

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

18 JANUARY 2023

REPORT OF THE CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

COUNCIL TAX REDUCTION SCHEME 2023-24

1. Purpose of report

- 1.1 The purpose of this report is to provide Council with information regarding the implementation of the 2023-24 Council Tax Reduction (CTR) Scheme, and to set out the requirement for the Council to adopt a CTR scheme by 31 January 2023, together with the funding implications.

2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:-

Helping people and communities to be more healthy and resilient - taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.

- 2.2 The Housing Benefits Service, which administers the CTR, is a statutory service which supports our disadvantaged citizens.

3. Background

- 3.1 CTR provides assistance for those on low incomes with a liability to pay Council Tax.
- 3.2 Part 1 of the Welfare Reform Act 2012 (chapter 3, regulation 33) abolished Council Tax Benefit (CTB) with the intention to localise the allocation and administration of Council Tax Benefit (CTB) from 2013-14.
- 3.3 The UK Government devolved to Welsh Government the establishment of localised schemes in Wales, and stated the intention to reduce expenditure on CTB by the equivalent of 10%.
- 3.4 The Welsh Government decided to develop a single nationally defined scheme set out in regulations for the provision of Council Tax support in Wales. The scheme also provided for a small number of discretionary elements which individual councils can choose to adopt; any additional associated costs were to be locally funded.
- 3.5 On 19 January 2022, the Council adopted the Council Tax Reduction Scheme for 2022-23 in accordance with The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013. This scheme will end on 31 March 2023.

3.6 From the latest data, there are currently 12,601 households receiving CTR; 8,101 of these are of working age and 4,500 are of pensionable age. Out of the 12,601 households receiving CTR, 9,701 are entitled to a full CTR reduction.

4. Current situation/proposal

4.1 The Council Tax Reduction Scheme 2023-24

4.2 The CTR Scheme in Wales is set by regulations made under Schedule 1B of the Local Government Finance Act 1992 (as inserted by the Local Government Finance Act 2012).

4.3 On 27 November 2013, the Assembly laid regulations that implemented the arrangements to support those who will pay council tax. The regulations (Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013) prescribe the main features of the scheme to be adopted by all councils in Wales. Minor amendments to these regulations have since been made each financial year.

4.4 The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2023 have now been laid before the Senedd for approval. These regulations uprate the financial figures used in the CTR schemes and make amendments to:

- ensure that applicable Ukrainian nationals will be eligible to be included in a local authority's CTR scheme, and will be eligible for a discount if they meet the other requirements of the CTR scheme.
- provide protection for hosts for the Homes for Ukraine scheme. The regulations make provision so that any Ukrainian national who has been granted leave to enter or remain in the United Kingdom, or who has a right of abode, is to be treated as dependent on the applicant host for the purpose of calculating entitlement to a council tax discount. This has the effect of preserving the level of entitlement of the host applicant.
- remove the exception for European Economic Area (EEA) citizens who are now subject to immigration control (and therefore a class of persons who must not be included in an authority's scheme).

4.5 The new regulations do not contain any significant changes, from the claimants' perspective, to the current scheme and the maximum level of support that eligible claimants can receive remains at 100%. The regulations can be found at:

[The Council Tax Reduction Schemes \(Prescribed Requirements and Default Scheme\) \(Wales\) \(Amendment\) Regulations 2023.](#)

4.6 Within the Prescribed Requirements Regulations, there is limited discretion given to the Council to apply discretionary elements that are more generous than the national scheme. These are:

- The ability to increase the standard extended reduction period of 4 weeks given to persons after they return to work (where they have previously been receiving CTR that is to end as a result of their return to work);

- Discretion to increase the amount of War Disablement Pensions and War Widows Pensions which is to be disregarded when calculating income of the claimant; and
- The ability to backdate the application of CTR with regard to late claims prior to the new standard period of three months before the claim.

4.7 It is required that the Council adopts a CTR Scheme regardless of whether it applies any of the discretionary elements. If the Council fails to approve a scheme, then a default scheme shall apply. The Council can only apply discretion if it makes its own scheme under the Prescribed Requirements Regulations.

4.8 **Consultation**

4.9 The 2015 amendment Regulations removed the requirement for local authorities to publish a draft scheme and consult interested persons where a billing authority revises a scheme in consequence of amendments made to the Prescribed Requirement Regulations. The effect of the amendment was to remove the requirement for local authorities to consult in relation to changes made by Welsh Ministers (as opposed to the discretionary areas of the scheme), over which local authorities have no discretion.

4.10 Consultation on the Prescribed Requirement Regulations was undertaken in 2016 and the results detailed in the Head of Finance's report to Council on the Council Tax Reduction Scheme on 11 January 2017. As it is proposed not to change the discretionary elements, a further consultation exercise has not been completed.

4.11 It is proposed that the discretionary elements remain as follows:

- The extended payment period is maintained at the minimum standard of 4 weeks.
- War Disablement Pensions and War Widows Pensions are fully disregarded when calculating entitlement to CTR. The estimated cost of this proposal within the financial year is £6,659.
- Backdating is maintained at the minimum standard of 3 months.

4.12 The total estimated cost to the Council for these three proposals is £6,659 for 2023-24.

4.13 **Main Issues**

4.14 The Council must consider whether to replace or revise its CTR scheme and is obliged to make a scheme under the requirements of the Prescribed Requirements Regulations. The obligation is a statutory duty and applies even if the Council chooses not to apply any of the discretions available to it.

4.15 The recommended approach to the available discretions is to apply the recommendations in Table 1 at paragraph 4.23 of the report. It should be noted that there are no additional monies available from the Welsh Government to fund the discretionary elements.

