

**Teignbridge District Council
Executive
6 December 2022
Part i**

Council Tax Reduction Scheme 2023-24

Purpose of Report

To seek support for the Council Tax Reduction scheme for year 2023-24.

The report proposes no change to the current Council Tax Reduction Scheme (CTR) itself but highlights the potential need to uplift the income thresholds within the bands to reflect any annual uprating in primary benefits. This will protect claimants from any loss of CTR support should the Government decide to apply an increase. The scheme makes provision for an uplift to be applied where appropriate. At the time of writing no decision has been taken by Government in this regard.

Recommendation(s)

The Executive RECOMMENDS to Council that the Council Tax Reduction Scheme (attached as Appendix A) is adopted for the year 2023-24 with the income amounts uprated in line with any annual uprating in primary benefits which may be announced later this year.

Financial Implications

The financial implications are highlighted in paras 3.1 - 3.5 and 6.1 - 6.2. CTR scheme costs are considered as part of the council tax and council tax base numbers within the budgetary process

Martin Flitcroft – Chief Finance Officer and Head of Corporate Services
Email: martin.flitcroft@teignbridge.gov.uk

Legal Implications

The legal implications are highlighted in paras 6.3 – 6.5.
Paul Woodhead – Head of Legal Services and Monitoring Officer
Email: paul.woodhead@teignbridge.gov.uk

Risk Assessment

This is a no change proposal and is therefore considered low risk. See para 4.5 of the report.

Tracey Hooper – Service lead for Revenue, Benefits and Customer Support
Email: tracey.hooper@teignbridge.gov.uk

Environmental/Climate Change Implications

There are no environmental or climate change implications associated with the recommendations of this report.

William Elliott
Climate Change Officer
william.elliott@teignbridge.gov.uk

Report Author

Tracey Hooper - Service Lead for Revenue, Benefits and Customer Support
Email: tracey.hooper@teignbridge.gov.uk

Executive Member

Cllr Richard Keeling – Executive Member for Resources

Appendices/Background Papers

Appendix A – [Council Tax Reduction Scheme 2022-23](#)
Appendix B - [Discretionary Discount and Exceptional Hardship Relief Policy](#)

1. Introduction/Background

- 1.1 On 14 January 2020 Teignbridge adopted a new Council Tax Reduction Scheme for working age claimants. The new scheme represented a departure from the previous fully means-tested scheme which was complex and costly to administer, to a new discount-based, income-banded scheme which is simpler for customers to understand and quicker to administer.
- 1.2 The new scheme continues to provide up to 100% support and disregards certain incomes when calculating entitlement. In order to maintain work incentives we introduced a standard earnings disregard of the first £25 of earned income and introduced a Return to Work Incentive, continuing to pay Council Tax Reduction for one month beyond the return to work date.
- 1.5 In 2021-22 the Council approved a new provision within the scheme to allow any emergency increases to the levels of welfare benefits made by Government to be disregarded. This was in response to the support measures introduced by Government to help benefit claimants during the Covid-19

pandemic, and ensures the scheme can respond immediately to any future Government imposed changes to welfare provision.

