



Localised Council Tax Support Scheme 2025/26

Report Author

Claire Moses, Head of Service (Revenues, Benefits Customer and Community)

 claire.moses@southkesteven.gov.uk

Purpose of Report

This report reviews the responses to the public consultation of the Council's Local Council Tax Support Scheme 2025/26, along with the recommendations from the meeting of the Finance and Economic Overview and Scrutiny Committee which took place on 26 November 2024.

Recommendations

Cabinet is asked to recommend to Council:

- 1. The introduction of the Council Tax Support Scheme for 2025/26 based on the same overarching criteria as the existing scheme as detailed in paragraphs 2.16 to 2.34**

Decision Information

Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?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 Council Tax Support Scheme for working age and pension age residents 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.
- 1.3 Should the Council wish to approve the continuation of core elements of the current scheme, the financial impact of this would be:
 - Continuation of the Care Leavers Exemption: This will be a cost of circa £16,198 (based on 10 eligible awards for 2024/25 as of 25 October 2024). This cost is shared between SKDC and the preceptors; and
 - Continuation of the Council Tax Discount for Police Special Constables, this will be a direct cost to the General Fund of circa £10,000 for awards relating to 2024/25 (if all eligible Special Constables applied for the discount).

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

Legal and Governance

- 1.4 Should the Council wish to approve any proposals which were included within the public consultation, there will be a direct cost to the General Fund and to Preceptors (Lincolnshire County Council and the Lincolnshire Police and Crime Commissioner). Some of these costs are currently unknown and this is detailed further within this report and Appendix One. The appendix also provides a background of the option, impact of change if approved and impact if it is not approved.
- 1.5 The regulations for the scheme proposed to be adopted are to be collated and made available for the meeting of Full Council in January 2024.

1.6 The legislative framework associated with Local Council Tax Support Schemes is set out in the body of the report.

Completed by: Graham Watts, Monitoring Officer

2. Background to the Report

2.1. The Council has a clear commitment in its Corporate Plan 2024-2027 to enabling economic opportunity and being an effective council. This report, and the support provided through the Council's Localised Council Tax Support Scheme, delivers these priorities.

2.2. 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 after due consultation with precepting authorities, key stakeholders, and residents.

2.3. There are currently 7,096 residents in receipt of Council Tax Support in the South Kesteven District. Of these, 3,992 are working age and 3,104 are pension age who are protected under the legislation and receive Council Tax support as prescribed by the Government.

2.4. A breakdown of caseload is shown in the table below:

1st of month	Working age	Pension age	Total
March 2023	4,094	3,141	7,235
June 2023	4,113	3,133	7,246
September 2023	4,001	3,115	7,116
December 2023	4,014	3,090	7,104
March 2024	4,046	3,082	7,128
June 2024	4,096	3,076	7,172
October 2024	3,996	3,081	7,077
November 2024*	3,992	3,104	7,096

*Data as of 27 November 2024

2.5. The Council agreed to a LCTSS, which came into effect on 1 April 2013. The core scheme currently provides

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

2.6. The Local Government Finance Act 2012 requires any proposed scheme to go through certain steps before it can be adopted by the Council as a Billing Authority:

Before making a scheme, the authority must (in the following order): -

- (a) consult any major precepting authority which has power to issue a precept to it;*
- (b) publish a draft scheme in such a manner as it thinks fit; and*
- (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme*

2.7. There is ongoing uncertainty regarding the impact of remaining legacy benefit claimants moving to Universal Credit by the end of 2026, which resumed in May 2022. The transition date from Housing Benefit to Universal Credit has been pushed back on many occasions (nationally). However, indications are that this work is progressing, with the working age caseload decreasing from 4,046 in March 2024 to 3,992 in November 2024.

2.8. The restart follows a pause during the Covid pandemic when Department for Work and Pension (DWP) staff were focussed on supporting a surge of new claimants to Universal Credit.

2.9. The six benefits being replaced all have complex eligibility criteria and Universal Credit is designed to provide each claimant with individually-tailored support to help them into employment. The rollout will be carefully managed by the DWP, and claimants will be asked to move to Universal Credit.

