

APPENDIX 2

Draft Responses to the Welsh Government Consultation Document

Question 1: Do you agree the Welsh Government should maintain a system of Council Tax Support?

Agreed that a system of Council tax support needs to be maintained, failure to maintain a system would lead to many vulnerable and low income households being liable to pay Council Tax in full, with the consequence of increasing levels of poverty and the subsequent impacts of social dependency.

Question 2a: Given the financial pressures and the likely impact on local services, should entitlements be maintained at current levels from 2015-16? Or should entitlements be reduced, exposing low income and vulnerable families to increases in the Council Tax they have to pay?

Unfortunately the financial cost of the scheme cannot be sustained in the current economic climate, without significant increases in Council Tax levels to fund the scheme which would have a detrimental impact on households where levels of income are marginally above benefit entitlements. Therefore entitlements must be reduced to sustainable levels.

Question 2b: If entitlements are maintained, how should the gap be funded? Should the Welsh Government pay, should Local Government pay, or should the cost be shared?

If entitlements are to be maintained, it would require an examination as to the drivers for maintenance e.g. if WG commit to anti poverty policies which include maintenance for specified groups, such as ensuring families with children have an income of at least 60% of the average household income, then WG should be responsible for funding.

Question 2c: If some of the costs continue to be met by Local Authorities, what might be the implications for the communities for whom they provide services?

Maintenance of entitlements will increase pressures on budgets with only available solutions of either increasing Council Tax or reducing services both of which will have a detrimental effect on Communities.

Question 3a: Should some of the costs of maintaining entitlement be offset by changes to the Council Tax system itself, to enable Local Authorities to generate additional revenue? If so, how? What are the implications of making changes to the Council Tax system itself? What would be the administrative implications for Local Authorities?

It must be recognised that any changes to the Council Tax system would impact on the Tax payer, particularly in the instances of discounts and exemptions. For example, reduction of 25% Single person discount (SPD)

would increase the liability to the Tax payer, in many cases SPD claimants are pensioners or single parent households with limited budgets, additional tax burdens may have a detrimental impact on their finances and for SPD working households may mean that work no longer pays more than unemployment.

If changes were to be implicated there would be additional administrative burdens for Authorities with the cost of software changes and the potential higher levels of recovery action required.

Question 3b: Should any such changes be prescribed nationally or should there be local flexibility?

Changes to the Council Tax system should be prescribed nationally with limited local flexibility which would allow the consideration of local issues, however this may set a precedent allowing further changes to the Council Tax system to an extent that Council Tax itself would no longer be a national scheme.

Question 4a: If entitlements have to be reduced, should everyone pay a proportion of their Council Tax, or should some groups be protected?

To protect some groups would increase the burden on other vulnerable groups as evidenced in England where pensioners have been protected with the consequence that a non-Pensioner household in receipt of means-tested Welfare benefits can be liable for 40% of Council Tax.

Question 4b: If you think any groups should be protected, which groups and on what grounds?

See question 4a.

Question 4c: What are the equality implications and potential impacts on those with protected characteristics of making everyone pay a proportion of their Council Tax, or of protecting particular groups?

The removal of full CTRS will impact on all groups who have in previous years been identified by a process of means testing as unable to pay, therefore the removal will have significant impact on available income for basic needs, for this reason there is a requirement to limit impact as far as possible which indicates that the burden should be equitable for all groups.

Question 5a: If entitlements have to be reduced, should this be through a single national framework scheme proposed by Welsh Ministers and approved by the Assembly or should Local Authorities have flexibility to devise local solutions?

To prevent a "post code lottery" there should be a single national scheme.

Question 5b: If a localised approach is introduced, should Local

Authorities have full flexibility or should some national prescription be maintained? What aspects of a CTRS scheme would it be appropriate to determine locally?

If there is to be a localised approach then LA's should have full flexibility to devise a scheme which adapts to local conditions.

Question 6a: If entitlement has to be reduced, what is the most equitable and sustainable option (or combination of options) for doing so? What are the implications for groups with protected characteristics under the Equality Act? What would be the impact on the rights of children and young people?

To achieve an equitable solution the options must have equal impact on all groups, as previously stated the protection of any group effectively is at the detriment of another group. Therefore Options 1, 2 & 3 fulfil these criteria.

Question 6b: Are there other options which should be considered? If so, how would they work and what advantages would they offer? What would be the equality impacts?

All effective options are considered

Question 6c: What are the relative administrative implications for Local Authorities of the different options?

All options will require software change which could be achieved by current suppliers at the cost of upgrades. The major administrative implication would be the resources required to collect / recover relatively small amounts of Council Tax, from Tax payers who are on low incomes. This has already been evidenced in the significant increase in effort and resources that social housing landlords have had to employ in order to try and collect rent from (a smaller number of residents) impacted by the spare room subsidy.

Question 6d: The impact of some property band based options on revenues will vary widely from Authority to Authority. How might these variations be mitigated if such options are implemented?

It would require an examination of each Authorities tax base compared with required savings to calculate band changes required. This process would be cumbersome and would lose the uniformity of a one Wales scheme.

Question 7a: In the longer term, it may be desirable or necessary to make changes to the system of means testing, as UC is fully rolled out, but our proposal is to retain the existing means testing approach in the medium term. What are your views on this?

Although there is an increased administrative burden on LA's to means test, this does ensure that CTRS recipients receive the correct entitlement, non means testing would produce a "winners and losers" scenario and potentially the scheme would be open to abuse, which could result in a higher cost whilst potentially not supporting vulnerable groups.

Question 7b: What are the main implications of wider welfare reforms for CTRS, and how should these be addressed?

The impacts of Welfare Reform are in many cases reducing benefit entitlement within a context of "making work pay", at a time of economic uncertainty. The reduction in income for these groups effectively increases the impacts on CTRS where there will become a liability for payment.

To reduce the impacts requires a long-term commitment to provide / promote employment, with a demand to increase the skills and education to produce a workforce which would enhance the potential for employment

Question 8: What are the implications of the Commission's findings for the future of CTRS?

The Commission has correctly identified the unsustainable of funding for the future of CTRS, this consultation addresses the current issues but in the future further decisions will have to be made to reflect increasing costs. To ensure a seamless approach the decision as to options available within this paper should also reflect potential for future change, which will remove banding based options.