

## APPENDIX A

### Council Tax Reduction Scheme 2023-24 – Detailed Report

#### 1. Introduction

- 1.1 With effect from April 2013, the Council Tax Benefit system was replaced with a localised Council Tax Reduction scheme. In Wales, the replacement scheme was devolved to Welsh Government but continues to be administered by local authorities.
- 1.2 The former Council Tax Benefit system was fully funded by the Westminster Government, however, less funding was given to Welsh Government with regard to the replacement scheme. However Welsh Government made a late decision to make up the shortfall which meant that up to 100% reduction would still be available to qualifying claimants.
- 1.3 The initial funding distributed to Councils by Welsh Government has not increased since the new scheme was introduced in 2013/14. Accordingly individual authorities must now make up any on-going shortfalls due to higher expenditure as a result of any additional caseload and/or higher Council Tax levels.

#### 2 Council Tax Reduction scheme – 2014/15 Onwards

- 2.1 The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 are the regulations that govern the operation of Council Tax Reduction Schemes in Wales for 2014/15 and subsequent years. These were approved by Welsh Government on the 26<sup>th</sup> November 2013. Also approved were the default regulations which would apply if an authority failed to adopt the scheme.
- 2.2 The Prescribed Scheme regulations and Default Regulations are extensive and detailed, comprising almost 300 pages and are not therefore appended to this report.
- 2.3 The scheme is subject to the annual up-rating of certain figures used by authorities to assess individual customers' entitlement and is also subject to periodic technical adjustments. These amendments are contained in ***The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2023.***
- 2.4 These regulations have been laid in the Welsh Assembly on 6<sup>th</sup> December 2022 and will be debated by Welsh Government on 17<sup>th</sup> January 2022. If approved, they will come into force on 20<sup>th</sup> January for 2023/24. These complex regulations will update the main regulations and therefore form part of the 2023/24 scheme.

- 2.5 This statutory instrument amends the previous Regulations to uprate certain figures used to calculate entitlement to a council tax reduction, and the amount of any such reduction awarded in the 2023-24 financial year.
- 2.6 These will include Personal Allowances as well as carer and disabled premiums, and the financial figures in respect of these allowances have been increased in line with the cost of living crisis. They have been uprated in line with the Consumer Price Index September figure from the previous year (2021), which is 10.1%.
- 2.7 The financial figures in respect of pensioner rates have been amended and are aligned with Housing Benefit. These have been calculated with assistance from the Department for Work and Pensions.
- 2.8 The financial figures for the income bands and deductions made in respect of non-dependants have also been uprated.
- 2.9 In addition to uprating the financial figures, the statutory instrument makes a number of other amendments as follows.

#### People from Ukraine

- 2.10 This amendment is designed to support Ukraine nationals and as a consequence of the refugee crisis caused by the Russo-Ukrainian War. Similar changes will be made by the Department for Levelling Up, Housing and Communities (DLUHC) for required components of local council tax support schemes in England.
- 2.11 The proposed amendments to the 2013 CTRS Regulations make provision to ensure that any Ukrainian national who has been granted leave to enter or remain in the United Kingdom under or outside the immigration rules or who has a right of abode is not treated as not being habitually resident in Great Britain for the purpose of determining their eligibility for a council tax reduction. The effect of these amendments is that people in this group will be eligible to be included in a local authority's CTRS and will be eligible for a discount if they meet the other requirements of the CTRS

#### People from Ukraine: Protection for hosts for the Homes for Ukraine scheme

- 2.12 This amendment is designed to ensure that no applicant living in Wales hosting a person from Ukraine under the Homes for Ukraine scheme is negatively impacted
- 2.13 The proposed amendments to the 2013 CTRS Regulations make provision 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.

