

CYNGOR SIR CEREDIGION COUNTY COUNCIL

Report to: Council

Date of meeting: 23 January 2025

Title: Council Tax Reduction Scheme 2025/26

Purpose of the report: To recommend for approval the Council Tax Reduction Scheme (CTRS) for 2025/26 which needs to be adopted by Council by 31st January 2025

For: Decision

Cabinet Portfolio and Cabinet Member: Finance and Procurement Cllr. Gareth Davies

Introduction

On 23 January 2024 the Council adopted the Council Tax Reduction Scheme (CTRS) for 2024/25 in accordance with the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013.

There is a statutory obligation for a report to be presented to full Council on an annual basis, even if there has been no change in the scheme since the previous year. The report recommends continuing to operate the CTRS for the 2025/26 financial year on the same basis as the scheme used for 2024/25.

On 10 December 2024, WG have laid the draft Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Miscellaneous Amendments) (Wales) Regulations 2025 and these will be enacted as appropriate following the debate scheduled in the Senedd for 21 January 2025.

Background

Since the abolition of Council Tax Benefit in April 2013 the responsibility for arranging Council Tax support to those on low incomes transferred from the Department for Work and Pensions (DWP) to local authorities in England and to the devolved Governments in Scotland and Wales. The Welsh Government (WG) approved two sets of CTRS regulations that prescribe the main features of the scheme to be adopted by all Councils in Wales:

The Default Scheme

<http://www.legislation.gov.uk/wsi/2013/3035/contents/made>

The Prescribed Scheme

<http://www.legislation.gov.uk/wsi/2013/3029/contents/made>

The regulations provide for claimants to receive a reduction of up to 100% of their Council Tax liability in certain circumstances and ensure that each local authority consistently provides support for Welsh council taxpayers.

Although there is a national scheme for Wales, there is limited discretion under the Prescribed Requirements Regulations for Councils to consider 3 specific discretionary elements as outlined below. If the Council does decide to use their discretion and offer more generous local discretions this would further increase the cost of the CTRS.

1. War Disablement Pensions, War Widows' Pensions and War Widowers' Pensions

Presently, regulations provide that the first £10 of a weekly War Disablement Pension, War Widows' Pension and War Widowers' Pension are disregarded. However, councils have discretion to disregard up to 100% of the actual amount above the first £10. Since 1 April 1996, when Council Tax Benefit existed, the Council, in keeping with the majority of Welsh Councils, resolved to disregard 100% of the war pensions above the statutory £10.

Last year, the Council resolved to disregard all of the pensions above the first £10 for calculation purposes. It is estimated that for 2024/25 the disregard of war pensions for CTRS will cost the Council approximately £1.6k.

2. Extended payment period for working age claimants

There is discretion to increase the standard extended payment period of 4 weeks given to people after they return to work, when they have been in receipt of a qualifying benefits for at least 26 weeks.

There is no limit on the maximum period that councils may consider extending the payment period but to extend beyond the standard 4 weeks would have financial implications for the Council. Up to the end of November there has only been 1 extended payment awarded costing £124.59.

Last year the Council resolved to not extend the payment period beyond the statutory 4 weeks.

3. Backdating late applications

The current regulations allow for the backdating of late claims for a **maximum** period of up to 3 months. Up to the end of November a total of 12 claims have been backdated amounting to £2060.44

Councils have the discretion to increase the maximum period of 3 months, however, extending this period would increase the cost of the scheme.

Last year the Council resolved to not extend the backdating period beyond the statutory 3 months.

CTRS in Ceredigion

The CTR scheme enables us to assist families and households who are retired, are receiving benefits or on a low income. As of December 2024, there are 5,119 households in receipt of CTRS, of which 2,062 (40%) receive full support and pay no Council Tax. The remaining 3,057 (60%) of households receive partial support to pay for their Council Tax.

Financial Implications

The majority of the cost of Council Tax Reduction Scheme (CTRS) payments is met by the WG, but there is still a significant requirement for Councils to meet the cost of payments that exceed the WG contribution.

