

## ISLE OF ANGLESEY COUNTY COUNCIL

<b>REPORT TO:</b>	<b>EXECUTIVE COMMITTEE</b>
<b>DATE:</b>	<b>27 NOVEMBER 2017</b>
<b>SUBJECT:</b>	<b>THE COUNCIL TAX BASE FOR 2018/2019</b>
<b>PORTFOLIO HOLDER(S):</b>	<b>COUNCILLOR JOHN GRIFFITH (PORTFOLIO HOLDER - FINANCE)</b>
<b>HEAD OF SERVICE:</b>	<b>MARC JONES - HEAD OF FUNCTION (RESOURCES) (SECTION 151 OFFICER)</b>
<b>REPORT AUTHOR:</b> TEL: E-MAIL:	<b>GERAINT H JONES (REVENUE AND BENEFITS SERVICE MANAGER)</b> 01248 752651 <a href="mailto:ghifi@ynysmon.gov.uk">ghifi@ynysmon.gov.uk</a>
<b>LOCAL MEMBERS:</b>	<b>N/A</b>

### A - Recommendation/s and Reason/s

I recommend that the Executive makes the following decisions:-

- To note the calculation of the Council Tax Base by the Head of Function (Resources) and the Section 151 Officer, this will be used by the Welsh Government in the calculation of the Revenue Support Grant for the Isle of Anglesey County Council for the 2018/19 financial year, being 30,663.09 (see Appendix A in respect of the calculation of the Council Tax Base for this purpose – Part E6).
- That the calculation by the Head of Function (Resources) and Section 151 Officer for the purpose of setting the Council Tax Base for the whole and parts of the area for the year 2018/19 is approved (see **Appendix A** for the calculation of the tax base – Part E5).
- That, in accordance with the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 (SI19956/2561) as amended by SI1999/2935 and the Local Authorities (Calculation of Council Tax Base) and Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004, and the Local Authority (Calculation of Council Tax Base) (Wales) (Amendment) Regulations 2016, the amounts calculated by Isle of Anglesey County Council as its tax base for the year 2018/19 shall be 30,773.31 and as follows for the parts of the area listed below :-

Amlwch	1,474.10
Beaumaris	1,061.76
Holyhead	3,847.36
Llangefni	1,920.50
Menai Bridge	1,406.50
Llanddaniel-fab	367.43
Llanddona	373.78
Cwm Cadnant	1,163.31
Llanfair Pwllgwyngyll	1,300.75
Llanfihangel Esceifiog	683.71
Bodorgan	451.48
Llangoed	650.28
Llangristiolus and Cerrigceinwen	607.78
Llanidan	410.02
Rhosyr	989.60
Penmynydd	238.97
Pentraeth	555.87
Moelfre	617.45
Llanbadrig	660.71
Llanddyfnan	499.45

Llaneilian	553.29
Llannerch-y-medd	521.77
Llaneugrad	180.08
Llanfair Mathafarn Eithaf	1,802.82
Cylch y Garn	396.33
Mechell	538.24
Rhosybol	474.13
Aberffraw	292.45
Bodedern	426.29
Bodffordd	417.41
Trearddur	1,274.47
Tref Alaw	251.64
Llanfachraeth	222.77
Llanfaelog	1,259.89
Llanfaethlu	284.08
Llanfair-yn-Neubwll	557.91
Valley	976.38
Bryngwran	353.35
Rhoscolyn	355.61
Trewalchmai	353.59

## REASONS AND BACKGROUND

The calculations have been made in accordance with the Welsh Government Guidelines for Council Tax Dwellings (CT1 v.1.0) 2018/19 based on the number of properties in various bands on the valuation list on October 31, 2017 and summarised by the Authority under section 22B (7) of the Local Government Finance Act 1992, as supplemented by the Local Government Act 2003. The calculations take into account discounts, exemptions and premiums as well as changes to the valuation list likely during 2018/19.

