

**Teignbridge District Council  
Executive  
4 January 2024**

**Part i**

## **Council Tax Reduction Scheme 2024-25**

### **Purpose of Report**

To provide an update to members on the operation of the Council Tax Reduction (CTR) Scheme during 2023-24 and to seek approval for the scheme to be recommended for adoption by Council for the year 2024-25.

The report proposes no change to the scheme itself but 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 that the Council Tax Reduction Scheme (attached as Appendix A) be adopted for the year 2024-25 with the income bands uprated in line with the annual uprating in primary welfare benefits.

### **Financial Implications**

The financial implications are highlighted in paras 3.1 - 3.4 and 6.1 - 6.2. 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 paras 6.3 – 6.5.  
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## Risk Assessment

This is a no change proposal and is therefore considered low risk. See para 6.7 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 – [Council Tax Reduction Scheme 2023-24](#)  
Appendix B - [Discretionary Discount and Exceptional Hardship Relief Policy](#)  
Appendix C – Equality Impact Assessment and appendix

### 1. Introduction/Background

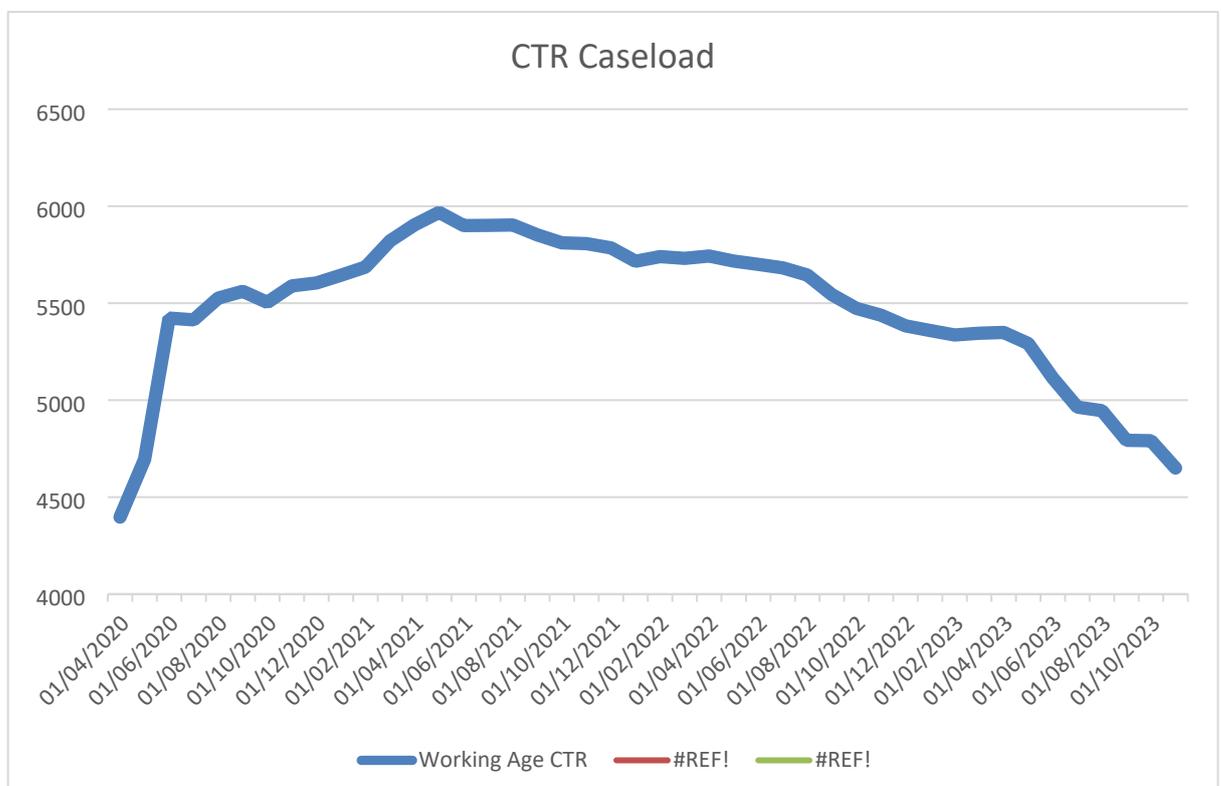
- 1.1 With effect from 1<sup>st</sup> April 2020, Teignbridge adopted a new Council Tax Reduction Scheme for working age claimants. The new scheme represented a departure from the previous fully means-tested scheme which was complex and costly to administer, to a new discount-based, income-banded scheme designed to be 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.
- 1.3 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

outbreak, ensuring the scheme could respond immediately to any future Government imposed changes to welfare provision.

- 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 main 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.

## 2. Impact of Covid-19 on 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 22%. Current caseload (as at 1<sup>st</sup> October 2023) now stands at 4,650 which is more in line with pre-covid levels.



- 2.3 This reduction is out of step with DWP claimant numbers which show an overall increase in caseload. However, this increase is confined to the 'no work

requirements' category. The 'searching for work' category has seen a downturn of 35% after a peak in 2021 and is more indicative of economical conditions. It is difficult to correlate claimant numbers because DWP benefits include individuals who are not homeowners or renting property and therefore have no liability for council tax.

