



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Cabinet

Thursday, 15 January 2026

Councillor Ashley Baxter,
Leader of the Council, Cabinet Member
for Finance, HR and Economic
Development

Localised Council Tax Support Scheme 2026/27

Report Author

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

 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 2026/27, along with the recommendations from the meeting of the Finance and Economic Overview and Scrutiny Committee which took place on 18 November 2025.

Recommendations

Cabinet is asked to

- 1. Recommend to Council the Local Council Tax Support Scheme for 2026/27 based on the same overarching criteria as the existing scheme as detailed in paragraphs 2.13 to 2.44**

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Does the report contain any exempt or confidential information not for publication?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.
- 1.3 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.
- 1.4 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 £27,967 (based on 17 eligible awards for 2025/26 as of 20 November 2025). 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

- 1.5 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 Police and Crime Commissioner). Some of these costs are currently unknown and this is detailed further within this report and Appendix 1. This appendix also provides a background of the option, impact of change if approved and impact if it is not approved.

- 1.6 The regulations for the scheme proposed to be adopted are to be collated and made available for Council in January 2026.
- 1.7 Section 5 of the report contains further advice on the steps Councils are required to take by law.

Completed by: James Welbourn, Democratic Services Manager

Risk and Mitigation

- 1.8 The Council, and other preceptors, bears the risk of the cost of the Council Tax Support scheme if an increase in caseload causes costs to increase beyond predictions.
- 1.9 Any revisions to the scheme must be approved by 31 January 2026.
- 1.10 The scheme cannot be changed mid-year and therefore it is vital the correct scheme is in place.

Completed by: Tracey Elliott, Governance & Risk Officer

Equalities, Diversity and Inclusion

- 1.11 It is expected that any changes to the current scheme that reduce the current 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, we are mindful of socio-economic impact and will give due regard as part of the equality impact assessment of the Scheme.
- 1.12 The proposed scheme for 2026/27 is a 'no change' proposed scheme and as such, there are no reductions in current maximum award.

Completed by: Carol Drury, Community Engagement Manager

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. 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. As of 2 December 2025, there are currently **7,284** residents claiming LCTSS in the South Kesteven District. Of these, **3,144** 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 **4,140** claimants of working age; of those **3,245** are deemed vulnerable. This leaves **895** people who will be affected by changes to the level of support determined by a local scheme.
- 2.5. 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
September 2024	4,038	3,076	7,114
December 2024	3,982	3,088	7,124
March 2025	4,097	3,118	7,215
July 2025	4,157	3,122	7,279
October 2025	4,110	3,133	7,243
December 2025*	4,140	3,144	7,284

*As of 2 December 2025

- 2.6. 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.

Financial cost of the current Council Tax Support Scheme - 2025/26

- 2.7. 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.
- 2.8. 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 rollout is managed by the DWP and started in April 2024. The current number of legacy customers awaiting transfer is minimal.

- 2.9. The cost of the scheme has increased because the rate of transfer has increased.
- 2.10. Current caseload can be broken down in the following table which shows any changes implemented will only apply to **12.29%** of the caseload (working age), as pensioners and vulnerable working age are protected. This is a reduction from the previous year of 2.05% (working age caseload was 14.34%).

Caseload breakdown	Caseload	% of caseload	Cost of scheme (£)
Total caseload	7,284	100%	£8,214,212
Pensioner (protected)	3,144	43.16%	£3,570,815
Working age vulnerable (protected)	3,245	44.55%	£3,946,167
Working age (local discretion)	895	12.29%	£697,230

- 2.11. Based on caseload as of 2 December 2025, the current cost of the scheme is £8,214,212 (increased by £574,926 from £7,644,265 at the same point in 2024). South Kesteven's share of the total cost of the 2025/26 scheme is £739,279 (9%) and has increased by £51,295 at the same point in 2024.
- 2.12. Due to the protections from changes to pensioners and vulnerable working age customers, any reduction in cost to the proposed scheme can only be applied to the 895 working age customers, or 12.29% of the caseload. This means out of the Council's current share of the cost of £739,279 – only £90,857 (12.29%) can be influenced by any change made to the current scheme. This is a reduction from 14.34% at the same point in 2024.

Current Local Council Tax Support Scheme – 2025/26

- 2.13. 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.
- 2.14. The current scheme has the following restrictions for working age customers: -
- Maximum entitlement capped to 80%.
- 2.15. The current scheme also has the following amendments to Council Tax technical restrictions for all Council Tax payers: -

- Introduction of changes to the properties which are unoccupied and unfurnished: -
 - 100% discount for one month;
 - 25% discount for the following 5 months;
 - 100% charge thereafter;
- Introduction of additional premiums to properties empty over 2 years, plus the original charge: -
 - 100% premium – this results in a 200% charge – empty between 2 and 5 years;
 - 200% premium – this results in a 300% charge – empty between 5 and 10 years; and
 - 300% premium – this results in a 400% charge – 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;
- 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); and
- Second home premium of 100%.

Council Tax Exemption for care leavers – effective from 1 April 2019

2.16. 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.

2.17. The scheme was amended for 2021/22 and the age limit criteria was increased to 24 years of age, with the discount ending on the individual's 25th birthday.

Special Constabulary Council Tax Discount Scheme – effective from 1 April 2022:

2.18. 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.

2.19. The retrospective discount has been awarded to one Special Constable for 2024/25 totalling £832.51. The scheme for 2025/26 will open on 1 April 2026, with applications to be received by 30 May 2026.

