



# Cabinet



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<b>Report for:</b>	Cabinet
<b>Title of report:</b>	The Council Tax Base for 2025/26 including the confirmation of the continuation of the Council Tax Support Scheme for 2025/26.
<b>Date:</b>	10th December 2024
<b>Report on behalf of:</b>	Councillor William Allen, Portfolio Holder for Corporate and Commercial Services
<b>Part:</b>	I
<b>If Part II, reason:</b>	N/A
<b>Appendices:</b>	
<b>Background papers:</b>	
<b>Glossary of acronyms and any other abbreviations used in this report:</b>	CTS – Council Tax Support HCC – Hertfordshire County Council PCC – Police and Crime Commissioner for Hertfordshire

## Report Author

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<p><b>Corporate Priorities</b></p>	<p>Engage with residents and partners to have a real say on our services and the borough</p> <p>Running the Council efficiently and putting residents at the heart of everything we do</p> <p>Foster arts, culture and leisure opportunities</p> <p>Take action on the Climate and Ecological Emergency</p> <p>Provide a clean, safe and green-focussed environment</p> <p>Enable well-maintained and affordable homes, where people want to live</p> <p>Realise our potential as a great place to live and work with a thriving business community.</p>
<p><b>Wards affected</b></p>	<p>All</p>
<p><b>Purpose of the report:</b></p>	<ol style="list-style-type: none"> <li>1. To determine the Council Tax Base for 2025/26.</li> <li>2. To advise on options for charges for unoccupied properties in Dacorum.</li> <li>3. To advise of options for Council in respect of the proposed Council Tax Support scheme changes.</li> <li>4. To agree the estimated Collection Fund surplus or deficit as at 31 March 2025.</li> </ol>
<p><b>Recommendations to the decision makers:</b></p>	<ol style="list-style-type: none"> <li>1. That cabinet recommends to Council the making of the determination in paragraph 2.17 of this report, to widen the categories of unoccupied properties on which an additional council tax premium is charged with effect from 1 April 2026.</li> <li>2. That Cabinet recommends to Council that there be no changes made to the Local Council Tax Support scheme for 2025/26.</li> <li>3. That Cabinet approves the Collection Fund surplus estimate of £220,092.83 as at 31 March 2025. The Dacorum Borough Council share of this surplus is £25,272.97.</li> <li>4. Cabinet recommends to Council that Dacorum’s share of the Council tax surplus (£25,272.97) be transferred to the funding equalisation reserve, specifically to manage fluctuations in the collection fund position.</li> <li>5. That Cabinet approve the payment profile for the surplus identified at 3) above and contained at section 2.27 to this report (Table 3).</li> <li>6. That Cabinet approves the calculation of the Council’s tax base for the year 2025/26 incorporating an estimated collection rate of 98.5%.</li> </ol>

7. That, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 2012, the amount calculated by the Council as its tax base for the year 2025/26 shall be 60,009.4 and its constituent elements shall be:

**Table 1 Taxbase 2025/26**

<b>Part of Area - Parished and Non Parished</b>	<b>100% Tax base</b>	<b>98.5% Tax base</b>
Hemel Hempstead	32,533.0	32,045.0
Aldbury	480.0	472.8
Berkhamsted	8,722.3	8,591.4
Bovingdon	2,170.3	2,137.7
Chipperfield	919.2	905.5
Flamstead	692.0	681.7
Flauden	179.0	176.3
Great Gaddesden	463.1	456.1
Kings Langley	2,401.6	2,365.6
Little Gaddesden	640.2	630.6
Markyate	1,370.6	1,350.1
Nash Mills	1,247.3	1,228.6
Nettleden with Potten End	827.1	814.7
Northchurch	1,422.0	1,400.6
Tring Rural	735.0	724.0
Tring Town	5,435.2	5,353.7
Wigginton	685.2	675.0
<b>Total Taxbase</b>	<b><u>60,923.1</u></b>	<b><u>60,009.4</u></b>

**Period for post policy/project review:**

The CTS scheme is subject to an annual decision by Council as to whether to make changes or not

## **1 Introduction:**

- 1.1 To review charges for unoccupied properties within the borough and the annual review of the Local Council Tax Support Scheme.
- 1.2 Council is in addition required to set the Council Tax Base for 2025/26 so it can be used in budget preparations and formal setting of Council Tax by Full Council in February 2025. It is also necessary to approve the estimated Council Tax Collection Fund surplus or deficit as at 31 March 2025.

