

# **NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

**8<sup>th</sup> JANUARY 2025**

## **REPORT OF THE DIRECTOR OF FINANCE**

### **SECTION A – MATTERS FOR DECISION**

#### **WARDS AFFECTED – ALL**

#### **COUNCIL TAX REDUCTION SCHEME 2025/26**

##### **Purpose of Report**

1. This report sets out the proposed Council Tax Reduction Scheme for 2025/26 which needs to be adopted by Council by 31<sup>st</sup> January 2025. It also makes proposals relating to discretionary areas within the proposed scheme.

##### **Background**

2. Council Tax Benefit was replaced in April 2013 by a Council Tax Reduction Scheme more commonly known as Council Tax Support.
3. As Members are aware the UK Government funding for the scheme was reduced by approximately 10% as compared to their funding level for the previous Council Tax Benefit Scheme. However, since 2013/14 the Welsh Government has continued to provide an additional £22m on top of its base funding of £222m to enable financial support up to 100% of the council tax bill to be made available for eligible claimants.
4. The Welsh Government made regulations for a national scheme for Council Tax support. However, the obligation remains upon the Council to “adopt a scheme”.

## **Current Position**

5. The current Council Tax Reduction Scheme ends on 31<sup>st</sup> March 2025 and a new scheme must be adopted for 1<sup>st</sup> April 2025.
6. As Members are aware the Council provides Council Tax support to approximately 15,300 households within the County Borough, of which approximately 12,450 receive full support and pay no Council Tax. The remaining 2,850 households receive partial support to pay for their Council Tax.
7. Although the Local Government Finance Act gives Welsh Ministers discretion to allow Welsh local authorities to determine the contents of schemes themselves, the Welsh Government have approved an extension to the existing national framework for the provision of Council Tax Support in Wales. This is to avoid what has been termed a "postcode lottery" whereby eligibility for a Council Tax reduction and the size of the Council Tax reduction for particular groups could be different in different council areas. This extension provides up to a "100% support scheme" for 2025/26.
8. The Council Tax Reduction Scheme 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 26<sup>th</sup> November 2013 the Wales Government approved the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and the Council Tax Reduction Schemes (Default Scheme) (Wales) Regulations 2013.
9. 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 2025.
10. These regulations have been laid in Welsh Government on the 10<sup>th</sup> December 2024 and are due to be debated/approved by Welsh Government in January 2025. It is proposed that the Council also

adopts the proposed changes that will be made by the Welsh Government, which include:

#### Upating figures for 2025-26

Personal allowances in relation to working age, pensioner age, carer and disabled premiums will be updated as will non-dependent deductions.

#### Additional Amendments

In addition to upating the financial figures, there are also a number of other amendments to the 2013 CTRS Regulations, which make provision for the treatment of the following, which ensure the 2013 Regulations remain up-to-date and fit for purpose.

#### **Use of Universal Credit data as an intention to claim**

The Welsh Government consulted between 12 March and 6 June 2024 on proposed changes to the Council Tax Reduction Scheme with the aim of making it easier to access and simpler to administer.

The majority of respondents to the consultation agreed with the proposal that a person in receipt of Universal Credit may be recognised by a local authority as having made an application for a council tax reduction. The proposed amendments will ensure that where a person is in receipt of Universal Credit, and where relevant information in relation to that entitlement has been shared with a local authority, then that authority may treat that as an intention to apply for CTRS and to process that application in accordance with the 2013 CTRS Regulations.

The Department for Work and Pensions has laid regulations to ensure that displaced persons arriving in the UK from conflict in Sudan are able to meet the residency conditions for income-related, disability and carer benefits.

The proposed amendments will allow displaced persons from Sudan access to the CTRS in Wales.

The consequential amendment is being made to ensure that this group of people are not exempt from those counted as persons not being in Great Britain. The same changes have been made to the scheme in England.

### **Displaced Persons from Israel, Palestine or Lebanon**

The Department for Work and Pensions has laid regulations to ensure that displaced persons arriving in the UK from conflict in Israel, the Occupied Palestinian Territories or Lebanon are able to meet the residency conditions for income-related, disability and carer benefits.