- 2.20. If continuation of the scheme is approved by Council, the Police and Crime Commissioner (PCC) will write to all Special Constables who live within South Kesteven by 30 April 2026 to confirm they have met the hours worked criteria and will provide a link to the Council's website.
- 2.21. Each Special Constable will be required to complete the online application form and upload the letter from the PCC.
- 2.22. The award of the discount will be referenced to service during 2025/26. As a result, the eligibility for the discount will be considered, and an award made no later than the 31 May 2025 which will be applied to the Council Tax account for 2025/26.
- 2.23. In the response to the public consultation (Appendix 3), the PCC support the continuation of support for Special Constables.

Discretionary Council Tax Payment Fund - £30,000

- 2.24. 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.
- 2.25. The total amount of funding allocated for each year is £30,000. For 2025/26, the decision was taken to move any unspent funding from 2024/25 into the new year. As a result, in 2025/26 there was a total of £30,082 funding available.
- 2.26. As of 2 December 2025, £8,912 has been awarded, meaning there is £21,170 remaining, to be issued up to 31 March 2026.
- 2.27. 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 DCTP and actively encourage customers to apply where eligibility criteria are met.
- 2.28. A separate report, 'Discretionary Payment Policies 2026-27' was considered by Cabinet on 2 December 2025 where the Discretionary Council Tax Payment Policy 2026/27 was approved.

Continuation of the War Pension and Armed Forces Compensation Disregard for Housing Benefit and Council Tax Support – effective from 1 April 2024:

- 2.29. 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.
- 2.30. 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 this consultation and decision making process and was first brought to this Committee for inclusion in consultation in July 2023, for the 2024/25 scheme.

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

- 2.31. 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.
- 2.32. 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.

Introduction of the Second Home premium (100%) – effective from 1 April 2025:

- 2.33. Council approved the introduction of the premium from 1 April 2025 at its meeting on 25 January 2024.
- 2.34. Councils were required to give 1 year's notice of the decision to introduce the premium. Letters were issued to second home owners on 22 March 2024 informing them of the decision. Information was also included as part of the consultation and approval process for the 2025/26 LCTS scheme.
- 2.35. Regulations were laid before parliament on 8 October 2024 which included the mandatory exceptions to council tax premiums on second homes. These regulations came into force on 1 November 2024 and, for South Kesteven, came into effect from 1 April 2025.
- 2.36. In November 2024, letters were issued to all second home owners (359 at the time) to advise of the change and requested completion of the exception form – asking the home owner to state why the property should be excepted from the premium.

- 2.37. The outcome of the contact to homeowners for the introduction of the premium from 1 April 2025 was included in the Cabinet report, which was discussed on 16 January 2025 and approved by Council on 30 January 2025.
- 2.38. In February 2025, letters were issued to all 359 responders advising of the outcome of the review and decision to apply the exception or premium from 1 April 2025. Annual Council Tax bills were issued for 2025/26 which included the premium (where applicable).

Consultation and communication – proposed ‘no change’ scheme for 2026/27

- 2.39. A report was presented to this Committee on 24 July 2025 to consider a ‘no change scheme’ for 2026/27 for public consultation. The recommendation by this Committee was to undertake consultation for the 2026/27 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 2026.
- 2.40. Public consultation began on 1 September 2025 and ran to 30 September 2025. 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).
- 2.41. Letters were issued to all those in receipt of Council Tax Support at the start of the consultation. This was a total of 7,243 recipients. A total of 440 individuals responded to the consultation – this is a rate of 6.07% (compared to 336 responses of 7,133 – 4.73% for the previous year). The response to questions were not mandated and as such, some questions were not responded to.

2.42. Overall, 83% of respondents agreed with the principles of the current scheme, and 84% of respondents agreed 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.

2.43. The key findings of the consultation are detailed within Appendix 1 and a summary of the responses is detailed below:

	Agreed		Disagreed		Didn't Know		Total
	No.	%	No.	%	No.	%	
Agreed with the principles of the current scheme	364	83.1%	34	7.8%	40	9.1%	438
Thought the level of discounts and premiums for unoccupied, unfurnished and second home properties should continue	336	80.2%	22	5.2%	61	14.6%	419
Thought the exemption for young people leaving the care system should continue	349	83.5%	32	7.7%	37	8.8%	418
Thought the Special Constable Discount scheme should continue	277	66.6%	68	16.3%	71	17.1%	416
Thought the War Pension and Armed Forces Compensation Disregard for Housing Benefit and Council Tax Support should continue	321	79.8%	16	4.0%	65	16.2%	402
Thought the Capital tariff limit and disregard for working age claimants to be aligned to pension age claimant values should continue	297	74.4%	8	2.0%	94	23.6%	399
Thought the second home premium should continue in 2026/27	319	80.2%	16	4.0%	63	15.8%	398
Thought the Discretionary Payment schemes should continue for 2026/27	358	90.2%	23	5.8%	16	4.0%	397
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	333	84.1%	20	5.0%	43	10.9%	396

- 2.44. The consultation responses from Lincolnshire County Council and the Police and Crime Commissioner are detailed in Appendices 2 and 3.

3. Key Considerations

- 3.1. Consideration needs to be given to all the options proposed and consulted on which are detailed in Appendix 1.
- 3.2. It is proposed there are no changes made to the scheme and the current core elements of the 2025/26 scheme, as detailed in paragraphs 2.13 to 2.43 of this report, are retained and continue for 2026/27.

4. Other Options Considered

- 4.1 All options for consultation are detailed in Appendix 1 of this report.

5. Reasons for the Recommendations

- 5.1. 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 – this is detailed as follows:

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*

6. Consultation

- 6.1. Full Council, as Billing Authority, needs to approve the scheme after consultation as referenced in paragraph 2.6.
- 6.2. The remaining consultation timetable is as follows: -
- 29 January 2026: Council – decision required: approval of final 2026/27 scheme for implementation from 1 April 2026. 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 2026.

7. Appendices

7.1. There are four 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
- Appendix 4: Equality Impact Assessment