

Report to	County Council
Date of meeting	28 th January 2025
Lead Member / Officer	Lead Member for Finance, Performance and Strategic Assets / Head of Finance and Audit
Report author	Service Delivery Manager, Revenues and Benefits
Title	Council Tax Reduction Scheme 2025/26

1. What is the report about?

1.1 Council Tax Reduction Schemes (CTRS), which are the mechanism by which local authorities in Wales provide support to low-income households in meeting their council tax liability.

1.2 The adoption of the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013, the Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013 and the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Miscellaneous Amendments) (Wales) Regulations 2025.

2. What is the reason for making this report?

2.1 From 31 March 2013 Council Tax Benefit ceased and the responsibility for providing support for council tax and the funding associated with it, has been passed to the Welsh Government.

2.2 The Welsh Government have finalised both sets of annual regulations on 24th January 2025 and the new Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and amendments Regulations 2025 are required to be adopted by all 22 council's in Wales by 31st January 2025.

2.3 The statutory instrument amendments to the 2013 CTRS Regulations uprate certain figures in those Regulations used to calculate entitlement to a council tax reduction, and the amount of any reduction awarded to applicants in the 2025/26 financial year to reflect

the increases in the cost of living. It also makes minor technical, presentational, and consequential changes to the 2013 CTRS Regulations.

3. What are the Recommendations?

3.1 That members adopt the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013, the Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013 and the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Miscellaneous Amendments) (Wales) Regulations 2025 in respect of the 2025/26 financial year.

3.2 That members approve the discretionary elements of the scheme, shown in section 4.4, for 2025/26 financial year.

4 Report details

4.1 The Proposed Scheme 2025/26

Welsh Government agreed that the amended 2025/26 scheme should observe the following parameters:

- To continue with a single nationally defined scheme to provide a consistent level of support to claimants across Wales. The maximum level of support is set at 100%.
- To continue providing a small number of discretionary elements, similar to those available under the current scheme, allowing local authorities to respond to their differing local circumstances (provided that the costs of any variations are funded locally).
- To continue to be based on a reform of the previous Council Tax Benefit system, until 2026-27 so that operational risks are managed, and that support can continue to be provided.

4.2 Uprating for 2025/26

The amended 2013 CTRS Regulations uprate financial figures used to calculate entitlement to a reduction in line with Welsh Government policy. A number of other figures are included in the uprating for 2025/26. These include:

- Personal allowances in relation to working age, carer and disabled premiums. 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 figure for September from the previous year (2024), which is 1.7%.
- Personal allowances in relation to pensioners. 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 of Work and Pensions and have been uprated by different mechanisms. For example, the Pension Credit Standard Minimum Guarantee is uprated by earnings, whereas the Additional Pension and increments are uprated by prices.
- Non-dependant deductions. The financial figures for the income bands and deductions made in relation to non-dependants have been uprated by the average increase in council tax. If amendments are not made, the deductions from CTRS awards would not be appropriate as the income thresholds would no longer reflect average earnings and the deduction would no longer reflect the overall cost of council tax.

4.3 Additional Amendments

In addition to uprating the financial figures, the following amendments make provision for technical, presentational and consequential changes to ensure the 2013 regulations remain up-to-date and fit for purpose.

- Use of Universal Credit (UC) data as an intention to claim CTRS. WG consulted on proposed changes with the aim of making it easier to access and simpler to administer CTRS. This amendment will ensure that where a person is in receipt of UC, and where relevant information in relation to entitlement has been shared with the local authority, then that authority will treat that as an intention to apply for CTRS.

- Displaced Persons from Israel, Palestine, Lebanon or Sudan. The DWP have laid regulations to ensure that any displaced persons arriving in the UK from any of the afore mentioned countries are able to meet the residency conditions. This will enable them to claim income-related, disability and carer benefits. This change will also allow those persons to claim CTRS in Wales.
- Compensation Payments Applicants who receive payment from the Victims of Overseas Terrorism Compensation Scheme will have this payment disregarded as capital for the calculation of income-related benefits.
- Removal of requirement to pay Class 2 National Insurance Contributions (NIC). To reflect changes to self-employed no longer needing to pay Class 2 NICs, the DWP have laid regulations to remove references to Class 2 NIC contributions.
- Migrant Victims of Domestic Abuse Concession. Due to the Home Office removing reference to the Destitution Domestic Violence Concession (DDVD) and replacing it with the Migrant Victims of Domestic Abuse Concession (MVDAC), all references within the CTRS regulations have been replaced.

4.4 Discretionary Elements for Council Decision

The regulations require councils to adopt discretionary elements in their schemes and Council are recommended to adopt the following three, which have remained consistent since the scheme began:

- not to increase the standard extended payment period of 4 weeks Council Tax Reduction to applicants, after they return to work when they have been in receipt of a relevant qualifying benefit.
- disregard 100% of the War Disablement pensions and War Widows Pensions when calculating income
- not to increase the CTR maximum backdate period beyond the standard 3 months

5 How does the decision contribute to the Corporate Priorities?

Adopting this scheme will help vulnerable people, ensuring they are able to live as independently as possible, reduce homelessness and child poverty. If the uprating figures were not adopted, the eligibility criteria would be out of date, with earning thresholds no longer reflecting the overall cost of council tax. Applicants would be disadvantaged by

reducing or stopping their entitlement to support. It could also cause confusion for applicants and increase the administrative burden for the Local Authority and local support providers.

6 What will it cost and how will it affect other services?

£8.734m has been identified in the provisional settlement for Denbighshire's Council Tax Support scheme from WG for 2025/26 (£8.815m 2024/25). However current expenditure is £11.664m (2024/25). If the net council tax increased by, for example 5%, the forecast expenditure for 2025/26 would be circa £12.247m. This gives a shortfall of around £3.513m for 2025/26 for which budgetary provision has been made since 2013. A budget pressure of £500k to cover the annual increase in council tax is being proposed as part of the budget setting proposals for 2025/26.

7 What are the main conclusions of the Well-being Impact Assessment?

A Well-being Impact Assessment has not been completed for this report as the proposal is for the extension of the current scheme which was consulted on in 2012. There are no material changes proposed (and no changes to the discretionary elements), however it is a legal requirement that the scheme is formally approved by Council on an annual basis.

8 What consultations have been carried out with Scrutiny and others?

Not applicable as this is an extension of the current scheme, which was consulted on in 2012.

9 Chief Finance Officer Statement

The Council is required to adopt a reduction scheme annually. As funding for CTRS has remained static, or reduced across Wales for a number of years the impact of Council Tax rises on the reduction scheme has to be funded locally. The proposals in this report will be included as part of the budget proposals for 2025/26.

10 What risks are there and is there anything we can do to reduce them?

There are risks to the Council in not adopting this scheme, in that Denbighshire CC would then have to adopt the default scheme, which may increase the total cost.

11 Power to make the decision

The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013, the Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013 and the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Miscellaneous Amendments) (Wales) Regulations 2025.