SOUTH KESTEVEN DISTRICT COUNCIL

Finance and Economic Overview and Scrutiny Committee

Tuesday, 21 July 2026

Report of Councillor Bridget Ley, Cabinet Member for Finance

Local Council Tax Support Scheme Proposals 2027/28

Report Author

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Purpose of Report

To outline the Council's proposed Local Council Tax Support Scheme for 2027/28 ahead of public consultation.

Recommendations

The Committee is asked to:

1. **Offer comment and feedback on the proposal of a 'no change' Local Council Tax Support Scheme 2027/28 for stakeholder consultation**

2. **Endorse the areas of the existing scheme (2026/27) for stakeholder consultation as detailed in Appendix One.**

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Enabling economic opportunities Effective council
Which wards are impacted?	All Wards

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

1.1 The actual cost of the current year's scheme will not be known for certain until the end of the financial year and will be dependent on the actual caseload in year as well as the levels of Council Tax set by the District Council and the major precepting authorities.

1.2 The estimated cost of the scheme, based on current caseload, is taken into consideration when calculating the Council's tax base for the financial year and will impact on the estimated Council Tax yield for the year. Any difference in the actual cost of the discount scheme to that estimated in the tax base calculation will be accounted for within the Collection Fund and will be considered when future years surpluses or deficits are declared.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Legal and Governance

1.3 The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012, laid before Parliament on 22nd November 2012, set out the regulations for a default scheme and this was adopted by the Council subject to local policy needs in January 2013. The Secretary of State has issued amendment regulations setting out some changes that must be adopted by the Council for pensioners and the Council had also decided in 2013 to keep the scheme's allowances and premiums in line with those for Housing Benefit for working age claimants. These are incorporated into amendments to the local scheme for approval by the Council.

1.4 The regulations for the scheme proposed to be adopted are to be collated and made available for Council in January 2027.

Completed by: James Welbourn, Democratic Services Manager

Equalities, Diversity and Inclusion

1.5 An Equality Impact Assessment should be undertaken as part of the ongoing process, dependent upon the options recommended for consultation. It is expected that any changes to the current scheme that reduce the maximum award of support will have an adverse impact on specific household income. Whilst this impact would not be related to any specific protected characteristic identified in law, officers are mindful of socio-economic impact, as a specifically mentioned area for consideration in the Equality Act 2010 and should give due regard as part of the equality impact assessment.

Completed by: Carol Drury, Community Development Manager

2. Background to the Report

2.1 The Council Tax Benefit system was abolished on 31 March 2013 and replaced by the Local Council Tax Support Scheme (LCTSS). This scheme can be determined locally by the Billing Authority having had due consultation with precepting authorities, key stakeholders, and residents.

2.2 There are currently 7,400 residents claiming LCTSS in the South Kesteven District. Of these, 3,138 are pensioners who are protected under the legislation and receive LCTSS as prescribed by the Government (broadly similar to the level of Council Tax Benefit). This leaves 4,262 claimants of working age; of those 3,399 are included within the Council's vulnerable scheme. This leaves 863 who will be affected by any changes to the level of support determined by a local scheme.

2.3 The Council agreed to a LCTSS which came into effect on 1 April 2013. Our core scheme currently provides:

- 80% support for working age claimants
- 100% support for pension age claimants

2.4 The proposed scheme must follow prescribed stages as stated in the Local Government Finance Act 2012 before it can be adopted by this Council as a Billing Authority.

2.5 The transfer of the remaining legacy benefit claimants to Universal Credit continues and is due to conclude by the end of 2026. Claimants are contacted by DWP and asked to move to Universal Credit. The current number of legacy customers awaiting transfer is still unknown. It is not known whether or not their entitlement to Council Tax Support will change. These uncertainties mean any material changes to the current Council Tax Support scheme could lead to customers being worse off or could lead to a significant increase in cost to the Council.

