



## Report of the Section 151 Officer

Council – 25 January 2024

### Adoption of the Council Tax Reduction Scheme

<b>Purpose:</b>	<ol style="list-style-type: none"><li>1. To outline the requirement to annually consider whether to revise or replace the Council's existing Council Tax Reduction Scheme and the requirement to either adopt a new scheme or re-adopt the existing scheme by 31 January 2024.</li><li>2. To recommend the re-adoption of the current scheme as set out in Section 3 of the report for the period 2024/25.</li></ol>
<b>Policy Framework:</b>	None
<b>Consultation:</b>	Legal, Finance and Access to Services.
<b>Recommendation(s):</b>	It is recommended that: <ol style="list-style-type: none"><li>1) The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 (the "Prescribed Requirements Regulations") by the National Assembly for Wales (Now the Senedd Cymru) on 26 November 2013, as amended, be noted.</li><li>2) The amendments to the "Prescribed Requirements Regulations" contained in The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Amendment) (Wales) Regulations 2024, considered by the Senedd Cymru on 16 January 2024 be noted.</li><li>3) The outcome of the consultation exercise undertaken by the Council in November 2023 on the discretionary areas of the current scheme be noted.</li><li>4) The discretionary areas of the current scheme (2023/24) (as set out in section 3 of this report) to remain unchanged for the period 2024/25.</li><li>5) The Council adopts the scheme as set out in section 3 of this report, to include any mandatory amendments which may be necessary as a result of, The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2024.</li></ol>

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## **1 Background**

- 1.1 Following the abolition of the national Council Tax Benefit scheme on 31 March 2013, responsibility for providing Council Tax support in Wales was devolved to the Welsh Government and is known as the Council Tax Reduction Scheme (CTRS).
- 1.2 The CTRS is governed by two sets of regulations. These regulations prescribe the main features of the schemes to be adopted in Wales:-
  - The Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013 (the “Default Scheme Regulations”) as amended.
  - The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 (the “Prescribed Requirements Regulations”) as amended.
- 1.3 The regulations contain an obligation that an authority must consider each financial year whether to revise its scheme or to replace it with another scheme. Any revision or replacement must be made no later than 31 January preceding the financial year for which the revision or replacement scheme will take effect.
- 1.4 Although there is a national scheme for Wales, within the Prescribed Requirements Regulations there is limited discretion given to the Council to apply additional discretionary elements that are more generous than the national scheme. These are: -
  - The ability to increase the statutory extended reduction period of 4 weeks given for example to persons who have ceased to receive qualifying benefits after they return to work, where they have previously been receiving a Council Tax Reduction (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 and War Widowers Pensions which is to be disregarded when calculating income of the applicant; and
  - The ability to backdate applications for CTR for periods longer than the statutory period of three months before the claim is made.
- 1.5 The Council adopted a CTRS from 2023/24 on 12 January 2023. It is a requirement of the Prescribed Requirements Regulations that the

Council adopts a CTRS by 31 January 2024, regardless of whether it applies any of the discretionary elements set out in paragraph 1.4 above. If the Council fails to make a scheme, then a default scheme shall apply under the provisions of the Default Scheme Regulations. The Council can only apply discretion if it makes its own scheme under the Prescribed Requirements Regulations.

- 1.6 An amending set of regulations was laid before the Senedd Cymru on 5 December 2023, to update financial figures used to assess CTR entitlement, in line with the cost-of-living increases. The amending set of regulations also incorporate changes to reflect consequential and technical amendments required to take account of inter-related changes to welfare benefits and other legislation made by the UK Government. These include how vaccine damage payments and compensation paid to former postmasters under the Horizon Shortfall Scheme will be handled in CTR.
- 1.7 The amendment regulations were debated by the Senedd Cymru on 16 January 2024 which was after the deadline date for the submission of this report. In the event that changes were made by the Senedd Cymru to the draft regulations in the authority's possession at the time of writing this report, the Chief Finance Officer will provide an update outlining any changes. The Council must take account of these regulations, The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Amendment) (Wales) Regulations 2024, when adopting the scheme. These regulations can be accessed at:  
<https://business.senedd.wales/mglIssueHistoryHome.aspx?lId=42350>