The proposed amendments will allow displaced persons from Israel, Palestine and Lebanon access to the CTRS in Wales.

The consequential amendment is being made to ensure that this group of people are not exempt from those counted as persons not being in Great Britain. The same changes have been made to the scheme in England.

### **Victims of Overseas Terrorism Compensation payments**

The Department for Work and Pensions has laid regulations to ensure that the Victims of Overseas Terrorism Compensation Scheme is added to the list of compensation schemes, for which payments are disregarded as capital for the calculation of income-related benefit entitlements. This will ensure compensation payments, including those paid to the family members of victims of terrorist attacks in Israel, are disregarded indefinitely as capital when calculating entitlements to income-related benefits.

The proposed amendments will ensure that no CTRS applicant living in Wales is negatively impacted because they have received a payment made under the Victims of Overseas Terrorism Compensation Scheme.

## **Removal of requirement to pay Class 2 National Insurance Contributions**

From 6 April 2024 self-employed people with profits above £12,570 (the lower profits threshold) are no longer liable to pay Class 2 NIC's and instead are treated as having paid Class 2 NIC's. The Department for Work and Pensions has laid regulations to make various changes to legislation to remove references to Class 2 NIC contributions, including to the CTRS in England, to remove references to the lower profits threshold.

The proposed amendments will ensure that the provision mirrors the changes made in England to omit references to the Lower Profits Threshold for National Insurance Contributions.

The suggested changes will bring Wales in line with the adjustments made and implemented in England.

## **Migrant Victims of Domestic Abuse Concession**

From 16 February 2024, the Home Office changed the name of the Destitution Domestic Violence Concession (DDVC) to the Migrant Victims of Domestic Abuse Concession (MVDAC). This concession allows individuals who were previously granted leave to stay in the UK as the spouse or partner of a British citizen or someone settled in the UK, and whose relationship has broken down due to domestic abuse, to apply for three months 'Leave Outside the Rules', which allows recourse to public funds. Amendments to the CTRS Regulations will be required to change references from DDVC to MVDAC.

The proposed amendments will ensure that they reflect the updated title of the Migrant Victims of Domestic Abuse Concession.

## **Minor technical and consequential amendments**

A further minor technical amendment has been made to update a previous reference in relation to statutory parental bereavement pay.

## Integrated Impact Assessment

11. The Welsh Government has previously compiled an Equalities Impact Assessment following its consultation. A local Equalities Impact Assessment has previously been carried out by this Council in 2012 and 2013. Those consultations assisted the Council in satisfying the public sector equality duty as set out in the Equality Act. A first stage impact assessment has been undertaken to assist the Council in discharging its legislative duties (under the Equality Act, the Welsh Language Standards (No.1) Regulations 2015, the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016. The first stage assessment, attached at Appendix 1, has indicated that a more in-depth assessment is not required.
12. The approved national scheme, within the Prescribed Requirements Regulations, provides some limited discretion for the Council to apply additional elements that are more generous than the national scheme.
13. As the Welsh Government has introduced a standard scheme other than for 3 discretionary items as set out below they have determined there is no need for each Council to carry out a separate consultation process in relation to individual schemes. This is provided that there is no proposed change in relation to the discretionary elements. It is confirmed that there are no proposed changes to the discretionary elements for the 2025/26 Council Scheme as set out below.
  - (a) The ability to backdate the application of council tax reduction with regard to late claims prior to the standard period of three months before the claim;  
  
**that there is no increase in the backdated period for pensioners and working age claimants from the standard 3 months contained within the prescribed scheme.**

- (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 is to end as a result of their return to work;

**that there is no change to the standard 4 week extended reduction period contained within the Prescribed Scheme.**

- (c) Discretion to increase the amount of War Disablement Pensions, War Widows Pensions and War Widower's Pensions which is to be disregarded when calculating income of the claimant;

The National Scheme provides for the first £10 per week of this income to be disregarded.

**to continue to disregard the above-mentioned pensions income in full.**

### **Financial Implications**

- 14. This Council's total budget for Council Tax Support in 2024/25 is £20.784 million. The budget for 2025/26 will be determined by Cabinet in March 2025.