Financial cost of the current Council Tax Support Scheme (2026/27)

2.6 For 2025/26, the cost of the scheme was £8,201,881. The Council's share of the total cost was £738,169 (based on a 9% share).

2.7 On 1 April 2026, the cost of the 2026/27 scheme increased to £8,616,717. This was a result of increases in 1) Council Tax and b) the number of people in receipt of support. This resulted in an increase of £414,836 with the Council's share being £37,335 (based on a 9% share).

2.8 During 2025/26, there has been a 3% increase in claim numbers (additional 205) as detailed in the table in paragraph 2.10. The number of people in receipt of CTS continues to increase during 2026/27. As a result, as of 16 June 2026, the cost of the LCTSS has further increased to £8,707,649. This is an increase (compared to 2025/26) of £505,768, with the Council's share being £45,519 (based on 9% share)

2.9 It is difficult to accurately determine the reasons for the increase in cost, however, there has been an increase in caseload as a result of the move to Universal Credit. Officers have noticed an increase in contact with the Welfare and Financial Advice Team and an increase in applications for Discretionary Council Tax Payments and Housing Payments. This would indicate an increase demand for financial support by residents.

2.10 Details of caseload increase are shown in the table below:

1st of month	Working age	Pension age	Total
March 2024	4,046	3,082	7,128
June 2024	4,096	3,076	7,172
September 2024	4,038	3,076	7,114
December 2024	3,982	3,088	7,124
March 2025	4,097	3,118	7,215
June 2025	4,097	3,098	7,195
September 2025	4,121	3,132	7,253
December 2025	4,161	3,127	7,288
March 2026	4,189	3,146	7,335
June 2026*	4,262	3,138	7,400

*As of 16 June 2026

South Kesteven District Council Local Council Tax Support Scheme – 2026/27

2.11 The Council's local scheme has been updated with amendments since the introduction in April 2013 to maintain the link with Housing Benefit and the previous Council Tax Benefit scheme as detailed in Appendix One.

Government led changes

2.12 As a billing authority, the Council can decide whether or not to amend core elements of its scheme each year.

2.13 There will be some technical changes that will still need to be applied to ensure that the Council's scheme complies with the Prescribed Scheme Regulations (covering Universal Credit, premiums, and discounts). These details will be announced by the Ministry of Housing, Communities and Local Government (MHCLG).

2.14 Technical amendments to the scheme in relation to uprating income, applicable amounts, disregards, and allowances are to be collated once statutory details have been released by the Secretary of State; it is intended that these will be circulated to Members for consideration at the Council meeting in January 2027. There will be no change to the adopted policy in the way LCTSS is calculated for these areas. Officers have considered if there is any need for any transitional arrangements to the revised scheme and concluded transitional arrangements are not needed for the proposed 2027/28 scheme.

Proposed Council Tax Support Scheme 2027/28

2.15 There have been a number of changes to the scheme in recent years, and whilst these have been necessary, it does mean officers and recipients need to be aware of how the changes can affect entitlement. If Council Tax Support is awarded over multiple years, the relevant scheme eligibility needs to be applied. Therefore, to ensure schemes are simple and easily understood, it is important to consider whether changes are required to the scheme.

2.16 As detailed within this report, there remain a number of uncertainties with regards to the impact of Universal Credit migration, government led changes and Local Government Reorganisation. Changes to the Council Tax Support scheme would not be accurately modelled as the number of those in receipt of Council Tax Support will fluctuate during 2026/27 and therefore would not give an accurate indication of a stable claimant base.

2.17 Therefore, there are no local policy changes proposed to the scheme, but statutory uprating and technical changes may still be applied. The Council must still undertake a consultation, details of which are set out in Section 6 of this report.

