

# Report

## Council

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### Part 1

Date: 30 January 2018

**Subject** Council Tax Reduction Scheme 2018/2019

**Purpose** For Council to consider a proposed Council Tax Reduction Scheme for 2017/18 and to determine its local discretions.

**Author** Strategic Director - Place

**Ward** All

**Summary** The Council Tax Reduction Scheme for 2018/19 updates the scheme that was introduced on 1st April 2014. The Council is not required to consult on the proposals of the new scheme as the amendments made are in consequence of amendments made to the Prescribed Requirements Regulations. The local discretions that are available to the Council will remain unchanged. This report provides information on the proposed Council Tax Reduction Scheme.

**Proposal** That Council approves the Council Tax Reduction Scheme for 2018/19 in accordance with the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2014 ("the Prescribed Requirements Regulations") exercising its local discretions as indicated in the report.

**Action by** Strategic Director - Place

**Timetable** Immediate

This report was prepared after consultation with:

- Head of Law and Standards
- Head of Finance

**Signed**

## Background

The current Council Tax Reduction Scheme was revised from April 2015 with an updated Scheme. In Wales, this continues to be a national scheme (in contrast to England, where schemes are local to each billing authority.)

The Council Tax Reduction Scheme in Wales is set by Regulations made under Schedule 1B of the Local Government Finance Act 1992 (as inserted by the Local Government Finance Act 2012). On 9 January 2018, the Welsh Assembly approved amending regulations to have effect from 1st April 2018: the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2018. These Regulations prescribe the main features of the Scheme to be adopted by all Councils in Wales. The revisions for 2018/2019 are:

- The figures used to calculate applicants' entitlement to Council Tax reduction will be updated in line with Housing Benefit, however for working age persons, disabled persons and carers the uplift will be in line with Consumer Price Index inflation.
- Entitlements linked to the Pension Credit Standard Minimum Guarantee and income bands related to non-dependant deductions will increase in line with the increase in average earnings.
- Entitlements linked to both the Pension Credit standard minimum guarantee and Savings Credit will increase by an amount set out in the uprating schedule provided by the Department of Work and Pensions (DWP)
- Non-dependant deductions to increase by the average rise in Council Tax. .
- The revised regulations also;
  - mirror changes made to the benefit system with respect to Employment Support Allowance. The 2013 Regulations will continue to reference to the Work-Related Activity Component which will continue to be payable to some applicants.
  - make changes to reflect new service provision arrangements following the Regulation and Inspection of Social Care (Wales) Act 2016.
  - make changes to address an anomaly within the wording of the amending provisions included within the Council Tax Reduction Scheme (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2017 with respect to changes of circumstances provisions.
  - make a number of changes with respect to payments which are disregarded for the purposes of calculating 'income' and/or 'capital'. These include the new bereavement support payments among others.
- No changes have been made with respect to wider welfare restrictions for applicants with 2 or more children and a child born on or after 6 April 2017.
- No changes have been made in respect of the family premium and backdating period.

Although the Act gives Welsh Ministers discretion to allow Welsh local authorities to determine the contents of schemes themselves, the Government's decision to establish a national framework for the provision of Council Tax Support in Wales and avoids what has been termed a "postcode lottery" whereby eligibility for a Council Tax reduction and the size of the Council Tax reduction for particular groups could be different in different council areas.

Although a national scheme has been approved, within the Prescribed Requirements Regulations, limited discretion given to the Council to apply additional discretionary elements that are more generous than the national scheme and which provide for additional administrative flexibility remain. These are:

- The ability to increase the standard extended reduction period of 4 weeks given to persons after they return to work where they have previously been receiving a council tax reduction that is to end as a result of their return to work;

- Discretion to increase the amount of War Disablement Pensions and War Widows Pensions which is to be disregarded when calculating income of the claimant;
- Discretion to enhance the process for notification of decisions above the minimum requirements; and
- The ability to backdate the application of council tax reduction with regard to late claims prior to the new standard period of three months before the claim.

It is required by the Prescribed Requirements Regulations that the Council adopts a Council Tax Reduction Scheme by 31 January 2018, regardless of whether it applies any of the discretionary elements. If the Council fails to make a scheme, then a default scheme shall apply under the provisions of the Default Scheme Regulations. The Council can only apply discretion if it makes its own scheme under the Prescribed Requirements Regulations. A Council meeting is scheduled for the 30<sup>th</sup> January 2018 to adopt the Scheme.

The Council has not undertaken consultation on the adoption of the scheme as the Council is no longer obliged to carry out consultation on the adoption of a scheme as the provisions were set by the Welsh Government. Even without the application of any of the discretionary elements, The Council is obliged to make a scheme under the requirements of the Prescribed Requirements Regulations notwithstanding the fact that a default scheme would come into effect even if the Council failed to make a scheme. The obligation is a statutory duty and applies even if the Council chose not to apply any of the discretions available to it.