### **Legal Implications**

- 15. The Council is obliged to make a Council Tax Reduction Scheme under the Prescribed Requirements Regulations. 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.

### **Risk Implications**

- 16. The Council needs to manage the cost of Council Tax Support within its budget. The amount of Welsh Government support is provided on a fixed basis rather than the demand-led basis of

support to council tax benefit. Any variation in Council Tax support costs will have to be met by this Council.

## **Recommendations**

17. Having given due regard to the Integrated Impact Assessment. It is recommended that Council approve the following in relation to establishing its Council Tax Reduction Scheme for the 2025/26 financial year:

(a) Adopts the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 as further amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2025 and any subsequent amendments that may be required by legislation in relation to The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2025.

(b) Approves the retention of the existing discretionary elements in relation to the Prescribed Scheme:

- (i) That no increase in the backdated period for all claimants be applied from the standard 3 months contained in the Prescribed Scheme.
- (ii) That no increase in the extended reduction period for all claimants be applied from the standard 4 weeks currently contained within the Prescribed Scheme.
- (iii) Apply a 100% disregard for War Disablement Pensions, War Widows Pensions and War Widower's Pensions for all claimants.

## **Reason for Proposed Decision**

18. To establish a Council Tax Reduction Scheme for 2025/26 in line with legislation and regulations.



## **Implementation of Decision**

19. The decision is for immediate implementation.

### **Background Documents**

20. Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 as amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2015, amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2016, amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2017 (“Uprating Regulations”), amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2018 (“Uprating Regulations”) and further amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2019. Further amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2020. Further amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2021. Further amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2022. Further amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2023. Further amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2024. Further amended by The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2025.

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## **Appendix**

### Appendix 1 – Impact Assessment – First Stage

#### **Officer Contact**

For further information on this report item, please contact:

Mr Huw Jones – Director of Finance

E-mail: [h.jones@npt.gov.uk](mailto:h.jones@npt.gov.uk)

Mr Stuart Mason – Principal Benefits Officer

E-mail: [s.c.mason@npt.gov.uk](mailto:s.c.mason@npt.gov.uk)

**Impact Assessment - First Stage**

**1. Details of the initiative**

|   |
|---|
| <p><b>Initiative description and summary:</b> Council Tax Reduction Scheme 2024/25.</p> <p>The Welsh Government has previously consulted and put in place a universal scheme across Wales for the provision of financial support to the most financially disadvantaged citizens to help them pay their Council Tax. Since 2013/14 the Welsh Government has provided £244m to the 22 Local Authorities in Wales to adopt a standard scheme of financial support. This is to avoid what has been termed a "postcode lottery" whereby eligibility for a Council Tax reduction and the size of the Council Tax reduction for particular groups could be different in different council areas. The continued extension of this scheme into 2025/26 provides up to a "100% support scheme" for eligible taxpayers. As in all years since 2013/14 Neath Port Talbot Council's Council Tax Reduction Scheme (or support scheme) will be in line with the standard Welsh Government Scheme and does not propose any change to the 3 Discretionary elements of the scheme as are set out in paragraph 13 of the report.</p> |
| <p><b>Service Area:</b> Council Tax/Benefits</p>  |
| <p><b>Directorate:</b> Strategy &amp; Corporate Services</p>  |

**2. Does the initiative affect:**

|                                      | <b>Yes</b> | <b>No</b> |
|--------------------------------------|------------|-----------|
| Service users (council taxpayers)    | X          |           |
| Staff                                | X          |           |
| Wider community                      | X          |           |
| Internal administrative process only |            | X         |

