

Report to	Full Council
Date of meeting	28 th January 2020
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Title	Council Tax Reduction Scheme 2020/21

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 2020.

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 2nd December 2019 and the new Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and amendments Regulations 2020 are required to be adopted by 31st January 2020.

3. What are the Recommendations?

3.1 Members adopt the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and the Prescribed Requirements (Wales) Amendments Regulations 2020, in respect of the 2020/21 financial year.

3.2 That members approve the 3 discretionary elements of the scheme, shown in section 4.2, for 2020/21.

4. Report details

4.1 The Proposed Scheme 2020/21

In considering the development of a new scheme for 2020/21 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 2021-22 so that operational risks are managed and that support can continue to be provided.

Uprating for 2020-21 The 2013 CTRS Regulations are amended in order to uprate certain financial figures for 2020-21 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 1.7% for 2020-21). 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.

- **Same sex civil partnerships** – Under the Civil Partnerships, Marriages and Deaths (Registration etc.) Act 2019, the Civil Partnership Act 2004 must be amended by 31 December 2019 to allow for opposite sex civil partnerships. This statutory instrument therefore includes amendments to ensure that opposite sex civil partnerships are treated on an equitable basis with opposite sex and same sex marriages and same sex civil partnerships for the purposes of CTRS.

The Civil Partnership (Opposite-sex Couples) Regulations 2019 were made on 5 November 2019 and came into force on 2 December 2019. It is recognised that at the point of laying this statutory instrument anticipates the changes to the primary legislation but this is necessary to allow the instrument to be laid and approved in time for local authorities to approve their schemes for 2020-21 by the statutory deadline of 31 January 2020 and to provide the Assembly with sufficient time for scrutiny in line with Standing Orders.

- **Parental Bereavement Leave and Pay** – The Parental Bereavement (Leave and Pay) Act 2018 amends or inserts a number of provisions into the Employment Rights Act 1996 and the Social Security Contributions and Benefits Act 1992, providing powers to make regulations in relation to Parental Bereavement Leave and Pay for eligible parents. It is intended to provide certainty for employed parents and employers in relation to parents' right to time off from work following the death of a child. The Regulations are intended to come into force on 6 April 2020 and changes to the 2013 regulations to reflect this are being made in this statutory instrument. Again it is recognised that this statutory instrument anticipates the coming into effect of the primary legislation but, as above, this is necessary to allow the changes to be incorporated into council tax reduction schemes for 2020-21 and to avoid having any period where persons in receipt of parental bereavement pay would not be able to access a reduction that they would have been entitled to but for that parental bereavement pay.

- **EU Exit related changes** – A new basis of stay has been created for EEA (European Economic Area) and Swiss nationals under the EU Settlement Scheme (EUSS) as of 30 March 2019. The EUSS is the means by which EEA and Swiss nationals and their family members, resident in the UK by the specified date, can apply for a UK immigration status which will protect their entitlements and right to remain in the UK. The specified date has been set at 31

December 2020 in the event the UK agrees a deal with the EU and the deadline for applying to the EUDD is 30 June 2021. If the UK leaves the EU without a deal, then EEA and Swiss nationals will need to be living in the UK before it leaves the EU to apply and the deadline for applying will be 31 December 2020. Provision in the CTRS which makes provision about persons treated as not being in Great Britain has been updated to clarify that limited leave to enter or remain granted under the EUSS (also referred to as pre settled status) is not a relevant right to reside for the purposes of being habitually resident in the United Kingdom. The Regulations update references to the Immigration (European Economic Area) Regulations 2006 with references to the Immigration (European Economic Area) Regulations 2016 as the latter revoked the former. The Regulations also provide that a number of rights to reside established for nationals of European Economic Area states in connection with United Kingdom's withdrawal from the EU are not relevant rights to reside for the purposes of establishing habitual residence.

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 2019/20 and will continue to do so in 2020/21.

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?

£8.935m has been identified in the settlement for Denbighshire for Council Tax Support from the Welsh Government. However current expenditure is £9.940m and if the Net Council Tax increased by 4.3% (i.e the councils proposed increase) the forecast expenditure for 2020/21 is circa £10.367m. This gives a shortfall of around £1.432m for 2020/21 for which budgetary provision has been made as part of the budget proposals for 2020/21.

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 2020/21.

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 2020.