

Report To: Full Council

Date of Meeting: 31st January 2017

Lead Member / Officer: Julian Thompson-Hill / Richard Weigh, Chief Finance Officer

Report Author: Dawn Davies, Service Delivery Manager / Steve Gadd, Chief Accountant

Title: **Council Tax Reduction Scheme 2017/18**

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 2017.

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 have finalised both sets of regulations on 17th January 2017 and the new Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and amendments Regulations 2017 are required to be adopted by 31st January 2017.

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 2017, in respect of the 2017/18 financial year.

That members approve the 3 discretionary elements of the scheme, shown in section 4.2, for 2017/18.

4. Report details

4.1 The Proposed Scheme 2017/18

In considering the development of a new scheme for 2017/18 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 2018-19 so that operational risks are managed and that support can continue to be provided.

Uprating for 2017-18

The 2013 CTRS Regulations are amended in order to uprate certain financial figures for 2017-18 used to calculate entitlement to a reduction for non-passported applicants.

A number of other figures included in the 2013 CTRS Regulations will be amended, these include:

- **Personal allowances in relation to working age, carer and disabled applicants.**
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 September figure from the previous year (which is 1.0% for 2017-18). As the Welfare Reform and Work Act has frozen the uprating of working age allowances in social security benefits, the effect of increasing these allowances within CTRS is that they will no longer be aligned with similar components in Housing Benefit.
- **Personal allowances in relation to pensioner applicants**
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 Statement 2016 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 in relation to both the income bands and deductions made in relation to 'non-dependants' will be uprated. If amendments are not made, appropriate deductions would not be made from CTRS awards as the income thresholds would no longer reflect average earnings and the deduction would no longer reflect the overall cost of council tax.

Additional Amendments

In addition to the uprating, a number of consequential amendments to the 2013 CTRS Regulations are required to incorporate a number of changes which have been necessary due to changes to legislation which governs interrelated benefits:

- Amendments are made in relation to how a local authority should calculate an applicant's weekly income to ensure that when calculating this, the authority

considers income that the applicant expects to receive as well as income that has been received. This ensures that the method to calculate weekly income is fair and more accurately reflects the applicants' current circumstances;

- Currently an applicant receiving a carer's allowance will not be eligible to receive the severe disability premium when determining their applicable amount. On the other hand, a person receiving Universal Credit with a carer's element can be eligible to receive the severe disability premium. As such, amendments are required to ensure applicants receiving Universal Credit with a carer's element will no longer be eligible for the severe disability premium. This is consistent with other inter-related social security legislation; and
- When determining the net earnings of employed earners, deductions are made in relation to any tax reliefs the applicant may receive. Amendments are made to ensure that all tax reliefs are taken into account when determining net earnings. This is consistent with other inter-related social security legislation.

4.2 **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.

4.3 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 , 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 2016/17 and will continue to do so in 2017/18.

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?**

£9.323 has been identified in the settlement for Denbighshire for Council Tax Support from the Welsh Government. However current expenditure is £9.511m and if the Net Council Tax increased by 3.1% (i.e the councils proposed increase and an allowance

for changes to other precepts included in the total bill) the forecast expenditure for 2017/18 is circa £9.843m. This gives a shortfall of around £520k for 2017/18 for which budgetary provision has been made as part of the budget proposals for 2017/18.

7. What are the main conclusions of the Well-being Impact Assessment?

A Well-being Impact Assessment has not been completed for this report as the proposal is for the extension of the current scheme which was consulted on in 2012. There are no material changes proposed (and no changes to the discretionary elements), however it is a legal requirement that the scheme is formally approved by Council on an annual basis.

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 is required to adopt a reduction scheme annually. As funding for CTRS has remained static across Wales for a number of years the impact of Council Tax rises on the reduction scheme has to be funded locally. The proposals in this report have been included as part of the budget proposals for 2017/18.

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 total 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 2017.