



Report sponsor: Simon Riley; Strategic Director
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Council Tax Base for 2022/23

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 2022/23 is 70,030.60 band D equivalent properties compared with the 2021/22 Council Tax base of 69,545.77.

Recommendations

- 2.1 To approve the Council Tax base for the year 2022/23 as 70,030.60 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 19 January 2022.
- 2.3 To approve that from 1 April 2022, a Council Tax empty property premium is not charged for 12 months, on change of ownership, on properties that have been continuously unoccupied and substantially unfurnished for a period of at least 5 years.

Reasons

- 3.1 Agreeing the Council Tax base is the first step in the process of setting the Council Tax to be collected in 2022/23 and is an essential part of establishing the 2022/23 budget.

- 3.2 Properties that have been continuously unoccupied and substantially unfurnished for a period of at least five years are often in a state of dilapidation or disrepair and need time to carry out repairs/modernisation to make them habitable. Charging additional Council Tax from day one, can dissuade new owners from buying and renovating long term empty properties in turn acting as a disincentive against the Council's policy of bringing long term empty properties back into use.

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 2022/23. The Council Tax base must be notified to The Police and Crime Commissioner for Derbyshire and Derbyshire Fire & Rescue Authority by 31 January 2022, 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 2022/23 by no later than 31 January 2022.
- 4.4 The proposed tax base for 2022/23 is 70,030.60 band D equivalent properties and has been determined in accordance with the calculation shown at Appendix 1.
- 4.5 A proposed tax base of 70,030.60 band D equivalents represents an increase of 484.83 band D equivalents compared to last year. This increase is predominantly as a result on an increase in the number of dwellings within the city, together with an increased estimate of the number of new builds that will be completed for the period up to and including 31 March 2023.
- 4.6 The tax base for 2022/23 assumes a collection rate of 97.0%, which is slightly lower than previous years. This takes account of the impact of the pandemic and represents a realistic assessment of the amount of Council Tax, charged for the 2022/23 financial year, that will be collected over the three-year period covered by the Council's Medium Term Financial Plan. This nets down the Band D figure used for budget setting and is included in the 2022/23 taxbase.

4.6 **Empty Property Premium easement on certain long term empty properties from 1 April 2022.**

4.6.1 Since 1 April 2013 the Council has been charging an empty property premium on certain long-term homes. From 1 April 2021 the following empty property premiums also applied;

- 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%.

4.6.2

The rationale for charging an empty premium remains compelling as it acts as a strong incentive for owners of long-term empty properties to bring them 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.

4.6.3

Properties that have been empty and unoccupied for a period of five years or more are often in a state of dilapidation or disrepair and it is reasonable to expect that new owners of such properties will need time to make the necessary repairs to make them habitable. Charging additional Council Tax, through a premium, from day one can dissuade potential new owners from buying such properties and therefore they simply remain in a poor state of repair and incapable of occupation. In turn, this acts against the Council's policy aim to bring long term empty properties back into use.

4.6.4

Putting in place an easement whereby the new owners of properties empty and unoccupied for at least five years are not charged a premium for 12 months, upon change of ownership, will counter this, whilst ensuring the over-arching incentives that empty property premiums deliver, remains.

4.6.5 Intelligence shows that there are very few occasions where properties empty and unoccupied for at least five years have a change of owner. Therefore, any loss of Council Tax income is likely to be de-minimus.

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 choose not to allow an easement for new owners of properties empty and unoccupied for at least five years. However this option is not recommended, for the reasons set out in section 4.6.1 to 4.6.5 of the report.

Financial and value for money issues

- 7.1 The estimated Council Tax base for 2022/23 of 70,030.60 compares with 69,545.77 used for 2021/22 tax setting purposes.
- 7.2 The loss of Council Tax income associated with the 12 month empty property premium easement is de-minimus given the very low number of accounts where it will be applied.

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 2022.
- 8.2 The discretion to allow an empty property premium is allowed under the Local Government Finance Act 1992 and the regulations made thereunder.

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	7 December 2021
Finance	Simon Riley, Strategic Director of Corporate Resources	19 th December 2021
Service Director(s)		
Report sponsor	Simon Riley, Strategic Director of Corporate Resources	19 th December 2021
Other(s)	Liz Moore, Head of HR	12 December 2021

Background papers:

List of appendices:

Council Tax Base for 2022/23 – calculation of relevant amounts expressed as band D equivalents

Description	Band D Equivalent
Derby City Council tax base as at 30 November 2021(note 1)	79,281.90
Less reduction from Council Tax Support Scheme (CTSS) (note 2)	-7,322.60
Add increase for other future changes (note 3)	237.19
Tax Base prior to collection rate factor	72,196.49
Reduction in Tax Base to take account of collection rate at 97.0% (note 4)	-2,165.89
Derby City Council Tax Base for 2022/23	<u>70,030.60</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 2021.
2. Council Tax Support expenditure as at 30 November 2021 together with any change for estimated future changes.
3. This is an estimate of newly built dwellings for the period 1 December 2021 to 31 March 2023, converted to band D equivalents.
4. 97.0% is a prudent collection rate for the period covered by the Council's Medium-Term Financial Plan.