

Isle of Anglesey County Council

Report to:	EXECUTIVE COMMITTEE
Date:	29 NOVEMBER 2021
Subject:	THE COUNCIL TAX BASE FOR 2022/23
Portfolio Holder(s):	COUNCILLOR ROBIN WILLIAMS (PORTFOLIO HOLDER - FINANCE)
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Local Members:	N/A

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 Director 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 2022/23 financial year, being **31,079.93** (see **Appendix A** in respect of the calculation of the Council Tax Base for this purpose – Part E6).
- That the calculation by the Director of Function (Resources) / Section 151 Officer for the purpose of setting the Council Tax Base for the whole and parts of the area for the year 2022/23 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 Authorities (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 2022/23 shall be **32,042.00**, and as follows for the parts of the area listed below :-

Amlwch	1,545.22
Beaumaris	1,085.71
Holyhead	4,074.82
Llangefni	2,004.11
Menai Bridge	1,487.65
Llanddaniel-fab	378.55
Llanddona	391.17
Cwm Cadnant	1,167.07
Llanfair Pwllgwyngyll	1,328.75
Llanfihangel Ysceifiog	706.93
Bodorgan	471.87
Llangoed	661.96
Llangristiolus and Cerrigceinwen	635.80
Llanidan	418.37

Llaneilian	601.38
Llannerch-y-medd	534.54
Llaneugrad	188.64
Llanfair Mathafarn Eithaf	1,906.08
Cylch y Garn	399.84
Mechell	578.41
Rhos-y-bol	472.27
Aberffraw	307.60
Bodedern	428.70
Bodffordd	426.13
Trearddur	1,320.49
Tref Alaw	270.99
Llanfachraeth	227.68
Llanfaelog	1,307.06

Rhosyr	1,050.47	Llanfaethlu	270.06
Penmynydd	249.26	Llanfair-yn-Neubwll	583.32
Pentraeth	586.10	Valley	1,022.71
Moelfre	644.83	Bryngwran	359.82
Llanbadrig	686.13	Rhoscolyn	369.16
Llanddyfnan	519.58	Trewalchmai	372.77

REASONS AND BACKGROUND

The calculations have been made in accordance with the Welsh Government Guidelines for Council Tax Dwellings (CT1 v.1.0) 2022/23 based on the number of properties in various bands on the valuation list on 31 October 2021 and summarised by the Authority under Section 22B (7) of the Local Government Finance Act 1992. The calculations take into account discounts, exemptions and premiums as well as changes to the valuation list likely during 2022/23.

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 2021. This year, the Welsh Government has requested the information for the purpose of setting the Revenue Support Grant by 12 November 2021, and for tax setting purposes (ratified by Executive decision) by 4 January 2022.

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 premium of 50% on second homes for 2022/23 as per the Executive's decision on 25 October 2021 to increase the second home premium. The calculations are also based on the full Council decision at its meeting on 11 December 2018, that its current local Council Tax Reduction Scheme would apply for subsequent years unless substantially amended. For 2022/23, only the usual benefit upratings will apply. 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 2022/23. This total, which is used in calculating the RSG, excludes adjustments for premiums and discounts granted by some authorities in respect of Classes A, B and C (this does not affect the Isle of Anglesey as no such discounts are granted). This figure is calculated to be 31,079.93 (compared to 30,880.22 for 2021/22). This is an increase of 0.65%.

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 32,042.00. Note, therefore, that the figures under recommendation 3 includes the adjustments for premiums.

The total base proposed for 2022/23 for the purpose of tax setting purposes is 32,042.00. This compares with 31,548.21 for 2021/22 and is an increase of 1.57%. A number of factors impact on the taxbase, including the number of new properties that are estimated to be added to the Council Tax register in 2022/23, the number of exemptions and discounts granted and the number subject to the empty property and second homes premium and the premium percentage. The increase in the second homes premium, from 35% to 50% in 2022/23, has resulted in a significant increase in the taxbase and without the increase in the premium percentage, the taxbase would only have risen 0.5%.

The tax base for long term empty properties for 2022/23 is 303.93, as compared to 367.19 for 2021/22 and is as a result of a fall of 90 empty properties which are subject to the empty property premium.

The tax base for second homes for 2022/23 is 1,122.30, as compared to 761.82 for 2021/22. The increase reflects an increase of 101 in the number of properties which are currently subject to the premium, but the increase in the premium rate from 35% to 50% also has a significant impact on this element of the taxbase.

The change in the taxbase impacts on the Council's starting point for the revenue budget for 2022/23 and this will be covered in more detail in subsequent budget reports to the Executive. However, to summarise, the increase in the number of properties subject to the standard Council Tax will generate an additional £264k in revenue (based on the 2021/22 Council Tax charge) but this will result in a loss of £280k in Aggregate External Finance (AEF) from Welsh Government (based on the Standard Spending Assessment for 2021/22 and the same estimated level of Band D Council Tax charge as 2021/22). The reduction in the number of empty properties will reduce the empty property premium income by £85k, but the increase in the number of properties subject to the second homes premium will generate an additional £32k. The increase in the second homes premium from 35% to 50% will generate an additional £451k in funding.

