

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

8 JANUARY 2014

REPORT OF THE CORPORATE DIRECTOR – RESOURCES

COUNCIL TAX REDUCTION SCHEME

1. Purpose of Report

- 1.1 The purpose of the report is to provide Council with information regarding the implementation of the 2014-15 Council Tax Reduction Scheme (CTR), the requirement to adopt a CTR scheme by 31 January 2014, together with the funding implications.

2. Connection to Corporate Plan / Other Corporate Priority

- 2.1 The Housing Benefits Service, which administers CTR, is a statutory service which supports our disadvantaged citizens.

3. Background

- 3.1 CTR provides assistance for those on low incomes with a liability to pay Council Tax.
- 3.2 The Welfare Reform Bill published in February 2011 detailed the Government's intention to localise the allocation and administration of Council Tax Benefit (CTB) from 2013-14.
- 3.3 The Government devolved to Welsh Government the establishment of localised schemes in Wales, and stated the intention to reduce expenditure on CTB by the equivalent of 10%.
- 3.4 The Welsh Government decided to develop a single nationally defined scheme set out in regulations for the provision of Council Tax support in Wales. The scheme also provided for a small number of discretionary elements which individual councils can choose to adopt; any additional associated costs were to be locally funded.
- 3.5 On 29 January 2013, the Council adopted the Council Tax Reduction Scheme for 2013-14 in accordance with the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2012. The Welsh Government included in these Regulations a sunset clause which means that they become invalid after 31 March 2014.

3.6 From the latest data, there are currently 15,286 households receiving CTR; 8,980 of these are of working age and 6,306 are of pensionable age. Out of the 15,286 households receiving CTR, 11,373 are entitled to full benefit.

4. Current Situation

4.1 The Council Tax Reduction Scheme 2014-15

4.2 The CTR 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).

4.3 On 20 November 2013, the Assembly passed regulations that will implement the arrangements to support those who will pay council tax in 2014/15. The Regulations (The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2013) prescribe the main features of the scheme to be adopted by all councils in Wales.

4.4 These new regulations do not contain any significant changes from the claimants' perspective to the current scheme, and set the maximum level of support that eligible claimants can receive at 100%. The regulations can be found at <http://www.assemblywales.org/bus-home/bus-business-fourth-assembly-laid-docs.htm>

4.5 Within the Prescribed Requirements Regulations, there is limited discretion given to the Council to apply discretionary elements that are more generous than the national scheme. 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 CTR 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; and
- The ability to backdate the application of CTR with regard to late claims prior to the new standard period of three months before the claim.

4.6 It is required by the Prescribed Requirements Regulations that the Council adopts a CTR Scheme by 31 January 2014, 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.

4.7 Consultation

- 4.8 As was the case for the 2013-14 CTR scheme, councils are required to consult with interested parties, including the public and precepting authorities, regarding the new regulations and scheme for 2014-15.
- 4.9 As the scheme is largely unchanged, consultation was truncated to a period between 28 November 2013 and 17 December 2013.
- 4.10 The consultation was advertised in the press, via twitter, and on the Council website. The consultation questionnaire was available via Customer Services and was promoted by staff when dealing with customers. Respondents were able to submit electronic or paper responses in English or Welsh. The consultation form provided information on the national scheme, the discretionary elements, and an opportunity for comment. Information and an invitation to comment were also sent to councillors, community councillors, the Police Authority and third sector organisations, including Citizens' Advice Bureaux

4.11 Summary of Responses

- 4.12 A total of 28 responses were received; 22 were completed on line and 6 were written responses. The poor response rate could be attributed to the short consultation period, or with the fact that residents were asked for their views on these three same options 12 months ago.
- 4.13 The minority (18%) of respondents indicated that they are currently in receipt of CTR.
- 4.14 Responses to the discretionary elements (that would need to be funded by the Council if more generous than the minimum) were as follows:

Table 1

How long do you think the extended payment period should be?		
		Estimated additional cost to BCBC
4 week extended payment (Welsh Government standard)	23 (82%)	£0
6 week extended payment	5 (18%)	£31,300

