

Report

Newport City Council

Part 1

Date: January 2016

Item No: See above

Subject Council Tax Reduction Scheme 2016/2017

Purpose: To consider a proposed Council Tax Reduction Scheme for 2016/17 and to determine its local discretions.

Author Head of Streetscene and City Services

Ward All

Summary The Council Tax Reduction Scheme for 2016/17 updates the scheme that was introduced on 1st April 2015. The Council is not required to consult on the proposals of the new scheme as the amendments made are in consequence of amendments made to the Prescribed Requirements Regulations. The local discretions that are available to the Council will remain unchanged. This report provides information on the proposed Council Tax Reduction Scheme.

Proposal That Council approves the Council Tax Reduction Scheme for 2016/17 in accordance with the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2016 ("the Prescribed Requirements Regulations") exercising its local discretions as indicated in the report.

Action by Head of Streetscene and City Services

Timetable Immediate

This report was prepared after consultation with:

- Head of Law and Standards
- Head of Finance

Background

The current Council Tax Reduction Scheme is to be revised from April 2016 with an updated Scheme. In Wales, this continues to be a national scheme (in contrast to England, where schemes are local to each billing authority.)

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 19 January 2016, the Welsh Assembly approved amending regulations to have effect from 1st April 2016: the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2016. These Regulations prescribe the main features of the Scheme to be adopted by all Councils in Wales. The revisions for 2016/2017 are:

- The figures used to calculate applicants' entitlement to Council Tax reduction will be updated in line with Housing Benefit.
- A number of amendments to reflect the new arrangements in relation to care and support needs which have been introduced in Wales by the Social Services and Wellbeing Act 2014.
- Amendments to take into account terminology changes used in legislation as a consequence to the National Insurance Contributions Act 2015. All references to 'small earnings exception' have been replaced with "small profits threshold".
- Amendments to take account new arrangements and terminology introduced via the Pension Act 2014.

Although the Act gives Welsh Ministers discretion to allow Welsh local authorities to determine the contents of schemes themselves, the Government's decision to establish a national framework for the provision of Council Tax Support in Wales and avoids what has been termed a "postcode lottery" whereby eligibility for a Council Tax reduction and the size of the Council Tax reduction for particular groups could be different in different council areas.

Although a national scheme has been approved, within the Prescribed Requirements Regulations, 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 remain. These are:

- The ability to increase the standard extended reduction period of 4 weeks given to persons after they return to work where they have previously been receiving a council tax reduction that is to end as a result of their return to work;
- Discretion to increase the amount of War Disablement Pensions and War Widows Pensions which is to be disregarded when calculating income of the claimant;
- Discretion to enhance the process for notification of decisions above the minimum requirements; and
- The ability to backdate the application of council tax reduction with regard to late claims prior to the new standard period of three months before the claim.

It is required by the Prescribed Requirements Regulations that the Council adopts a Council Tax Reduction Scheme by 31 January 2016, regardless of whether it applies any of the discretionary elements. If the Council fails to make a scheme, then a default scheme shall apply under the provisions of the Default Scheme Regulations. The Council can only apply discretion if it makes its own scheme

under the Prescribed Requirements Regulations. A Council meeting is scheduled for the 26th January 2016 to adopt the Scheme.

The Council has not undertaken consultation on the adoption of the scheme as the Council is no longer obliged to carry out consultation on the adoption of a scheme as the provisions were set by the Welsh Government. Even without the application of any of the discretionary elements,

The Council is obliged to make a scheme under the requirements of the Prescribed Requirements Regulations notwithstanding the fact that a default scheme would come into effect even if the Council failed to make a scheme. The obligation is a statutory duty and applies even if the Council chose not to apply any of the discretions available to it.

The recommended approach is to adopt the Scheme in the Prescribed Requirements Regulations and to continue to exercise the available discretions as follows:-

- The ability to increase the standard extended reduction period of 4 weeks given to persons after they return to work where they have previously been receiving a council tax reduction that is to end as a result of their return to work [It is not recommended to increase the standard extended reduction period] ;
- Discretion to increase the amount of War Disablement Pensions and War Widows Pensions which is to be disregarded when calculating income of the claimant [It is recommended to disregard the whole amount of War Disablement Pensions and War Widows Pensions] ;
- Discretion to enhance the process for notification of decisions above the minimum requirements [It is not recommended to enhance the process for notification of decisions] ; and
- The ability to backdate the application of council tax reduction with regard to late claims prior to the new standard period of three months before the claim. [It is not recommended to increase the backdated period]

It should be noted the above recommendations follow existing practice and continue with the features of the 2015/16 Scheme. There are no additional monies available from the Welsh Government to fund discretionary elements. The cost of funding the discretionary elements recommended above is estimated to be in the region of £17,000 per annum.

