

REPORT

Subject:	COUNCIL TAX BASE 2024/25 AND ASSOCIATED MATTERS
Directorate:	Resources
Meeting:	Individual Cabinet Member Decision – Cabinet Member for Resources
Date:	20th December 2023
Divisions/Wards Affected:	County Wide

1. PURPOSE:

- 1.1 To agree the Council Tax base figure for submission to Welsh Government, together with the collection rate to be applied for 2024/25 and to make other necessary related statutory decisions.

2. RECOMMENDATIONS:

- 2.1 That in accordance with the Local Authorities (Calculation of Tax Base) (Wales) Regulations 1995, the amount calculated by the Council as its Tax Base for 2024/25 shall be notified as **48,465.53** and the collection rate set at **99.0%**.
- 2.2 That no Special Resolution declaring Drainage Rates as Special Expenses be made.
- 2.3 That any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a Community Council shall not be treated as a special expense for the purpose of Section 35 of the Local Govt. Finance Act 1992.
- 2.4 That Council Tax setting continues to be a function of full Council.

3. KEY ISSUES:

Council Tax Base

- 3.1 For each financial year, the Council shall set its Council Tax, taking account of its own total net budget requirement and amounts receivable for redistributed Non-Domestic Rates, Revenue Support Grant and any other additional grants. It will also take account of any precepts it receives from other authorities and the value of the Council Tax Base. In simple terms, the net spending not met by grant is divided by the Tax Base to give the amount of Council Tax for a dwelling in Band D. The budget requirement, grant calculations and precepts will be addressed in the Council Tax Setting report.
- 3.2 It was previously agreed by Council in January 2005 that the largely technical matter of setting the Council Tax Base be dealt with by Executive decision. Legally, whilst the annual council tax setting decision could also be decided by the Executive, this has always been referred to full Council, given its wide interest and importance. It is

therefore recommended that council tax setting continues to be a decision for full Council.

- 3.3 The ratified council tax base information must be passed to Welsh Government (WG) by 5th January 2024 with reference to dwellings in the Valuation List as of 31st October 2023 and considering anticipated changes likely to occur during 2024/25. Provisional information has been provided to Welsh Government, if any changes to policy are considered which affect the tax base, revised information will need to be submitted. Significant differences may require Welsh Government to adjust the RSG entitlements via an amending report. The prescribed period during which Councils would notify major precepting authorities of the council tax base figure is normally 1st November to 31st December.
- 3.4 The tax base calculated for 2024/25 reflects Council's decision, on 9th March 2023, to use its discretionary powers under Section 12A and 12B of the Local Government Finance Act 1992 to charge a council tax premium on long term empty properties and second homes in the county. From 1st April 2024 the following council tax premiums will apply:
- Long term empty properties: a 100% premium for properties empty for 1 year, a 200% premium for properties empty for 2 years and a 300% premium for properties empty for 3 years or more.
 - Second homes: a premium of 100%, although this is subject to review, as agreed by Council at its meeting of 9th March 2023. A report is scheduled for Council on 19th January 2024 which will consider introducing a local exemption and finalise the position.
- 3.5 The 2024/25 tax base has been prepared based on the new parishes, as determined under The Monmouthshire (Communities) Order 2021. All changes took effect from 1st April 2022.

Collection Rate

- 3.6 It should be recognised that council tax is being perceived as an increasing burden on taxpayers with more arrangements outside the statutory scheme being sought, thereby increasing the time over which the debt is paid.
- 3.7 Between 2004/5 and 2007/8 the anticipated in-year collection rate was static at 96%; this was increased to 96.5% between 2008/9 and 2009/10 and to 97% for 2010/11. From 2011/12, despite ongoing economic difficulties, the collection rate was increased to 98%, reflecting results achieved in subsequent years from sustained recovery action. In 2016/17, the collection rate was increased further to 98.5% and for 2017/18, it was considered reasonable to increase the collection rate further to 99%, a rate which has been retained for each subsequent financial year thereafter. Whilst, the Covid 19 pandemic had a significant impact on the in-year collection rate for the 2020/21 and 2021/22 financial years, the overall long term collection rate has continued to meet the target set. The cost of living crisis and wider challenging economic environment has resulted in some households taking longer to pay their council tax. However, this has yet to have a significant impact on overall collection rates. Therefore, the decision has been made to retain a 99% collection rate for 2024/25.
- 3.8 The Council Tax Reduction Scheme (CTRS) was introduced by the Welsh Government on 1st April 2013, replacing what was the Council Tax Benefit Scheme. On inception the Welsh Government fully funded the scheme, pending a full review. This review was concluded in the summer of 2014, with the Welsh Government

