



Llywodraeth Cymru
Welsh Government

**WRITTEN STATEMENT
BY
THE WELSH GOVERNMENT**

TITLE **The Review of Council Tax Support**

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Minister for Local Government and Government Business

Last August, I announced a review of options for a longer-term solution to provide Council Tax Support in Wales. The aim of this review was to establish arrangements which are sustainable and equitable for recipients. Today, I am confirming the Welsh Government has agreed to continue to protect vulnerable and low income households by maintaining entitlements for at least a further two years.

In October 2010, the UK Government announced the abolition of Council Tax Benefit, whilst simultaneously cutting funding for replacement schemes, initially by 10%. Consequently, the Welsh Government developed new arrangements to assist vulnerable households in meeting their Council Tax liability. Despite the shortfall in funding, the Welsh Government maintained full entitlements to support through a single national framework scheme, and has provided an additional £22m to fund the scheme in 2013-14 and 2014-15. Our Council Tax Reduction Scheme has protected approximately 320,000 Welsh households.

Over the past year, a Task and Finish Group of officials from the Welsh Government, Local Government, the Welsh Local Government Association and Citizens Advice Bureau, has been undertaking a review of options for the future of Council Tax Support in Wales.

The review has:

- examined the wider effects of welfare reform;
- reviewed emerging research published by the Institute for Fiscal Studies (IFS), Joseph Rowntree Foundation (JRF) and National Audit Office (NAO), on the impact of changes to Council Tax Support in England;
- modelled the impact of the various options we could implement in Wales, in order to understand the implications on equality; and
- engaged with Local Government, Third Sector Organisations and the public through a comprehensive public consultation.

Following the review of Council Tax Support, Welsh Ministers have decided to continue with the arrangements currently in place for providing Council Tax Support through our Council Tax Reduction Scheme. Full entitlement to support will be maintained through a single national framework scheme.

We are, therefore, continuing to protect low income and vulnerable households, by ensuring all eligible applicants receive their full entitlement to Council Tax Support. These groups are already struggling to cope with the impacts of welfare reform. For example, although losses will vary depending on individual circumstances, the welfare reforms which have been analysed by the Welsh Government are estimated to be equivalent to an average annual loss per working-age adult in Wales of around £500 in 2015-16. Maintaining entitlements for Council Tax Support, helps to mitigate some of the effects of wider welfare reform, particularly for low income groups.

This decision also avoids the impacts being experienced in England, where over two million low-income households are faced with having to pay more of their Council Tax bill. In England, Council Tax liability varies by Local Authority and a multitude of different schemes operate and, on average, the affected households are now paying £154 a year in Council Tax. This includes households who previously under Council Tax Benefit, were deemed too poor to pay. Council Tax debt queries recorded by Citizens Advice have increased by up to 40% in some areas of England since the introduction of minimum Council Tax payments. Research also shows in English Local Authorities which have cut entitlements, the number of liability orders issued by Magistrates Courts for non-payment of Council Tax has increased by 30%. Similar impacts would have been felt in Wales had entitlements been reduced.

The Welsh Government intends to continue to fund Council Tax Reduction Schemes at current levels, whilst Local Government will need to plan for any additional costs arising from local increases in Council Tax. This arrangement reflects the shared responsibility for the schemes and the fact caseloads are remaining steady. The Welsh Government funding replaces the Council Tax income which Local Authorities cannot collect from those households who qualify for Council Tax Support.

The decision announced today also means Local Authorities in Wales have been shielded from the risks and costs faced by those in England. They will avoid the administrative burden of having to issue and collect small bills from households previously unaccustomed to paying Council Tax, as well as the burden of addressing a likely increase in queries and requests for advice. Committing to maintaining entitlements for at least a further two years also provides stability to both Local Authorities and recipients of Council Tax Support. More importantly, the decision means around 320,000 households continue to be protected from increased Council Tax bills, and over 200,000 will continue to pay no Council Tax at all.

RELATED LINKS

Consultation Documents

<http://wales.gov.uk/consultations/localgovernment/council-tax-reduction-scheme-review/?lang=en>

Equality Impact Assessment

<http://wales.gov.uk/topics/equality/inclusivepolicy/impactassessments/?lang=en>