2.10. It is not yet known how many of the legacy customers will be moved over during the remaining months of 2024/25 however, it is expected the reduction will continue with the current rollout being managed by the DWP from April 2024, whereby claimants are being contacted by DWP and asked to move to Universal Credit. The number of legacy customers moving over during 2024/25 is unknown, along with whether or not their entitlement to Council Tax Support will change.

2.11. Given the current operating context, it will be problematic to fundamentally reassess any Council Tax scheme due to the volatility that is impacting on a number of the objectives listed above.

Financial cost of the current Council Tax Support Scheme

2.12. Despite the scheme being a 'local' CTS scheme, due to the nature of protection provided to pensioners and vulnerable working age customers, the Council will always incur some costs over which it has no influence.

2.13. Current caseload can be broken down as follows and shows any changes implemented will only apply to 13.63% of the caseload (working age), as pensioners and vulnerable working age are protected. This is a reduction from the previous year of 2.44% (working age caseload was 16.07%).

Caseload breakdown	Caseload	% of caseload
Total caseload	7,096	100%
Pensioner (protected)	3,104	43.70%
Working age vulnerable (protected)	3,028	42.67%
Working age (local discretion)	964	13.63%

2.14. Based on caseload on 27 November 2024, the current cost of the scheme is £7,642,059 (increased by £405,797 from £7,236,262 at the same point in 2023). South Kesteven's share of the total cost of the scheme is £687,785 (9%) and has increased by £36,521 at the same point in 2023.

2.15. Due to the protections from changes (referenced in paragraph 2.13) to pensioners and vulnerable working age customers, any reduction in cost to the proposed scheme can only be applied to the 964 working age customers, or 13.63% of the caseload. This means out of the Council's current share of the cost of £687,785 – only £93,745 (13.63%) can be influenced by any change made to the current scheme.

Current Local Council Tax Support Scheme

2.16. 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.

2.17. The current scheme has the following restrictions for working age customers: -

- Maximum entitlement capped to 80%.

2.18. The current scheme also has the following amendments to Council Tax technical restrictions for all Council Tax payers: -

- Introduction of additional premiums to properties empty over 2 years, plus the original charge: -
 - 200% premium – empty between 2 and 5 years;
 - 300% premium – empty between 5 and 10 years; and

- 400% premium – empty over 10 years.
- Unoccupied discount of 100% for the first month
- Care leavers Council Tax exemption – 100% for those aged between 18 and 25; and
- Reduction for Special Constables who live in the district – 25% for each special constable resident in the household (up to 2 resident, equalling 50% reduction).

Council Tax Exemption for Care Leavers

- 2.19. The scheme was first approved for 2019/20, for a local discretionary Council Tax exemption of up to 100% for care leavers aged 18 to 21 years, with the exemption ending on the individual's 22nd birthday.
- 2.20. The scheme was amended for 2021/22 and the age limit was increased to 24 years of age, with the discount ending on the individual's 25th birthday.

Special Constabulary Council Tax Discount Scheme

- 2.21. The scheme was first approved and introduced on 1 April 2022. The award of the discount is retrospective and therefore, the discount was awarded for the financial year 2021/22.
- 2.22. The discount has been awarded to two Special Constables for 2023/24 totalling £2,092.66. The scheme has now closed for this financial year (applicable year 2023/24).
- 2.23. Should the continuation of the scheme be approved by Council, the Police and Crime Commissioner (PCC) will write to all Special Constables who live within the district of South Kesteven, by 30 April 2025, confirming they have met the hours worked criteria, and will provide a link to the Council's website.
- 2.24. The Special Constable will be required to complete the online application form and upload the letter from the PCC.
- 2.25. The award of the discount will be referenced to service during 2024/25. As a result, the eligibility for the discount will be considered, and an award made no later than the 31 May 2025 and will be applied to the Council Tax account for 2024/25.

2.26. In the response to the public consultation (Appendix Three), the PCC is supportive of the continuation of support for Special Constables.

Discretionary Council Tax Payment Fund

2.27. A Discretionary Council Tax Payment (DCTP) is available to anyone in receipt of Council Tax Support who has a shortfall between the weekly amount awarded and their Council Tax liability.

2.28. The total amount of funding allocated for each year is £30,000. For 2024/25, the decision was taken to move any unspent funding from 2023/24 into the new year. As a result, in 2024/25 there was a total of £38,568 funding available. It is proposed that £30,000 is included in the budget for 2025/26.

