

Report to	County Council
Date of meeting	25 th January 2022
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 2022/23

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 (Prescribed Requirements and Default Scheme) (Wales) Amendment Regulations 2022.

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 7th December 2021 and the new Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and amendments Regulations 2022 are required to be adopted by 31st January 2022.

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 2022 in respect of the 2022/23 financial year.

3.2. That members approve the discretionary elements of the scheme, shown in section 4.4, for 2022/23 financial year.

4. Report details

4.1. The Proposed Scheme 2022/23

In considering the development of a new scheme for 2022/23 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 2023-24 so that operational risks are managed and that support can continue to be provided.

4.2 Uprating for 2022/23

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 2022/23. 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 (2021), which is 3.1%.
- 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

Afghan Nationals and UK Nationals from Afghanistan

This amendment is designed to support Afghan nationals and UK nationals from Afghanistan as a consequence of the recent changes to the Afghan Government.

The proposed amendments to the 2013 CTRS Regulations make provision to exempt this group from those counted as persons not being in Great Britain. The effect of these amendments is that this group will be eligible to be included in a local authority's CTRS and will be eligible for a discount if they meet the other requirements of the CTRS.

Redress scheme for survivors of historical child abuse in care in Scotland.

The Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act 2021 received Royal Assent on 23 April 2021. The Act sets up a scheme to make financial payments ('redress payments') to survivors of historical child abuse in care in Scotland.

To ensure that no applicant living in Wales is negatively affected because they have received a redress payment, a consequential amendment is made to disregard any redress payment received from the calculation of an applicant's capital under the scheme. A similar amendment is also made to disregard any ex gratia payment made by the Scottish Ministers from the Advance Payment Scheme set up by the Scottish Ministers in respect of cases of historical child abuse in care.

Pensioners reaching state pension age: personal allowance

The 2013 CTRS Regulations currently provide for higher or lower personal allowance rates for pensioners depending on whether they are over or under 65 respectively. There are no longer pensioners (within the meaning of the Regulations) who are under the age of 65. An amendment is therefore made to remove the redundant references. The effect of the

amendment is that pensioners in Wales are entitled to the higher rate of personal allowance.

4.4 Discretionary Elements for Council Decision

Council are recommended to adopt the following three discretionary elements of the scheme:

- not to increase the standard extended payment period of 4 weeks Council Tax Reduction to applicants, after they return to work when they have been in receipt of a relevant qualifying benefit.
- disregard 100% of the War Disablement pensions and War Widows Pensions when calculating income
- not to increase the CTR maximum backdate period beyond the standard 3 months

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. If the uprating figures were not adopted, the eligibility criteria would be out of date, with earning thresholds no longer reflecting the overall cost of council tax. Applicants would be disadvantaged by reducing or stopping their entitlement to support. It could also cause confusion for applicants and increase the administrative burden for the Local Authority and local support providers.

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

£8.536m has been identified in the settlement for Denbighshire for Council Tax Support from the Welsh Government (£8.920m last year). However current expenditure is £10.663m and if the Net Council Tax increased by 2.95% (i.e the councils proposed increase) the forecast expenditure for 2022/23 is circa £10.978m. This gives a shortfall of around £2.442m for 2022/23 for which budgetary provision has been made since 2013 and further £350k additional provision has been proposed as part of the budget proposals for 2022/23.

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 2022/23.

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 2022.