

<b>MEETING:</b>	<b>Full Council</b>
<b>DATE:</b>	<b>3 December 2020</b>
<b>CABINET MEMBER:</b>	<b>Councillor Ioan Thomas, Finance Cabinet Member</b>
<b>TITLE:</b>	<b>COUNCIL TAX REDUCTION SCHEME 2021/22</b>
<b>OBJECTIVE:</b>	<b>Confirm the continuation of the current Local Scheme for providing assistance towards paying Council Tax for the year beginning 1 April 2021</b>
<b>CONTACT OFFICER:</b>	<b>Dewi Morgan, Assistant Head of Finance (Revenues and Risk)</b>

## **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 2021/22.
- 1.2 On 1 April 2013, as part of the UK Government's welfare reform programme, Council Tax Benefit was abolished and replaced by the Council Tax Reduction Scheme.
- 1.3 In accordance with the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 (2013/3029), every local authority must make a scheme in order to determine which reductions will be available as support towards paying the Council Tax. Gwynedd Council's current local scheme (i.e. for 2020/21) was adopted by the Full Council on 19 December 2019.
- 1.4 The Regulations insist that the Full Council must adopt the local Scheme every year, and must do so by 31 January before the start of the relevant financial year.
- 1.5 Under the local scheme, qualifying taxpayers may continue to receive a reduction up to 100% of their Council Tax bill (where in receipt of certain benefits).
- 1.6 **The recommendations below are that the Gwynedd Council Local Scheme continues without revisions for 2021/22.** Detailed explanations and reasons behind the subsequent recommendations follow in the body of this report.

## **2. RECOMMENDATIONS**

The full Council is asked to resolve formally:

- 2.1 To continue the Council's Local Scheme for the year commencing 1 April 2021 as it was during 2020/21. Therefore, the following conditions (a – c below) regarding the discretionary elements will continue:**
  - a) To apply a 100% disregard for war disablement pensions, war widows' pensions and war widowers' pensions, for both pensioners and working age claimants.**
  - b) Not to increase the extended reduction periods for pensioners and working age claimants from the standard four weeks in the Prescribed Scheme.**
  - c) Not to increase the backdate period for pensioners and working age claimants from the standard three months contained within the Prescribed Scheme.**
- 2.2 Where appropriate, to delegate powers to the Head of Finance, in consultation with the Cabinet Member for Finance, to make minor amendments to the scheme for 2021/22, on condition that it will not change the substance of the scheme.**

## **3. BACKGROUND INFORMATION**

- 3.1 In accordance with the Welfare Reform Act 2013, since 1 April 2013, the responsibility for arranging support towards paying Council Tax, and the associated funding, has transferred from the DWP to local authorities in England, and to the Scottish Government and the Welsh Government.**
- 3.2 The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 (SI 2013/3029) allow support up to 100% for claimants and the financing of some of the relevant cost.**
- 3.3 The Gwynedd Council Local Scheme for 2020/21 was approved by the Full Council on 19 December 2019. 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.**

#### 4. 2021/22 REDUCTION SCHEME

- 4.1 The Regulations (Regulation 18) state that **for each financial year, an authority must consider whether to revise its scheme** or to replace it with another scheme; the authority must make any revision to its scheme, or any replacement scheme, **no later than 31 January** in the financial year preceding that for which the revision or replacement scheme is to have effect.
- 4.2 The Regulations (Regulation 12) state that the function of making the scheme cannot be delegated to the Cabinet, and it **must be decided by the full Council**.
- 4.3 Therefore, the purpose of this report is to satisfy the requirement for the Council to consider whether to revise its local scheme.
- 4.4 There is limited discretion under the Prescribed Scheme for councils to consider the following 3 specific discretionary elements. Discretion can be used to make these elements more generous than the national scheme, but not less generous.

##### War disablement pensions, war widows' pensions and war widowers' pensions (*recommendation 2.1(a) above*)

- 4.5 There is discretion 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. As a result, this sum has already been included within the base budget and in the 2020/21 Financial Strategy. In November 2020, there were 32 claimants benefitting from this discretion.

It is recommended that this local discretion in Gwynedd continues.

##### Extended payment period for working age persons (*recommendation 2.1(b) above*)

- 4.6 There is discretion 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 in 2020/21 will be approximately £1,000. In 2020/21 up to mid-November, there were 29 cases where "extended payments" had been awarded pursuant to the Prescribed Scheme.

