



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2023/24

COUNCIL

17th JANUARY 2024

LOCAL COUNCIL TAX REDUCTION SCHEME

**REPORT OF: THE DEPUTY CHIEF EXECUTIVE AND GROUP DIRECTOR - FINANCE,
DIGITAL & FRONTLINE SERVICES**

Author: Barrie Davies (01443 424026)

1. PURPOSE OF THE REPORT

- 1.1. This report fulfils the requirement to annually consider whether to revise or replace the Council's existing Council Tax Reduction Scheme ("CTRS") and the requirement to adopt a scheme by 31st January 2024.
- 1.2. As part of the review, the report sets out the changes to the CTRS that were introduced in April 2013. It explains the amendments proposed, the funding implications likely and documents the consultation outcomes allowing Members to consider the adoption of the Council's local CTRS for the 2024/25 financial year, which must be adopted by 31st January 2024.

2. RECOMMENDATIONS

2.1. It is recommended that Members:

- a) Note and adopt the provisions of the Prescribed Requirements Regulations and the amendments made to those regulations by the Amendment Regulations as the Council's local CTRS for 2024/25, subject to the local discretions that the Council is able to exercise and subject to the regulations being approved by Welsh Government on 16th January 2024 and coming into force on 19th January 2024;
- b) Note the outcome of the consultation exercise undertaken by the Council on the local discretions applicable to the CTRS for 2024/25; and
- c) Confirm the discretions applicable to the Council's local CTRS for 2024/25 as set out at paragraph 5.3 (Table 2) of this report.

3. BACKGROUND

- 3.1. The CTRS 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). On 26th November 2013, the (former) National Assembly for Wales (NAfW) approved two sets of regulations:
- (a) the Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013 (“the Default Scheme Regulations”); and
 - (b) the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 (“the Prescribed Requirements Regulations”) (together the “Regulations”).

The Regulations at (b) above prescribe the main features of the CTRS to be adopted by all councils in Wales.

- 3.2. The Prescribed Requirements Regulations contain an obligation, where each year a council must consider whether to revise its scheme, or to replace it with another scheme. Any revision or replacement must be made no later than 31st January in the year preceding the financial year for which the revision or replacement scheme will take effect. However, the Regulations were amended in January 2015 to remove the requirement for Local Authorities to consult in relation to changes made by Welsh Ministers where authorities have no discretion. This means that Local Authorities do not need to consult when the Prescribed Requirements Regulations are amended by Welsh Government (WG) annually, to reflect consequential amendments to other state benefit changes.
- 3.3. Although there is a national scheme for Wales, the Prescribed Requirements Regulations provide limited discretion for the Council to apply minor additional discretionary elements that are more generous than the national scheme and which provide for additional administrative flexibility. If the Council does decide to offer more generous local discretions this would further increase the cost of the CTRS. These are:-
- (a) The ability to increase the standard extended reduction period of 4 weeks given to persons who have ceased to receive qualifying benefits after they return to work (or increase hours or increase earnings), where they have previously been receiving a Council Tax reduction that is to end as a result of the change in their circumstances;
 - (b) The ability to backdate the application of Council Tax reduction for periods longer than the standard period of 3 months before the claim is made; and
 - (c) Discretion to disregard more than the statutory weekly £10 of income received in respect of War Disablement Pensions and War Widow’s Pensions (disregarded when calculating the income of the applicant).
- 3.4. The Prescribed Requirements Regulations require the Council to adopt a CTRS by 31st January each year, regardless of whether it applies any of the discretionary elements set out in the preceding paragraph. 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 adopts a scheme under the Prescribed Requirements Regulations.

- 3.5. Each year, WG updates the Regulations to amend the financial values used to assess an applicant's entitlement. On 5th December 2023 the amending Regulations - (The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2024) (the "Amendment Regulations") - were laid before WG. Due to the WG's procedures which govern the making of the Regulations, the Amendment Regulations are to be formally considered by Plenary session of WG on 16th January 2024 and subject to approval, will come into force on 19th January 2024.
- 3.6. As detailed above, each year WG has to amend the Regulations to ensure that certain financial values used to calculate entitlement to a reduction for non-passported CTRS applicants are up-rated. For 2024/25, these changes relate to: -
- Personal allowances in relation to working age, carer and disabled applicants;
 - Personal allowances in relation to pensioner applicants; and
 - Non-dependant deductions.
- 3.7. In addition to any changes to the up-rating provisions referred to above, the Amendment Regulations incorporate further amendments to reflect consequential changes relating to social security benefits and other technical changes. A summary of all the main changes is set out in Appendix 1 to this report for information.

