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Council Tax Base for 2021/22

Purpose

- 1.1 The Council has a legal requirement to calculate a Council Tax base for each financial year and to notify its Council Tax base to both The Police and Crime Commissioner for Derbyshire and Derbyshire Fire & Rescue Authority. The Council Tax base must be calculated between 1 December and 31 January in the preceding financial year and notified to The Police and Crime Commissioner for Derbyshire and Derbyshire Fire & Rescue Authority by 31 January of the preceding financial year.
- 1.2 The Council Tax base is an estimated figure of the number of domestic properties expressed in terms of 'band D' equivalents in the Council's area during the financial year concerned. It is used to determine a headline charge for band D properties in the city. Charges for other bands are calculated as defined fractions of the headline charge.
- 1.3 The proposed Council Tax base for 2021/22 is 69,545.77 band D equivalent properties compared with the 2020/21 Council Tax base of 69,592.06.

Recommendations

- 2.1 To approve the Council Tax base for the year 2021/22 as 69,545.77 band D equivalent properties, in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (SI 2012/2914).
- 2.2 That in accordance with the methodology and estimates shown at Appendix 1, Cabinet recommends to Council to approve this calculation, at the Council meeting on 20 January 2021.
- 2.3 To approve the following empty property premium charges and total Council Tax charges from 1 April 2021;
 - For properties that have been empty and unoccupied for two years or more, but less than five years an empty property premium of 100%, giving a total Council Tax charge of 200%
 - For properties that have been empty and unoccupied for five years or more, but less than 10 years, an empty property premium of 200%, giving a total Council Tax charge of 300%.

- For properties that have been empty and unoccupied for ten years or more, an empty property premium of 300%, giving a total Council Tax charge of 400%.

Reasons

- 3.1 Agreeing the Council Tax base is the first step in the process of setting the Council Tax to be collected in 2021/22 and is an essential part of establishing the 2021/22 budget.
- 3.2 Increasing the amount of Council Tax payable on certain long term empty properties will act as a strong incentive for owners to bring such properties back into use, which in turn will minimise the incidence of anti-social behaviour associated with them and help address the housing shortage within the City.

Supporting information

- 4.1 The calculation of the Council Tax base for the City is a key stage in the budget setting process and will form the basis for the Council Tax charge for the Council's Council Taxpayers for 2021/22. The Council Tax base must be notified to The Police and Crime Commissioner for Derbyshire and Derbyshire Fire & Rescue Authority by 31 January 2021, for them to set their precept for Council Taxpayers in Derbyshire.
- 4.2 The Council Tax base is an estimated figure of the number of domestic properties in terms of band D equivalents in the Council's area during the year. It is used to determine a headline charge for band D. Charges for other bands are calculated as defined fractions of the headline charge.
- 4.3 By law, the Council must calculate its Council Tax base for 2021/22 by no later than 31 January 2021.
- 4.4 The proposed tax base for 2021/22 is 69,545.77 band D equivalent properties and has been determined in accordance with the calculation shown at Appendix 1.
- 4.5 A proposed tax base of 69,545.77 band D equivalents represents a modest decrease of 46.29 band D equivalents compared to last year. Whilst there has been an increase in the number of domestic dwellings within the city, increasing the top line of the tax base from 78,042 band D equivalent dwellings to 78,777.7 band D equivalents, the effect of this has been offset by an expected increase in Council Tax Support awards as a result of economic shock resulting from the COVID-19 pandemic. The lower tax base also reflects a prudent estimate of the number of new dwellings expected to be built, together with a small rise resulting from an increased empty property premium charged on some long-term empty and unoccupied properties. More information about increasing the empty property premium on some unoccupied properties is included in paragraph 4.6 below.

4.6 Increasing Council Tax chargeable on some empty properties from 1 April 2020.

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, allows the amount of Council Tax charged from 1 April 2021 to be increased by 300%, on domestic dwellings that have been unoccupied and substantially unfurnished for a continuous period of ten years. This is in addition to the 100% empty property premium that is currently being charged on dwellings that have been unoccupied and substantially unfurnished for a continuous period of between two and five years and the 200% empty property premium on those unoccupied and substantially unfurnished for at least five years.