## **2 Consultation**

- 2.1 A consultation exercise on the discretionary elements within the CTR scheme was conducted in Swansea over the period 5 November 2023 to 3 December 2023 and advertised in a press release. Additionally, an on-line survey form was placed on the Council's website and paper versions of consultation forms were available at the Contact Centre, Area Housing Offices and libraries. Information was also sent to members and precepting authorities. A summary of the responses to this consultation can be found in Appendix A.
- 2.2 The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2015, approved by Senedd Cymru on 20 January 2015, included a change which removed the requirement for Local Authorities to publish a draft scheme and consult interested persons where a Billing Authority revises a scheme in consequence of amendments made to the Prescribed Requirement Regulations. The effect of this amendment is to remove the requirement for local authorities to consult in relation to changes made by Welsh Ministers where authorities have no discretion (as opposed to the discretionary areas of the scheme outlined in 1.4).
- 2.3 As this report contains a recommendation that the current scheme is not replaced or changed from 2024/2025, other than to include amendments

contained in the “Amendment Regulations” (explained in 1.6 above), there is no requirement for the Council to consult, as authorities have no discretion in relation to these amendments. However, as the previous consultation around the discretionary elements was carried out some years ago, it was felt appropriate that a fresh consultation on those issues be undertaken as a matter of good practice.

### **3 Adoption of the Council Tax Reduction Scheme**

- 3.1 The Council is required to adopt a scheme by 31 January 2024 under the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013, as amended, 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 under the Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013 (as amended).
- 3.2 As explained in 1.6 above, each year Welsh Government needs to amend the CTR 2013 Regulations to ensure that the assessment calculation for CTR recipients is updated. The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Amendment) (Wales) Regulations 2024 were laid on 5<sup>th</sup> December 2023. As well as the up-rating provisions, these “Amendment Regulations” incorporate various technical and consequential amendments.
- 3.3 It is recommended that the Council adopts a Scheme for the period 2024/25 under “the Prescribed Requirements Regulations”, and any amendments made to those regulations by the “Amendment Regulations”, to include all the elements that must be included in the scheme and those discretionary elements set out in the table at Paragraph 3.5 below.
- 3.4 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.
- 3.5 Taking account of:
  - the consultation responses for the current local scheme, (see Appendix A) relating to the discretionary elements, noting that no changes have been proposed for 2024/25.
  - the current local scheme in relation to the treatment of War Disablement Pensions, War Widows Pensions and War Widowers Pensions for Housing Benefit, which disregards these payments in full,
  - the fixed funding available,

The recommendations in relation to the available discretionary elements are as follows in the table below: -

<p><b><u>Discretionary Elements</u></b></p> <p><b>Part 5 - Other Matters that must be included in an authority's scheme</b></p>	<p><b>Prescribed Requirement Regulations (Minimum Requirements)</b></p>	<p><b>Recommended Details to be Adopted with regard to Discretionary Elements</b></p>
<p>The ability to increase the statutory extended reduction period of 4 weeks given to applicants where they have previously been receiving a CTR 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.</p> <p><i>Regulation 32 (3) and Regulation 33 (3), para (33) Schedule 1 and para (35) and (40) Schedule 6.</i></p>	<p>4 Weeks</p>	<p><u>Pensioners</u>: The 4 weeks period specified in para (33) of Schedule 1 will apply, and</p> <p><u>Non- Pensioners</u>: The 4 weeks period specified in para (35) and (40) of Schedule 6 will apply.</p>
<p>The ability to backdate applications of CTR for periods longer than the statutory period of 3 months before the claim is made.</p> <p><i>Regulation 34 (4) and Paragraph (3) and (4) of Schedule 13.</i></p>	<p>3 Months</p>	<p><u>Pensioners</u>: The period of 3 months specified in para (3) of Schedule 13 will apply,</p> <p><u>Non-Pensioners</u>: The period of 3 months specified in para (4) of Schedule 13 will apply.</p>
<p>The 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);</p> <p><i>Regulation 34 (5), Paragraphs 1(a) and 1(b) Schedule 4 and Paragraphs 20(a) and 20(b) of Schedule 9</i></p>	<p>£10</p>	<p><u>Pensioners</u>: The total value of any pension specified in para 1(a) and 1(b) of Schedule 4 will be disregarded.</p> <p><u>Non-Pensioners</u>: The total value of any pension specified in para 20(a) and 20(b) of Schedule 9 will be disregarded.</p>

