

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 Cabinet on 21st January 2014

- 2.12 The recommendations from this Committee and 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 Cabinet

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
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|--|-----------------|
| 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

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Appendix 1 – Cabinet Report

The Discretionary Elements

There are three distinct areas of discretion within the Regulations and Flintshire County Council proposes to exercise these as follows:

1. Not to increase the “extended payment period” to more than four weeks when an applicant starts work. This rule currently acts as a good incentive measure under CTRS and it makes sense to maintain it in line with the Housing Benefits (HB) Extended Payment rules, which are also set at four weeks. This measure will result in approximately £20,948 of expenditure in 2013/14
2. To continue to disregard all War Disablement and War Widows Pensions as income. This measure will result in approximately £32,284 of expenditure for 2013/14. Continuation of this discretion would follow a long precedent and maintain the link with the Authority’s treatment of this income for HB purposes.
3. To maintain the standard three month backdating provisions for pensioners when a good reason for failing to claim earlier is shown. This reflects the current position with regard to CTRS and HB and payments in respect of backdating will result in approximately £29,375 of expenditure in 2013/14

Appendix 2 – Cabinet Report

Summary of Public Consultation

The Consultation opened on 27 November and closed on 18 December 2013.

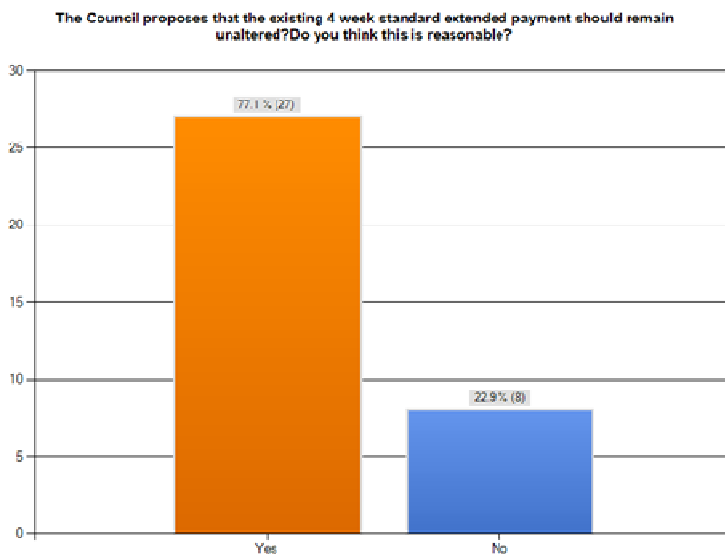
The survey was available publicly on-line via the Council's website and was emailed to a range of identified stakeholders. It was also available in hard copy at public libraries, Flintshire Connects, Main Reception County Hall, Benefits Reception County Hall, Phase III Reception County Hall and Reception at County Offices Flint.

35 English responses were completed and 0 Welsh responses.

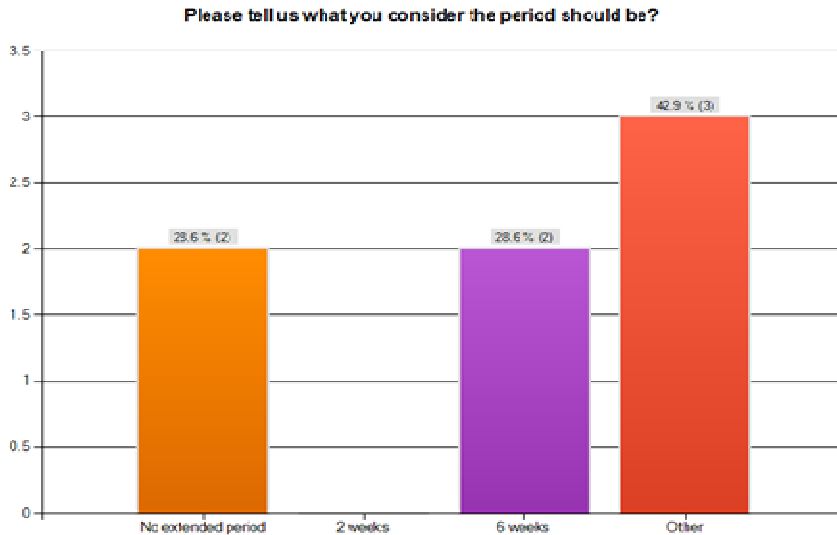
Of the 35 responses received 34 were completed on-line and 1 via hard copy.