The Council continues to have 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. The Council has previously had access to grant for discretionary housing payments and will continue to provide support where appropriate.

Financial Summary

Funds to pay for the scheme are within the Council's base budget as the historical specific grant from WG that used to fund this was transferred into the Revenue Support Grant in 2013/14. This budget has since been uplifted each year in line with the Councils increase in Council Tax levels.

Risks

The Council needs to manage the cost of Council Tax Support within its budget.

| Risk | Impact of Risk if it occurs* (H/M/L) | Probability of risk occurring (H/M/L) | What is the Council doing or what has it done to avoid the risk or reduce its effect | Who is responsible for dealing with the risk? |
|---|--------------------------------------|---------------------------------------|--|---|
| Failure to adopt a scheme in accordance with the required regulations | L | L | There is a default scheme in the event that the Council does not follow the appropriate procedures | Head of Streetscene and City Services |

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The Welfare Reform changes are imposed by national government and devolved to the Welsh Government for implementation by Councils. The Council's response within its service areas will be to try to ensure that any effects of the reforms are mitigated wherever possible.

Options Available

The changes are largely mandatory with the exception of the limited discretions identified in the report. The Council needs to determine the discretions as part of its Scheme.

Preferred Option and Why

The currently preferred discretions are included within the report and they largely follow existing practice.

Comments of Chief Financial Officer

As noted above, the funds to pay for the scheme are contained within the Council's base budget, since WG transferred the specific grant for this into the Revenue Support Grant in 2013/14. The budget is uplifted each year in line with the increase in Council Tax and to date, has been sufficient.

Base budget savings have been put forward for this scheme in the 2016/17 MTFP. If accepted this will reduce the level of budget available. However, it is expected that the level of budget remaining will be sufficient to support the continuation of current enhancements as per the report.

Comments of Monitoring Officer

The Council has a statutory duty to approve a revised Council Tax Reduction Scheme by 31st January 2016 in accordance with the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2016. For the most part, the new Regulations update the previous national scheme to reflect changes in terminology due to recent legislation but, otherwise, the mandatory and discretionary elements of the scheme remain the same. If the Council does not adopt a revised local scheme before the end of January, then a Default Scheme will come into operation. In Wales, the Welsh Government has prescribed a national council tax reduction scheme and, therefore, the Council has no option but to adopt the mandatory elements of the scheme. However, there are some limited local discretions within the national scheme, which the Council has previously adopted as part of the current local scheme, and it is recommended that these should continue to be applied. There is no longer any formal consultation requirement, because of the mandatory nature of the national

scheme and the Council has previously consulted on the local discretions. Therefore, Cabinet are asked to recommend to Council that this revised Council Tax Reduction Scheme should be adopted with effect from 1st April 2016.

Staffing Implications: Comments of Head of People and Business Change

Whilst there are no staffing implications as a result of this report, the Council has a strong social justice agenda with specific reference in the Corporate Plan to the Council working to support the lowest earners and those in receipt of benefits and vulnerable to financial exclusion. Consideration to continuing the reduction scheme will have impact on such groups and it is therefore recommended that the discretionary elements should continue to be adopted.

Local issues

Not Applicable

Scrutiny Committees

Not applicable.

Equalities Impact Assessment

The replacement of Council Tax Benefit with the national support scheme will impact upon many of our low income residents including those in vulnerable groups.

A local equalities impact assessment is being undertaken.

Children and Families (Wales) Measure

The Council is not required to consult on the proposals of the new scheme as the amendments made are in consequence of amendments made to the Prescribed Requirements Regulations. The local discretions that are available to the Council will remain unchanged.

Consultation

The Council is not required to consult on the proposals of the new scheme as the amendments made are in consequence of amendments made to the Prescribed Requirements Regulations. The local discretions that are available to the Council will remain unchanged.

Background Papers

Council Tax Reduction Schemes (Prescribed Requirements & Default Schemes) (Wales) (Amendment) Regulations 2016).

Dated: 21st December 2015