

CABINET
20th NOVEMBER 2018

COUNCIL TAX BASE 2019/20

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Report Written by: Deb Smith, Deputy Head of Revenues and Benefits.

1. Area Affected

County Borough Wide.

2. Purpose of Report

2.1 The purpose of this report is to:

- i. Seek approval of the Council Tax Base for 2019/20;
- ii. Determine the discount that is to be applicable to dwellings that fall into the Welsh Prescribed Classes A and B under Section 12, of the Local Government Finance Act 1992 (the 1992 Act) as amended;
- iii. Determine the discount that is to be applicable to dwellings that fall into the Welsh Prescribed Class C under Section 12, of the Local Government Finance Act 1992 (the 1992 Act) as amended;
- iv. Determine that a Locally Defined Discount that was introduced on 1 April 2018 in respect of Care Leavers will continue;
- v. Determine that we will continue to utilise the use of electronic supply of information.

3. Key Messages

3.1 The key messages are:

- Our absolute collection rate assumption will remain at 99% for 2019/20;
- Our overall Band D council tax base has increased by 295 properties on last year's estimate of 33,390 to 33,685;
- In respect of Welsh Prescribed Classes A and B under Section 12 (Second Homes) we will continue to apply a 0% discount;
- In respect of Welsh Prescribed Classes C discounts (Empty Properties) we will continue to apply a 0% discount;
- The Locally Defined Discount in respect of care leavers will continue until further notice;
- We will continue to utilise the use of electronic supply of information which simplifies the annual billing process and reduces cost.

4. Background

Tax Base Calculation

4.1 The Council is required to calculate its tax base in accordance with the 1992 Act and

the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 as amended by the Local Authorities (Calculation of Council Tax Base) (Wales) (Amendment) Regulations 1999 and the Local Authorities (Calculation of Council Tax Base), Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004 and The Local Authorities (Calculation of Council Tax Base)(Wales)(Amendment) Regulations 2016.

- 4.2 The Council Tax Base for any area is a measure of its tax raising capacity. It is expressed in terms of the number of Band D equivalent dwellings and takes account of property exemptions, reductions for disabilities, discounts and anticipated new developments in the coming year.
- 4.3 The Council Tax Base is used to calculate the basic amount of tax for dwellings in each of the nine valuation bands. In simple terms, net spending not met by Government grants is divided by the tax base to give the amount of Council Tax for a dwelling in Band D. Amounts for other bands can then be calculated by formula in accordance with Section 5(1) of the 1992 Act as follows:

Valuation Band	Range of Values	Proportions
A	Up to £44,000	6
B	Over £44,000 up to £65,000	7
C	Over £65,000 up to £91,000	8
D	Over £91,000 up to £123,000	9
E	Over £123,000 up to £162,000	11
F	Over £162,000 up to £223,000	13
G	Over £223,000 up to £324,000	15
H	Over £324,000 up to £424,000	18
I	Over £424,000	21

- 4.4 The charge in Band A is therefore two thirds (6/9) of that in Band D. The charge for Band H will be twice that of Band D (18/9).

Calculating the Tax Base

- 4.5 The Council has to calculate a Tax Base for the whole of its area and for each Community Council that is able to raise a precept. The total number of dwellings shown on the Valuation List at 31 October must be adjusted to allow for the following:
- Anticipate new properties in the coming year;
 - Number of exempted properties;
 - Number of dwellings where disablement relief is allowed;
 - Number of single discounts (25%);
 - Number of double discounts (50%);
 - An assumed collection rate of 99%; and
 - All properties have to be converted to a Band D equivalent.

- 4.6 The actual base as at the 31 October 2018 utilising a 99% collection rate was 33,442 which is an increase on last year's estimated tax base (33,390) of 52 Band D properties.

The following table summarises the change in the council tax base between 2018/19 and 2019/20:

Band D equivalents	Description
33,390	Estimate base for 2018/19
52	Increase above the estimate for 2018/19 (as explained above)
33,442	Actual base at 31 st October 2018
243	Estimate of new properties in 2019/20
33,685	Base for 2019/20

- 4.7 The final figures for 2019/20 compared to the current year are as follows:

Council Tax Base at 'Average Band D'

Community Council	2018/19	2019/20
Area		
Cwmbran	12,688	12,969
Blaenavon	1,936	1,943
Pontypool	13,305	13,323
Croesyceiliog & Llanyrafon	3,545	3,532
Henllys	1,164	1,166
Ponthir	752	752
	33,390	33,685

There is a reduction of 13 on the base figure for Croesyceiliog and Llanyrafon this year which is due to a marginal increase in claims for disablement relief, additional exemptions and discounts/disregards.

