

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	THE EXECUTIVE
DATE:	30 NOVEMBER 2015
SUBJECT:	THE COUNCIL TAX BASE FOR 2016/2017
PORTFOLIO HOLDER(S):	COUNCILLOR HYWEL EIFION JONES (PORTFOLIO HOLDER - FINANCE)
HEAD OF SERVICE:	MARC JONES - HEAD OF FUNCTION (RESOURCES) (SECTION 151 OFFICER)
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LOCAL MEMBERS:	NOT APPLICABLE

A - Recommendation/s and reason/s

I recommend that the Executive makes the following decisions:-

1. That the calculation by the Head of Function (Resources) (Section 151 Officer) for the calculation of the Council Tax Base for the whole and parts of the area for the year 2016/17 is approved (see **Appendix A** for the calculation of the tax base).
2. 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, the amounts calculated by Isle of Anglesey County Council as its tax base for the year 2016/17 shall be 30,250.23 and for the parts of the area listed below shall be:-

Amlwch	1,464.36
Beaumaris	1,036.95
Holyhead	3,798.84
Llangefni	1,894.81
Menai Bridge	1,394.41
Llanddanielfab	370.17
Llanddona	359.12
Cwm Cadnant	1,124.64
Llanfair Pwllgwyngyll	1,314.95
Llanfihangel Esceifiog	670.81
Bodorgan	436.68
Llangoed	627.71
Llangristiolus & Cerrigceinwen	600.12
Llanidan	397.94
Rhosyr	983.39
Penmynydd	234.82
Pentraeth	554.26
Moelfre	602.76
Llanbadrig	651.90
Llanddyfnan	486.52

Llaneilian	543.19
Llannerchymedd	500.27
Llaneugrad	178.60
Llanfair Mathafarn Eithaf	1,745.30
Cylch y Garn	400.92
Mechell	526.01
Rhosybol	460.39
Aberffraw	292.06
Bodedern	415.17
Bodffordd	416.68
Trearddur	1,222.42
Tref Alaw	248.22
Llanfachraeth	224.69
Llanfaelog	1,218.82
Llanfaethlu	280.72
Llanfair-yn-neubwll	562.14
Valley	961.23
Bryngwran	355.40
Rhoscolyn	337.72
Trewalchmai	355.12

REASONS AND BACKGROUND

The calculations have been carried out according to the Welsh Government Council Tax Dwellings (CT1) 2016/17 Notes for Guidance based on the number of properties in various bands on the valuation list as at 31 October 2015 and applying discounts and exemptions. The calculations also take account of changes to the valuation list that appear likely to occur during 2016/17.

The Isle of Anglesey, as billing authority is required under the regulations to calculate the Council Tax base for its area and for different parts of its area and these amounts, must be notified to the precepting and levying bodies by 31 December 2015. This year the Welsh Government had requested the information for Revenue Support Grant setting purposes by 6 November 2015 and the final tax base for tax setting purposes (ratified by Executive decision) by 4 January 2016.

The calculations in **Appendix A** are based on discounts of nil being confirmed for Classes A, B and C for 2016/2017 by the full Council. The calculations are also based on the full Council confirming that the current local Council Tax Reduction Scheme will continue unchanged for 2016/17. The Welsh Government continues to meet the cost of the previous UK national scheme in full, but costs due to caseload and/or Council Tax increase will fall on local councils.

Consequently, the Band D equivalent or “relevant number” continues to be adjusted by a provision for non-collection of 1.5%. Dwellings owned by the Ministry of Defence are added to give the figures shown above.

The total proposed tax base for 2016/2017 is 30,250.23. This compares with 30,188.51 in respect of 2015/16 which is an increase of 0.2%

The main reason for this movement is the normal annual increase for expected completions and occupation of new properties, adjusted for exemptions and discounts.

FUTURE DEVELOPMENTS

The Housing Act (Wales) 2014 (“the Act”) gives local authorities discretionary powers to charge an additional amount of Council Tax (a premium) on long-term empty homes and dwellings referred to as “second homes”. Local authorities may charge up to an additional 100% of the standard rate of Council Tax and will have the discretion to charge the premiums from 1 April 2017. The Act also gives Welsh Ministers powers to make regulations setting out exceptions to the premium i.e. the classes of dwelling in relation to which a local authority may not charge a premium. The Welsh Government consulted on the proposed exemptions between 13 March and 13 June 2015.

The Council Tax (Exceptions from Higher Amount) (Wales) Regulations 2015 reflect the Welsh Government’s policy decisions following the consultation and consideration of the responses. The Welsh Government undertook a technical consultation on these draft regulations in a four week period from 16 October to 13 November 2015. This consultation was aimed at local authorities, software companies and other organisations with an interest in the operation of the draft regulations.

