

## APPENDIX A

### Council Tax Reduction Scheme 2024-25 – 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) (Amendment) (Wales) Regulations 2024***.
- 2.4 These regulations have been laid in the Welsh Assembly on 5<sup>th</sup> December 2024 and will be debated by Welsh Government on 16th January 2024. If approved, they will come into force on 19<sup>th</sup> January for 2024/25. These complex regulations will update the main regulations and therefore form part of the 2024/25 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 2024/25 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 (2023), which is 6.7%.
- 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.

#### Widowed Parents Allowance and Bereavement Support back payments

- 2.10 The proposed amendment to the 2013 CTRS Regulations will ensure no applicant living in Wales is negatively impacted because they have received a Widowed Parents Allowance (WPA) back payment or a retrospective Bereavement Support Payment (BSP).
- 2.11 The amendment makes provision to disregard certain payments received from the calculation of an applicant's capital under the scheme.
- 2.12 The amendment proposes that any backdated BSP award would be aligned with the existing provision for BSP awards and disregarded for a period of 12 months. Any WPA back payments will continue to be disregarded from a person's capital.

#### Post Office Compensation Payments

- 2.13 The UK Government has announced funding to enable the Post Office to deliver compensation schemes and arrangements for various cohorts of postmasters. These include the Horizon Shortfall Scheme, compensation arrangements for postmasters whose convictions were overturned and a compensation scheme for postmasters who did not receive remuneration during a suspension period.
- 2.14 An amendment will ensure no applicant living in Wales is negatively impacted because they receive any compensation or support payment made in connection with the failings of the Post Office Horizon system.
- 2.15 The amendment makes provision to disregard any compensation or support payment received from the calculation of an applicant's capital. The

amendment also applies to a non dependant's deduction under the scheme.

#### The Vaccine Damage Payment Scheme

- 2.16 The Vaccine Damage Payment Scheme (VDPS) incorporated COVID-19 from December 2020, and the scheme is now processing these claims. The majority of VDPS awards are already disregarded relating to compensation for personal injury. However, this does not currently apply to the partners of vaccinated individuals who receive a payment derived from a VDPS award.
- 2.17 The proposed amendment to the 2013 CTRS Regulations will ensure that no applicant living in Wales is negatively impacted because they receive a payment under the Vaccine Damage Payments Act 1979 in respect of a partner.
- 2.18 The amendment makes provision to disregard a payment received from the calculation of an applicant's capital under the scheme.

#### The Infected Blood Inquiry

- 2.19 The Infected Blood Inquiry published its first interim report in July 2022, this made a number of recommendations for a framework for compensation and redress for the victims of infected blood. The report recommended that interim compensation payments of £100,000 be made to infected persons and bereaved partners who registered with a UK infected blood support scheme.
- 2.20 Where an infected person or their bereaved partner died before the interim payment could be made, the Government agreed that the interim payment of £100,000 would be made to that person's estate.
- 2.21 An amendment to the 2013 CTRS Regulations will ensure that no applicant living in Wales is negatively impacted because they receive an interim infected blood compensation payment from their deceased parent's estate.
- 2.22 The amendment makes provision to disregard a payment received from the calculation of an applicant's capital under the scheme.

#### Minor Technical and consequential amendments

- 2.23 Some further minor technical amendments are proposed to the 2013 CTRS Regulations to align provisions in Wales with England and housing benefit provisions. These ensure an applicant who is a pensioner and responsible for a young person who is in receipt of an Armed Forces Independence Payment is taken into account when calculating eligibility. The amendment also ensures that the list of matters which must be disregarded in relation to

non-dependant deductions in relation to working-age people also applies to pensioners.

- 2.24 A consequential amendment will also reflect changes to the legislative landscape as a result of The Tertiary Education and Research (Wales) Act 2022 which becomes operational from April 2024.
- 2.25 The amendment ensures that where access funds are paid to students on a discretionary basis by the Commission for Tertiary Education and Research, such funds are taken into account when determining eligibility for Council Tax Reduction.

### **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 2024/25 is approximately £14k.]*

- 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 2024/25:

**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) (Amendment) (Wales) Regulations 2024**

**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.