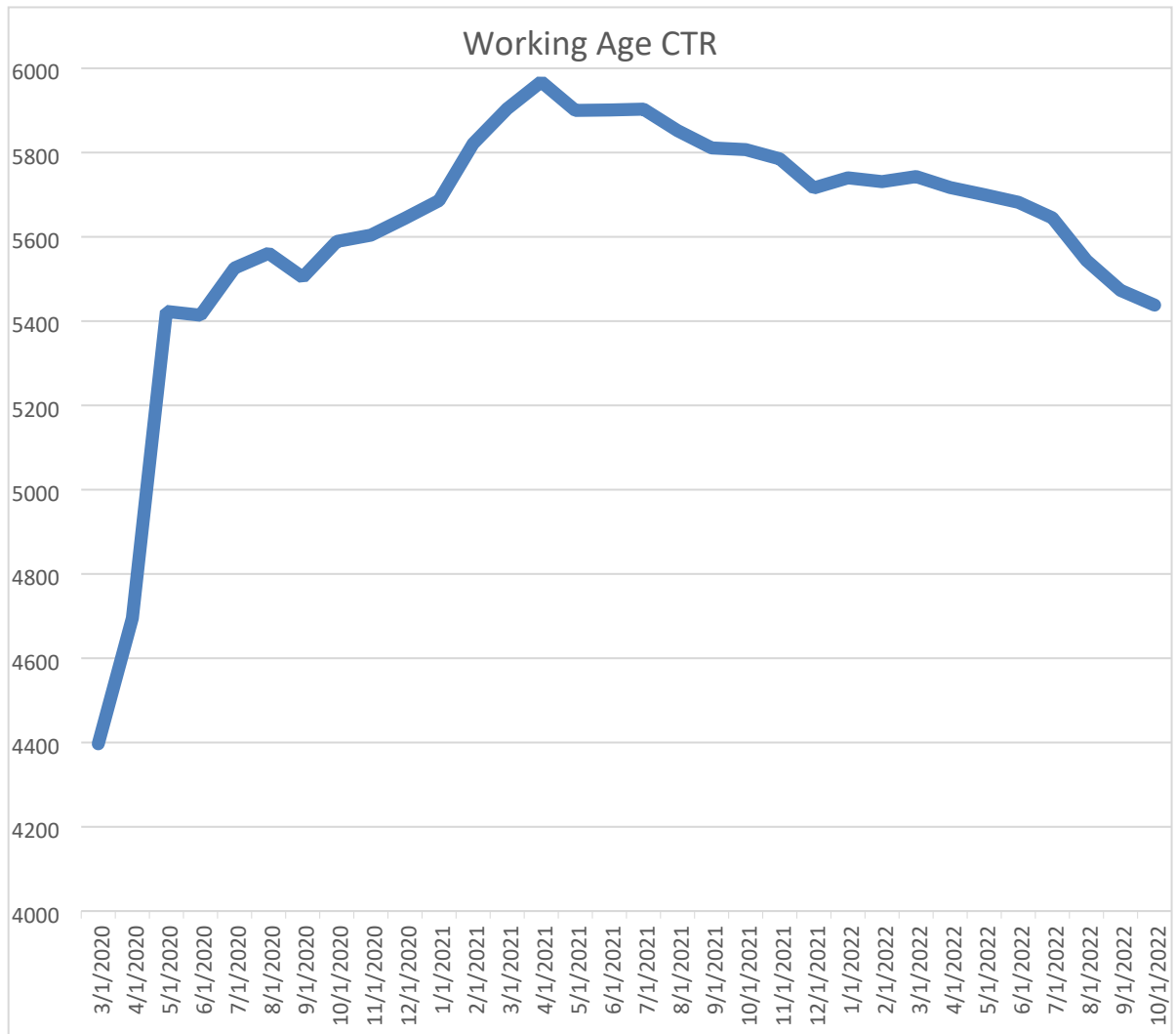
- 1.6 The main scheme is underpinned by our Discretionary Discount and Exceptional Hardship Policy available at Appendix B. The exceptional hardship element of the scheme operates as a safety net for households who receive only partial support from the main scheme and also provides transitional protection where required for households negatively affected by changes to the main Council Tax Reduction scheme. Applications are considered on their merits and, as well as providing financial support in the form of a reduction in council tax liability, provides claimants with access to budgeting and income-maximisation advice via our Homemaker Service.

2. Impact of Covid-19 on CTR caseload

- 2.1 As a result of the Covid-19 outbreak in 2020 we experienced an unprecedented increase in the number of working age Council Tax Reduction claimants. This was largely driven by the lockdown which saw a significant increase in Universal Credit claimants. Many of these claimants subsequently claimed CTR.
- 2.2 The impact on number of working age Council Tax Reduction claimants each month since the outbreak is shown below:

Date	Working Age CTR	Change	% Change
31/03/2020	4397		
30/04/2020	4695	298	6.78%
31/05/2020	5423	728	15.51%
30/06/2020	5414	-9	-0.17%
31/07/2020	5526	112	2.07%
31/08/2020	5561	35	0.63%
30/09/2020	5504	-57	-1.02%
31/10/2020	5589	85	1.54%
30/11/2020	5604	15	0.27%
31/12/2020	5644	40	0.71%
31/01/2021	5686	42	0.74%
28/02/2021	5821	135	2.37%
31/03/2021	5904	83	1.43%
30/04/2021	5968	64	1.08%
31/05/2021	5900	-68	-1.14%
30/06/2021	5901	1	0.02%
31/07/2021	5903	2	0.03%
31/08/2021	5852	-51	-0.86%
30/09/2021	5811	-41	-0.70%
31/10/2021	5807	-4	-0.07%
30/11/2021	5785	-22	-0.38%
31/12/2021	5716	-69	-1.19%
31/01/2022	5740	24	0.42%

