

MEETING :	Full Council
DATE :	24 January 2013
CABINET MEMBER:	Councillor Brian Jones
TITLE :	Council Tax Reduction Scheme – UPDATE
OBJECTIVE :	Adoption of Local Scheme by 31 January 2013
AUTHOR :	Dafydd L Edwards, Head of Finance

1. Background

The Welfare Reform Act 2012 contains provisions to abolish Council Tax Benefit (CTB) from 31 March 2013. From this date the responsibility for providing support for council tax and the funding associated with it, will be transferred to local authorities in England and to the Scottish Government and to the Welsh Government. As noted in the original report, the 2012 regulations which were approved on 19 December will govern the operation of council tax reduction schemes in Wales and these are designed to ensure that all local authorities introduce a consistent form of council tax support.

2. New 2013 Regulations

On 17 January 2013, the Welsh Government tabled new 2013 regulations that will amend the Council Tax Reduction Schemes Regulations which were approved on 19 December 2012. In contrast to the 2012 regulations, **under the amending 2013 regulations not all claimants receiving support under the council tax reduction scheme will have to pay a proportion of their council tax bill.** A copy of the Minister for Local Government and Communities' statement is enclosed with this report.

3. Timing

The new 2013 regulations were laid before the Assembly at 5pm on 17 January and I'm advised that the vote will be on Tuesday 22 January. Despite this late change to regulations, **the Council must still adopt the Council Tax Reduction Scheme** (reflecting the changes) **by 31 January 2013.** I understand this date is unmoveable as it is set in primary legislation, hence this matter is still being considered by the full Council on Thursday 24 January.

Notwithstanding the very late timing, this change to new regulations is welcome good news insofar as it will continue to provide claimants with current levels of support in 2013/14 (paying 100% of their Council Tax where eligible). As before, these regulations only operate for the 2013/14 financial year, and will be reviewed to consider any further amendments prior to 2014/15.

4. Financial Implications

The amendments will increase the maximum level of support that eligible claimants can receive from 90% to 100%. The additional cost of this change will be supported with an additional £22 million (total to be shared between all 22 Welsh Councils). The Welsh Government is providing this £22m in additional funding, which covers the original 10 per cent cut in the funding as calculated by the UK Government. The Welsh Government is also reducing the related Transitional Grant by £2 million. This grant will be reduced from £4.6m, with the remaining £2.6m (presumably circa £118,000 per local authority) principally to cover changes to IT, as the support for advisory services will no longer be required under a full entitlement regime.

5. Minor Technical Changes

The amending 2013 regulations will also reflect some minor technical changes, up-rating certain figures used within the 2012 regulations to calculate entitlement to a reduction, and also correcting a minor error in the 2012 regulations.

6. Project to Mitigate the Effects of Welfare Reform

This change to new 2013 regulations will also have an impact on the Council's project to mitigate the effects of original proposals. Ongoing measures to raise claimants' awareness, etc, will be reconsidered and modified at this late juncture, with the project now focusing on managing the residual problems, such as reduced housing benefit for 'under-occupied' homes (the "bedroom tax") from April 2013, the introduction of 'Universal Credit' (gradually replacing housing benefit from October 2013), and preparing for whatever Council Tax Reduction Scheme will operate in 2014/15.

7. Impact on Recommendations

The change has only a minimal impact on the recommendations to the full Council. As presented under 9.1 in the original report, the Council is now RECOMMENDED to adopt the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 (rather than 2012). The recommendations pertaining to discretionary elements, as presented under 9.2 in the original report, remain unchanged, in order to best reflect the current levels of support under the Council Tax Benefit scheme.

**CONSULTATION RESULTS
COUNCIL TAX REDUCTION SCHEME**

1. Introduction

From April 2013 the UK Government is reducing the funding of Council Tax Benefit (CTB) by 10% and the existing CTB Scheme is to be abolished.

The new scheme contains certain discretionary elements which Authorities may include within the scheme and all Local Authorities were required to consult with key stakeholders with regard to these discretionary areas.

This report summarises the responses as promised in paragraph 4.3 of the report distributed with the agenda for the 24/01/2013 meeting of the full Council.

Please note that this consultation was based on the original scheme / regulations, and had closed on 14/01/2013, prior to the statement by the Minister on 17/01/2013. Therefore, this analysis is presented for information, with a view to preparing for 2014/15.

2. Methodology

The information for this report was collected by conducting a public consultation between 17 December 2012 and 14 January 2013. The public were able to take part in the consultation by completing an online survey on the Council's website. They were able to do this using LimeSurvey software, or they could contact us and request a paper copy of the questionnaire.

