

Decision Maker:	Cabinet	Date: Tuesday, 16 December 2025
Title:	Local Council Tax Support Scheme Proposals 2026/27	
Portfolio Holder:	Portfolio Holder for Finance and Economy Cllr Neil Hargreaves	
Report Author:	Lance Porteous - Director of Finance, Revenues and Benefits lporteous@uttlesford.gov.uk	Key decision: No

Summary

1. There is a requirement to annually review the Local Council Tax Support (LCTS) Scheme and propose changes to the scheme for the following financial year. The recommendations made, even if no change is proposed, must then be consulted upon before a decision is taken at Full Council in December on the final scheme for the following financial year.
2. A consultation was carried out during the Autumn of 2025 on the scheme proposals to set a LCTS qualifying Council Taxpayer Contribution Rate and continue to protect Vulnerable and Disabled residents and Carer's on a low income.
3. The consultation ran from 10th October to 21st November 2025. A total of 55 responses were received, giving a 62% increase on the number of responses received in 2024.
4. The results clearly show that most respondents support the proposed scheme.
5. As can be seen from the table in paragraph 19, Uttlesford has administered the scheme with the lowest percentage contribution requirement of any authority in Essex for twelve years. This demonstrates that whilst the council has had sufficient funds to support the scheme it has continued to do so.
6. In 2013/14 when the original scheme was introduced the qualifying Council Taxpayer's Contribution Rate was set at 8.5%. This increased in 2014/15 to 12.5% and it has remained at this rate for each subsequent year.
7. The Exceptional Hardship Fund is available to support residents and claimants who are suffering financial hardship.
8. Changes to the LCTS scheme were due to be modelled and consulted upon during summer 2025 ready for implementation, if applicable, from 1st April 2026. Following the Local Government Reform announcements, this work has been suspended pending confirmation of Uttlesford's future merger partners. Once the new authorities have been announced, work will commence with partners to develop a combined scheme for the new authority.

Recommendations

9. The Cabinet is requested to recommend the Local Council Tax Support Scheme for 2026/27 to Council as follows:
- I. The current qualifying Council Taxpayer's Contribution Rate continues at 12.5% for 2026/27.
 - II. The Council continues with current policy to protect Pensioners, Vulnerable and Disabled Residents and their Carer's on a low income. i.e. their contribution would remain at 0%.

Financial Implications

10. Detailed in the main body of this report.

Background Papers

11. None

Impact

Communication/Consultation	Current proposals have been subject to public consultation and discussions with major preceptors.
Community Safety	None.
Equalities	An equalities impact assessment will be completed as part of developing final proposals for decisions by Cabinet and the Council later in the year.
Health and Safety	None.
Human Rights/Legal Implications	More than complied with by the scheme policy and when administered.
Sustainability	The provisions in this scheme do not harm the financial sustainability of the Council.
Ward-specific impacts	None.
Workforce/Workplace	Ongoing demands on the Revenues & Benefits, Housing and Customer Service teams to administer the scheme.

Local Council Tax Support (LCTS) current scheme

12. LCTS replaced Council Tax Benefit (CTB) from 1 April 2013. The Council has adopted a scheme which has the following key elements:

- a) Pensioners on low income protected from adverse changes (as required by Government).
- b) Disabled people, carers and blind people on a low income receive discretionary protection from adverse changes.
- c) Working age people previously on full CTB pay no more than 12.5% of the council tax bill.
- d) £25 per week of earned wages income disregarded from assessment (to provide a work incentive).
- e) Child Benefit and Child Maintenance disregarded from assessment (to minimise exacerbation of child poverty, or accusations of same).
- f) Hardship Policy to enable additional support for genuine extreme hardship cases.

Essex Sharing Agreement

13. An Essex wide income sharing agreement was entered into with all billing authorities and major preceptors at the time of implementation of the new LCTS scheme.

14. The main principles of the agreement are to ensure a joint approach in maximising income collection, reduce fraud, ensure compliance, and increase the taxbase.

