

POLICY AND RESOURCES CABINET BOARD

27 NOVEMBER 2014

REPORT OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

SECTION A – MATTERS FOR DECISION

Wards Affected - All

CONSULTATION ON PROPOSED COUNCIL TAX REDUCTION SCHEME

Purpose of Report

This report sets out consultation arrangements for the Proposed Council Tax Support Scheme for 2015/16 which needs to be adopted by Council by 31st January 2015. It also makes proposals relating to discretionary areas within the proposed scheme.

Background Information

Council Tax Benefit was replaced in April 2013 by a Council Tax Reduction Scheme more commonly known as Council Tax Support.

As Members are aware the UK Government funding for the scheme was reduced by approximately 10% compared to their funding level for the previous Council Tax Benefit Scheme. However, for 2013/14 the Welsh Government provided an additional £22m on top of its base funding of £222m for financial support up to 100% for eligible claimants and have retained this £244m in the base budget.

Welsh Government has made regulations for a national scheme for Council Tax support. However, the obligation remains upon the Council to adopt a scheme.

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

The current Council Tax Reduction Scheme ends on 31st March 2015 and a new scheme must be adopted for 1st April 2015.

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 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 2014. These Regulations prescribe the main features of the Scheme to be adopted by all Councils in Wales. As in previous years it is expected that the Welsh Government will make some minor adjustments via regulations to uprate the financial figures and other technical adjustments required as a result of changes to underlying benefits for the 2015/16 final scheme. This report seeks approval to incorporate the final regulations within this Council's scheme for 2015/16.

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 announced that they 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 a further 2 years covering 2015/16 and 2016/17.

The approved national scheme, within the Prescribed Requirements Regulations, provides limited discretion for the Council to apply additional discretionary elements that are more generous than the national scheme and which provide for additional administrative flexibility. As part of this consultation this council proposes to continue with the existing approved discretions for 2015/16. These are:

- (a) The ability to backdate the application of council tax reduction with regard to late claims prior to the new standard period of three months before the claim;

Proposal for Consultation – 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;

Proposal for Consultation – that there is no change to the standard 4 week extended reduction period contained within the Prescribed Scheme remains unaltered.

- (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.

Proposal for Consultation – to continue to disregard the above above-mentioned pensions income in full.

The Council has previously undertaken consultation on the adoption of the scheme in 2012 and 2013 and must do so again for 2015/16 and this is now being arranged. It is likely that the Welsh Government will, as part of their consultation on Draft Regulations for 2015/16, consult on uprating and technical changes to the scheme. They are also likely to set out future year consultation arrangements. The Draft Regulations are likely to be laid in the second week of December.

Financial Implications

This Council's total budget for Council Tax Support in 2014/15 is £16.8m. The Welsh Government Provisional Settlement for 2015-16 provides funding available of £15.64m, similar to 2014-15. This results in £1.2m to be met from the council tax budget with any increase in the

2015-16 Council Tax for the County Borough, Community Council and the Police and Crime Commission for South Wales having to be fully met by this Council.

As the funding from the Welsh Government is fixed any increase/change in the amount of Council Tax Support will have to be met by the Authority. Every 1% increase in Council Tax will cost £168k.

Legal Implications

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

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.

Equalities Implications and consultation exercise

This Council has previously carried out consultation in 2012 and 2013. The consultation assisted the Council in satisfying the public sector equality duty in the Equality Act. Consultation on the 2015/16 Scheme as set out in this report is now in hand with the outcomes collected and to be reported to Council in January 2015 for approval of the Council Tax Scheme for 2015/16.

The Welsh Government has previously compiled an equalities impact assessment following its consultation. A local equalities impact assessment has previously been carried out by the Council.

Recommendations

It is recommended that Members approve that.

- 1 consultation takes place on the Proposed Council Tax Reduction Scheme for 2015/16 prior to seeking Council approval to the final scheme in January 2015
- 2 consultation takes place specifically in relation to:
 - (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.

Background Documents

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 2014

Welsh Government Equality Impact Assessment
NPTCBC Equality Impact Assessment

Wards Affected

All

Officer Contact

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COMPLIANCE STATEMENT

CONSULTATION ON PROPOSED COUNCIL TAX REDUCTION SCHEME

(a) **Implementation of Decision**

The decision is proposed for immediate implementation.

(b) **Sustainability Appraisal**

Community Plan Impacts:

Economic Prosperity	Positive
Education and Lifelong Learning	No Impact
Better Health and Well Being	Positive
Environment and Transport	No Impact
Crime and Disorder	No impact

Other Impacts:

Welsh Language	No impact
Sustainable Development	Positive
Equalities	Positive
Social Inclusion	Positive

(c) **Consultation**

This report seeks approval to consult on the Proposed Council Tax Reduction Scheme for 2015-16.