

**TELFORD & WREKIN COUNCIL****COUNCIL MEETING – 17 JANUARY 2019****SETTING OF THE COUNCIL TAX BASE FOR 2019/20****REPORT OF THE ASSISTANT DIRECTOR: FINANCE & HUMAN RESOURCES (CHIEF FINANCE OFFICER)****LEAD CABINET MEMBER: CLLR LEE CARTER****PART A – SUMMARY REPORT****1. SUMMARY OF MAIN PROPOSALS**

- 1.1 To determine the Council Tax Base for General and Special Fund purposes for the financial year 2019/20.

**2. RECOMMENDATIONS**

Full Council to approve:

- (i) The calculation of the tax base for 2019/20 as at paragraph 5.8 and Appendix 1
- (ii) In Accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012:2914), the amount calculated for Telford and Wrekin Council Tax base for 2019/20 for its Special Fund Area shall be as per the appropriate parish amounts detailed in Appendix 1 for the parishes listed in paragraph 5.9.
- (iii) The policy to exempt young people leaving Council care and living within the Borough from Council Tax, detailed in Appendix 2
- (iv) The changes to the council tax premium on empty dwellings, detailed in paragraph 5.5

**3. SUMMARY IMPACT ASSESSMENT**

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to specific priority plan objectives?	
	Yes/No	Setting the council tax base is a legal requirement and is needed to calculate council tax levels for 2019/20 and therefore directly supports the delivery of all Council priorities.

	Will the proposals impact on specific groups of people?	
	Yes/No	Council tax payers
<b>TARGET COMPLETION / DELIVERY DATE</b>	The setting of the Council Tax Base is the first stage in the process of setting the Council Tax for 2019/20. Final recommendations on council tax levels will be presented to Full Council on 28 February 2019.	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes/No	Used in determining the Council Tax to be charged in 2019/20.
<b>LEGAL ISSUES</b>	Yes/No	The legal requirements relating to the setting of the Council tax base are set out in the main body of this report. The Council has a statutory obligation to set the Council Tax Base by 31 January 2019 to enable the level of Council Tax to be then set within the statutory timescales (paragraph 4.2 of this report). In summary the Council has the power and the duty to set the Council Tax Base in the way described in this report.
<b>OTHER IMPACTS, RISKS AND OPPORTUNITIES</b>	Yes/No	
<b>IMPACT ON SPECIFIC WARDS</b>	Yes/No	

## **PART B – ADDITIONAL INFORMATION**

### Council Tax Base

- 4.1 In order to determine the appropriate Council Tax levels for the area, it is necessary for the Council to determine the tax base for its area or part of its area. The budget requirements of the various precepting authorities are divided by this figure to arrive at the Band D equivalent level of Council Tax.
- 4.2 The tax base for 2019/20 must be set by Full Council between 1 December 2018 and 31 January 2019 as prescribed by section 8 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012:2914).

## **5. COUNCIL TAX BASE INFORMATION**

- 5.1 As members will be aware, the Council Tax is a banded capital value based property tax.
- 5.2 The main features of the tax are:-

- Each domestic property is allocated to one of 8 bands depending on its capital value which has been set by the Valuation Office Agency.
- Section 5 of the Local Government Finance Act 1992 sets out the range of property values within each band. Associated Regulations determine the relationship between the tax rates for each band.
- A 25% discount from the full charge is available for single adult households. Certain categories of resident are disregarded in deciding the number of adult residents. These include students, student nurses, youth training trainees, the severely mentally impaired etc. Qualifying criteria must be met before discounts or disregards are allowed.
- A reduction equivalent to one council tax band is available where a resident of a dwelling is disabled and certain facilities are required for meeting the needs of that disabled person. For Band A properties the reduction is equivalent to 1/9th of the Band D Charge so the charge for such a Band A dwelling is 5/9ths rather than the usual 6/9ths for a Band A property.
- Council Tax Support is applied to the council tax base as a discount that varies depending on personal circumstances and this reduces the Council Tax Base. A separate report covering the 2019/20 Council Tax Support Scheme will be presented to Council on 28<sup>th</sup> February 2019.

