



**Council Cabinet
15 January 2020**

ITEM 8

Report sponsor: Paul Simpson, Strategic
Director of Corporate Resources
Report author: John Massey, Head of
Revenues, Benefits and Exchequer Services

Council Tax Base for 2020/21

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 2020/21 is 69,592.06 band D equivalent properties compared with the 2019/20 Council Tax base of 68,679.00.
- 1.3 The increase in the tax base will result in more Council Tax being collectable for the 2020/21 financial year.

Recommendations

- 2.1 To approve the Council Tax base for the year 2020/21 as 69,592.06 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 22 January 2020.

- 2.3 To approve the following empty property premium charges and total Council Tax charges from 1 April 2020;
- For properties that have been empty and unoccupied for five years or more, an empty property premium of 200%, giving a total Council Tax charge of 300%
 - For properties that have been empty and unoccupied for two years or more, an empty property premium of 100%, giving a total Council Tax charge of 200%.

Reason

- 3.1 Agreeing the Council Tax base is the first step in the process of setting the Council Tax to be collected in 2020/21 and is an essential part of establishing the 2020/21 budget.

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 Tax payers for 2020/21. The Council Tax base has to be notified to The Police and Crime Commissioner for Derbyshire and Derbyshire Fire & Rescue Authority by 31 January 2020, in order for them to set their precept for Council Tax payers 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 2020/21 by no later than 31 January 2020.
- 4.4 The proposed tax base for 2020/21 is 69,592.06 band D equivalent properties and has been determined in accordance with the calculation shown at Appendix 1.
- 4.5 The increased Council Tax base reflects an increase in the number of domestic dwellings within the city, reduced deductions to the Council Tax base as a result of attrition within the Council Tax Support base, a reduced number of single person discount awards, an increased empty property premium charged on some unoccupied properties, classed as long term empty and an estimate of the number of new homes to be built between 1 December 2019 and 31 March 2021. More information about the review of single person discount awards and increasing the empty property premium on some unoccupied properties is included in paragraphs 4.6 and 4.7 below.

4.6 **Review of Single Person Discount Awards**

In accordance with the Council's Delivery Plan for 2019/20 the Council has commissioned a supplier to undertake a comprehensive, intelligence led review, of all households within the City receiving a single person discount.

Contact has now been made with all households where there is a current award of a single person discount and intelligence suggests a second adult is present.

As the initial review is still in progress , the Council Tax base at Appendix 1 includes a prudent estimate of the number of single person discounts, expressed as band D equivalents, that will be removed as a result of the review.

4.7 **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 2020 to be increased by 200%, on domestic dwellings that have been unoccupied and substantially unfurnished for a continuous period of five 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 two years.

The case for charging the 200% 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 local 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.
- Aligning our Council Tax charges to the ambitions set out in the Council's Empty Homes Strategy 2015 - 2020.

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. It is estimated that around 100 properties across Derby will be subject to the increased premium, resulting in estimated additional Council tax receipts of around £80,000 per financial year, based upon current Council Tax charges. The estimated increase in the Council Tax base is 83.11 band D equivalents and forms part of the calculation at Appendix 1.

4.8 The Council Tax base is a key factor in determining how much Council Tax will be raised for a particular financial year and an increased Council Tax base will yield additional Council Tax for the 2020/21 financial year. Based upon the last three years average collection an assumed collection rate of 97.7% is proposed. This is consistent with the Council's MTFP

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 be 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 2020/21 of 69,592.06 compares with 68,679.00 used for 2019/20 tax setting purposes. The additional Council Tax anticipated, for Derby City Council's part only, from the increase in the Council Tax base is £1,345,494.35.
- 7.2 Increasing the empty property premium on relevant dwellings will raise additional, estimated Council Tax receipts of £80,000 per financial year, based upon current Council Tax charges.

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 2020.
- 8.2 The discretion to charge an empty property premium on dwellings that have been unoccupied and substantially unfurnished for a continuous period of five years is contained within the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

Other significant implications

9.1 None.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu, Head of Legal Services	3 rd December 2019
Finance	Elly Tomlinson, Principal Accountant	4 th December 2019
	Toni Nash, Head of Financial Services	4 th December 2019

Service Director(s)	Simon Riley, Director of Financial Services	
Report sponsor	Paul Simpson, Strategic Director of Corporate Resources	
Other(s)	Liz Moore, Head of HR	22 nd November 19
	Lynda Innocent, Head of Transformation and Business Applications	25 th November 19

Background papers:
List of appendices:

Appendix 1

Council Tax Base for 2020/21 – calculation of relevant amounts expressed as band D equivalents

Description	Band D Equivalent
Derby City Council tax base as at 30 November 2019 (note 1)	78,042.0
Less reduction from Council Tax Support Scheme (CTSS) (note 2)	-7369.80
Add reduction in single person discount awards across the city (note 3)	223.58
Add increase for empty property premium (note 4)	83.11
Add increase for other future changes (note 5)	251.47
Tax Base prior to collection rate factor	71,230.36
Reduction in Tax Base to take account of collection rate at 97.7% (note 6)	-1638.30
Derby City Council Tax Base for 2020/21	<u>69,592.06</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 2019.
2. Council Tax Support expenditure as at 30 November 2019 together with any change for estimated future changes.

3. Takes account of a lower number of single person discount awards across the city resulting from a review of all current awards.
4. Takes account of the increase in empty property premium charged on properties unoccupied and substantially unfurnished for a period of five years
5. This is an estimate of newly built dwellings for the period 1 December 2019 to 31 March 2021, converted to band D equivalents.
6. 97.7% is a prudent collection rate based upon the average of actual Council Tax receipts over the last three full financial years.