

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 21 JANUARY 2014**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **COUNCIL TAX REDUCTION SCHEME**

1.00 PURPOSE OF REPORT

- 1.01 The report is to explain the requirement for the Council to adopt the Council Tax Reduction Scheme for 2014/2015 by 31st January 2014.
- 1.02 To recommend to Council to adopt the Council Tax Reduction Scheme for 2014/2015 subject to any input from Corporate Resources Overview and Scrutiny Committee.

2.00 BACKGROUND

- 2.01 The current Council Tax Reduction Scheme was adopted by Flintshire County Council on 29th January 2013. The scheme regulations had what is known as a “sunset clause” in them which made them valid and legal for 2013/2014 only.
- 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 26th November 2013, the Welsh Government approved the following Regulations:
- The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013
 - Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013
- 2.03 These Regulations have been amended to reflect changes in Benefit allowances and will be approved by Wales Government in Plenary on 14th January 2014.
- The Council Tax Reduction Scheme (prescribed requirements and Default Scheme) (Wales) (Amendment) Regulations 2014

- 2.04 These Regulations prescribe the main features of the Scheme to be adopted by all Councils in Wales.
- 2.05 The Regulations for 2014/15 do not contain any significant changes from the claimant's perspective. Qualifying taxpayers may continue to receive a reduction up to 100% of their Council Tax bill (depending on the level of their income).
- 2.06 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:

- a) The ability to increase the standard extended payment period of 4 weeks given to people after they return to work, when they have been in receipt of a relevant qualifying benefit for at least 26 weeks.
 - b) Discretion to disregard part or the whole amount of War Disablement pensions and War Widows Pensions when calculating income.
 - c) The ability to backdate the application of Council Tax Reduction awards for working age customers more than the standard period of 3 months prior to the claim.
- 2.07 The Prescribed Regulations require the Council to adopt the Council Tax Reduction Scheme by 31st January 2014, regardless of whether it applies any of the discretionary elements. If the Council fails to make or adopt a scheme, then a default scheme will apply under the provisions of the Default Scheme Regulations. The Council can only apply a discretion if it makes its own scheme under the Prescribed Requirements Regulations.
- 2.08 Whether or not the Council wish to adopt any of the above discretionary elements, it is obliged to carry out consultation on the adoption of the scheme, even though the provisions were set by Welsh Government.
- 2.09 Due to the tight timescales between making the Prescribed Regulations and the 31st January 2014, the consultation has been truncated in Flintshire between 27th November 2013 and 18th December 2013.
- 2.10 The results of the consultation can be found at appendix 2.

2.11 Following the arrangements for 2013/2014 the adoption of the Council Tax Reduction Scheme for 2014/2015 is being considered by Corporate Resources Overview and Scrutiny Committee on 16th January 2014 and any feedback will be provided verbally to Cabinet on 21st January 2014.

2.12 The recommendations of Cabinet will be reported to Council on 28th January 2014.

3.00 CONSIDERATIONS

3.01 In 2013/2014 the Council adopted the discretions as set out in this report and as detailed in Appendix 1 and it is recommended that these continue.

3.02 It should be noted that there are no additional monies available from Welsh Government to fund the discretionary elements. The projected cost of funding these discretionary elements during 2013/2014 and the estimated cost of funding these discretionary elements during 2014/2015 is outlined in Appendix 1 and is provided for in base budget.

3.03 The Council continues to have the powers to support hardship on an individual basis or in respect of a defined group, specifically within the Corporate Debt Policy. 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 Wales Government on 26th November 2013. As amended by the Council Tax Reduction Schemes (prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2014.

4.02 To recommend to Council to adopt the Council Tax Reduction Scheme discretionary elements as outlined in Appendix 1, subject to any input from Corporate Resources Overview and Scrutiny Committee.

5.00 FINANCIAL IMPLICATIONS

5.01 The Welsh Government’s estimate of the whole cost of the scheme at this time last year was £222m, this was based on the intention to fund 90% of the scheme. Later a further £22m was paid to Council’s via a specific grant, after a late decision was made by Welsh Government to fund a 100% reduction (where applicable).

- 5.02 The cost of Council Tax Reduction needs to be managed within the Council's budget. The amount identified by Welsh Government in the Financial Settlement for 2014/2015 is £9.924 million.
- 5.03 The funding arrangements for 2014/15 include funding of up to 100% of the estimated cost of the scheme based on the 2012/13 cost of the Council Tax Benefit and therefore funding does not include the 2013/14 increase in Council Tax producing an immediate additional shortfall of 3.14% including precepts. With the Council having a responsibility to meet this shortfall in order to maintain the scheme at 100% reduction (where applicable).
- 5.04 The Council must also meet the cost applied as a result of 2014/15 Council Tax increases.
- 5.05 In addition to Flintshire's initial estimates to maintaining the scheme at 100%, the Council are also liable for any fluctuations in caseload, which is dependant on the economic climate.
- 5.06 Current projection as to the cost to the Authority is:

2013/14 CTRS paid	£10.200 million
2014/15 C.Tax increase 3.5% (inc police and community councils)	£ 0.357 million
Projected Cost	£10.557million
WG Funding	£9.924 million
Shortfall / pressure	£0.633 million

6.00 ANTI POVERTY IMPACT

- 6.01 The major reform of the welfare benefits system began to impact residents from April 2014.
- 6.02 The Welfare Reform Programme recognised the need for proactive work and support to try to mitigate, as much as possible, the effects of the changes on vulnerable residents in Flintshire and continues to successfully deliver on this basis.
- 6.03 Residents may not only be affected by the 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 Scheme proposed for 2014/2015 does not contain any significant changes from the scheme which is currently in operation, other than detailed in the recommendations above.

8.01 On this basis, following a rigorous and detailed Equalities Impact Assessment being conducted on the introduction of the Scheme in 2013, there is no requirement to conduct a further assessment.

9.00 PERSONNEL IMPLICATIONS

9.01 None specifically associated with the content of this report.

10.00 CONSULTATION REQUIRED

10.01 Yes, as below:

- Members of the Public
- Flintshire County Council Elected Members
- Members of Parliament and Assembly Members
- Local Service Board Members
- Advice Management Board Members
- Office for Police and Crime Commissioner for Wales
- Royal British Legion
- Corporate Resources Overview and Scrutiny Committee

11.00 CONSULTATION UNDERTAKEN

11.01 Due to the extent of the far reaching and detailed consultation approach taken in 2012/13 in relation to the brand new Scheme it has been agreed that a more targeted consultation approach would be adopted for the Scheme for 2014/15.

11.02 The consultation period was 27th November 2013 to 18th December 2013 and a summary of the results of the consultation can be found at Appendix 2.

11.03 Corporate Resources Overview and Scrutiny Committee on 16th January 2014.

12.00 APPENDICES

Appendix 1 – The Discretionary Elements

Appendix 2 – Summary of the Public Consultation

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)

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

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

The Council Tax Reduction Scheme (prescribed requirements and Default Scheme) (Wales) (Amendment) Regulations 2014

Contact Officer: Jen Griffiths – Benefits Manager
Telephone: 01352 702929
Email: jen.griffiths@flintshire.gov.uk