

Draft Council Tax Support Scheme

2026/2027

1. **Executive Summary**
	1. In March 2012, the Welfare Reform Bill received Royal Assent and contained provisions for the abolition of Council Tax Benefit. In October 2012, the Local Government Finance Act became law and included the framework for localised Council Tax Reduction schemes which is known as the Council Tax Support scheme.
	2. Statutorily, Local Authorities were required to develop and adopt a Localised Council Tax Support scheme by 31 January 2013 with implementation on 1 April 2013. To an extent, Councils had been given autonomy to develop schemes that met the needs of their local area but were also prescribed a framework, where pensioners are protected. However, Local Authorities would only receive 90% of the funding received in the previous year (2012/13). It was up to Local Authorities to decide whether to absorb the ten per cent cut in funding or pass this onto Council Tax Support recipients.
	3. To enable this activity to be taken forward, the Government provided Local Authorities with a statutory framework that included the following:
	* Local Authorities must have their new schemes agreed by 31st January 2013;
	* Financial help with Council Tax will now be seen as a discount and not a benefit;
	* There will be no change to the amount of help pension age claimants receive;
	* Councils can decide the rules for their new schemes within a prescribed framework, but should consider the impact on the most vulnerable under existing duties when designing their schemes;
	* Guidance was given to encourage local authorities to ensure local schemes do not act as a disincentive to working.
	1. The Government required that all pensioners are protected under the new scheme and the cut in funding should not apply to them. Working age households would therefore bear the full reduction in grant to cover future Council Tax Support scheme expenditure.
2. **Current Council Tax Support Scheme**
	1. The introduction of Universal Credit brought a number of challenges to the administration of the means tested Council Tax Support scheme and the collection of Council Tax.
	2. For each change in entitlement to Universal Credit the amount of Council Tax Support had to be recalculated, which resulted in a revised bill and payment instalments. This made budgeting to pay Council Tax far more difficult for households with a low income, as the amount to pay constantly changed.
	3. This led to the development of the current income banded scheme, as it’s less reactive to change. To achieve this the income bands have been set sufficiently wide to avoid constant changes in the amount of Council Tax Support awarded.
	4. The current scheme also makes the application process easier for the customer, simpler for staff to administer and similar to other Council Tax discount schemes.
	5. The income banded scheme consists of a simple income grid model, where the household composition and net income applies a percentage reduction to the Council Tax liability. To allow for variation the band amount increases where the applicant has a partner and/or dependent children. This effectively replaces Personal Allowances and Premiums used for calculating the previous means tested scheme.
	6. Other significant changes that were introduced with the current scheme are listed below:
* The highest level of discount was raised from 70% to 75%.
* The number of hours used to calculate the self-employed minimum income floor for lone parents was lowered from 35 to 25 hours.
* A new income disregard for households receiving Carer’s Allowance.
* A new income disregard for support related and work-related activity components for Employment and Support Allowance.
* A new income disregard of £75 per week where the applicant, partner or dependant receives a disability payment.
	1. Minor changes were made to the 2025/26 scheme, for self-employed households, not receiving Universal Credit and have a disability, or caring responsibilities. It also included discounting certain payments or settlements made by the UK Government.
1. **Proposed Scheme Change**
	1. To increase the level of support for single parent households from 1 April 2026, by aligning the income bands that allocate Council Tax Support discounts for single parents with couples that have children.
	2. The table below shows the current level of support applicable for financial year ending 31 March 2026.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Level of Discount** | **Single** | **Couple** | **Single and 1 Child** | **Single and 2+ Children** | **Couple and 1 Child** | **Couple and 2+ Children** |
| 75% | £0-£104 | £0-£152 | £0-£179 | £0-£261 | £0-£234 | £0-£316 |
| 55% | £104.01-£135 | £152.01-£193 | £179.01-£220 | £261.01-£302 | £234.01-£275 | £316.01-£356 |
| 40% | £135.01-£165 | £193.01-£233 | £220.01-£261 | £302.01-£342 | £275.01-£316 | £356.01-£397 |
| 20% | £165.01-£196 | £233.01-£274 | £261.01-£302 | £342.01-£383 | £316.01-£356 | £397.01-£438 |
| 0% | £196.01+ | £274.01+ | £302.01+ | £383.01+ | £356.01+ | £438.01+ |