The Isle of Anglesey County Council, as the billing authority, is required to calculate the Council Tax base for its area and different parts of its area and these amounts must be notified to the precepting and levying bodies by 31 December 2017. This year, the Welsh Government has requested the information for the purpose of setting the Revenue Support Grant by 22 November 2017 and for tax setting purposes (ratified by Executive decision) by 3 January, 2018.

The calculations in **Appendix A** are based on discounts of nil being confirmed for Classes A, B and C for 2018/19 by the full Council at its meeting on 28 February, 2018 and it takes into account the decision of the full Council on 10 March 2016 to charge premiums of 25% for relevant second homes and empty homes for 2017/18 onwards. The calculations are also based on the full Council confirming, at its meeting on 12 December 2017, that the current local Council Tax Reduction Scheme will continue as currently for 2018/19. The Welsh Government is continuing to fully meet the costs of the previous UK national scheme but costs arising from caseloads and / or increase in Council Tax will fall on local councils.

### THE COUNCIL TAX BASE FOR CALCULATING THE REVENUE SUPPORT GRANT

The total band D equivalent discount, before adjusting for the collection rate (and which includes allowance for Ministry of Defence properties), will be used in calculating claims for the Revenue Support Grant for 2018/19. **BUT**, this total, which is used in calculating the RSG, **excludes adjustments for premiums**. This figure is calculated to be 30,663.09 (compared to 30,735.70 for 2017/18). This is a fall of 0.24%, which is a reduction of 40 chargeable dwellings overall i.e. more dwellings leaving the valuation list (now being judged to be holiday lets and therefore commercial) than new properties coming onto the list.

### THE TAX BASE FOR TAX SETTING PURPOSES

The total band D equivalent discount that is used for tax setting purposes has been adjusted by a provision for non-collection, which continues to be 1.5% and also includes allowance for Ministry of Defence properties. This figure is calculated to be 30,773.31. **Note, therefore, that the figures under recommendation 3 include the adjustments for premiums.**

The total base proposed for 2018/19 for the purpose of tax base setting purposes is 30,773.31. This compares with 30,794.83 for 2017/18 and is a fall of 0.07%.

There has been significant changes in the tax base, for tax setting purposes as regards 2018/19, in respect of properties subject to the premium when compared to 2017/18. For properties where a premium applies the following movement apply :-

- there has been a reduction in the number of long term empty properties subject to the premium - 550 for 2017/18 down to 449 for 2018/19 (Band D equivalent of 137.50 down to 112.25);
- there has been an increase in the number of second homes subject to the premium - 1,455 for 2017/18 up to 1,754 for 2018/19 (Band D equivalent of 363.75 up to 438.50).

This is an increase of 9.88% in the premium element of the tax base for tax setting purposes. This increase however, was not sufficient to prevent a very small reduction in the tax for tax setting purposes.

It is projected that the 25% premium during 2018/19 will raise additional income of almost £690k for Isle of Anglesey County Council for 2018/19 (after taking into account an increase of 4% in the Council Tax).

**B - What other options did you consider and why did you reject them and / or opt for this option?**

The full Council has the discretion, under regulations made under Section 12 of the Local Government Finance Act 1992 and, subsequently, under the Local Government Act 2003, to set discounts for prescribed classes of dwellings (mainly second homes and holiday homes (Classes A and B)). When this was introduced, the full Council decided to set a discount of nil for both prescribed classes A and B and this has been confirmed annually thereafter. In March 2007, the full Council, on the recommendation of the Executive, also set a discount of nil for Prescribed Class C (certain types of long term empty properties) for the first time and has done so annually thereafter.

To award discounts of 25%, 50% or 100% would be contrary to full Council policy and this option was rejected.

The full Council, on 10 March, 2016, resolved to charge premiums of 25% on relevant second homes and empty properties. The calculation and recommendations herein are in accordance with that decision.

