



POLICY AND RESOURCES SCRUTINY COMMITTEE – 1ST MARCH 2016

**SUBJECT: COUNCIL TAX DISCRETIONARY REDUCTION POLICY -
SECTION 13A (1) (C)**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
OFFICER**

1. PURPOSE OF REPORT

- 1.1 To present the Scrutiny Committee with details of a draft Council Tax Discretionary Reduction Policy concerning Section 13A (1) (c) of the Local Government Finance Act 1992 (introduced by Section 76 of the Local Government Act 2003 and substituted by Section 10 of the Local Government Finance Act 2012) which allows a Council to reduce a person's Council Tax liability to nil, if it sees fit to do so, prior to its presentation to Cabinet for approval.

2. SUMMARY

- 2.1 This report provides details of a draft policy setting out the circumstances and information that will be taken into consideration when making a decision to award a reduction under Section 13A (1) (c) of the Local Government Finance Act 1992, as amended.

3. LINKS TO STRATEGY

- 3.1 Council tax provides significant resources which assist the Council in achieving a balanced financial plan. A council tax discretionary reduction policy will support the Council's anti-poverty strategy.

4. THE REPORT

- 4.1 Section 13A (1) (c) of the Local Government Finance Act 1992 as amended gives discretion to billing authorities to reduce a liable person's council tax 'to such extent as it thinks fit', even to nil, whether on an individual basis or by prescribing one or more categories. This discretion is in addition to various statutory reductions, discounts, disregards and exemptions that are already within existing legislation.
- 4.2 This discretionary power was originally envisaged to be used in extreme cases affecting a limited number of council tax payers, for example, a crisis or event that has made the property uninhabitable such as a fire or flood. However, from 1st April 2013 the way in which support is provided to council tax payers on low income changed with the introduction of council tax reduction schemes throughout the UK. This change has resulted in many more applications of this type being received by councils in England.

- 4.3 Following the abolition of Council Tax Benefit on 31st March 2013, Members will be aware that the Welsh Government contributed a further £22m of funding on top of the £222m provided by the UK Government in order to maintain Council Tax Reduction Scheme (CTRS) entitlement at 100%. In England, no such provision was made and so many councils decided to reduce the maximum entitlement under their CTRS from 100% to a lesser amount which resulted in low income working age council tax payers having to pay a proportion of their council tax liability.
- 4.4 With the Welsh Government planning to review funding arrangements for the CTRS from 2017/18 onwards, any reductions in funding are likely to result in low income working age council tax payers in Wales having to start paying a proportion of their council tax liability. To date this Council has only received a handful of applications which have been duly considered by the Head of Corporate Finance under delegated powers.
- 4.5 This policy aims to provide a more transparent and equitable way of determining applications received for discretionary council tax reduction under Section 13A (1) (c).
- 4.6 Members are therefore asked to consider and comment upon the draft policy attached as Appendix A of this report.

5. FINANCIAL IMPLICATIONS

- 5.1 The financial burden of awarding reductions under Section 13A (1) (c) of the Local Government Finance Act 1992 as amended must be borne wholly by the Council as a loss of council tax revenue.

6. EQUALITIES IMPLICATIONS

- 6.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the categories identified in Section 6 of the Council's Strategic Equality Plan, therefore a full Equalities Impact Assessment has not been carried out.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no direct personnel implications arising from this report.

8. CONSULTATIONS

- 8.1 There are no consultation responses which have not been reflected in this report.

9. RECOMMENDATIONS

- 9.1 It is recommended that Members consider and comment upon the draft Council Tax Discretionary Reduction Policy - Section 13A (1) (c) as at Appendix A, prior to its presentation to Cabinet for approval.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure the views of the Scrutiny Committee are considered prior to the draft policy being presented to Cabinet on 16th March 2016.

11. STATUTORY POWER

- 11.1 Local Government Finance Act 1992 (introduced by Section 76 of the Local Government Act 2003 and substituted by Section 10 of the Local Government Finance Act 2012) and regulations made under the Act.

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Appendices:

Appendix A Council Tax Discretionary Reduction Policy - Section 13A (1) (c)