* 1. Torbay’s scheme currently has six household types. For each household type there are four income bands that will allocate a discount to the liable Council Tax charge. The level of discount is determined by the net household income.
	2. Household types are based on the components that’s been used by DWP to calculate social security benefits for many years. The components determine the estimated amount of income required to cover basic living costs, depending on household composition and individual circumstances. The same principle continues to be applied for the calculation of Universal Credit.
	3. The three main components that are used to allocate these amounts are:
1. a personal allowance – for single people or couples.
2. an amount for any dependent children.
3. a premium, to cover any special needs.
	1. Household types vary, depending on the number of adults and children in the household. There are four primary household types - single people, couples, single parents, and couples with children. Single parents and couples with children are assigned to two further household types, depending on the number of children in the household.
	2. For further information on this proposal and the regulation it relates to see Appendix A.
4. **Financial Implications**
	1. The current Council Tax Support scheme costs are shared between the Council and

the Major Precepting Authorities in the following proportions:

|  |  |
| --- | --- |
| Torbay Council (includes Adult Social Care precept) | 83.2% |
| Devon & Cornwall Police | 12.3% |
| Devon & Somerset Fire and Rescue | 4.5% |

* 1. As Council Tax Support is a demand led scheme costs can fluctuate as the caseload changes. Due to current inflation levels that are affecting household budgets, more working age households may apply for Council Tax Support following seasonal changes in local employment.

The number of households receiving a discount and expenditure, by age group on 1 July 2025, is shown below.

|  |  |  |
| --- | --- | --- |
| **Age Group** | **Number of Cases** | **Cost** |
| Working Age | 5,515 | £5,515,055 |
| Pension Age | 5,106 | £7,018,716 |
| **Total** | **10,621** | **£12,533,771** |

Source: Department for Levelling Up, Housing and Communities QRC4 Statistical Information

* 1. Based on the latest figures, if this scheme change was in place on 1 July 2025 the cost would increase by approximately £175k to £12,708,913.

**Legal Implications**

* 1. Schedule 1A(3) of the Local Government Finance Act 1992, states:

Before making a scheme, the authority must:

1. consult any major precepting authority which has power to issue a precept to it,
2. publish a draft scheme in such manner as it thinks fit, and
3. consult such other persons as it considers are likely to have an interest in the

operation of the scheme.

* 1. In addition to the above, to set a new scheme the Council is required to make a resolution by 11th March of the year prior to the scheme coming into place.
1. **Consultation**
	1. Before final approval of the scheme, Councils are required to consult with:
* Major Precepting Authorities (Police and Fire Authorities)
* The public
* Relevant stakeholder groups - e.g. CAB, representative groups.
	1. The consultation process will commence on 24th September 2025. A six-week response period will be adopted to ensure responses can be considered before the final recommendations are presented to Full Council in December 2025.
	2. Brixham parish council will also be informed of the proposed scheme change.
1. **Draft Council Tax Support Scheme for 2026/27**
	1. The proposed scheme will continue to be based on an income grid model, where the household composition and net income applies a percentage reduction to the Council Tax liability.
	2. The Income bands will continue to be sufficiently wide to avoid constant changes in the discount.
	3. The table below shows the current level of support applicable for financial year ending 31 March 2026, with the single parent income bands (highlighted in blue) aligned with the income bands for couples with children.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Level of Discount** | **Single** | **Couple** | **Single and 1 Child** | **Single and 2+ Children** | **Couple and 1 Child** | **Couple and 2+ Children** |
| 75% | £0-£104 | £0-£152 | £0-£234 | £0-£316 | £0-£234 | £0-£316 |
| 55% | £104.01-£135 | £152.01-£193 | £234.01-£275 | £316.01-£356 | £234.01-£275 | £316.01-£356 |
| 40% | £135.01-£165 | £193.01-£233 | £275.01-£316 | £356.01-£397 | £275.01-£316 | £356.01-£397 |
| 20% | £165.01-£196 | £233.01-£274 | £316.01-£356 | £397.01-£438 | £316.01-£356 | £397.01-£438 |
| 0% | £196.01+ | £274.01+ | £356.01+ | £438.01+ | £356.01+ | £438.01+ |

