

**Teignbridge District Council  
Executive  
6 January 2026**

## **Council Tax Reduction Scheme 2026-27**

### **Purpose of Report**

To provide an update to members on the operation of the Council Tax Reduction Scheme and seek support for the continuation of the scheme for year 2026-27.

The report proposes no change to the current working age Council Tax Reduction Scheme (WACTR) itself but highlights the need to uplift the income thresholds within the bands to reflect any annual uprating in welfare awards or make allowances to disregard increases above the rate of inflation.

This provision protects customers 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:

1. RECOMMENDS to Council that the Council Tax Reduction Scheme (attached as Appendix A) is adopted for the year 2026-27 with the income amounts uprated in line with annual uprating of welfare awards which are usually confirmed before the end of this calendar year.
2. RECOMMENDS to Council that delegated authority is given to the Council Tax Lead Officer to amend the income bands within the scheme to align with the uprated amounts, once confirmed by Government

### **Financial Implications**

The financial implications are highlighted in paras 3.1 - 3.5 and 7.1 - 7.2. CTR 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 7.3 – 7.9.  
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## Risk Assessment

This is a no change proposal and is therefore considered low risk. See paras 7.7 – 7.9 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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## Executive Member

Cllr John Parrott - Executive Member for Finance & Corporate  
Copy to Cllr Richard Buscombe - Executive Member for Housing & Homelessness.

## Appendices/Background Papers

Appendix A – [Teignbridge CTR Scheme 202526](#)  
Appendix B - [Microsoft Word - Discretionary Discount and Exceptional Hardship Relief Policy.docx](#)  
Appendix C – Exceptional Hardship data  
Appendix D – Equality Impact Assessment

### 1. Introduction/Background

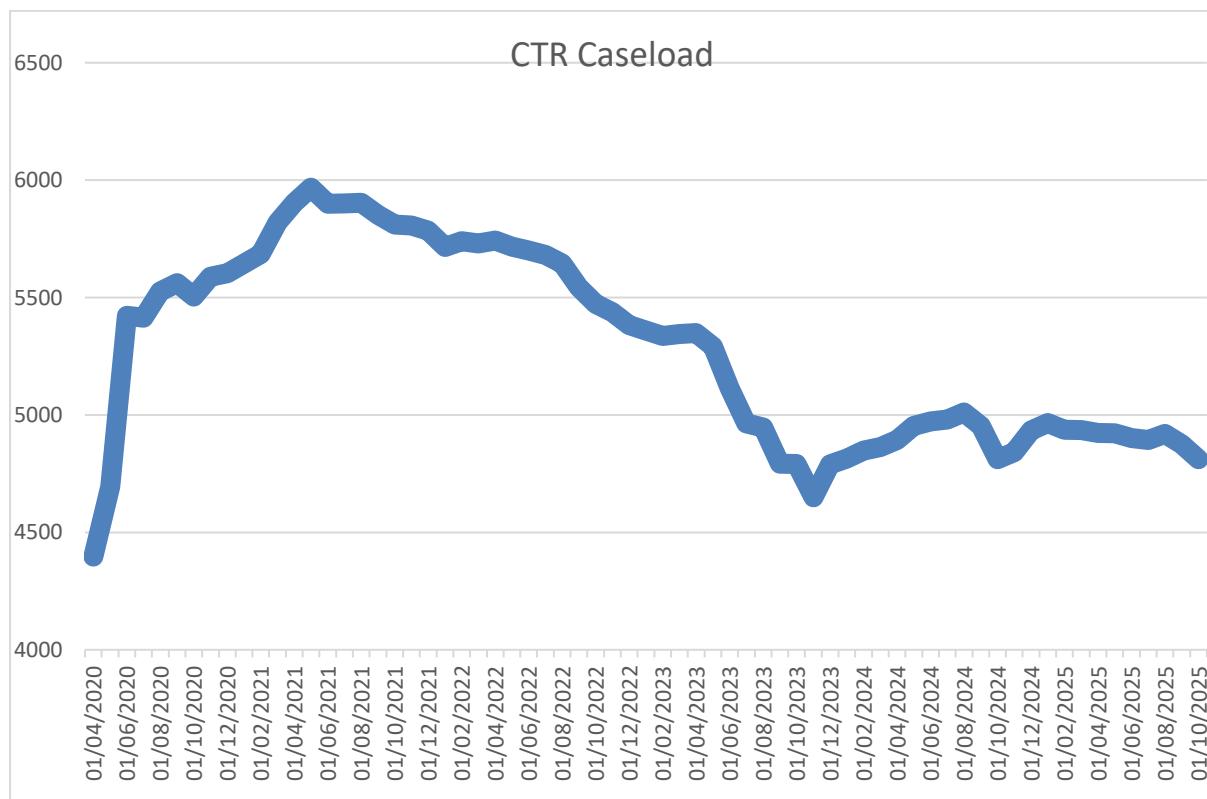
- 1.1 On 24 February 2020, Teignbridge adopted a discount-based, income-banded Council Tax Reduction Scheme for working age claimants(WACTR). The new scheme represented a departure from the previous fully means-tested scheme,

which was complex and costly to administer, to a scheme which is simpler for customers to understand and quicker to administer.

