

Report To: Full Council

Date of Meeting: 29th January 2015

Lead Member / Officer: Councillor Julian Thompson-Hill / Paul McGrady

Report Author: Rod Urquhart

Title: Council Tax Reduction Scheme 2015/16

1. What is the report about?

The adoption of the All Wales Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and the All Wales Council Tax Reduction Schemes and Prescribed Requirements (Wales) Amendments Regulations 2015.

2. What is the reason for making this report?

The Welfare Reform Act 2012 contained provisions to abolish council tax benefit in its current form across the UK. From 31 March 2013 council tax benefit ceased and the responsibility for providing support for council tax and the funding associated with it has been passed to the Welsh Government. The Welsh Government, in partnership with local authorities in Wales, introduced a new scheme to provide council tax support which was adopted by the Council in January 2013.

The Welsh Government finalised both sets of regulations on 14th January 2014 and the new Council Tax Reduction Schemes (CTRS) and Prescribed Requirements (Wales) Regulations 2013 and amendments Regulations 2015 are required to be adopted by 31st January 2015.

3. What are the Recommendations?

Members adopt the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and the Prescribed Requirements (Wales) Amendments Regulations 2015, in respect of the 2015/16 financial year.

That members approve the 3 discretionary elements of the scheme, shown in section 4.1, are continued in 2015/16.

4. Report details.

The Proposed Scheme 2015/16

In considering the development of a new scheme for 2015/16 the Welsh Government agreed that the amended scheme should observe the following parameters:

- To continue with a single nationally defined scheme to providing a consistent level of support to claimants across Wales. The maximum level of support is set at 100%.
- To continue providing a small number of discretionary elements, similar to those available under the current scheme, allowing local authorities to respond to their differing local circumstances (provided that the costs of any local variation are locally funded);
- To continue to be based on a reform of the previous Council Tax Benefit system, until 2016-17 so that operational risks are managed and that support can continue to be provided.
- Minor amendments to reflect the introduction of Shared Parental Leave and statutory shared parental pay which replaces additional paternity leave and additional statutory paternity pay from 5 April 2015. Transitional provisions are also provided for those in receipt of paternity pay on 1 April 2015.
- An amendment is included which mirrors changes made to Housing Benefit Regulations to remove automatic entitlement to a Council Tax Reduction for European Economic Area (EEA) jobseekers, who are currently eligible by virtue of being in receipt of income based Jobseeker's Allowance (JSA(IB)). Amendments in the Uprating Regulations remove access to CTRS for EEA jobseekers, however this only applies to those who make a new application for CTRS on or after 1 April 2015 or who cease to be entitled to income based Job Seekers Allowance for a period after this date, for example if they enter into temporary employment.
- Minor consequential amendments are also made in relation to definitions around Employment and Support Allowance and references to Universal Credit. Income related Employment and Support Allowance no longer consists of separate contributory and income related allowances, but only of a contributory allowance known as the 'employment and support allowance'. Amendments are also made to insert references to Universal Credit into the 2013 Regulations where there are already references to other income-related benefits.
- The figures used to calculate applicants' entitlement to Council Tax reduction will be uprated in line with Housing Benefit, as set by the Department of Works and Pensions (DWP)

4.1 Discretionary Elements for Council decision

- a) The ability to increase the standard extended payment period of 4 weeks given to people after they return to work, when they have been in receipt of a relevant qualifying benefit for at least 26 weeks
- b) Discretion to disregard part or the whole amount of War Disablement pensions and War Widows Pensions when calculating income

- c) The ability to backdate, for up to 6 months any application of Council Tax Support awards for working age customers more than the standard period of 3 months prior to the claim.

4.2 The Welsh Government undertook a formal consultation exercise on the current scheme and potential changes, enabling it to be cost neutral to Local Authorities. Representation was made by many organisations, including Denbighshire County Council, suggesting amendments to the scheme.

After due consideration it was decided to continue with the scheme as is until after the next assembly elections, with any shortfall between the amount of reduction granted and the specific grant received being owned by the Local Authority.

Unfortunately the Welsh Government has also decided that the funding levels for the scheme are to remain at the 2013/14 levels, which created a budgetary pressure in 2014/15 and will continue to do so in 2015/16.

5. How does the decision contribute to the Corporate Priorities?

Adopting this scheme will help vulnerable people, ensuring they live as independently as possible.

6. What will it cost and how will it affect other services?

There was a loss of grant income through the changes to the Council Tax Benefits system. In 2015/16 the Council will receive £9.167m funding for Council Tax Support from the Welsh Government. However current expenditure is £9.5m, which if Denbighshire were to increase Council Tax by 3% and the Police were to increase Council Tax by 5% the forecast for 2015/16 is circa £9.8m. This gives a shortfall of around £663k for 2015/16.

This shortfall may either increase or decrease dependant on the levels of Council Tax charged for 2015/16 and / or any further caseload fluctuations.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

The Welsh Government has undertaken an Equality Impact Assessment at a national level on its proposed changes to the Council Tax Reduction Scheme.

8. What consultations have been carried out with Scrutiny and others?

Not applicable as this is an extension of the current scheme, which was consulted on in 2012.

9. Chief Finance Officer Statement

The Council has no real choice but to adopt the scheme. It represents a significant pressure on the Council's finances. The 2015/16 budget contains prudent assumptions about the costs.

10. What risks are there and is there anything we can do to reduce them?

There are risks to the Council in not adopting this scheme, in that Denbighshire CC would then have to adopt the default scheme, which may increase the cost.

11. Power to make the Decision

- Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013.
- The Council Tax Reduction Scheme (Default Scheme)(Wales) Regulations 2013.
- Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2015