

## APPENDIX A

### Council Tax Reduction Scheme 2018-19 – Detailed Report

#### **1. Introduction**

- 1.1 With effect from April 2013, the Council Tax Benefit system was replaced with a localised Council Tax Reduction scheme. In Wales, the replacement scheme was devolved to Welsh Government but continues to be administered by local authorities.
- 1.2 The former Council Tax Benefit system was fully funded by the Westminster Government however less funding was given to Welsh Government with regard to the replacement scheme. However Welsh Government made a late decision to make up the shortfall which meant that up to 100% reduction would still be available to qualifying claimants.
- 1.3 The initial funding distributed to Councils by Welsh Government has not increased since the new scheme was introduced in 2013/14. Accordingly individual authorities must now make up any on-going shortfalls due to higher expenditure as a result of any additional caseload and/or higher Council Tax levels.

#### **2 Council Tax Reduction scheme – 2014/15 Onwards**

- 2.1 The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 are the regulations that govern the operation of Council Tax Reduction Schemes in Wales for 2014/15 and subsequent years. These were approved by Welsh Government on the 26<sup>th</sup> November 2013. Also approved were the default regulations which would apply if an authority failed to adopt the scheme.
- 2.2 The Prescribed Scheme regulations and Default Regulations are extensive and detailed, comprising almost 300 pages and are not therefore appended to this report.
- 2.3 The scheme is subject to the annual up-rating of certain figures used by authorities to assess individual customers' entitlement and is also subject to periodic technical adjustments. These amendments are contained in ***The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2018***
- 2.4 These regulations have been laid and will be debated by Welsh Government on 9th January 2018. If approved, they will come into force for 2018/19. These complex regulations will update the main regulations and therefore form part of the 2018/19 scheme.

- 2.5 This statutory instrument amends the previous Regulations to uprate certain figures used to calculate entitlement to a council tax reduction, and the amount of any such reduction awarded in the 2018-19 financial year. These will include Personal Allowances as well as carer and disabled premiums, uprated in line with the Consumer Price Index September figure from the previous year (2017), which is 3.0%.
- 2.6 It also makes a number of consequential and technical amendments to the 2013 CTRS Regulations that are associated with wider welfare changes made by the UK government. This will ensure Council Tax Reduction Schemes reflect changes made to interrelated social security benefits which often determine entitlement to a reduction.
- 2.7 Although the scheme will be uniform across Wales the Prescribed Requirements Regulations require the Council to adopt a Council Tax Reduction Scheme by 31<sup>st</sup> January each year, regardless of whether it applies any of the discretionary elements (see part (3) below).
- 2.8 If the Council fails to make a scheme, then the default scheme shall apply under the provisions of the Default Scheme Regulations. The default scheme is the same as the prescribed scheme except that Council can only use its discretionary powers if it adopts the Prescribed Requirements Regulations scheme.

### **3. Discretionary Powers**

- 3.1. Although a national scheme has been approved by Welsh Government, within the Prescribed Requirements Regulations there continues to be limited discretion given to Councils to apply additional discretionary elements that are more generous than the national scheme. It should be noted however, that there are no additional monies available from Welsh Government to fund the discretionary elements.
- 3.2. There are three areas of discretion now available to authorities, as follows:

- a) Discretion to increase the amount of War Disablement Pensions, War Widows Pensions and analogous payments, that are disregarded when calculating income of the claimant;

*[Note: The Council, in common with all other authorities in Wales, has since its inception, exercised its discretion and fully disregarded War Disablement pensions, War Widows Pensions in the calculation of Housing Benefit and Council Tax Benefit.*

*This approach has been retained by the Council for the Council Tax Reduction scheme. The estimated cost to the Authority for 2018/19 is approximately £20k.]*

- b) 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 will cease as a result of their return to work;

*[Note: The 4 week “run on” was an established feature of the former Council Tax Benefit scheme, the existing Housing Benefit scheme and is retained for the all-Wales, standard Council Tax Reduction scheme.*

*If the Council were to increase this period it would deviate from the established arrangements, create a serious anomaly with the on-going Housing Benefit system and increase the cost to the Council]*

- c) 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;

*[Note: The previous Council Tax Benefit regulations allowed maximum backdating of 6 months for working age customers, 3 months for pension age customers]*

- 3.3. In relation to its discretionary powers, the Council has to date, adopted the following approach each year since Council Tax Reduction scheme was introduced:

Council:

- a) exercises its discretion and fully disregards War Disablement pensions, War Widows Pensions and analogous payments when calculating income for the purposes of assessing entitlement to Council Tax Reduction
- b) does not exercise its discretion in relation to extended payments and therefore adopts the 4 week period specified within the standard scheme,
- c) does not exercise its discretion in relation to backdating applications and therefore adopts the 3 month maximum period specified within the standard scheme

#### **4. Adoption of Scheme**

- 4.1. Under the requirements of the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 the Council is obliged to make a Council Tax Reduction scheme. Furthermore, in order to do so, the regulations require the Council to determine its approach to the discretion powers available to it.

- 4.2. It is therefore recommended that for 2018/19:

- a) **Council adopts a scheme in accordance with the Council Tax Reduction Schemes and Prescribed Requirements (Wales)**

**Regulations 2013 and any subsequent amendments that may be required by legislation from time to time, in particular:**

- i. The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2014**
- ii. Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2018**

**and**

**b) Council retains its existing approach to its discretionary powers as follows:**

- i. Council exercises its discretion and for the purposes of assessing entitlement to Council Tax Reduction disregards in full War Disablement Pension, War Widows & Widowers Pensions and any analogous payments as permitted under the Regulations**
- ii. Council does not exercise its discretion in relation to extended payments and therefore applies the 4 week period specified within the standard scheme.**
- iii. Council does not exercise its discretion in relation to backdating applications and therefore adopts the 3 month maximum period specified within the standard scheme.**