

Subject: COUNCIL TAX REDUCTION SCHEME 2026/27

Meeting: Council

Date: 22nd January 2026

Divisions/Wards Affected: All

1. PURPOSE:

1.1 The purpose of this report is to:

- present arrangements for the implementation of the Council Tax Reduction Scheme and approve it for 2026/27.
- agree to adopt the amendments to the Regulations proposed by Welsh Government, as detailed in point 3.7.
- affirm that annual uprating amendments will be carried out each year without a requirement to adopt the whole Council Tax Reduction Scheme.

2. RECOMMENDATIONS:

- 2.1 To note the making of the Council Tax Reduction Scheme and Prescribed Requirements (Wales) Regulations ("the Prescribed Requirements Regulations") 2013 by the Welsh Government on 26 November 2013.
- 2.2 To adopt the provisions within the Regulations above ("the Prescribed Requirements Regulations") and any 'annual uprating regulations' in respect of its Scheme for the financial year 2026/27 including the discretionary elements previously approved as the Council's local scheme from 1st April 2026.

3. KEY ISSUES:

- 3.1 The Council Tax Reduction Scheme (CTRS) is a national benefit administered by local authorities to help people on low incomes pay some or all of their Council Tax bill. Residents can claim Council Tax Reduction regardless of whether they own or rent their home. The Welsh Government made regulations to introduce a national scheme for Council Tax Reduction in 2013, replacing the former Council Tax Benefit. The Council is currently required to adopt the scheme each January in accordance with the regulations set by Welsh Government.
- 3.2 The Regulations approved by the Assembly are available as follows:

The Default Scheme

<http://www.legislation.gov.uk/wsi/2013/3035/contents/made>

The Prescribed Scheme

<http://www.legislation.gov.uk/wsi/2013/3029/contents/made>

- 3.3 A failure to adopt a 'local' scheme by 31 January 2026 will result in the Default Scheme being imposed on the Council.
- 3.4 The Welsh Government's regulations for 2026/27 ensure claimants can continue to receive a reduction up to 100% of their Council Tax bill dependent upon their income and household circumstances.
- 3.5 Annual uprating regulations to increase benefits and personal allowances from April 2026 within the Council Tax Reduction Scheme were considered by a plenary session of the Senedd on 20th January 2026. The draft regulations are here:

[SL\(6\)691 - The Council Tax Reduction Schemes \(Prescribed Requirements and Default Scheme\) \(Miscellaneous Amendments\) \(Wales\) Regulations 2026](#)

- 3.6 In addition to the annual uprating of allowances, there are a couple of other amendments to the 2013 CTRS Regulations. These make provision for the treatment of some other types of payments and ensure the 2013 Regulations remain up to date and fit for purpose.
- 3.7 These amendments allow for the following:

Definition of a 'Pensioner'

To ensure consistency and prevent financial disadvantage for pensioners in Wales, amendments have been made to the definition of 'pensioner' within the CTRS Regulations. This ensures that individuals who have migrated from Working Tax Credit to Universal Credit continue to qualify for pension-age CTRS, rather than working-age CTRS, thereby safeguarding their entitlement and promoting equitable treatment across Wales. Without this, they would be financially worse off.

Infected Blood Scheme Payments (where left to an estate)

This amendment introduces a capital disregard to any payment made from the estate of a deceased person, where the payment originates from an approved infected blood support scheme or the Scottish Infected Blood Support Scheme, in line with The Social Security (Infected Blood Capital Disregard) Regulations 2024 which applied to Housing Benefit.

Neonatal Care Leave and Pay

The Neonatal Care (Leave and Pay) Act 2023 introduces new provisions for employees responsible for children undergoing neonatal care. These provisions build upon the existing framework of statutory family-related leave and pay entitlements, including maternity, paternity, adoption, shared parental leave and pay, and parental bereavement leave and pay.

To safeguard parents accessing these new entitlements from financial disadvantage and to ensure fair treatment in line with those receiving existing parental leave and pay, the CTRS regulations have been amended to incorporate references to Neonatal Care Leave and Neonatal Care Pay.

LGBT Veterans Redress Scheme

To ensure that no veteran in Wales is financially disadvantaged as a result of receiving a payment under the LGBT Financial Recognition Scheme, amendments have been made to the CTRS regulations to disregard such payments.

Displaced Persons from Israel, the West Bank, the Gaza Strip or East Jerusalem

The Department for Work and Pensions has laid regulations to ensure that displaced persons arriving in the UK from conflict in Israel, the West Bank, the Gaza Strip or East Jerusalem are able to meet the residency conditions for income-related, disability and carer benefits. Amendments have been made to extend access to CTRS in Wales for displaced individuals from these regions.

Generalised provisions to provide support for overseas crisis situations

In response to a crisis overseas there have been several occasions over the past few years where the UK Government has advised British nationals to leave an affected country or territory, help evacuate them, or allow foreign nationals to come to the UK through safe immigration routes. As a result, the DWP laid emergency regulations to help these people get benefits when they arrived in the UK. The Welsh Government also made sure they could get help with CTRS in Wales.

The UK Government has now established generalised provisions to allow the DWP to provide support without the need for new legislation each time a similar overseas crisis arises. These provisions will apply automatically to future situations that meet the defined criteria.

This legislation does not extend eligibility to individuals who are in the UK unlawfully or whose immigration status restricts access to public funds.

In line with these provisions, amendments have been made to ensure that eligible individuals can access CTRS support during future overseas crises and would reduce the need to introduce new case-specific provisions each time such an incident occurs.

