

Appendix 1 - A brief explanation of Council Tax Support with case breakdown of Torbay population and expenditure.

What is Council Tax Support?

Council Tax Support is a mean tested discount administered by local authorities. It provides help to people who are unemployed, on a low income, unable to work or retired, to help them pay their council tax.

The amount received is dependent on the household income and circumstances.

What is the financial cost of providing Council Tax Support?

Funding for Council Tax Support is financed by local authorities. Expenditure to support providing this for the financial year 2018/2019 was **£11,286,657.37**

Council Tax Support is a discount, affecting the Council Tax base in the same way as any other Council Tax discount. The Council Tax base forms part of the Financial Plan, so Council Tax Support must meet the required budgetary constraints.

Working Age and Pension Age schemes

There are two separate schemes for Council Tax Support.

In 2012, the Welfare Reform Act 2012 abolished the national Council Tax Benefit scheme which until then covered all ages of customers with regulations set by the Department for Work and Pensions (DWP). A division was made between working age and pension age customers.

Until this point, both working age and pension age customers could claim up to a maximum of **100%** rebate of their Council Tax charge in Council Tax Support, leaving no balance to pay.

The DWP retained control of the regulations applied for local authorities to pay pension age customers, providing a prescribed framework that protects these customers from any reduction. **The 100% maximum rebate still applies for pension age customers.**

The creation of Torbay's Working Age scheme for Council Tax Support

The Welfare Reform Act 2012 presented Council's with the opportunity to create a new localised Council Tax Support scheme for working age customers that met the needs of their local area. This was initially implemented from April 2013.

Torbay's scheme was prepared as part of a Devon wide approach, working in conjunction with other Councils in Devon where the overarching principle was to develop a cost neutral scheme with a common core framework. However, due to the different local demographics, scheme designs differ with a number of local variations.

Following a public consultation the initial scheme was approved by members at full Council on 6th December 2012 and introduced from 1 April 2013.

For working age households the initial scheme retained the characteristics of the old Council Tax Benefit scheme.

The main change introduced from 1 April 2013 was;

- Maximum awards of Council Tax Support available were reduced to **75%**, meaning that all working age households would have to pay a minimum of 25% of their Council Tax bill, regardless of their circumstances.

Hardship fund support for Working Age customers

To mitigate for the working age scheme changes, extra financial support was made available through a hardship fund to provide additional levels of rebate to the most vulnerable customers.

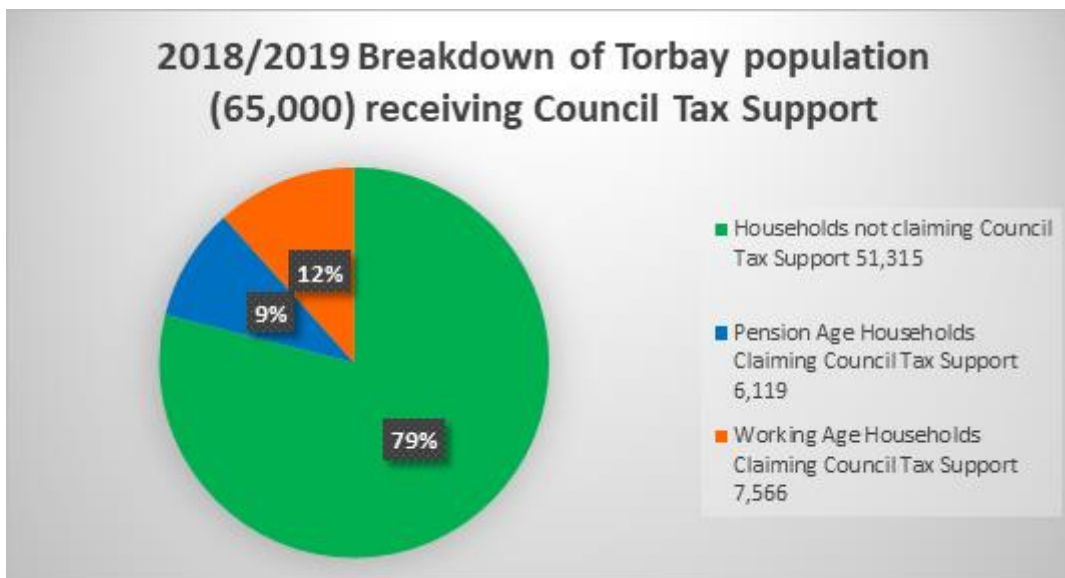
The current Working Age scheme for Council Tax Support

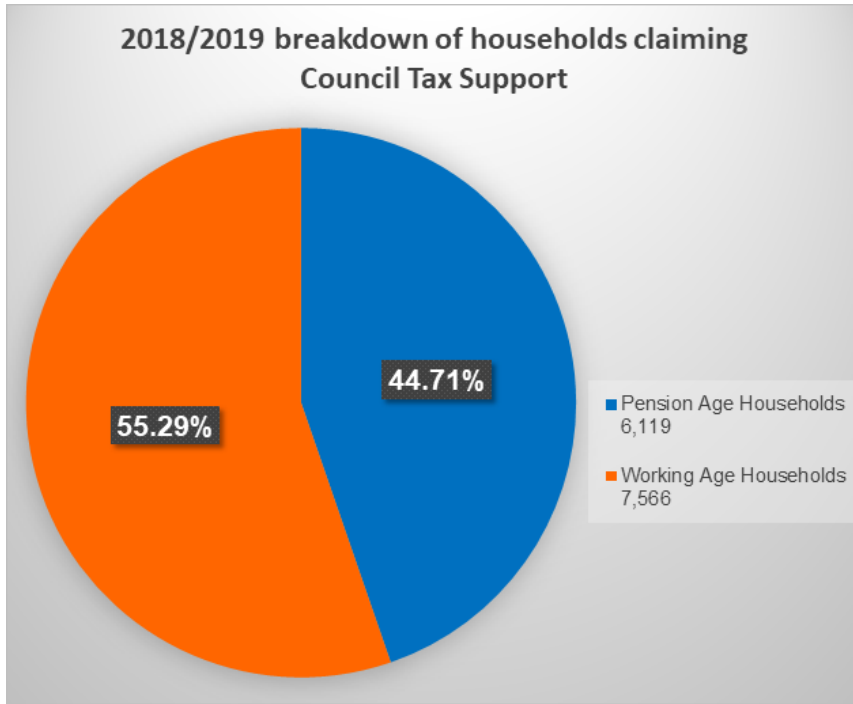
The scheme remained largely unchanged until April 2017 when the maximum award of Council Tax Support available was reduced to **72.5%**. This was stage one of a phased two year reduction process to implement a maximum award of **70%**.

The drivers for change were; to make the level of expenditure required to support payment of Council Tax Support to households more affordable for the Council, and also to align aspects of our scheme with Housing Benefit and Universal Credit legislation changes occurring.

The main changes approved to be applied from 1 April 2018 were:

- Maximum awards of Council Tax Support available were further reduced to 70%, meaning that all working age households would have to pay a minimum of 30% of their Council Tax bill, regardless of their circumstances.
- Maximum awards of Council Tax Support were also restricted to 70% of a full property charge within Council Tax band D. This restricted the maximum level of support available for households living in larger properties where the Council Tax band were E,F,G & H.





Breakdown of £11,286,657.37 expenditure cost to pay Council Tax Support

Pension Age Households	£6,481,774.75	57.43%
Working Age Households	£4,804,882.62	42.57%
Total	£11,286,657.37	

