

## WIRRAL COUNCIL

### COUNCIL

28 JANUARY 2013

|                                     |   |
|-------------------------------------|---|
| <b>SUBJECT</b>                      | <b>WELFARE REFORM: COUNCIL TAX SUPPORT SCHEME</b> |
| <b>WARD/S AFFECTED</b>              | <b>ALL</b>  |
| <b>REPORT OF</b>                    | <b>INTERIM DIRECTOR OF FINANCE</b>                |
| <b>RESPONSIBLE PORTFOLIO HOLDER</b> | <b>COUNCILLOR PHIL DAVIES</b>                     |
| <b>KEY DECISION</b>                 | <b>YES</b>  |

#### 1.0 EXECUTIVE SUMMARY

- 1.1 The Authority is required to establish a Council Tax Support Scheme (CTS) to replace Council Tax Benefit (CTB) from April 2013. This is a key strand of the Government's wider Welfare Reform review. The Scheme brings with it reduced funding from Central Government.
- 1.2 The content of the scheme for Wirral was recommended at Cabinet 29 November 2012 (minute 132) and then formally approved by Council 17 December 2012 (minute 78).
- 1.3 Upon legal advice it has been agreed that the Council must approve the full scheme and do that no later than 31 January 2013 or the Government default scheme, requiring the shortfall to be fully funded by the Council, will be imposed.
- 1.4 The full scheme and easy read guide are attached and do not alter the local scheme as already agreed.

#### 2.0 BACKGROUND AND KEY ISSUES

##### CHANGE IN LEGISLATION

- 2.1 The Local Government Finance Act 2012 and the Welfare Reform Act 2012 impose a duty on billing authorities to design and introduce a Council Tax Support Scheme (CTS) by 31 January 2013 for operation from 1 April 2013. If not the Government Default Scheme is introduced which requires the Council to fully fund to previous CTB levels. The Local Government Finance Act 2012 incorporated an amendment from the House of Lords that the CTS schemes will be reviewed after 3 years.

##### LOCALISED SCHEME – PENSIONERS AND VULNERABLE GROUPS

- 2.2 The Government prescribed that local schemes must offer protection to certain groups, which will include eligible pensioners, based on the same factors that have determined their eligibility and award under the current Council Tax Benefit (CTB) scheme. This has been done with the current Wirral scheme and pensioners are protected from any reduction in Council Tax Support.

- 2.3 The Government also indicated that a local scheme should look to support to the same level as now other “vulnerable groups”. Wirral’s scheme does protect a number of vulnerable groups. For the purposes of the Wirral Scheme vulnerable groups are defined as people who receive a Disability Premium or who have a disabled child and are in receipt of a disabled child premium and people in receipt of a War Pension. The vulnerable groups under the scheme are as set out in the current CTB scheme.
- 2.4 As pensioners and the vulnerable groups will not be worse off in 2013/14 compared to 2012/13 then the Working Age claimants bear the cost that the Council has decided not to fund. The impact is that the Working Age claimants will pay up to 22% of the Council Tax charge.

### **LOCAL SCHEME CONSULTATION**

- 2.5 All Councils were legally required to consult on their proposals for the CTS scheme. Wirral’s consultation took place from 3 September to 31 October 2012. Forms were available on line and at Libraries and One Stop Shops and Council staff attended October’s Neighbourhood Forums to explain and encourage participation. This consultation received 1,826 responses which is high in comparison with other Councils.

### **LOCAL COUNCIL TAX SUPPORT SCHEME**

- 2.6 The report to Cabinet on 19 July 2012 and then on 29 November 2012 indicated that Wirral like all Councils was likely to retain most of the elements within the current Council Tax Benefit scheme and this is what the scheme reflects.
- 2.7 The five key changes within the approved scheme are as follows:
- Award limited to 78% maximum
  - No Second Adult Rebate
  - Limited Flat Rate Non Dependant Deductions
  - No backdating of claims
  - Support based on savings maximum of £6,000
- 2.8 Appendix 1 details an easy read guide that will be used for charge payers to refer to but is not the scheme itself. Appendix 2 is the full scheme which requires Council approval. This detailed scheme is based on the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012.
- 2.9 Each section that is amended by a local decision has been altered to reflect the Wirral requirement. This has been done to ensure the scheme is robust for both administrators and users alike, as well as being written to the correct legal standard should it require interpretation or face challenge. It is likely that in the year this scheme will require interpretation and review as is the case with most benefit and revenues related legislation. The full scheme will be reviewed for 2014/15 in the light of year one experience.

### **3.0 RELEVANT RISKS**

- 3.1 There are risks in regard the impact on claimants and the Council and these have been taken account of in approving the scheme. This legally worded scheme is based on the legislation to ensure it fully reflects national and local requirements.
- 3.2 If the Council does not adopt a Local Scheme and the Government will impose its default scheme, which is the current scheme and it will still have to find the full level of savings and increase in caseload for 2013/14, affecting its budget adversely.

### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1 There is a statutory requirement to have a Localised Support Scheme for Council Tax in place by 31 January 2013 or the Government default scheme will be used as the Localised Scheme for 2013/14.

### **5.0 CONSULTATION**

- 5.1 This has taken place with precepting authorities, interested groups and the public during the period 3 September 2012 to 31 October 2012 (Council Tax Benefit Is Changing – Have Your Say).

### **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 6.1 There are ongoing implications for all groups as the impact of the changes are identified and implemented.

### **7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 7.1 The adoption of a Localised Scheme includes the need to change financial modelling to support the Scheme. The Government support reduces by around £3.2 million in 2013/14 and the Council determined to meet this loss from a reduction in awards to current CTB recipients.

### **8.0 LEGAL IMPLICATIONS**

- 8.1 The Scheme could be subject to challenge by Judicial Review thus the approved Scheme has been prepared in conjunction with the Head of Legal Services.

### **9.0 EQUALITIES IMPLICATIONS**

- 9.1 The potential impact on equality of the proposals has been nationally considered reviewed and the DCLG hyperlink is:-  
<http://www.communities.gov.uk/publications/localgovernment/lqfblocalcounciltaxeia>
- 9.2 The Council's Local Scheme has equality implications which will be more clearly identified as the Scheme is developed. The initial Equality Impact Assessment is appended to this report.

## **10.0 CARBON REDUCTION IMPLICATIONS**

10.1 There are none arising directly from this report.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 There are none arising directly from this report.

## **12.0 RECOMMENDATION**

12.1 That the attached full Council Tax Reduction Scheme be approved as the authority's scheme for the financial year 2013/14.

## **13.0 REASON FOR RECOMMENDATION**

13.1 The Council is required to adopt a Local Council Tax Support Scheme for implementation in 2013/14 and this report ensures the full scheme has been approved by Council to ensure accordance with legislation.

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## **APPENDICES**

1. Easy Read Guide to Full Scheme
2. Full Scheme for Council Tax Support Scheme 2013/14

## **REFERENCE MATERIAL**

Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012

## **SUBJECT HISTORY**

| <b>Council Meeting</b>                           | <b>Date</b>       |
|--|-------------------|
| Cabinet  | 22 September 2011 |
| Council Excellence Overview & Scrutiny Committee | 16 March 2011     |
| Council Excellence Overview & Scrutiny Committee | 17 November 2011  |
| Council Excellence Overview & Scrutiny Committee | 26 March 2012     |
| Cabinet  | 19 July 2012      |
| Cabinet  | 29 November 2012  |
| Council  | 17 December 2012  |