announcing its intention to continue to fund the scheme for another 2 years - 2015/16 and 2016/17. The scheme has since been extended further for the financial year 2017/18 through to 2023/24. Whilst we await final confirmation of the scheme from Welsh Government for 2024/25 it is expected that full entitlements will be maintained for next year. A separate report is scheduled for full Council on 18th January 2024 to approve next year's Council Tax Reduction Scheme.

- 3.9 The Covid 19 pandemic put significant pressure on the CTRS budget in 2020/21 and 2021/22. However, demand has since returned to pre pandemic levels.
- 3.10 Funding of the CTRS from Welsh Government forms part of the annual revenue budget settlement and is expected to remain at current levels for next year. As part of its annual budget setting, the Council can determine how much budget to allocate to this Scheme taking account of levels of take up and any additional costs arising from any increases in council tax. From a household perspective, they will not be required to make any contributions.

Special Items and Expenses (Section 34)

- 3.11 Certain items of expenditure, and precepts made upon the Council by Community Councils are applicable only to certain parts of the area and special rules exist to deal with these items. These rules apply to all the Town and Community Council precepts in respect of each of their respective areas. They also apply to Drainage Rates which are charged only in certain parts of the East and South of the County area. The Council has always considered that the general body of taxpayers should be treated equally in this respect and such expenditure should be defrayed over the whole area rather than charged as an additional item on those who happen to be in a particular catchment area. If this view continues to prevail then no special resolution declaring these to be special expenses will be necessary.
- 3.12 Finally, expenses incurred by an authority in performing in part of its area a function performed elsewhere by a Community Council (concurrent functions) must be treated as a special expense unless a negative resolution is in force.
- 3.13 The effect of the above result in a recommendation leading to drainage rates and concurrent functions being charged equally across the County.

4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING)

- 4.1 There are no implications for sustainability, safeguarding and corporate parenting. The Council Tax base itself is mainly calculated from information about the numbers of properties within the County, adjusted to an equivalent band D figure for things such as discounts, exemptions and reliefs, and is therefore based on fact and provided for information. Annually Council considers council tax setting as part of the wider budget proposals in March. At this time these proposals are subject to an overall WFG assessment. Our Sustainability Community Officer has confirmed that under these circumstances there is no requirement to complete a Future Generations Evaluation.

5. OPTIONS APPRAISAL

- 5.1 Not applicable. This is a statutory report.

6. EVALUATION CRITERIA

- 6.1 Not applicable.

7. REASONS:

- 7.1 To agree the council tax base figure and the collection rate for the forthcoming financial year as required by legislation.
- 7.2 To determine whether a special resolution should be made declaring Drainage Rates a special expense.
- 7.3 To determine whether any expenses incurred in part only of the area should be treated as special expenditure in accordance with the relevant legislation.
- 7.4 To confirm that the important matter of tax setting should continue to be a function of full council rather than be devolved for executive decision.

8. RESOURCE IMPLICATIONS:

- 8.1 Overall the Council Tax base calculated for 2024/25 has risen by 1.4% compared to 2023/24. This increase reflects the current level of exemptions and discounts, anticipated changes in dwellings and the introduction of council tax premiums.
- 8.2 Any income generated from council tax premiums (net of direct administration expenditure) will be transferred to an earmarked reserve to be used in future to further the Council's progress in addressing housing issues in the County.
- 8.3 The remaining estimated income derived from the council tax base will be included in the draft budget proposals to be considered by Cabinet on 17th January 2024.

9. CONSULTEES:

Cabinet
Senior Leadership Team
Deputy Chief Executive & Chief Officer for Resources
Head of Finance

10. BACKGROUND PAPERS:

None

11. AUTHORS:

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12. CONTACT DETAILS:

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