2.29. Discretionary Payments can be applied for independently but are often considered as part of the application process for Discretionary Housing Payments (support for shortfall between Housing Benefit / Universal Credit award and eligible rent). Officers are aware of the DP and actively encourage customers to apply where eligibility criteria are met.

War Pension and Armed Forces Compensation Disregard for Housing Benefit and Council Tax Support

2.30. Section 134 8(a) of the Social Security Administration Act 1992, allows local authorities to modify any part of the Housing Benefit scheme to provide for the disregarding of prescribed war disablement pensions or war widows' pensions.

2.31. South Kesteven District Council has applied a disregard of 100% through Officer Delegated decision. However, a result of the 2021/22 Housing Benefit audit, a recommendation was taken forward for the Council Tax Support and Housing Benefit War Pension and Armed Forces Compensation Disregard to be included as part of the consultation and decision making process for the Local Council Tax Support scheme, effective from 1 April 2024.

The alignment of the value of the capital tariff limit and disregard for working age claimants to the pension age claimant values

2.32. This was first brought to this Committee for inclusion in consultation in July 2023, for the 2024/25 scheme and was approved by Council in January 2024, to be included within the scheme from 1 April 2024.

2.33. The capital tariff limit and disregard for working age claimants has been aligned to that of the pension age claimant values with effect from 1 April 2024 – these being a capital tariff of £1 for every £500, and a disregard of the first £10,000 of capital.

Consultation and communication – proposed ‘no change’ scheme for 2025/26

2.34. A report was presented to the Finance and Economic Overview and Scrutiny Committee on 17 July 2024 to consider a ‘no change scheme’ for 2025/26 for public consultation. The recommendation was to undertake consultation for the 2025/26 Localised Council Tax support scheme and to consider the outcome of the consultation findings prior to making a recommendation to Cabinet, for the final scheme to be presented to Council in January 2025.

2.35. Public consultation began on 1 September 2024 and ran to 30 September 2024. Consultation has been undertaken with major precepting authorities, stakeholders, and residents through a variety of methods, as detailed below: -

- An online survey (support provided by the Benefits Team where the resident was unable to complete the survey themselves);
- All South Kesteven District Council Members and Parish Clerks were issued with an email advising them of the consultation;
- Partner organisations were also advised of the proposed scheme – include Citizens Advice; and
- Major preceptors – Police and Crime Commissioner (PCC) and Lincolnshire County Council (LCC).

2.36. Letters were issued to all those in receipt of Council Tax Support at the start of the consultation. This was a total of 7,108 recipients. A total of 336 responses were received – this is a rate of 4.73% (compared to 371 responses of 7,133 – 5.20% for the previous year).

2.37. The key findings of the consultation are detailed within Appendix One and a summary of the responses is detailed below:

	Agreed		Disagreed		Didn't Know	
	No.	%	No.	%	No.	%
Agreed with the principles of the current scheme	301	89.6%	14	4.2%	21	6.3%

	Agreed		Disagreed		Didn't Know	
	No.	%	No.	%	No.	%
Thought the level of discounts and premiums for unoccupied, unfurnished and second home properties should continue	259	77.1%	22	6.5%	55	16.4%
Thought the exemption for young people leaving the care system should continue	266	79.2%	38	11.3%	32	9.5%
Thought the Special Constable Discount scheme should continue	227	67.6%	52	15.5%	57	17.0%
Thought the War Pension and Armed Forces Compensation Disregard for Housing Benefit and Council Tax Support should continue	257	76.7%	16	4.8%	63	18.5%
Thought the Capital tariff limit and disregard for working age claimants to be aligned to pension age claimant values should continue	240	71.4%	16	4.8%	80	23.8%
Thought the Discretionary Council Tax Payment scheme should continue for 2024/25	314	93.5%	7	2.1%	15	4.5%
Thought the Council had worked hard to ensure that its Council Tax Support Scheme is fair, protects pensioners and those in vulnerable groups, and responds to local concerns	315	93.8%	6	1.8%	15	4.5%

2.38. The consultation response from Lincolnshire County Council and the Police and Crime Commissioner are detailed in Appendix Two and Three.