## **2 Key Issues of the report:**

### **Council Tax Charges of unoccupied properties**

- 2.1 The Council currently charges unoccupied properties higher levels of council tax when they have been substantially unfurnished for a number of years (long term empty homes). The level of charges is shown the table below.

2.2 Table 1: Unoccupied properties charges

Number of years unoccupied	Council tax charge
Up to 2 years	100% charge
More than 2 years and less than 5 years	200% charge
More than 5 years and less than 10 years	300% charge
More than 10 years	400% charge

2.3 The purpose of the higher charges is to encourage the property owners to bring them back into use as someone's main home.

2.4 For dwellings which are occupied periodically the Council currently charges 100% council tax. (These are commonly referred to as second homes, and are defined as properties where there is no resident and they are substantially furnished.)

2.5 The Levelling Up and Regeneration Act 2023 (sections 79 and 80) gives the Council the power to:

- a. Start making a 200% charge for long term empty homes after they have been empty for more than 1 year, rather than 2 years
- b. Introduce a 200% charge for dwellings which are occupied periodically.

2.6 When making the first decision to introduce additional council tax charges for second homes, the Council's determination must be made at least one year before the financial year from which it starts. This means that a decision made during the current financial year can introduce this charge with effect from 1 April 2026.

2.7 As the Council has already made a decision to make additional charges for long term empty properties, a variation to this can be made for the following financial year.

2.8 There remain a number of categories of empty property which are exempt from council tax, including those where the liable taxpayer is in hospital or a care home, or has died and probate has yet to be granted or has been granted within the last six months.

2.9 The Government is also introducing a range of excluded categories, where an additional premium will not be charged for a period of time. These include properties which are being actively marketed for sale or letting, or which require or are undergoing major repairs or structural alterations. While an exclusion applies, the council tax charge will remain at 100%. Property owners will need to apply for these exclusions to the Council.

2.10 There are currently 128 long term empty homes which have been empty for between 1 and 2 years

2.11 There are currently 325 dwellings which are categorised as second homes.

2.12 This report proposes that the Council introduces a 200% charge for second homes, with effect from 1 April 2026. This will help act as an incentive for owners to return their properties to use as homes.

2.13 The report also proposes a reduction in the period a long term empty homes has been unoccupied before an additional charge is made, so that it applies to homes which have been unoccupied for more than one year, again to take effect from 1 April 2026.

- 2.14 Although this charge could be introduced sooner, it is recommended that it is also done with a year's notice, which will give time for the current owners of long term empty homes to revise their plans for the home before the additional premium is applied.
- 2.15 The revenues and benefits service will also use the 2025/26 year to communicate with those potentially affected, and ensure that they are aware of the forthcoming changes.
- 2.16 While the introduction of these additional charges may lead to a small increase in the council tax base for 2026/27, it is expected that in many cases, the property will instead be returned to use as a home.
- 2.17 Formal determination:  
Council agrees following determinations in respect of council tax charges for empty properties under sections 11B and 11C of the Local Government Finance Act 1992 (as amended), to remain in effect until varied or revoked by determination:
- a. From 1 April 2026 – for unoccupied and unfurnished properties which have been empty for more than one year but not more than five years, a 100% premium (total of twice normal charge)
  - b. From 1 April 2026 – for dwellings which are occupied periodically, a 100% premium (total of twice normal charge)

### **Local Council Tax Support Scheme**

- 2.18 Each Year, Council is required to consider whether to revise or replace the Local Council Tax Support scheme.
- 2.19 Following consultation, a number of changes were made to the scheme from 1 April 2024. No further changes are being proposed at this current time, but a review of the scheme is planned for early in 2025/26.
- 2.20 This report therefore proposes that Council agrees not to revise or replace the current scheme for the 2025/26 year.

