



**Corporate Policy and  
Resources Committee**

**Thursday 11 December  
2025**

**Subject: Local Council Tax Support Scheme 2026/27**

Report by:	Director of Finance and Assets and Section 151 Officer
Contact Officer:	Angela Matthews, Benefits Manager Alison McCulloch, Revenues Manager  angela.matthews@west-lindsey.gov.uk, alison.mcculloch@west-lindsey.gov.uk
Purpose / Summary:	To adopt a Local Council Tax Support Scheme for 2026/27

**RECOMMENDATION(S):**

1. Note the content of the report; and
2. **Recommend to Full Council** the adoption of Option 1 of the report for the Local Council Tax Support Scheme for West Lindsey District Council for 2026/27. That being;
  - to make no changes to the current council tax support scheme apart from to apply any new legislative requirements and the uprating of the non-dependent charges, applicable amounts and household allowances and deductions, used in the calculation of the reduction in accordance with the Department for Works and Pensions (DWP) annual 'up-ratings'
  - to apply any additional changes to mirror government welfare benefit regulations during the year which are intended to increase the income of benefit recipients to avoid unintended consequences to customers.

**IMPLICATIONS**

**Legal:**

The Council has to determine a local scheme for council tax reduction by 31 January 2026.

**Financial : FIN/118/26/SSc**

The cost of the Local Council Tax Support scheme (LCTS) is shared between Lincolnshire County Council (75%), West Lindsey District Council (WLDC) (12.5%) and Lincolnshire Police (12.5%).

Year	Total	LCC 75%	PCC 12.5%	WLDC 12.5%
2025/26	7,216,610	5,412,458	902,076	902,076
2026/27 Option 1	7,433,108	5,574,832	929,138	929,138
2026/27 Option 2	7,216,610	5,412,458	902,076	902,076

Recommendation is Option1, to apply uprating.

To make no changes to the current council tax support scheme apart from to apply any new legislative requirements and the uprating of the non-dependent charges, applicable amounts, and household allowances and deductions, used in the calculation of the reduction in accordance with the Department for Works and Pensions (DWP) annual 'Up-ratings'

Option 2 do not apply uprating.

If we do not apply the applicable amount up-ratings to working age claimants their Department for Works and Pensions (DWP) income will exceed their applicable amount, and they will be entitled to less council tax support. This in turns means their council tax bills will increase which will require more council tax to be collected.

**Staffing :**

The changes are minimal and therefore should not impact on staff.

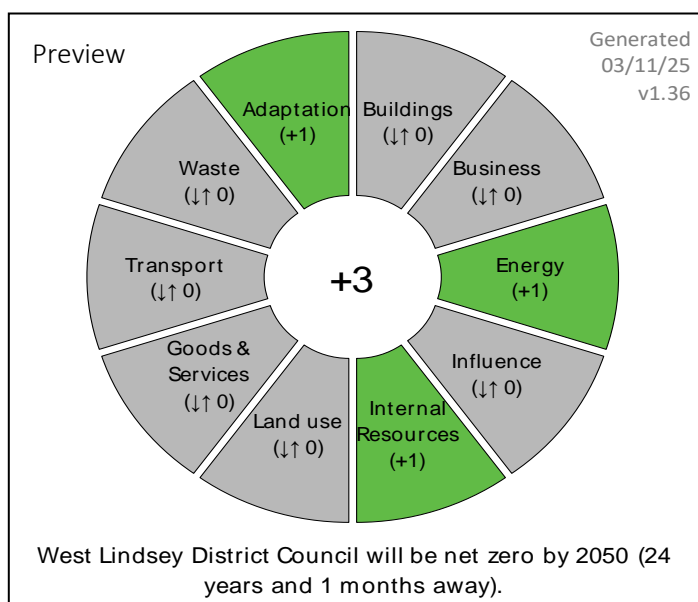
**Equality and Diversity including Human Rights :**

Please see appendix A – Local Council Tax Support Scheme 2026/27 Equality Impact Assessment.

**Data Protection Implications :**

None arising from this report.

## Climate Related Risks and Opportunities :



The Local Council Tax Support Scheme 2026/27 has minimal direct environmental impacts, as it is primarily a social welfare policy providing financial support towards the council tax. The preferred Option 1 maintains current support levels and has minor indirect positive environmental benefits through supporting household financial resilience and potentially preventing deeper fuel poverty.

