precept.
 - **Kent Police & Crime Commissioner** – permitted to raise council tax by up to £15.
 - **Kent and Medway Fire and Rescue Service** – permitted to raise council tax by up to £5.
 - **Parish / Town Councils** – No referendum principals set but are expected to ‘show restraint’ when setting precept levels. Planned increases at Band D level range from £1.77 to £14.53 with an average increase of £6.19.
5. The application of these referendum principles means that each precepting authority has differing abilities to generate council tax revenues. The graph below demonstrates each precepting authority’s ability to generate council tax if they were to maximise increases within their respective referendum threshold:



6. The referendum principles permit Gravesham Borough Council to increase its council tax by £6.48 to £224.46 which is less than 13 pence per week for a Band D property. This is slightly below the level set out in the table in paragraph 2 as there is a requirement for the amount charged to be divisible by the number of council tax bands which is 9

7. Appendix 4a shows in graphical form the effect of freezing council tax in 2023-24 versus the implementation of a £6.48 increase to the council tax. The graph shows that over the course of the current Medium Term Financial Plan period, such a decision would see total Council Tax income reduced by £2,304,840
8. Modelling showing the consequential impact on the MTFP of increasing council tax by £6.48 and £0 (effectively freezing council tax) is presented at Appendix 4b and 4c.
9. The table below shows that 58.1% of properties fall within Council Tax bands A-C. Therefore, the increase in the annual charge will be less than £6.48. For reference the Gravesham Borough Council element of the Council Tax charge for a band A property would be £4.32 per year, band B £5.04 and £5.36 for band C.

Council Tax Band	Number of properties	Percentage
A	3,719	8.40%
B	7,013	15.80%
C	15,032	33.90%
D	10,572	23.80%
E	4,723	10.70%
F	2,100	4.70%
G	1,076	2.40%
H	101	0.30%
TOTAL	44,336	100.00%

Levelling Up and Regeneration Bill

10. The Levelling Up and Regeneration Bill is currently progressing through the House of Lords, with the second reading scheduled for 17 January 2023 and Royal Assent expected in Spring 2023.
11. Within the Bill, proposals have been made to change the way in which the following premiums are applied
 - **Council Tax premium on ‘long term empty’ properties** - currently, if a property has been unoccupied and unfurnished for two years but less than five years, then a 100% council tax premium can be applied to the property. The Bill proposes to shorten the two year period and allow the premium to be applied after one year.
 - **Council Tax premium on ‘second homes’** – ‘second homes’ are defined within the Bill as properties where is no resident of the dwelling, but the property is furnished. Currently, a full council tax charge is applied to second homes. The Bill proposes the councils may apply a further 100% council tax premium on second homes.
12. The changes will only come into effect if these proposals remain in the Bill and it receives Royal Assent. The earliest these changes could be effective is 1 April 2024, assuming Royal Assent is granted by 31 March 2023. The Bill currently states that to apply these changes, approval to do so must be given at least 12 months before the implementation date. Cabinet is therefore requested to approve the application of these premiums, should the Bill receive Royal Assent, so that they are able to be applied from 1 April 2024.