5.3 The Council Tax Bands range from A to H and the details are as follows:-

<b>Band</b>	<b>House Value</b> (as at April 1991 prices)	<b>Band D</b> <b>Proportion</b>	<b>Telford &amp;</b> <b>Wrekin</b> <b>Properties</b> <b>Spread</b>	<b>%</b> <b>Increase/</b> <b>Decrease</b> <b>for 19/20</b>
	<b>£</b>	<b>%</b>	<b>%</b>	<b>%</b>
A	Under 40,000	66.7	34.93	-0.45
B	40,001 – 52,000	77.8	27.09	+0.20
C	52,001 – 68,000	88.9	15.97	+0.18
D	68,001 – 88,000	100.0	11.48	+0.07
E	88,001 – 120,000	122.2	6.22	0.00
F	120,001 – 160,000	144.4	2.84	0.00
G	160,001 – 320,000	166.7	1.40	0.00
H	Over 320,000	200.0	0.06	-0.01

5.4 Care Leavers Exemption

The Council proposes implementing a scheme to exempt young people leaving its care and living within the Borough from Council Tax. Under this policy Care Leavers will receive 100% Council Tax relief.

It is estimated that there are 17 accounts which will benefit from a care leavers discount at a total cost of £4,600.

Details of the policy are included in Appendix 2.

## 5.5 Empty Dwellings Council Tax

On 1 November 2018 the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 (the 2018 Act) received Royal Assent. It applies to England only.

The 2018 Act amends Section 12 (2) of the Local Government Finance Act 2012 and gives local authorities discretion to charge a greater council tax premium on empty dwellings. Local authorities currently have power to charge a council tax premium of up to 50% on homes that have been unoccupied and substantially unfurnished for two years or more. This is in addition to the usual council tax charge for that property. Telford and Wrekin Council have been charging this additional 50% since April 2013. From 1 April 2019, Local Authorities will be able to charge a premium of up to 100%.

In addition:

From 1 April 2020, the premium can be up to 200% for homes empty for more than five years.

From 1 April 2021, the premium can be up to 300% for properties empty for more than ten years.

It is the Council's intention to make maximum use of this new power in order to encourage owners of properties that have been empty for a long time, some of which can become a focus for anti-social behaviour, to bring them back in to use, either by selling them or by renting them to those searching for accommodation.

There are currently 143 properties which are being charged the 50% premium. An additional 50% premium from April 2019 will generate around £80,000 in council tax (circa. £61k to Telford & Wrekin Council). Additional amounts will be raised to support essential front-line Council services from April 2020 and April 2021 as the empty property premium increases further unless owners bring long term empty properties back in to use.

## 5.6 Property Base

There are 76,232 properties in the valuation list for the Telford & Wrekin area. This compares with a figure of 75,238 in the list at the same time last year. There has, therefore, been an increase of 994 properties, which equates to an increase of 1.32% reflecting the success of the Council's growth agenda. The assumed rate of collection will remain at 99.25% which reflects the effectiveness of the Council's tax collection arrangements. Total council tax receipts will be approximately £1.380m greater as a result of growth in the tax base which is equivalent to a council tax increase of 2.2% and will help support services provided by the council,

fire service and police service. Overall there has been a decrease in the proportion of Band A and H properties and an increase in Band B, C and D with the largest increase in Band B.

## 5.7 Council Tax Base

To arrive at the Council Tax Base, it is necessary to undertake the following calculation in respect of each tax band:

Total number of chargeable dwellings  
(Less) Dwellings subject to discounts  
=  
Total equivalent number of properties  
x  
Ratio to Band D  
=  
Relevant Amount (Band D Equivalent)

The relevant amounts for each tax band are then aggregated to arrive at the total for the area.

