

Report

Council



Part 1

Date: 28 January 2020

Subject Council Tax Reduction Scheme 2020/2021

Purpose For Council to consider a proposed Council Tax Reduction Scheme for 2020/21 and to determine its local discretions.

Author Service Manager – Customer Experience

Ward All

Summary The Council Tax Reduction Scheme (CTRS) for 2020/21 updates the scheme that was introduced on 1st April 2015. The Council is not required to consult on the proposals of the new scheme as the changes 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 2020/21 in accordance with the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2015 ("the Prescribed Requirements Regulations") exercising its local discretions as indicated in the report.

Action by Service Manager – Customer Experience

Timetable Immediate

This report was prepared after consultation with:

- Head of Law and Standards
- Head of Finance
- Head of People and Business Change

Signed

Background

In Wales the Council Tax Reduction Scheme, 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 8th January 2020, the Welsh Assembly approved amending regulations to have effect from 1st April 2020: the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2020. These Regulations prescribe the main features of the Scheme to be adopted by all Councils in Wales. The revisions for 2020/2021 are:

Updates to the financial figures used to calculate entitlement to a council tax reduction to reflect the cost of living.

The financial figures in the 2013 Regulations will be updated as follows:

- **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 cost-of-living rises. The convention is to up-rate them with the Consumer Price Index (CPI) figure from the previous year (2019), which is 1.7%.
- **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 (DWP) and have been updated by different mechanisms. For example, the Pension Credit Standard Minimum Guarantee is updated by earnings, where 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.

Other consequential Amendments have been made 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 and same sex marriages and same sex civil partnerships for the purpose of CTRS.
- **Parental Leave and Pay**
The Parental Leave 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 partners. The introduction of a specific, statutory entitlement to parental bereavement 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 that implement parental bereavement leave and pay 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 2020/2021 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 EUSS 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 the United Kingdom's withdrawal from the EU are not relevant rights to reside for the purposes of establishing habitual residence.

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 is 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 2020, 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 28th January 2020 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 2019/20 Scheme. There are no additional monies available from the Welsh Government to fund discretionary elements.

The Council continues to have powers to support hardship on an individual basis or in respect of a defined group. Such arrangements cannot 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

Up-rating the financial in respect of pensioners and working age allowances would slightly increase total reductions under CTRS. However, if the financial figures in relation to non-dependant deductions were also up-rated, this would mitigate some of the increase in total reductions. Consequently, total council tax reductions are not expected to rise significantly as a result of the up-rating.

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 for the provision of the Council Tax Reduction Scheme.

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	L	L	There is a default scheme in the event that the Council does not follow the appropriate	Director of Place

accordance with the required regulations			procedures	
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* 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.

Options Available

Option 1 – Do nothing

- If the financial figures used to assess household allowances in the council tax reduction means-test remained static, the criteria used would be slightly less generous for non-passported applicants and would lead to small decreases in support in real terms.
- The financial figures used to assess the eligibility of households with non-dependants would be out-of-date. The income thresholds would no longer reflect average earnings and the adjustment made to the final Council Tax Reduction would no longer reflect overall cost of Council Tax.
- If consequential amendments are not made to the 2013 CTRS Regulations, this would mean that they would not take account of changes to related welfare benefits and other legislation. This could disadvantage some applicants by reducing or stopping their entitlement to support. It could also create confusion for applicants and increase the administrative burden for local authorities and advice providers.
- The default scheme would be implemented and the local discretionary elements would be lost.

Option 2 – Adopt amended Regulations and retain local discretionary elements

- This option would mean that amendments would be made to uprate the financial figures in the 2013 CTRS Regulations in line with to Welsh Government policy, cost-of-living increases and changes to qualifying benefits.
- The financial figures in relation to working age, disability or carer rates will continue to increase with the cost of living for 2020-21 (1.7%, as measured by CPI). The personal allowances for pensioners will be uprated to align with those for Housing Benefit and the benefits system. The increase would be aligned to the UK Government's Standard Minimum Guarantee and Savings Credit.
- The financial figures used to calculate the adjustment for non-dependant deductions would be uprated. The income thresholds in relation to non-dependants would be uprated to reflect average earnings and the non-dependant deduction from CTRS would reflect the average increase in council tax.
- The necessary technical and consequential amendments would also be made.
- The local discretionary elements would be retained.

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.

Comments of Monitoring Officer

The Council has a statutory duty to approve a revised Council Tax Reduction scheme by 31st January 2020 in accordance with the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2020. 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. The previous mandatory scheme has been revised to increase financial allowances in line with inflation and to reflect the requirements of new legislation, particularly in relation to the new opposite sex civil partnerships, parental leave entitlement and EU settled status provisions. There are also 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

The proposed new scheme is mainly a consequence of amendments to the Prescribed Requirements Regulations. In addition, it is proposed to keep the preferred discretions from the previous scheme in place. This is intended to maintain the measures in place to support low-income households in paying Council Tax and in doing so contributing to wellbeing objectives e.g. a more equal Wales and principles of fairness. There is no longer a formal consultation requirement, because of the national scheme is mandatory and the Council has previously consulted on the local discretions.

There are no human resources implications arising from this report.

Comments of Cabinet Member

The Leader and Cabinet Members for Community and Resources and for Social Services have been consulted on the report and support the proposal.

The Leader and Cabinet Member commented;

The Council Tax Reduction Scheme provides valuable support to individuals and households on a low income. It is pleasing to see that the local discretionary elements are being retained to ensure that those who are in need of additional support continue to receive it.

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.

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 2020

Explanatory Memorandum to the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2020



Draft CTRS
Regulations 2020.pc



Explanatory
Memorandum CTRS

Dated: 4th December 2019