

Welsh Government consultation on proposed changes to the Council Tax Reduction Scheme

Consultation response from Propertymark

May 2024

Background

1. Propertymark is the UK's leading professional body for estate and letting agents, property inventory service providers, commercial agents, auctioneers and valuers, comprising over 18,000 members representing over 12,800 branches. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.¹

Consultation – overview

2. The Welsh Government is committed to improving its Council Tax Reduction Scheme, which provides vital support to around 261,000 low-income households across Wales. Since the introduction of the scheme in 2013, the Welsh Government have continued to protect vulnerable and low-income households by maintaining full entitlements to support. The Welsh Government expect there to be a continued need to provide a scheme and have opened a consultation to reviewing the legislation, scheme design, and administration, with the aim of making the Council Tax Reduction Scheme easier to access and easier to administer. It is important to emphasise however, that the Council Tax Reduction Scheme is not being removed or eligibility restricted.

Questions

Proposal 1

Q1. Do you agree with proposal 1 that a person in receipt of Universal Credit may be recognised by a council as automatically having made an application for a Council Tax reduction under the Welsh Government's Council Tax Reduction Scheme?

3. Propertymark strongly agrees with this proposal. The average band D council tax for Wales for 2024-25 is £2,024. This includes £1,631 for county councils, £348 for police and £46 for

¹ <https://www.propertymark.co.uk/>

community councils.² Due to the challenges local authorities are facing including the ongoing impact of Covid-19, cost of living implications and the rising costs of social care, band D figures for billing authorities, including police and community councils have increased and range from £1,813 in Caerphilly to £2,329 in Merthyr Tydfil. The largest increase was in Pembrokeshire, where the billing authority increased council tax for band D properties by 11.2%. These unprecedented increases have made budgeting for council tax more problematic especially for vulnerable and low waged groups. While local authorities are clearly trying to do everything they can to achieve value for money, the continued constraints on local authorities are likely to continue to yield relatively high council tax rates for some time and it is not clear how the most vulnerable will be able to afford and adjust to these levels. Previously, Propertymark was supportive of the Welsh Government proposal to standardise the Council Tax Reduction Scheme under a national framework administered locally by local authorities. This reduced the variation of the scheme and made it easier for people wishing to claim under the scheme to understand. Recognising that there was an increase in the take up of the Council Tax Reduction Scheme during the Covid-19 pandemic, shows clearly that the scheme is effective in supporting the low waged and those in receipt of benefit during difficult times. While take up has decreased slightly recently, this may be because administrative reasons. Accordingly, we are supportive of the proposal that a person in receipt of Universal Credit may be recognised by a council as automatically having made an application for a Council Tax reduction under the Welsh Government's Council Tax Reduction Scheme.

Q2, Do you foresee any challenges around the implementation of proposal 1 or any challenges when advising applicants about their entitlements?

4. To prevent confusion, the Welsh Government should work with the Department of Work and Pensions and local authorities, to highlight and target those that will be automatically enrolled on to the scheme and to communicate the implications for individuals. The purpose of the proposal is to simplify the scheme and to ensure that as many people as possible who qualify for the reduction receive support. A marketing and promotion campaign will be required to highlight the changes as for some groups any changes in entitlement can cause anxiety and concern that they are over claiming and will have to pay the reduction entitlement back.
5. The consultation document offers no analysis into the impact proposal 1 will have on individual local authorities other than the suggestion that although less council tax revenue may be

² [Council Tax Levels in Wales, 2021-22 \(gov.wales\)](https://gov.wales/council-tax-levels-in-wales-2021-22)

achieved, billing authorities may have to spend less on administration and enforcement. While this suggests the financial impact will be largely cost neutral for local authorities, we remain concerned that it could have a negative financial impact on those billing authorities that have high levels of deprivation and residents in receipt on benefits. Accordingly, while we are satisfied with the Welsh Government view that administrative savings will negate any lost revenue from increased take up, we would recommend analysis on the impact this may have on individual local authorities, and that the Welsh Government reviews the changes on at least an annual basis.

Proposal 2

Q3. Do you agree that we should introduce changes to non-dependant deductions?

6. Propertymark supports the proposal. We welcome any commitment to simplify the scheme in excluding non-dependant deductions from a Council Tax reduction. If the Welsh Government implement proposal 1, then the system must be streamlined as far as possible to ensure that savings can be made for billing authorities.

Q4. If you answered yes to question 3, should the scheme move to 2 bands of non-dependant deductions (option 2A) or exclude non-dependant deductions altogether (option 2B)?

7. Propertymark would favour option 2a 'in introducing a flat rate' non-dependant deduction, where the rate of deduction is the same for everyone classed as a non-dependant. We believe both proposals should work simultaneously to strike the balance between fairness for those eligible and ease of administration for local authorities.

Q5. Do you have any other ideas for suggestions for how the Council Tax Reduction Scheme could be either simplified or improved?

8. As we have suggested in our previous responses, the level of council tax demands from billing authorities has become increasingly unpredictable and subject to external pressures. We believe that the impact on billing authorities is difficult to predict given current challenges that have impacted public finances. While we are relatively supportive of the Welsh Government's proposals, we stress that the Welsh Government must continue to monitor the impact on billing authorities and consider support for local authorities that have been adversely impacted.

Welsh language impacts

Q3.1 What, in your opinion, would be the likely effects of the proposals on Council Tax reduction on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English.

- **Do you think that there are opportunities to promote any positive effects?**
- **Do you think that there are opportunities to mitigate any adverse effects?**

9. Propertymark think that there should be little impact on the Welsh language be that positive or negative. Accordingly, we do not have any further comments.

Q7. In your opinion, could the proposals on Council Tax reduction be formulated or changed so as to:

- **have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English or**
- **mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?**

10. Propertymark does not have any further comments for this question.

Other issues not covered

Q8. We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them.

11. We are grateful for the opportunity to raise our views on this important issue. We would be delighted to further engage with the Welsh Government with any roundtable discussions with our membership should the Welsh Government feel, that would be appropriate.