### **Declaration of Council Tax Collection Fund Surplus or Deficit**

#### **How does a surplus or deficit occur?**

- 2.21 The income collected from Council Tax goes into the Collection Fund. Throughout the year the actual number of properties in the borough inevitably varies from the figure estimated at the start of the year, as do allowances for exemptions, discounts or appeals. This leads to a change in the amount of Council Tax collected. Despite this variation in collection, the amount paid to the preceptors remains the same as the amounts specified at the start of the year, and does not reflect in-year changes to the amount of Council Tax. It is this emergent variance which creates a surplus or deficit on the Collection Fund.
- 2.22 A key driver in respect of the surplus or deficit position is the timing of when anticipated developments are completed. If there are more than expected, or they are completed more quickly, a surplus will arise; but if there are fewer, or they take longer to complete, then a deficit will result. Any surplus or deficit is shared between the major preceptors (i.e. Hertfordshire County Council, the Police and Crime Commissioner and the Borough) in proportion to their precepts for relevant years.

#### **Declaration of Surplus or Deficit**

- 2.23 The actual deficit at 31 March 2024, together with an estimate of the surplus or deficit for the current year 2024/25 (the 'in- year' surplus or deficit), is required to be approved by Cabinet on behalf of the Council.

- 2.24 The actual surplus balance on the Council Tax Collection Fund at 31 March 2024 was £291,010.74. This compared to an anticipated surplus of £665,115.33 forecast during 2023/24; a difference of £374,104.59. The actual surplus is 0.221%.
- 2.25 In 2024/25, the Collection Fund is estimated to achieve a total projected in- year surplus of £594,197.42. The surplus is 0.451% of the 2024/25 precepts.
- 2.26 The projected total surplus on the Council Tax Collection Fund as at 31 March 2025 is £220,092.93. This is made up as follows:

**Table 2 Estimated Council Tax surplus as at 31 March 2025**

	£
The difference between the forecast surplus and the updated actual surplus as at 31 March 2024.	374,104.59
The 2024/25 estimated in-year surplus.	-594,197.42
<b>Total updated actual surplus as at 31 March 2025</b>	<b>-220,092.83</b>

- 2.27 The proportion and profile of this total surplus that each of the Major Preceptors and the Borough will share when calculating the 2025/26 Council Tax is all follows:

**Table 3 Estimated Council Tax Surplus as at 31 March 2025- Authority Shares**

<b>Precepting or Billing Authority</b>	<b>£</b>
Dacorum Borough Council	-25,272.97
Hertfordshire County Council	-169,571.49
Police and Crime Commissioner for Hertfordshire	-25,248.37
<b>Total Surplus</b>	<b>-220,092.83</b>

- 2.28 Cabinet approval of the Collection Fund surplus estimated at 31 March 2025 is sought in Recommendation 3. Approval of the surplus distribution profile at 2.27 is sought in Recommendation 5.
- 2.29 As part of 2025/26 budget proposals, scheduled to be presented at Cabinet in February 2025, Cabinet will be asked to recommend to Council to transfer the Council's share of the surplus to the Funding Equalisation Reserve, a reserve specifically created to manage fluctuations in the balance on the Collection Fund.

### **Council Tax Base 2025/26**

- 2.30 Annually all local authorities are required to calculate a Council Tax Base which is used to set the level of Council Tax. The process is governed by the Local Authorities' (Calculation of Tax Base) Regulations 2012.
- 2.31 The tax base is set having regard to:
- The Valuation List;
  - Current exemptions, reductions and discounts;
  - Discretionary discounts;
  - Anticipated developments that may occur during the year;
  - Expected long term collection rate.
- 2.32 The basic methodology for calculating the tax base is as follows:
- Calculations are made of the 'relevant amount' for the year in respect of the valuation bands shown in the Council's Valuation List. For each band, this amount represents the estimated full year

equivalent number of chargeable dwellings listed in the band after taking into account the impact of disabled band reductions and discounts (including Council Tax Support).

