

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

COUNCIL

27 JANUARY 2021

REPORT OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

SECTION A – MATTERS FOR DECISION

WARDS AFFECTED – ALL

COUNCIL TAX REDUCTION SCHEME 2021/22

Purpose of Report

1. This report sets out the proposed Council Tax Reduction Scheme for 2021/22 which needs to be adopted by Council by 31st January 2021. 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 2021 and a new scheme must be adopted for 1st April 2021.
7. As Members are aware the Council provides Council Tax support to circa 17,500 households within the County Borough, of which approximately 12,500 receive full support and pay no Council Tax. The remaining 5,000 households receive partial support to pay for their Council Tax. During this year there has been an increase of some 500 claimants due to the Covid pandemic.
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 2021/22.
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 2021/22 by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2021.
11. These regulations amend the 2013 CTRS Regulations plus the annual updates since then to uprate financial figures used to

calculate entitlement to support to paying council tax in line with Welsh Government policy. These include:

Up-rating figures for 2021-22

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 up-rate most elements in line with the Consumer Price Index figure for September from the previous year (2020), which is 0.5%.

However for some personal allowances such as for pensioners the Pension Credit Standard Minimum Guarantee is up-rated by earnings whilst other additional pensions and increments are up-rated by prices.

Non-dependent deductions have also been up-rated.

Additional Consequential Amendments

In addition to up-rating the financial figures, this statutory instrument makes a number of consequential amendments to the 2013 CTRS Regulations. These ensure the 2013 Regulations remain up-to-date and fit for purpose.

Amendments related to the Windrush Compensation Scheme

This compensation scheme is designed to compensate individuals who have suffered loss in connection with being unable to demonstrate their lawful status in the United Kingdom. The proposed amendments to the 2013 CTRS Regulations make provision that compensation payments made under the Scheme will be disregarded from capital when determining an applicant's eligibility for a reduction and the amount of that reduction.

Universal Credit Run-On Disregard

Entitlement to Universal Credit (UC) ends when a person (or mixed-age couple) reaches the qualifying age for state pension credit.

From this point, claimants can instead claim pension-age benefits such as Pension Credit (PC).

Previously, claimants who reached state pension age during the assessment period risked there being a gap between their last UC payment and their first PC (and other pension-age benefits) payments. DWP is taking steps towards a smoother transition from UC to pension-age benefits, with no risk of gaps in entitlement for claimants. To achieve this, DWP is making additional UC run on payments to cover the entire month in which a claimant reaches pension-age. For some claimants, depending on which date within the month they reach this age, there will be an overlap in the receipt of this UC run-on payment and pension-age benefits.

The proposed amendments to the 2013 Regulations make provision that any 'additional income' resulting from such an overlap is not to be considered as income when determining eligibility for a pension-age council tax reduction in Wales.

Integrated Impact Assessment

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 2021/22 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 2020/21 is £18.748m. The Welsh Government's Provisional Settlement for 2021/22 provides funding of £15.977m, a reduction of £224k compared to the current year. The projected budget cost for 2021/22 amounts to £19.8m which will result in circa £3.9m 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 approve the following in relation to establishing its Council Tax Reduction Scheme for the 2021/22 financial year:
 - 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 2021
 - 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 2021/22 in line with legislation and regulations.

Implementation of Decision

20. The decision is for immediate implementation.

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. Further amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2020. Further amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2021.

Appendix

Appendix 1 – Impact Assessment – First Stage

Officer Contact

For further information on this report item, please contact:

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Impact Assessment - First Stage

1. Details of the initiative

Initiative description and summary: Council Tax Reduction Scheme 2021/22.

The Welsh Government has previously consulted and put in place a universal scheme across Wales for the provision of financial support to the most financially disadvantaged citizens to help them pay their Council Tax. Since 2013/14 the Welsh Government has provided £244m to the 22 Local Authorities in Wales to adopt a standard scheme of financial support. 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. The continued extension of this scheme into 2021/22 provides up to a "100% support scheme" for eligible taxpayers. As in all years since 2013/14 Neath Port Talbot Council's Council Tax Reduction Scheme (or support scheme) will be in line with the standard Welsh Government Scheme and does not propose any change to the 3 Discretionary elements of the scheme as asset out in paragraph 14 of the report.

