



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE Council Tax Support Arrangements

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BY Carl Sargeant, Minister for Local Government and Communities

The UK Government is implementing a wide ranging and significant programme of reform of the welfare system. As part of this, the Council Tax Benefit system is being brought to an end on 1 April 2013 and funding transferred to Wales so that a new arrangement could be put in place to provide support with council tax bills. The funding transfer included a cut of 10 per cent based on the UK Government's estimate of expenditure 2013-14 budget.

On 19 December 2012, the Assembly passed regulations that would implement new arrangements to support those who will pay council tax in 2013-14. The Regulations (*Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2012* and *Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2012*) set out that the maximum level of support that eligible claimants could receive would be 90 per cent. This reflected the shortfall in the transfer of funding from the UK Government.

The Welsh Government has become increasingly concerned about the practical impact of the reduction in support for claimants. This is particularly the case as the impact of other UK Government welfare reforms is becoming clearer, for example, as people are notified of the direct impact of the 'bedroom tax'. The difficulties for some of our most vulnerable have been sharpened further by the decision of the UK Government last week to set a 1 per cent cap on benefit increases. Aside from other reductions as a consequence of the welfare reform programme, this will implement a further real terms cut in income for those groups of people.

Against this background, the Welsh Government has decided to increase the maximum level of support from the current 90 per cent to 100 per cent. That means claimants will receive the full amount of support for their council tax bills to which they are eligible. Unlike the 2012 Regulations, not all claimants receiving support will have to pay a proportion of their bill. The Government will provide an additional £22 million to local authorities to implement the change. It has been possible to identify

these funds as a consequence of the Government's careful financial management and prudent use of reserves and departmental budgets.

In order to implement this change, the existing regulations must be amended. The Government will also use the opportunity to uprate some financial thresholds in the current regulations and to make a small number of other minor adjustments, partly in response to the helpful scrutiny by the Constitutional and Legislative Affairs Committee before Christmas.

Local authorities are subject to a range of deadlines in the run up to issuing council tax bills, including the need to adopt a Council Tax Reduction scheme by 31 January so it is vital that the amendments are made as soon as possible. If it is not possible to make the amended regulations in time, authorities may incur very substantial costs for council tax rebilling.

The Government has laid amending regulations today and will seek with the support of the Presiding Officer and Business Committee to debate them in the Assembly early next week. In view of the timing, this will involve the suspension of Standing Orders. The proposed changes will not affect the Sunset Clause added to the Regulations in December and the amended Regulations will operate for 2013-14 only.

The changes to the Regulations that the Welsh Government is making will significantly improve the financial position for those vulnerable households who would have faced increases in their council tax bills, as well as those who would have had to contribute to their council tax bills for the first time.