

Cheltenham Borough Council

Council – 15 December 2025

Local Council Tax Support Scheme 2026/27

Accountable member:

Councillor Peter Jeffries, Cabinet Member Finance and Assets

Accountable officer:

Jayne Gilpin, Head of Revenues and Benefits

Ward(s) affected:

All

Key Decision: Yes

Executive summary:

Each year the council is required to consider and approve its Local Council Tax Support Scheme for working age customers. Council is being asked to approve and the scheme proposed in this report as the Council's scheme for 2026/27.

Cabinet recommends that Council:

- 1. Approves and adopts the Local Council Tax Support Scheme for working age customers in Appendix 5 and summarised in Appendix 6, for 2026/27.**
- 2. Gives authority to the Chief Executive, or Deputy Chief Executive, in consultation with the Cabinet Member Finance and Assets, to make any necessary adjustments to the income bands to reflect changes to and uprating of welfare benefits, by 27th February 2026.**

1. Implications

1.1 Financial, Property and Asset implications

Since 2013/14 the Local Council Tax Support (LCTS) scheme operates in a similar way to other council tax discounts, such as for empty properties or single person occupiers. Rather than being accounted for as a benefit cash payment, the council tax base is reduced. Whilst this has no impact for the individual council taxpayer, a lower council tax base reduces the tax yield to this Council, Gloucestershire County Council, Gloucestershire Police Authority and parish councils. Any Government funding towards the scheme was rolled in to revenue support grant, which ceased for this council in 2018/19. We must therefore fund our share of the cost of the scheme.

The proposal to continue with the scheme in 2026/27 and confirm the income levels once all increases in welfare benefits and allowances are known will ensure that the same level of support is provided to our most vulnerable residents.

Signed off by: Jon Whitlock, Head of Finance jon.whitlock@cheltenham.gov.uk

1.2 Legal implications

The Local Council Tax Support Scheme "LCTS" is required under section 13A of the Local Government Finance Act 1992 ("the Act"). The Act states that for each financial year, billing authorities must consider whether to revise their LCTS scheme or replace it with another scheme.

The prescribed regulations set out the matters that must be included in such a scheme. Before making any changes, the local authority must, in the following order:-

1. consult with any major precepting authorities
2. publish the draft scheme
3. consult other parties likely to have an interest in the scheme

The prescribed regulations also set out the matters that must be included in such a scheme. The authority is required to publish the scheme in such manner as they think fit.

Signed off by: One Legal, legalservices@onelegal.org.uk

1.3 Environmental and climate change implications

There are no environmental and climate change implications associated with this report. The Climate Impact Assessment Tool has been completed to demonstrate the social benefits, this is attached as appendix 3.

Signed off by: Maizy McCann, Climate Officer maizy.mccann@cheltenham.gov.uk

1.4 Corporate Plan Priorities

This report contributes to the following Corporate Plan Priorities:

Ensuring residents, communities and businesses benefit from Cheltenham's future growth and prosperity.

Being a more modern, efficient and financially sustainable council

1.5 Equality, Diversity and Inclusion Implications

The Local Council Tax Support Scheme continues to provide 100% support to many low-income households. A minor change to the scheme conditions is being proposed. We monitor whether any groups are adversely affected by the scheme as part of the annual review and aim to mitigate them. An equality impact assessment in in Appendix 2

1.6 Performance management – monitoring and review

The proposed scheme if approved will be monitored closely by officers throughout the year and will be reviewed before developing the scheme for 2027/28.

2 Background

2.1 Prior to each financial year the Council is required to determine a Local Council Tax Support Scheme to help working age people on low incomes pay their council tax.

2.2 There is a separate national scheme for pension age customers which the Council cannot alter and is required to administer only.

2.3 The local council tax support scheme works in a similar way to other council tax discounts. The tax base is reduced due to the amount of support being awarded and therefore the income from council tax is reduced. The full cost is met by this council, Gloucestershire County Council, Gloucestershire Police Authority and the parish councils in proportion to the share of the council tax.

2.4 The local council tax support scheme for working age people from 2013/14 to 2018/19 in Cheltenham continued to mirror the previous council tax benefit scheme whilst many Councils reduced support and no longer offered 100% reduction.

2.5 Since 2019/20 the council tax support scheme for working age customers has been based on five income bands with the highest band providing support at 100% of the council tax liability. Support then reduces to 80%, 60%, 40% and 20%, as household income increases.

2.6 The scheme ensures that 100% support continues to be available for the most vulnerable low-income residents.

3 Local Council Tax Support Scheme Caseload

3.1 As at October 2025 over £4.3 million was being awarded to 4,240 working age recipients. More than 50% of these are receiving the maximum 100% support, due to being on the lowest incomes.

3.2 There has been a slight decrease in the caseload so far this year this year but it has continued to be fairly stable.

4 Reasons for recommendations

4.1 The proposed scheme for 2026/27, , continues to be based on five income bands, with the highest

band providing support at 100% of the council tax liability and reducing to the lowest band at 20%, as household income increases.

