

**Teignbridge District Council
Executive
6 January 2025**

Part i

Council Tax Reduction Scheme 2025-26

Purpose of Report

To provide an update to members on the current consultation for proposed changes to the Council Tax Reduction (CTR) Scheme and seek approval for the scheme to be recommended for adoption by Council for the year 2025-6.

The report includes proposed changes to the scheme and recommends using existing provisions within the scheme to uplift the income thresholds to reflect the Government's annual uprating of primary benefits.

Recommendation(s)

The Executive RECOMMENDS to Council to include the proposed changes to the Council Tax Reduction Scheme and approve for the year 2025-26 scheme that the income bands are changed in line with the annual uprating to primary welfare benefits.

Financial Implications

The financial implications are highlighted in section 3 and paragraphs 10.1 – 10.6. Council Tax Reduction scheme costs are considered as part of the council tax and council tax base numbers within the budgetary process

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Legal Implications

The legal implications are highlighted in section 11 and paras 6.2 – 6.4.
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Risk Assessment

The changes are considered low risk. See section 13 of the report.

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Environmental/Climate Change Implications

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

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Appendices/Background Papers

Appendix A – [Teignbridge CTR Scheme 202425](#)
Appendix B - [Microsoft Word - Discretionary Discount and Exceptional Hardship Relief Policy.docx](#)
Appendix C – add link to EIA once completed

1. Introduction/Background

- 1.1. Since 1st April 2020, Teignbridge adopted an income-banded Council Tax Reduction (CTR) Scheme for working age claimants. This represented a departure from the previous fully means-tested scheme which was complex and costly to administer, to a scheme designed to be simpler for customers to understand and quicker to administer.
- 1.2. Last year we conducted a detailed review of the income-banded scheme to judge how successful it has been. To make this meaningful we focussed on customers who did not receive the maximum 100% reduction and therefore had something to pay towards their Council Tax liabilities. This demonstrated that 92% of all claimants were keeping up with their payments compared to 94% of all payers across the district. This gave reassurance that the scheme is meeting its requirements and providing effective support to low income and vulnerable households.
- 1.3. The Scheme continues to provide up to 100% support and disregards certain incomes when calculating entitlement. In order to maintain work incentives it also includes a standard earnings disregard of the first £25 of earned income

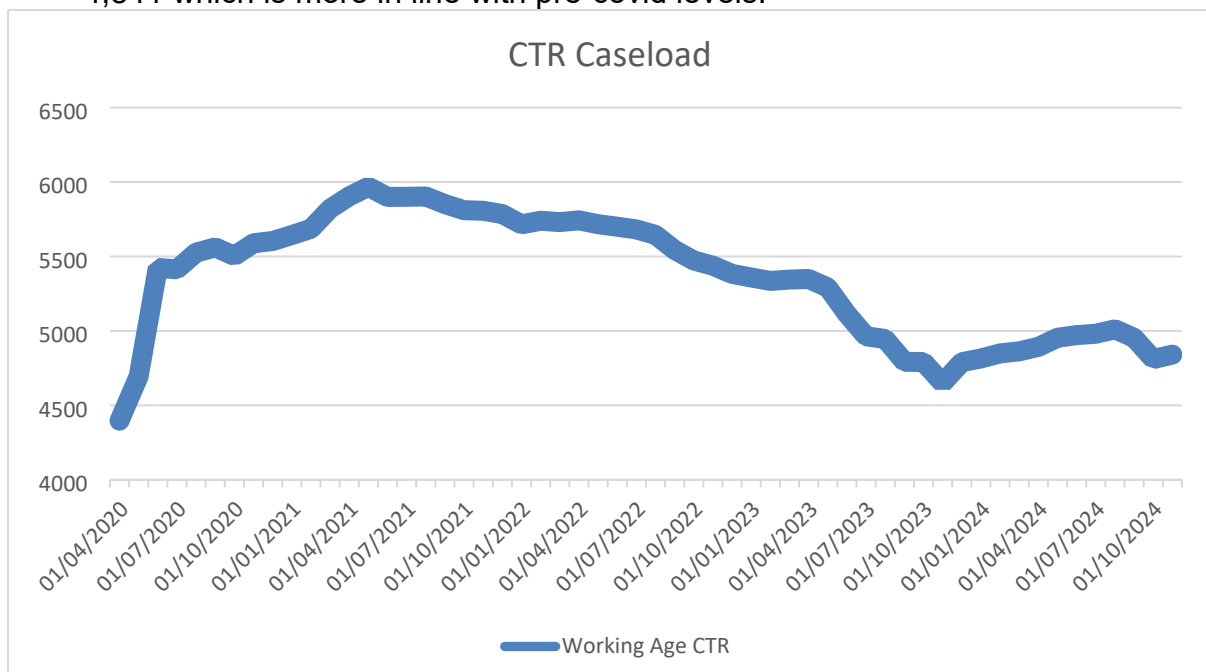
and a Return-to-Work Incentive, continuing to pay Council Tax Reduction for one month beyond the return to work date.

