

BRIDGEND COUNTY BOROUGH COUNCIL
REPORT TO COUNCIL
31 JANUARY 2018
REPORT OF THE INTERIM HEAD OF FINANCE

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 2018-19 Council Tax Reduction Scheme (CTR), the requirement to adopt a CTR scheme by 31 January 2018, 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 11 January 2017, the Council adopted the Council Tax Reduction Scheme for 2017-18 in accordance with The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013. This scheme will end on 31 March 2018.
- 3.6 From the latest data, there are currently 13,892 households receiving CTR; 8,517 of these are of working age and 5,375 are of pensionable age. Out of the 13,892 households receiving CTR, 10,615 are entitled to a full CTR reduction.

4. Current Situation

4.1 **The Council Tax Reduction Scheme 2018-19**

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, 2016 and 2017.

4.4 The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2018 have now been laid. These regulations uprate the financial figures used in the CTR schemes and makes amendments to:

- Mirror changes made to the benefit system with respect to Employment Support Allowance.
- 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.

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://senedd.assembly.wales/mgIssueHistoryHome.aspx?Ild=20675>

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 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.

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 Consultation on the Prescribed Requirement Regulations was undertaken in 2016 and the results detailed in the Report of the Head of Finance's Council Tax Reduction report to Council on 11 January 2017. This report can be found at <https://democratic.bridgend.gov.uk/ieListDocuments.aspx?CId=142&MIId=2697&Ver=4&LLL=0>. As it is proposed not to change the discretionary elements, a further consultation exercise has not been completed.

4.11 It is proposed that the discretionary elements remain 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 £15,300.
- Backdating is maintained at the minimum standard of 3 months.

4.12 The total estimated cost to the Council for these proposals is £15,300 for 2018-19.

4.13 **Main Issues**

- 4.14 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.
- 4.15 The Council's recommended approach to the available discretions is to apply the recommendations in Table 4, paragraph 4.23. It should be noted that there are no additional monies available from the Welsh Government to fund the discretionary elements.
- 4.16 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.
- 4.17 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.
- 4.18 **Adoption of the Council Tax Reduction Scheme**
- 4.19 The Council is required to adopt a scheme by 31 January 2018 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.
- 4.20 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 4.23 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.
 - The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2018.

4.21 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.

4.22 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 2016, 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 2017-18 CTR scheme, which disregards these payments in full,
- The fixed funding available.

4.23 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
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.	4 weeks	<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>
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.	3 months	<p>Pensioners: The period of 3 months specified in paragraph (3) Schedule 13 will apply, and</p> <p>Non-pensioners: The period of 3 months specified in paragraph 4, Schedule 13 will apply.</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 2018-19 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 2018-19 Final Local Government Settlement shows that the sum provided for CTR across Wales is at the same level as 2017-18. Bridgend’s 2018-19 final settlement from Welsh Government includes £12.907 million to fund the CTR scheme, a reduction of £19,000 from £12.926 million in 2017-18; 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 2018-19 is around £13.9 million (including the cost of the discretionary elements). Recent indications are that there has been a reduction in caseload and this is reflected in the MTFS Budget Reductions for 2018-19; 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, 2017 and 2018 amendment regulations.
- That Council adopts the scheme, the details of which are given in paragraphs 4.18 to 4.23 of this report.

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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.legislation.gov.uk/wsi/2016/50/contents/made>

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

<http://www.legislation.gov.uk/wsi/2017/46/contents/made>

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

<http://senedd.assembly.wales/mgIssueHistoryHome.aspx?Ild=20675>

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

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