Service Area: Council Tax

Directorate: Finance and Corporate Services

2. Does the initiative affect:

	Yes	No
Service users (council taxpayers)	X	
Staff	X	
Wider community	X	
Internal administrative process only		X

3. Does the initiative impact on people because of their:

	Yes	No	None/ Negligible	Don't Know	Impact H/M/L	Reasons for your decision (including evidence)/How might it impact?
Age				X		<p>Council Tax is payable by people occupying non domestic properties. These include owner occupiers, tenants and owners of properties (if they are vacant). There are a number of exemptions and discounts available for council tax payers and these along with the Council Tax Support Reduction scheme are applied to each property/taxpayer in line with Government legislation and regulations.</p> <p>The Council Tax Reduction Scheme (CTRS) set out in this report was consulted on by Welsh Government prior to its adoption in 2013/14. CTRS is provided to all eligible taxpayers to help them pay their Council Tax. This report shows that the cost to the Council exceeds the share of the £244m funding made available. The cost of the scheme has to be found from within the Council's total resources available. The Council Tax database does not identify the specific characteristics of taxpayers. All eligible taxpayers receive the appropriate financial support in line with the scheme's criteria and do not treat any people with protected characteristics any different.</p>
Disability				X		
Gender Reassignment				X		
Marriage/Civil Partnership				X		
Pregnancy/Maternity				X		
Race				X		
Religion/Belief				X		
Sex				X		
Sexual orientation				X		

4. Does the initiative impact on:

	Yes	No	None/ Negligible	Don't know	Impact H/M/L	Reasons for your decision (including evidence used) / How might it impact?
People's opportunities to use the Welsh language		X				Applications for support can be made in Welsh
Treating the Welsh language no less favourably than English		X				Applications for support can be made in Welsh

5. Does the initiative impact on biodiversity:

	Yes	No	None/ Negligible	Don't know	Impact H/M/L	Reasons for your decision (including evidence) / How might it impact?
To maintain and enhance biodiversity		X				
To promote the resilience of ecosystems, i.e. supporting protection of the wider environment, such as air quality, flood alleviation, etc.		X				

6. Does the initiative embrace the sustainable development principle (5 ways of working):

	Yes	No	Details
Long term - how the initiative supports the long term well-being of people	X		The scheme provides assistance to people on benefits and low income to help them pay their Council Tax. This is a continuation of a standard uniform scheme introduced by Welsh Government in 2013/14. In line with Regulations the council must determine annually before the end of January the Council Tax Reduction scheme that it will have in place for the next financial year i.e. 2021/22.
Integration - how the initiative impacts upon our wellbeing objectives	X		It assists to provide a sense of community and helps people live locally without having to be concerned about paying all or part of their Council Tax.
Involvement - how people have been involved in developing the initiative		X	The scheme has been in existence since 2013/14 and is proposed to continue unchanged in 2021/22. If the Welsh Government proposes any changes to the scheme they will be subject to full consultation.
Collaboration - how we have worked with other services/organisations to find shared sustainable solutions		X	The Council is applying the standard scheme of financial support as provided by the Welsh Government
Prevention - how the initiative will prevent problems occurring or getting worse	X		It prevents people having tax arrears and having to pay their Council Tax when they are on the appropriate benefits and/or low incomes

7. Declaration - based on above assessment (tick as appropriate):

A full impact assessment (second stage) is not required	<input checked="" type="checkbox"/>
Reasons for this conclusion	
<p>This is a continuation of the Council Tax Reduction scheme that has been in existence since 2013/14. In line with regulations the Council's is required to approve its scheme for the forthcoming financial year before 31 January of each year.</p>	

A full impact assessment (second stage) is required	<input type="checkbox"/>
Reasons for this conclusion	

	Name	Position	Date
Signed off by	Hywel Jenkins	Director of Finance & Corporate Service	19 January 2021