Local discretion 1

The Council proposes that the existing 4 week standard extended payment should remain unaltered? Do you think this is reasonable?



If no, please tell us what you consider the period should be?



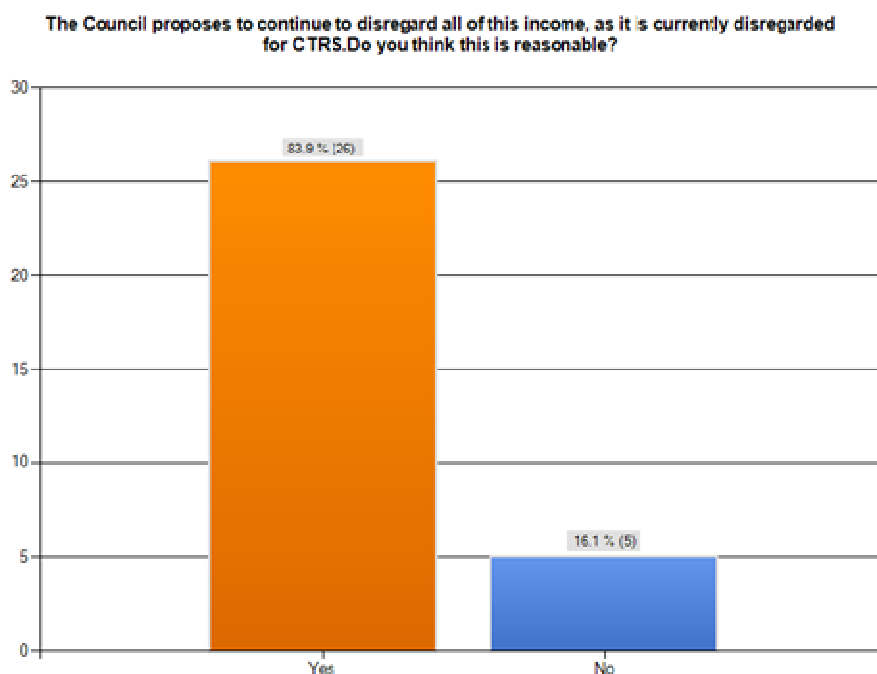
Of the three people who responded other, two respondents provided the following further information:

We feel that 4 weeks is generally sufficient time for an individual to continue to receive a Council Tax reduction after commencing paid employment. However we do feel that there should be a robust mechanism in place to proactively identify individuals who are in debt and/or facing financial difficulties despite finding employment. In these cases there should be recourse for individuals to discretionary Council Tax Reductions or other financial support for those who are facing difficulties paying their Council Tax, despite being in paid employment with earnings above the earnings threshold for Council Tax Reductions. For example some individuals will have accrued debts whilst unemployed that may result in a loss of heating or lighting to their home; homelessness; inability to feed themselves; inability to afford to travel to their workplace or other debts that cause not only distress and anguish, but also physical health and wellbeing concerns. In those situations individuals may require a longer period, in addition to independent advocacy and support, to address their financial difficulties before having to pay Council Tax. Consideration should also be given to delays in notifying the Council immediately of a change in circumstances, especially where this is due to not understanding their responsibilities due to communication barriers or disability-related barriers. In such circumstances retrospectively applying full Council Tax liability could force an individual into poverty and debt through no fault of their own.

Welfare reform changes to move benefit payments to calendar monthly payments will already push recipients into financial hardship as they will be paid a month in arrears, take 5 weeks to process (leaving them without funds) and therefore simply returning to work and waiting 4 weeks will not give them ample time to really catch up with themselves

Local Discretion 2

The Council proposes to continue to disregard all War Disablement Pension and War Widows Pension income, as it is currently disregarded for CTRS. Do you think this is reasonable?