## 4 Integrated Assessment Implications

- 4.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.
  - Deliver better outcomes for those people who experience socio-economic disadvantage.
  - Consider opportunities for people to use the Welsh language.
  - Treat the Welsh language no less favourably than English.
  - Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
- 4.1.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.
- 4.1.2 The Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure require Local Authorities to have "due regard" to their public sector equality duties when exercising their functions.
- 4.1.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.
- 4.2 The Welsh Government undertook a comprehensive regulatory impact assessment in respect of the national scheme regulations, in November 2013.
- 4.3 The Council has undertaken a consultation exercise in relation to the discretionary elements in November 2023. As a matter of good practice these are undertaken periodically.
- 4.4 An Integrated Impact Assessment Screening has been carried out in December 2023 which determined that a full Integrated Impact Assessment Report was not required. See Appendix B.

- 4.5 It should be noted that there are no significant changes in the scheme recommended from 2024/25 compared to 2023/24. As this is a national scheme, the Council cannot vary the provisions other than those discretionary areas detailed in 1.4 above, which are proposed to remain the same as exist in the current (2023/24) local scheme. The Revenues and Benefits service will continue to provide advice to maximise taxpayers' benefit income, award appropriate discounts and exemptions and signpost customers to relevant agencies, where appropriate, so they can obtain independent advice.
- 4.6 By adopting the scheme the Council is able to ensure that low-income households are able to access financial support to help with their Council Tax liability. There are no negative impacts. Adopting a CTR Scheme is a positive action for the authority and will reduce the Council Tax to be paid by Swansea Citizens by an estimated £24M based on 23/24 figures.

## 5. Financial Implications

- 5.1 Welsh local authorities receive a fixed sum provision from Welsh Government for the CTRS. This is fundamentally different to the funding received from DWP, for the former Council Tax Benefit scheme, which was demand led and almost fully funded on a pound for pound basis. Any changes that affect the amount of CTR to be paid, for example due to Council Tax increases, increases in customers' CTR entitlement or increases in the number of customers actually claiming CTR, exposes the Council to financial risk, as the shortfall between the amount of CTR paid out and the funding received from Welsh Government, result in local authorities having to bear the additional cost.
- 5.2 The table below shows the number of current CTR recipients in Swansea, the latest estimate of CTR paid for 2023/24 and the latest estimated shortfall of £4.927M which has to be met by the Council.

<b>Current CTR Recipients 2023/24</b>	<b>Current CTR recipients who receive 100% CTR 2023/24</b>	<b>Latest estimate of CTR to be paid in 2023/24</b>	<b>Fixed funding received from Welsh Government for 2023/24</b>	<b>Estimated shortfall between funding and CTR paid to recipients 2023/24</b>
21,078	17,725	£24.124M	£19.197M	-£4.927M

- 5.3 The amount of CTR funding for distribution in 2024/25 in Wales was detailed in the provisional settlement made on 19 December 2023. The funding available for the whole of Wales is £244M with this Council's provisional allocation being £18.977M. This provisional allocation is a decrease of £220,000 compared to 2023/24. Therefore, in 2024/2025, the contribution from this authority to meet the cost of providing CTR, over the above the amount provided by Welsh Government, is provisionally estimated to be at least £5.147M but is likely to be higher once the level of Council Tax for 2024/2025 is known.

- 5.4 The table in 5.2 shows the estimated shortfall between the CTR to be paid out and the fixed funding received from Welsh Government for 2023/24.
- 5.5 Based on these figures, for every 1% increase in Council Tax levels in 2024/25, the yield will be reduced by an estimated £241,245 to reflect the cost of the CTR Scheme.

## **6. Legal Implications**

- 6.1 The Council is obliged to make a CTRS under the Prescribed Requirements Regulations, as amended, by 31 January 2024. 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.
- 6.2 The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2024 were debated by the Senedd Cymru on Tuesday 16 January 2024. That was after the deadline date for the submission of this report but at the time of writing it was anticipated that the draft version of the regulations would be approved and come into force on 19 January 2024.
- 6.3 There are no other legal implications other than those already highlighted in this report.

**Background Papers:** None

### **Appendices:**

- Appendix A: Summary of the responses to the CTRS consultation undertaken in November 2023
- Appendix B: Integrated Impact Assessment screening document