

# **COUNCIL**

**25 JANUARY 2017**

## **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 Reduction Scheme for 2017/18 which needs to be adopted by Council by 31<sup>st</sup> January 2017. 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 31<sup>st</sup> March 2017 and a new scheme must be adopted for 1<sup>st</sup> April 2017.
7. As Members are aware the Council provides Council Tax support to circa 17,750 households within the County Borough, of which approximately 13,250 receive full support and pay no Council Tax. The remaining 4,500 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 2017/18.
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 26<sup>th</sup> 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 were further amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2016 and will be further amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2017 ("Uprating Regulations")
10. These amendments are currently subject to Welsh Government approval due for decision on 17 January 2017. These Regulations prescribe the main features of the Scheme to be adopted by all Councils in Wales for 2017/18.

11. Members should note that the draft 2017 Regulations propose to:

Amend the 2013 CTRS Regulations to uprate certain financial figures for 2017/18.

12. Entitlements received by working age persons, will increase with CPI inflation (1.0%). Please note this reflects Welsh Government policy, and means these figures will no longer align with the financial figures used for Housing Benefit which have been frozen by the UK Government

Other financial figures in the 2013 Regulations will continue to be uprated alongside Housing Benefit

13. Entitlements in relation to disabled persons and carers to increase in line CPI inflation (1.0%);

Entitlements to the Pension Credit Standard Minimum Guarantee will increase by (2.4%);

Entitlements linked to both the Pension Credit standard minimum guarantee and Savings Credit to increase by an amount set out in the uprating schedule provided by DWP;

Income bands related to non-dependant deductions to increase in line with the increase in average earnings (2.4%);

Non-dependant deductions to increase by the average rise in Council Tax in 2015/16 (3.5%).

14. Please note that as in 2016/17, no changes have been made in respect of the family premium and backdating period.

15. The regulations will also rectify inconsistencies between the figures contained in the English and Welsh language versions of the 2013 Regulations as uprated.

## **Equalities Implications and Consultation on Discretionary Elements**

16. 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.
17. 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.
18. 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 2017/18 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**

19. This Council's total budget for Council Tax Support in 2016/17 is £17.4m. The Welsh Government Final Settlement for 2017/18 provides funding available of £16.242m, some £200k more than in the current year. The projected budget cost for 2017/18 amounts to £17.4m which will result in circa £1.1m having to be fully met from the Council's budget.

### **Legal Implications**

20. 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**

21. 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**

22. It is recommended that Council:
23. 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 amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2016 and further amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2017 (“Uprating Regulations”)
24. 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**

25. To establish a Council Tax Reduction Scheme for 2017/18 in line with legislation and regulations.

## **Implementation of Decision**

26. The decision is required to be made by 31<sup>st</sup> January 2017 for application during 2017/18.

## **Background Documents**

27. 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 and further amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2017 (“Uprating Regulations”)

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