Determination of Discount to be applied for Welsh Prescribed Classes

- 4.8 Section 12 of the 1992 Act gave Welsh Authorities the delegated power to determine whether a discount of 50%, 25% or nil is applicable to properties in Welsh Prescribed Classes A and B. Class A relates to property that is not the sole or main residence of a person, is furnished; and occupation of which is prohibited by law for a continuous period of at least 28 days. Class B relates to property that is not the sole or main residence of a person; is furnished; and occupation of which is not prohibited by law for a continuous period of at least 28 days. Since the introduction of this power the Council has determined that there should be a nil discount for such properties.
- 4.9 Section 75 of The Local Government Act 2003 (the 2003 Act) replaces the existing Section 12 of the 1992 Act with a new version; giving authorities the power to reduce or remove completely the level of discount applicable for prescribed classes. This gives authorities greater flexibility to determine a level of discount of anywhere between nil and 50%.
- 4.10 Under the 2003 Act the Welsh Government has also used its powers to prescribe a Class C property type. Class C relates to a chargeable dwelling which is unoccupied and which is substantially unfurnished. Such long-term empty properties (greater than

6 months) can receive a discount which is determined by the authority.

- 4.11 It is recommended that for properties in Prescribed Classes A and B i.e. Second Homes, the Council continues to apply a nil discount. This is on the basis that furnished property is capable of occupation at any time and the occupiers will receive the benefits of the same services as other Council Tax payers in the area.
- 4.12 In respect of Prescribed Class C (empty properties for over 6 months). The legislation allows for a maximum discount of 50% which can be reduced to 0%. As outlined in the 2013 tax base report with the introduction of the bedroom subsidy and the housing shortage in the authority it was considered appropriate to reduce this discount to 0% and this continues.
- 4.13 This Authority introduced a locally defined discount on the 1 April 2018 in respect of care leavers. This discount will continue until further notice.
- 4.14 The Housing Act (Wales) 2014 gave local authorities the power to charge a premium of up to 100%, in addition to the full charge, for second homes and long term empty properties. Whilst this legislation was introduced to further assist authorities in encouraging owners of empty properties to bring them back into use it was also aimed at owners of second homes. This is more relevant to authorities with large numbers of second homes e.g. tourist areas. It is not recommended at this stage that the Council charges a premium. In line with the legislation premiums can only be agreed by full council and they have to be agreed before the beginning of the financial year.
- 4.15 Section 84 of the 2003 Act amends Section 67 of the 1992 Act so that a full Council meeting is no longer required to approve the Council Tax Base that is used when setting the Council Tax. As a result, the Council on 21 December 2004, agreed that the setting of the Tax Base be delegated to the Cabinet.

5. Ongoing Reviews

- 5.1 In order to ensure that the tax base is as accurate as possible it is appropriate and important to ensure that regular property reviews are undertaken.
- 5.2 A review of our discounts, disregards, exemptions and disablement reliefs are undertaken on a rolling 3 monthly basis for Class A and C exemptions and a 12 monthly basis for other exemptions and discounts.
- 5.3 In respect of single person discounts reviews, a review was commenced in August 2017 and that was finalised in May 2018. Currently the output from the data matching exercise that has been completed as part of the National Fraud Initiative is being worked through to identify any areas of concern following the review.

6. Well-being assessment

- 6.1 This is a report that does not require a well being assessment.

7. Conclusion

- 7.1 The Council is required to set its Tax Base annually in accordance with regulations set out in the report. In addition it is required to make an annual determination in respect of Prescribed Classes A, B, and C and any Locally Defined Discounts.

8. Recommendations:

8.1 It is recommended that:

- i. the Council Tax Base for 2019/2020 as detailed in the report be approved;
- ii. for properties in Prescribed Classes A and B i.e. Second Homes, the Council continues to apply a nil discount;
- iii. for properties in Prescribed Class C i.e. Empty Properties, the Council continues to apply a nil discount;
- iv. a policy in respect of a Locally Defined Discount for Care Leavers continues to be adopted until further notice.
- v. electronic supply of the information that accompanies the demand notice is utilised.

Background Papers	<ul style="list-style-type: none">• The Local Government Act 1992• The Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995• The Local Authorities (Calculation of Council Tax Base) (Wales) (Amendment) Regulations 1999• The Local Government Act 2003• The Local Authorities (Calculation of Council Tax Base) and Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004)• The Local Authorities (Calculation of Council Tax Base) (Wales) (Amendment) Regulations 2016
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<p>For a copy of the background papers or for further information about this report, please telephone: Richard Davies, Head of Revenues and Benefits, 01495 742358 (Ext 2358).</p>