- 4.2 In the Autumn Budget statement the Government announced that the standard Universal Credit element will rise above the rate of inflation from April 2026 while some of the health-related elements will be frozen, or for new claimants, reduce. Other welfare benefits will rise in line with inflation. The Government also announced that the two-child benefit cap will be removed from April 2026
- 4.3 The income levels for each income band are increased each year to keep in line with increases in welfare benefits. In addition, due to the removal of the two-child benefit cap the income levels will be extended to reflect the increased income for households with three, four and more children. Updating the income levels will ensure that low-income households continue to receive a consistent level of support.
- 4.4 The scheme summary in appendix 5 shows the proposed extended income level table. The income levels are based on current year values as the exact increase for all benefits and allowances have not yet been confirmed by the Department for Work and Pensions.
- 4.5 Authority is therefore being sought from Council for the Chief Executive, or Deputy Chief Executive, in consultation with the Cabinet Member Finance and Assets, to make the necessary adjustments to the income levels and apply the appropriate increase, once all relevant changes have been confirmed. A further change is being proposed in 2026/27 to increase the amount of income disregarded for each disabled child from £100 per week to £200. This increase will ensure that the scheme continues to fully disregard the additional benefits received in respect of disabled children. Based on current data this could benefit around 150 households. This has been included in the proposed scheme conditions in appendix 4 and the scheme summary in appendix 5.
- 4.6 No other changes are being proposed to the scheme conditions for 2026/27.
- 4.7 A discretionary hardship relief scheme is in place which can support customers with exceptional circumstances and/or financial hardship.

5 Alternative options considered

- 5.1 None. The Council is required to approve a Local Council Tax Support Scheme for working age people.

6 Consultation and feedback

- 6.1 A consultation exercise was undertaken between 28th August 2025 and 8th October 2025 seeking views on whether the Council should continue to ensure that the most vulnerable residents receive 100% support and if the disabled child disregard should be increased.
- 6.2 The consultation attracted 57 responses. Of the 57 respondents, 40 (70%) either agreed or had a neutral opinion on whether 100% support should continue and 17 (30%) disagreed. 42 respondents (74%), either agreed or had a neutral opinion on whether the Disabled Child Income Disregard should be increased to £200 while 15 (26%) either disagreed or proposed a different amount.
- 6.3 Further details of the consultation results are in Appendix 3

7 Key risks

7.1 The risks are in appendix 1

Report author:

Jayne Gilpin, Head of Revenues and Benefits jayne.gilpin@cheltenham.gov.uk

Appendices:

- i. Risk Assessment
- ii. Equality Impact Assessment – Screening –(to be included in all Cabinet and Council reports)
- iii. Climate Change Assessment
- iv. Consultation analysis and responses
- v. Summary of draft scheme
- vi. Draft scheme conditions for 2026/27

Background information:

1. The Local Government Finance Act 1992, amended by the Local Government Finance Act 2012
<http://www.legislation.gov.uk/ukpga/2012/17/contents>
2. The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012
<http://www.legislation.gov.uk/uksi/2012/2885/contents/made>
3. The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017 <http://www.legislation.gov.uk/uksi/2017/1250/contents/made>

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	If the caseload increases significantly the cost to the council, in the form reduced council tax income, will increase	Jayne Gilpin	2	3	6	Accept	Monthly monitoring and an annual review of the scheme	Jayne Gilpin	Ongoing
	If the income bands are not modified in line with welfare benefits support for vulnerable households could reduce. This would cause reputational damage to the Council	Jayne Gilpin	1	1	2	Avoid	Uprate in line with increase in welfare benefits once known	Jayne Gilpin	01/02/2026

Appendix 2: Equality Impact Assessment

1. Identify the policy, project, function or service change

a. Person responsible for this Equality Impact Assessment

Officer responsible: Jayne Gilpin	Service Area: Revenues and Benefits
Title: Head of Revenues and Benefits	Date of assessment: 24/10/2025
Signature: Jayne Gilpin	

b. Is this a policy, function, strategy, service change or project?

Policy

If other, please specify:

c. Name of the policy, function, strategy, service change or project

Local Council Tax Support Scheme 2026/27

Is this new or existing?

**Already exists
and is being
reviewed**

Please specify reason for change or development of policy, function, strategy, service change or project

There is a legal requirement to review and approve a scheme prior to each financial year

d. What are the aims, objectives and intended outcomes and who is likely to benefit from it?

Aims:

To set the council tax support scheme for working age people for 2026/27. The scheme reduces council tax bills for households on low income and sets out the eligibility rules and procedures.

Objectives:

To approve the scheme or 2026/27 and uprate income bands within the scheme in line with welfare benefits to ensure support continues at the same level. Increasing the disabled child disregard will ensure the scheme continues to fully disregard the additional benefits received in respect of disabled children.

Outcomes:	Working age households eligible for support will continue receive a reduction on their council tax bill in 2026/27
Benefits:	Eligible working age households on low income will receive reduction to their council tax bills. Support is currently provided to around 4,250 working age households at a cost of just over £4.3 million.

e. What are the expected impacts?

Are there any aspects, including how it is delivered or accessed, that could have an impact on the lives of people, including employees and customers.

Yes

Do you expect the impacts to be positive or negative?

Positive

Please provide an explanation for your answer:

The scheme is being reviewed and needs to be approved by Council prior to each financial year. Each year Income bands are uprated in line with welfare benefits so that recipients continue to receive the same level of support. In 2026/27 an increase in the disabled child disregard is being proposed. The increase will ensure the scheme continues to fully disregard the additional benefits received in respect of disabled children. This will impact this customers affected in a positive way.

The scheme is a means tested benefit so if a recipient has an increase in income above the annual increase to the income bands then they will see a reduction in benefit.

If your answer to question e identified potential positive or negative impacts, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

f. Identify next steps as appropriate

Stage Two required

Yes

Owner of Stage Two assessment

Jayne Gilpin

Completion date for Stage Two assessment

24/10/2025

Please move on to Stage 2 if required ([intranet link](#)).