

## ISLE OF ANGLESEY COUNTY COUNCIL

<b>REPORT TO:</b>	<b>EXECUTIVE COMMITTEE</b>
<b>DATE:</b>	<b>26 NOVEMBER 2018</b>
<b>SUBJECT:</b>	<b>THE COUNCIL TAX BASE FOR 2019/2020</b>
<b>PORTFOLIO HOLDER(S):</b>	<b>COUNCILLOR ROBIN WILLIAMS (PORTFOLIO HOLDER - FINANCE)</b>
<b>HEAD OF SERVICE:</b>	<b>MARC JONES - HEAD OF FUNCTION (RESOURCES) /SECTION 151 OFFICER</b>
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<b>LOCAL MEMBERS:</b>	<b>N/A</b>

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

I recommend that the Executive makes the following decisions:-

1. To note the calculation of the Council Tax Base by the Head of Function (Resources) / 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 2019/20 financial year, being 30,876.09, (see **Appendix A** in respect of the calculation of the Council Tax Base for this purpose – Part E6).
2. That the calculation by the Head of Function (Resources) and the Section 151 Officer for the purpose of setting the Council Tax Base for the whole and parts of the area for the year 2019/20 is approved (see **Appendix A** for the calculation of the tax base – Part E5).
3. That, in accordance with the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 (SI1995/2561) 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 2019/20 shall be 31,571.46 and as follows for the parts of the area listed below :-

Amlwch	1,506.32
Beaumaris	1,095.94
Holyhead	3,927.52
Llangefni	1,965.35
Menai Bridge	1,443.42
Llanddaniel-fab	379.48
Llanddona	400.39
Cwm Cadnant	1,171.95
Llanfair Pwllgwyngyll	1,323.32
Llanfihangel Esceifiog	693.04
Bodorgan	459.96
Llangoed	663.77
Llangristiolus and Cerrigceinwen	632.10
Llanidan	421.79
Rhosyr	1,027.19
Penmynydd	246.31
Pentraeth	571.10
Moelfre	631.10
Llanbadrig	696.84
Llanddyfnan	508.21

Llaneilian	579.31
Llannerchymedd	532.02
Llaneugrad	185.47
Llanfair Mathafarn Eithaf	1,871.09
Cylch y Garn	403.68
Mechell	565.96
Rhosybol	484.57
Aberffraw	302.95
Bodedern	430.87
Bodffordd	414.40
Trearddur	1,303.70
Tref Alaw	266.72
Llanfachraeth	231.49
Llanfaelog	1,298.09
Llanfaethlu	293.54
Llanfair-yn-Neubwll	565.06
Valley	993.83
Bryngwran	365.99
Rhoscolyn	360.99
Trewalchmai	356.63

## REASONS AND BACKGROUND

The calculations have been made in accordance with the Welsh Government Guidelines for Council Tax Dwellings (CT1 v.1.0) 2019/20 based on the number of properties in various bands on the valuation list on 31 October 2018 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 2019/20.

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 2018. This year, the Welsh Government has requested the information for the purpose of setting the Revenue Support Grant by 23 November 2018 and for tax setting purposes (ratified by Executive decision) by 4 January, 2019.

The calculations in **Appendix A** are based on discounts of nil being confirmed for Classes A, B and C; the premium of 100% on long term empty homes and a minimum of 35% on second homes for 2019/20 by the full Council at its meeting on 27 February 2019. The calculations are also based on the full Council confirming, at its meeting on 11 December 2018, that the current local Council Tax Reduction Scheme will continue as currently for 2019/20. 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 2019/20. **BUT**, this total, which is used in calculating the RSG, **excludes adjustments for premiums**. This figure is calculated to be 30,876.09 (compared to 30,663.09 for 2018/19).

### 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 31,571.46. **Note, therefore, that the figures under recommendation 3 include the adjustments for premiums.**

The total base proposed for 2019/20 for the purpose of tax setting purposes is 31,571.46. This compares with 30,773.31 for 2018/19 and is an increase of 2.59%.