28/02/2022	5731	-9	-0.16%
31/03/2022	5743	12	0.21%
30/04/2022	5717	-26	-0.45%
31/05/2022	5700	-17	-0.30%
30/06/2022	5682	-18	-0.32%
31/07/2022	5645	-37	-0.65%
31/08/2022	5544	-101	-1.79%
30/09/2022	5473	-71	-1.28%
31/10/2022	5438	-35	-0.64%



2.3 As can be seen from the chart above, our caseload peaked in April 2021 with 5,968 working age claimants receiving CTR. Since that time caseload has fallen with the number in receipt of CTR at the end of October 2022 standing at 5,438 – a reduction since April 2021 of 8.9%. This is still 23.6% higher than our pre-pandemic caseload of around 4,400. Although caseload continues to drop month on month, the drop off rate is quite slow.

- 2.4 Pension age claim numbers, which are less susceptible to economic impacts, have reduced over the last 2 ½ years, with a 9.7% reduction in numbers over the period March 2020 (4,187 claimants) to October 2022 (3,780 claimants)

3. CTR Scheme Costs

- 3.1 CTR scheme costs fluctuate in response to caseload increases/decreases as well as annual increases in council tax. Total scheme costs for each year since 2019 are shown below:

	Total spend (working age and pensioner schemes) £	£ Cost to TDC Assuming 8.9%
Accounting year 2019/20	9,110,181.36	810,806.14
Accounting year 2020/21	10,448,093.58	929,880.33
Accounting year 2021/22	10,884,748.42	968,742.61
2022/23 - As at 9 November	10,524,804.38	936,707.59

- 3.2 The cost of the scheme is shared between Teignbridge and the three major preceptors (County, Police and Fire). As at 9th November 2022, the cost to Teignbridge is £936,707.59 (8.9% of total cost). This compares with £968,742.61 (8.9% of total cost) as at end of 21/22. A decrease of £32,035.02.
- 3.3 Due to the gradual reduction in caseload the overall costs of the scheme are slowly reducing. This trend could change if the country falls into recession leading to a likely increase in claimant numbers and a corresponding increase in scheme costs.
- 3.4 The cost of delivering support under our Discretionary Discount and Exceptional Hardship Scheme remains relatively low but we are starting to see an increase in applications as a result of the Cost of Living crisis and anticipate demand may continue to grow. The costs of awarding additional support under this scheme are shared across all major preceptors with Teignbridge bearing 8.9% of the total cost. In 2021-22 total spend amounted to £15.8K (cost to Teignbridge £1,406).

4. Review of CTR scheme

- 4.1 During 2022-23, we had planned to conduct a review of all working age council tax claimants to help inform any recommendations for changes in 2023-24 and beyond. However, with the announcement of the Council Tax Energy Rebate Scheme, which ran from 1 April 2022 to 30 November 2022 and the additional demands this placed on the Service we did not have capacity to undertake this review. As the Energy Rebate Scheme is now drawing to an end we have recently commenced the review process and findings from this exercise will help inform any proposals for 2024-25.

- 4.2 We have continued to record reasons for Exceptional Hardship applications in order to monitor its effectiveness as a safety net to the main CTR scheme and to identify whether any changes should be proposed for future years. Analysis indicates that a significant number of applicants submitting an application can afford to pay their council tax but issues with household budgeting have prevented payment. These cases are supported to prioritise their household bills and to maximise income to ensure future liabilities can be met. Households identified as most in need of exceptional hardship support are single occupiers and lone parents but overall numbers are low and findings do not suggest any need to change the design of the main scheme.
- 4.4 We have also reviewed customer comments and complaints and sought feedback from Citizens Advice Teignbridge on the performance of the scheme to date. Having done so, we are satisfied that the Exceptional Hardship scheme is operating effectively as a safety net to the main scheme and that any individual cases caused hardship by the changes introduced in 2020 can be adequately supported via this scheme. We will continue to monitor impacts and consider these alongside the caseload review to inform any longer term changes required.