2.39. A consultation response was also received from the Royal British Legion with support for the disregard of War Pension and Armed Forces Compensation payments within the calculation of income for Council Tax Support.

Introduction of the second home premium from 1 April 2025

2.40. This is a measure, which is included in the Levelling Up & Regeneration Bill, to allow councils the ability to charge a council tax premium of up to 100% for any property left empty for more than 72 days a year.

2.41. The regulations were laid before parliament on 8 October 2024 which set out the exceptions to council tax premiums on second homes. These regulations came into force on 1 November 2024 and effect from 1 April 2025 and set out mandatory exceptions to the Second Home Premiums.

As part of the consultation and approval process for the 2024/25 LCTS scheme, Council approved the introduction of the premium from 1 April 2025 at its meeting on 25 January 2024.

- 2.42. In November 2024, letters were issued to all owners of second homes (359), making them aware of the exceptions. An exception application form was included with the letter, asking the owner to complete and return this if they believed the second property was eligible for an exception to the premium. The form requested the owner to provide the reason and evidence for the exception.
- 2.43. Of the 359 letter issued, 119 have responded. Of those, 100 respondents advised which exception they believed their property should have applied to it, with the remaining 19 providing no details. The table below shows the breakdown of responses for each exception class.

Exception Class	Exception Reason	Number eligible
PCLB E	Dwelling which is or who would be someone's sole or main residence if they were not residing in job-related armed forces accommodation	2
PCLB F	Annexes forming part of, or being treated as part of, the main dwelling	15
PCLB G	Dwellings being actively marketed for sale (12 month limit)	36
PCLB H	Dwellings being actively marketed for let (12 months limit)	1
PCLB I	Unoccupied dwellings which fell within exempt Class F and where probate has recently been granted (12 months from grant of probate/letters of administration)	8
PCLB J	Job-related dwellings	6
PCLB K	Occupied caravan pitches and boat moorings	0
PCLB L	Seasonal homes where year-round, permanent occupation is prohibited, specific for use as holiday accommodation or planning condition preventing occupancy for more than 28 days continuously	5
PCLB O	This is "other" This is not a prescribed exception within the legislation. However, this was included within the letter to ascertain	27

Exception Class	Exception Reason	Number eligible
	what 'other' exceptions could be considered for future schemes from 1 April 2026 onwards.	

- 2.44. Officers are currently reviewing the responses and evidence provided and will determine whether the property is applicable for the exception.
- 2.45. Therefore, of the 359 second properties, 100 are potentially eligible for the exemption and 251 will have the premium applied to the Council Tax account as part of the annual billing process in March 2025, increasing Council Tax annual liability by £520,308 per annum. If this was paid in full, South Kesteven's share of this additional income would be £46,828 (9%).
- 2.46. The Council is required to provide written notice of the decision within 21 days of the date of determination, which will be undertaken by Council on 30 January 2025.

3. Key Considerations

- 3.1. Consideration needs to be given to all the options proposed and consulted on which are detailed in Appendix One.
- 3.2. It is proposed there are no changes made to the scheme and the current core elements of the 2024/25 scheme, as detailed in paragraphs 2.16 to 2.46 of this report, are retained and continue for 2025/26.

4. Other Options Considered

- 4.1 All options for consultation are detailed in **Appendix One** of this report.
- 4.2 Not undertaking any consultation, is not an option. Consultation as to the administrative and financial impact of a change/new scheme is a legal requirement. This scheme must be reviewed, consulted upon, and approved on an annual basis.

5. Reasons for the Recommendations

- 5.1. These are set out in the report.

6. Consultation

6.1. The timetable to approve a no change or any change to the scheme is set out below and considers the existing calendar of meetings. Full Council, as Billing Authority, needs to approve the scheme after consultation as outlined in paragraph 2.6.

6.2. The remaining consultation timetable is as follows: -

- 30 January 2025: Council – decision required: approval of final 20225/26 scheme for implementation from 1 April 2025. 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 2025.

7. Appendices

7.1. There are three appendices to this report.

- Appendix 1: Analysis of public consultation and Council Tax Support Scheme Options for public consultation
- Appendix 2: Lincolnshire County Council consultation response
- Appendix 3: Police and Crime Commissioner consultation response