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 and this option was rejected.

The full Council, on 27 February 2019 set a Council Tax premium of 100% on long term empty properties and a premium of 35% on second homes from 1 April 2019. 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, along with 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, set a Council Tax premium of 100% on long term empty properties. The decision to increase the premium on second homes from 1 April 2022 to 50% will be ratified by the full Council when the budget is approved in March 2022.

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 2022/23.

DD – Impact on our Future Generations(if relevant)

1	How does this decision impact on our long term needs as an Island	The decision will impact on the Council’s revenue budget and the implications of this decision on the long term needs of the Island will be considered as the revenue budget process continues.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	Not applicable
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	Not applicable
4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	The citizens of Anglesey will be consulted on the budget proposals in due course.
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	Not applicable

E – Who did you consult? What did they say?

1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	No additional comments made.
2	Finance / Section 151(mandatory)	Author of the report.
3	Legal / Monitoring Officer (mandatory)	No additional comments made.
4	Human Resources (HR)	Not applicable
5	Property	Not applicable
6	Information Communication Technology (ICT)	Not applicable
7	Procurement	Not applicable
8	Scrutiny	Not applicable
9	Local Members	Not applicable

F - Appendices:

Appendix A: Calculation for the Local Tax Base 2022/23

FF - Background papers (please contact the author of the Report for any further information):

Welsh Government Notes for Guidance on Council Tax Dwellings (CT1) 2022/23

APPENDIX A

CALCULATION OF LOCAL TAX BASE 2022/23

	BAND	A*	A	B	C	D	E	F	G	H	I	TOTAL
Part A	CHARGEABLE DWELLINGS											
A.1	All Chargeable Dwellings		4,680	6,632	6,616	7,025	5,361	2,621	1,051	156	53	34,195
A.2	Dwellings subject to disability reduction		13	48	50	86	76	54	9	11	6	353
A.3	Adjusted chargeable dwellings (taking into account disability reductions)	13	4,715	6,634	6,652	7,015	5,339	2,576	1,053	151	47	34,195
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)	7	1,869	3,588	3,732	4,333	3,644	1,862	749	97	30	19,911
B.2a	Dwellings with a 25% discount (excluding empty properties and second homes)	6	2,590	2,723	2,395	2,056	1,259	486	169	21	4	11,709
B.2b	Dwellings with a 50% discount (excluding empty properties and second homes)	0	10	13	17	26	17	4	11	4	0	102
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 long term empty or second homes discount	0	0	0	0	0	0	0	0	0	0	0
B.3c	Dwellings with long term empty or second homes premium	0	246	310	508	600	419	224	124	29	13	2,473
B.4	Total adjusted chargeable dwellings	13	4,715	6,634	6,652	7,015	5,339	2,576	1,053	151	47	34,195
B.5	Total variable discounts	0	0	0	0	0	0	0	0	0	0	0
B.6	Long term empty property and second homes discount adjustment	0	0	0	0	0	0	0	0	0	0	0
B.7	Long term empty property and second homes premium adjustment	0	155.5	188.0	279.0	334.0	232.5	120.5	67.0	15.5	6.5	1398.5

Part C CALCULATION OF CHARGEABLE DWELLINGS WITH DISCOUNTS AND PREMIUMS												
C.2	Total dwellings including discounts and premiums	12	4,218	6,135	6,324	6,822	5,248	2,573	1,072	159	53	
C.3	Ratio to Band D	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	21/9	
C.4	Band D equivalents (rounded to two decimal places)	6.39	2,812.00	4,771.47	5,621.11	6,822.00	6,414.53	3,716.56	1,787.08	318.50	122.50	32,392.14
C.7	Total discounted dwellings excluding long term empty and second homes adjustment	12	4,063	5,947	6,045	6,488	5,016	2,453	1,005	144	46	
C.8	Band D equivalents excluding long term empty and second homes adjustment	6.39	2,708.33	4,625.25	5,373.11	6,488.00	6,130.36	3,542.50	1,675.42	287.50	107.33	30,944.19
Part E CALCULATION OF COUNCIL TAX BASE												
E.1	Chargeable dwellings: Band D equivalents (as per C.4)											32,392.14
E.2	Collection rate (rounded to two decimal places)											98.50%
E.3	= E1 x E2 (rounded to 2 decimal places)											31,906.26
E.4	Class O exempt dwellings: Band D equivalents (Ministry of Defence properties)											135.74
E.5	Council Tax Base for tax setting purposes (E.3 + E.4)											32,042.00
E.5b	Discounted chargeable dwellings excluding long term empty and second homes adjustment (as per C.8)											30,944.19
E.6	100% Council Tax Base for calculating Revenue Support Grant (E.5b + E.4)											31,079.93