The case for charging the additional empty property premium and therefore encouraging the owners of empty dwellings to bring them back into use is compelling and includes;

- The current demand for housing in Derby far outstrips supply and as a result there are many families on the waiting list for housing in the city. There are also many others living in cramped, overcrowded or otherwise unsuitable conditions.
- Empty properties can be detrimental to the lives of residents as they are a magnet for crime and antisocial behaviour, drive down property values locally and contribute to urban decline and blight. They also represent a risk for the emergency services and put added pressure on various Council departments such as Environmental Health and Anti-Social Behaviour teams.

In addition, increasing the empty property premium to the maximum allowed will also result in additional Council Tax receipts and increase the Council Tax base, albeit by modest values. It is estimated that around 25 properties across Derby will be subject to the 300% premium, resulting in estimated additional Council tax receipts of around £30,000 per financial year, based upon current Council Tax charges. The estimated increase in the Council Tax base is 16.33 band D equivalents and forms part of the calculation at Appendix 1.

- 4.7 The Council Tax base is a key factor in determining how much Council Tax will be raised for a particular financial year. The tax base assumes a collection rate of which is consistent with the Council's Medium-Term Financial Plan.

Public/stakeholder engagement

- 5.1 The calculation of the Council's Council Tax base is a statutory function. There has been no public or stakeholder engagement in determining it.

Other options

- 6.1 The Council has a statutory duty to set a Council Tax base.
- 6.2 The Council could opt not to levy the additional empty property premium. However, this option has not been proposed, for the reasons set out in section 4.6 of the report.

Financial and value for money issues

- 7.1 The estimated Council Tax base for 2021/22 of 69,545.77 compares with 69,592.06 used for 2020/21 tax setting purposes.

Legal implications

- 8.1 The Council is required to calculate its tax base under the Local Government Finance Act 1993, Section 33(1), and The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (S1 2012/2914). The Council has a duty to notify The Police and Crime Commissioner for Derbyshire and Derbyshire Fire & Rescue Authority of its Council Tax base by 31 January 2021.
- 8.2 The discretion to charge a 300% empty property premium on dwellings that have been unoccupied and substantially unfurnished for a continuous period of ten years is contained within the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

Climate implications

- 9.1 None.

Other significant implications

- 10.1 None

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu, Head of Legal Services	9 December 2020
Finance	Toni Nash, Head of Finance	9 December 2020
Service Director(s)	Alison Parkin, Interim Director of Financial Services	9 December 2020
Report sponsor	Simon Riley, Strategic Director of Corporate Resources	9 December 2020
Other(s)		

Background papers:
List of appendices:

Appendix 1

Council Tax Base for 2021/22 – calculation of relevant amounts expressed as band D equivalents

Description	Band D Equivalent
Derby City Council tax base as at 30 November 2020 (note 1)	78,777.7
Less reduction from Council Tax Support Scheme (CTSS) (note 2)	-7,653.79
Add increase for empty property premium (note 3)	16.33
Add increase for other future changes (note 4)	188.75
Tax Base prior to collection rate factor	71,328.99
Reduction in Tax Base to take account of collection rate at 97.5% (note 5)	-1,783.22
Derby City Council Tax Base for 2021/22	<u>69,545.77</u>

Notes

1. This figure is determined by running reports from the Council Tax core business system (Academy) as at close of play 30 November 2020.
2. Council Tax Support expenditure as at 30 November 2020 together with any change for estimated future changes.
3. Takes account of the increase in empty property premium charged on properties unoccupied and substantially unfurnished for a period of ten years
4. This is an estimate of newly built dwellings for the period 1 December 2020 to 31 March 2022, converted to band D equivalents.
5. 97.5% aligns the collection rate to that used in the Council's Medium-Term Financial Plan.