Miscarriage of Justice Compensation Payments

To prevent any financial disadvantage for CTRS applicants in Wales who have received a Miscarriage of Justice Compensation Payment, a consequential amendment has been made to the CTRS regulations. This amendment ensures that these payments are excluded from the calculation of an applicant's income and capital under the scheme.

Universal Credit claimants

The DWP has introduced regulations enabling individuals receiving Universal Credit (UC) to be treated as meeting the requirements of the Habitual Residence Test. This change would mirror the treatment of legacy benefit claimants, removing the need for local authorities to duplicate the Habitual Residence Test. Claimants would only need to provide evidence once, via their UC application.

Minor technical and consequential amendments

Minor technical amendments have been made to correct omissions in relation to disregards for Windrush payments and Post Office compensation payments.

4. Background

- 4.1 It was reported to Council on 28th January 2013 that the Welfare Reform Act 2013 included provisions to abolish Council Tax Benefit on 31 March 2013. From 1st April 2013, the responsibility for arranging support towards paying Council Tax and the associated funding transferred from the Department for Work and Pensions (DWP) to local authorities in England and to the Scottish and Welsh Governments. The UK Government's policy intention was to reduce expenditure on Council Tax and therefore to implement a 10 per cent funding cut.
- 4.2 The report to Council on 28th January 2013 referred to the Council Tax Reduction Scheme Regulations 2012 and the amending regulations 2013. Those regulations

were for implementation during the 2013/14 financial year only and Council resolved to adopt a new scheme for subsequent years in accordance with new regulations approved by the Welsh Government.

- 4.3 The regulations for Council Tax Reduction include provision for support up to 100% of council tax. The regulations control the implementation of reduction schemes across the whole of Wales and are designed to ensure that each local authority consistently provides support for Welsh taxpayers.

5. The Reduction Scheme and discretionary areas

- 5.1 Although a national scheme has been approved, 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 and which provide for additional administrative flexibility. Council approved the discretionary areas to be applied (listed below in 5.2) following public consultation. It is not proposed to change them in any way therefore no further consultation is required at this stage.

- 5.2 It is recommended to adopt the Scheme in the Prescribed Requirement Regulations as noted in paragraph 3.2. and to exercise the previously approved discretions that were agreed by Council on 17th January 2019, as follows:

- The ability to increase the standard extended reduction period of 4 weeks given to persons after they return to work where they have previously received a council tax reduction that is to end because of their return to work - it is not recommended to increase the standard extended reduction period.
- Discretion to increase the amount of War Disablement Pensions and War Widows Pensions (including Armed Forces Independent Payments and Guaranteed Income Payment) which is to be disregarded when calculating income of the claimant - it is recommended to disregard the whole amount of War Disablement Pensions and War Widows Pensions.
- The ability to backdate the application of council tax reduction regarding late claims prior to the new standard period of three months before the claim - it is not recommended to increase the backdated period.
- To provide above the minimum level of information to customers to ensure they are appropriately notified of their award in accordance with legislation - it is recommended that we maintain the current standard provision.

- 5.3 There are no additional monies available from the Welsh Government to fund discretionary elements but they are allowed for within our existing budget.

- 5.4 Changes to pensions, benefits and allowances normally take effect every April and sometimes during the year. The scheme has to reflect the changes to benefits in order to adjust calculations of entitlement. This is part of normal Benefits administration. We are advised that the Council need to approve the annual uprating regulations each year without formal adoption of the whole scheme.

- 5.5 As the uprating of benefits is not an area of discretion the Council is not able to consult on it.

6. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING)

- 6.1 There are no implications for sustainable development.

- 6.2 The scheme to be applied for 2026/27 does not contain any significant changes from the scheme that is currently operational.
- 6.3 The Welsh Government has undertaken a detailed 'regulatory' impact assessment, which includes equality impact assessment and we understand that the findings reported were in line with their expectations.
- 6.4 Our Sustainability Community Officer has confirmed that under these circumstances there is no requirement to complete a Future Generations Evaluation.

7. OPTIONS APPRAISAL

This is not applicable as there are no changes to the scheme that is currently in place. The report has been presented as the uprating regulations are effectively amendments to the main scheme, for which we need to obtain overall approval.

8. EVALUATION CRITERIA

The scheme is largely prescribed by Welsh Government. Previous annual reports have reaffirmed the minimal discretions that the Authority can apply. These discretions have been found to be resilient and fair.

9. REASONS

- 9.1 To agree the council tax reduction scheme for the forthcoming financial year as required by legislation.
- 9.2 To affirm the annual uprating prescribed by the Welsh Government.

10. RESOURCE IMPLICATIONS

- 10.1 From 2014/15 onwards the Council Tax Reduction Scheme was funded through the Revenue Support Grant (RSG). The Council therefore needs to manage the cost of the Scheme within its annual budget.
- 10.2 Any additional costs for growth in caseload and/or increases in entitlement attributable to a rise in the overall level of Council Tax have to be managed and are built into our budget proposals for 2026/27.
- 10.3 Caseload has now returned to pre pandemic levels with current data indicating that there are approximately 5,433 active CTRS claims.
- 10.4 The provisional budget allocation, for 2026/27 of £9,605,556 is based on a 5.95% increase in Council Tax which is currently being used for budget modelling purposes. Any subsequent changes in the council tax increase will be reflected in the final budget proposal report.

11. CONSULTEES:

Cabinet
Strategic Leadership Team
Chief Officer for Resources
Head of Legal
Head of Finance

12. BACKGROUND PAPERS:

None

13. AUTHORS:

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