

CABINET

3rd January 2023

Tax Base Calculation 2023/24

Cabinet Member: Cllr Bob Deed Cabinet Member for Finance

Responsible Officer: Andrew Jarrett s151 & Deputy CEO

Reason for Report: This paper details the statutory calculations necessary to determine the Tax Base for the Council Tax. The calculations made follow a formula laid down in Regulations.

RECOMMENDATIONS: To Council

1. That the calculation of the Council's Tax Base for 2023/24 be approved in accordance with The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 at **29,832.98** an increase of circa 21.57 Band D equivalent properties from the previous financial year.
2. That the current collection rate of 97.5% be decreased to 96.5% detailed in paragraph 2.
3. That the doubling of the second home Council Tax charge from 01/04/2024 is adopted. Details at 3..7.2
4. That the premium Council Tax charge on long term empty properties is billed after 12 months from 01/04/2024. Details at 3.8.2.

Relationship to Corporate Plan:

This report sets out how the Tax Base is calculated for 2023/24. This calculation is then used as a basis to set the Council's budget for the forthcoming year in line with the Council's Corporate Plan objectives.

Financial Implications: Mid Devon District Council is a Statutory Billing Authority and must set its Council tax each year. If it were not to set a Council Tax then the Authority and all Precepting authorities would be unable to raise money to pay for all the services they provide.

Legal Implications: This is a statutory function and is a legal requirement. The Council must now set its budget annually using Council Tax information as at 30th November each year in accordance with The Local Authorities(Calculation of Council Tax Base)(England) Regulations 2012 calculating the relevant amount by applying the formula set out in the above regulations.

Risk Assessment: If the Council fails to carry this duty out then the Council Tax cannot legally be set. In accordance with the LGF Act 2012 above and SI 2914 of 2012 The Local Authorities(Calculation of Council Tax Base)(England) Regulations 2012, The Council Tax Base calculation includes a deduction for the Council Tax Reduction scheme within its Tax Base calculation.

1.0 Introduction

1.1 Every year each billing authority is required to calculate and approve its Band 'D' Equivalent Council Tax base. For 2023/24 this technical calculation is as follows:

2.0 The Collection Rate calculation (A)

2.1 It is necessary to estimate a 'collection rate', which is the proportion of Council Tax due that will actually be paid. It is recommended that a collection rate of 96.5% be estimated for the year 2023/24, which is a decrease on previous year's collection rate to reflect the risks associated with the current Cost of Living Crisis.

2.2 Any variation from the collection rate of 96.5% is pooled in a collection fund, which is distributed in the next financial year to all precepting authorities.

3.0 Calculation of the relevant amount (B)

Number of Properties per Valuation Band

3.1 The starting point will be the total number of properties within Mid Devon set out in the Valuation List.

Less Exemptions

3.2 Properties are exempt from Council Tax under certain circumstances. The calculated tax base uses the information currently held in deciding the level of exempt properties that are likely to apply for 2023/24.

Add Appeals, new properties and deletions from the Valuation List

3.3 The Valuation Officer has dealt with the vast majority of Council Tax appeals to date and so no further allowance is believed to be necessary at this time. At the **13 October 2022** we have estimated a net increase in properties within Mid Devon of **103** properties to go live on or before 1st April 2023 and a further **529.25** properties during the financial year, totalling **632.25**. This estimate is based on the current number of reports outstanding with the Valuation Officer.

Disabled Allowance (move down a Band)

3.4 Where a disabled resident has made structural alterations to their property to help with their disability or they use a wheelchair internally at the premises, the property is entitled to a reduction and is afforded by moving the property to the next lowest band. Existing Band A properties are also entitled to a reduction by reducing the 6/9ths charge down to 5/9ths Charge.

Less 25% Discounts

Single Persons Discounts

3.5 If only one (adult) person lives in the dwelling as their “sole & main residence” then a discount of 25% is allowed.

Less 50% discount

3.6 A discount of 50% is allowed where two or more persons who can be disregarded for Council Tax purposes occupy the property, e.g. care workers.

Second homes

3.7 Second Homes now pay full Council tax.

3.7.2 The Leveling up and Regeneration Bill is currently waiting for Royal Assent, once passed it will allow Billing Authorities to charge a premium of up to 100% on second homes so the Charge Payer will have to pay 200% of the Council Tax Charge with effect from the 1st April 2024. If approved an advert will need to be put in the public domain to comply with the terms of the bill. Regulations require a Billing Authority to give 12 months’ notice.

3.7.3 Below is a table of the current second homes income with a 5% increase (in line with a normal yearly percentage increase) and the appropriate premium applied:

BAND	2022 /23	5%	100% premium
A	£36,486.23	£1,824.31	£76,621.08
B	£64,368.04	£3,218.40	£135,172.88
C	£75,481.24	£3,774.06	£158,510.60
D	£64,866.95	£3,243.35	£136,220.60
E	£60,931.04	£3,046.55	£127,955.18
F	£59,392.17	£2,969.61	£124,723.56
G	£47,150.04	£2,357.50	£99,015.08
H	£8,659.70	£432.99	£18,185.37
Total	£417,335.41	£20,866.77	£876,404.36

Long Term Empties

3.8 After a three month free period no further discount is allowed.

3.8.1 However, if a property remains empty of furniture and residents for two years or more, the Council is allowed to apply an additional 100% premium to the Council tax charge, so the Charge payer will have to pay 200% of the Council Tax charge in that area. With effect from the 1st April 2020 a premium of 200% can be levied so the Charge payer will have to pay 300% of the Council Tax in that area after a period of five years and with effect from the 1st April 2021 a premium of 300% can be levied so the Charge payer will have to pay 400% of the Council Tax in that area. The Regulations detailing the additional premium are Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

With effect from the 1st April 2019 100% premium after 2 years
With effect from the 1st April 2020 200% premium after 5 years
With effect from the 1st April 2021 300% premium after 10 years

3.8.2 The Bill extends the current Empty Home Premium to properties empty of furniture and residents for twelve months to 100% so the Charge Payer will have to pay 200% of the Council Tax Charge with effect from the 1st April 2024. If approved an advert will need to be put in the public domain to comply with the terms of the bill.