### European Economic Area citizens

- 2.14 The 2013 CTRS Regulations currently provide an exception for European Economic Area (EEA) citizens. EEA citizens are now subject to immigration control (and therefore a class of persons who must not be included in an authority's scheme). This amendment will mirror the English regulations
- 2.15 The proposed amendments to the 2013 CTRS Regulations to remove the exception for EEA citizens who are now subject to immigration control
- 2.16 It also makes a number of consequential and technical amendments to the 2013 CTRS Regulations that are associated with wider welfare changes made by the UK government. This will ensure Council Tax Reduction Schemes reflect changes made to interrelated social security benefits which often determine entitlement to a reduction.
- 2.17 Although the scheme will be uniform across Wales the Prescribed Requirements Regulations require the Council to adopt a Council Tax Reduction Scheme by 31<sup>st</sup> January each year, regardless of whether it applies any of the discretionary elements (see part (3) below).
- 2.18 If the Council fails to make a scheme, then the default scheme shall apply under the provisions of the Default Scheme Regulations. The default scheme is the same as the prescribed scheme except that Council can only use its discretionary powers if it adopts the Prescribed Requirements Regulations scheme.

### **3. Discretionary Powers**

- 3.1. Although a national scheme has been approved by Welsh Government, within the Prescribed Requirements Regulations there continues to be limited discretion given to Councils to apply additional discretionary elements that are more generous than the national scheme. It should be noted however, that there are no additional monies available from Welsh Government to fund the discretionary elements.
- 3.2. There are four areas of discretion available to authorities, as follows:
  - a) Discretion to increase the amount of War Disablement Pensions, War Widows Pensions and analogous payments, that are disregarded when calculating income of the claimant;

*[Note: The Council, in common with all other authorities in Wales, has previously, exercised its discretion and fully disregarded War Disablement pensions, War Widows Pensions in the calculation of Housing Benefit and Council Tax Benefit.*

*This approach has been retained by the Council for the Council Tax Reduction scheme. The estimated cost to the Authority for 2023/24 is approximately £8k.]*

- b) 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 a Council Tax Reduction that will cease as a result of their return to work;

*[Note: The 4 week “run on” was an established feature of the former Council Tax Benefit scheme, the existing Housing Benefit scheme and is retained for the all-Wales, standard Council Tax Reduction scheme.*

*If the Council were to increase this period it would deviate from the established arrangements, create a serious anomaly with the on-going Housing Benefit system and increase the cost to the Council]*

- c) The ability to backdate the application of Council Tax Reduction with regard to late claims prior to the new standard period of three months before the claim;

*[Note: The previous Council Tax Benefit regulations allowed maximum backdating of 6 months for working age customers, 3 months for pension age customers]*

- d) The ability to provide more than the minimum information prescribed as part of the notifications of decisions procedures.

*[Note: The Regulations already provide for the provision of detailed information to be included in the notification of decisions including the ability to advise of the impact and consequences of failure to notify a change in circumstances.*

- 3.3. In relation to its discretionary powers, the Council has to date, adopted the following approach since Council Tax Reduction scheme was introduced:

Council:

- a) exercises its discretion and fully disregards War Disablement pensions, War Widows Pensions and analogous payments when calculating income for the purposes of assessing entitlement to Council Tax Reduction
- b) does not exercise its discretion in relation to extended payments and therefore adopts the 4 week period specified within the standard scheme,
- c) does not exercise its discretion in relation to backdating applications and therefore adopts the 3 month maximum period specified within the standard scheme

- d) does not exercise its discretion in relation to the provision of additional information, and continues to provide the information prescribed as part of the notifications decisions procedures

#### **4. Adoption of Scheme**

4.1. Under the requirements of the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 the Council is obliged to make a Council Tax Reduction scheme. Furthermore, in order to do so, the regulations require the Council to determine its approach to the discretion powers available to it.

4.2. It is therefore recommended that subject to the regulations being approved and coming into force for 2023/24:

**a) Council adopts a scheme in accordance with the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and any subsequent amendments that may be required by legislation from time to time, in particular:**

**i. Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2023**

**and**

**b) Council adopts the discretionary powers as follows:**

- i. Council exercises its discretion and for the purposes of assessing entitlement to Council Tax Reduction disregards in full War Disablement Pension, War Widows & Widowers Pensions and any analogous payments as permitted under the Regulations
- ii. Council does not exercise its discretion in relation to extended payments and therefore applies the 4 week period specified within the standard scheme.
- iii. Council does not exercise its discretion in relation to backdating applications and therefore adopts the 3 month maximum period specified within the standard scheme.
- iv. Council does not exercise its discretion in relation to the provision of additional information and continues to provide the information prescribed as part of the notifications decisions procedures.