

DERBYSHIRE COUNTY COUNCIL

CABINET

6 November 2012

Report of the Director of Finance

**TECHNICAL REFORMS TO COUNCIL TAX
(FINANCE AND MANAGEMENT)**

1 Purpose of the Report

To provide Members with details of the Government's consultation regarding calculation of the council tax base and proposals for exemption to the Empty Homes Premium.

2 Information and Analysis

The Government has recently issued two separate consultations 'Calculation of Council tax base' and 'Determining the circumstances in which dwellings should not be liable to the empty homes premium'.

Council tax base

The Local Government Finance Bill includes provisions that will allow a billing authority to charge an empty homes premium of up to 50% of the council tax on property left unoccupied and unfurnished for two years or more. This was subject to a consultation published last year.

The consultation sets out how the empty homes premium, which billing authorities will be able to levy on empty homes from April 2013, is to be included in the council tax base.

The council tax base is calculated by multiplying the estimated number of properties within each band at the end of the financial year by the 'Band D ratio' and adding the results together. This produces a weighted tax base i.e. as if all the properties were in band D. The ratios for the eight council tax bands are set out below:

Band	Ratio to Band D
A	6/9
B	7/9
C	8/9
D	9/9
E	11/9
F	13/9
G	15/9
H	18/9

The Government proposes that the empty homes premium should be reflected in the tax base. Consequently the Band D equivalent for any property liable to the premium would be multiplied by a ratio reflecting the level of the premium. If an authority set a premium at the maximum of 50% extra on the amount of council tax for the liable property, the tax base figure for the property would be calculated as follows:

For a Band A property $6/9 \times 1.5 = 1.0$ Band D equivalent dwelling
 For a Band B property $7/9 \times 1.5 = 1.2$ Band D equivalent dwelling
 For a Band C property $8/9 \times 1.5 = 1.3$ Band D equivalent dwelling
 For a Band D property $9/9 \times 1.5 = 1.5$ Band D equivalent dwelling
 For a Band E property $11/9 \times 1.5 = 1.8$ Band D equivalent dwelling
 For a Band F property $13/9 \times 1.5 = 2.2$ Band D equivalent dwelling
 For a Band G property $15/9 \times 1.5 = 2.5$ Band D equivalent dwelling
 For a Band H property $18/9 \times 1.5 = 3.0$ Band D equivalent dwelling

If a billing authority chooses to levy an empty homes premium, the tax base used by the billing authority would also apply to the relevant major and local precepting authorities as well.

The consultation includes three questions, which are shown at Appendix One, together with the Council's proposed responses.

The consultation closed on 22 October 2012.

Dwellings not liable to the empty homes premium

Billing authorities will have responsibility for designing their own schemes for the empty homes premium, determining the circumstances in which the levy may be charged, and the level at which the premium will be set. However, the Government believes that there are three circumstances where it would be inappropriate for the premium to apply, these are:

- A dwelling which is genuinely on the market for sale or letting
- A dwelling which is the sole or main residence of a member of the armed forces, who is absent from the property as a result of such service
- An annex deemed occupied because it is being treated by the occupier of the main dwelling, as part of that main dwelling.

The consultation includes three questions, which are shown at Appendix Two. The Council has no objections to the proposals set out in the consultation and will respond accordingly.

The consultation closes on 9 November 2012.

3 Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, environmental, health, property and transport considerations.

4 Key Decision

No

5 Call-in

Is it required that call-in be waived in respect of the decisions proposed in the report? No

6 Background Papers

Technical Reforms to Council Tax: Empty homes premium: Calculation of Council tax base - Department for Communities & Local Government.

Technical Reforms to Council Tax: Determining the circumstances in which dwellings should not be liable to the empty homes premium – Department for Communities and Local Government.

7 OFFICER'S RECOMMENDATION

To note the details of the consultations and note the Council's response.

PETER HANDFORD

Director of Finance

County Hall
MATLOCK

17 October 2012

APPENDIX ONE

- Q1** Do you agree that this is the most appropriate way to reflect properties liable to the premium in the council tax base?

Response: Yes, the Council notes that the Government is proposing to amend the legislation so that the premium is reflected in the council tax base, following similar principles to those used to adjust the council tax base for exemptions and discounts, thereby providing local authorities with the opportunity to raise additional income to support services, offset the costs of the introduction of Council Tax support schemes and maintain low council tax rises.

- Q2** Do you agree that the proposals in this consultation document are the most appropriate way of meeting the policy intention to allow authorities to keep the additional revenue raised by the premium and use it in the way they best see fit?

Response: Yes. See Question 1 above.

- Q3** Do you agree with this treatment of the council tax base in relation to major precepting authorities and local precepting authorities?

Response: Yes.

APPENDIX TWO

- Q1.** Do you agree with the Government's proposals on the circumstances in which property should not be liable to the empty homes premium?

Response: The Council supports the Government's proposals for the three listed exemptions.

- Q2.** Do you consider that these circumstances should be set out in regulations?

Response: The Council is of the opinion that these circumstances should be set out in regulations, alongside the existing Class A exemptions (newly built and repaired dwellings) through to Class W exemptions(part of a single dwelling occupied by a dependant relative).

- Q3.** Are there any other circumstances in which property should not be liable to the empty homes premium, and why?

Response: No.