

Report To: Full Council
Date of Meeting: 31st January 2013
Lead Member / Officer: Hugh Irving / Paul McGrady
Report Author: Ken A Jones
Title: Council Tax Reduction Scheme

1. What is the report about?

The adoption of the All Wales Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2012, as amended by the 2013 Regulations

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 will come to an end 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, developed a new scheme to provide council tax support which was adopted by the Council on 8th January 2013. The Welsh Government has amended these regulations on 24th January 2013 and the revised Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2012, as amended by the 2013 Regulations is required to be adopted by 31st January 2013.

3. What are the Recommendations?

That member's adopt the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2012, as amended by the 2013 Regulations and that they consider the 4 discretionary elements of the scheme as shown in section 4.1 and approve accordingly.

4. Report details.

The Proposed Scheme

The current analysis of Council Tax Benefit (Appendix A) shows that in Denbighshire there has been a yearly increase in claimants. 2011/12 audited accounts confirm 10,820 claimants at a cost of £9.04 million. The original settlement included a sum of £8.34m which has been increased by WG to a projected £9.166 million towards the cost of providing the new Council Tax Support Scheme in 2013/14.

Original proposals contained in the 2012 regulations that were adopted by the Council directed the Council to protect affected residents at a rate of 90%. This

meant that the Council would need to send bills for 10% of the relevant Council Tax amount to affected residents. The amended regulations agreed by WG now give 100% protection meaning no additional Council Tax bills will be sent.

In considering the development of a new and amended scheme WG agreed that the amended scheme should observe the following parameters:

- Be a single nationally-defined scheme to provide a consistent level of support to claimants across Wales which was set at 100% by WG (This was amended from the original ceiling of 90%)
- Provide a small number of discretionary elements, similar to those available under the current CTB scheme, to allow local authorities to respond to their differing local circumstances (provided that the costs of any local variation are locally funded);
- Be based on a reform of the current CTB system, at least in the first year to ensure that the operational risks are managed and that support can continue to be provided after April 2013 given the extremely challenging timetables; and
- Where possible, simplify the existing complex arrangements.

The amended scheme replicates the current Council Tax Benefit scheme with main exceptions being:

- 2nd adult rebate will be removed (At the moment if you can afford to pay your Council Tax but live with someone on a low income you may be able to receive help with your Council Tax).
- minor amendments to earnings and capital disregards levels
- Up-rating of levels to calculate non dependant deductions and applicable amounts.

4.1 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) Discretion to provide more than the minimum information prescribed as part of the notification of decisions procedures.
- d) The ability to backdate the 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?

Not Applicable

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

There is an obvious loss of income through the changes to the Council Tax Benefits system. The Council paid out £9.04m in 2011/12. Given the continuing increase in caseload, the forecast expenditure for 2012/13 is around £9.322m. The final settlement includes a projected sum of £9.166m towards the cost of the new scheme. This gives a shortfall of around £155k, however this shortfall will increase dependant on the amount of increase approved for Council Tax for 2013/14 and any further caseload increase, so the expenditure for 2013/14 is likely to be closer to £9.6m leaving a gap of at least £400k. This has already been factored into the 2013/14 budget.

There have been abortive costs incurred in preparing residents and departments for the implementation of the reduction.

Regarding the discretionary elements

- 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

The amount paid in relation extended payments of 4 weeks in qualifying cases for 2011/12 in respect of Council Tax Benefit was £22,000, to increase the length of time would be proportionate therefore if extended to 6 weeks the cost would be £33,000

- b) Discretion to disregard part or the whole amount of War Disablement pensions and War Widows Pensions when calculating income

The cost of disregarding the War Disablement & War Widows Pensions for 2011/12 in respect of Council Tax Benefit was £17,000.

- c) Discretion to provide more than minimum information prescribed as part of notifications of decisions.

The proposed scheme supports all information required.

- d) The ability to backdate the application of Council Tax Reduction awards for working age customers more than the standard period of 3 months prior to the claim.

The existing Council Tax Benefit regulations allow a maximum backdate of 6 months for a working age customer, and in 2011/12 the amount paid in respect of backdated claims for working age customers was £20,000, it is not possible to calculate the reduction if this is restricted to 3 months.

7. What consultations have been carried out and has an Equality Impact Assessment Screening been undertaken?

The Welsh Government has undertaken an Equality Impact Assessment at a national level on its proposed changes to the Council Tax Benefit system.

EIA was considered for 2012 scheme which identified equality impacts due to the imposed 10% shortfall, these impacts are addressed by the amended regulations.

8. What consultations have been carried out with Scrutiny and others?

The Welsh Government has consulted on the main scheme and issued a consultation document, *Providing Support for Council Tax in Wales*, on 6th February 2012

A further technical consultation document was issued on 21st September 2012, on the draft Council Tax Reduction Scheme (Default Scheme) Regulations. The consultation period for this closed on 17th October 2012.

DCC consultation on the discretionary powers closed on 4th January 2013, with a response which mainly centred on concerns regarding the 10% shortfall and the impact on War Disablement & War Widows Pensions if the Authority did not adopt the discretion to disregard these pensions.

There have been several member workshops on the issue.

9. Chief Finance Officer Statement

For some time the Council has been assuming there will be a cut to Council Tax Benefit and has been working towards its implementation. The 2013/14 budget makes assumptions about collection rates and bad debts. Given the very late announcement of this additional funding it is too late to rework the Council's budget and this announcement will therefore in effect create a windfall for the Council.

The additional funding is clearly welcome both from the Council's perspective and affected residents, but the timing has caused additional costs and wasted effort on developing an implementation scheme.

10. What risks are there and is there anything we can do to reduce them?

There are still risks to the Council in implementing a new scheme. These have been highlighted to members at various workshops. A risk register is maintained by the Head of Revenues and Benefits.

11. Power to make the Decision

Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2012, as amended by the 2013 Regulations
The Council Tax Reduction Scheme (Default Scheme)(Wales) Regulations 2012

Appendix A

11/12 Caseload

Benefit type	Sector	Customers	Value
Council Tax Benefit	Council Tax Benefit	10,820	£9.04 Million

Break Down of Claimants

Claimant type	%
Pensioners	48%
Working Age & Unemployed	35%
Working Age & in Employment	17%

Council Tax Benefit Claims

