

MEETING:	Full Council
DATE:	5 December 2013
CABINET MEMBER:	Councillor Brian Jones
TITLE:	COUNCIL TAX REDUCTION SCHEME 2014/15
OBJECTIVE:	Adopting a Local Scheme for providing assistance towards paying Council Tax from April 2014 onwards.
AUTHOR:	Dafydd L Edwards, Head of Finance

1. Executive Summary

- 1.1 The purpose of this report is to present arrangements for the implementation of the Council Tax Reduction Scheme and to approve it for 2014/15.
- 1.2 On 24 January 2013, the full Council adopted the Council Tax Reduction Scheme for 2013/14 in accordance with the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2012. The Welsh Government put a sunset clause in those Regulations which means that they become invalid after 31/03/2014.
- 1.3 A Plenary meeting of the National Assembly for Wales on 26 November 2013 approved the 'Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013' and the 'Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013', as submitted by Lesley Griffiths (the Minister for Local Government) on behalf of the Welsh Government. I am advised that the regulations are substantially the same as the previous year's, with some minor administrative improvements. Here is a link to a copy of the Regulation as approved by the National Assembly for Wales:

Prescribed Requirements Regulations: <http://www.assemblywales.org/bus-home/bus-business-fourth-assembly-laid-docs.htm?act=dis&id=251458&ds=11/2013>

Default Scheme Regulations: <http://www.assemblywales.org/bus-home/bus-business-fourth-assembly-laid-docs.htm?act=dis&id=251460&ds=11/2013>

- 1.4 Failure to adopt a 'local' scheme by 31 January 2014 will result in the Default Scheme being imposed on the Council.
- 1.5 The Welsh Government's regulations for 2014/15 do not contain any significant changes from the claimants' perspective. Qualifying taxpayers may continue to receive a reduction up to 100% of their Council Tax bill (where in receipt of certain benefits). Hence, the recommendations below are in accordance with Gwynedd Council's relevant resolution in January 2013, with detailed explanations and reasons behind the recommendations following in the body of this report.

2. Recommendations

The full Council is asked –

- 2.1 To note the 'Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013' for 2014/15.**
- 2.2 Subject to the result of the current consultation, to adopt the provisions within the Regulations above in respect of its Scheme for the financial year 2014/15 as the Council's local scheme from 01/04/2014, with the following conditions regarding the discretionary elements being consistent with arrangements in 2013/14.**
- 2.3 To apply a 100% disregard for war disablement pensions, war widows' pensions and war widowers' pensions, for both pensioners and working age claimants.**
- 2.4 Not to increase the extended reduction periods for pensioners and working age claimants from the standard 4 weeks in the Prescribed Scheme.**
- 2.5 Not to increase the backdate period for pensioners and working age claimants from the standard 3 months contained within the Prescribed Scheme.**
- 2.6 Where appropriate, that the Council delegates powers for the Head of Finance, in consultation with the Cabinet Member for Poverty Prevention, to make minor amendments to the scheme following the consultation, on condition that it will not change the substance of the scheme.**

3. Background Information

- 3.1 It was reported to the full Council on 24 January 2013 that the Welfare Reform Act 2013 included provisions to abolish Council Tax Benefit on 31 March 2013. From 1 April 2013, the responsibility for arranging support towards paying Council Tax and the associated funding transferred from the DWP to local authorities in England, and to the Scottish Government and the Welsh Government.**
- 3.2 The original regulations for the 2013/14 scheme limited support to 90% of the tax, but in January 2013, the Welsh Government issued regulations amending the scheme allowing support up to 100% for claimants and financing the majority of the relevant cost.**
- 3.3 A report to the full Council on 24 January 2013 referred to the Council Tax Reduction Scheme Regulations 2012 and the amending regulations 2013. Those regulations were for implementation during the 2013/14 financial year only and the full Council must resolve to adopt a new scheme for 2014/15 in accordance with new regulations approved by the Welsh Government on 26 November 2013.**

- 3.4 The regulations for 2014/15 again include provision for support up to 100% of council tax. As noted when presenting this issue in January, the regulations control the implementation of reduction schemes across the whole of Wales and are designed to ensure that each local authority consistently provides support for Welsh taxpayers.
- 3.5 Work is ongoing to draw up a different scheme and regulations for 2015/16 and beyond. From April 2015, it may not be possible to provide 100% support towards the tax, as it is now. More information will be provided as discussions develop.

4. 2014/15 Reduction Scheme

- 4.1 I gather that a Plenary meeting of the National Assembly for Wales on 26 November 2013 approved the 'Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013' and the 'Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013', as submitted by Lesley Griffiths (the Minister for Local Government) on behalf of the Welsh Government. I gather that these are largely the same as last year's regulations and that they denote the main aspects of the scheme to be adopted by all Welsh councils.
- 4.2 There is limited discretion under the Prescribed Scheme for councils to consider the following 3 specific discretionary elements. These discretionary elements are more generous than the national scheme.
- 4.3 To increase the disregard for war disablement pensions, war widows' pensions and war widowers' pensions, for both pensioners and working age.

