

## **Regulatory Appraisal**

### **The Council Tax (Liability for Owners) (Amendment) (Wales) Regulations 2004**

#### **1. Purpose**

(i) The Council Tax (Liability for Owners) Regulations 1992 prescribe the classes of dwelling for which the person liable for council tax is the owner rather than the occupier.

(ii) Together with the draft Council Tax (Chargeable Dwellings, Exempt Dwellings and Discount Disregards) (Amendment) (Wales) Order 2004 these amendments ensure that instead of individual living units within a care home (within the meaning of section 3 of the Care Standards Act 2000 and person registered under Part 2 of that Act) being treated as separate units for council tax purposes, all the individual units will be treated as 1 unit for council tax purposes, and in addition to this, any part of the building used by the registered owner or manager will be treated as a second unit,

#### **2. Risk Assessment**

Without this proposed legislation, it is likely that more care home residents will become liable for council tax bills for the first time, as the Valuation Office Agency (VOA) may assess improved accommodation within a home that provides greater scope for independent living as separate units. This would result in the residents of the individual units being liable for paying council tax for each unit instead of the home being valued as one unit, with the owner being liable for council tax.

#### **3. Options**

There are two options available to the Assembly;

1. Make amending legislation;
2. Do not make amending legislation.

#### **4. Benefits**

##### (i) Make amending legislation

The Care Standards Act 2000 intended to ensure that residents of care homes are provided with adequate care and have their needs met. This includes ensuring that their rooms are safe and comfortable. In some instances this has meant that rooms have been provided with cooking or bathroom facilities to provide the residents with more independence and privacy. For a home to fall within the statutory definition of a care home, residents are provided with care and accommodation. In some instances this can cause uncertainty as to whether a particular unit is self-contained for purposes of council tax valuation, and may lead to the residents in such accommodation being made liable for council tax

This legislation would remove any uncertainty, and make sure that care home owners continue to be liable for council tax on these properties, and prevent residents becoming liable.

(ii) Do not make amending legislation

Instead of the home being billed as one property, with the owner liable for the council tax, the VOA will re-assess and dis-aggregate these properties, treating each dwelling unit as a separate billing unit, making the residents liable for payment of the council tax. Although it is likely that most may receive assistance in meeting the bill, some will not if they have savings or income which takes them above the benefit threshold. The residents of care homes are often 'vulnerable' individuals, and being made liable for council tax, even if they receive financial assistance is likely to cause many of them some distress.

## **5. Costs**

(i) Make amending legislation

The VOA has advised that a reasonable estimate would be that 50 properties have been dis-aggregated to date, with an average number of 15 units for each property. Assuming that each home is valued at band H as a single unit, instead of being dis-aggregated into 15 band A units, this would result in a loss of revenue of approximately £351,000, based on 2004-2005 average council tax rates for each band (Approx £585 for band A and £1,754 for band H.). The loss of revenue will be equalised through the formula that calculates the local government revenue settlement. There are no additional financial implications for the Assembly.

(ii) Do not make amending legislation

The VOA will progressively assess improved living accommodation as independent units leading to a steady increase in the numbers of vulnerable, elderly people becoming liable for council tax instead of the property owners. As many will be entitled to assistance with their council benefit, and will require assistance with their claims, marginal additional administrative costs could be placed upon care home owners in arranging this.

There would be no additional cost implications for the Assembly or local authorities.

## **6. Consultation**

With stakeholders

Details of the draft Regulations were sent to the Valuation Tribunals in Wales, the Valuation Agency, the WLGA, all Welsh local unitary authorities, and various key stakeholders representing the elderly, care home owners, and others from 16 June – 16 August 2004. At the same time they went out to public consultation on the Internet (See annex 1 for complete list). Four responses, mainly supportive of the proposals have been received. (See annex 2). The Care Forum Wales raised the question of the additional cost to service providers. No change was made as a result of this response - this instrument restores the council tax liability for the estimated 50 properties affected to the way that they were from the introduction of council tax until 1

April 2004, and maintains the status quo, preventing possible disaggregation in the future.

With Subject Committee

The Local Government and Public Services Committee considered this Instrument on 22 September 2004, and the Committee recommended approval of the Regulations without amendment.

## **ANNEX 1 - LIST OF CONSULTEES**

- All billing authorities in Wales
- Wales Local Government Association
- The Valuation Office Agency Wales
- The Valuation Tribunals in Wales
- The National Care Homes Association
- The UK Homecare Association,
- The Chartered Institute of Public Finance Accounts
- The Institute of Revenues, Rating and Valuation

Mario Kreft  
Chairman  
Care Forum Wales  
Pendine Park Nursing Home  
Summerhill Road  
Wrexham,  
LL11 4YE

CSIW Cardiff Regional Office  
1 Alexandra Gate  
Ffordd Pengam  
Tremorfa  
Cardiff  
CF24 2SB

Ana Palazon  
Help the Aged  
12 Cathedral Road  
Cardiff  
CF11 9LJ

Robert Taylor  
Director  
Age Concern Cymru  
Transport House  
1 Cathedral Road  
Cardiff  
CF11 9SD

Registered Nursing Homes Association  
Calthorpe House  
Hagely Road  
Edgbaston  
Birmingham  
B16 8QY

Mrs Dorothy Griew  
Abbeyfield Society Wales

Greenhill  
Llangunnor  
Carmarthenshire  
SA32 8EL

The Welsh Federation of Housing Association  
Norbury House  
Norbury Road  
Fairwater  
Cardiff  
CF5 3AS

ANNEX 2

**SUMMARY OF RESPONSES TO THE COUNCIL TAX LIABILITY FOR REGISTERED CARE HOMES CONSULTATION IN WALES AUGUST 2004**

Organisation	Summary of Response
1. Eryl Rowlands <a href="mailto:eryl.rowlands@CONWY.GOV.UK">eryl.rowlands@CONWY.GOV.UK</a>	Supports the proposals set out in the consultation paper. No evidence that any properties have already been disaggregated within the County of Conwy.
2. Council of Wales Valuation Tribunals	Supports the proposal
3. Dafydd L Edwards Head of Finance Gwynedd Council <a href="mailto:Dafyddle@gwynedd.gov.uk">Dafyddle@gwynedd.gov.uk</a>	None of the approx 70 registered homes as defined by the Care Standards Act within Gwynedd have been disaggregated, so there should be little (or no effect to date) on the assessment or liability. The disabled relief and discount disregards as regards these properties would therefore remain and the resultant tax base for Gwynedd would also remain unaffected by the proposed changes.
4. B.Latham Policy Advisor to Care Forum Wales  <a href="mailto:emsc58@bangor.ac.uk">emsc58@bangor.ac.uk</a>	<p>The number of Care Homes registered under the Care Standards Act 2000 which incorporate self contained accommodation is believed to be relatively small. People needing this type of accommodation are likely to be persons with mental health problems undergoing Rehabilitation before returning to the community or people with learning difficulties being prepared for independent living.</p> <p>The service provider would have to increase the fee level for the service provided to reflect the cost of the transferred liability.</p> <p>If the service user were supported by the social services department the transfer of liability would need to be reflected in the fee that they pay to the service provider.</p> <p>The transfer should be cost neutral to avoid increasing the cost to the service user. The individual paying council tax on their self contained unit of accommodation may be entitled to a discount due to single occupancy or disability. It is not clear whether the amount of council tax paid by the service provider would be discounted so that the total amount paid by the service provider does not exceed the sum of the Individual amounts paid previously.</p>