From an environmental perspective, there is no significant reason to prefer either option, as both have minimal climate impact. The decision should appropriately be made based on social, economic, and administrative considerations rather than environmental factors.

The assessment supports proceeding with Option 1 as it maintains consistency, provides adequate support to vulnerable households, and preserves the minor indirect environmental benefits of preventing fuel poverty. However, it's important to be clear that these environmental considerations are marginal compared to the scheme's primary social welfare objectives.

## Section 17 Crime and Disorder Considerations :

None arising from this report.

## Health Implications:

None arising from this report.

**Title and Location of any Background Papers used in the preparation of this report:**

Local Government Finance Act 2012

<https://www.legislation.gov.uk/ukpga/2012/17/contents/enacted>

### Risk Assessment :

- a. If Council Tax Support caseloads rise or fall, then WLDC and the other major precepting authorities will have to absorb those expenditure variations through the Collection Fund. It is therefore vital that the financial implications of the scheme decisions made are realistic in terms of bridging the funding gap.
- b. If there is a downturn in the local economy or where there have been major redundancies if a major company ceases trading, Council Tax Support caseloads could rise significantly.
- c. Each Council must approve their local Council Tax Support scheme by 31<sup>st</sup> January otherwise a default scheme, similar to the current Council Tax Support default scheme applied to customers of pension age, will have to be implemented. Applying a similar scheme to all working age customers would increase the annual expenditure on Council Tax Support.
- d. The amount of council tax support awarded last year was slightly over £7million; however, this is estimated to increase possibly to £7.2 million by the end of the financial year.

### Call in and Urgency:

#### Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

☐

No

X

#### Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

X

No

☐

## **Executive Summary**

Council Tax Benefit was a national scheme providing means-tested financial help for low-income households to pay their Council Tax liability. This was abolished on 31 March 2013 by the Local Government Finance Act 2012 which placed a legal requirement on every billing authority to adopt a Localised Council Tax Support (LCTS) scheme.

Since the inception of the LCTS scheme on 1<sup>st</sup> April 2013 relatively minor changes have been made which has enabled claimants to receive a similar level of support each year and enabled the council to maintain an annual council tax collection rate of around 98% which is just in the top quartile collection rate in the country.

In 2020, 2021, 2022 and 2023, following the Covid-19 pandemic, the Government awarded a grant to all local authorities for a payment to be paid to all working aged council tax support claimants. This was paid directly to council tax accounts and it also permitted the use of any surplus to support economically vulnerable people and households. No such grant has been made available since 2023/24 and therefore those still struggling financially since the pandemic have not had any additional assistance since 31 March 2024.

A significant change to the LCTS scheme for 2026/27 is likely to have a negative impact on the collection rate and reduce the yield over the year. It currently remains an affordable system that is able to provide assistance to low income households.

When considering the scheme for 2026/27 consideration must be given to the government's plans for Local Government Reorganisation which will see West Lindsey District Council restructured into an upper tier Unitary Council. This restructure means that the current council tax reduction scheme will require modifications to consider new populations and to consider all the schemes in force at each district council at that time. Therefore, any significant changes for 2026/27 could have to be changed within a year or two which may have a negative impact on council tax support claimants navigating entitlement to new awards.

Full Council must approve and adopt the finalised LCTS scheme by 31<sup>st</sup> January 2026 at the latest.

## **1 Introduction**

- 1.1 The Local Government Finance Act 2012 replaced Council Tax Benefit with a Council Tax support scheme. Unlike Council Tax Benefit (CTB) which is set by Central Government, the new Council Tax support scheme must be defined by individual Local Authorities (albeit with much central prescription).
- 1.2 Claimants who have reached state pension age are protected by the prescribed regulations which means local schemes must give the same pre-2013 level of assistance to pensioners. West Lindsey District Council also made the decision in 2013/14 to protect those in receipt of a War Pension and those claimants receiving a Disability Benefit.

## **2 Current Situation**

We currently have 6,013 council tax support claimants and of these 2,416 are pensioners and 3,597 are working age claimants. This equates to 60% of our total caseload who would be impacted by any changes to the scheme.

Our council tax collection rate for 2024/25 was 97.70% which, although was lower than the previous year, was in the top quartile performance being 72<sup>nd</sup> position out of 295 local authority reported outturns. The national average was only 96.15% so this is considerably higher.

