



<b>Report To:</b>	Cabinet
<b>Date:</b>	17 <sup>th</sup> September 2025
<b>Subject:</b>	Local Council Tax Support Scheme 2026/27 – Consultation
<b>Purpose:</b>	To agree consultation options for the local Council Tax Support Scheme, 2026/27
<b>Key Decision:</b>	No
<b>Portfolio Holder:</b>	Councillor Sandeep Ghosh, Portfolio Holder for Finance and Economic Growth
<b>Report Of:</b>	Brendan Arnold, Interim Director of Finance (S151 Officer)
<b>Report Author:</b>	Sharon Hammond, Head of Revenues and Benefits
<b>Ward(s) Affected:</b>	All
<b>Exempt Report:</b>	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, having regard to the financial pressures on the council, presents options for Cabinet consideration to take forward to consultation with major preceptors and other interested persons. Responses from the consultation will be provided back to Cabinet at a later meeting for consideration to help inform its final 2026/27 scheme recommendation to Full Council.

## **Recommendations**

That Cabinet:

1. Agrees to consult on the following options: -
  - Option 1 - Retain the current maximum level of support for Households with Children 100% and Other Households 85% and find savings elsewhere.
  - Option 2 – Reduce the maximum level of support to 90% to lone parents, 80% to couples with children and 75% for all other households.
  - Option 3 – Reduce the maximum level of support to 90% to lone parents, 80% to couples with children and 70% for all other households; and
2. 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 scheme options 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**

Options to reduce the support in the current scheme groups, i.e. households with children, and other households were considered but rejected in favour of considering options that maintain a higher level of support for lone parent 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 20 January 2025, introducing the following changes from April 2025: -

- Maximum level of support increased to: -
  - 100% for households with children, and
  - 85% for other households.
- Standard £10 non-dependant deductions
- Minimum support £1 per week (CTS entitlement below this level is not paid).
- Introduction of UC earnings tolerance to £30 per week (£130 monthly).
- Removal of Universal Credit earning disregard.
- Reduced upper capital limit to £10,000

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 Since its introduction in 2013, some changes to the scheme have been made, including restriction to Band D Council Tax liability. In 2024/25, a new class for Care Leavers was introduced.

## 2. 2025/26 Current Scheme Expenditure and Caseload

2.1 For the current year it is estimated that £4.9m in Council Tax Support will be granted under the current scheme for both pension age (£2.6m) and working age (£2.3m).

	<b>Total Claims</b>	<b>2025/26 CTS Expenditure £</b>
<b>All Groups</b>	<b>4,542</b>	<b>4,927,879</b>
Elderly	1,974	2,291,080
Working Age	2,568	2,636,799

2.2 This council meets around 13% of the cost of the scheme, (£656m) 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:

<b>CTS 2025/26</b>	<b>BBC</b>	<b>LCC</b>	<b>PCC</b>
£4,927,879	£655,901	£3,558,914	£713,064
	13.31%	72.22%	14.47%

### **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 Options for Consultation**

- 4.1 Boston BC faces considerable challenges to produce a balanced budget for 2026/27, and work is underway to identify how the level of saving required can be achieved.
- 4.2 Whilst the intention was to review the new CTS scheme after it had been in operation for a full financial year, a review of the level of support offered through this scheme is now brought forward for consideration as part of the council's wider range of savings proposals. Council tax support schemes must be affordable.
- 4.3 It is proposed that consultation seeks views on the following options: -

**Option 1.** To retain the current maximum level of support for Households with Children 100% and Other Households 85% and find savings elsewhere.

**Option 2.** To reduce the maximum level of support to households with lone parents to 90%, for households with couples and children 80% and all other households 75%. The potential saving for BBC would be £45k. The average increase in Council Tax payable by affected households would be around £2.50 per week (£132 per year).

**Option 3.** To reduce the maximum level of support to households with lone parents to 90%, for households with couples and children 80% and all other households 70%. The potential saving for BBC would be £57k. The average increase in Council Tax payable by affected households would be around £3.20 per week (£167 per year).

- 4.4 Whilst any reduction in support will contribute to the council's overall budget position, this decision will place a further requirement on low income / benefit households to pay a higher percentage of their Council Tax liability. As a result, higher levels of non-payment and escalation of debt may be expected, in turn increasing the requirement for bad debt provision.

### **5. Conclusion**

- 5.1. The need for Boston to reach a balanced budget for 2026/27 means that all areas of expenditure need to be explored. The recommendations for consulting on these options will enable Cabinet to make an informed final recommendation to Full Council in respect of the scheme for 2026/27.

## **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**

There are no direct financial implications as a result of this report, which is seeking approval to consult on options. Following consultation, a further report will be brought back to Cabinet for a final scheme recommendation to Full Council.

During the autumn of 2025 the Council will be considering how to balance the 2026/27 Budget and will be considering in due course a range of proposals in order to achieve this. Some of the options described in this report are capable of contributing savings should this be required, but only after a broader review of budget options has been considered.

### **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**

In 2024/25 BBC decided to increase the maximum level of support available under its Council Tax scheme with the intention for the next review in 2026/27 with any changes to be implemented in 2027/28.

The financial circumstances faced by the council has meant a review of the scheme costs has needed to be carried out sooner than anticipated.

As a result, this may reflect on the reputation of the council.

## **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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