Finally, an estimated Collection Rate needs to be applied to the resultant figure. This has to be common to the whole area and has to provide for amendments to the Council Tax Banding List, appeals against banding, additional discounts and losses on collection. Clearly every effort is taken to vigorously pursue all council tax due to the authority. As mentioned above we will use a figure of 99.25% for 2019/20.

## 5.8 General Fund Tax Base

This is the estimated council tax base for the whole of the area and will be used by Telford & Wrekin to calculate its General Fund Council Tax levy and also by The Office of the Police and Crime Commissioner for West Mercia and the Shropshire and Wrekin Fire & Rescue Authority to calculate the levy in respect of their precepts.

The tax base for this purpose for 2019/20 is 51,021.7 (including 168.5 for contributions in lieu in respect of MOD properties). Using an estimated collection rate of 99.25% (adjusted for 100% collection of contributions in lieu), **the tax base is calculated as 50,640.3.**

## 5.9 Special Fund Tax Base

This is the estimated council tax base for the Special Fund area, i.e. those areas where Telford & Wrekin Council provides services which, in other areas, are provided by Town & Parish Councils. These areas are;

- Dawley Hamlets,
- Great Dawley,
- Hollinswood & Randlay,
- Lawley & Overdale,
- Madeley,
- Oakengates,

- St Georges & Priorslee,
- Stirchley & Brookside,
- The Gorge,
- Wellington and
- Wrockwardine & Trench.

The Council Tax Base for each can be found in Appendix 1.

A Special Fund tax will be levied on those parishes that have opted not to take over responsibility for street lighting in their area. These are:-

- Dawley Hamlets,
- Great Dawley,
- Hollinswood & Randlay,
- Madeley,
- Oakengates,
- Stirchley & Brookside,
- The Gorge and
- Wellington.

If any of the other parishes that currently have responsibility for street lighting decide to return these to Telford & Wrekin Council's responsibility then they will also have the additional charge.

The Special Fund Council Tax will be set taking into account the special fund services provided by each individual parish and taking account of the tax base for each parish.

## **6 PREVIOUS MINUTES**

6.1 Council meeting 11 January 2018

## **7 BACKGROUND PAPERS**

Local Government Act 2003

CLG Calculation of Council Tax Base Return (CTB1) October 2014

The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003

Local Authorities (Calculation of Council Tax Base) Regulations (SI 2012:2914)

Local Government Finance Act 2003

Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

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<b>Parish</b>	<b>Band D</b>
CHETWYND	259.3
CHETWYND ASTON & WOODCOTE	205.0
CHURCH ASTON	515.7
DAWLEY HAMLETS	2,294.6
DONNINGTON & MUXTON	3,774.2
EDGMOND	546.6
ERCALL MAGNA	584.8
EYTON	39.3
GORGE, THE	1,395.1
GREAT DAWLEY	2,609.2
HADLEY & LEEGOMERY	4,286.9
HOLLINSWOOD & RANDLAY	1,407.5
KETLEY	1,323.0
KYNNERSLEY	78.7
LAWLEY & OVERDALE	3,187.1
LILLESHALL	553.0
LITTLE WENLOCK	243.2
MADELEY	4,169.0
NEWPORT	3,866.4
OAKENGATES	2,429.3
PRESTON	100.4
RODINGTON	376.0
ST GEORGES & PRIORSLEE	3,849.8
STIRCHLEY & BROOKSIDE	2,281.7
TIBBERTON & CHERRINGTON	284.0
WATERS UPTON	397.0
WELLINGTON	6,622.8
WROCKWARDINE	1,446.7
WROCKWARDINE WOOD	1,514.0
	<b>50,640.3</b>

# DISCRETIONARY COUNCIL TAX DISCOUNT POLICY



## **Discretionary council tax discount**

The Council has discretion to reduce or remit Council Tax for a particular case or classes of case that is not covered by statute set discounts or exemptions.