4. CONSULTATION AND EQUALITY IMPACT ASSESSMENT

- 4.1. The Regulations specify that in preparing its CTRS, a council must consult with any person it considers are likely to have an interest. Consequently, this requirement is met by incorporating a number of questions on the discretionary areas in the local CTRS, within the Council's general budget consultation process (which includes council tax levels and service priorities to inform the annual budget setting process).
- 4.2. Phase 1 of the annual budget consultation process for the 2024/25 financial year ran from 14th November to 19th December 2023 and used the Council's Let's Talk Engagement website, delivered face-to-face events in the community and with specific groups / Council Committees / secondary school learners, and provided alternate means of engagement for those having reduced or no access to the internet and for those who preferred to engage through traditional methods.
- 4.3. The overall response from the consultation process on the three discretionary areas available to the Council and which it could apply to its CTRS was as follows: -

Table 1

Discretion Area	No. of Respondents	Yes	No	Don't Know
Do you think that 4 weeks is a reasonable period to continue paying Council Tax Reduction when someone returns to work?	164	118	29	17
Do you think that it is reasonable for the Council to continue to totally disregard War Disablement and War Widow's Pensions income when assessing entitlement to CTR Scheme?	162	85	47	30
Do you think that 6 months is a reasonable period to backdate claims for working age and pensioners?	163	99	45	19

4.4. As part of the consultation arrangements set out in paragraph 4.2 a presentation was made to the Council's Overview and Scrutiny Committee on 13th December 2023. At this meeting, the Committee did not highlight any proposed changes to the current arrangements in place, these being:

- Extended Payments - a 4-week extended payment period for people who return to work.
- War disablement pensions / war widow's pension income - exclude war disablement and war widow pension income when assessing CTRS entitlement.
- Backdating claims – maintain the backdated claim period of 6 months.

4.5. In terms of an Equality Impact Assessment, the Council undertook a comprehensive equality impact assessment in January 2013 based on the original scheme. This has been reviewed in light of the minor changes to each subsequent year's scheme and it is evident that there are no amendments required.

4.6. The NAFW undertook a comprehensive Regulatory Impact Assessment in respect of the national Council Tax Reduction Scheme, which accompanied the Regulations when they were considered by the NAFW in November 2013.

5. ADOPTION OF THE COUNCIL TAX REDUCTION SCHEME

5.1 The Council is required to adopt its CTRS by 31st January 2024. This requirement is a statutory duty and applies even if the Council chooses not to apply any of the discretions available to it. If the Council fails to make a scheme, then a default scheme will apply under the Default Scheme Regulations (as amended).

5.2 As set out in paragraph 3.3, the Council does have limited discretion to be more generous than the national scheme and provide for additional administrative flexibility (specified under Part 5, paragraphs (32) to (34) of the Prescribed Requirements Regulations).

5.3 Taking account of:-

- (a) the responses to the Council's consultation exercise relating to the discretionary elements of the scheme;
- (b) the existing Housing Benefit Scheme in relation to the treatment of War Pensions (widows, widowers and disablement), which disregards these payments in full; and
- (c) the fixed funding made available by WG (as detailed at paragraph 6),

it is recommended that the approach to the available discretions should continue in line with the arrangements for 2023/24 as set out in Table 2.