15. By working proactively on fraud this ensures that our tax base is maintained at the maximum level generating extra revenue for both the major preceptors and billing authorities.

16. Preceptors receive a share of all income generated for Council Tax and this is allocated through the Collection Fund at year end.

17. The increased income generated specifically from these activities and internal decisions made by UDC each year is monitored by ECC, and the preceptors have agreed to share their element of the increased income with the Local Authorities.

18. The major preceptors also provide funding through this agreement for;

- a. an officer to ensure the efficient administration of the LCTS scheme and provide claimants with dedicated support in debt management.
- b. two officers to work directly on all areas of fraud and compliance within Council Tax.
- c. contributions towards the Exceptional Hardship Scheme which has a £17,000 annual budget (£10,000 UDC element), plus Essex County Council provide an additional £5,000 for admin support.

Council Taxpayer's Contribution Rates across Essex

19. The council has the lowest percentage LCTS qualifying Council Taxpayer's contribution rate within Essex with the highest being set at 40% in Tendring (for jobseekers who have claimed for 3 years or more).

Contribution Rates 2025/26			
		%	%
Basildon	25	Harlow	24
Braintree	23	Maldon	20
Brentwood	25	Rochford	25
Castle Point	30	Southend-on-Sea	25
Chelmsford	23	Tendring	40
Colchester	20	Thurrock	25
Epping Forest	25	Uttlesford	12.5

20. It is too early to tell if any other Local Authorities will increase or reduce the qualifying Council Taxpayer's contribution rates for the next financial year.

Consultation

21. A consultation on the proposed 2026/27 scheme ran for the period 10th October to 21st November 2025. The full consultation report is attached as Appendix A.

22. The consultation was carried out using an online form and for those who do not use digital services, paper copies were available on request.

23. The consultation was extensively publicised via a press release to all local media and newspapers, E-newsletters were sent to all the subscribers on our mailing lists. It was also prominently promoted via the council's website homepage throughout the consultation period.

24. The major preceptors, (Essex County Council, Police, Fire and Crime Commissioner for Essex) and Town and Parish Councils were sent an email directly inviting them to provide their views on the proposals.

25. A total of 55 responses were received (compared to 34 in 2024), giving a 62% increase. All the comments received have been included in the full report (Appendix A).

26. 89% of respondents either fully or partly support the proposed scheme. There is though, some evident confusion over how LCTS works. Many respondents apparently think the 'contribution rate' is the Council's instead of the Council Taxpayer's. We have clarified this in this report and communications will be reviewed during annual billing processes and clarifications added if appropriate.

27. A full breakdown of the responses is shown in the table below.

		Per cent
		Uttlesford
Fully support the proposed scheme		69
Partly support the proposed scheme		20
Do not support the proposed scheme		11
Other		0