The respondents were asked a series of questions relating to:

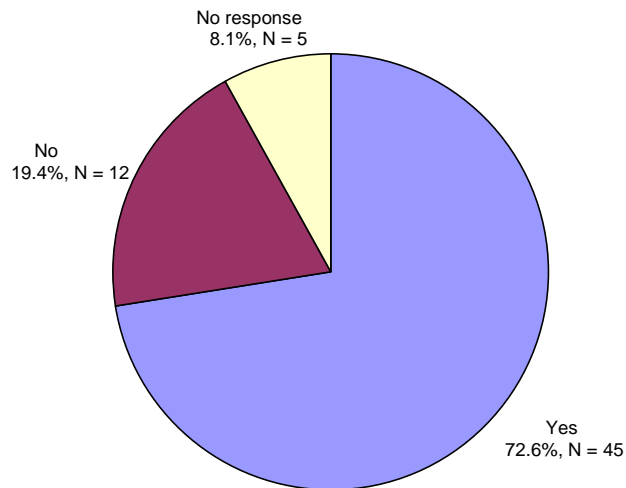
- Their understanding of the proposed changes
- Their opinion of these changes, i.e. whether they agreed or disagreed with the changes.
- Their opinion of those areas where the Council has local discretion.

3. Main Findings

An accumulated total of 62 responses were received to the questionnaire that had been designed to conduct the consultation. Of the 62 responses, 58 were submitted electronically and 4 on paper.

Figure 3.1 shows that almost three quarter (72.6%, N = 45) of the respondents have noted that they understood how the changes to the Council Tax Scheme were introduced. On the other hand, nearly 1 in 5 (19.4%, N = 12) noted that they did not understand how the changes to the Council Tax Scheme were introduced. No responses were received from 8.1% (N = 5).

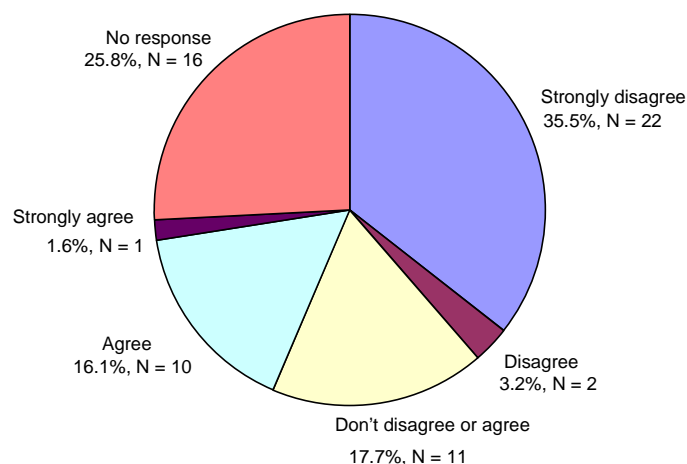
Figure 3.1 Do you understand how the changes to the Council Tax Reduction Scheme have been introduced by the devolution of responsibility to Welsh Government and the reduced funding available?



N = 62

The majority of respondents strongly disagree (35.5%, N = 22) with the draft regulations introduced by the Welsh Government to create a national scheme, see Figure 3.2.

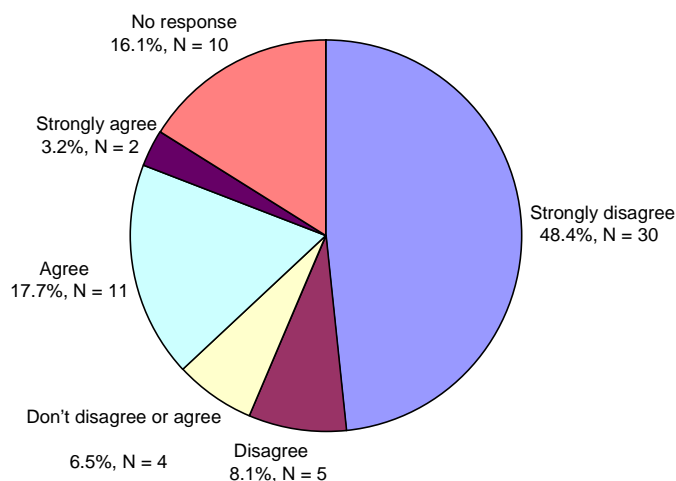
Figure 3.2: Welsh Government have laid out proposals in the draft regulations for a national scheme. The rules for entitlement are broadly similar to Council Tax Benefit, apart from the issues mentioned in points 3 & 4 below. What are your views on this? Give a score from 1 to 5.



N = 62

Figure 3.3 shows that half the respondents (48.4%, N = 30) disagree strongly with the Welsh Government draft regulations which would result in everybody paying at least 10% of their Council Tax bills.

