



Council Cabinet
11 January 2023

ITEM 8

Report sponsor: Simon Riley; Strategic Director
of Corporate Resources
Report author: John Massey; Head of
Revenues, Benefits & Exchequer Services

Council Tax Base for 2023/24

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 2023/24 is 71,038.69 band D equivalent properties compared with the 2022/23 Council Tax base of 70,030.60.

Recommendations

- 2.1 To approve the Council Tax base for the year 2023/24 as 71,038.69 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 18 January 2023.
- 2.3 To approve the council tax charges for certain empty properties as set out in paragraph 4.7.3 of this report.

Reasons

- 3.1 Agreeing the Council Tax base is the first step in the process of setting the Council Tax to be collected in 2023/24 and is an essential part of establishing the 2023/24 budget.
- 3.2 Charging premiums on certain long term empty properties and the removal of discounts will encourage the owners of empty properties to bring them back into use aligning to the Council's current Empty Homes Strategy. Further having more homes

occupied within the city will help to reduce the incidence of anti-social behaviour associated with empty properties.

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 2023/24. The Council Tax base must be notified to The Police and Crime Commissioner for Derbyshire and Derbyshire Fire & Rescue Authority by 31 January 2023, 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 2023/24 by no later than 31 January 2023.
- 4.4 The proposed tax base for 2023/24 is 71,038.69 band D equivalent properties and has been determined in accordance with the calculation shown at Appendix 1.
- 4.5 A proposed tax base of 71,038.69 band D equivalents represents an increase of 1,008.09 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 a prudent estimate of the increase in the tax base for those domestic dwellings already completed but awaiting an official banding from the Valuation Office Agency and those expected to be completed between 1 December 2022 and 31 March 2024.
- 4.6 The tax base for 2023/24 assumes a collection rate of 97.2%. This takes account of the potential impact of the cost-of-living crisis and the other national and global issues currently being faced. A collection rate of 97.2% represents a realistic assessment of the amount of Council Tax, charged for the 2023/24 financial year, that will be collected over the three-year period covered by the Council's Medium Term Financial Plan.

4.7 Council Tax charges on certain empty properties.

- 4.7.1 Since 1 April 2013 the Council has been given the discretionary power to charge a premium on certain long term empty properties and to remove or reduce discounts on some others, for example certain second homes.
- 4.7.2 The rationale for charging an empty property premium and reducing discounts 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.
- 4.7.3 Subject to the easement explained in section 4.7.4, the Council Tax charges that will apply in 2023/24 to the following categories of empty properties are set out below. This represents no change in 2023/24 compared with the current position;
- 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%.
 - Properties classed as Second Homes – charge at 100%.
 - Properties classed as unoccupied and requiring structural/major repairs – charge at 100%.
 - Properties classed as empty and unoccupied – apply an exempt period for 28 calendar days from the date the property first becomes empty and unoccupied. Charge 100% Council Tax from day 29 onwards.
- 4.7.4 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.

Continuing with 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.

- 4.7.5 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 will 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 to change the amount of Council Tax charged on those categories of empty properties set out in section 4.7.3. However, this is not recommended as it will act as a disincentive to bringing long term empty properties back into use.

Financial and value for money issues

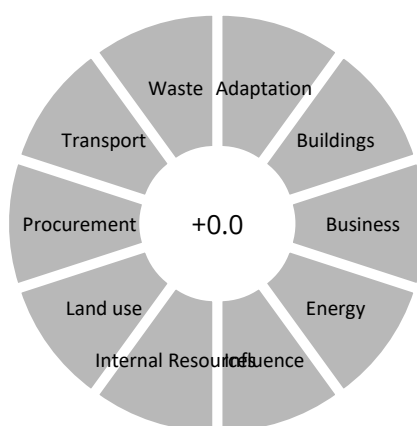
- 7.1 The estimated Council Tax base for 2023/24 of 71,038.69 compares with 70,030.60 used for 2022/23 tax setting purposes.

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 2023.
- 8.2 The discretion to allow an empty property premium is allowed under the Local Government Finance Act 1992 and the regulations made there under.

Climate implications

9.1



9.2 None with this report

Socio-economic implications

10.1 None with this report

Other significant implications

11.1 None with this report.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu, Head of Legal Services	08/12/2022
Finance	Toni Nash, Head of Finance	07/12/2022
Service Director(s)	Alison Parkin, Director of Financial Services	15/12/2022
Other(s)	Lee Haynes, Head of Information, Transformation and Application Support.	07/12/2022
	Liz Moore, Head of HR	07/12/2022

Background papers:

List of appendices: Appendix1 Council Tax Base for 2023/24

Council Tax Base for 2023/24 – calculation of relevant amounts expressed as band D equivalents

Description	Band D Equivalent
Derby City Council tax base as at 30 November 2022 (note 1)	79,707.30
Less reduction from Council Tax Support Scheme (note 2)	-6,936.65
Add increase for other future changes (note 3)	314.42
Tax Base prior to collection rate factor	73,085.07
Reduction in Tax Base to take account of collection rate at 97.2% (note 4)	2046.38
Derby City Council Tax Base for 2023/24	<u>71,038.69</u>

Notes

1. This figure is determined by running reports from the Council Tax core business system (Academy) as at close of business 30 November 2022.
2. Council Tax Support expenditure as at 30 November 2022 together with any change for estimated future changes.
3. This is a prudent estimate of the increase in the tax base for those domestic dwellings already completed but awaiting an official banding from the Valuation Office Agency and those expected to be completed between 1 December 2022 and 31 March 2024.
4. 97.2% is a prudent collection rate for the period covered by the Council's Medium-Term Financial Plan.