

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>County Council</b>
<b>Date:</b>	<b>24 January 2013</b>
<b>Subject:</b>	<b>Council Tax Support Scheme - <u>Update</u></b>
<b>Lead Officer(s)</b>	<b>Clare Williams Head of Function (Resources)</b>
<b>Contact Officer</b>	<b>Einir Wyn Thomas (Ext. 2605)</b>
<b>Action :</b>	<b>To adopt the Council Tax Support Scheme</b>

### 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. It does not cover the funding gap at local authority level estimated as £150k to £300k. 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 Recommendation 1 in the original report, the Council is now **RECOMMENDED** to note the making of the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2012 as **amended by the 2013 regulations**. The other recommendations remain unchanged.

An additional recommendation is required to give delegated authority to the Head of Service (Finance) to amend the local Council Tax Support Scheme 2013-14 should this be required to take account of the actual amendments passed by the Welsh Government.





Llywodraeth Cymru  
Welsh Government

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## WRITTEN STATEMENT BY THE WELSH GOVERNMENT

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**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.

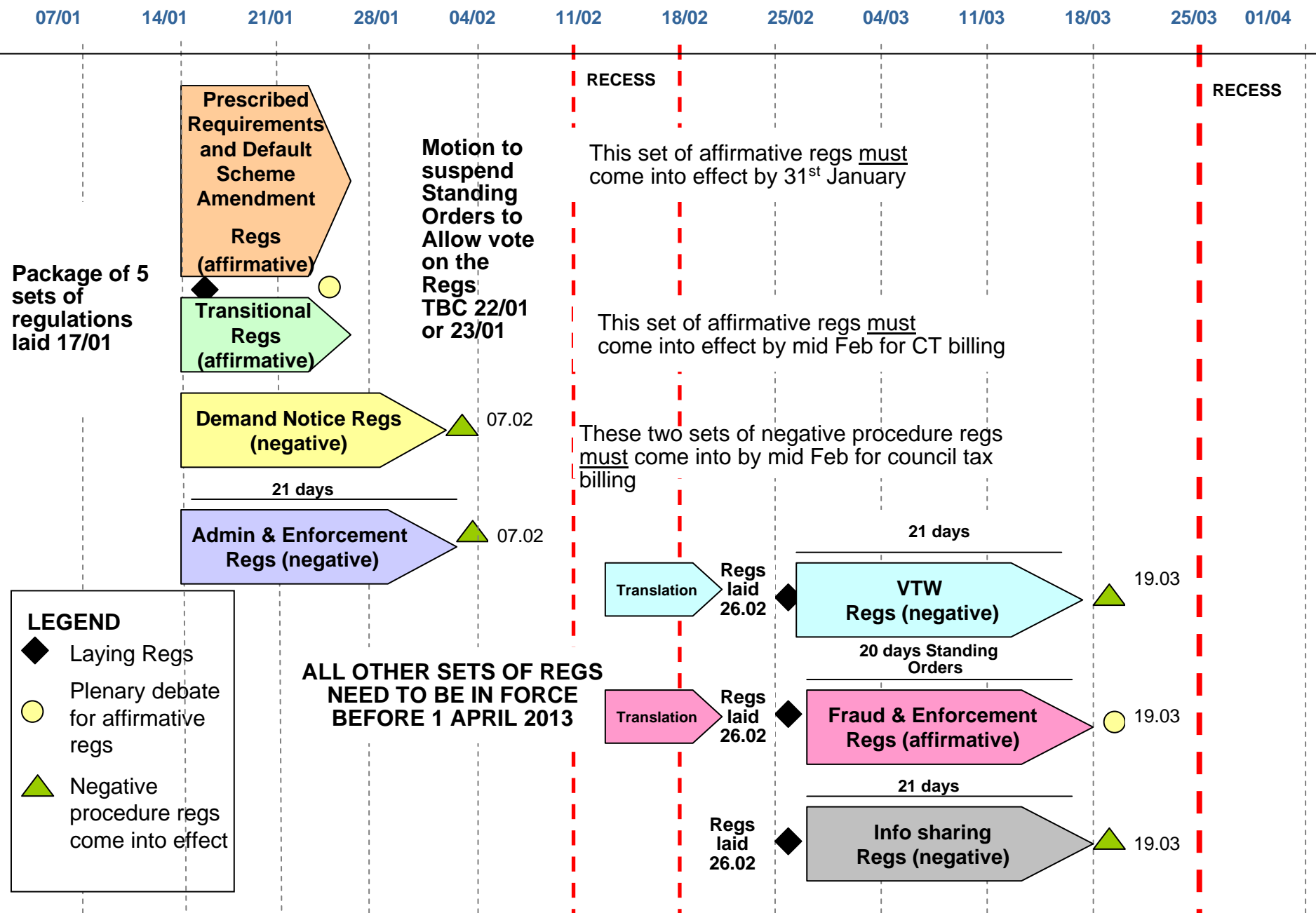
In order to implement this change, the existing regulations must be amended. The Government will also use the opportunity to uprate some financial thresholds in the current regulations and to make a small number of other minor adjustments, partly in response to the helpful scrutiny by the Constitutional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

# Council Tax Reduction Schemes – Associated Regulations



# Council Tax Reduction Schemes – Associated Regulations

Regulations	Procedure	Translation	Laying date	Plenary date	Must take effect by
The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations	Affirmative Affirmative	No No	17/01/2013 17/01/2013	TBC – recommend motion to suspend standing orders to vote on regs to be held 22/01 or 23/01	31/01/2013 31/01/2013
Transitional Provisions Regs	Affirmative	No	17/01/2013		Mid February
CT Admin & Enforcement Regs	Negative	Yes	17/01/2013	N/A	Mid February
CT Demand Notice (Bill) Regs	Negative	Yes	17/01/2013	N/A	Mid February
VTW Regs	Negative	Yes	26/02/2013	N/A	31/03/2013
Fraud & Enforcement Regs	Affirmative	Yes	26/02/2013	19/03/2013 (TBC)	31/03/2013
Info-sharing Regs	Negative	No	26/02/2013	N/A	31/03/2013