Presently, regulations provide that the first £10 of a weekly war disablement pension, war widows' pension and war widowers' pension are disregarded. However, local authorities have discretion to disregard up to 100% of the actual amount above the first £10. Since 1 April 1996 Gwynedd Council, as have the majority of other Welsh Authorities, resolved to disregard 100% of the war pensions above the £10. It is estimated in 2013/14 that this disregard of war pensions will cost the Authority £30,000 in Council Tax reductions. As this is the position in 2013/14, this sum has already been included within the base budget and in the 2014/15 Financial Strategy.

Recommendation 2.3 in this report recommends continuing to allow this local discretion in Gwynedd.

- 4.4 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.

There is no limit on the maximum period they may be extended to, but to extend this period would have financial implications. The estimated expenditure in respect of the standard 4 week extended payments is £20,000.

Recommendation 2.4 in this report recommends that the standard four week extended payment period contained within the Prescribed Scheme remains unaltered.

- 4.5 To increase backdates for late applications beyond the standard three months. There is no limit on the maximum period they may be extended to. The current cost of granting backdated claims is estimated at £28,000.

The current Council Tax Reduction Scheme only allows backdating for a maximum period of 3 months. Extending this period would increase the cost of the Scheme.

Recommendation 2.5 in this report recommends that there should be no increase in the backdate period from the standard 3 months contained within the Prescribed Scheme.

- 4.6 The recommendations above for 2014/15 are in line with current arrangements in 2013/14. Should the Council decide to allow more generous elements in the local scheme (in 4.4 and 4.5 above) then that would increase the cost of the scheme.

5. Consultation

- 5.1 I am advised, as per last year, that the Council should consult with interested parties, including the public and precepting authorities regarding the new regulations and scheme for 2014/15. This consultation is already live on the Council's website at: www.gwynedd.gov.uk/counciltaxreduction
- 5.2 Although the scheme is largely the same as last year's and consequently a flood of responses is not anticipated, adoption of the scheme will of course be subject to the results of the current consultation, which is open from 29/11/2013 until 10/01/2014.
- 5.3 There was a particularly thorough and inclusive consultation exercise in December 2012 / January 2013 for the 2013/14 scheme.
- 5.4 Unlike the situation a year ago, there is no reason or intention now to write consultation letters to all claimants. The current exercise is limited to provision of information and a questionnaire on the Council's website.
- 5.5 As there is no change in entitlement from the planned scheme for 2014/15 from claimants' perspective, there is no reason to think that there will be a different response to the lighter consultation which is ongoing this year.

6. Equality Impact Assessment

- 6.1 Other than funding at Council level, the scheme proposed for 2014/15 does not contain any significant changes from the scheme which is currently operational, hence Gwynedd Council did not conduct a local Equalities Impact Assessment Study this year (we did last year when changes were planned).
- 6.2 The Welsh Government has undertaken a detailed 'regulatory' impact assessment, which includes equality impact assessment, but I understand that the findings reported were in line with their expectations.

7. Resources

- 7.1 The local government 2014/15 grant 'settlement' from the Welsh Government states that the sum provided therein for Council Tax Reductions is at the same level as last year.
- 7.2 The Welsh Government's estimate of the whole cost of the scheme (at this time last year) was £244m. The Welsh Government's original intention was to finance 90% of the scheme, hence £222m was put into local government's 2013/14 grant 'settlement'. Later, a further £22m was paid via a specific grant, after the late change of mind to finance 100% in 2013/14.
- 7.3 For 2014/15 the Government say that the full £244m is "in the settlement", but this appears to be unclear. The £222m is still there, of course, but there is no trail to evidence the addition of the other £22m (which was paid via specific grant this year).
- 7.4 As the 2013/14 'settlement' didn't include all of the £244m (only £222m), and as the 2014/15 'settlement' included the commitment for local government to meet the full cost of the Council Tax Reduction scheme (which exceeds £244m), the true reduction in Welsh revenue support grant between the two years (nationally) is closer to 4% than the figure of 3.5% which the Government publicly acknowledge.
- 7.5 The notional cost of Council Tax Reductions in Gwynedd in 2014/15 (according to notional allocation of the total SSA between Services in the conditional settlement's tables) is £8.961m (a sum which corresponds with the national £244m). As well as Gwynedd's share of the £22m (£896k), the Council must meet the cost of growth in caseload, and due to the state of the economy this is estimated to be an additional £350k which is not financed by the Welsh Government in 2013/14 and in 2014/15. Further, the Welsh Government will not finance inflation (the cost of the support will increase in proportion with the increase in Council Tax).
- 7.6 However, as all available funding is now in the 'settlement', the Council must finance the whole cost of Council Tax Reductions in 2014/15, including the 10%, the caseload growth and inflation. That has already been considered appropriately and factored into the Financial Strategy which identifies the budgetary gap for 2014/15 (see the related item on the Council's agenda).

8. Conclusion

Although a consultation exercise is being undertaken and this adoption report is submitted for approval, the Council must follow the regulations, with very limited options for change being restricted to the discretionary elements detailed above.