Table 2

<p align="center">Discretionary Parts of the Prescribed Requirements Regulations</p> <p><i>(Part 5 – Other Matters that must be included in an Authority’s scheme)</i></p>	<p align="center">Prescribed Requirements Regulations (Minimum Requirement)</p>	<p align="center">Recommended Discretion to be adopted</p>
<p>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 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) paragraph (33) of Schedule 1 and Regulation 33 (3), paragraph (35) and (40) of Schedule 6.</i></p>	<p align="center">4 Weeks</p>	<p><u>Pensioners:</u> The standard period of 4 weeks specified in paragraph (33) of Schedule 1 will apply, and</p> <p><u>Non- Pensioners:</u> The standard period of 4 weeks specified in paragraph (35) and (40) of Schedule 6 will apply</p>
<p>Ability to backdate an application for CTR with regard to late claims prior to the standard 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 align="center">3 Months</p>	<p><u>Pensioners:</u> A period of 6 months will apply.</p> <p><u>Non-Pensioners:</u> A period of 6 months will apply.</p>
<p>Ability to disregard more than the statutory weekly £10 of income received in respect of War Disablement Pensions and War Widow's 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 align="center">£10</p>	<p><u>Pensioners:</u> The total value of any pension specified in paragraphs 1 (a) and (b), Schedule 4 will be disregarded.</p> <p><u>Non-Pensioners:</u> The total value of any pension specified in paragraphs 20 (a) and (b), Schedule 9 will be disregarded.</p>

5.4 It should be noted that there is no additional funding available from WG to fund the discretionary elements of the CTRS. The estimated cost of funding the discretionary elements of the Prescribed Scheme in **2023/24** is set out in Table 3 below:

Table 3

Discretionary Element	Est. Annual Cost (£)	No. of Applicants
Extended Payments	1,000	12
Backdated Payments	15,000	99
War Disablement & War Widow's Pensions	20,000	50
Total estimated cost	36,000	

5.5 Accordingly, it is recommended that the Council adopts the Prescribed Requirements Regulations (as amended by the Amendment Regulations), subject to these regulations being approved by Welsh Government and coming into force, which set out all the components that must be included in a CTR Scheme, as the Council's CTR Scheme for 2024/25 along with the discretions as set out in Table 2.

6. FINANCIAL IMPLICATION(S)

6.1. The budgeted annual value of CTRS to be paid in **2023/24** is £25.784M. There are currently 23,444 applicants as compared to 23,579 at December 2022.

6.2. Local Authorities receive fixed funding for the CTRS from WG, which means that as a local authority's caseload, and hence costs, changes from that assumed when the WG funding was set, the local authority bears the financial risk of any variance.

6.3 The amount allocated to councils by WG through the local government settlement takes no account of:

- Any increase in Council Tax levels that may be applied for 2024/25;
- The increase or decrease in the costs of awards under the CTRS if the number of claimants increase/decrease, or if claimants become eligible for more/less help; and
- The provision for Council Tax bad debt.

6.4 The total amount of cash-limited funding for 2024/25 distributed to the local authorities in Wales contained in the provisional Local Government Settlement announced on 20th December 2023 is £244M (this has remained unchanged since 2013/14) and the Council's allocation for 2024/25 is £20.866M (representing 8.6% of the all Wales funding).

6.5 Any change to actual Council Tax levels in 2024/25 made by the Council, will affect the cost of providing the local CTRS, which equates to approximately £258k for each 1% increase in Council Tax.

7. EQUALITY AND DIVERSITY / SOCIO ECONOMIC DUTY IMPLICATIONS

7.1 The equality and diversity and socio-economic duty implications are set out in the main body of the report.

8. CONSULTATION

8.1 Consultation arrangements have been set out in the main body of the report.

9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

9.1 The relevant legislation has been referenced throughout the main body of the report.

10. WELSH LANGUAGE IMPLICATIONS

10.1 There are no Welsh language implications as a result of the recommendations in this report.

11. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

11.1 The recommendation for the adoption of this CTRS and the local discretions is in line with the Council's Corporate Plan 2020 – 2024 "Making a Difference" through focussing on supporting the economy, prosperity and promoting people's independence and will contribute to the draft well-being objectives being developed as part of the Council's new Corporate Plan covering the period April 2024 to March 2030. In doing so, it will also contribute to the well-being goals as set out in the Well-being of Future Generations Act.

12. CONCLUSION

12.1 Each year local authorities in Wales are under a statutory obligation to consider whether to revise their CTRS or to replace it with another scheme and any revision or replacement must be made by no later than 31st January in the year preceding the financial year for which the revision or replacement scheme will take effect.

