

Council Tax Reduction Scheme and terminal illness

Technical Briefing

November 2025

Action

Include people living with a terminal illness in the Council Tax Reduction Scheme

1. Why this action?

- Too many people are dying in poverty in Wales. In 2024, 6,100 people died in poverty, equal to 17% of all deaths in Wales that year.¹
- Welsh administered benefits can and should be used to prevent people living with a terminal illness from reaching financial crisis point, as well as ensuring that crisis support meets their needs.
- Council tax is the biggest fixed cost that most households have after housing.² In 2024-25 average Band D council tax was £2,024 per year (£169 per month).³
- Following the passing of the Local Government Finance (Wales) Act 2024, the Welsh Government will be developing new national regulations for the Council Tax Reduction Scheme. This provides an opportunity to ensure that people living with a terminal illness are eligible for a council tax discount.

2. Current council tax reduction arrangements

- The Council Tax Reduction Scheme (CTRS) is administered by local authorities. The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) Regulations set out details that local authorities must include in their CTRS.
- The Prescribed Requirements regulations require each billing authority in Wales to make a scheme specifying the reductions which are to apply to the amounts of

¹ Marie Curie Cymru (2025) *Dying in Poverty in Wales 2025*

² Citizen's Advice (2022) *Indebted: Experiences of council tax arrears in Wales*

³ Welsh Government Statistics and Research "Council Tax Levels: April 2024 to March 2025"

- council tax payable by persons, or classes of persons, whom the authority considers are in financial need.
- CTRS is available to low-income households.⁴ Households must be in receipt of one of the below to be eligible:
 - Jobseekers Allowance
 - Employment Support Allowance
 - Pension Credit
 - Income Support
- Applications are made to local authorities, who all generally offer the same discounts.
- Recent changes have been made to ease the administrative burden for eligible households to enable auto-application for those in receipt of Universal Credit. The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Miscellaneous Amendments) (Wales) Regulations 2025 amends the 2013 CTRS regulations to use Universal Credit data as an intention to claim.⁵

3. How could people living with a terminal illness be included in the Council Tax Reduction Scheme?

3.1. New national CTRS regulations

- The Local Government Finance (Wales) Act 2024 places a duty on the Welsh Ministers to make a single, national Council Tax Reduction Scheme through regulations and enables Welsh Ministers to issue guidance to billing authorities about the way the scheme is applied.⁶
- Following consultation, a slower timeline for council tax reform was preferred, with changes due to take place in 2028.
- Consultations on specific changes to council tax discounts and reductions are due to be released as they are developed.⁷
- Work should be undertaken as a matter of urgency to develop the new national regulations and to include people living with a terminal illness in the new CTRS.

3.2. Eligibility under Special Rules

- People nearing the end of life are supported through the benefit system under 'Special Rules'. Special Rules allow people nearing end of life to get faster, easier

⁴ <https://www.gov.wales/sites/default/files/publications/2022-03/council-tax-discount-reduction-leaflet.pdf> [Accessed 17.09.24]

⁵ Explanatory Memorandum to the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Miscellaneous Amendments) (Wales) Regulations 2025

<https://senedd.wales/media/uktlmbsd/sub-ld16855-em-e.pdf> [Accessed 29.01.2025]

⁶ <https://law.gov.wales/local-government-finance-wales-act-2024> [Accessed 29.01.25]

⁷ <https://www.gov.wales/council-tax-reform#:~:text=We%20will%20consult%20on%20further,correct%20amount%20of%20Council%20Tax.> [Accessed 29.01.25]

access to certain benefits, get higher payments for certain benefits and avoid a medical assessment.⁸

- In England and Wales, a clinician can complete an SR1 form for an adult or child when they are likely to have less than 12 months to live, which then enables access to benefits under Special Rules.
- The same process could be used to determine eligibility for the Council Tax Reduction Scheme. It could also enable auto-application, as occurs for people who currently claim Universal Credit and qualify for a reduction in council tax. This would avoid additional administrative burden for people living with a terminal illness.

3.3. Level of reduction

- We would recommend the following reductions are applied to people living with a terminal illness:
 - For a single person household: a 100% reduction.
 - This would essentially add a further 75% reduction to the single person discount these households would already qualify for.
 - For a household with 2 adults: a 50% reduction
 - For households with 3 adults or more: a 25% reduction

3.4. Consideration of means testing

- Further means testing could be considered, although we would recommend taking a universal approach on the basis of the above reductions.
- In 2024-25 84.3% of those in receipt of a council tax reduction paid no council tax at all.⁹ Therefore an approach which merely increased the value of council tax reduction for those living with a terminal illness who are already eligible for the CTRS would likely reach a very small number of people.
- It is our view that the administrative burden on local authorities and people living with a terminal illness would outweigh any potential financial gains in applying further means testing.
- Additionally, the rationale for expanding the CTRS to those with a terminal illness is to get money into people's pockets as swiftly and easily as possible to reduce the risk of financial insecurity and poverty. Adding a further layer of means testing would risk undermining this principle.

3.5. Costings

- Developing costings for this policy proposal is not without challenge. Due to a lack of available data, there are significant limitations and assumptions to the cost modelling. These are set out in the accompanying briefing, along with costs estimates.

⁸ <https://www.gov.uk/government/publications/dwp-factual-medical-reports-guidance-for-healthcare-professionals/e5b3b502-9067-4b20-93c0-1006d9cb0edb> [Accessed 29.01.25]

⁹ Welsh Government (2025) Council Tax Reduction Scheme: Statistical Report 2024-25