3. Key Considerations

3.1 The announcement of Local Government Reorganisation proposals in July 2026 is expected to influence the Council's approach to the 2027/28 Council Tax Support Scheme. Given the potential transfer of functions to a successor authority, there is a strong rationale for maintaining scheme stability and avoiding significant policy changes that may require further review following reorganisation. Retaining the current scheme, subject to any necessary technical amendments, would minimise administrative burden, provide certainty for residents, and allow the successor authority to consider future harmonisation of support arrangements across the wider area.

3.2 Further considerations are the desirability of maintaining a stable and easily understood Council Tax Support Scheme during a period of significant uncertainty, including the continuing migration to Universal Credit, ongoing government welfare reforms and the implications of Local Government Reorganisation. These factors make it difficult to accurately model the impact of potential scheme changes and assess their financial consequences. In light of these uncertainties, maintaining the current scheme is considered the most prudent approach for 2027/28, whilst continuing to meet statutory consultation requirements.

3.3 A draft Equality Impact Assessment has been undertaken in advance of the consultation and is detailed in Appendix Two. This is for noting and will be reviewed and updated as part of the consultation analysis.

4. Other Options Considered

4.1 The preferred option is to consult on a no-change scheme, subject to any statutory technical amendments required.

4.2 In reviewing the scheme, officers considered whether to maintain the current scheme, amend the level of support for working age claimants, introduce additional protections for vulnerable groups, or move to an alternative banded model. However, in light of the continuing uncertainties arising from Universal Credit migration, government-led technical changes, and Local Government Reorganisation, these options were not considered sufficiently robust or practicable for 2027/28.

5. Reasons for the Recommendations

5.1 There have been a number of changes to the scheme in recent years, and whilst these have been necessary, it does mean officers and recipients need to be aware of how the changes can affect entitlement. If Council Tax Support is awarded over multiple years, the relevant scheme eligibility needs to be applied. Therefore, to ensure schemes are simple and easily understood, it is important to consider whether changes are required to the scheme.

5.2 As detailed within this report, there remain a number of uncertainties with regards to the impact of Universal Credit migration, government led changes and Local Government Reorganisation. Changes to the Council Tax Support scheme would not be accurately modelled as the number of those in receipt of Council Tax Support will fluctuate during 2026/27 and therefore would not give an accurate indication of a stable claimant base.

5.3 Although no local policy changes are proposed to the scheme, the Council must still undertake a consultation. Details are set out in Section 6 of this report.

6. Consultation

6.1 The indicative timetable to approve any new discount scheme would need to be considered as part of the annual review and public consultation of the Local Council Tax Support Scheme.

6.2 The Local Council Tax Support Scheme 2027/28 will need to be considered by Council no later than 31 January 2027 as the Billing Authority is required to approve the scheme after public consultation for implementation from 1 April 2027.

6.3 If the Committee agree with the recommendation of a no change scheme, the timetable is as follows:

- 1 September 2026 to 30 September 2026: Public and Major Precepting Authority consultation process. Letters will be issued to all residents in receipt of Council Tax Support, Lincolnshire County Council and Police and Crime Commissioner. The Council is required to review their current Local Council Tax Support scheme. The proposals and recommendations will seek to ensure the Council has a robust review of its current scheme and understand the implications of adopting a new scheme. Details of the online consultation, including a copy of the weblink will be issued to Citizens Advice, Parishes and South Kesteven Members so they are able to support residents with completion of the form.
- October 2026: Consultation analysis.

- 12 November 2026: Finance and Economic Overview and Scrutiny Committee – review the outcome of consultation and proposed scheme for 2027/28.
- 14 January 2027: Cabinet – recommendation of scheme for 2027/28 for Council.
- 28 January 2027: Council – decision required: approval of final 2027/28 scheme for implementation from 1 April 2027. The Local Government Finance Act 2012 requires a full review of the scheme by the Billing Authority. South Kesteven District Council will need to approve a new scheme after consultation by 31 January.

7. Appendices

7.1 Appendix One: Current Council Tax Support Scheme (overview) – 2026/27

7.2 Appendix Two: Equality Impact Assessment (pre consultation)