The Council recognise that many of our residents are feeling the effects of the increased cost of energy and food prices. We are working with our partners across the public and voluntary sectors to support our residents, and particularly those who are vulnerable and hardest hit by the cost-of-living crisis. The current West Lindsey scheme is one of the most generous in Lincolnshire and if we were to look at changing the scheme, we may be impacting on those most affected by the cost-of-living increases and adding to their financial burden.

## **3. Consultation**

- 3.1 Consultation was undertaken between 26 August 2025 and 6 October 2025. The consultation was undertaken using an online survey which was advertised through social media, the West Lindsey District Council website, the resident newsletter, the West Lindsey Councillor newsletter and the Parish Council newsletter. Direct invites were sent to the 968 members of the West Lindsey Citizen Panel and all members of the Housing Register. Any resident is able to write or email into this consultation rather than complete the survey, although on this occasion none were received.

### 3.2 The questions asked are detailed below:

1. Do you agree that the only change that should be made to the scheme is the up rating of all allowances and premiums in line with the Department for Work and Pensions allowances?

Yes	No	Don't Know
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2. Are you currently in receipt of Council Tax Support?

Yes	No	Don't Know
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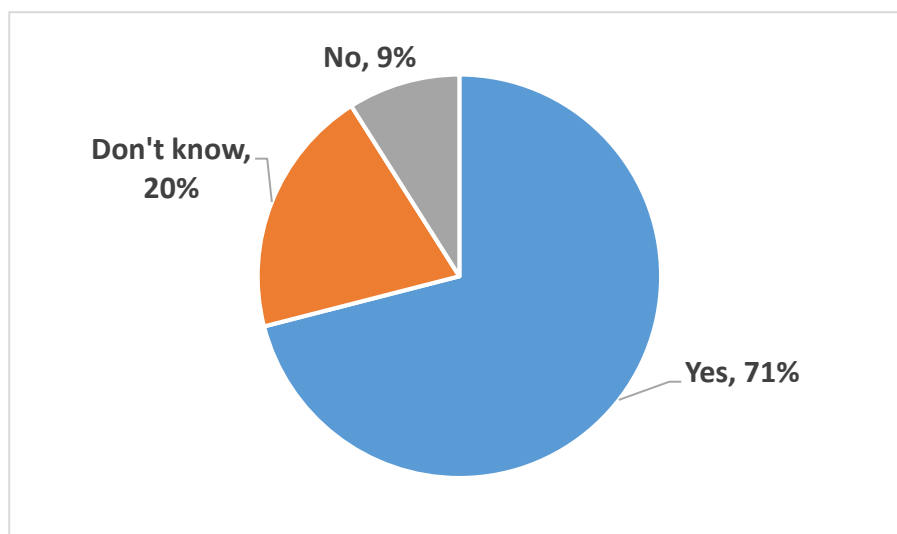
3. Any other comments you wish to make regarding the Local Council Tax Support Scheme

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### 3.3 The Responses are detailed below:

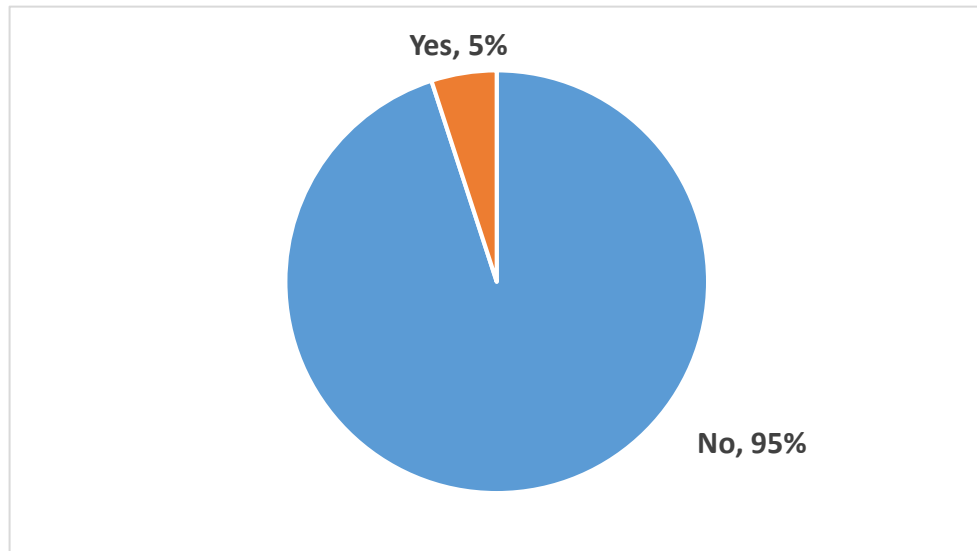
- 3.3.1 **Do you agree that the only change that should be made to the scheme is the uprating of all allowances and premiums in line with Department for Work and Pensions allowances?**

Just over 2 thirds of the respondents felt that they do agree that the only changes should be the uprating of the allowances and premiums. Only 9% felt this shouldn't be the case.