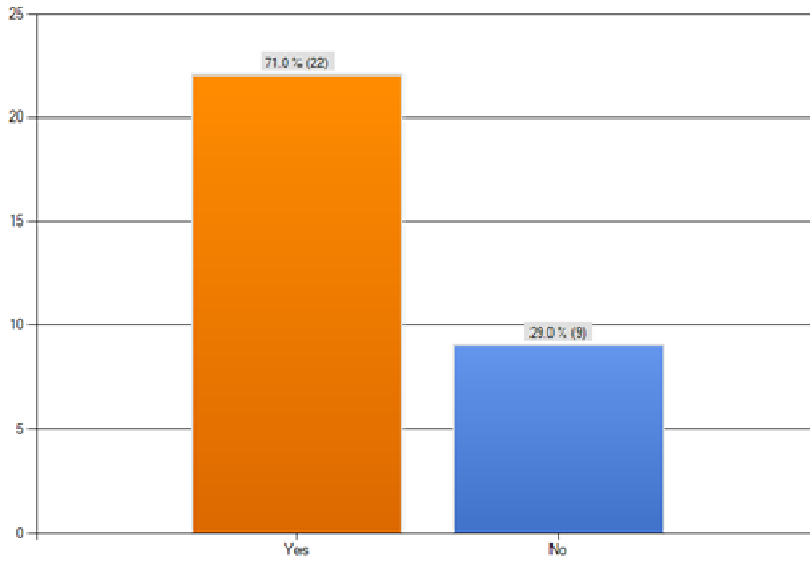
If answering no, respondents were asked; “Please tell us what you think would be reasonable?” and the following responses were received:

- Nothing
- To count it as part of their income
- I think a £40.00 per week disregard would be reasonable
- They have more disposable income than other households in order to meet their costs. Therefore a standard disregard could apply to the first £30 per week.

Local Discretion 3

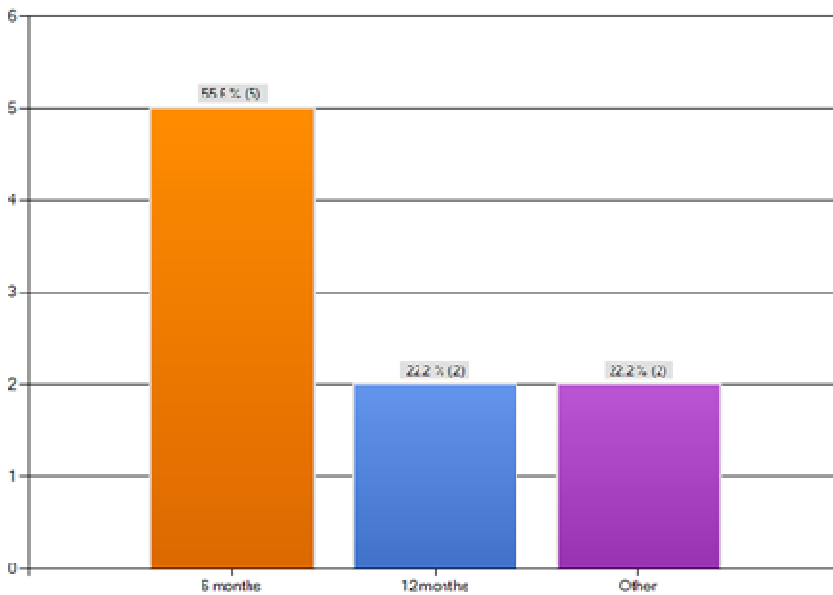
The Council proposes to keep the maximum backdate available to the 3 month statutory period. Do you think this is reasonable?

The Council proposes to keep the maximum backdate available to the 3 month statutory period. Do you think this is reasonable?



If 'No' please tell us what you would consider to be reasonable?

Please tell us what period you would consider to be reasonable?



Of the respondents who ticked other the following supplementary information was provided:

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- None
 - We strongly believe Council Tax Reductions should be able to be back dated by 6 months if there are reasons for the delay, such as bereavement, mental distress, a hospital or hospice stay, caring for a family member, or disability-related barriers.

The circumstances which have led an individual to claim Council Tax Reduction can often be both complex and lead to situations where an individual is struggling to access other entitlements and to continue to afford housing, utilities, water, food and other basic costs. In these situations there may be a delay in applying for Council Tax Reduction, which should be accounted for and 3 months is not sufficient time in some cases. Similarly many disabled people require additional time to complete forms either due to limited energy or time to fill in forms or due to not understanding the information or processes. Time limits can often place these individuals under extreme stress and anxiety and therefore any extension to backdating provisions, in order to account for these barriers and to prevent people falling into poverty and/or debt, is welcome. We would encourage Flintshire County Council to ensure that all individuals applying for Council Tax Reductions, any benefit, or any concern from the Council are signposted to independent professional advocacy to ensure that they are able to understand and complete forms accurately, reducing administration costs for the Council and stress and anxiety for the individuals applying. Accessible formats and community language information, documents and forms should also be proactively provided, including large print, Easy Read and audio documents. This should be in addition to providing all standard documents in Plain English and Cymraeg Clir as the usual format.

- There are many reasons why backdating is necessary and limiting to 3 months is unfair in genuine cases