

Meeting of:	COUNCIL
Date of Meeting:	14 JANUARY 2026
Report Title:	COUNCIL TAX REDUCTION SCHEME 2026-27
Report Owner: Responsible Chief Officer / Cabinet Member	CHIEF OFFICER – FINANCE, HOUSING AND CHANGE CABINET MEMBER FOR FINANCE AND PERFORMANCE
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 2026-27 by 31 January 2026. 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"> • the definition of ‘pensioner’ to ensure that individuals migrating from Working Tax Credit to Universal Credit (UC) continue to qualify for pension-age CTR. • ensure that Neonatal Care Leave and Pay is treated in the same way as Statutory Maternity, Paternity and Parental Bereavement Leave and Pay when calculating CTR. • disregard any compensation or support payment received from: <ul style="list-style-type: none"> ○ The Miscarriage of Justice Compensation Schemes in England and Wales, Scotland and Northern Ireland. ○ The LGBT Financial Recognition Scheme. ○ Any payment made from the estate of a deceased person from an approved infected blood support scheme, or the Scottish Infected Blood Support Scheme. • ensure that displaced persons arriving in the UK from conflict in Israel, the West Bank, the Gaza Strip or East

	<p>Jerusalem are able to meet the residency conditions for access to CTR.</p> <ul style="list-style-type: none"> • make generalised provisions to provide CTR support without the need for new legislation in overseas crisis situations that meet defined criteria. • enable individuals receiving UC to be treated as meeting the requirements of the Habitual Residence Test for CTR purposes. • make minor technical amendments to correct omissions in relation to disregards for Windrush payments and Post Office compensation payments. <p>The 2026-27 scheme maintains the maximum level of support at 100% for eligible claimants. The cost of the CTR scheme for 2026-27 is estimated at £17.8m, which includes the cost of disregarding war pensions in full when calculating CTR entitlement (estimated at £7,117).</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 2026-27 Council Tax Reduction (CTR) Scheme, and seeks Council approval to adopt this CTR scheme by 31 January 2026.

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 15 January 2025, the Council adopted the Council Tax Reduction Scheme for 2025-26 in accordance with The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013. This scheme will end on 31 March 2026.

- 2.6 From the latest data, there are currently 12,007 households receiving CTR; 7,863 of these are of working age and 4,144 are of pensionable age. Out of the 12,007 households receiving CTR, 9,672 are entitled to a full reduction.

3. Current situation/ proposal

3.1 The Council Tax Reduction Scheme 2026-27

- 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) (Miscellaneous Amendments) (Wales) Regulations 2026 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 2026-27 financial year reflects increases in the cost-of-living. These regulations uprate the financial figures used in the CTR schemes and make amendments to:

- the definition of 'pensioner' to ensure that individuals migrating from Working Tax Credit to Universal Credit (UC) continue to qualify for pension-age CTR.
- ensure that Neonatal Care Leave and Pay is treated in the same way as Statutory Maternity, Paternity and Parental Bereavement Leave and Pay when calculating CTR.
- disregard any compensation or support payment received from:
 - The Miscarriage of Justice Compensation Schemes in England and Wales, Scotland and Northern Ireland.
 - The LGBT Financial Recognition Scheme.
 - Any payment made from the estate of a deceased person from an approved infected blood support scheme, or the Scottish Infected Blood Support Scheme.
- ensure that displaced persons arriving in the UK from conflict in Israel, the West Bank, the Gaza Strip or East Jerusalem are able to meet the residency conditions for access to CTR.
- make generalised provisions to provide CTR support without the need for new legislation in overseas crisis situations that meet defined criteria.
- enable individuals receiving UC to be treated as meeting the requirements of the Habitual Residence Test for CTR purposes.
- make minor technical amendments to correct omissions in relation to disregards for Windrush payments and Post Office compensation payments.

- 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 \(Prescribed Requirements and Default Scheme\) \(Miscellaneous Amendments\) \(Wales\) Regulations 2026](#).
- 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 £7,117.
 - Backdating is maintained at the minimum standard of 3 months.
- 3.9 The total estimated cost to the Council for these three proposals is £7,117 for 2026-27.
- 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 2026 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 2025; and
- The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Miscellaneous Amendments) (Wales) Regulations 2026.

- 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 2025-26 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
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	4 weeks	Pensioners: The 4 weeks period specified in paragraph 33 Schedule 1 will apply, and

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.		Non-pensioners: The 4 weeks period specified in paragraph 35 and 40 Schedule 6 will apply.
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.	3 months	Pensioners: The period of 3 months specified in paragraph 3 Schedule 13 will apply, and Non-pensioners: The period of 3 months specified in paragraph 4, Schedule 13 will apply.
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.	£10	Pensioners: The total value of any pension specified in paragraph 1(a) and 1(b) Schedule 4 will be disregarded. Non-pensioners: The total value of any pension specified in paragraph 20(a) and 20(b) Schedule 9 will be disregarded.

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 and Nature Implications

- 6.1 There are no climate change or nature 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 2026-27 Provisional Local Government Settlement shows that the sum provided for CTR across Wales is at the same level as 2025-26, a total of £244 million, a sum that has not changed in recent years. Bridgend County Borough Council's 2026-27 provisional settlement from Welsh Government includes £12.272 million to fund the CTR scheme, a reduction of £268,000 from the allocation of £12.540 million in 2025-26. 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 2026-27 is £17.804 million, which is £0.750 million higher than the 2025-26 budget. Additional funding has been provided through the Medium Term Financial Strategy (MTFS) over the years 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 2026-27 is around £17.8 million (including the cost of the discretionary elements), based upon the proposed council tax increase included within the draft MTFS report to Cabinet on 13 January 2026, which is £5.528 million higher than the funding provided by Welsh Government but in line with the proposed CTR budget. Likely spend could change depending upon changes to the number of claimants and the final council tax increase for 2026-27, which will be presented to Council for approval on 25 February 2026. However, with the ongoing cost of living crisis, and the impact of this on people's financial and economic circumstances, along with Welsh Government's strategy to improve take up of benefits through the Welsh Benefits Charter, demand may well increase, so this budget will be kept under review during the financial year and the position reported through the quarterly revenue monitoring reports to Cabinet.

9. Recommendations

- 9.1 It is recommended that Council notes the information in the report and adopts the Council Tax Reduction Scheme 2026-27 as set out in paragraphs 3.15 to 3.20 of this report.

Background documents

None