

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO COUNCIL

11 JANUARY 2017

### REPORT OF THE HEAD OF FINANCE AND S151 OFFICER

#### 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 2017-18 Council Tax Reduction Scheme (CTR), the requirement to adopt a CTR scheme by 31 January 2017, together with the funding implications.

##### **2. Connection to Corporate Plan / Other Corporate Priorities**

- 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 20 January 2016, the Council adopted the Council Tax Reduction Scheme for 2016-17 in accordance with The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013. This scheme will end on 31 March 2017.
- 3.6 From the latest data, there are currently 14,251 households receiving CTR; 8,616 of these are of working age and 5,635 are of pensionable age. Out of the 14,251 households receiving CTR, 10,848 are entitled to a full CTR reduction.

## 4. Current Situation

### 4.1 The Council Tax Reduction Scheme 2017-18

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 27 November 2013, the Assembly laid regulations that implemented the arrangements to support those who will pay council tax. The regulations (Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013) prescribe the main features of the scheme to be adopted by all councils in Wales. Minor amendments to these regulations were made in 2014, 2015 and 2016.

4.4 The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2017 have now been laid. These regulations update the financial figures used in the CTR schemes and makes amendments to:

- Explicate how a local authority should calculate an applicant's weekly income (i.e. to consider income that the person expects to receive as well as income that has been received).
- Ensure consistency with other inter-related social security legislation by taking tax reliefs into account when determining net earnings, and with regards the treatment of the Universal Credit carer's element in determining the applicable amount.
- Correct inconsistencies between the Welsh and English language versions of the 2016 Regulations.

4.5 The new regulations do not contain any significant changes from the claimants' perspective to the current scheme, and the maximum level of support that eligible claimants can receive remains at 100%. The regulations can be found at: <http://www.assembly.wales/laid%20documents/sub-ld10857/sub-ld10857-e.pdf>

4.6 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.

4.7 It is required by the Prescribed Requirements Regulations that the Council adopts a CTR Scheme by 31 January 2017, 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.

#### 4.8 Consultation

4.9 The 2015 amendment regulations removed the requirement for local authorities to publish a draft scheme and consult interested persons where a billing authority revises a scheme in consequence of amendments made to the Prescribed Requirement Regulations. The effect of the amendment was to remove the requirement for local authorities to consult in relation to changes made by Welsh Ministers (as opposed to the discretionary areas of the scheme), over which local authorities have no discretion.

4.10 The last consultation on the three discretionary elements was undertaken in 2013, and therefore a new consultation exercise was undertaken between 31 October 2016 and 18 December 2016 for the 2017-18 scheme.

4.11 The consultation was advertised on Facebook, 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

#### 4.12 Summary of Responses

4.13 A total of 681 responses were received; 610 were completed on line and 71 were written responses.

4.14 The minority (16.6%) of respondents indicated that they are currently in receipt of CTR.

4.15 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

| <b>How long do you think the extended payment period should be?</b> |     |  |
|---|-----|--|
|   |     | <b>Estimated additional cost to BCBC</b> |
| 4 week extended payment (Welsh Government standard)                 | 81% | £0                                       |
| Other   | 19% |  |
|   |     |  |

Table 2

| <b>How far back do you think the council should backdate CTR claims?</b> |     |  |
|--|-----|--|
|  |     | <b>Estimated additional cost to BCBC</b> |
| 3 months<br>(Welsh Government standard)                                  | 48% | £0                                       |
| 6 months   | 41% | £9,800                                   |
| Other*   | 11% |  |

\*59% of those responding 'other' suggested a backdating period of less than 3 months; therefore, overall, 54% of respondents supported lowering the 6 month backdating period.

Table 3

| <b>Should the council continue not to take into account War Disablement Pensions and War Widows Pensions when deciding if people are entitled to CTR?</b> |     |  |
|---|-----|--|
|   |     | <b>Estimated additional cost to BCBC</b> |
| Yes   | 62% | £22,000                                  |
| No  | 32% | £0                                       |
| Don't know  | 6%  |  |

4.16 The total estimated cost to the Council for the most supported options is £22,000 for 2017-18.

4.17 It is proposed that the discretionary elements are as follows:

- 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. The estimated cost of this proposal is £22,000.
- Backdating is reduced to the minimum standard of 3 months.

4.18 The total estimated cost to the Council for these proposals is £22,000 for 2017-18.

#### 4.19 **Main Issues**

4.20 The Council must consider whether to replace or revise its CTR scheme and is obliged to make a scheme under the requirements of the Prescribed Requirements Regulations. The obligation is a statutory duty and applies even if the Council chose not to apply any of the discretions available to it.