28. No organisations, including the major preceptors, responded this year.

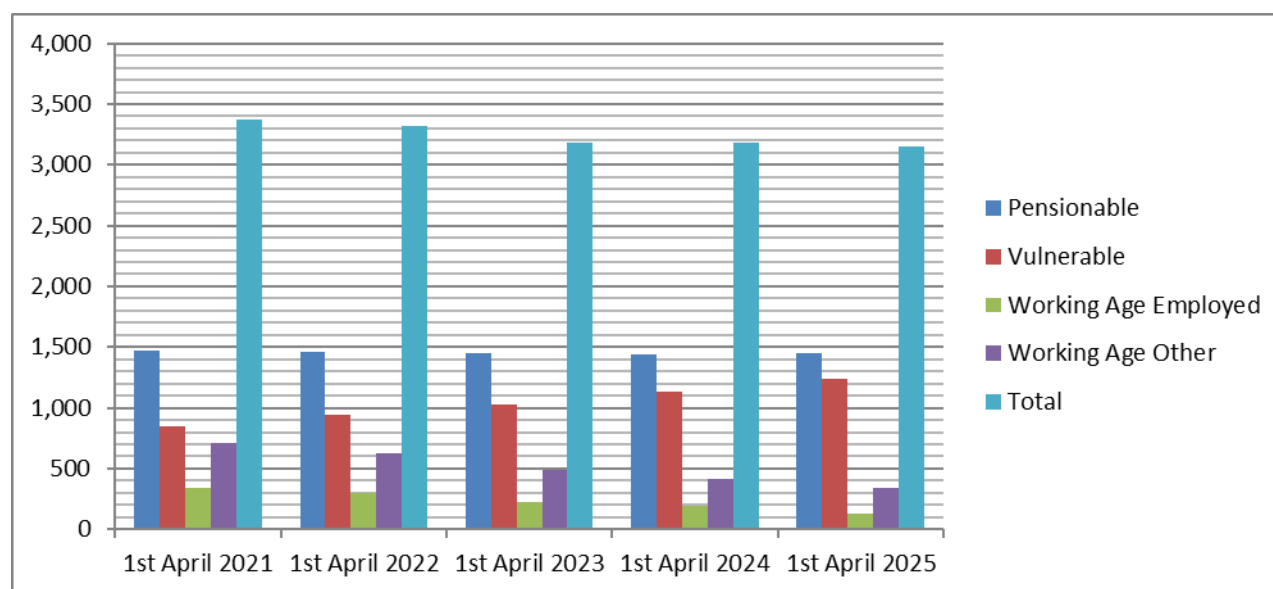
Claimant Caseload

29. The data and figures used in the following tables are based on 2025/26 caseload information as of 1 April 2025.

30. The following table and graph provide an analysis of each category of claimant and how the caseloads have changed over the past 5 years.

	1st April 2021	1st April 2022	1st April 2023	1st April 2024	1st April 2025
Pensionable	1,466	1,458	1,452	1,442	1,445
Vulnerable	851	943	1,027	1,137	1,236
Working Age Employed	337	297	223	188	133
Working Age Other	714	627	485	416	340
Total	3,368	3,325	3,187	3,183	3,154

	1/4/21	In year movement	1/4/22	In year movement	1/4/23	In year movement	1/4/24	In year movement	1/4/25	In year movement
Pensionable	1,466	-31	1,458	-8	1,452	-6	1,442	-10	1,445	3
Vulnerable/Disabled	851	85	943	92	1,027	84	1,137	110	1,236	99
Working Age - Employed	337	6	297	-40	223	-74	188	-35	133	-55
Working Age - Other	714	137	627	-87	485	-142	416	-69	340	-76
Total Claimants	3368	197	3325	-43	3,187	-138	3,183	-4	3,154	-29



31. The overall number of claimants has reduced for the fourth year in a row, with the biggest decrease seen again in the working age category. This category is expected to level by 2026/27 as the Department for Work and Pensions project to migrate claimants to Universal Credit comes to an end in 2025/26.

32. The overall decrease in caseload is offset by the vulnerable and disabled category where there is a further increase this year in the numbers of people requiring support. This category has shown an annual increase year on year for the past five years.

Council Taxpayer's Contribution Rate

33. The LCTS qualifying Council Taxpayer's contribution rate being at 12.5% currently generates approximately £137,743 per year for the Council and the major preceptors, of the total income generated the council receives approximately £19,079 in line with their percentage share of the overall council tax income. This calculation uses an average award, so depending on caseload this income figure could increase or decrease over the year. All figures include the parish precepting element, which is then passed over to the borough's parishes and town councils.

34. The table below sets out the additional income of an increase to the contribution rate to preceptors and is shown in 2.5% increments. Each 2.5% increase will generate additional income of £27,549 of which the council will receive £3,816 in line with their percentage share of the overall council tax income. (The table assumes a council tax increase of 4.12% for 2026/27 as it was for 2025/26 but will not be known until February 2026).