### 3.3.2 Are you currently in receipt of Council Tax Support?

Out of the 95 who responded to this question, only 5 of them are in receipt of Council Tax Support.



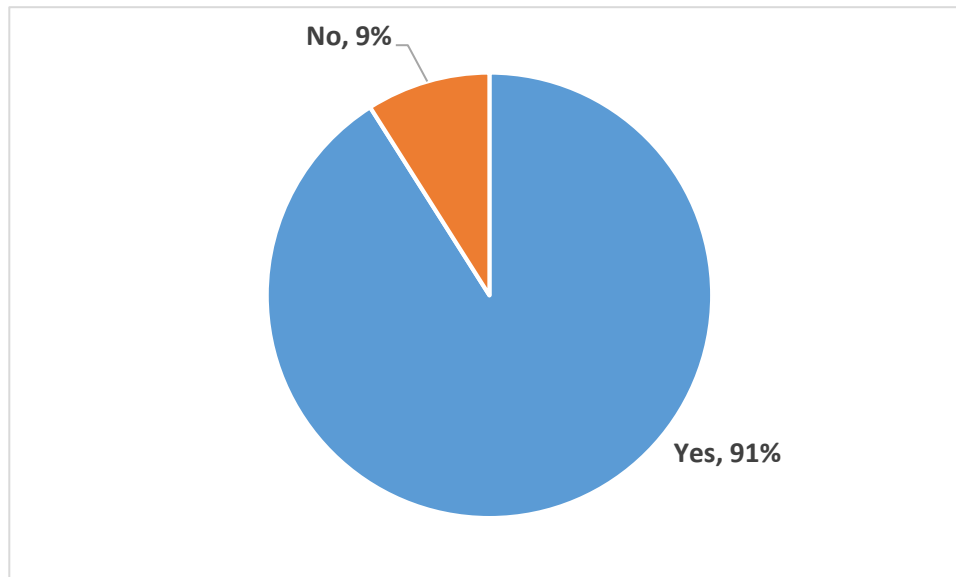
To compare this, question 1 has been mapped against question 2 of the survey which outlines that out of the 67 who agreed that the only change should be to the allowances and premiums, 63 of those are not in receipt of Council Tax Support. In comparison, out of the 9 who believe this should not be the only change, 100% of those also are not in receipt.

		In receipt of Council Tax Support?			
		Total	Yes	No	Don't know
Agreement to uprating?	Base	95	5	90	-
	Yes	67	4	63	-
	No	9	-	9	-
	Don't know	19	1	18	-



### 3.3.3 Are you a resident of West Lindsey?

While this survey looks at how this may affect our residents, we did open the survey up to anyone. However only 9% of those who responded are not a resident of West Lindsey.



### 3.3.4 Comments from the consultation

Respondents were asked if there were any comments they would like to make in regard to this topic. The comments were:

- Worked for 50 years, always paid my rates and council tax. Too many lazy people taking advantage.
- council tax is incredibly expensive but necessary.
- Are the subsidies for the scheme paid for by WLDC or the Govt? If WLDC pay, then ultimately all paying residents pay more.
- Question 1 is ambiguous: Yes, is straightforward. No - does this indicate that the up-rating should be higher than the DWP allowance, or lower?
- I believe up-rating of all allowances and premiums in line with Department for Work and Pensions allowances may not be sufficient in some cases.
- Get rid of this scheme and reduce council spending. All residents should pay the same at the lowest level of tax needed for essential services only.
- Extremely grateful for all help available, makes a difference to my day to day living.
- Calculations need to be apportioned better. There appears to be a huge jump in the rates of help even though my income hasn't increased much.
- I feel that a working plan to reduce council waste within all departments and areas should be implemented to minimise or even reduce council

tax, rather than just increasing the tax as per instructions, therefore no incentives are initiated, and everything just carries on as per normal. Forward thinking needs to be included in such areas which greatly affect people's lives.