- 1.2 The 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
- 1.3 The main scheme is underpinned by our Discretionary Discount and Exceptional Hardship Policy(EHP) available at Appendix B. The Exceptional Hardship element (EHP) of the policy 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. CTR caseloads

- 2.1 As can be seen from the chart below, our caseload peaked in April 2021 with 5,968 working age customers receiving WACTR. Since that time the caseload has fallen with the number in receipt of WACTR at the start of October 2025 standing at 4812 – a reduction since April 2021 of 19.4%. This is however 9.4% higher than our pre-pandemic caseload of around 4,400. The current caseload remains stable, hovering between 4800 and 5000, depending on responses to reviews and claims for welfare awards.



2.2 Pension age claim numbers are less susceptible to economic impacts and our 1<sup>st</sup> October 25 caseload of 3623 is comparable to a caseload of 3672 on 1<sup>st</sup> October 2024.

### 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 2022 are shown below:

	Total spend (working age and pensioner schemes) £	£ Cost to TDC Assuming 8.9%
Accounting year 2022/23	<b>10,479,815.29</b>	932,703.56
Accounting year 2023/24	<b>10,212,794.30</b>	908,938.69
Accounting year 2024/25	<b>10,582,567.73</b>	941,848.53
2025/26 - As at 30/10/25	<b>10,342,357.45</b>	920,469.81

3.2 The cost of the scheme is shared between Teignbridge and the three major preceptors (County, Police and Fire). As at 30<sup>th</sup> October 2025, the cost to Teignbridge is recorded as £920,469.81(8.9% of total cost). This compares with £941,848.53 (8.9% of total cost) as at end of 24/25. A decrease of £21,378.72.

3.3 In real terms, taking into account annual council tax increases, 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 the number of applications as a result of the Cost of Living crisis and the ongoing migration from legacy benefits to universal credit which can result in a reduction in entitlement within the main scheme 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 2024/25, the total spend amounted to £8.7k (cost to Teignbridge £774).

3.5 The amounts of the scheme costs associated with the Care Leaver discount totals £26,700.75, with Teignbridge's share being £2,376. Prior to 25/26, Care Leaver support was being managed using the main WACTR scheme and Exceptional Hardship awards.

### 4. Review of CTR scheme

Following a public consultation last year the Council introduced the following changes

4.1 Additional Support to Devon County Care Leavers aged under 25.

- The table below shows the data as at 1.10.25

% Discount	Number Of Awards	Total Value
25% - one care leaver and 2 or more non care leaver residents	0	£0
50% - one care leaver and one non care leaver resident	3	£2802.01
100% - care leaver is only resident	18	£23,898.74

- As mentioned in paragraph 3.5, these costs are included in the total scheme costs in paragraph 3.1. Prior to 1.4.25, Care Leaver council tax support was being included within the income banded WACTR and EHP schemes. The number of qualifying care leavers fluctuates from month to month, but typically it remains between 20 and 30 cases

- 4.2 Introduce flexibility in the Minimum Income Floor provisions for certain self-employed applicants.
  - We have not identified any noticeable impact of introducing these new provisions. Anyone suffering hardship prior to this change would have been awarded support under the Exceptional Hardship(EHP) scheme provisions.
- 4.3 Provide continued support where working applicants incur childcare charges in order to align the scheme to Universal Credit approach.
  - As these provisions involved minor changes they have not had any noticeable impact to awards.
- 4.4 Include special disregards for the Post Office Compensation Scheme payments, the Infected Blood Scheme payments and payments made due to the Grenfell Tower inquiry. This aligns with other welfare benefit provisions.
  - This has not had any noticeable impact as these nationwide schemes benefit a specific and small cohort of individuals.

## 5. Exceptional Hardship Scheme

- 5.1 When the banded scheme was introduced, our Discretionary Discount and Exceptional Hardship policy, which forms part of the main scheme was designed to act as a safety net , providing extra support to Working Age Council Tax Reduction customers where required. The scheme can provide transitional support and/or provide a top up to households where the main scheme does not deliver the required amount of support. Customers struggling to pay their net liability are encouraged to apply for an Exceptional Hardship payment and a decision is made having carefully considered their unique circumstances
- 5.2 Awards are categorised into 3 groups, however it's not uncommon for the customer's circumstances to fall into more than one. For recording purposes, we choose the most significant reason when making the award.

