

CEREDIGION COUNTY COUNCIL

Report to: Council

Date of meeting: 27 January 2022

Title: Report upon the requirement to adopt a Council Tax Reduction Scheme by 31 January 2022.

Purpose of the report: To explain the Welsh Government's Council Tax Reduction Scheme and to consider the adoption of a 'Local Scheme' for the Council to administer from April 2022.

For: Decision

Cabinet Portfolio and Cabinet Member: Cllr. Gareth Lloyd
Finance and Procurement Services and Public Protection Services

Introduction

On 21 January 2021 the Council adopted the Council Tax Reduction Scheme for 2021/22 in accordance with the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013. Regulation 17 states that for every financial year, local authorities must consider whether to revise or replace their existing scheme and that where the scheme is revised the local authority '*consult any persons it considers are likely to have an interest in the operation of its scheme*'. Regulation 18 states that any revisions or replacement schemes must be made in accordance with the Prescribed Requirements Regulations (adopted via full council) no later than 31 January in readiness for the forthcoming financial year commencing on 1 April. If the Council fails to adopt a local scheme by 31 January 2022 it will be required to operate the scheme through the Default Schemes Regulations 2013.

Regulation 5 of the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2015 removes the requirement to publish a draft local scheme and consult interested persons where a local authority revises a scheme in consequence of amendments made to the Prescribed Requirements Regulations. As there is no proposal to change the existing local scheme for 2022/23, other than to apply the Welsh Government's 2022 Amendment Regulations to the 2013 Regulations, there is no requirement for the Council to consult on the proposed 2022/23 scheme.

The link to the 2022 Amendment Regulations is:

<https://www.legislation.gov.uk/cy/wsi/2022/51/contents/made>

Reduction Scheme 2022/23

Since the abolition of Council Tax Benefit in April 2013 the responsibility for arranging Council Tax support to those on low incomes transferred from the Department for Work and Pensions (DWP) to local authorities in England and to the respective Governments in Scotland and Wales. The Welsh Government (WG) Regulations provide for 100% of the cost of Council Tax liability to be covered through their Prescribed Requirements and Default Scheme Regulations.

The majority of the cost of Council Tax Reduction (CTR) payments is met by the WG but there is a requirement for councils to meet the cost of payments that exceed the WG contribution. Ordinarily, Ceredigion County Council's contribution from the WG (which is part of the Revenue Support Grant) towards the scheme is £4.733m, for 21/22 the Council funded an additional £1.399m from base budget with a further £0.5m included in the budget which would be funded from a earmarked reserve unless additional specific grant funding was received from the Welsh Government. Therefore the total budget for 2021/22 is £6.632m. The spend against the budget to the end of November 2021 is £6.241m. The spend has reduced during the previous few months but it is difficult to forecast the final year end position – however it is likely that the final spend will be within budget.

The difference between the Prescribed Scheme and the Default Scheme is that councils have the opportunity to consider and apply three areas of discretion through the Prescribed Scheme Regulations. The discretionary elements of the Prescribed Scheme Regulations are:

1 To increase the disregard for war disablement pensions, war widows' pensions and war widowers' pensions for both pensioners and working age applicants.

Presently, regulations provide that the first £10 of a weekly War Disablement Pension, War Widows' Pension and War Widowers' Pension are disregarded. However, councils have discretion to disregard up to 100% of the actual amount above the first £10. Since 1 April 1996, when Council Tax Benefit existed, the Council, in keeping with the majority of Welsh Councils, resolved to disregard 100% of the war pensions above the statutory £10. Last year, the Council resolved to disregard all of the pensions above the first £10 for calculation purposes. It is estimated that for 2021/22 the disregard of war pensions will cost the Council approximately £17k.

2 To increase the standard extended payment period of four 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 that councils may consider extending the payment period but to extend beyond the standard four weeks would have financial implications for the Council. Last year the Council resolved to not extend the payment period beyond the statutory 4 weeks.

3 To increase the time for backdating claims beyond the standard three months. There is no limit on the maximum period they may be extended to.

The 2013 Regulations allow backdating of claims for a maximum period of three months. Councils have the discretion to increase the backdating period to a period greater than three months without limit. Extending the backdating period would have financial implications for the Council. Last year the Council resolved to not extend the backdating period beyond the statutory three months.

The Amendment Regulations introduce mandatory changes to schemes and do not affect the three discretionary elements of the Prescribed Scheme which the Council can decide upon.

Wellbeing of Future Generations:	Has an Integrated Impact Assessment been completed? If, not, please state why	This report does not refer to a Policy or Service change.
	Summary:	
	Long term:	N/A
	Integration:	N/A
	Collaboration:	N/A
	Involvement:	N/A
	Prevention:	N/A

- Recommendation(s):** Council is recommended to:
1. note the making of the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2022;
 2. adopt the provisions of the Prescribed Requirement Regulations (2013) as the Council's Council Tax Reduction Scheme for 2022/23, subject to the local discretions that the Council is able to exercise as set out below:
 - (i) continue to apply a 100% disregard beyond the statutory £10 disregard for War Disablement Pensions, War Widows' Pensions and War Widowers' Pensions, for both pensioners and working age claimants;
 - (ii) that no increase in the extended payment periods for pensioners and working age claimants be applied from the standard four weeks currently contained within the Prescribed Scheme;
 - (iii) that no increase in the backdate period for pensioners and working age claimants be applied from the standard 3 months contained within the Prescribed Scheme.

Reasons for decision: To comply with the Welsh Government requirement to adopt a local Council Tax Reduction Scheme (Prescribed) before 31 January 2022 to operate for the 2022/23 financial year.

Overview and Scrutiny: Not applicable as this is a statutory prescribed scheme that requires full Council approval.

Policy Framework:

Corporate Priorities: Enabling Individual and Family Resilience.

Financial implications: Part of the budget setting process.

Statutory Powers: Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2022.

Background Papers: None.

Appendices: None.

Corporate Officer: **Lead** Stephen Johnson.

Reporting Officer: Ann Ireland, Corporate Manager – Revenues and Financial Assessments

Date: 20th December 2021