In the title of the draft regulations, the term ‘exception’ is used rather than ‘exemption’. This differentiates between exceptions to the premiums and the standard Council Tax exemptions. These draft regulations therefore prescribe the classes of dwelling which a Billing Authority may not make a determination to apply the premium. If a property is already exempt from Council Tax altogether it will not be liable for either of the premiums. **Appendix B** lists the classes of dwelling prescribed by the draft regulations that will be exceptions from the premium. Following responses to the technical consultation, draft regulations will be revised as appropriate before they are laid before the National Assembly for Wales in December 2015.

The Welsh Government also advises that it will issue a technical consultation on amendments to the Council Tax base, which might be required as a result of the introductions of premiums. This will then apply to the calculation of the tax base for 2017/18

onwards.

WHAT DOES THIS MEAN FOR LOCAL AUTHORITIES?

These measures will allow local authorities time to consider their policy and decide whether they wish to implement one or both of the premiums, so that by 1 April 2016 this Authority can:

- Make a determination to charge a premium on second homes; and
- Identify homes which are empty (required to determine whether they have been empty and unfurnished for at least twelve months by 1 April 2017).

Local authorities, who choose to do so, will be able to implement the premiums from 1 April 2017.

The Welsh Government intends to provide guidance to local authorities on the administration and application of the premiums including exceptions and the reporting requirements as regard the implementation of premiums. The aim being to have a fair and consistent implementation of policy across Wales.

WHAT IS THE CURRENT POSITION AS REGARDS SECOND HOMES AND LONG TERM EMPTY PROPERTIES IN THIS COUNCIL'S AREA?

At present, second homes (Class B) and long term empty properties (Class C) pay the full Council Tax and when calculating the Council Tax Base are included in row B.1 of the calculation. In memoranda items, the Council informs the Welsh Government the number of second homes or long term empty properties they have when calculating the Tax Base. On 31 October 2015 2,337 second homes were recorded being equivalent to 2,510.78 Band D with 749 long term empty properties equivalent to 710.00 Band D.

Care must be taken when considering these figures and before the Council determines the premiums by April 2016 the figures, in good time, must be verified to ensure that they reflect the correct position and if possible, also taking into account the proposed exceptions. As a result, the estimation of the additional income will be robust.

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 property) 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.

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 future) 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.

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 2016/2017.		
DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	No Comments
2	Finance / Section 151 (mandatory)	Author of report
3	Legal / Monitoring Officer (mandatory)	No Comments
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	<p>The calculation of the tax base may not be sufficiently accurate i.e. inaccurate calculation of exemptions and discounts, overstating of changes likely to occur in 2016/17, underestimation of erosion in the tax base over years e.g. banding reductions and a too optimistic collection rate. The risk to the Council would be a shortfall in its Council Tax Requirement for the year.</p> <p>Mitigation is by taking a conservative approach when estimating new builds, allowances for erosion of the tax base and eventual collection rate.</p>
F - Appendices:		
Appendix A: Calculation of the Local Tax Base 2016/17		
Appendix B: List of Classes of dwellings prescribed by the Regulations as exceptions from the premiums		
FF - Background papers (please contact the author of the Report for any further information):		
Welsh Government Council Tax Dwellings (CT1) 2016/17 Notes for Guidance		
Technical Consultation on The Council Tax (Exceptions from Higher Amount) (Wales) Regulations 2015 (16 October 2015)		

**CLASSES OF DWELLING PRESCRIBED AS EXCEPTIONS TO
THE PREMIUMS BY THE REGULATIONS**

	DESCRIPTION
Class 1	Properties being marketed for sale
Class 2	Properties being marketed for let
Class 3	Annexes forming part of, or being treated as part of, the main dwelling
Class 4	Dwellings which would be someone's sole or main residence if they were not residing in Armed Forces accommodation or were not in service in the Armed Forces of the Crown
Class 5	Occupied caravan pitches and boat moorings
Class 6	Seasonal homes where year-round occupation is prohibited
Class 7	Job-related dwellings
Class 8	Dwellings where a tenant has exclusive use of a dwelling but occupied it periodically

Classes 1, 2, 3 and 4 are exceptions from both premiums i.e. second homes and long term empty.

Classes 5, 6, 7 and 8 only apply to second homes.

A dwelling is a "long-term empty home" and therefore liable to the premium, if it has been both unoccupied and substantially unfurnished for a continuous period of at least one year.

A "second home" is a home that is not a person's sole or main residence and which is substantially furnished.