It is recommended that the standard four week extended payment period contained within the Prescribed Scheme remains unaltered.

Backdating late applications  
(*recommendation 2.1(c) above*)

- 4.7 There is discretion 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 cost of granting backdated claims (3 months) for 2019/20 is estimated at £17,700, with 162 claims having been backdated to some extent in 2020/21 up to mid-November.

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.

It is recommended that there should be no increase in the backdate period from the standard 3 months contained within the Prescribed Scheme.

- 4.8 The recommendations above for 2021/22 are in line with current arrangements in 2020/21.**

## **5. CONSULTATION**

- 5.1 Should the Council wish to revise its local scheme – in effect to amend the 3 areas of discretion described in paragraphs 4.5 to 4.7 – it would need to consult with “any persons who would have an interest”.
- 5.2 In accordance with Regulation 18(6), further consultation is not necessary as there is no intention to change the Local Scheme this year.

## **6. EQUALITY IMPACT ASSESSMENT**

- 6.1 As noted in Part 4 of this report, in the context of the Prescribed Scheme that is in place for Council Tax Reduction across the whole of Wales, the local discretion available to local authorities is very limited apart from three very specific areas.
- 6.2 The Welsh Government has undertaken a detailed regulatory impact assessment, which includes equality impact assessment. A local Equalities Impact Assessment study was conducted in 2013, when the arrangements changed from Council Tax Benefit to the Council Tax Reduction Scheme, and at that time the decision to introduce the local scheme was taken whilst recognising that this is a prescribed scheme with the burden being borne by all groups.
- 6.3 The Council needs to consider, is if the decisions sought in 2.1 a) – c) effect anyone with one or more of the protected equality characteristics in a way that is different to the general population. Other than funding at Council level, the scheme proposed for 2021/22 does not contain any significant changes from the scheme which is operational since 2013. An assessment undertaken when preparing this report suggests that the conclusions of the 2013 assessment remain valid and that these limited decisions that are sought will not effect any of the protected groups in a way that is different to the general population.

## 7. RESOURCES

- 7.1 The costs of the Council Tax Reduction Scheme have been included in the grant 'settlement' to local authorities by the Welsh Government, but it should be noted that this settlement does not meet the whole costs of the Reduction Scheme.
- 7.2 The Council funds a proportion of the Scheme costs, which is the balance above the contribution included in the settlement, as well as inflation, which is not funded by the Government. In terms of inflation, the cost of support will increase in proportion with the increase in Council Tax.
- 7.3 Whilst local authorities receive a contribution towards the costs of the Scheme within the annual settlement, since the establishment of the scheme in 2013, the settlement has not reflected the full actual cost. The notional cost of Council Tax Reductions in Gwynedd in 2021/22 (according to notional allocation of the total Standard Spending Assessment (SSA) between services in the conditional settlement's tables) will not be known until the draft settlement is announced on 22 December.
- 7.4 The notional cost of Council Tax Reductions in Gwynedd in the settlement for 2020/21 was £8.728m, but at the start of the financial year it was estimated that the actual expenditure would be approximately £9.5m. As a result of the global pandemic and its damaging effect on the economy, there was a significant increase in the number of claimants between 31 March 2020 and the end of the first quarter of the current financial year on 30 June. By the end of the second quarter the numbers had decreased slightly, but a further increase is expected during the third quarter.

	<b>Caseload</b>	<b>Expenditure (full year effect)</b>
31 March 2020	8,978	£9,516,565
30 June 2020	9,382	£10,030,413
30 September 2020	9,283	£10,006,243

- 7.5 That is, there was an increase of around £500,000 in the year's expenditure commitment early in the financial year, but the situation has stabilised since then. Welsh Government has awarded one-off additional funding to mitigate the impact of this increase in quarters 1 and 2 this year.
- 7.6 There is no choice other than to face the continuing cost of the Scheme, and the matter will be considered appropriately when drawing up the budget for 2021/22.

---

### Local member's views

Not relevant

---

---

## **Opinion of the Statutory Officers**

### **Monitoring Officer:**

No observations to add from a propriety perspective.

### **Head of Finance:**

I have collaborated with the Cabinet Member in the preparation of this report and I confirm the content.