

Report to	County Council
Date of meeting	26 th January 2021
Lead Member / Officer	Julian Thompson-Hill / Steve Gadd, Head of Finance and Property
Report author	Leah Gray (Civica) / Steve Gadd
Title	Council Tax Reduction Scheme 2021/22

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 2021.

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 2021.

3. What are the Recommendations?

3.1. That members adopt the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2021 in respect of the 2021/22 financial year.

3.2. That members approve the discretionary elements of the scheme, shown in section 4.4, for 2021/22 financial year.

4. Report details

4.1. The Proposed Scheme 2021/22

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 2022-23 so that operational risks are managed and that support can continue to be provided.

4.2 Uprating for 2021/22

The amended 2013 CTRS Regulations uprate financial figures used to calculate entitlement to a reduction in line with Welsh Government policy. A number of other figures are included in the uprating for 2021/22. These include:

- Personal allowances in relation to working age, and 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 figure for September from the previous year (2020), which is 0.5%.
- 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 and have been uprated by different mechanisms. For example, the Pension Credit

Standard Minimum Guarantee is updated by earnings, whereas the Additional Pension and increments are updated by prices.

- Non-dependant deductions The financial figures for the income bands and deductions made in relation to non-dependants have been updated. If amendments are not made, the deductions from CTRS awards would not be appropriate as the income thresholds would no longer reflect average earnings and the deduction would no longer reflect the overall cost of council tax.

4.3 Additional Amendments

Amendments related to the Windrush Compensation Scheme

This compensation scheme (“the Scheme”) is designed to compensate individuals who have suffered loss in connection with being unable to demonstrate their lawful status in the United Kingdom.

The proposed amendments to the 2013 CTRS Regulations make provision that compensation payments made under the Scheme will be disregarded from capital when determining an applicant’s eligibility for a reduction and the amount of that reduction.

Universal Credit Run-On Disregard

Entitlement to Universal Credit (UC) ends when a person (or mixed-age couple) reaches the qualifying age for state pension credit (PC). From this point, claimants can instead claim pension-age benefits such as Pension Credit (PC).

Previously, claimants who reached state pension age during the assessment period risked there being a gap between their last UC payment and their first PC (and other pension-age benefits) payments. DWP is taking steps towards a smoother transition from UC to pension-age benefits, with no risk of gaps in entitlement for claimants. To achieve this, DWP is making additional UC run on payments to cover the entire month in which a claimant reaches pension-age. For some claimants, depending on which date within the month they reach this age, there will be an overlap in the receipt of this UC run-on payment and pension-age benefits.

The proposed amendments to the 2013 Regulations make provision that any ‘additional income’ resulting from such an overlap is not to be considered as income when determining eligibility for a pension-age council tax reduction in Wales.

4.4 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.

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

Adopting this scheme will help vulnerable people, ensuring they are able to live as independently as possible, reduce homelessness and child poverty.

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

£8.920m has been identified in the settlement for Denbighshire for Council Tax Support from the Welsh Government (£8.935m last year). However current expenditure is £10.614m and if the Net Council Tax increased by 3.6% (i.e the councils proposed increase) the forecast expenditure for 2021/22 is circa £10.996m. This gives a shortfall of around £2.076m for 2021/22 for which budgetary provision has been made since 2013 and further £350k additional provision has been proposed as part of the budget proposals for 2021/22.

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 2021/22. Welsh Government have helped fund the specific shortfall in funding in 2020/21 relating to the increases in cases due to the impact of Covid 19. It is not known yet whether this funding will be available for 2021/22.

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 2021.