### **In what circumstances will a discount be awarded?**

The Council should have defined criteria which will be taken into account when determining an application for discretionary discount. These guidelines seek to set criteria that the Council should take into account when considering applications for a reduction in the amount of Council Tax payable.

The council will consider the following in determining applications:-

- Whether the taxpayer has been forced to vacate or partially vacate the property due to serious damage caused by external environmental factors beyond their control
- Whether the taxpayer has suffered a significant degree of discomfort / inconvenience or upheaval as a result of the change caused by external environmental factors beyond their control.
- Whether the tax payer has experienced exceptional circumstances to be defined and considered on each individual basis
- Whether the tax payer is a care leaver who is between the ages of 18-22. A care leaver is defined as an individual whom Telford and Wrekin Council had a corporate parent responsibility for.

Where a property has been affected the following will be taken into account:

- The extent and nature of damage to the property
- The degree to which the property has been affected
- Whether the property has been vacated
- The type of property e.g. is it a main home, holiday home or second home

Where the tax payer is a care leaver, the following criteria will apply:

- The care leaver will be aged between 18-22, formerly in the care of Telford and Wrekin Council, who then becomes liable for council tax within the Telford and Wrekin borough
- Where the care leaver is solely liable for council tax, they will be entitled to 100% discount after all statutory discounts, exemptions and Council Tax Support have been applied.
- Where a care leaver is jointly liable for council tax, a proportionate award will be made, i.e: if there are two occupiers, a 50% award will be made.
- Where the care leaver is resident but not liable for council tax, no discount will be awarded.
- No discount will be awarded where the care leaver of another local authority is living within the Telford and Wrekin borough.
- No discount will be awarded for care leavers for Telford and Wrekin Council who move outside of the Telford and Wrekin area.

## **How will a decision be made?**

Each case will be considered on its merits however, with the exception of care leavers, the following criteria should be met for each case:

- The Council Tax payer's financial circumstances will be taken into account
- All entitlement to Council Tax Support, discounts and exemptions must be applied prior to consideration of an application.
- With the exception of care leavers, the Council must be satisfied that the Council Tax payer has taken all reasonable steps to resolve their situation prior to making the application.
- The Council's finances will allow for a reduction to be made.

Applications for discretionary discount must be made in writing from the tax payer, their advocate/appointee or a recognised third party acting on their behalf by completing a discretionary discount application form, and outlining the reasons why a discount should be awarded. The applicant should explain the impact of not awarding a discount.

The applicant should specify the amount of discount they wish to apply for being claimed.

Council Tax will remain payable as demanded whilst applications are being considered.

## **Amount of award**

A maximum of 100% Council tax will be awarded.

## **Period of award**

Awards of discretionary discount will be time limited for a maximum period of 12 months, or less if the property becomes fully habitable. The level of award can be altered following a review period or where there is a change in circumstances during the award period.

Care leaver discounts will be awarded up to the care leavers 22<sup>nd</sup> birthday.

## **Appeals**

All unsuccessful applications will receive a letter detailing the reasons why their application has not been successful. If the Council Tax payer is dissatisfied with this decision, they can appeal in writing to:

Revenues and Benefits  
PO Box 249  
Addenbrooke House  
Telford  
TF3 4LP

An appeal should be received in writing within 4 weeks of the date of the decision regarding the award or refusal of a discretionary relief. The appeal letter should state the reasons for the appeal and also provide any additional supporting information which may assist the decision maker in support of the appeal.

Appeals can be submitted against awards which have been refused or the level of discretionary rate relief awarded where a partial awarded has been granted.

Appeals will be dealt with by an Assistant Director and the decision will be notified to the appellant within 14 days of a decision being made.

Where the taxpayer remains dissatisfied with the decision, the appeal route is by way of Valuation Tribunal.

Council tax remains payable whilst applications are being considered.