

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

15TH DECEMBER 2016

COUNCIL TAX BASE FOR 2017/18

REPORT OF THE GROUP DIRECTOR CORPORATE AND FRONTLINE SERVICES IN DISCUSSION WITH THE LEADER OF THE COUNCIL, COUNCILLOR A. MORGAN

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1. PURPOSE OF THE REPORT

- 1.1 This report is intended to formally set the Council Tax Base for the financial year ending 31st March 2018 for tax setting purposes and to set the level of discount applicable to properties considered as second homes, long-term unoccupied and unfurnished properties.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Cabinet agree:
- a) That in accordance with the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 as amended, the amount calculated by the Council as its net tax base for the financial year ended 31st March 2018, shall be £74,978.22.
 - b) That for each area of the County Borough, the 2017/18 tax base for Council Tax setting purposes, shall be as shown at Appendix 1.
 - c) To set the level of discount at: -
 - 0% - for those properties falling within Class A and Class B of the Prescribed Classes of Dwellings Order
 - 50% - for those properties falling within Class C of the Prescribed Classes of Dwellings Order.

3 REASONS FOR RECOMMENDATIONS

It is a statutory requirement to agree and set the Council Tax base for the forthcoming financial year prior to 31st December each year. This is because the Council Tax base is an integral part of setting of the Council's council tax level (at Band D) in accordance with specified formulae, reflecting its budget requirement for the relevant financial year.

4. BACKGROUND

COUNCIL TAX BASE

- 4.1 Under the provisions of The Local Authority (Alternative Arrangements) (Amendment) (Wales) Regulations 2004 and The Local Authorities Executive Arrangements (Functions and Responsibilities) (Amendment) (Wales) Regulations 2004, the “calculation and determination of the council tax base” are specified as functions that may be the responsibility of the Executive. At the Council meeting on 7th December 2005, it was agreed that the responsibility for setting the tax base be discharged by the Cabinet.
- 4.2 Under the provisions of the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 as amended by the Local Authorities (Calculation of Council Tax Base) and the Council Tax (Prescribed Class of Dwellings) (Wales) (Amendment) Regulations 2004 and the Local Authorities (Calculation of Council Tax Base) (Wales) (Amendment) Regulations 2016, the Council is required to determine its Council Tax Base for the following financial year, prior to 31st December each year.
- 4.3 The Council Tax Base is the measure of the relative taxable capacity of different areas within the County Borough and is calculated in accordance with prescribed rules. The Tax Base is in effect the number of chargeable dwellings in the area expressed as Band D equivalents, taking into account the total number of exemptions, disablement reductions and discounts, with the final gross Tax Base figure adjusted by taking account of the council’s estimated collection rate.
- 4.4 The gross Council Tax base calculated for 2017/18 is £76,900.74 and in determining the net Council Tax Base for 2017/18, a collection rate of 97.5% has been estimated. This produces a net Council Tax Base of £74,978.22. The result is that for every £1 levied in Council Tax next year, a sum of £74,978 will be generated to meet the budget requirement of the Council.
- 4.5 The Council Tax base calculation is supplied to WG and is used as part of the distribution of Revenue Support Grant in the annual Provisional and Final Local Government Revenue Settlement. It is also used by the Council when it sets its annual budget i.e. the net annual budget requirement is divided by the Council Tax Base to produce the amount of Council Tax due for a dwelling in Band D. A set formula is then used to determine the liability for the remaining eight Council Bands (A to C and E to I).
- 4.6 The Council is required to calculate the Tax Base for the Borough as a whole and must make separate calculations for all the community area within the County Borough. Those areas that have a Community Council will be informed of its tax base,

so the relevant tax base can be used when calculating the level of its precept for the coming financial year. The Police and Crime Commissioner for South Wales will also be informed of the Council's Tax Base in order that it can calculate its precept for 2017/18.

- 4.7 The detailed Council Tax Base analysis for all parts of the County Borough is shown at Appendix 1.

COUNCIL TAX - PRESCRIBED CLASS OF DWELLING

- 4.8 In the case of a dwelling described in the Council Tax (Prescribed Class of Dwelling) (Wales) Regulation 1998, as amended by Section 12(4) of the Council Tax (Prescribed Class of Dwelling) (Wales) (Amendment) Regulation 2004, the Council has discretion to award up to 50% discount in respect of the two following prescribed classes of dwellings (usually described as second homes and holiday homes), i.e. Class A and Class B.

