

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL
COUNCIL

30 JANUARY 2019

**REPORT OF THE DIRECTOR OF FINANCE AND
CORPORATE SERVICES**

SECTION A – MATTERS FOR DECISION

WARDS AFFECTED – ALL

COUNCIL TAX REDUCTION SCHEME 2019/20

Purpose of Report

1. This report sets out the Proposed Council Tax Reduction Scheme for 2019/20 which needs to be adopted by Council by 31st January 2019. 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 has continued to provide 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 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 requirement having to be built into this Council's budget considerations.

Current Position

6. The current Council Tax Reduction Scheme ends on 31st March 2019 and a new scheme must be adopted for 1st April 2019.
7. As Members are aware the Council provides Council Tax support to circa 17,000 households within the County Borough, of which approximately 11,000 receive full support and pay no Council Tax. The remaining 6,000 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 2019/20.
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.
10. These regulations are further amended for 2019/20 by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2019 ("Uprating Regulations").

11. These regulations amend the 2013 CTRS Regulations to uprate financial figures used to calculate entitlement to support to paying council tax in line with Welsh Government policy. These include:

- Uprating figures for 2019/20
- Personal allowances in relation to working age, and carer and disabled premiums

The financial figures in respect of these allowances have been amended and have increased in line with the cost of living rises. The convention is to uprate in line with the Consumer Price Index figure for September.

- Personal allowances in relation to pensioners

The financial figures in respect of pensioner rates have been amended and are aligned with Housing Benefit. These have been calculated with assistance from the Department of Work and Pensions following the Chancellor's Autumn Budget and have been uprated by different mechanisms. For example, the Pension Credit standard minimum guarantee is uprated by earnings, whereas the Additional Pension and increments are uprated by prices.

- Non-dependant deductions

The financial figures for the income bands and deductions made in relation to non-dependants are uprated.

- Bereavement Support Payments

A social security benefit called Bereavement Support Payment (BSP) was introduced for surviving spouses and civil partners who are widowed after April 2017. Unlike previous bereavement benefits which can be paid for as long as the applicant satisfies the conditions of entitlement, BSP is only payable for a maximum period of up to 18 months from the date the spouse or civil partner died. The amendments made to the 2019 Regulations ensure that various payments of BSP are disregarded in the calculation of income so that:

- The initial larger payment and any arrears which are included in the first monthly payment are treated as capital, and a 12-month disregard is applied from the date of payment, to allow for sufficient time for monies to be spent by the recipient;
- Subsequent smaller monthly payments (except for arrears) are treated as income and disregarded for a month.

- Additional Consequential Amendments

In addition to updating the financial figures, the regulations make a number of consequential amendments to the 2013 CTRS Regulations. These ensure the 2013 Regulations remain up-to-date and fit for purpose.

- Transfer of Name and Functions to Secretary of State

The Secretaries of State for Health and Social Care and for Housing, Communities and Local Government and Transfer of Functions (Commonhold Land) Order 2018 changes the name of the Secretary of State for Health to the Secretary of State for Health and Social Care and transfers functions from the Secretary of State for Housing, Communities and Local Government.

The regulations make

- consequential changes to the 2013 CTRS Regulations to reflect the change in name and transfer of functions.

- Disregards for Members of a Couple

ESA is an income-replacement benefit for people of working age who cannot work because of a health condition or disability. Universal Credit provides a new single system of means-tested support for people of working age who are either in or out of work. UC is gradually replacing income-based ESA as it is rolled out across the UK.

On the 8 the July 2015 and as part of the Chancellor's Summer Budget it was announced that the Work-Related Activity

Component paid to those in the ESA (Work-Related Activity Group) (WRAG) would be abolished for new claims from 3 April 2017. The equivalent element in UC will also be abolished. However, there are some ESA cases after April 2017 who continue to have access to the Work-Related Activity Component. The 2013 Regulations make provision for a number of payments to be disregarded for the purposes of calculating income and/or capital. The amendments to the 2019 Regulations are intended to clarify the qualifying conditions for a disregard when an applicant is a member of a couple so that the person working must also be the person who meets the qualifying conditions by being the person who is:

- entitled to a disability premium, or
- is receiving the support component as part of their award of ESA, or
- is in the work-related activity group for ESA

- Non-dependant deductions

The 2013 Regulations make provision for deductions to be made when calculating the maximum council tax reduction a person will be entitled to including deductions for non-dependants who live with the applicant. However, further provision is made for certain non-dependants. The 2019 Regulations clarify the position in respect of non-pensioners so that that no deduction will occur where a non-dependant is not in the Work Related Activity Group and is in receipt of certain benefits (income support, state pension credit, income-based JSA or income related ESA). This mirrors provision made in the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2018 concerning pensioners.

- The Regulation and Inspection of Social Care (Wales) Act 2016

Part 1 of the Regulation and Inspection of Social Care (Wales) Act 2016 replaces the regime for the regulation and inspection of social care settings under the Care Standards Act 2000. Part 1 of the 2016 Act was commenced in respect of the following services in April 2018:

A care home service

A secure accommodation service
A residential family service and
A domiciliary support service

In April 2019, Part 1 will be commenced in respect of a fostering service. The process for approving foster parents is set out in the Fostering Services (Wales) Regulations 2003. However, in consequence of the commencement of Part 1, those Regulations may be replaced by further regulations made pursuant to sections 87 and 93 of the Social Services and Well-being (Wales) Act 2014 during the next financial year.

In calculating income for the purposes of determining eligibility for a council tax reduction, the 2013 Regulations make provision for relevant childcare charges to be deducted from earnings including charges where the childcare is provided by a foster parent or a kinship carer who has been approved as such under the 2003 Regulations. The amendments in the 2019 Regulations ensure that foster parents approved under the current scheme set out in the 2003 Regulations or under any regulations made pursuant to sections 87 and 93 of the 2014 Act will be subject to provision made in the 2013 Regulations in respect of the treatment of childcare charges.

Equalities Implications and Consultation on Discretionary Elements

12. 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.
13. 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.

14. 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 2019/20 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

15. This Council's total budget for Council Tax Support in 2018/19 is £17.841m. The Welsh Government Final Settlement for 2019/20 provides funding available of £16.381m, some £81k more than in the

current year. The projected budget cost for 2019/20 amounts to £18.1m which will result in circa £1.7m having to be fully met from the Council's budget.

Legal Implications

16. 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

17. 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

18. It is recommended that Council:
 - Adopts the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 as further amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2019
 - Approves the retention of 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

- 19. To establish a Council Tax Reduction Scheme for 2019/20 in line with legislation and regulations.

Implementation of Decision

- 20. The decision is required to be made by 31st January 2019 for application during 2019/20.

Background Documents

- 21. 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, amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2017 ("Uprating Regulations"), amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2018 ("Uprating Regulations") and further amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2019.

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