12.2 This report provides Council with details of the proposed scheme to be applicable for financial year 2024/25.

Council Tax Reduction Scheme

Amendments to the 2013 Regulations made by 2024

Regulations

1. The new statutory instrument¹ amends the 2013 CTRS Regulations to up-rate certain figures used within those Regulations to calculate entitlement to a Council Tax Reduction, and the amount of any reduction awarded to applicants in 2024/25. It also makes a number of consequential and technical amendments to the 2013 CTRS Regulations to take account of interrelated benefits and ensure they remain fit for purpose.
2. The up-rating increases the various figures used to calculate an applicant's entitlement to a reduction and the amount of the reduction, in line with variations for living costs and earnings. The uprated figures relate to:

Change	Impact
<p>Personal allowances in relation to working age, carer and disabled applicants</p> <p>The financial figures in respect of these allowances have been amended and have increased in line with the cost of living rises. The convention is to uprate in line with the Consumer Price Index September figure from the previous year (2023), which is 6.7%.</p>	<p>Costs</p> <p>Uprating the financial figures in respect of pensioners and working age allowances would slightly increase total reductions under Council Tax Reduction Schemes. However, if the financial figures in relation to Non-Dependant Deductions were also uprated, this would mitigate some of the increase in total reductions. Consequently, total council tax reductions are not expected to rise significantly because of the uprating.</p> <p>Benefits</p> <p>Uprating the financial figures in the 2013 CTRS Regulations will ensure that</p> <ul style="list-style-type: none"> ▪ the personal allowance for working age applicants continues to increase in line with the CPI (which is set at 6.7%). For example in 2024-25, the single person allowance would increase from £90.40 to £96.45 (an increase of £6.05). ▪ the personal allowance for pensioners continues to increase in line with the standard minimum guarantee and savings credit. For example in 2024-25, the single person allowance would increase from £217.00 to £235.20 (an increase of £18.20). ▪ Non-dependant deduction rates are uprated, this will ensure the calculation used to assess the eligibility of non-dependant households remains up-to-date. The calculation would continue to make a fair assessment of the income of non-dependants and the cost of council tax. This will ensure the system remains fair and equitable.
<p>Pensioners reaching state pension age: personal allowance</p> <p>The Regulations currently provide for higher or lower personal allowance rates for pensioners depending on whether they are over or under 65 respectively. There are no longer pensioners (within the meaning of the Regulations) who are under the age of 65. An amendment is therefore made to remove those redundant references. The effect of the amendment is that all pensioners in Wales are entitled to the higher rate of personal allowance. This means the Welsh scheme is more generous than in England.</p>	
<p>Non-dependant deductions</p> <p>The financial figures in relation to both the income bands and deductions made in relation to 'non-dependants' will be uprated. If amendments are not made, appropriate deductions would not be made from CTRS awards as the income thresholds would no longer reflect average earnings and the deduction would no longer reflect the overall cost of council tax.</p>	

¹ The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2024

3. Additional Consequential Amendments

In addition to the uprating of financial figures, this statutory instrument makes a number of consequential amendments to the 2013 CTRS Regulations. These will ensure the 2013 Regulations remain up-to-date and fit for purpose.

Area/Issue	Effect of 2024 “Amendment” Regulations
<p><u>Widowed Parents Allowance and Bereavement Support back payments</u> This 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)</p>	<p>The proposed amendment makes provision to disregard any payment received from the calculation of an applicant’s capital under the scheme. 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</p>
<p><u>Post Office Compensation payments</u> 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. 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</p>	<p>The proposed amendment makes provision to disregard any compensation or support payment received from the calculation of an applicant’s capital and a non-dependant’s deduction under the scheme</p>
<p><u>The Vaccine Damage Payment scheme</u> 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. 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.</p>	<p>The proposed amendment makes provision to disregard a payment received from the calculation of an applicant’s capital under the scheme</p>
<p><u>The Infected Blood Inquiry</u> 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. 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.</p>	<p>The proposed 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. The amendment makes provision to disregard a payment received from the calculation of an applicant’s capital under the scheme.</p>

4. Minor technical and consequential amendments

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.

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.