- 1.4. The main CTR scheme is underpinned by our Discretionary Discount and Exceptional Hardship Policy. 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 working age 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, the policy provides for claimants to have access to budgeting and income-maximisation advice via our contracted Homemaker Service.

The review last year confirmed that the Exceptional Hardship scheme was operating as an effective safety net, providing additional support to claimants who may require help to meet their outstanding liabilities, or time to make changes to better afford them.

2. CTR caseload and latest position

- 2.1. As a result of the Covid-19 outbreak in 2020 we experienced an unprecedented increase in the number of working age CTR 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. As can be seen from the chart below, our caseload peaked in April 2021 with 5,968 working age claimants receiving CTR. Since that time caseload has fallen by 19%. Current caseload (as at 1st November 2024) now stands at 4,841 which is more in line with pre-covid levels.



- 2.3. We conducted award reviews during 2023 and 2024. Customers who failed to provide information had their awards ended. Then over the ensuing months, many provide the information and reclaim. This can be demonstrated by the 'dips' in October 2023 and September 2024.

- 2.4. Pension age claim numbers have reduced over the last few years, with a 12.2% reduction in numbers over the period April 2020 (4,187 claimants) to November 2024 (3,677 claimants).
- 2.5. Currently there are several government initiatives that are targeting low income pensioners, encouraging them to claim pension credits and other welfare awards. It's likely that we could see an increase in awards for the prescribed pension age Council Tax Reduction scheme between now and April 2025.
- 2.6. From April 2025, state pension incomes are set to rise by 4.1% compared to 1.7% for working age HMRC and DWP incomes. For this reason we anticipate that we will see a number of our existing pension age claimants fall out of entitlement to the prescribed pension age scheme.

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 & pension age schemes) £	% Cost to TDC (share of the CTAX bill)	£ Cost to TDC
Accounting year 2019/20	9,110,181.36	8.85	806,251.05
Accounting year 2020/21	10,448,093.58	8.75	914,208.19
Accounting year 2021/22	10,884,748.42	8.58	933,911.41
Accounting year 2022/23	10,479,815.29	8.55	896,024.21
Accounting year 2023/24	10,212,794.30	8.37	843,612.64
Accounting year 2024/25 Figures for whole year but taken on 20.11.24.	10,546,259.02	8.20	864,793.24

- 3.2. The cost of the scheme is shared between Teignbridge and the three major preceptors (County, Police and Fire). As at 20 November 2024, the cost to Teignbridge is £864,793.24(8.2% of total cost). This compares with £843,612.64 (8.37% of total cost) as at end of 2023/24. An increase of £21,180.60.
- 3.3. Rises in Council Tax charges and the ongoing Cost of Living crisis could increase claimant numbers, both which increase in scheme costs.

The cost of delivering support under our Discretionary Discount and Exceptional Hardship Scheme remains relatively low and stable. These costs are shared across all major preceptors in proportion to their share of the collection fund. In 2023-24 total spend amounted to £13,018 with a cost to Teignbridge of £1,089.61 (8.37%). We spent a similar amount, £15,600 (£1,333 to Teignbridge) in 2022-23. As at 20.11.24, for 2024-25 the total spent is £4886.41 (our share at 8.2% equates to £400.69).

4. Review of CTR scheme

- 4.1. Last year we conducted an in depth review of the scheme and established that the banded scheme was delivering continued support to our low income and vulnerable households.
- 4.2. We continue to use our Exceptional Hardship Scheme as an indicator of whether the scheme is providing effective support. An in-depth review was carried out last year and numbers and spend this year are in line with previous years.
- 4.3. We can also use the number and nature of complaints and challenges to Council Tax Reduction decisions to demonstrate whether the scheme is working. These numbers remain relatively low and consistent.
- 4.4. Over the last 12 months the Department for Work and Pensions has migrated most legacy benefit customers to Universal Credit. For existing claimants, this prompts a review of their awards. For those on passported benefits, they would have been entitled to maximum, 100% working age Council Tax Reduction however their Universal Credit migration can reduce their awards.
- 4.5. The Exceptional Hardship applications confirm that customers may not view they have disposable income or can reasonably afford their changed liabilities however their household incomes and finances indicate they can.
- 4.6. We continue to provide additional needs based help to those experiencing significant financial hardship or in need of support as they make changes to their household budgets and afford their liabilities.