**C – Why is this a decision for the Executive?**

Until 2004, this calculation was determined by the full Council. This function has now been removed from the list of functions reserved for the full Council. Decisions relating to discounts and premiums and the setting of a local Council Tax Reduction Scheme however still remain the responsibility of the full Council rather than the Executive.

**CH – Is this decision consistent with policy approved by the full Council?**

The calculation of the tax base takes into account the full Council's current approved policy on the granting of discounts for prescribed classes A, B and C and also the full Council's policy on awarding up to 100% Council Tax Reduction to those eligible under the Council's local scheme.

The full Council, on 10 March, 2016, resolved to charge premiums of 25% on relevant second homes and empty properties. The calculation and recommendations herein are in accordance with that decision.

**D – Is this decision within the budget approved by the Council?**

The tax base calculation will enable the full Council to set its Council Tax requirement to meet its approved budget for 2018/19.

**DD - Who did you consult?****What did they say?**

	<b>DD - Who did you consult?</b>	<b>What did they say?</b>
1	<b>Chief Executive / Senior Leadership Team (SLT)</b> (mandatory)	No comment
2	<b>Finance / Section 151</b> (mandatory)	Author of the report.
3	<b>Legal / Monitoring Officer</b> (mandatory)	No comment
4	<b>Human Resources (HR)</b>	
5	<b>Property</b>	
6	<b>Information Communication Technology (ICT)</b>	
7	<b>Scrutiny</b>	
8	<b>Local members</b>	
9	<b>Any external bodies / other / other</b>	

<b>E - Risks and any mitigation (if relevant)</b>		
<b>1</b>	<b>Economic</b>	
<b>2</b>	<b>Anti-poverty</b>	
<b>3</b>	<b>Crime and Disorder</b>	
<b>4</b>	<b>Environmental</b>	
<b>5</b>	<b>Equalities</b>	
<b>6</b>	<b>Outcome agreements</b>	
<b>7</b>	<b>Other</b>	<p>The calculation of the tax base may not be sufficiently accurate i.e. inaccurate calculation of exemptions and discounts, inaccurate calculation of the number of dwellings for which the 25% premium is applicable, the changes likely to take place in 2018/19 are incorrect, such as underestimation of erosion in the tax base over the years e.g. banding reductions and an overly optimistic collection rate. The risk to the Council would be a shortfall in the Council Tax collected during the year.</p> <p>Mitigation is by taking a conservative approach when estimating new builds and for properties for which a premium can be charged and by making an allowance for the erosion of the tax base and the collection rate.</p>
<b>F - Attachments:</b>		
Appendix A: Calculation for the Local Tax Base 2018/19		
<b>FF - Background Papers (please contact the author of the report for further information):</b>		
Welsh Government guidance on Council Tax Dwellings (CT1) 2018/19		

APPENDIX A

CALCULATION OF LOCAL TAX BASE 2018/19

BAND	A*	A	B	C	D	E	F	G	H	I	TOTAL
<b>Part A</b>	<b>CHARGEABLE DWELLINGS</b>										
A.1		4,622	6,540	6,464	7,054	5,307	2,561	1,025	158	48	33,779
A.2		15	42	45	88	74	45	17	10	6	342
A.3	15	4,649	6,543	6,507	7,040	5,278	2,533	1,018	154	42	33,779
<b>Part B</b>	<b>DISCOUNT AND PREMIUM ADJUSTMENTS</b>										
B.1	7	1,805	3,528	3,735	4,374	3,584	1,878	744	99	28	19,782
B.2a	8	2,614	2,750	2,307	2,123	1,280	450	162	24	3	11,721
B.2b	0	6	8	17	7	14	7	10	4	0	73
B.3a	0	0	0	0	0	0	0	0	0	0	0
B.3b	0	0	0	0	0	0	0	0	0	0	0
B.3c	0	224	257	448	536	400	198	102	27	11	2,203
B.4	15	4,649	6,543	6,507	7,040	5,278	2,533	1,018	154	42	33,779