**3. Does the initiative impact on people because of their:**

|                            | Yes | No | None/<br>Negligible | Don't<br>Know | Impact<br>H/M/L | Reasons for your decision (including evidence)/How<br>might it impact?  |
|----------------------------|-----|----|---------------------|---------------|-----------------|---|
| Age                        |     |    |                     | X             |                 | <p>Council Tax is payable by people occupying non domestic properties. These include owner occupiers, tenants and owners of properties (if they are vacant). There are a number of exemptions and discounts available for council tax payers and these along with the Council Tax Support Reduction scheme are applied to each property/taxpayer in line with Government legislation and regulations.</p> <p>The Council Tax Reduction Scheme (CTRS) set out in this report was consulted on by Welsh Government prior to its adoption in 2013/14. CTRS is provided to all eligible taxpayers to help them pay their Council Tax. This report shows that the cost to the Council exceeds the share of the £244m funding made available. The cost of the scheme has to be found from within the Council's total resources available. The Council Tax database does not identify the specific characteristics of taxpayers. All eligible taxpayers receive the appropriate financial support in line with the scheme's criteria and do not treat any people with protected characteristics any differently.</p> |
| Disability                 |     |    |                     | X             |                 |   |
| Gender Reassignment        |     |    |                     | X             |                 |   |
| Marriage/Civil Partnership |     |    |                     | X             |                 |   |
| Pregnancy/Maternity        |     |    |                     | X             |                 |   |
| Race                       |     |    |                     | X             |                 |   |
| Religion/Belief            |     |    |                     | X             |                 |   |
| Sex                        |     |    |                     | X             |                 |   |
| Sexual orientation         |     |    |                     | X             |                 |   |

**4. Does the initiative impact on:**

|   | Yes | No | None/<br>Negligible | Don't<br>know | Impact<br>H/M/L | Reasons for your decision (including evidence used) /<br>How might it impact? |
|---|-----|----|---------------------|---------------|-----------------|---|
| People's opportunities to use the Welsh language            | X   |    |                     |               | H               | Applications for support can be made in Welsh                                 |
| Treating the Welsh language no less favourably than English | X   |    |                     |               | H               | Applications for support can be made in Welsh                                 |

**5. Does the initiative impact on biodiversity:**

|  | Yes | No | None/<br>Negligible | Don't<br>know | Impact<br>H/M/L | Reasons for your decision (including evidence) /<br>How might it impact? |
|--|-----|----|---------------------|---------------|-----------------|--|
| To maintain and enhance biodiversity   |     | X  |                     |               |                 |  |
| To promote the resilience of ecosystems, i.e. supporting protection of the wider environment, such as air quality, flood alleviation, etc. |     | X  |                     |               |                 |  |

**6. Does the initiative embrace the sustainable development principle (5 ways of working):**

|  | Yes | No | Details   |
|--|-----|----|---|
| <b>Long term</b> - how the initiative supports the long term well-being of people                                | X   |    | The scheme provides assistance to people on benefits and low income to help them pay their Council Tax. This is a continuation of a standard uniform scheme introduced by Welsh Government in 2013/14. In line with Regulations the council must determine annually before the end of January the Council Tax Reduction scheme that it will have in place for the next financial year i.e. 2025/26. |
| <b>Integration</b> - how the initiative impacts upon our wellbeing objectives                                    | X   |    | It assists to provide a sense of community and helps people live locally without having to be concerned about paying all or part of their Council Tax.  |
| <b>Involvement</b> - how people have been involved in developing the initiative                                  |     | X  | The scheme has been in existence since 2013/14 and is proposed to continue unchanged in 2025/26. If the Welsh Government proposes any changes to the scheme they will be subject to full consultation.  |
| <b>Collaboration</b> - how we have worked with other services/organisations to find shared sustainable solutions |     | X  | The Council is applying the standard scheme of financial support as provided by the Welsh Government  |
| <b>Prevention</b> - how the initiative will prevent problems occurring or getting worse                          | X   |    | It prevents people having tax arrears and having to pay their Council Tax when they are on the appropriate benefits and/or low incomes  |

**7. Declaration - based on above assessment (tick as appropriate):**

|  |   |
|--|---|
| A full impact assessment (second stage) <b>is not</b> required   | X |
| Reasons for this conclusion  |   |
| This is a continuation of the Council Tax Reduction scheme that has been in existence since 2013/14. In line with regulations the Council's is required to approve its scheme for the forthcoming financial year by 31 January of each year. |   |

|  |  |
|--|--|
| A full impact assessment (second stage) <b>is</b> required |  |
| Reasons for this conclusion                                |  |
|  |  |

|               | Name      | Position            | Date     |
|---------------|-----------|---------------------|----------|
| Signed off by | Huw Jones | Director of Finance | 11.12.24 |