* 1. Income bands will continue to be increased by September’s Consumer Price Index rate, which is the same rate as working age benefits will increase from 1 April 2026 - this increase will be rounded up to the nearest pound.
	2. The key features of the current scheme will continue to be:

**All Cases**

* Savings limit at £6,000.
* No deductions made for any non-dependents living in the household.

**Passported Benefit Income**

* Passported refers to households that are in receipt of Employment and Support Allowance (Income Related), Job Seekers Allowance (Income Based) or Income Support receive the maximum discount, which is currently set at 75% of the Council Tax liability.

**Universal Credit Income**

* Housing Element disregarded.
* Carer Allowance disregarded.
* Limited Work Capability disregarded.
* Disabled Child Element disregarded.
* Transitional Protection disregarded.
* Standard Earnings disregards – if the applicant and/or partner is in full or part-time employment some of the earnings is discounted and a standard income disregard is applied. The amount disregarded depends on personal circumstances (£5, £10, £20 & £25).

**Standard Income**

* Disability Living Allowance and Personal Independence Payments are disregarded.
* Support Component for Employment and Support Allowance is disregarded.
* Child Benefit, child maintenance and child-care costs are disregarded.
* Carers Allowance disregarded.
* £75 income disregard where the applicant or partner receives a disability benefit.
* War pensions, war disablement pensions and Armed Forces Independence Payments are disregarded.
* Standard Earnings disregards – if the applicant and/or partner is in full or part-time employment some of the earnings is discounted and a standard income disregard is applied. The amount disregarded depends on personal circumstances (£5, £10, £20 & £25).
* Minimum set income for self-employed after one year’s trading, based on the national minimum wage, for the age group, multiplied by a set number of hours, depending on circumstances.

**Proposed Change Appendix A**

The proposed scheme from 1 April 2026 will be the scheme currently in place for financial year ending 31 March 2026 with the change outlined below.

|  |
| --- |
| **Aligning income bands for single parents with couples with children***Council Tax Reduction Scheme S13A and Schedule 1a of the Local Government Finance Act 1992 (Schedule 1, paragraphs 1-2)*The income band for a single parent with one child will be aligned with the income band for a couple with one child.  The income band for a single parent with two or more children will be aligned with the income band for a couple with two or more children.The aligned income bands will come into effect from 1 April 2026 for single parent households receiving Council Tax Support on 31 March 2026.The aligned income bands for single parent households are effective from 1 April 2026 for all new applications received from single parent households.Income bands and the associated level of discount for single parents will remain unchanged for financial year’s ending, 31 March 2025 and 31 March 2026.  |

**Council Tax Support Case Studies Appendix B**

**Single Parent with One Child**

Single parent, age 37 with one child, age 10.

Rents a two-bedroom property from a private sector landlord.

Employed, receives Universal Credit (includes Housing Element) and Child Benefit.

Total Weekly Income (including Housing Element): £618.52.

**Net Weekly Income for calculating Council Tax Support: £284.75.**

Property Band C

Annual Charge: £1,559.90

**Current Scheme**

|  |  |
| --- | --- |
| **Level of Discount** | **Single and One Child**  |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £179.00 |
| 55% | £179.01 to £220.00 |
| 40% | £220.01 to £261.00 |
| 20% | £261.01 to £302.00 |
| 0% | £302.01+ |

Council Tax to pay, after discount (20%) £24.00 per week.