4.16 The scheme must be administered by local authorities within a fixed budget. There are significant difficulties adequately funding a service which is demand led with a

fixed cost budget provision. The Welsh Government has confirmed there will be no additional funding to bridge any gap and each authority will be expected to meet any shortfall.

4.17 The Council continues to have powers to support hardship on an individual basis or in respect of a defined group. Such arrangements cannot, however, form part of the CTR Scheme itself.

4.18 **Adoption of the Council Tax Reduction Scheme**

4.19 The Council is required to adopt a scheme by 31 January 2023 under The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013, regardless of whether it chooses to apply any of the discretionary elements. If the Council fails to make a scheme, then a default scheme will apply under The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2013.

4.20 It is recommended that the Council adopts:

- a Scheme under The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013, which includes all the elements that must be included in the scheme, as set out in the Regulations; and with regard to the discretionary elements, includes the recommendations in Table 1 set out at Paragraph 4.23 below; and
- The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2014 to 2022; and
- The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2023.

4.21 Part 5 of The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 (Other matters that must be included in an Authority's Scheme) identifies which elements of the prescribed requirements of a scheme are minimum only requirements and in respect of which local authorities have an element of discretion.

4.22 The recommendation in relation to the available discretionary elements is contained in Table 1 below, and takes into account the following:

- The consultation responses received in 2016, in particular those relating to the discretionary elements;
- The current local scheme in relation to the treatment of War Disablement Pensions, War Widows Pensions and War Widowers Pensions for Housing Benefit and 2022-23 CTR scheme, which disregards these payments in full; and,
- The fixed funding available.

4.23 Table 1 – Discretionary elements

Part 5 – Other matters that must be included in an authority’s scheme	Prescribed Requirement Regulations (Minimum Requirements)	Recommended Details to be Adopted with regard to discretionary elements
<p>Ability to increase the standard extended reduction period of 4 weeks given to applicants where they have previously been receiving a council tax reduction that is to end, as they have ceased receiving qualifying benefits as a result of returning to work, increasing their hours of work, or receiving increased earnings. Regulation 32 (3) and Regulation 33 (3), paragraph (33) Schedule 1 and paragraph (35) and (40) Schedule 6.</p>	<p>4 weeks</p>	<p>Pensioners: The 4 weeks period specified in paragraph (33) Schedule 1 will apply, and</p> <p>Non-pensioners: The 4 weeks period specified in paragraph (35) and (40) Schedule 6 will apply.</p>
<p>Ability to backdate applications of CTR for the minimum requirements specified in the Regulations will apply periods longer than the standard period of 3 months before the claim is made. Regulation 34 (4) and Paragraph (3) and (4) of Schedule 13.</p>	<p>3 months</p>	<p>Pensioners: The period of 3 months specified in paragraph (3) Schedule 13 will apply, and</p> <p>Non-pensioners: The period of 3 months specified in paragraph 4, Schedule 13 will apply.</p>
<p>Ability to disregard more than the statutory weekly £10 of income received in respect of War Disablement Pensions and War Widows Pensions and War Widowers Pensions (disregarded when calculating income of the applicant); Regulation 34 (5), Paragraphs 1(a) and 1(b) Schedule 4 and Paragraphs 20(a) and 20(b) of Schedule 9</p>	<p>£10</p>	<p>Pensioners: The total value of any pension specified in paragraph 1(a) and 1(b) Schedule 4 will be disregarded.</p> <p>Non-pensioners: The total value of any pension specified in paragraph 20(a) and 20(b) Schedule 9 will be disregarded.</p>

5. Effect upon policy framework and procedure rules

5.1 There is no direct impact on the Council's policy framework and procedure rules.

6. Equality Act 2010 implications

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh language have been considered in the preparation of this report. As a public body in Wales, the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

6.2 The Welsh Government has undertaken a detailed regulatory impact assessment, which includes an equality impact assessment; the findings reported were in line with their expectations.

6.3 The Council has previously undertaken a consultation exercise and this consultation assists the Council in satisfying the public sector equality duty in the Equality Act 2010.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The well-being goals identified in the Act have been considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 The 2023-24 Provisional Local Government Settlement shows that the sum provided for CTR across Wales is at the same level as 2022-23, a total of £244 million, a sum that has not changed in recent years. Bridgend Council's 2023-24 provisional settlement from Welsh Government includes £12.642 million to fund the CTR scheme, a reduction of £224,000 from the allocation of £12.866 million in 2022-23. This amount does not take into account any increase in council tax charges but is distributed based on expenditure on council tax reduction schemes in previous years. This amount is unlikely to change in the final settlement.

8.2 Any shortfall between the amount provided in the settlement and the amount of CTR awarded, including any discretionary elements, will fall on the Council. Based on the current caseload the estimated total cost of the scheme for 2023-24 is around £15.3 million (including the cost of the discretionary elements), which is £2.434 million higher than the funding provided by Welsh Government. Additional funding of £1 million to meet the full cost of the CTR scheme was included in the base budget as part of the Medium Term Financial Strategy 2014-15 to 2017-18. In addition, further funding has also been provided through the MTFs since then to meet demographic changes and changes arising as a result of the increase in council tax. The proposed budget for 2023-24 is currently £16.054 million, which provides some headroom based on current projected demand. However, with the current cost of living climate, and the impact of this on people's financial and economic circumstances, demand may well increase, so this budget will need to be kept under review during the financial year and the position reported as part of the quarterly monitoring process to Cabinet.

9. Recommendations

9.1 It is recommended that Council:

- Notes The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013, and the 2014 to 2023 amendment regulations;
- Adopts the Council Tax Reduction Scheme 2023-2024 as set out in paragraphs 4.18 to 4.23 of this report.

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Background documents: None