Report To:	Cabinet
Date:	16 September 2025
Subject:	Local Council Tax Support Scheme 2026/27 - Consultation
Purpose:	To agree consultation proposals for the local Council Tax Support scheme, 2026/27
Key Decision:	No
Portfolio Holder:	Councillor Paul Redgate, Portfolio Holder for Finance
Report Of:	Brendan Arnold, Interim Director of Finance (S151)
Report Author:	Sharon Hammond, Head of Revenues & Benefits
Ward(s) Affected:	All
Exempt Report:	No

Summary

Council Tax Support provides financial assistance through a reduction in Council Tax bills for households on a low income or receiving certain benefits.

The Council is required to review its local Council Tax Support scheme each year and consult on its scheme proposals for the forthcoming year. Pension age residents are regulated by national rules in England and are not affected by any changes in this review.

This report provides an update on the current scheme and expenditure, and seeks Cabinet approval to consult on the proposals for 2026/27.

Recommendations

That Cabinet

i. Approves consultation on continuation of the current Council Tax Support scheme, including uprating in line with DWP's annual update of allowances and premiums for 2026/27.

And

ii. Delegates oversight and approval of the consultation approach to the Section 151 Officer in consultation with the Portfolio Holder for Finance.

Reasons for Recommendations

This will enable a period of consultation with major preceptors and the public on the proposals for 2026/27, with feedback from the consultation process helping Cabinet to make its final recommendation to Full Council in respect of the scheme for 2026/27.

Other Options Considered

Whilst recognising the challenges South Holland District Council faces to present a balanced budget for 2026/27, options to reduce the maximum level of Council Tax Support are not being considered for 2026/27 due to the impact this would have on working age claimant households.

1. Background

1.1. Local Council Tax Support schemes replaced the former national Council Tax Benefit (CTB) scheme from April 2013, with government placing the duty to create a local scheme for working age applicants with billing authorities. Central funding was reduced and then, in subsequent years subsumed into other grants paid to local authorities. It is no longer possible to identify the amount of funding provided by central government.

1.2. The scheme for pensioners continues to be prescribed by government and allows up to 100% support against Council Tax liability. The council has no power to change the level of support for pensioners.

1.3. This annual review relates only to Working Age claimants.

1.4 Changes made to the scheme in 2025/26, following a fundamental review in 2024/25, included an increase in the level of support, along with streamlining and simplification of the scheme. Full Council determined the new scheme at its meeting on 29 January 2025, introducing the following changes from April 2025: -

- Maximum level of support increased to: -
  - 85% for households with children, and
  - 75% retained for other households.
- Standard £10 non-dependant deductions
- Increased UC earnings tolerance to £30 per week (£130 monthly).
- Removed Universal Credit earning disregard.
- Increased lower and upper capital limits

1.5 In addition an Exceptional Hardship Fund was introduced, to sit alongside the CTS scheme, administered under the provisions of Section 13A (1) (c) of the Local

Government Finance Act 1992, to provide further short-term financial support and signposting in exceptional hardship cases.

1.6 The following changes made since the introduction of the local scheme continue to apply: -

- Second Adult Rebate removed (since 2017/18)
- Minimum level of Council Tax Support at £5 per week (since 2017/18)
- Council Tax Support restricted to Band D Council Tax Liability (since 2016/17)
- Remove family premium from new claims made (since 2017/18)
- Care Leavers as a class in the scheme (since 2019/20)
- Universal Credit claims classed as claims for CTS (since 2020/21)
- Backdating for working age claims up to 3 months (since 2021/22)

2. 2025/26 Current Scheme Expenditure and Caseload

2.1 For the current year it is estimated that £5.2m in Council Tax Support will be granted under the current scheme for both pension age (£2.8m) and working age (£2.4m).

	Total Claims	**2025/26 CTS Expenditure £**
All Groups	**4,965**	**5,239,818**
Elderly	2,422	2,783,158
Working Age	2,543	2,456,660

2.2 This council meets around 12% of the cost of the scheme, (£619k) with the remainder being met by precepting authorities, Lincolnshire County Council and Lincolnshire Police and Crime Commissioner. The cost of Council Tax Support is shared across major preceptors as part of the collection fund accounting process:

CTS 2025/26	**SHDC**	**LCC**	**PCC**
£5,239,818	£618,822	£3,867,509	£753,486
	11.81%	*73.81%*	*14.38%*

3. Establishing a Council Tax Support scheme for 2026/27

3.1 For each financial year, the billing authority must consider whether to revise its scheme or replace it with another scheme. Council Tax Support schemes cannot be changed mid-year.

3.2 The Local Government Finance Act requires that before a scheme can be adopted by the billing authority, it must: -

- Consult any major precepting authority which has power to issue a precept to it,
- Publish a draft scheme in such manner as it thinks fit, and
- Consult such other persons as it considers are likely to have an interest in the operation of the scheme.

4. 2026/27 Scheme Proposal for Consultation

4.1 The proposal for 2026/27 is to retain the current scheme, updated in line with DWP upratings for 2026/27.

4.2 Whilst acknowledging that South Holland DC faces challenges to produce a balanced budget for 2026/27, it is recognised that any reduction in the level of Council Tax Support would adversely affect low income, and benefit working age households, in particular those who are just about managing during the current cost of living crisis.

4.3 This proposal is also consistent with the Council's original intention following the fundamental review last year, for the next review of the CTS scheme to take place after it has been in operation for a full financial year.

5. Conclusion

5.1. The recommendation to consult on the continuation of the current scheme is made after careful consideration of the prevailing economic climate, recognising that a reduction in the level of Council Tax Support provided by this council at this time could significantly impact low-income and benefits-dependent working-age households, particularly those who are just managing.

6. Implications

South and East Lincolnshire Councils Partnership

None

Corporate Priorities

None

Staffing

None

Workforce Capacity Implications

None

Constitutional and Legal Implications

The authority is required to make its Local Council Tax Support Scheme, including any revised or replacement schemes, in accordance with the Local Government Finance Act 1992.

Data Protection

None

Financial

This report does not present any direct financial implications. It seeks approval to initiate a consultation on the proposed scheme. Following the consultation, a subsequent report will be submitted to the Cabinet for a final recommendation to the Full Council.

In the autumn of 2025, the Council will be evaluating various proposals to balance the 2026/27 Budget. The proposal to continue the current CTS scheme will not contribute to any savings for the 2026/27 financial year.

Risk Management

None

Stakeholder / Consultation / Timescales

Consultation with major preceptors and other interested parties will be carried out based on Cabinet's decision on the proposals set out in the report.

In line with the principles of consultation, the responses will be provided to Cabinet for consideration at a later meeting, helping to inform the recommendation for the 2026/27 scheme to Full Council.

Reputation

None.

Contracts

None

Crime and Disorder

None

Equality and Diversity / Human Rights / Safeguarding

The Council Tax Support scheme continues to be delivered on the basis of the DWP's previous means tested Council Tax Benefit scheme regarding protection for vulnerable groups, including children and the disabled. The options for consultation do not change this approach.

Health and Wellbeing

None

Climate Change and Environmental Implications

None

Acronyms

CTS – Council Tax Support
UC – Universal Credit
DWP – Department for Work and Pensions

Appendices

None

Background Papers

None

Chronological History of this Report

A report on this item has not been previously considered by a Council body.

Report Approval

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Signed off by:	Brendan Arnold, Interim Director of Finance and S151 Officer
Approved for publication:	Councillor Paul Redgate