

Report To: Full Council

Date of Meeting: 26th January 2015

Lead Member / Officer: Julian Thompson-Hill / Richard Weigh

Report Author: Rod Urquhart / Steve Gadd

Title: Council Tax Reduction Scheme 2016/17

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 2016.

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 are to finalise both sets of regulations on 19th January 2016 and the new Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and amendments Regulations 2016 are required to be adopted by 31st January 2016.

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 2016, in respect of the 2016/17 financial year.

That members approve the 3 discretionary elements of the scheme, shown in section 4.1, are continued in 2016/17.

4. Report details

The Proposed Scheme 2016/17

In considering the development of a new scheme for 2016/17 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 2017-18 so that operational risks are managed and that support can continue to be provided.
- A number of amendments are necessary to reflect the new arrangements in relation to care and support needs which have been introduced in England by the Care Act 2014 and which will be introduced in Wales by the Social Services and Well-being (Wales) Act 2014 which is due to come fully into force by April 2016.

The majority of these amendments are required to replace the current method by which a person is determined to be blind with the condition that a person must either be blind or severely sight-impaired. This is because the definition of “blind” will be repealed by the Care Act 2014 and orders under the Social Services and Well-being (Wales) Act 2014 with one for “severely sight-impaired” (this definition broadly replicates the previous definition of blind).

Other amendments are required to ensure that a range of payments which have previously been disregarded for the purposes of calculating CTRS remain so that they are provided under the 2014 Acts. These include:

- an amendment to ensure that those receiving payments from Local Authorities under the 2014 Acts for their care and support will continue to have these disregarded; and
- an amendment ensuring that those receiving bursaries under the Social Services and Well-being (Wales) Act 2014 will have this disregarded.

All the above amendments are necessary to ensure the affected applicants are still entitled to the disability premium.

- Consequential changes have been made to take into account terminology changes used in legislation as a consequence of the National Insurance Contributions Act 2015. All references to “small earnings exception” have been replaced with references to “small profits threshold”.
- Consequential changes are also required to take account of the new arrangements and terminology introduced via the Pensions Act 2014. Amendments to the 2013 Regulations are required to insert references to ‘a

state pension' where there are references to 'retirement pension'. This is because from April 2016, there will be two types of state pension. These amendments are necessary to ensure the affected applicants are still entitled to the relevant premiums and reliefs.

- In addition amendments are required to take into account a new section of the Social Security Contributions and Benefits Act 1992 (section 55A) which concerns the 'new state pension credit'.
- The figures used to calculate applicants' entitlement to Council Tax reduction will be updated in line with CPI, as set by the UK and Welsh Government.

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 2015/16 and will continue to do so in 2016/17.

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 2016/17 the Council will receive £9.167m funding for Council Tax Support from the Welsh Government. However current expenditure is £9.647m, if the Net Council Tax increased by 2.5% (i.e the councils proposed increase and an allowance

for changes to other precepts included in the total bill) the forecast expenditure for 2016/17 is circa £9.863m. This gives a shortfall of around £696k for 2016/17.

This shortfall may either increase or decrease dependant on the levels of Council Tax charged for 2016/17 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 2016/17 budget contains prudent assumptions about the costs and provides budget to cover the estimated shortfall.

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 2016.