Funding for the Council Tax Reduction Scheme was transferred into the Revenue Support in the 2013/14 financial year, which for Ceredigion equated to £4.733m. Within the 24/25 Final Local Government Settlement, the Standard Spending Assessment for Ceredigion for Council Tax Reduction Scheme costs was £5.159m.

However, the 24/25 estimated scheme costs are just over £7.0m, therefore there is c£1.8m of costs that are not being recognised by WG in the Local Government Finance Settlement. This is despite the fact it is largely a nationally controlled scheme with, in practice, very minimal areas of local discretion which currently do not create costs of any significance.

The Council Tax Reduction Scheme budget falls under the Finance & Procurement service budget and is a variable one that is recognised corporately in the budget process. This is mainly because from one year to the next there is a direct correlation with the costs associated with the scheme and the level of Council Tax increase determined by Members each year.

Additional Information

As part of their Council Tax Reform agenda, Welsh Government continue to review the future shape of Council Tax and the Council Tax Reduction Scheme in Wales.

Following consultation on "A Fairer Council Tax" phase 2, revaluation of properties along with any structural reforms to the council tax system are now planned for 2028.

Following consultation on changes to the Council Tax Reduction Scheme (CTRS), WG have laid regulations to ensure that a person is in receipt of Universal Credit (UC) may be recognised by a council as having made an application for a CTR. Subject to approval this change will come into force on 1 April 2025 and will allow consistency of approach across Wales. This change will streamline the claims process, increase take-up and ensure that those in receipt of UC get the CTR they are entitled to.

WG in the meantime will carry on reviewing other elements of Council Tax to ensure they are fit for purpose e.g. discounts, disregards and exemptions. The earliest any improvements/changes would come into being is 2026.

Wellbeing of Future Generations:

Has an Integrated Impact Assessment been completed? If, not, please state why.

This report does not refer to a Policy or Service change.

Summary of Integrated Impact Assessment:

Long term: N/A
Collaboration: N/A
Involvement: N/A
Prevention: N/A
Integration: N/A

Recommendation(s):

- 1. Note the making of the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2025;**
- 2. Adopt the provisions of the Prescribed Requirement Regulations (2013) as the Council's Council Tax Reduction Scheme for 2025/26, subject to the local discretions that the Council is able to exercise as set out below:**
 - (i) Continue to apply a 100% disregard beyond the statutory £10 disregard for War Disablement Pensions, War Widows' Pensions and War Widowers' Pensions, for both pensioners and working age claimants.**
 - (ii) Not to increase the extended payment periods for pensioners and working age claimants from the standard 4 weeks currently contained within the Prescribed Scheme.**
 - (iii) Not to increase the backdate period for pensioners and working age claimants from the standard 3 months contained within the Prescribed Scheme.**

Reasons for decision:

To comply with the Welsh Government requirement to adopt a local Council Tax Reduction Scheme (Prescribed) before 31 January 2025 to operate for the 2025/26 financial year.

Overview and Scrutiny:

Not applicable as this is a statutory prescribed scheme that requires full Council approval.

Policy Framework:

N/A

Corporate Well-being Objectives:

Boosting the Economy, Supporting Businesses and Enabling Employment.

Finance and Procurement implications:

Part of the budget setting process.

Legal Implications:

The Council is obliged to make a CTRS under the Prescribed Requirements Regulations. Although the legislation provides for a default scheme to apply in the absence of the Council making a scheme, the Council is nevertheless under a statutory duty to adopt its own scheme, even if it chooses not to apply any of the discretionary elements.

Staffing implications:

None.

Property / asset implications:

None.

Risk(s):

A large rise in caseload or increases in CTRS entitlement would create a Cost pressure on the Budget.

Statutory Powers:

Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2025

Background Papers:

None.

Appendices:

None.

Corporate Lead Officer:

Duncan Hall

Reporting Officer:

Ann Ireland (Corporate Manager Revenues and Financial Assessments)

Date:

23rd December 2024