There were significant changes to the tax base, for tax setting purposes, for 2019/20 in relation to properties where premiums are charged on them in comparison to 2018/19. On properties where premiums are charged, the following movements have been seen :-

There has been an increase in the number of long term empty properties where the premium is relevant – 449 for 2018/19, up to 474 for 2019/20 (Band D equivalent from 104.72 up to 448.67). It must be noted that the long term empty property premium for 2019/20 has risen from 25% to 100% when calculating the Council Tax base for 2019/20;

There has been an increase in the number of second homes where the premium is relevant – 1,754 for 2018/19, up to 1,956 for 2019/20 (Band D equivalent from 472.28 up to 725.63). It must be noted that the second home property premium for 2019/20 has risen from 25% to 35% when calculating the Council Tax base for 2019/20.

This is an increase of 103.50% in the premium element of the tax base, for tax setting purposes.

It is estimated that the 100% premium on long term empty properties premium for 2019/20 will raise additional income of nearly £440k to the Isle of Anglesey County Council for 2019/20 (after taking into consideration a 5% increase in Council Tax). In addition to this, the 35% premium on second home properties in 2019/20 will raise additional income of nearly £319k (after taking into consideration a 5% increase in Council Tax). A total increase of nearly £759k.

**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 holiday homes and second 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 who this option rejected.

The Executive, on 12 November 2018, has recommended that the Council consults on the budget for 2019/20 on the basis that a 100% premium is raised on long term empty properties, with a premium of 35% on second homes. 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 (along with premiums in the future) and the setting of a local Council Tax Reduction Scheme, however, still remains 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 calculation and recommendations herein are in accordance with that decision and also that the full Council, in its meeting on 27 February 2019, sets a Council Tax premium of 100% on long term empty properties and a premium of 35% on second homes from 1 April 2019.

**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 2019/208.

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

<b>1</b>	<b>Chief Executive / Senior Leadership Team (SLT)</b> (mandatory)	No comment
<b>2</b>	<b>Finance / Section 151</b> (mandatory)	Author of the report.
<b>3</b>	<b>Legal / Monitoring Officer</b> (mandatory)	No comment
<b>4</b>	<b>Human Resources (HR)</b>	
<b>5</b>	<b>Property</b>	
<b>6</b>	<b>Information Communication Technology (ICT)</b>	
<b>7</b>	<b>Scrutiny</b>	
<b>8</b>	<b>Local members</b>	
<b>9</b>	<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 premiums are applicable, the changes likely to take place in 2019/20 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 2019/20		
<b>FF - Background Papers (please contact the author of the report for further information):</b>		
Welsh Government guidance on Council Tax Dwellings (CT1) 2019/20		

APPENDIX A

CALCULATION OF LOCAL TAX BASE 2019/20

	BAND	A*	A	B	C	D	E	F	G	H	I	TOTAL
Part A	CHARGEABLE DWELLINGS											
A.1	All Chargeable Dwellings		4,639	6,606	6,507	7,074	5,319	2,584	1,018	158	49	33,954
A.2	Dwellings subject to disability reduction		16	46	47	90	72	45	15	10	6	347
A.3	Adjusted chargeable dwellings (taking into account disability reductions)	16	4,669	6,607	6,550	7,056	5,292	2,554	1,013	154	43	33,954
Part B	DISCOUNT AND PREMIUM ADJUSTMENTS											
B.1	Dwellings with no discount or premium (including empty properties and second homes with no discount or premium)	9	1,817	3,624	3,795	4,377	3,652	1,860	731	99	28	19,992
B.2a	Dwellings with a 25% discount (excluding empty properties and second homes with no discount)	7	2,554	2,672	2,263	2,074	1,218	465	160	24	3	11,440
B.2b	Dwellings with a 50% discount (excluding empty properties and second homes with no discount)	0	11	12	21	12	14	7	11	4	0	92
B.3a	Dwellings with a variable discount other than 25% or 50%	0	0	0	0	0	0	0	0	0	0	0
B.3b	Dwellings with empty property or second homes discount	0	0	0	0	0	0	0	0	0	0	0
B.3c	Dwellings with empty property or second homes premiums	0	287	299	471	593	408	222	111	27	12	2,430
B.4	Total adjusted chargeable dwellings	16	4,669	6,607	6,550	7,056	5,292	2,554	1,013	154	43	33,954

## CALCULATION OF LOCAL TAX BASE 2017/18

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