**Proposed Change**

|  |  |
| --- | --- |
| **Level of Discount** | **Single and One Child and Couple with One Child** |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £234.00 |
| 55% | £234.01 to £275.00 |
| 40% | £275.01 to £316.00 |
| 20% | £316.01 to £356.00 |
| 0% | £356.01+ |

Council Tax to pay, after proposed scheme change, £18.00 per week.

**Single Parent with One Child**

Single parent, age 52 with one child, age 15.

Owner occupier.

Employed, receives Universal Credit and Child Benefit.

Total Weekly Income: £339.71.

**Net Weekly Income for calculating Council Tax Support: £224.84.**

Property Band B

Annual Charge: £1,819.88

**Current Scheme**

|  |  |
| --- | --- |
| **Level of Discount** | **Single and One Child**  |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £179.00 |
| 55% | £179.01 to £220.00 |
| 40% | £220.01 to £261.00 |
| 20% | £261.01 to £302.00 |
| 0% | £302.01+ |

Council Tax to pay, after discount (40%) £21.00 per week.

**Proposed Change**

|  |  |
| --- | --- |
| **Level of Discount** | **Single and One Child and Couple with One Child** |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £234.00 |
| 55% | £234.01 to £275.00 |
| 40% | £275.01 to £316.00 |
| 20% | £316.01 to £356.00 |
| 0% | £356.01+ |

Council Tax to pay, after proposed scheme change, £8.75 per week.

**Single Parent with One Child**

Single parent, age 29 with one child, age 7.

Rents a two-bedroom property from social landlord.

Employed, receives Universal Credit and Child Benefit.

Total Weekly Income: £431.29.

**Net Weekly Income for calculating Council Tax Support: £218.35.**

Property Band A

Annual Charge: £1,169.92

**Current Scheme**

|  |  |
| --- | --- |
| **Level of Discount** | **Single and One Child**  |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £179.00 |
| 55% | £179.01 to £220.00 |
| 40% | £220.01 to £261.00 |
| 20% | £261.01 to £302.00 |
| 0% | £302.01+ |

Council Tax to pay, after discount (55%) £10.12 per week.

**Proposed Change**

|  |  |
| --- | --- |
| **Level of Discount** | **Single and One Child and Couple with One Child** |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £234.00 |
| 55% | £234.01 to £275.00 |
| 40% | £275.01 to £316.00 |
| 20% | £316.01 to £356.00 |
| 0% | £356.01+ |

Council Tax to pay, after proposed scheme change, £5.63 per week.

**Single Parent with One Child**

Single parent, age 31 with one child, age 12.

Rents a two-bedroom property from a private sector landlord.

Receives Universal Credit (includes Housing Element) and Child Benefit.

Total Weekly Income: £547.63.

**Net Weekly Income for calculating Council Tax Support: £170.57.**

Property Band C

Annual Charge: £1,559.90

**Current Scheme**

|  |  |
| --- | --- |
| **Level of Discount** | **Single and One Child**  |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £179.00 |
| 55% | £179.01 to £220.00 |
| 40% | £220.01 to £261.00 |
| 20% | £261.01 to £302.00 |
| 0% | £302.01+ |

Council Tax to pay, after discount (75%) £7.50 per week.

**Proposed Change**

|  |  |
| --- | --- |
| **Level of Discount** | **Single and One Child and Couple with One Child** |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £234.00 |
| 55% | £234.01 to £275.00 |
| 40% | £275.01 to £316.00 |
| 20% | £316.01 to £356.00 |
| 0% | £356.01+ |

Council Tax to pay, after proposed scheme change, £7.50 per week.

**Single Parent with Two or More Children**

Single parent, age 38 with two children, age 13 and 8

Rents a three-bedroom property from a private sector landlord.

Employed, receives Universal Credit (includes Housing Element) and Child Benefit.

Total Weekly Income: £409.09.

**Net Weekly Income for calculating Council Tax Support: £359.17.**

Property Band D

Annual Charge: £1,754.88

**Current Scheme**

|  |  |
| --- | --- |
| **Level of Discount** | **Single with Two or More Children**  |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £261.00 |
| 55% | £261.01 to £302.00 |
| 40% | £302.01 to £342.00 |
| 20% | £342.01 to £383.00 |
| 0% | £383.01+ |

Council Tax to pay, after discount (20%) £27.00 per week.

