

Meeting of:	COUNCIL
Date of Meeting:	17 JANUARY 2024
Report Title:	COUNCIL TAX REDUCTION SCHEME 2024-25
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE
Responsible Officer:	JANICE JENKINS BENEFITS AND FINANCIAL ASSESSMENTS MANAGER
Policy Framework and Procedure Rules:	The Council Tax Reduction Scheme is set in accordance with the Policy Framework and Budget Procedure Rules.
Executive Summary:	<p>The report outlines the requirement for the Council to adopt a Council Tax Reduction (CTR) scheme for 2024-25 by 31 January 2024. The scheme provides vital assistance for those on low incomes with a liability to pay council tax.</p> <p>Amendment regulations have been laid by Welsh Government uprating the financial figures used in the CTR schemes and making amendments to:</p> <ul style="list-style-type: none"> • disregard a Widowed Parents Allowance (WPA) back payment from the calculation of an applicant’s capital and, for a period of 12 months, disregard a retrospective Bereavement Support Payment (BSP). • disregard any compensation or support payment received from the calculation of an applicant’s capital for Post Office Compensation payments (made in connection with the failings of the Post Office Horizon system), the Vaccine Damage Payment scheme and the Infected Blood Inquiry. • make minor technical amendments to the 2013 CTR Regulations to align provisions in Wales with England and housing benefit provisions. • reflect changes to the legislative landscape as a result of the Tertiary Education and Research (Wales) Act 2022. <p>The 2024-25 scheme maintains the maximum level of support at 100% for eligible claimants. The cost of the CTR scheme for 2024-25 is estimated at £16.5m, which includes the cost of disregarding war pensions in full when calculating CTR entitlement (estimated at £4,127).</p>

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1. Purpose of Report

- 1.1 The purpose of this report is to provide Council with information regarding the proposed 2024-25 Council Tax Reduction (CTR) Scheme, and seeks Council approval to adopt this CTR scheme by 31 January 2024.

2. Background

- 2.1 CTR provides assistance for those on low incomes with a liability to pay council tax.
- 2.2 Under Part 1 of the Welfare Reform Act 2012 (chapter 3, section 33) the UK government abolished Council Tax Benefit (CTB) with the intention of localising support for council tax from 31 March 2013.
- 2.3 From this date the responsibility to provide support for council tax and the funding associated with it, was devolved to local authorities in England, to the Scottish Government and to the Welsh Government, with a commitment from the UK government to also reduce UK government expenditure on the benefit by 10%. The Welsh Government was thereafter responsible for the establishment of localised schemes in Wales.
- 2.4 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.
- 2.5 On 18 January 2023, the Council adopted the Council Tax Reduction Scheme for 2023-24 in accordance with The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013. This scheme will end on 31 March 2024.
- 2.6 From the latest data, there are currently 12,435 households receiving CTR; 8,019 of these are of working age and 4,416 are of pensionable age. Out of the 12,435 households receiving CTR, 9,658 are entitled to a full reduction.

3. Current situation / proposal

3.1 The Council Tax Reduction Scheme 2024-25

- 3.2 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).
- 3.3 On 27 November 2013, the Welsh Assembly laid regulations that implemented the arrangements to support those who will pay council tax. The 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.

- 3.4 The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Amendment) (Wales) Regulations 2024 have now been laid before the Senedd for approval. Subject to the approval of the Senedd, these Regulations will uprate the financial figures in the 2013 Regulations to ensure that the scheme in place for the 2024-25 financial year reflects increases in the cost-of-living. These regulations uprate the financial figures used in the CTR schemes and make amendments to:
- disregard a Widowed Parents Allowance (WPA) back payment from the calculation of an applicant's capital, and for a period of 12 months, disregard a retrospective Bereavement Support Payment (BSP).
 - disregard any compensation or support payment received from the calculation of an applicant's capital for Post Office Compensation payments (made in connection with the failings of the Post Office Horizon system), the Vaccine Damage Payment scheme and the Infected Blood Inquiry.
 - make minor technical amendments to the 2013 CTR Regulations to align provisions in Wales with England and housing benefit provisions.
 - reflect changes to the legislative landscape as a result of the Tertiary Education and Research (Wales) Act 2022.
- 3.5 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 \(Prescribed Requirements and Default Scheme\) \(Amendment\) \(Wales\) Regulations 2024](#).
- 3.6 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.
- 3.7 The Council must adopt 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 in accordance with the Prescribed Requirements Regulations.
- 3.8 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 £4,127.
 - Backdating is maintained at the minimum standard of 3 months.

3.9 The total estimated cost to the Council for these three proposals is £4,127 for 2024-25.

3.10 **Main Issues**

3.11 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.

3.12 The recommended approach to the available discretions is to apply the recommendations in Table 1 at paragraph 3.20 of this report. It should be noted that there are no additional monies available from the Welsh Government to fund the discretionary elements.

3.13 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.

3.14 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.

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

3.16 The Council is required to adopt a scheme by 31 January 2024 in accordance with 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.

3.17 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 3.20 below; and
- The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2014 to 2023; and
- The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Amendment) (Wales) Regulations 2024.

3.18 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.

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

- The current local scheme in relation to the treatment of War Disablement Pensions, War Widows Pensions and War Widowers Pensions for Housing Benefit and 2023-24 CTR scheme, which disregards these payments in full; and,
- The fixed funding available.

3.20 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 paragraph 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</p>

		20(b) Schedule 9 will be disregarded.
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4. Equality implications (including Socio-economic Duty and Welsh Language)

- 4.1 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.
- 4.2 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.
- 4.3 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

- 5.1 The Act provides the basis for driving a different kind of public service in Wales, with five ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

6. Climate Change Implications

- 6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

- 7.1 There are no safeguarding and corporate parent implications arising from this report.

8. Financial Implications

- 8.1 The 2024-25 Provisional Local Government Settlement shows that the sum provided for CTR across Wales is at the same level as 2023-24, a total of £244 million, a sum that has not changed in recent years. Bridgend Council's 2024-25 provisional settlement from Welsh Government includes £12.512 million to fund the CTR scheme, a reduction of £130,000 from the allocation of £12.642 million in 2023-24. 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. The proposed

budget for 2024-25 is currently £16.054 million. 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. Based on the current caseload the estimated total cost of the scheme for 2024-25 is around £16.5 million (including the cost of the discretionary elements), based upon the proposed council tax increase included within the draft Medium Term Financial Strategy (MTFS) report to Cabinet on 16 January 2024, which is £3.988 million higher than the funding provided by Welsh Government and higher than the current CTR budget. Likely spend could change depending upon the final council tax increase for 2024-25, which will be presented to Council for approval on 28 February 2024. However, with the ongoing cost of living climate, and the impact of this on people's financial and economic circumstances, demand may well increase, so this budget will 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 report and adopts the Council Tax Reduction Scheme 2024-2025 as set out in paragraphs 3.15 to 3.20 of this report.

Background documents

None