The intention of the Exceptional Hardship scheme is to act as a safety net for those whose needs the main scheme does not meet. This is considered a more cost effective and fairer approach than providing blanket support to a particular cohort or in relation to a particular characteristic when it is not required in the majority of cases.

5. 2025-26 Scheme proposals

- 5.1. 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 2023 we were the only council in Devon, and one of around only 32 nationally to do so. That picture is now changing with more councils increasing support including three Devon councils who with effect from 1st April 2023 approved an increase in support up to 100% (East Devon, Mid-Devon and North Devon).
- 5.2. Inflation had slowed but we are facing rising energy costs and continued concerns about the Cost of Living crisis. Many households, particularly low income households, are struggling to make ends meet. It is recommended therefore that support continues at the maximum 100% level of support for those on the lowest incomes.
- 5.3. The scheme has in-built provision (paragraph 6 of schedule 1) to keep in line with Consumer Price Index(CPI) increases where required, primarily to ensure annual increases in primary welfare benefit rates can be accommodated within the existing banding levels. The Government intends to uplift benefits in line with CPI as at September 2024, this being 1.7%. To safeguard support it is

recommended to use the existing provisions within the CTR scheme to uplift the income bands uplifted in line with this.

5.4. The uplifted income bands would be

- £0 to £94
- £94.01 to £181
- £181.01 to £270
- £270.01 to £360
- £360.01 to £449
- £449.01 to £539

5.5. The scheme also has in-built provision to incorporate the prescribed changes to pensioner claims which are set by Government. This is a statutory uplift.

6. Proposed changes for 2025-26

6.1. We propose making 4 changes that we are currently consulting on. The consultation will end on 10 December 2024 but is currently available on our website

[Proposed changes to the Working Age Council Tax Reduction \(WACTR\) - Teignbridge District Council](#)

6.2. Proposal 1 - Care Leavers Discount. On 16 1.2024, Full Council agreed to provide support to local care leavers. Using powers to grant discretionary reductions in liability under Section 13A(1)(c) of the Local Government Finance Act 1992, we offer Devon County care leavers a discount to their outstanding liabilities. The decision can be found in paragraph 9 [Agenda Template \(teignbridge.gov.uk\)](#)

6.3. This proposal creates a class of care leavers in accordance with paragraph 2(b) using our 13A(1)(a) powers that enable us to administer our local scheme. This proposal will have no impact on the level of award to the care leaver but will ease administration and potential cost burden on the Authority.

6.4. Proposal 2 – Flexibility for applying the Minimum Income Floor (MIF) - currently our scheme uses a MIF to determine the earned income of every self-employed person. The income is estimated on working an average of 35 hours a week, modelled on the MIF which was used when Universal Credit was originally introduced.

A high court case in 2023 against Croydon Borough Council, found that the MIF indirectly discriminated on grounds of disability as it failed to take into account that certain disabilities could impact on the number of hours an individual was able to work.

Currently Teignbridge has flexibility within our Exceptional Hardship Scheme to adjust the number of hours a disabled or care giver could work, estimating the MIF using those hours, providing support outside of the CTR scheme. However, this proposed change will more robustly fulfil our duties under the Equality Act 2010.

6.5. Universal Credit (UC) rules have evolved, building in flexibility for self-employed earners with physical or mental impairments or for those providing care. This would be a good time to update our approach and include it within the scheme.

6.6. If adopted, the scheme will allow us the discretion to adjust the number of hours used to calculate the Minimum Income Floor for any self-employed earner who

has a physical or mental impairments or is providing care, whether this is to an adult or child.

- 6.7. **Proposal 3 - Childcare costs disregards.** Paragraph 18 of our current scheme [Teignbridge CTR Scheme 202425](#) explains the circumstances when we reduce the net weekly earned income by the amount that's paid out for childcare. There are 17 subsections in paragraph 18 which are the same complicated legacy rules that were being used prior to 2013, when we introduced our local scheme
- 6.8. The proposal is to ensure the criteria is refreshed and simplified to reflect people's current circumstances whilst continuing to provide support to low-income households in the district who are likely to be in receipt of Universal Credit.
- 6.9. The complexity of the current rules makes them more challenging and time consuming to administer and less accessible to our customers. Propose to simplify the rules to mirror the approach adopted within Universal Credit and reduce the net weekly earned income by up to 85% of the amount of weekly childcare costs paid to approved childcare providers
- 6.10. **Proposal 4 – To introduce disregards for recent government compensation schemes that haven't previously been included.**
- 6.11. These include payments from the Post Office Compensation Scheme, Grenfell Tower inquiry and Infected Blood Scheme. This will mirror the disregards in the statutory pension age scheme.

