

COUNCIL

27 JANUARY 2016

REPORT OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

SECTION A – MATTERS FOR DECISION WARDS AFFECTED – ALL

COUNCIL TAX REDUCTION SCHEME

Purpose of Report

1. This report sets out the Proposed Council Tax Support Scheme for 2016/17 which needs to be adopted by Council by 31st January 2016. It also makes proposals relating to discretionary areas within the proposed scheme.

Background

2. Council Tax Benefit was replaced in April 2013 by a Council Tax Reduction Scheme more commonly known as Council Tax Support.
3. As Members are aware the UK Government funding for the scheme was reduced by approximately 10% as compared to their funding level for the previous Council Tax Benefit Scheme. However, since 2013/14 the Welsh Government provided an additional £22m on top of its base funding of £222m to enable financial support up to 100% of the council tax bill to be made available for eligible claimants.
4. The Welsh Government has made regulations for a national scheme for Council Tax support. However, the obligation remains upon the Council to adopt a scheme.
5. The cost of the Welsh Government scheme currently exceeds the £244m funding made available by the Welsh Government with the remaining funding having to be built into this Council's budget considerations.

CURRENT POSITION

6. The current Council Tax Reduction Scheme ends on 31st March 2016 and a new scheme must be adopted for 1st April 2016.
7. As Members have previously been informed, the Council provides Council Tax support to circa 19,000 households within the County Borough, of which approximately 14,000 receive full benefits and pay no Council Tax. The remaining 5,000 households receive partial support to pay for their Council Tax.
8. Although the Local Government Finance Act gives Welsh Ministers discretion to allow Welsh local authorities to determine the contents of schemes themselves, the Welsh Government have approved an extension to the existing national framework for the provision of Council Tax Support in Wales. This is to avoid what has been termed a "postcode lottery" whereby eligibility for a Council Tax reduction and the size of the Council Tax reduction for particular groups could be different in different council areas. This extension provides up to a "100% support scheme" for 2016/17.
9. The Council Tax Reduction Scheme in Wales is set by Regulations made under Schedule 1B of the Local Government Finance Act 1992 (as inserted by the Local Government Finance Act 2012). On 26th November 2013 the Wales Government approved the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and the Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013 as amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2015. These regulations will be further amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2016.
10. These amendments are currently subject to Welsh Government approval due for decision on 19 January 2016. These Regulations prescribe the main features of the Scheme to be adopted by all Councils in Wales for 2016/17.

11. Members should note that the draft 2016 Regulations propose to:

Amend the 2013 CTRS Regulations to uprate certain financial figures for 2016/17.

12. The policy intention states a requirement to increase the rates for working age, disability or carer by the Consumer Price Index (CPI). However, as the UK is currently in a low inflationary period, there will be no increase for 2016/17 as CPI was 0%.

Seeks to uprate a number of other amounts included in the 2013 CTRS Regulations. These include:

13.

- Personal allowances in relation to pensioners; and
- Non-dependant deductions

Seeks to amend the 2013 CTRS Regulations to incorporate a number of changes which have been necessary due to changes to legislation.

14. Social Services and Well-being (Wales) Act 2014 and the Care Act 2014 (“the 2014 Acts”) :-

15. A number of amendments are necessary to reflect the new arrangements in relation to care and support needs which have been introduced in England by the Care Act 2014 and which will be introduced in Wales by the Social Services and Well-being (Wales) Act 2014 which is due to come into force by April 2016.

16. An amendment to ensure that those receiving payments from Local Authorities under the 2014 Acts for their care and support will continue to have these disregarded and :-

17. An amendment ensuring that those receiving bursaries under the Social Services and Well-being (Wales) Act 2014 will have this disregarded.

18. Amendments to ensure affected applicants are still entitled to the disability premium.

19. Consequential changes have been made to take into account terminology changes used in legislation as a consequence of the National Insurance Contributions Act 2015. All references to “small earnings exception” have been replaced with reference to “small profits threshold”

Equalities Implications and Consultation on Discretionary Elements

20. The Welsh Government has previously compiled an Equalities Impact Assessment following its consultation. A local Equalities Impact Assessment has previously been carried out by this Council in 2012 and 2013. Those consultations assisted the Council in satisfying the public sector equality duty as set out in the Equality Act.
21. The approved national scheme, within the Prescribed Requirements Regulations, provides some limited discretion for the Council to apply additional elements that are more generous than the national scheme.
22. As the Welsh Government has introduced a standard scheme other than for 3 discretionary items as set out below they have determined there is no need for each Council to carry out a separate consultation process in relation to individual schemes. This is provided that there is no proposed change in relation to the discretionary elements. It is confirmed that there are no proposed changes to the discretionary elements for the 2016/17 Council Scheme as set out below.
- (a) The ability to backdate the application of council tax reduction with regard to late claims prior to the standard period of three months before the claim;
- that there is no increase in the backdate period for pensioners and working age claimants from the standard 3 months contained within the prescribed scheme.**
- (b) The ability to increase the standard extended reduction period of 4 weeks given to persons after they return to work where

they have previously been receiving a council tax reduction that is to end as a result of their return to work;

that there is no change to the standard 4 week extended reduction period contained within the Prescribed Scheme.

- (c) Discretion to increase the amount of War Disablement Pensions, War Widows Pensions and War Widower's Pensions which is to be disregarded when calculating income of the claimant;

The National Scheme provides for the first £10 per week of this income to be disregarded.

to continue to disregard the above-mentioned pensions income in full.

Financial Implications

23. This Council's total budget for Council Tax Support in 2015/16 is £17.3m. The Welsh Government Provisional Settlement for 2016/17 provides funding available of £16.041m, some £400k more than in the current year. This results in £1.2m having to be fully met from the Council's budget together with any additional increase in the 2016/17 Council Tax for the County Borough, Community Council and the Police and Crime Commission for South Wales.

Legal Implications

24. The Council is obliged to make a Council Tax Reduction Scheme under the Prescribed Requirements Regulations. Although the legislation provides for a default scheme to apply in the absence of the Council making a scheme, the Council is nevertheless under a statutory duty to adopt its own scheme, even if it chooses not to apply any of the discretionary elements.

Risk Implications

25. The Council needs to manage the cost of Council Tax Support within its budget. The amount of Welsh Government support is

provided on a fixed basis rather than the demand-led basis of support to council tax benefit. Any variation in Council Tax support costs will have to be met by this Council.

Recommendations

26. It is recommended that Council
27. Adopts the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 as amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2015 further amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2016.
28. Approves no change to the existing discretionary elements in relation to the Prescribed Scheme:
 - (a) That no increase in the backdate period for all claimants be applied from the standard 3 months contained in the Prescribed Scheme.
 - (b) That no increase in the extended reduction period for all claimants be applied from the standard 4 weeks currently contained within the Prescribed Scheme.
 - (c) Apply a 100% disregard for War Disablement Pensions, War Widows Pensions and War Widower's Pensions for all claimants.

Reason for Proposed Decision

29. To establish a Council Tax Reduction Scheme for 2016/17 in line with legislation and regulations.

Implementation of Decision

30. The decision is required to be made by 31st January 2016 for application during 2016/17.

Background Documents

31. Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 as amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2015 as further amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2016

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