

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **CABINET**

**DATE:**               **TUESDAY, 22 JANUARY 2013**

**REPORT BY:**       **HEAD OF FINANCE, CHIEF EXECUTIVE**

**SUBJECT:**           **ADOPTION OF COUNCIL TAX SUPPORT SCHEME -  
APRIL 2013**

### **1.00 PURPOSE OF REPORT**

1.01 The report explains the change from Council Tax Benefit to the Council Tax Reduction scheme, addresses the funding implications and the requirement to adopt the scheme by 31<sup>st</sup> January 2013.

### **2.00 BACKGROUND**

2.01 The current Council Tax Benefit Scheme is to be replaced from 1 April 2013 with a Council Tax Reduction Scheme. In Wales, there will be a national scheme (in contrast to England, where schemes are local to each billing authority.)

2.02 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 19 December 2012, the Welsh Assembly approved two sets of regulations:

- the Council Tax Reduction Schemes (Default Schemes) (Wales) Regulations 2012 ("the Default Scheme Regulations");<sup>1</sup> and
- The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2012 ("the Prescribed Requirements Regulations")<sup>2</sup>.

These Regulations prescribe the main features of the Scheme to be adopted by all Councils in Wales.

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<sup>1</sup> These can be accessed: <http://www.assemblywales.org/bus-home/bus-business-fourth-assembly-laid-docs.htm?act=dis&id=241510&ds=1/2013>

<sup>2</sup> These can be accessed: <http://www.assemblywales.org/bus-home/bus-business-fourth-assembly-laid-docs.htm?act=dis&id=241510&ds=1/2013>

- 2.03 Although the Act had given the Welsh Ministers discretion to allow Welsh local authorities to determine the content of their own schemes, the Government took a decision to establish a national framework for the provision of Council Tax Support in Wales. This will avoid what has been termed a "postcode lottery" whereby eligibility for particular groups could be different in different council areas.
- 2.04 Although a national scheme has been approved, within the Prescribed Requirements Regulations, there is limited discretion given to the Council to apply additional discretionary elements that are more generous than the national scheme and which provide for additional administrative flexibility. These are:
- The ability to extend the standard period of 4 weeks during which council tax reduction will continue after someone starts work;
  - A discretion to increase the amount of War Disablement Pensions and War Widows Pensions which is to be disregarded when calculating the income of the claimant;
  - A discretion to permit claims for council tax reduction to be submitted at offices other than County Hall/Flintshire County Council buildings;
  - A discretion to enhance the process for notification of decisions above the minimum requirements; and
  - The ability to backdate the award of council tax reduction for longer than the new standard period of three months, where a claim has been submitted late.
- 2.05 The Prescribed Requirements Regulations require the Council to adopt a Council Tax Reduction Scheme by 31 January 2013, regardless of whether it applies any of the discretionary elements. If the Council fails to make a scheme, then a default scheme will 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.
- 2.06 Whether or not the Council wished to adopt any of the above discretionary elements it was obliged to carry out consultation on the adoption of a scheme, even though the provisions were set by the Welsh Government. Because of the tight timescales between the making of the Prescribed Requirements Regulations and 31 January 2013 (by which date the scheme has to be adopted), consultation has been truncated in Flintshire County Council between 17<sup>th</sup> December 2012 and 14<sup>th</sup> January 2013. The consultation exercise has been applied by all Welsh Councils and has been based upon the best information available at the time.

### **3.00 CONSIDERATIONS**

- 3.01 The Council's recommended approach to the available discretions is to apply them as outlined in Appendix 2.
- 3.02 It should be noted that there are no additional monies available from the Welsh Government to fund the discretionary elements. The cost of funding similar discretionary elements under the current council tax benefit scheme is outlined in Appendix 2
- 3.03 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 Council Tax Reduction Scheme itself.

### **4.00 RECOMMENDATIONS**

- 4.01 To note the making of the Council Tax Reduction Scheme and Prescribed Requirements (Wales) Regulations ("the Prescribed Requirements Regulations") by the Welsh Assembly on 19 December 2012.
- 4.02 To note the outcome of the consultation exercise undertaken by the Council on the introduction of the Council Tax Support Scheme.
- 4.03 To adopt the Scheme as set out in Appendix [ 1 ].

### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 The Council needs to manage the cost of Council Tax Support within its budget. The amount of government support is limited to £8,772,518 and is provided on a fixed basis rather than the demand-led basis of support to council tax benefit. The Council needs to recognise also that as well as receiving a reduced amount of government support, it is anticipated that there will be an increase in non-collection rates as a result of the increased burden on claimants.
- 5.02 The Council has a duty to recover all outstanding Council Tax balances so that debts owed to the Council are kept to a minimum. With this in mind, the recent introduction of a Corporate Debt Policy should help to minimise the impact of non collection. The policy will ensure fairness for all in that every debtor will have an obligation to repay their debt owed so that future services do not suffer.

- 5.03 Critically, the policy will also ensure the Council and partner organisations will treat all debtors fairly and, where possible we will promote free debt advice services. Where appropriate, payment agreements will be put in place to assist debtors in adverse financial circumstances. Where a customer makes contact to discuss payment difficulties their circumstances will be considered fairly and objectively with a view to agreeing a reasonable payment arrangement, minimising recovery action and avoiding potential additional costs.
- 5.04 The decision to agree a repayment timetable will be influenced by the willingness of the customer to take advantage of the debt advice. Proportionate measures will be deployed to develop a culture of payment and early intervention while encouraging those in need of help to get in touch with the Council at an early stage.

## **6.00 ANTI POVERTY IMPACT**

- 6.01 Wales has been argued to be the most deprived country in the UK. It has also been highlighted that the deprivation present in Wales is comparable to only parts of England, in which a similar “post – industrial setting is found”. It may be regarded that Wales faces more significant impacts as a result of changes to the systems of welfare which begin in earnest next year.
- 6.02 The Welfare Reform Programme has recognised the need for proactive work and support to try and mitigate as much as possible the effects on vulnerable residents in Flintshire. Residents may not only be affected by changes to Council Tax Support but may also be affected by other changes to other welfare benefits which are happening at the same time.

## **7.00 ENVIRONMENTAL IMPACT**

- 7.01 None specifically associated with the content of this report.

## **8.00 EQUALITIES IMPACT**

- 8.01 The replacement of Council Tax Benefit with the national support scheme will impact upon many of our low income residents including those in vulnerable groups.

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

The Welsh Government has compiled an equalities impact assessment following its consultation<sup>3</sup>. A local equalities impact assessment has been carried out by the Council and a summary is contained in Appendix 4.

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<sup>3</sup> This may be accessed through the following link (Page 16 Appendix A): <http://www.assemblywales.org/bus-home/bus-business-fourth-assembly-laid-docs.htm?act=dis&id=241515&ds=1/2013>

## **9.00 PERSONNEL IMPLICATIONS**

9.01 None specifically associated with the content of this report.

## **10.00 CONSULTATION REQUIRED**

10.01 Yes.

## **11.00 CONSULTATION UNDERTAKEN**

11.01 The Welsh Government undertook consultation on Providing Support for Council Tax between February and April 2012. A technical consultation was carried out between 21 September and 19 October on the draft Default Scheme Regulations. No specific consultation has been carried out nationally on the Prescribed Requirement Regulations. An Equality Impact Assessment has been carried out and was submitted to the Minister for Local Government and Communities for consideration alongside the draft regulations.

11.02 Local consultation has taken place between 17<sup>th</sup> December 2012 and 14<sup>th</sup> January 2013. A summary of the consultation results is contained at Appendix 3.

## **12.00 APPENDICES**

- Appendix 1 – Summary of the Scheme
- Appendix 2 – The Discretionary Elements
- Appendix 3 - Summary of Public Consultation
- Appendix 4 - Equalities Impact Assessment

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS**

Schedule 1B of the Local Government Finance Act 1992 ( as inserted by the Local Government Finance Act 2012

Council Tax Reduction Schemes (Default Schemes) (Wales) Regulations 2012 (“Default Scheme Regulations”)

Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2012 (“Prescribed Requirement Regulations)

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