Income increases to preceptors.

Percentage Contribution	Average liability income due £'000	Increased income @ 2.5% increments £'000	UDC share of increased income @ 2.5% increment £'000
12.50%	£137,743	-	-
15%	£165,291	£27,549	£3,816
17.50%	£192,840	£55,097	£7,631
20%	£220,388	£82,646	£11,447

*Income collection ranges from 87% to 90% so the actual income received is likely to be lower than the figures in the above table.

Cost impact to claimants.

35. It is impossible to identify and calculate precise figures for each claimant as their contribution level varies dependant on the claimant's financial circumstances and this can change multiple times during the year.

36. The figures in the table below are shown for a working age unemployed person in receipt of full LCTS support, 87.5% discount. So, this is the impact of the minimum payment that would be required to be made.

Ctax Payer Percentage Contribution	Cost per Ctax Payer per Year £	Cost per Ctax Payer per Week £	Increase @ 2.5% per year £	Increase @ 2.5% per week £
12.50%	291.21	5.62	-	-
15%	349.45	6.72	£58.24	£1.12
17.50%	407.69	7.84	£116.48	£2.24

20%	465.94	8.96	£174.73	£3.36
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37. The table in paragraph 30 shows the number of people in receipt of LCTS support, for the working age categories, 340 unemployed compared to 133 in work (low income and/or part time). The increase in the contribution rate will affect both working age categories.

Exceptional Hardship Fund (EHF)

38. The Council holds a ring-fenced budget specifically to support all residents who are suffering financial hardship due to unforeseen circumstances, and you do not have to be eligible for LCTS to make an EHF claim. The EHF is supported by the major preceptors as part of the Essex Sharing Agreement.

39. The annual budget held for this fund is £17,000 with UDC contributing £10,000 and the major preceptors contributing £7,000, Essex County Council also provide a further £5,000 to support the administration of the fund.

40. The EHF is subject to award criteria and supports all residents who find themselves in financial difficulties, you do not have to be in receipt of LCTS to qualify, making this scheme fully inclusive to all residents. Full details can be found using the following link:
<https://www.uttlesford.gov.uk/ehf>

41. It is recommended that the EHF fund is used to provide additional financial support to residents rather than reducing the contribution rate.

Full cost of LCTS scheme (estimated)

42. The following table shows that the forecast financial position for UDC in 2026/27 will be an estimated net cost of £594,630. The costing has been based on the current caseload expenditure as of 1 April 2025 and the preceptor share back estimate on 2025/26 predicted collection rates.

43. The expenditure figure in the table is based on the contribution rate of 12.5%.

LCTS Exp 2025/26	County, Fire and Police Share	UDC Share 2025/26		LCTS Exp 2026/27	County, Fire and Police Share	UDC Share 2026/27
4,235,581	3,649,428	586,153	LCTS Discounts	4,413,683	3,801,153	612,630
0	0	(204,981)	Major Preceptors Income share back	0	0	(40,000)
4,235,581	3,649,428	381,172	Net of LCTS Scheme & Discounts	4,413,683	3,801,153	572,630
120,000	103,000	17,000	Staff support costs (Fraud, Compliance and Recovery)	120,000	103,000	17,000
17,000	7,000	10,000	LCTS Hardship Scheme	17,000	7,000	10,000
0	0	(5,000)	LCTS Hardship Scheme - ECC Admin support	0	0	(5,000)
4,372,581	3,759,428	403,172	Total Net Cost	4,550,683	3,911,053	594,630

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Assumptions about costs and income levels are incorrect	3 - a high degree of variability and estimation is involved	3 - adverse or favourable cost affecting the council budget/collection fund	Monitor trends closely and review scheme each year to make necessary adjustments.
Cost of living and the effect of inflation on the economy longer term	2 - possible that there will be more claims by residents struggling with everyday costs	2 – cost of the scheme will increase	Monitor caseload and work with preceptors on managing the scheme and impacts

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.