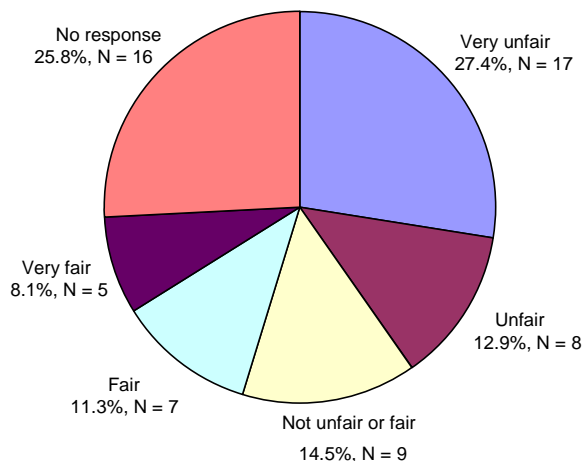
Figure 3.3: The Welsh Government’s draft regulations state that the maximum Council Tax Reduction that can be granted is 90% of the gross Council Tax on a dwelling, so everybody, after deducting the Reduction, will be paying at least 10% of their Council Tax bills. What are your views on this? Give a score from 1 to 5.



N = 62

Figure 3.4 conveys the respondents feelings in respect of removing second adult rebate, which would affect 89 households in Gwynedd. Over a quarter of the respondents (27.4%, N = 17) noted that this would be very unfair, and 12.9% (N = 8) noted that it would be unfair. On the other hand, 11.3% (N = 7) noted that this would be fair, and 8.1% (N = 5) that this would be very fair. It should be noted that a large percentage 25.8% (N = 16) answered 'no response' to this question.

Figure 3.4: The draft regulations indicate that second adult rebate will be removed from the new scheme. The removal of this reduction would mean that approximately 89 customers would no longer be entitled to support from April 2013. What are your views on this? Give a score from 1 to 5.



N = 62

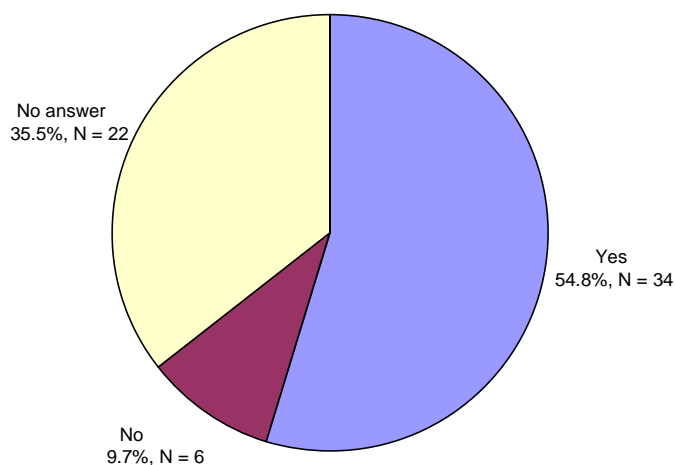
The respondents were asked why they had answered that this was fair or unfair. 26 written comments were received, which are available on request.

The respondents were given the opportunity to submit their comments about any aspect of the Welsh Government's proposed Council Tax Reduction scheme. 27 written comments were received, which are available on request.

The consultation went on to ask a series of questions about those areas where the Council has local discretion.

As can be seen in Figure 3.5, over half the respondents (54.8%, N = 34) indicated that they agreed with the Council's proposals to retain the standard four week extended payment period. Of the respondents, 9.7% (N = 6) noted that they disagreed with this proposal. It should also be noted that a high percentage (35.5%, N = 22) of 'no answer' responses were received to this question.

Figure 3.5: 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. The Council proposes that the existing 4 week standard extended payment should remain unaltered. Do you think this is reasonable?



N = 62

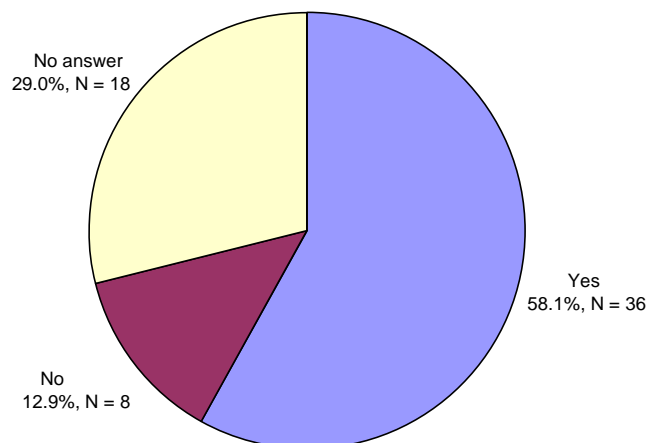
The six respondents who'd replied 'no' were also asked what period would be reasonable in their opinion. The table below summarises the responses received.

Table 1.1: What period of extended payments would be reasonable to grant people after they return to work?