- Too many people are getting allowances, who do not deserve it. We are tired of taxpayers money going to people who work part time because they would lose benefits if they worked full time. We could go on and on about this subject. We have a few living not far from us.
- I believe it is important to ensure those on lower incomes are fairly supported by the rest of us.

It is worth noting that out of the 11 comments above, 4 did not agree with the uprating, 3 didn't know and 4 agreed with it.

### 3.3 5 **The results**

These results show that more than three quarters of those who responded believe that the allowances and premiums should be uprated in line with Department for Work and Pensions allowances.

## 4. **Consultation with major preceptors**

Before a Council can determine to revise or replace its LCTS scheme it must consult with any major precepting authority which have the powers to issue a precept to it.

Consultation has taken place with both the Lincolnshire County Council and the Police and Crime Commissioner for Lincolnshire and both have submitted responses approving the request to make no change to the scheme for 2026/27 but both would support the request to increasing the uprating of all allowances and premiums in line with Department for Work and Pensions allowances (option 1 of this report).

## 5. **Costings**

The recent estimates for the cost of the current 2025/26 scheme are £7,216,610 being split as below:

<b>Total</b>	<b>LCC – 75%</b>	<b>PCC – 12.5%</b>	<b>WLDC – 12.5%</b>
£7,216,610	£5,412,458	£902,076	£902,076

## 6. Options

Two options have been considered for the 2026/27 scheme being to maintain or slightly reduce the level of financial support as detailed below:

### 6.1 Option 1 (Preferred)

To make no changes to the current council tax support scheme apart from to apply any new legislative requirements and the uprating of the non-dependent charges, applicable amounts, and household allowances and deductions, used in the calculation of the reduction in accordance with the Department for Works and Pensions (DWP) annual 'Up-ratings'.

To also apply any additional changes to mirror government welfare benefit regulations during the year which are intended to increase the income of benefit recipients to avoid unintended consequences to customers.

#### Costs/Savings

Initial estimates for 2026/27 show that there would be no direct saving to the council under this option as it would just maintain the current scheme. Any reductions in the cost of the scheme would be due to a reduction in council tax support claimants.

Based on a 3% overall increase in the council tax liability this equates to an approximate cost of:

<b>Total</b>	<b>LCC – 75%</b>	<b>PCC – 12.5%</b>	<b>WLDC – 12.5%</b>
£7,433,108	£5,574,832	£929,138	£929,138

<b>Advantages</b>	<b>Disadvantages</b>
The financial modelling shows that West Lindsey District Council can still bridge the funding by continuing with the current scheme for a further year.	
The existing scheme works well and offers a high level of support for low-income families who may otherwise find themselves in debt.	
There has been a slight decrease this year in the number of households claiming LCTS which suggests that the situation is improving gradually as more claimants return to work or are	

receiving private pensions that reduces their CTR entitlement.	
This option ensures the LCTS rules stay consistent with the DWP rules which avoids confusion for claimants.	
Retaining existing policy principles of keeping LCTS in line with other key welfare benefits promotes equality.	

## 6.2 Option 2

To make no changes to the current scheme for 2026/27 i.e: do not apply the up-rate household allowances and deductions.

### Costs/Savings

Initial estimates for 2026/27 show that there would be a slight saving to the council under this option however, it would effectively create a reduction in income for those affected.

If we do not apply the applicable amount up-ratings to working age claimants their Department for Works and Pensions (DWP) income will exceed their applicable amount and they will be entitled to less council tax support. This in turns means their council tax bills will increase which will require more council tax to be collected. The approximate savings by not applying income upratings would be 3-5% thus keeping the total CTR for 2026-27 the same as the current year despite allowing for a 3% increase in Council Tax charges.

Based on no increase in up-ratings this equates to an approximate cost of:

<b>Total</b>	<b>LCC – 75%</b>	<b>PCC – 12.5%</b>	<b>WLDC – 12.5%</b>
£7,216,610	£5,412,458	£902,076	£902,076

<b>Advantages</b>	<b>Disadvantages</b>
Slight reduction in costs to the council	The Council would have three sets of rules to apply for families applying for financial help. This will cause confusion for the claimants, will lead to increased modification to ICT, additional training for the Benefits Team and an additional set of

	regulations to be prepared and implemented.
	Loss of reputation to the council in that it would show a lack of support to those in most financial hardship during the cost-of-living crisis.
	It would set the West Lindsey scheme outside the schemes adopted by the rest of Lincolnshire in respect to non-uprated incomes – almost all LAs uprate their incomes in line with the Government levels each April.