The recommended approach is to adopt the Scheme in the Prescribed Requirements Regulations and to continue to exercise the available discretions as follows:-

- The ability to increase the standard extended reduction period of 4 weeks given to persons after they return to work where they have previously been receiving a council tax reduction that is to end as a result of their return to work [It is not recommended to increase the standard extended reduction period] ;
- Discretion to increase the amount of War Disablement Pensions and War Widows Pensions which is to be disregarded when calculating income of the claimant [It is recommended to disregard the whole amount of War Disablement Pensions and War Widows Pensions] ;
- Discretion to enhance the process for notification of decisions above the minimum requirements [It is not recommended to enhance the process for notification of decisions] ; and
- The ability to backdate the application of council tax reduction with regard to late claims prior to the new standard period of three months before the claim. [It is not recommended to increase the backdated period]

It should be noted the above recommendations follow existing practice and continue with the features of the 2016/17 Scheme. There are no additional monies available from the Welsh Government to fund discretionary elements. The cost of funding the discretionary elements recommended above is estimated to be in the region of £17,000 per annum.

The Council continues to have powers to support hardship on an individual basis or in respect of a defined group. Such arrangements cannot, however, form part of the Council Tax Reduction Scheme itself. The Council has previously had access to grant for discretionary housing payments and will continue to provide support where appropriate.

## **Financial Summary**

Funds to pay for the scheme are within the Council's base budget as the historical specific grant from WG that used to fund this was transferred into the Revenue Support Grant in 2013/14. This budget has since been uplifted each year in line with the Councils increase in Council Tax levels.

## Risks

The Council needs to manage the cost of Council Tax Support within its budget.

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Failure to adopt a scheme in accordance with the required regulations	L	L	There is a default scheme in the event that the Council does not follow the appropriate procedures	Director of Place

\* Taking account of proposed mitigation measures

## Links to Council Policies and Priorities

The Welfare Reform changes are imposed by national government and devolved to the Welsh Government for implementation by Councils. The Council's response within its service areas will be to try to ensure that any effects of the reforms are mitigated wherever possible.

## Proposal

The changes are largely mandatory with the exception of the limited discretions identified in the report. The Council needs to determine the specific discretions as part of its Scheme.

The proposal is that Council adopts the revised Council Tax Reduction Scheme including the preferred discretions which maintain existing practice.

## Comments of Chief Financial Officer

As noted above, the funds to pay for the scheme are contained within the Council's base budget, since WG transferred the specific grant for this into the Revenue Support Grant in 2013/14. The budget is uplifted each year in line with the increase in Council Tax and to date, has been more than sufficient. As no changes to these flexibilities are being recommended, the current budget should therefore be sufficient, with costs being minimal anyhow.

## Comments of Monitoring Officer

The Council has a statutory duty to approve a revised Council Tax Reduction scheme by 31st January 2018 in accordance with the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2018. If the Council does not adopt a revised local scheme before the end of January, then a Default Scheme will come into operation. In Wales, the Welsh Government has prescribed a national council tax reduction scheme and, therefore, the Council has no option but to adopt the mandatory elements of the scheme. However, there are some limited local discretions within the national scheme, which the Council has previously adopted as part of the current local scheme, and it is recommended that these should continue to be applied. There is no longer any formal consultation requirement, because of the mandatory nature of the national scheme and the Council has previously consulted on the local discretions.

## **Comments of Head of People and Business Change**

Any changes to the scheme will have implications for some of the more vulnerable people living in the city. The Council has a strong social justice agenda and through the Corporate Plan and Wellbeing of Future Generations Act must ensure it supports the lowest earners and those in receipt of benefits and vulnerable to financial inclusion. The outcome of the local equalities impact assessment will further inform work programmes intended to help mitigate the effect of these changes.

There are no HR implications.

## **Comments of Cabinet Member**

Cabinet Member for Regeneration and Housing has been consulted on the report and supports the proposal.

## **Equalities Impact Assessment and the Equalities Act 2010**

In drafting these Regulations Welsh Government have considered the duty on Welsh Ministers to promote equality and eliminate discrimination.

An Equality Impact Assessment was completed for the introduction of the 2013 Council Tax Reduction Scheme Regulations.

The replacement of Council Tax Benefit with the national support scheme will impact upon many of our low income residents including those in vulnerable groups. A local equalities impact assessment is being undertaken.

## **Wellbeing of Future Generations (Wales) Act 2015**

The policy supports the principles within the Well-being of Future Generations (Wales) Act 2015. Maintaining full entitlement to Council Tax Reduction Scheme will continue to help low income households in meeting their council tax liability and as such will help to contribute to the wellbeing objectives of: a prosperous Wales; and a more equal Wales.

## **Consultation**

The Council is not required to consult on the proposals of the new scheme as the amendments made are in consequence of amendments made to the Prescribed Requirements Regulations. The local discretions that are available to the Council will remain unchanged.

## **Background Papers**

The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2018("Uprating Regulations")



SL5155 - The Council Tax Reduction Schemes  
SL5155 - EM The Council Tax Reduction

Dated: 10 January 2018