

Report

Council



Part 1

Date: 6 January 2022

Subject Council Tax Reduction Scheme 2022/2023

Purpose For Council to consider a proposed Council Tax Reduction Scheme for 2022/23 and to determine its local discretions.

Author Benefits Manager – City Services

Ward All

Summary The Council Tax Reduction Scheme (CTRS) for 2022/23 updates the scheme that was introduced on 1st April 2013. 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 are recommended to remain unchanged. This report provides information on the proposed Council Tax Reduction Scheme.

Proposal That Council approves the Council Tax Reduction Scheme for 2022/23 in accordance with the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2013 ("the Prescribed Requirements Regulations") exercising its local discretions as indicated in the report.

Action by Benefits Manager – City Services

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 18 January 2022, the Welsh Assembly are expected to approve amending regulations to have effect from 1st April 2022: the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2022. These Regulations prescribe the main features of the Scheme to be adopted by all Councils in Wales. The revisions for 2022/2023 are:

The usual annual 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, 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 updated 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.

Other consequential Amendments have been made to ensure the 2013 regulations remain up-to-date and fit for purpose:

- 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.

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 2022, 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, which is the purpose of this report now to Council. 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 and no changes are recommended on the discretionary elements. 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 existing, 2021/22 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 (Capital and Revenue)

Uprating 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 uprated, 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 uprating.

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 manager the cost of Council Tax Support within its budget.

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) 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.	Head of City Services

* 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 and considered

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 update the financial figures in the 2013 CTRS Regulations in line with 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 2022-23 which is 3.1%, as measured by CPI. The personal allowances for pensioners will be updated to align with those for Housing Benefit and the benefits system. The increase would be aligned to the UK Government's Standard Minimum Guarantee (in Pension Credit) plus the maximum amount of Savings Credit (in Pension Credit).
- The financial figures used to calculate the adjustment for non-dependant deductions would be updated. The income thresholds in relation to non-dependants would be updated 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 as indicated in the report above and which are unchanged from the current position on these.

Preferred Option and Why

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 national 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 on a like for like basis on current demand levels.

Whilst unrelated to the updating of the scheme parameters and eligibility criteria, there are key issues to note in relation to this important scheme:

- This is a demand led budget and the schemes criteria and eligibility alone determines its costs to the Council and not budget availability. All eligible applicants are supported in line with the national scheme / local discretions.
- The demand for CTRS support is very important in the current situation with Covid -19 impact on the economy and all opportunities to advertise its existence is used. In saying that, claimant

numbers/costs have not increased significantly over the last 12 months or so and is monitored carefully.

Comments of Monitoring Officer

The Council has a statutory duty to approve a revised Council Tax Reduction scheme by 31st January 2022 in accordance with the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2022. 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 consequential changes to the status of Afghan nationals, survivors of child abuse cases in Scotland and pensioners. 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. The approval of the Council Tax Reduction scheme under the Regulations and the Local Government Finance Act 1988 is a non-executive decision for full Council.

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 Cabinet Member for Sustainable Development, Community and Resources, Cllr Jason Hughes, has been consulted on the report and supports the proposal.

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**

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.

- **Equality Act 2010**

The council has considered its responsibilities under the Equality Act 2010. A full FEIA has not been completed in relation to this report as an all-Wales policy is being adopted, with the full range of local discretions being implemented in Newport, in turn resulting in positive impacts for those communities who may experience disadvantage. The all-Wales policy has been developed by Welsh Government who are a specified body with responsibilities under the Equality Act.

An Equality Impact Assessment was completed for the introduction of the 2013 Council Tax Reduction Scheme Regulations and will be reviewed and updated as necessary.

- **Socio-economic Duty**

This policy does not constitute a strategic decision as defined under the Socio-economic Duty. However the additional discretions to apply council tax reduction to specified groups contributes to the reduction of inequalities that may arise as a result of socio-economic disadvantage.

As Council Tax Reduction is a means tested benefit those who qualify could be assumed to be in lower social-economic groups. As these changes relate directly to the basis of the means test within CTR, those who work or have independent sources of income are the only groups affected by the proposed changes and would have to contribute more towards their Council Tax liability. The low median income for working households in Newport means these households are more likely to need financial assistance through CTR with paying their Council Tax.

- **Welsh Language (Wales) Measure 2011**

The Welsh Language (Wales) Measure 2011 modernised the existing legal framework regarding the use of the Welsh language in the delivery of public services. The measure is an inherent component of fairness and equality. The council supports promoting and facilitating use of Welsh and treating Welsh no less favourably than English.

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 2022.

Explanatory Memorandum to the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2021



Draft CTRS
Regulations 2022.pdf



Explanatory
Memorandum.pdf

Dated: 6 January 2022