

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **FLINTSHIRE COUNTY COUNCIL**

DATE: **TUESDAY, 27 JANUARY 2015**

REPORT BY: **CHIEF OFFICER (COMMUNITY AND ENTERPRISE)**

SUBJECT: **COUNCIL TAX REDUCTION SCHEME**

1.00 **PURPOSE OF REPORT**

1.01 The report explains the requirement to adopt the Council Tax Reduction Scheme for 2015/2016 by 31st January 2015.

2.00 **BACKGROUND**

2.01 The current Council Tax Reduction Scheme was adopted by Flintshire County Council on 21st January 2014. The scheme regulations include a requirement for them to be adopted each year.

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).

2.03 The following draft regulations (Statutory Instruments) were laid before the National Assembly for Wales and will be debated on 20th January 2015 and, subject to approval, will come into force on 21st January 2015.

- The Council Tax Reduction Scheme (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2015.

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

2.05 The Regulations for 2015/16 ensure that 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 The Statutory Instrument updates certain figures used to calculate an applicant's entitlement to a reduction under the Council Tax Reduction Scheme. They also make amendments relating to eligibility for a Council Tax reduction and makes consequential amendments as a result of wider changes to welfare benefits.

- 2.07 This statutory instrument amends the 2013 Regulations to uprate certain figures used within those Regulations to calculate entitlement to a reduction, and subsequently the amount of a reduction. The uprated figures relate to:
- Non-dependant deductions (adjustments made to the maximum amount of reduction a person can receive to take account of adults living in the dwelling who are not dependants of the applicant);
 - The applicable amount (the amount against which an applicant's income is compared to determine the amount of reduction they are entitled to); and
 - The disregard that applies when calculating a person's income.
- 2.08 These uprated figures have been calculated with assistance from the Department of Work and Pensions following the Chancellor's Autumn Statement and the uprating of interrelated social security benefits such as Savings Credit. The uprating increases the various figures used to calculate an applicant's entitlement to a reduction, and the amount of the reduction, in line with increased living costs and earnings.
- 2.09 Whilst the scale of the impact is dependent on an applicant's particular circumstances, almost all applicants will be worse off in 2015-16 if the uprating amendments are not made.
- 2.10 In addition to the uprating, this statutory instrument amends the 2013 Regulations to:
- Remove the requirement for Council's to publish a draft scheme and consult interested persons where a Council revises a scheme in consequence of amendments made to the prescribed requirements in the Regulations. This removes an administrative burden from Council's as it means they are no longer required to consult on legislative changes made to their schemes as a result of changes made to the Regulations over which they have no control.
 - Incorporate the introduction of shared parental leave and statutory shared parental pay, into the rules for calculating entitlement to a reduction. This replaces additional paternity leave and additional statutory paternity pay for babies due or adopted on or after 5 April 2015.
 - Provide that being entitled to an income-based Jobseeker's Allowance ("JSA") will no longer grant access to a Council Tax Reduction for jobseeker's who are nationals of the European Economic Area ("EEA"). The 2013 Regulations are amended

so that only EEA nationals who are receiving JSA because they have a right to reside other than as a jobseeker or as a family member of a jobseeker will continue to be eligible. The amendment will not apply to a person who is entitled to housing benefit and income-based jobseeker's allowance on 31st March 2014 until that person ceases to be entitled to jobseeker's allowance or makes a new claim for a Council Tax Reduction, whichever is earlier. EEA nationals who are self-employed, are workers or who are unemployed but retain their worker status have the same rights to a Council Tax Reduction as a UK national and their situation remains unchanged. This amendment reflects similar changes made to Housing Benefit from 1 April 2014. Council Tax Reduction Schemes and Housing Benefit are administered together by Local Authorities and most applicants for a Council Tax Reduction are also in receipt of Housing Benefit. The amendment therefore aligns the treatment of applicants for Council Tax Reductions and Housing Benefit.

- Make minor consequential amendments in relation to definitions around Employment and Support Allowance and references to Universal Credit. Income related Employment and Support Allowance no longer consists of separate contributory and income related allowances, but only of a contributory allowance known as the „employment and support allowance“. Amendments are also made to insert references to Universal Credit into the 2013 Regulations where there are already references to other income-related benefits.

2.11 Within the Regulations, there is limited discretion given to the Council to apply additional elements that are more generous than the national scheme.

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.

2.12 The Prescribed Regulations require the Council to adopt the Council Tax Reduction Scheme by 31st January 2015, 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.

3.00 CONSIDERATIONS

3.01 The Council's recommended approach to the available discretions is to continue to apply them as outlined below.

3.02 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. The projected cost of this measure for 2014/2015 is £20,098 and the approximate cost of this measure for 2015/2016 will be £20,700.

2. To continue to disregard all War Disablement and War Widows Pensions as income. The projected cost of this measure for 2014/2015 is £42,870 and the approximate cost of this measure 2015/2016 will be £44,156
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 working age customers when a good reason for failing to claim earlier is shown. This reflects the current position with regard to CTRS and HB The projected cost of this measure for 2014/2015 is £62,502 and the approximate cost of this 2015/2016 will be £64,377.

3.03 It should be noted that there are no additional monies available from Welsh Government to fund the discretionary elements.

3.04 The Council continues to have the 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 laying of The Council Tax Reduction Scheme (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2015.

4.02 To adopt the Scheme as set out above in 3.02 and agree the

recommendations to maintain the discretionary elements.

5.00 FINANCIAL IMPLICATIONS

- 5.01 The cost of Council Tax Reduction needs to be managed within the Council's budget. The amount of Grant received from Welsh Government is limited to £9.958m for 2015/16 and this is provided on a fixed rather than a demand led basis.
- 5.02 The funding arrangements for 2015/16 include funding of up to 100% of the estimated cost of the scheme based on the 2012/13 cost of Council Tax Benefit and therefore the funding does not include the subsequent increases in Council Tax producing an immediate additional shortfall including precepts, with the Council having a responsibility to meet the this shortfall in order to maintain the scheme at 100% reduction (where applicable).
- 5.03 In addition to Flintshire's contribution to maintaining the scheme at 100%, the Council must also meet the cost in any growth in caseload.
- 5.04 The total projected costs of the Scheme will be finalised, and budgeted for, once the Council Tax increase for 2015/2016 has been agreed.

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 2015/2016 does not contain any changes from the scheme which is currently in operation.
- 8.02 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 Consultation has been undertaken for the previous 2 years which has confirmed the discretionary elements of the scheme. These regulations provide for the removal of the requirement to consult if the Council is not varying the discretionary elements it has previously consulted on and adopted.

11.00 CONSULTATION UNDERTAKEN

11.01 This report was considered by CROSC on 15th January 2015 and Cabinet on 20th January 2015.

12.00 APPENDICES

12.01 None.

**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 Scheme (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2015

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