**Proposed Change**

|  |  |
| --- | --- |
| **Level of Discount** | **Single with Two or More Children and****Couple with Two or More Children** |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £316.00 |
| 55% | £316.01 to £356.00 |
| 40% | £356.01 to £397.00 |
| 20% | £397.01 to £438.00 |
| 0% | £438.01+ |

Council Tax to pay, after proposed scheme change, £20.25 per week.

**Single Parent with Two or More Children**

Single parent, age 39 with two children, age 14 and 9

Rents a three-bedroom property from a private sector landlord.

Employed, receives Universal Credit (includes Housing Element) and Child Benefit.

Total Weekly Income: £596.37.

**Net Weekly Income for calculating Council Tax Support: £318.25.**

Property Band B

Annual Charge: £1,364.91

**Current Scheme**

|  |  |
| --- | --- |
| **Level of Discount** | **Single with Two or More Children**  |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £261.00 |
| 55% | £261.01 to £302.00 |
| 40% | £302.01 to £342.00 |
| 20% | £342.01 to £383.00 |
| 0% | £383.01+ |

Council Tax to pay, after discount (40%) £15.75 per week.

**Proposed Change**

|  |  |
| --- | --- |
| **Level of Discount** | **Single with Two or More Children and****Couple with Two or More Children** |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £316.00 |
| 55% | £316.01 to £356.00 |
| 40% | £356.01 to £397.00 |
| 20% | £397.01 to £438.00 |
| 0% | £438.01+ |

Council Tax to pay, after proposed scheme change, £11.81 per week.

**Single Parent with Two or More Children**

Single parent, age 35 with two children, age 15 and 9

Owner occupier.

Employed, receives Universal Credit and Child Benefit.

Total Weekly Income: £435.67.

**Net Weekly Income for calculating Council Tax Support: £288.60.**

Property Band B

Annual Charge: £1,364.91

**Current Scheme**

|  |  |
| --- | --- |
| **Level of Discount** | **Single with Two or More Children**  |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £261.00 |
| 55% | £261.01 to £302.00 |
| 40% | £302.01 to £342.00 |
| 20% | £342.01 to £383.00 |
| 0% | £383.01+ |

Council Tax to pay, after discount (55%) £11.81 per week.

**Proposed Change**

|  |  |
| --- | --- |
| **Level of Discount** | **Single with Two or More Children and****Couple with Two or More Children** |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £316.00 |
| 55% | £316.01 to £356.00 |
| 40% | £356.01 to £397.00 |
| 20% | £397.01 to £438.00 |
| 0% | £438.01+ |

Council Tax to pay, after proposed scheme change, £6.56 per week.

**Single Parent with Two or More Children**

Single parent, age 28 with two children, age 7 and 4

Rents a two-bedroom property from social landlord.

Receives Universal Credit (includes Housing Element) and Child Benefit.

Total Weekly Income: £464.90.

**Net Weekly Income for calculating Council Tax Support: £227.48.**

Property Band B

Annual Charge: £1,364.91

**Current Scheme**

|  |  |
| --- | --- |
| **Level of Discount** | **Single with Two or More Children**  |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £261.00 |
| 55% | £261.01 to £302.00 |
| 40% | £302.01 to £342.00 |
| 20% | £342.01 to £383.00 |
| 0% | £383.01+ |

Council Tax to pay, after discount (75%) £6.56 per week.

**Proposed Change**

|  |  |
| --- | --- |
| **Level of Discount** | **Single with Two or More Children and****Couple with Two or More Children** |
| 75% | In receipt of a passported benefit |
| 75% | £0 to £316.00 |
| 55% | £316.01 to £356.00 |
| 40% | £356.01 to £397.00 |
| 20% | £397.01 to £438.00 |
| 0% | £438.01+ |

Council Tax to pay, after proposed scheme change, £6.56 per week.