5. 2023-24 Scheme proposals

- 5.1 The pandemic, followed by the Cost of Living Crisis, is having a national impact on household budgets. With energy bills having increased in October and likely to increase further, many households, particularly low income households, will struggle to make ends meet.
- 5.2 Teignbridge's CTR scheme currently pays up to 100% support to those on the lowest incomes and has done so ever since the scheme was localised in 2013. Until now it has been the only council in Devon, and one of around only 32 nationally to do so. That picture is now changing with more councils considering increasing support. This includes three Devon councils who are proposing an increase in support up to 100% (East Devon, Mid-Devon and North Devon)
- 5.3 With significant numbers of residents now facing a cost of living crisis it is essential that Teignbridge continues to maximise support for its lowest income households, and the recommendation therefore is for the current scheme, with its maximum 100% level of support to be carried forward unchanged.
- 5.4 The scheme has in-built provision to keep in line with CPI increases where required, primarily to ensure annual increases in primary benefit rates can be accommodated within the existing banding levels. This ensures persons in receipt of primary benefits do not receive reduced CTR support as a result of a cost of living increase in welfare benefits. The Government has yet to announce the level of uplift, if any, but the income bands will be uplifted as necessary to ensure claimants are protected.
- 5.5 The scheme also has in-built provision to incorporate the prescribed changes to pensioner claims which are also set by Government.

6. Implications, Risk Management and Climate Change Impact

- 6.1 **Financial** - The cost of the Council Tax Reduction scheme falls on the collection fund with each preceptor meeting the cost in proportion to their precept share. For Teignbridge this share is around 8.5% of the total cost and is factored into the council budget.
- 6.2 The potential increase in income thresholds will preserve entitlement at current levels for claimants on primary benefits so will be cost neutral. However there may be some upward movement into the next band for claimants close to the 'cliff edges' who are not on primary benefits but this is not expected to be significant.
- 6.3 **Legal** – In considering its Council Tax Reduction scheme, the Council must take into account the provisions of the Council Tax Reduction Schemes (Prescribed Requirements) (England) 2012 and subsequent amendments.
- 6.4 Each financial year every billing authority in England is required to consider whether to revise or replace its CTR scheme. Certain procedural requirements must be satisfied before a billing authority can make any revisions including a requirement to consult persons who are likely to have an interest in the operation of the scheme. As no revision is proposed this year there is no requirement to consult
- 6.5 Decisions on the Council Tax Reduction scheme must be made by a meeting of Full Council before 11 March of the preceding financial year. Importantly, for operational reasons the scheme needs to be approved by Council ahead of the Council Tax annual billing process, ideally at its meeting on 12th January 2023.
- 6.6 A full Equality Impact Assessment was carried out prior to implementation of the new scheme in 2020-21 and this was reviewed prior to changes made for 2021-22. As no changes are proposed to the current scheme for 2023-24 there are no equality impacts arising from this report.
- 6.7 **Risks** - Since the introduction of Council Tax Reduction schemes there have been a number of legal challenges against other local schemes. Most of these challenges have been in relation to the consultation undertaken when changes were made to schemes. As no changes are proposed for 2023-24 it has not been necessary to carry out a consultation process. The adoption of the current scheme for 2023-24 is therefore considered to be low risk
- 6.8 **Environmental/climate change impact** - The proposal has no impact on environmental or climate change issues.

7. Alternative Options

- 7.1 Council could decide against adopting the scheme for 2023--24. In this scenario the regulations make provision for the 2022-23 scheme to become the default scheme for 2023-24.
- 7.2 Although not in itself a change to the CTR scheme, Council could decide not to use the existing provisions to increase the income band thresholds in line with the uplift in primary benefits. This would result in claimants in receipt of these primary benefits losing 25% of their Council Tax Reduction as a direct result. As our scheme thresholds are largely aligned with these benefit rates (to ensure persons on primary benefits receive appropriate support) failure to increase the thresholds would effectively undermine one of the main intentions of the scheme.

8. Conclusion

- 8.1 The current scheme appears to have performed well overall since its introduction in 2020-21 with low levels of demand for hardship support arising from the changes to the scheme. Collection rates are holding up well and we receive very few complaints or appeals in relation to the operation of our scheme. With the escalating Cost of Living crisis and potential for economic recession it is important that we maintain support at 100% for our lowest income households and continue to provide stability and certainty for our existing claimants by adopting the current scheme for 2023-24