

Report To: Full Council

Date of Meeting: 29th January 2019

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

Report Author: Leah Gray, Revenues Manager / Steve Gadd, Chief Accountant

Title: **Council Tax Reduction Scheme 2019/20**

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 and Default Scheme (Wales) Amendment Regulations 2019.

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 8th January 2019 and the new Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and amendments Regulations 2019 are required to be adopted by 31st January 2019.

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 2019, in respect of the 2019/20 financial year.

That members approve the 3 discretionary elements of the scheme, shown in section 4.2, for 2019/20.

4. Report details

4.1 The Proposed Scheme 2019/20

In considering the development of a new scheme for 2019/20 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 2020-21 so that operational risks are managed and that support can continue to be provided.

Uprating for 2019-20

The 2013 CTRS Regulations are amended in order to uprate certain financial figures for 2019-20 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 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 uprate in line with the Consumer Price Index September figure from the previous year (which is 2.4% for 2019-20). 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 pensioners.**

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 2017 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 of financial figures, a number of consequential amendments to the 2013 CTRS Regulations are required to ensure the 2013 Regulations remain up to date and fit for purpose.

- Amendments are made in relation to Employment Support Allowance (ESA). The Work-Related Activity Component paid to those in the ESA (Work Related Activity Group) was abolished for New Claims from 3.4.2017 and the equivalent element in Universal Credit will also be abolished. However, there will be some cases which will continue to have access to the Work Related Activity Group, Consequential textual amendments will be made to the 2013 CTRS Regulations to ensure they remain up to date.
- In April 2018, Part 1 of the Regulation and Inspection of Social Care (Wales) Act 2016 will be commenced for certain purposes. Part 1 of the Act will replace the regime for the regulation and inspection of social care settings in Wales. When fully implemented,

these provisions will replace the regulation of social care establishments and agencies under the Care Standards Act 2000. Part 1 of the Act will be commenced in respect of the following settings from April 2018, a care home service, a secure accommodation service, a residential family service and a domiciliary support service. Changes are made to the CTRS 2013 Regulations to reflect the new service.

- Bereavement Support Payment was introduced for surviving spouses and civil partners who were widowed after April 2017. Changes have been made to the 2013 CTRS regulations to ensure these payments are not included in the Capital and Income disregards list.
- Two charitable funds were created in 2017 to help victims of terrorist attacks called We Love Manchester Emergency Fund and London Emergencies Trust. Changes will be made to the 2013 CTRS Regulations to ensure these payments are included in the list of income and capital disregards.
- The Welsh Infected Blood scheme (Wales) was introduced in Wales to provide financial support to people infected with HIV OR Hepatitis C following NHS treatment with contaminated blood in the 1970's and 80's. The 2013 CTRS regulations will be changed to ensure the payments are disregarded in the calculation of income and capital for the purpose of assessing a person's entitlement to a Council Tax Reduction.
- Payments made to victims of National Socialist persecution by Governments of Germany and Austria have a weekly £10 disregard applied to CTRS in Wales. The 2013 CTRS Regulations will be amended so that payments made to victims of National Socialist persecution by the Netherlands Government will be treated in the same way.
- The Thalidomide Trust administers the Thalidomide Health Grant on behalf of the Department of Health. Payments from the Trust are intended to assist with meeting health – related costs of people whose disabilities were caused by Thalidomide use. The 2013 CTRS Regulations will be amended to ensure that such payments are to be fully disregarded in the calculation of capital for the purposes of assessing a person's entitlement to a Council Tax reduction and when determining the income of non-dependants.

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 2018/19 and will continue to do so in 2019/20.

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?

£9.163m has been identified in the settlement for Denbighshire for Council Tax Support from the Welsh Government. However current expenditure is £9.558 and if the Net Council Tax increased by 6.35% (i.e the councils proposed increase) the forecast expenditure for 2019/20 is circa £10.165m. This gives a shortfall of around £1.002m for 2019/20 for which budgetary provision has been made as part of the budget proposals for 2019/20.

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, or reduced 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 2019/20.

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 2019.