- The 'relevant amounts' for each band are then aggregated and expressed as an equivalent number of band D dwellings.
- The Council then multiplies this aggregate of all relevant amounts by the estimated collection rate for the year. The resulting figure is the Council Tax Base for the year.
- The rules for calculating the Council Tax Base for any part of a Council's area (e.g. a parish, or that part of its area to which a levy or special levy relates) are the same as the rules for calculating the Council Tax Base for the whole of its area for that year, and the same estimated collection rate must be used.

2.33 The estimate of the collection rate is the only area over which the Council has any discretion. For 2024/25, the collection rate was 98.5%. Given the continued economic climate and cost of living pressures it is proposed that the collection rate of 98.5% remains unchanged. Recommendation 3 seeks Cabinet approval for an estimated collection rate of 98.5% for 2025/26.

2.34 The tax base for 2024/25 was 60,276.5 (after adjusting for the estimated impact of Council Tax Support and a 98.5% collection rate), the proposed tax base for 2025/26 is 60,009.34. This represents a decrease of 267.1 Band D equivalent, or 0.4% on the tax base. Recommendation 6 seeks approval for this proposed tax base for 2025/26.

2.35 This decrease is a result of the estimated new properties projected for 2024/25 being significantly lower than actuals added to the Council Tax base, largely because of the economic climate that is having a big impact on the housing market with several anticipated developments not completed. In addition, an increase of 1.7% of Council Tax Support payers are now protected meaning less Council Tax receipts for these homes. This is also shown in the reduction in 24/25 surplus compared to that previously forecast.

2.36 Major Precepting Authorities, are required to request their tax base figure (and notify any changes to their tax base area), from the Council, before the end of December 2024. The Council must give notification of all requested tax base figures by the end of January 2025.

### **3 Options and alternative considered**

3.1 For Second Properties and Local Council tax support this is contained within the report.

Setting of the Council Tax Base and agreement of the Council Tax surplus is a statutory requirement.

### **4 Consultation**

4.1 See above.

### **5 Financial implications**

5.1 Contained within the body of the report.

### **6 Legal Implications**

6.1 The final decision about whether or not to make changes to the second Property charges and Local Council Tax Support scheme is one which is required to be made by Council.

6.2 Setting of the Council Tax Base and agreement of the Council Tax surplus is a statutory requirement.

## **7 Risk implications**

7.1. Contained within the body of the report.

## **8 Equalities, Community Impact and Human Rights:**

8.1 For the Council Tax Support scheme, a Community Impact Assessment was carried out and annexed - there are no negative impacts expected from these proposals. No comments received during the consultation period have led to any amendment to the assessment.

8.2 There are no other direct Equalities, Community Impact and Human Rights implications arising from this report.

## **9 Sustainability implications (including climate change, health and wellbeing, community safety)**

9.1 There are no direct sustainability implications arising from this report

## **10 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)**

10.1 The proposed changes to Second Properties and the Local Council tax support scheme can be made using software currently licensed by the Council. There are no other infrastructure implications.

10.2 Calculation of the Council Tax base is required to set Council Tax for 2025/26. This calculation has a direct impact on the income due to the Council in 2025/26.

## **11 Statutory Comments**

### **Monitoring Officer:**

No comments to add to the report.

### **S151 Officer**

This is a Section 151 officer report. Comments contained within the body of the report.

## **12 Conclusions:**

12.1 The proposed changes to unoccupied homes charges from 2026/27 aim to reduce the number of properties remaining empty for long periods.

12.2 Agreement of the Council Tax Base 2025/26 and the Council Tax surplus estimated as at 31 March 2025 supports sound financial planning within the authority. Cabinet has delegated authority to set the Council Tax Base for 2025/26.