7. Alternative Options

- 7.1. The Council could decide against adopting the scheme for 2024-25. In this scenario the regulations make provision for the 2024-25 scheme to become the default scheme for 2025-26.
- 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 some claimants losing 25% of their Council Tax Reduction. As our scheme thresholds are largely aligned with these benefit rates, failure to increase the thresholds would effectively undermine one of the main intentions of the scheme
- 7.3. **Care Leavers discount**– We are committed to provide Care Leavers with the discount, and we could continue to deliver this using our Section 13A(1)© discretionary powers, which has a 100% cost implication to Teignbridge, unless Devon County agrees to contribute.
- 7.4. **Minimum Income Floor flexibility** - We continue our current approach using our Exceptional Hardship scheme, however this would be less robust and less likely to withstand challenge on equality grounds
- 7.5. **Childcare Costs** - We do not simplify the rules and align them to Universal Credit which will take more time to administer and explain these decisions
- 7.6. **Compensation payments** – we do not disregard these payments and disadvantage those who receive them

8. Justification

To ensure we continue to deliver support to low income and vulnerable households in our district, maintaining our commitment to Care Leavers, minimising costs to the Council, updating our approach and making the scheme more accessible and robust.

9. Consultation results so far

As at 4.12.24 we had received 396 responses to the consultation. We have invited local partnership organisations such as Citizens Advice and Teignbridge Community and Voluntary Services (CVS) to participate and the survey is open to anyone.

The interim results confirm each proposal has support and we have not been able to identify any specific themes against any of them.

Proposal	Number of responses to this proposal	Yes	No	Don't know
1. Care Leavers discount	218	77%	13%	10%
2. Minimum Income Floor (MIF) flexibility	208	67%	18%	15%
3. Update Childcare Costs approach	199	69%	19%	12%
4. Disregards for certain payments	195	78%	13%	9%

10. Implications, Risk Management and Climate Change Impact

- 10.1. **Financial** - The cost of the Council Tax Reduction (CTR) scheme falls on the collection fund with each preceptor meeting the cost in proportion to their precept share. For Teignbridge this share is around 8.2% of the total cost in 2024-25 and is factored into the council budget
- 10.2. The potential increase in income thresholds will help preserve entitlement at current levels so will be cost neutral. However there may be some upward movement into the next band for claimants close to the income band 'cliff edges' who are not on primary benefits but this is not expected to be significant.
- 10.3. Care Leavers discount - The scheme costs are shared across the preceptors, with Teignbridge responsible for 8.2% share. We have an understanding that this year's cost will be funded by Devon County Council, even though we are currently using our local discretionary powers. Moving this into scheme ensures that in future all preceptors will fund their share via the Collection Fund.
- 10.4. MIF flexibility - expected to be minimal as we are not reducing or increasing support but changing the provisions under which we provide support (moving from the Exceptional Hardship scheme into the CTR scheme).
- 10.5. Childcare Costs - this is expected to be cost neutral as it is a simplification of the rules and not anticipated to have a noticeable change to the level of award.
- 10.6. Disregard specific compensation payments - none anticipated.

11. Legal

- 11.1. 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.
- 11.2. The scheme is delivered using the Council's powers under Section 13A(1)(a) Local Government Finance Act 1992.
- 11.3. Each financial year every billing authority in England is required to consider whether to revise or replace it's CTR scheme.
- 11.4. 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. This is imposed by section 65 of the Local Government Finance Act 1992, which requires us to consult on all proposed changes to the scheme Hence the consultation that ends on 10 December 2024.
- 11.5. 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 14th January 2025.

12. Equality Impact

- 12.1. The proposed changes will ensure we continue to comply with our Equality Act obligations.
- 12.2. An Equality Impact Assessment has been carried out and there are no equality concerns arising from these proposals.
- 12.3. Appendix C.

13. Risks

- 13.1. 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. This risk has been mitigated by the consultation over the period 29.10.24 to 10.12.24.
- 13.2. The proposed changes are considered low risk as they continue to deliver our existing commitments to low income and vulnerable Council Taxpayers, make the scheme more robust and align with existing welfare awards approaches.

14. Environmental/climate change impact - The proposal has no impact on environmental or climate change issues.

15. Conclusion

- 15.1. The banded scheme has now been in operation for more than 4 years. Collection rates do not appear to have not been adversely affected by its introduction and adopting the proposed changes will update current approaches to welfare awards and deliver support to our low income and vulnerable households. It will also provide stability and certainty for our existing claimants in the coming year.
- 15.2. The Exceptional Hardship scheme will continue to provide an effective safety net, delivering needs-based support to claimants who have lost out due to

changes to the scheme or whose specific circumstances and needs are not met by the main scheme criteria.

- 15.3. Council budgets are facing significant pressure but in view of the continued Cost of Living crisis and potential for economic recession it is important that we maintain support at 100% for our lowest income households and uprate our income bands in line with CPI.