THE COUNCIL TAX REDUCTION SCHEME – 2015/16

1. **Background**

1.1 For 2013/14 in Wales, the Council Tax Reduction Scheme, which replaced the former Council Tax Benefit Scheme, was 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 December 2012, the Welsh Assembly approved two sets of Regulations; the Council Tax Reduction Schemes (Default Schemes) (Wales) Regulations 2012 (“the Default Scheme Regulations”); and the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2012 (“the Prescribed Requirements Regulations”). These Regulations prescribe the main features of the Scheme to be adopted by all Councils in Wales.

For 2014/15 the above regulations were amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2014. These made a number of administrative amendments and other consequential changes to align assessment with social security benefits where appropriate; otherwise, in the main, they remain unchanged i.e. customers will continue to receive 100% support if eligible.

1.2 Although a national scheme has been approved, the Prescribed Requirements Regulations provide limited discretion to the Council to apply additional discretionary elements that are more generous than the national scheme. These are:

- The ability to increase the standard extended reduction period of four 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 a claimant;
• 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 claims are made.

• Discretion to enhance the process for notification of decisions above the minimum requirements.

1.3 The Council was required to adopt the Council Tax Reduction Scheme by 31 January 2014, by virtue of the Prescribed Requirements Regulations, regardless of whether it applies any of the discretionary elements. If the Council had failed to make a scheme by that date, a default scheme would have applied under the provision of the Default Scheme Regulations which precludes the Council from applying any of the discretionary elements outlined above.

1.4 Accordingly, the Council adopted “the Prescribed Scheme Regulations” and resolved the following:-

The Council does not exercise its discretion in respect of:-

(a) Extending payment for working age claimants who find work, the effect of which is that the prescribed period of four weeks will apply.

(b) Backdating of claims beyond the three-month period, the effect of which is that backdating will be limited to a maximum of up to three months for all claimants.

The Council will exercise its discretion to:-

(a) Disregard war widows’ pensions, war disablement pensions and any other analogous payments.

(b) To enhance the process for notification of decisions above the minimum requirements as it considers appropriate.

2. **Council Tax Reduction Scheme – 2015/16**

2.1 The Regulations issued by the Welsh Government in 2012 only permitted local authorities in Wales to adopt a reduction scheme for a single financial year i.e. 2013/14 and 2014/15.

Consequently, the Council is now required formally to adopt a scheme for 2015/16 taking into consideration the new Regulations. The adoption
requirements remain unchanged, and if the Council wishes to exercise discretion in any or all of the areas set out in 1.2, then the scheme will require a specific resolution.

2.3 The Council undertook a comprehensive consultation exercise prior to the Scheme, and an equality impact assessment prior to the introduction of the 2013/14 Scheme. Although consultation for 2015/16 has commenced, as customers will continue to receive 100% support (where appropriate), responses are expected to be negligible.

2.4 The Welsh Government has not yet made the required Regulations to permit the uprating of social security benefits to facilitate the Council Tax reduction calculation, and this will need to be borne in mind when considering scheme adoption.

2.5 The Welsh Government has not made available any additional grant to fund the Scheme, and the Council will bear the cost of any cost increases due to increased caseload and payments.

3. Conclusions

3.1 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 chooses not to apply any of the discretions available to it.

3.2 The Reduction Scheme adopted by the Council for 2013/14 and 2014/15, including the discretionary elements, is now well understood by customers, and the Prescribed Requirements (Wales) Regulations 2013 and the Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013 allow that Scheme to continue without substantial change. Funding of the approved discretionary elements is in the region of £35k per annum.

3.3 The Consultation exercise will close on 1 December and the Welsh Government is due to issue supplementary legislation. This is reflected in the recommendation below. The essence of the recommendations is to continue the existing Scheme which must be adopted by 31 January 2015.
**RECOMMENDATION**

1. That the Council does not exercise its discretion in respect of:-

   (a) Extending payment for working age claimants who find work, the effect of which is that the prescribed period of four weeks will apply.

   (b) Backdating of claims beyond the three-month period, the effect of which is that backdating will be limited to a maximum of up to three months for all claimants.

2. That the Council will exercise its discretion to:-

   (a) Disregard war widows' pensions, war disablement pensions and any other analogous payments.

   (b) Enhance the process for notification of decisions above the minimum requirements as it considers appropriate.

3. A Scheme under the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 (as amended) be adopted.

4. That the Deputy Chief Executive be given delegated authority to respond to any matters resulting from the consultation, and if required, to make minor amendments to the Scheme.

**Background Documents:** None