

APPENDIX 6

COUNCIL TAX

1. It is a key decision for the full Council's members to make, in light of the considerations presented here, to establish the exact level of Council Tax for 2019/20. The key to all of this is to strike an appropriate balance between the need to spend on services for the most vulnerable in our society, and the appropriate tax increase to be levied on the residents of Gwynedd.
2. In historical assumptions made in our medium term financial strategy, a figure of 3.5% was used, as an estimate of the average increase in Wales. By 2016/17, it was decided to increase the tax 3.97%, in order to avoid implementing some cuts. By 2017/18, as a number of factors had gone in our favour, it was possible to balance the 2017/18 budget with a 2.8% increase in the tax level. By 2018/19, the Welsh Government's grant settlement was disappointing, and the tax had to be increased 4.8%.
3. This year, by 2019/20 it is recommended to increase the tax 5.8%, which would yield tax of £71.46m, including £2.7m of Premium yield and £3.05m of additional income towards the gap. This would equate to a Council Tax increase of £75.69 in a Band D property, or £1.46 a week. The tax raised by the community councils and the Police Authority would of course be additional to this.
4. Over 16.4% of households which are liable to pay tax in Gwynedd receive some element of assistance towards their Council Tax, and over 60% of properties in Gwynedd are in bands lower than band D. Every additional 0.1% of tax would adjust the funding gap we would need to find by around £71,246. Therefore, 0.5% would mean adjusting the funding gap by around £356,230 whilst 1% would mean adjusting the funding gap by around £712,461.
5. The increase in Gwynedd's Council Tax, together with the average increase across Wales since 2014/15, is shown below.

Year	Gwynedd	Wales
2018/19	4.8%	5.0%
2017/18	2.8%	3.1%
2016/17	4.0%	3.7%
2015/16	4.5%	4.3%
2014/15	3.9%	4.2%
Total 2014-19	20.0%	20.3%
Average 2014-19	4.0%	4.1%

In 2018/19, Gwynedd Council's Band D Council Tax level was £1,301, while the average level of tax for the counties in Wales was £1,219.

<https://gov.wales/docs/statistics/2018/180322-council-tax-levels-2018-19-en.pdf>

6. We do not yet know what the exact average increase across Wales will be for 2019/20, but the latest information I have is that the average across Wales will be around 6%. Therefore, the motion here is going to be very close to the Wales average for 2019/20, and therefore adhere to the long-term policy.
7. The choice between maintaining services and taxation is always difficult, of course, and it is a matter for all members to weigh things up and find a balance they consider to be appropriate. However, further to many informal conversations in two series of members' workshops, and having considered the response of Gwynedd residents to the public consultation, **the Cabinet has recommended a Council Tax increase of 5.8%, which would be a weekly increase of £1.46, or £75.69 annually, with a Band D tax of £1,376.22 for 2019/20.**

COUNCIL TAX PREMIUM YIELD ON EMPTY PROPERTIES AND SECOND HOMES

8. In the full Council meeting on 6 December 2018, it was decided to continue with the premium of 50% on second homes and on properties that have been empty for 12 months or more for 2019/20. It is estimated that the Council will receive £2.7m of additional income in 2019/20 by charging the Premium, and it is intended to earmark the money in a fund in order to implement the Housing Strategy, which aims to provide housing for young people in our communities.
9. All of the income and relevant expenditure to be addressed must be incorporated into the 2019/20 budget.