Table 2

Should the council continue not to take into account War Disablement Pensions and War Widows Pensions when deciding if people are entitled to CTR?		
		Estimated additional cost to BCBC
Yes	24 (86%)	£26,000
No	4 (14%)	£0
Don't know	0	

Table 3

How far back do you think the council should backdate CTR claims?		
		Estimated additional cost to BCBC
3 months (Welsh Government standard)	17 (61%)	£0
6 months	11 (39%)	£7,500

In addition to the survey responses, two emails were received which expressed a preference for the status quo. A letter from the Royal British Legion requesting Councils to continue disregarding War Pensions was also received

- 4.15 The total estimated cost to the Council for the most supported options is £26,000 for 2014/15.
- 4.16 It is proposed that:
- The extended payment period is maintained at the minimum standard of 4 weeks.
 - War Disablement Pensions and War Widows Pensions are fully disregarded when calculating entitlement to CTR.
 - Backdating is extended beyond the minimum standard of 3 months, to a maximum of 6 months (which is the same position as the 2013-14 CTR scheme). The vast majority of backdates are awarded for less than a 3 month period and the estimated additional expenditure to backdate up-to 6 months is relatively small (£7,500). In order to receive backdated benefit, the claimant has to prove 'good cause' as to why they did not claim at the appropriate time. An example of 'good cause' can be the physical or mental illness of the claimant.
- 4.17 The total estimated cost to the Council for these proposals is £33,500 for 2014-15

4.18 **Main Issues**

- 4.19 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.
- 4.20 The Council's recommended approach to the available discretions is to apply the recommendations in Table 4, paragraph 4.28. It should be noted that there are no additional monies available from the Welsh Government to fund the discretionary elements. The cost of funding the discretionary elements is estimated to be £33,500 for 2014-15.
- 4.21 The new scheme must be administered by local authorities within a fixed budget. There will be significant difficulties adequately funding a service which is demand led with a fixed cost budget provision. The Welsh Government has confirmed there will be no additional funding to bridge any gap and each authority will be expected to meet any shortfall.
- 4.22 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 CTR Scheme itself.

4.23 **Adoption of the Council Tax Reduction Scheme**

- 4.24 The Council is required to adopt a scheme by 31 January 2014 under The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013, regardless of whether it chooses to apply any of the discretionary elements. If the Council fails to make a scheme, then a default scheme will apply under the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2013.
- 4.25 It is recommended that the Council adopts a Scheme under The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013, which includes all the elements that must be included in the scheme, as set out in the Regulations and with regard to the discretionary elements, includes the recommendations in Table 4 set out at Paragraph 4.28 below.
- 4.26 Part 5 of The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 (Other matters that must be included in an Authority's Scheme) identifies which elements of the prescribed requirements of a scheme are minimum only requirements and in respect of which local authorities have an element of discretion.
- 4.27 The recommendation in relation to the available discretionary elements is contained in Table 4 below and takes into account the following:

- The consultation responses received, in particular those relating to the discretionary elements (shown in 4.14 above),
- The current local scheme in relation to the treatment of War Disablement Pensions, War Widows Pensions and War Widowers Pensions for Housing Benefit and 2013-14 CTR scheme, which disregards these payments in full,
- The fixed funding available.

4.28 Table 4 – Discretionary elements

Part 5 – Other matters that must be included in an authority’s scheme	Prescribed Requirement Regulations (Minimum Requirements)	Recommended Details to be Adopted with regard to discretionary elements
<p>Ability to increase the standard extended reduction period of 4 weeks given to applicants where they have previously been receiving a council tax reduction that is to end, as they have ceased receiving qualifying benefits as a result of returning to work, increasing their hours of work, or receiving increased earnings. Regulation 32 (3) and Regulation 33 (3), paragraph (33) Schedule 1 and paragraph (35) and (40) Schedule 6.</p>	<p>4 weeks</p>	<p>Pensioners: The 4 weeks period specified in paragraph (33) Schedule 1 will apply, and</p> <p>Non-pensioners: The 4 weeks period specified in paragraph (35) and (40) Schedule 6 will apply.</p>
<p>Ability to backdate applications of CTR for The minimum requirements specified in the Regulations will apply periods longer than the standard period of 3 months before the claim is made. Regulation 34 (4) and Paragraph (3) and (4) of Schedule 13.</p>	<p>3 months</p>	<p>Pensioners: The period of 3 months specified in paragraph (3) Schedule 13 to be increased to 6 months,</p> <p>Non-pensioners: The period of 3 months specified in paragraph 4, Schedule 13 to be increased to 6 months.</p>