5.3 3 reasons for an award are:

- Financial Reasons – when the customer's financial situation shows they could do with some extra help by making their Council Tax more affordable and provide support whilst they take steps to improve their financial situation.
- Scheme change - (Transitional protection) – where someone experiences a significant reduction in support without any change in their financial circumstances e.g. following a change to our scheme criteria (e.g. the introduction to the banded scheme) and the applicant may need time to transition to a reduced level of support.
- Vulnerability – when a customer's disability or other vulnerability is impacting on their ability to afford their liability.

5.4 The table and information in Appendix C summarises all Exceptional Hardship applications and awards made since 1.4.22.

- The data indicates a small decline in the number of annual awards despite a consistent number of applications.
- With the migration from legacy benefits to Universal Credit due to be completed before April 2026, we anticipate a potential increase in the number of applications within the next 6 months as customers WACTR awards may change in line with their new Universal Credit entitlements.

## 6. 2026-27 Scheme Proposals

6.1 The Cost of Living crisis continues to have 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.

6.2 Teignbridge's WACTR 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 2023-24 Teignbridge was the only council in Devon, and one of around only 32 nationally to do so. Now that picture has changed with more councils offering increased support. This includes three Devon councils who now provide support up to 100% (East Devon, Mid-Devon and North Devon).

6.3 With significant numbers of residents facing economic challenges 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.

6.4 The scheme has a provision to increase the income bands in line with CPI as at 1<sup>st</sup> October where required, primarily to ensure annual increases in welfare benefit rates can be accommodated within the existing banding levels. It also includes the ability to disregard income created by any government increases to welfare awards above CPI. These help ensure persons in receipt of primary welfare awards do not receive reduced WACTR support as a result of a national cost of living increase in their welfare benefits. The Government has

yet to announce the impacts of annual increases or any other initiatives, but the income bands will be uplifted as necessary to ensure claimants are protected.

6.5 The current proposed uplifted weekly income bands from 1.4.26 would be

• £0 to £98	(currently £0 to £94)
• £98.01 to £188	(currently £94.01 to £181)
• £188.01 to £281	(currently £181.01 to £270)
• £281.01 to £374	(currently £270.01 to £360)
• £374.01 to £467	(currently £360.01 to £449)
• £467.01 to £560	(currently £449.01 to £539)

These income band levels will be revisited once central government confirms the actual increases to welfare awards. This is anticipated towards the end of December 2025.

6.6 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.

## 7. Implications, Risk Management and Climate Change Impact

7.1 **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 8.9% of the total cost and is factored into the council budget.

7.2 The potential increase in income thresholds should 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.

7.3 **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.

7.4 Each financial year every billing authority in England is required to decide its CTR scheme. When doing so it will consider whether to revise or replace its current 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.

7.5 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 15<sup>th</sup> January 2026.

- 7.6 A full Equality Impact Assessment was carried out prior to implementation of changes to the 2025-26 scheme. As no changes are proposed to the current scheme for 2026-27 there are no equality impacts arising from this report.
- 7.7 **Risks** - Since the introduction of Council Tax Reduction schemes there have been a number of legal challenges against other local schemes. There have been challenges in relation to the consultation undertaken when changes were made to schemes. As no changes are proposed for 2026-27 it has not been necessary to carry out a consultation process. The adoption of the current scheme for 2026-27 is therefore considered to be low risk.
- 7.8 In September 2025, the High Court ruled that Trafford Council's scheme had not been lawfully adopted. To mitigate against this the Council must approve the scheme annually in order to avoid the risk of defaulting to the previous year's scheme.
- 7.9 The Trafford case also raised discriminatory concerns about how their scheme operated. To mitigate this, the scheme design and any changes always involve professional support. As there are no proposed scheme changes, the adoption of the current scheme for 2026-27 is considered low risk.

## 8. Alternative Options

- 8.1 Council could decide against adopting the scheme for 2026-27. In this scenario the regulations make provision for the 2025-26 scheme to become the default scheme for 2026-27.
- 8.2 Although not in itself a change to the CTR scheme, the Council could decide not to use the existing provisions to increase the income band thresholds in line with the uplift in welfare awards. This could result in customers in receipt of these primary benefits losing 25% of their Council Tax Reduction. As our scheme thresholds are largely aligned with central government core welfare awards (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.

## 9. Conclusion

- 9.1 The current scheme appears to have performed well overall since the changes introduced from 1<sup>st</sup> April 2025 with low impact on the overall scheme and support costs. 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 2026-27.