4.21 The Council's recommended approach to the available discretions is to apply the recommendations in Table 4, paragraph 4.29. It should be noted that there are no additional monies available from the Welsh Government to fund the discretionary elements.

4.22 The scheme must be administered by local authorities within a fixed budget. There are 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.

4.23 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.

#### 4.24 **Adoption of the Council Tax Reduction Scheme**

4.25 The Council is required to adopt a scheme by 31 January 2017 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.

4.26 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 4.29 below; and
- The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2014; and
- The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2015; and
- The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2016.
- The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2017.

4.27 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.

4.28 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,
- The current local scheme in relation to the treatment of War Disablement Pensions, War Widows Pensions and War Widowers Pensions for Housing Benefit and 2016-17 CTR scheme, which disregards these payments in full,
- The fixed funding available.

#### 4.29 Table 4 – Discretionary elements

| <b>Part 5 – Other matters that must be included in an authority’s scheme</b>   | <b>Prescribed Requirement Regulations (Minimum Requirements)</b> | <b>Recommended Details to be Adopted with regard to discretionary elements</b>  |
|--|--|---|
| <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:<br/>The 4 weeks period specified in paragraph (33) Schedule 1 will apply, and</p> <p>Non-pensioners:<br/>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:<br/>The period of 3 months specified in paragraph (3) Schedule 13 will apply, and</p> <p>Non-pensioners:<br/>The period of 3 months specified in paragraph 4, Schedule 13 will apply.</p>  |
| <p>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</p>   | <p>£10</p>   | <p>Pensioners:<br/>The total value of any pension specified in paragraph 1(a) and 1(b) Schedule 4 will be disregarded.</p> <p>Non-pensioners:<br/>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 2017-18 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 and this consultation assists the Council in satisfying the public sector equality duty in the Equality Act 2010.

## **7. Financial Implications**

- 7.1 The 2017-18 Final Local Government Settlement shows that the sum provided for CTR across Wales is at the same level as 2016-17. Bridgend's 2017-18 final settlement from Welsh Government includes £12.926 million to fund the CTR scheme, up from £12.695 million in 2016-17; this amount does not take into account any increase in council tax charges but is distributed based on expenditure on council tax reduction schemes in previous years.
- 7.2 Any shortfall between the amount provided in the settlement and the amount of CTR awarded, including any discretionary elements, will fall on the Council. Based on the current caseload the estimated total cost of the scheme for 2017-18 is around £13.9 million. Recent indications are that there has been a reduction in caseload and this is reflected in the MTFS Budget Reductions for 2017-18; however it is not certain that this will continue and it will need to be monitored closely. Additional funding of £1 million to meet the full cost of the CTR scheme was included in the base budget as part of the Medium Term Financial Strategy 2014-15 to 2017-18 (MTFS). In addition, further funding is also provided through the MTFS to meet demographic changes and changes arising as a result of the increase in council tax. This will be kept under review throughout the MTFS period.

## **8. Recommendation**

- 8.1 It is recommended that Council:
  - Note The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013, and the 2014, 2015, 2016 and 2017 amendment regulations.
  - Note the outcome of the consultation exercise undertaken by the Council on the discretionary elements of the Council Tax Reduction Scheme.
  - That Council adopts the scheme, the details of which are given in paragraphs 4.24 to 4.29 of this report.

**Darren Mephram**  
**Chief Executive**

**Contact Officer:** Janice Jenkins  
Financial Assessments Manager

**Telephone:** (01656) 643504

**E-mail:** Janice.Jenkins@bridgend.gov.uk

Bridgend County Borough Council,  
Civic Offices,  
Angel Street,  
Bridgend,  
CF31 4WB

### **Background Documents**

Welfare Reform Act 2012

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

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

<http://www.legislation.gov.uk/wsi/2013/3029/contents/made>

The Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013

<http://www.legislation.gov.uk/wsi/2013/3035/contents/made>

The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2014

<http://www.legislation.gov.uk/wsi/2014/66/contents/made>

The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2015

<http://www.legislation.gov.uk/wsi/2015/44/contents/made>

The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2016

<http://www.assembly.wales/laid%20documents/sub-ld10462/sub-ld10462-e.pdf>

The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2017

<http://www.assembly.wales/laid%20documents/sub-ld10857/sub-ld10857-e.pdf>

Welsh Government's Council Tax Support in Wales – Equality Impact Assessment

<http://gov.wales/docs/dsjlg/publications/equality/140603-council-tax-impact-en.pdf>