- 2.4 It is also worth noting that we have carried out a claimant review during 2023 which may account for some of the caseload reduction over the last few months.
- 2.5 Pension age claim numbers have also reduced over the last few years, with a 10.7% reduction in numbers over the period March 2020 (4,187 claimants) to October 2023 (3,741 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:

	<b>Total spend (working age &amp; pension age schemes)</b> £	<b>% Cost to TDC</b> (share of the CTAX bill)	<b>£ Cost to TDC</b>
Accounting year 2019/20	<b>9,110,181.36</b>	8.85	806,251.05
Accounting year 2020/21	<b>10,448,093.58</b>	8.75	914,208.19
Accounting year 2021/22	<b>10,884,748.42</b>	8.58	933,911.41
Accounting year 2022/23	<b>10,479,815.29</b>	8.55	896,024.21
2023/24 - As at 06/11/23	<b>10,079,004.02</b>	8.37	843,612.64

- 3.2 The cost of the scheme is shared between Teignbridge and the three major preceptors (County, Police and Fire). As at 6th November 2023, the cost to Teignbridge is £843,613 (8.37% of total cost). This compares with £896,024 (8.55% of total cost) as at end of 2022/23. A decrease of £52,412.
- 3.3 Due to the decline in caseload the overall costs of the scheme have reduced. This trend could change if the country falls into recession leading to a potential increase in claimant numbers and a corresponding increase in scheme costs.

The cost of delivering support under our Discretionary Discount and Exceptional Hardship Scheme remains relatively low but we saw an increase in applications in 2021-22 as a result of the Cost of Living crisis and since then the number of applications has remained at a similar level into 2022-23 and 2023-24. The costs of awarding additional support under this scheme are shared across all major preceptors in proportion to their share of the collection fund. In 2021-22 total spend amounted to £15,800 with a cost to Teignbridge of £1,356 (8.58%). We spent a

similar amount, £15,600 (£1,333 to Teignbridge) in 2022-23. In the first six months of 2023-24 we have spent £7,100 (£594 to Teignbridge).

#### **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 intended.

We commenced this exercise during the summer and have now reviewed and updated around 50% of our caseload. We will continue until this exercise is complete and will re-analyse to ensure our initial findings remain true.

4.2 The review looked at entitlement across the various household categories including single person, lone parent, couples, couples with children and persons with disabilities, comparing collection rates for each group and analysing demand for Exceptional Hardship and subsequent awards.

4.3 Following the move to our banded scheme in 2020 there were concerns expressed around the impact on couple households where one or potentially both parties had limited capability for work and also households in receipt of the limited capability for work related activity component within their Universal Credit award.

4.4 Having reviewed the financial impact on households with these characteristics there is no evidence that these claimants are less able to afford their council tax liability than households without these characteristics. The collection rates for these cohorts are on a par with other Council Tax Reduction claimants with the majority up to date with payment of their council tax liabilities. Analysis of the claims for exceptional hardship indicate the majority have sufficient disposable income to afford their liabilities.

For the minority of claimants who do not have sufficient disposable income, the exceptional hardship scheme delivers needs-based support comprising financial and/or budgeting support. 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.

4.5 Further detail on the findings from the review is set out in the Equality Impact Assessment which accompanies this report.

We have continued to record reasons for Exceptional Hardship applications to monitor its effectiveness as a safety net to the main CTR scheme. Analysis indicates that a significant number of applicants submitting an application can afford to pay

their council tax but issues with household budgeting have impacted on their ability to make payment. These cases are supported to prioritise their household bills and to maximise income to ensure future liabilities can be met.

- 4.6 Households identified as most in need of exceptional hardship support are single occupiers, followed in much smaller numbers by couples and lone parents.

A comparison of collection rates for CTR claimants before and after the move to our income banded scheme is re-assuring with very little difference between the two. Comparing October 2019 with October 2023, collection rates for CTR claimants are 0.95% higher this year than they were in 2019 - the year before we moved to our new income-banded scheme. This is despite the economic issues that have emerged following the covid outbreak and cost of living crisis.

Current collection rates for all council tax liabilities is currently 0.05% up on last year's figure.

## **5. 2024-25 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 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 increasing support. This includes three Devon councils who with effect from 1<sup>st</sup> April 2023 approved an increase in support up to 100% (East Devon, Mid-Devon and North Devon).
- 5.2 Although inflation has slowed, energy costs have come down a little and interest rates appear to have stabilised, the Cost of Living crisis is still with us. 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 Although recognising there is a significant cost to Teignbridge and its major preceptors in providing this level of support, the overall scheme cost has reduced as a result of the reduction in caseload, with a saving of around £52,000 for Teignbridge alone.
- 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. The Government has its intention to uplift benefits in line with CPI as at September 2023. 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.
- 5.5 The scheme also has in-built provision to incorporate the prescribed changes to pensioner claims which are also set by Government. This is a statutory uplift.

## 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% of the total cost in 2024-25 and is factored into the council budget.
- 6.2 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.
- 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 16<sup>th</sup> January 2024
- 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. Following the claim review carried out earlier this year the Equality Impact Assessment has been reviewed and the updated assessment is available as appendix C.
- 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 2024-25 it has not been necessary to carry out a consultation process. The adoption of the current scheme for 2024-25 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 2024-25. In this scenario the regulations make provision for the 2023-24 scheme to become the default scheme for 2024-25.
- 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.

## **8. Conclusion**

- 8.1 The current 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 whilst there have been both gainers and losers in levels of support in moving to the new scheme, the Exceptional Hardship Scheme provides 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.
- 8.2 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. Adoption of the current scheme into 2024-25 will provide stability and certainty for our existing claimants in the coming year.