

KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TO BE TAKEN BY:

Peter Oakford

Deputy Leader and Cabinet Member for Finance, Corporate
and Traded Services

DECISION NUMBER:

25/00004

For publication [Do not include information which is exempt from publication under schedule 12a of the Local Government Act 1972]

Key decision: YES / NO

Key decision criteria. The decision will:

- a) result in savings or expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000); or
- b) be significant in terms of its effects on a significant proportion of the community living or working within two or more electoral divisions)

Subject Matter / Title of Decision

Council Tax Collection Subsidies and Incentives

Decision:

As Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, I agree to:

- (a) Cease the current arrangement with Billing Authorities pursuant to which the Council provides financial support and incentive payments towards the cost of setting up and administering local Council Tax Reduction Schemes (CTRS) with effect from 1st April 2025.
- (b) Cease the current arrangements with Billing Authorities pursuant to which the Council makes incentive payments to support removal of discretionary empty property discounts and charge empty property premiums with effect from 1st April 2025.
- (c) Delegate authority to the Interim Corporate Director Finance to formally notify the Billing Authorities that payments will cease from 2025-26 financial year and to take any actions or make any decisions deemed necessary to the Interim Corporate Director Finance to implement the decisions of the Cabinet Member for Finance, Corporate and Traded Services in (a) and (b) above.

Reason(s) for decision:

The subsidies and incentives the Council currently offers to Billing Authorities towards the costs of council tax collection are long standing but entirely discretionary, and as far as we can ascertain unique to Kent. The Council has a requirement to find £19.8m savings to replace one-off solutions used to balance the 2024-25 budget in accordance with Objective 3 (Policy choices and scope of Council's ambitions) set out in Securing Kent's Future. Removing these subsidies and incentives is consistent with the policy consideration to review all (cross) subsidies where there is no statutory requirement (duty) to provide support.

Ceasing these arrangements will not alter either the statutory obligation on individuals to pay council tax or the duty on Billing Authorities to bill and collect council tax. In ceasing these arrangements the Council is aware of the potential risk of loss of council tax income through under collection and/or increased discounts/reduced premiums. The Council believes these risks are potential and not inevitable and in the short-term can be mitigated from an established smoothing reserve to deal with

fluctuations in collection levels.

Financial Implications

The annual saving to the Council from ceasing the subsidy and incentive on local CTRS is £1,746.7k based on 2024-25 approved budget. The annual saving to the Council from ceasing the empty property incentive is £1,450k based on 2024-25 budget.

A 1% reduction in collection rates across all 12 Billing Authorities would result in £9.5m to £9.8m reduction in the Council's share of council tax (with proportionate reductions in other preceptors and Billing Authority shares). Actual losses from collection will not be confirmed until annual accounts have been closed and audited. The Council will continue to manage fluctuations in collection through a smoothing reserve set up specifically for this purpose. The Council's annual council tax precept must be set based on tax base estimates calculated by each Billing Authority. The deadline for notifying these estimates is 31st January prior to the start of each financial year. The Council must notify the Billing Authorities of its council tax precept by the end of February.

Legal Implications

The Council is not under a duty to provide the subsidies and incentives that it is proposing in this report to end. The Council can therefore cease the payments in accordance with its functions. The obligation on individuals to pay their council tax, and the obligation placed on Billing Authorities to collect to council tax remain.

Equalities implications

No equalities implications identified as this decision does not directly impact on individuals with protected characteristics.

Cabinet Committee recommendations and other consultation:

Policy & Resources Cabinet Committees was consulted on 5th March 2025.

Any alternatives considered and rejected:

Maintaining current arrangements

- Transitional arrangement for phased removal of subsidies / incentives

Further information regarding consideration of alternatives is available in the report.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:

N/A

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signed

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Date