



# Understanding the impact of Council Tax Interventions in Wales: Standardisation of the Severe Mental Impairment exemption

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## Executive Summary

### 1. Background

- 1.1 The Local Government Finance Act 1992 provides for the exemption of liability to Council Tax in England and Wales for people with Severe Mental Impairment (SMI). Research carried out by Money Saving Expert (Good et al., 2017) indicated that the application of the discount was not uniform and recommended the introduction of a standardised application form and application procedures to be adopted by all councils. In 2019, the Welsh Government responded to the report and implemented the recommendations across Wales.
- 1.2 As part of this evaluation, the Welsh Government undertook to a review of the exemption focusing on its implementation and impact. The research was carried out in 2022 and consisted of desk-based research, quantitative statistical analysis and interviews with key stakeholders.

### 2. Key findings

- 2.1 There was awareness across councils and third party organisations that support people with SMI, of the introduction of standardisation of the SMI Council Tax exemption intervention. The intervention was welcomed by councils and organisations that support residents with SMI.
- 2.2 The majority of councils surveyed as part of this research felt that the introduction of a standard approach to SMI Council Tax exemptions had been effective. Nevertheless, the level of implementation measures introduced by councils varies. Most councils stated that they used the standard application form, but the majority of council respondents were not aware of the introduction of any additional measures such as publicity, training or website accessibility within their council.
- 2.3 Although the introduction of the standard application form was stated as the main measure brought in, evaluation of council websites indicated that only half of Welsh council websites held the standard form, and less than half of Welsh council websites provided clear routes and definitions regarding the SMI Council Tax exemption.

- 2.4 Even though there was variation between councils in the implementation of the intervention measures there had been a significant increase in the number of SMI Council Tax exemptions across Wales since the introduction of standardisation of the SMI exemption in 2019. This increase was evident in all councils.
- 2.5 Prior to 2019, the population potentially eligible for an SMI Council tax exemption (as indicated by publicly available statistics on disability benefits and associated disabling conditions) increased faster rate than the number of SMI exemptions awarded across Wales. From 2018-2019 to 2022-2023, this trend was reversed with exemptions rising at a greater rate than the potentially eligible population. Since 2019 SMI Council Tax exemptions increased by 29 per cent in comparison to the indicative eligible population, which increased by 12 per cent.
- 2.6 The application of SMI Council Tax exemptions was relatively uniform across Welsh councils in relation to the potentially eligible population of that council. No council had significantly fewer exemptions than expected.
- 2.7 The level of award of SMI Council Tax exemptions, compared to the potentially eligible population, did not appear to be related to the ease of access to information on a council's website. Some councils displaying low implementation through their website provided higher than expected exemptions, and conversely, some councils with websites displaying high levels of implementation of the measure, provided lower levels of exemption than expected.

### **3. Conclusion**

- 3.1 The impact on residents of receiving a SMI Council Tax exemption was likely to be significant both financially and through protection from administrative burden and arrears action. The introduction of a standardised approach to the SMI Council Tax exemption was welcomed by councils and organisations supporting people with SMI.
- 3.2 The introduction of standardisation of the SMI Council Tax exemption had a positive impact across Wales, with the number of SMI Council Tax exemptions increasing by 29% since implementation. Given that the level of adherence to standardisation varied across councils, it is possible that this increase in the number of SMI Council Tax exemptions resulted from greater awareness of the measure across councils and residents as a result of publicity when introduced.
- 3.3 There appeared to be reasonable uniformity in the number of SMI Council Tax exemptions compared to the potentially eligible population across Welsh councils. Alongside this uniformity of application of the exemption, there was a lack of uniformity on Welsh council websites in both the use of the standard SMI exemption application form and the provision of information about the exemption. There was evidence of a trend towards greater standardisation, but this may not have been fully implemented.
- 3.4 Interruption of implementation could be attributed to business interruption as a result of the COVID-19 pandemic in 2020. However, councils surveyed for this research felt that COVID-19 had

minimally impacted implementation. For those councils yet to implement the standardised form, good practice from other councils identified through this research could serve as useful examples.

- 3.5 A number of barriers to the implementation of the SMI Council Tax exemption were identified. Accessibility to information on the SMI Council Tax exemption was hindered by councils using different terminology in their access paths. A common approach to terminology, particularly the terms ‘reductions’, ‘discounts’ and ‘exemptions’, would make it easier for Welsh citizens to access information. Councils and third party organisations felt that the need for medical certification and the terminology “Severe Mental Impairment” created barriers to implementation.

#### **4. Recommendations**

- 4.1 SMI exemptions should be monitored across councils on an ongoing basis to ensure that the rise in the number of SMI Council Tax exemptions seen since 2019 does not merely reflect the impetus of the Welsh Governments intervention.
- 4.2 Councils should consider ensuring appropriate engagement is in place with organisations that support people with SMI and organisations that undertake medical assessments, in order to ensure ongoing awareness of the SMI Council Tax exemption.
- 4.3 The standard SMI exemption form should be accessible on all Welsh council websites. Councils may wish to include a clear definition of SMI and a readily accessible explanation of the exemption on their websites. Councils that have yet to implement the standardisation of SMI application on their websites could learn from good practice examples identified within this report.
- 4.4 The Welsh Government should consider working with Welsh councils to separately identify SMI Council Tax discounts that do not lead to full Council Tax exemption in order to better quantify application of interventions for future years. This would enable better monitoring of take-up.
- 4.5 The Welsh Government should review the definition of SMI and amend the terminology so that it is not stigmatising to potential applicants.
- 4.6 The Welsh Government should review and offer guidance on evidential requirements for SMI to ensure that they do not deter applications. In order for SMI exemptions to be applied residents must be entitled to disability benefits; guidance may therefore be required for councils if a potentially eligible resident is entitled to relevant disability benefits, but has chosen not to apply for these benefits. It may be worth exploring if the disability award could be used as evidence of a relevant condition without the need for further medical certification. This would require a change in legislation.
- 4.7 The Welsh Government and Welsh councils should consider introducing a common approach to website access on Council Tax reductions, exemptions and discounts. This would prevent residents having to explore each of these website options in order to find the most relevant path to information.

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Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

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