Class A

- (a) *which is not the sole or main residence of an individual;*
- (b) *which is furnished; and*
- (c) *the occupation of which is prohibited by law for a continuous period of at least 28 days in relevant year.*

Class B

- (a) *which is not the sole or main residence of an individual;*
- (b) *which is furnished; and*
- (c) *the occupation of which is not prohibited by law for a continuous period of at least 28 days in the relevant year.*

- 4.9 The Council also has discretion to grant up to 50% discount on unoccupied and substantially unfurnished chargeable dwellings beyond the statutory 6 month exempt period i.e. Class C.
- 4.10 In the recent past, the Council has determined not to allow a discount (i.e. 0%) in respect of properties falling within Class A and Class B in paragraph 4.7 above. In respect of Class C, properties within this Class currently attract 50% discount on the expiry of the 6 month statutory exemption period.

- 4.11 It is recommended that the existing arrangements continue for 2017/18.

5. EQUALITY AND DIVERSITY IMPLICATIONS

- 5.1. The matters set out in this report are factual and arise from calculations made using internal council tax records. There are no equality and diversity implications.

6. CONSULTATION

- 6.1. There are no consultation requirements emanating from the recommendations set out in the report.

7. FINANCIAL IMPLICATION(S)

- 7.1. The contents of this report are determined by a statutory framework and as such this influences the contents of this report. The gross tax base is used as part of the distribution of the Revenue Support Grant within the Local Government Revenue Settlement and the net tax base determines the level and quantum of Council Tax levied and therefore the resources available to the Council. This will be dealt with as part of the Tax Setting and Budget Requirement reports that will be considered by Council in February/March 2017.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1. To fulfil the Council's statutory duty to set the revenue budget and Council Tax for the relevant financial, the relevant parts of:-
- The Local Authority (Alternative Arrangements) (Amendment) (Wales) Regulations 2004
 - The Local Authorities Executive Arrangements (Functions and Responsibilities) (Amendment) (Wales) Regulations 2004
 - Local Government Finance Act 1992, Section 33
 - Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 as amended by the Local Authorities (Calculation of Council Tax Base) 2004 and the Local Authorities (Calculation of Council Tax Base) (Wales) (Amendment) Regulations 2016
 - Council Tax (Prescribed Class of Dwellings) (Wales) (Amendment) Regulations 2004
 - Council Tax (Prescribed Class of Dwelling) (Wales) Regulation 1998, as amended by Section 12(4) of the Council Tax (Prescribed Class of Dwelling) (Wales) (Amendment) Regulation 2004

9. LINKS TO THE COUNCILS CORPORATE PLAN / OTHER CORPORATE PRIORITIES/ SIP

- 9.1. These proposals links to the following Corporate Priorities:-
- Prosperity – improving Our Communities
 - Making Best use of our Budget

10. CONCLUSION

- 10.1. 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 the level of discount applicable for those properties in Classes A, B, and C of the Prescribed Class of Dwelling regulations.

2017/18 Tax Base Analysis			
Area		Gross Band D Equivalents	Adjusted Tax Base (assumed collection rate of 97.5%)
Non Precepting Communities			
Rhondda Community Areas	Treherbert	1,613.27	1,572.94
	Treorchy	2,319.92	2,261.93
	Pentre	1,565.03	1,525.91
	Ystrad	1,657.94	1,616.49
	Llywnypia	615.39	600.01
	Cwm Clydach	776.36	756.95
	Tonypandy	1,098.43	1,070.97
	Trealaw	1,165.27	1,136.14
	Penygraig	1,622.06	1,581.50
	Cymmer	1,584.28	1,544.67
	Porth	1,792.02	1,747.22
	Ynyshir	950.55	926.78
	Tylorstown	1,262.91	1,231.34
	Ferndale	1,198.58	1,168.61
	Maerdy	855.22	833.84
Cynon Valley Community Areas	Penywaun	785.95	766.30
	Llwydcoed	640.97	624.95
	Aberdare	4,814.89	4,694.51
	Cwmbach	1,782.22	1,737.66
	Aberaman	2,908.40	2,835.69
	Abercynon	1,929.89	1,881.65
	Mountain Ash	2,208.54	2,153.33
	Penrhiwceiber	1,598.53	1,558.57
Precepting Communities			
Cynon Valley Community Areas	Ynysybwl	1,420.63	1,385.11
	Rhigos	281.51	274.47
	Hirwaun	1,640.68	1,599.66
Taff Ely Community Areas	Pontypridd	10,341.76	10,083.22
	Llantwit Fardre	6,283.17	6,126.09
	Taffs Well	1,441.32	1,405.28
	Pontyclun	3,550.05	3,461.30
	Llantrisant	5,763.16	5,619.08
	Tonyrefail	3,873.84	3,777.00
	Gilfach Goch	1,020.29	994.78
	Llanharan	2,972.45	2,898.14
Llanharry	1,565.26	1,526.13	
Grand Total		76,900.74	74,978.22