3.8.3 The table below shows properties that are currently empty of furniture and residents and have been for nine months with a 5% increase (in line with a normal yearly percentage increase) with the premium applied, based on our current empty property information.

BAND	2022 /23 average	5%	100% premium	Approximate premium properties	charge
A	£1,459.45	£72.97	£3,064.84	100	£306,464.33
B	£1,693.90	£84.69	£3,557.18	70	£249,022.8
C	£1,935.42	£96.77	£4,064.37	40	£162,574.98
D	£2,162.23	£108.11	£4,540.69	30	£136,220.60
E	£2,649.18	£132.46	£5,563.27	15	£83,449.03
F	£3,125.90	£156.30	£6,564.40	7	£45,950.78
G	£3,626.93	£181.35	£7,616.54	3	£22,849.63
H	£4,329.85	£216.49	£9,092.69	0	0
Total	£20,982.85	£1,049.14	£44,063.98	265	£1,006,532.04

4.0 Estimated cost of the Council Tax Reduction Scheme (CTR)

4.1 Before we convert the properties to Net Band D equivalents we must reduce the total properties by the estimated cost of the Council Tax Reduction (CTR) Scheme

4.2 The criteria for the CTR scheme is that those claimants in the lowest income band do not have to pay anything; thereafter the percentage payable ranges from 35 to 75% on the charge (with the exception of those protected by legislation namely pensioners in receipt of guaranteed pension credit).

4.3 The main criteria of the scheme are:

- Support is increased up to 100% i.e. those claimants who are least able to pay due to the current financial crisis.
- Support is limited to Band D charges so claimants in a higher banded property will receive CTR up to 100% of a band D and be required to pay the balance of the additional banding in full.
- Savings limited to £6,000.
- Changes were made to the CTRS in April 2017 to align it with Universal Credit.

- 4.4 For your information Mid Devon's CTR scheme for 2023/24, is estimated to cost in the region of **£4,512m**, based on the scheme criteria.
- 4.5 CTR has been included within the tax base calculation and applied to each band and parish individually then a band D equivalent calculation has been used to arrive at a final figure.
- 4.6 The cost of the CTR scheme must be reflected in the Tax Base calculation so the following calculation is carried out for each valuation band to arrive at the net chargeable Dwellings:

Calculation of the Relevant Amount

	2022/23	2023/24
Number of properties per valuation list	37,291.00	37,519.00
Exemptions	-516.00	-605.00
Single occupiers and 25% disregards	-3,055.00	-3,043.75
50% discount	-27.00	-34.00
100% exempt 3 months only	-36.00	-47.00
Additional LTE at 100%	+58.75	+90.00
Additional LTE at 200%	+100.00	+60.00
Additional LTE at 300%	+135.00	+51.00
Additional net new properties	+379.00	+632.25
Class D 50% loss	-21.00	-15.50
Annexes (new)	-32.00	-24.00
Chargeable dwellings before conversion to Band D equivalent	34,276.75	34,583.00

Conversion to Band D equivalents

- 4.7 The net chargeable dwellings are then converted to Band D equivalents. This is carried out by multiplying the Net chargeable dwellings by the appropriate factor (A=6, B=7, C=8, D=9, E=11, F=13, G=15, H=18) for the band and dividing by that for Band D (9). The Table below details the Net Chargeable Dwellings converted to Band D equivalents.
- 4.8 The calculation shows the estimated annual cost of the CTR scheme, shown as the number of Band D equivalents. For the 2023/24 year this is estimated as 2,009.34 Band D equivalent properties.
- 4.9 The Tax Base is finally calculated by applying the collection rate to the total Band D equivalents when summarised below for the 2023/24 financial year.

4.10 An @ band dwelling is a band A property with a disabled banding reduction applied:

Band	Chargeable dwellings	Multiplier	Band D equivalent properties	Less CTR properties	Revised properties
	@9.75	5/9	@5.43	-3.26	2.17
A	5,389.50	6/9	3,593.02	-793.95	2,799.07
B	8,333.25	7/9	6,481.43	-627.74	5,853.69
C	6,712.25	8/9	5,966.44	-309.16	5,657.28
D	6,183.50	9/9	6,183.50	-154.89	6,028.61
E	4,608.00	11/9	5,632.03	-76.36	5,555.67
F	2,398.50	13/9	3,464.55	-33.15	3,431.40
G	895.75	15/9	1,492.95	-9.74	1,483.21
H	52.50	18/9	105.00	-1.08	103.92
	34,583.00		32,924.35	-2,009.34	30,915.01

4.11 To clarify the table detailing the **Calculation of the Relevant Amount** is based on actual properties and the final calculation above is based on a Band D equivalent of actual properties.

4.12 Therefore, based on the above detailed calculations in accordance with SI 2914 of 2012 the Tax Base is to be calculated as: Total relevant amounts (A) **30,915.01** multiplied by the estimated collection rate (B) (96.5%)

4.13 Mid Devon District Council's Council Tax Base for 2023/24 will be **29,832.98**.

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Background Papers: CTB1 and supporting documentation

File Reference: FW/G/CTB1

Circulation of Report: Cabinet Member for Finance, Leadership Team