Part 5 – Other matters that must be included in an authority’s scheme	Prescribed Requirement Regulations (Minimum Requirements)	Recommended Details to be Adopted with regard to discretionary elements
Ability to disregard more than the statutory weekly £10 of income received in respect of War Disablement Pensions and War Widows Pensions and War Widowers Pensions (disregarded when calculating income of the applicant); Regulation 34 (5), Paragraphs 1(a) and 1(b) Schedule 4 and Paragraphs 20(a) and 20(b) of Schedule 9	£10	<p>Pensioners: The total value of any pension specified in paragraph 1(a) and 1(b) Schedule 4 will be disregarded.</p> <p>Non-pensioners: The total value of any pension specified in paragraph 20(a) and 20(b) Schedule 9 will be disregarded.</p>

5. Effect upon Policy Framework and Procedure Rules

5.1 None.

6. Equality Impact Assessment

6.1 An Equality Impact Assessment was completed for the 2013-14 CTR scheme and as the proposed scheme for 2014-15 does not contain any significant changes, a further Equality Impact Assessment has not been conducted.

6.2 The Welsh Government has undertaken a detailed regulatory impact assessment, which includes an equality impact assessment; the findings reported were in line with their expectations.

6.3 The Council has undertaken a consultation exercise in the limited time available and the consultation assists the Council in satisfying the public sector equality duty in the Equality Act 2010.

7. Financial Implications

7.1 The 2014-15 Final Local Government Settlement states that the sum provided for CTR is at the same level as 2013-14. Bridgend’s 2014-15 final settlement from Welsh Government includes £12.625 million to fund the CTR scheme; this amount does not take into account any increase in council tax charges or variations in caseload and is distributed on a fixed rather than a demand-led basis.

7.2 Any shortfall between the amount provided in the final settlement and the amount of CTR awarded, including any discretionary elements, will fall on the Council. Based on the current caseload the estimated cost of the scheme for 2014-15 is around £13.6 million. Recent indications are that there has been a marginal reduction in caseload; however it is not certain that this will continue. Additional funding of £1 million to meet the cost of the CTR scheme for 2014-15 is included in the Medium Term Financial Strategy 2014-15 to 2017-18 (MTFS); this will be kept under review throughout MTFS period.

8. Recommendation

8.1 It is recommended that Council:

- Note the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013,
- Note the outcome of the consultation exercise undertaken by the Council on the Council Tax Reduction Scheme.
- That Council adopts the scheme, the details of which are given in paragraphs 4.23 to 4.28 of this report.

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Background Documents

Welfare Reform Act 2012

<http://www.legislation.gov.uk/ukpga/2012/5/contents/enacted>

Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013

<http://www.assemblywales.org/bus-home/bus-business-fourth-assembly-laid-docs.htm?act=dis&id=251458&ds=12/2013>

Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013
<http://www.assemblywales.org/bus-home/bus-business-fourth-assembly-laid-docs.htm?act=dis&id=251460&ds=12/2013>

The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2014
<http://www.assemblywales.org/bus-home/bus-business-fourth-assembly-laid-docs.htm?act=dis&id=252369&ds=12/2013>

Welsh Government's Council Tax Support in Wales – Equality Impact Assessment
<http://wales.gov.uk/topics/equality/inclusivepolicy/impactassessments/counciltaxsupporteia/;jsessionid=012F3517D43EA7A601706B7C4E3DDB0E?lang=en>