Proposal	Number respondents
No extended payment	1
2 weeks	0
6 weeks	2
Other	1 – proposed 4 weeks
No answer	2
Total	6

Figure 3.6 shows that 58.1% (N = 36) of the respondents consider it reasonable to continue disregarding income from War Disablement pensions and War Widows Pensions, whilst 12.9% (N = 8) indicated that they disagreed with the proposal. It should be noted that a high percentage of 'no answer' responses 29.0% (N = 18) were received to this question.

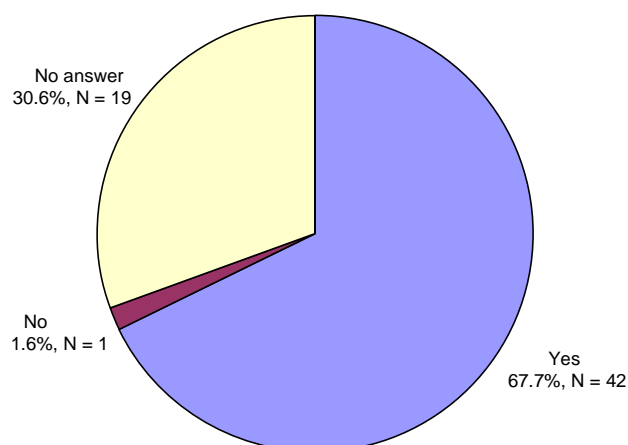
Figure 3.6: Discretion to disregard part or the whole amount of War Disablement pensions and War Widows Pensions when calculating income. The Council proposes to continue to disregard all of this income, as it currently is disregarded for Council Tax Benefit. Do you think this is reasonable?



N = 62

It can be seen that the majority of respondents (67.7%, N = 42) agree with the Council's proposal to keep the maximum Council Tax Reduction backdated award period to the 3 month statutory period. On the other hand 1.6% (N = 1) noted their objection. It should be noted that a high percentage of 30.6% (N = 19) of 'no answer' responses were received to this question.

Figure 3.7: 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. The Council proposes to keep the maximum backdate available to the 3 month statutory period. Do you think this is reasonable?



N = 62

The person who responded 'no' (see Figure 3.7) was asked "What period do you think is reasonable?" No response was received.



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE Council Tax Support Arrangements

DATE 17 January 2013

BY Carl Sargeant, Minister for Local Government and Communities

The UK Government is implementing a wide ranging and significant programme of reform of the welfare system. As part of this, the Council Tax Benefit system is being brought to an end on 1 April 2013 and funding transferred to Wales so that a new arrangement could be put in place to provide support with council tax bills. The funding transfer included a cut of 10 per cent based on the UK Government's estimate of expenditure 2013-14 budget.

On 19 December 2012, the Assembly passed regulations that would implement new arrangements to support those who will pay council tax in 2013-14. The Regulations (*Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2012* and *Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2012*) set out that the maximum level of support that eligible claimants could receive would be 90 per cent. This reflected the shortfall in the transfer of funding from the UK Government.

The Welsh Government has become increasingly concerned about the practical impact of the reduction in support for claimants. This is particularly the case as the impact of other UK Government welfare reforms is becoming clearer, for example, as people are notified of the direct impact of the 'bedroom tax'. The difficulties for some of our most vulnerable have been sharpened further by the decision of the UK Government last week to set a 1 per cent cap on benefit increases. Aside from other reductions as a consequence of the welfare reform programme, this will implement a further real terms cut in income for those groups of people.

Against this background, the Welsh Government has decided to increase the maximum level of support from the current 90 per cent to 100 per cent. That means claimants will receive the full amount of support for their council tax bills to which they are eligible. Unlike the 2012 Regulations, not all claimants receiving support will have to pay a proportion of their bill. The Government will provide an additional £22 million to local authorities to implement the change. It has been possible to identify

these funds as a consequence of the Government's careful financial management and prudent use of reserves and departmental budgets.

In order to implement this change, the existing regulations must be amended. The Government will also use the opportunity to uprate some financial thresholds in the current regulations and to make a small number of other minor adjustments, partly in response to the helpful scrutiny by the Constitutional and Legislative Affairs Committee before Christmas.

Local authorities are subject to a range of deadlines in the run up to issuing council tax bills, including the need to adopt a Council Tax Reduction scheme by 31 January so it is vital that the amendments are made as soon as possible. If it is not possible to make the amended regulations in time, authorities may incur very substantial costs for council tax rebilling.

The Government has laid amending regulations today and will seek with the support of the Presiding Officer and Business Committee to debate them in the Assembly early next week. In view of the timing, this will involve the suspension of Standing Orders. The proposed changes will not affect the Sunset Clause added to the Regulations in December and the amended Regulations will operate for 2013-14 only.

The changes to the Regulations that the Welsh Government is making will significantly improve the financial position for those vulnerable households who would have faced increases in their council tax bills, as well as those who would have had to contribute to their council tax bills for the first time.