## 7. **Local Council Tax Support Scheme 2026/27**

It is recognised that whatever decision is reached this would only be a scheme for 2026/27. A review of the scheme is undertaken annually when more knowledge of the impact of that year's scheme and collection rates are available. Monitoring will also take place to analyse the impact and any unintended consequences it has had on council taxpayers and benefit recipients.

## **Appendix A – Local Council Tax Support Scheme 2026/27 - EQUALITY IMPACT ASSESSMENT**

<b>Name, brief description and objectives of policy, procedure, function?</b>	<p>For Council to agree the Local Council Tax Support Scheme for West Lindsey DC for 2026/27.</p> <p>To ensure that all council tax payers are treated fairly under the local scheme.</p> <p>To ensure that council tax support is payable to the most vulnerable residents of the district.</p>
<b>Have you consulted on the policy, procedure, function and if so, what were the outcomes?</b>	<p>Consultation has taken place with Lincolnshire County Council and the Crime and Police Commissioner for Lincolnshire who have both agreed to the recommendation.</p> <p>Consultation has taken place digitally with the residents of West Lindsey and the majority of people who completed the consultation agreed with the process of applying the 2026-27 up-ratings of income and allowances.</p>
<b>What barriers may these individuals or groups face, and how can you promote equality (where possible)</b>	
<b>Gender</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Age</b>	<p>Working age claimants of Council Tax Support may receive a reduced level of assistance as compared with the former Council Tax Benefit Scheme. This scheme aims to redistribute support and be more generous to those applicants on the lowest incomes.</p> <p>The government has stated that council tax support for older people will not be reduced as a result of the introduction of the council tax reduction scheme reform. This is because the government wants to ensure that low-income pensioners, who would struggle to pay council tax without additional support, and whom the government does not expect to work to increase their income, will continue to receive support for their council tax.</p> <p>Pensioner protection will be achieved by keeping in place national rules which broadly replicate the former council tax benefit scheme.</p>
<b>Disability</b>	There is no evidence that this scheme would impact on people in any way because of this characteristic except in the case of War Pension and those claimants receiving a Disability Benefit who are protected by the Government.
<b>Race</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.

<b>Religion or Belief</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Sexual Orientation</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Gender Reassignment</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Pregnancy, maternity or paternity</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Marriage and Civil Partnership</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Rural Isolation</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Socio-economic factors</b>	There is no evidence that this scheme would impact on people in any way because of this characteristic. However, any person unable to complete the application form will be offered assistance from the Benefits Teams in completing the application form and also be signposted to outside agencies such as Citizens Advice and Money Advice Service
<b>Other (e.g. those with dependants/caring responsibilities, asylum seeker and refugee communities, children in the care system etc)</b>	There is no evidence that this scheme would impact on people in any way because of this characteristic. However, any person unable to complete the local council tax support application form will be offered assistance from the Benefits Team in completing the form and also be signposted to outside agencies such as Citizens Advice, Stepchange and Money Advice Service
<b>Is there any evidence or research that demonstrates why some individuals or groups are, or are not, affected?</b>	There is no evidence or research available. This policy is based on nationally applicable legislation and it covers all applicants who must all meet a set of standards and criteria intended to ensure that evidence of hardship justifies a reduction in council tax liability.
<b>If there is a potential adverse impact, please state why and whether this is justifiable.</b>	There is no potential adverse impact from this policy.
<b>Outcome of EIA</b>	<div> <b>No major change needed</b> <input checked="" type="checkbox"/> <b>Adverse impact but continue</b> <input type="checkbox"/> </div> <div> <b>Adjust the policy /proposal</b> <input type="checkbox"/> <b>Stop and remove the policy/proposal</b> <input type="checkbox"/> </div>

<p><b>How will you monitor your policy, procedure, function to ensure there is no adverse effect on the protected characteristics (e.g. gender, age, etc) in the future?</b></p>	<p>Due to the nature of the reductions in the level of support, all working age claimants have the potential to have reductions in their support, however, they can be considered for further assistance under the exceptional hardship policy.</p>
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