

Policy and Resources Meeting	
Meeting Date	21 July 2025
Report Title	Council Tax Reduction Scheme – Permission to consult
EMT Lead	Lisa Fillery, Director of Resources
Head of Service	Zoe Kent, Head of Revenues and Benefits
Lead Officer	Zoe Kent, Head of Revenues and Benefits
Classification	Open
Recommendations	<ol style="list-style-type: none"> 1. To note the report and approve that a consultation making changes to the Council Tax Reduction Scheme for 2026/27 is carried out. 2. To approve that the consultation should review whether support for working age claimants should increase to 90% or 100% or give options for both 90% and 100%.

1 Purpose of Report and Executive Summary

- 1.1 The purpose of this report is to request permission to undertake a consultation with both the public and the Major Precepting Authorities in respect of proposed changes to the Council's Council Tax Reduction Scheme with effect from 1st April 2026.
- 1.2 Each year the Council is required to review its Council Tax Reduction Scheme in accordance with the requirements of schedule 1A of the Local Government Finance Act 1992 and to either maintain the scheme or replace it.
- 1.3 Council Tax Reduction (CTR) was introduced from 1 April 2013 when it replaced the Central Government funded Council Tax Benefit regime. From its inception, the funding available to the Council from government has reduced year on year.
- 1.4 Since 2013 the major preceptors have provided funding towards the collection of Council Tax from working age residents. The funding was provided to acknowledge the difficulties in collecting Council Tax from those on a low income. This funding was removed from 1 April 2025.
- 1.5 This report requests permission to consult on changes required to the scheme and makes recommendation to members for the 2026/27 scheme.
- 1.6 It requests that Members agree whether the consultation should give options to consultant on 90%, 100% or both 90% and 100%.

2 Background and proposals

- 2.1 Council Tax Reduction (CTR) was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme administered on behalf of the Department for Work and Pensions (DWP). As part of the introduction, the Government:
- Placed the duty to create a local scheme for **Working Age** applicants with billing authorities;
 - Reduced initial funding by the equivalent of ten per cent from the levels paid through benefit subsidy to authorities under the previous Council Tax Benefit scheme; and
 - Prescribed that persons of **Pension age** would be dealt with under regulations set by Central Government and not the authorities' local scheme.
- 2.2 Since that time, funding for the Council Tax Reduction scheme has been amalgamated into other Central Government grants paid to Local Authorities and also within the Business Rates Retention regime. It is now generally accepted that it is not possible to identify the amount of funding actually provided from Central Government sources.
- 2.3 The current CTR scheme administered by the Council is divided into two schemes, with pension age applicants receiving support under the rules prescribed by Central Government, and the scheme for working age applicants being determined solely by the local authority.
- 2.4 Pensioners, subject to their income, can receive up to 100 per cent support towards their council tax. The Council has no power to change the level of support provided to pensioners and therefore any changes to the level of CTR can only be made to the working age scheme.
- 2.5 CTR provides financial assistance in the form of a rebate on the Council Tax bill and this has generally increased over recent years since the Covid pandemic
- 2021/22 £10,000,329
2022/23 £10,025,014
2023/24 £10,241,101
2024/25 £10,864,960
2025/26 £11,480,331
- 2.6 An agreement was reached in 2012 for the major preceptors (Kent County Council, Kent Police and Kent Fire and Rescue) to provide an administration grant based on the level of support provided to working age claimants. This was an acknowledgement that if a scheme was less generous, there was more Council Tax to collect, and this would provide a burden on the districts.
- 2.7 The agreement was put in place for three years and reviewed a number of times. It also provided funding for the removal of empty property discounts and the charging of empty property premiums.

- 2.8 In 2024/25 a proposal was put forward to KCC members to remove the grant from the district authorities as part of the county's proposed savings to reduce their budget deficit. Representations were put forward by the district authorities providing evidence of how the administration grants helped towards collection of Council Tax however the saving was still made.

Table1. – Grant funding removed by the major preceptors

District	Preceptor Support Subsidy	Police Share	Fire Share	KCC Share	Additional KCC Incentive	Total KCC
Swale	£131,012	£15,085	£7,039	£108,889	£62,325	£171,214

- 2.9 The amount of Council Tax that is collectable on behalf of the major preceptors has increased significantly over the last 10 years. State benefits were frozen for many years, so those claiming CTR have struggled to meet the increased amounts.

Table 2. – Council Tax charges Band D

Council Tax Charge – Band D	2013/14 – minimum support 8.5%	2015/16 minimum support 15%	2020/21 minimum support 20%	2025/26 minimum support 20%
Kent County Council	£1,047.78	£1,089.99	£1,351.26	£1,691.19
Kent Police	£141.47	£147.15	£203.15	£270.15
Kent Fire & Rescue	£67.95	£70.65	£79.29	£94.86
Swale Borough Council	£159.93	£159.93	£179.37	£206.64
Total	£1,417.13	£1,467.72	£1,813.07	£2,262.84

- 2.10 The minimum amount payable by a claimant in 2013/14 for a Band D property was £120.46 (£90.35 with Single Person Discount (SPD)). This increased to £362.61 (£271.96 with SPD) in 2020/21 and for the current year is £452.57 (£339.43 with SPD). Many working age claimants are in work, so receive a reduced award of CTR. This means the actual amount that has to be paid is far higher. This increase shows that the administration grant was necessary to help collect these higher amounts. Those on low incomes have needed far more support in the collection of their Council Tax.
- 2.11 For those claimants on a low-income Universal Credit, basic payments are low. For those who are under 25 a couple receive £400.14 per month and for a single

claimant £316.98 per month. This means that almost 10% of their benefit needs to go towards Council Tax. With recent increases in energy bills and inflationary rises in food bills Council Tax gets harder to pay. If a monthly instalment is missed or if there are arrears from the previous year the amounts for the rest of the year quickly become unmanageable.

- 2.12 The increasing burden of Council Tax has meant that the administration grant was necessary in order to help collect these higher amounts, as CTRS claimants require a higher intensity of collection effort. Without the administration grant, the net benefit to the Council of collection activity in this area is reduced.
- 2.13 The cost of moving to a 90% or 100% scheme for all preceptors is shown in table 3. Table 4 gives a breakdown of the increase in cost to the Borough Council alone.
- 2.14 Additionally, as much of the arrears are difficult to collect, increasing the level of support would partly be offset by reducing future arrears. The level of debt being chased is increasing: the current total level of arrears for those in receipt of CTR is £2,406,080. Last year's arrears currently stand at £752,280. Reducing this would reduce the amount of recovery work that needs to be carried out, so it is hoped that there will be a staff saving when any changes to the scheme have bedded in.
- 2.15 It is also proposed that as part of the consultation we consult on increasing the percentages for band 2 to band 4 by 10% to 70%, 50%, and 30% respectively. The banded scheme grid can be found at paragraph 3.2 below, table 6.

Table 3 – Estimated additional cost of schemes

Preceptor	90% Estimated additional cost of scheme	100% Estimated additional cost of scheme
Kent County Council	£1,055,504	£1,691,975
Kent Police	£173,507	£278,133
Swale Borough Council	£159,049	£254,955
Kent Fire & Rescue	£57,836	£92,711
Total	£1,445,896	£2,317,774

Table 4 – Net cost of increasing support

Authority	90%	100%
Swale BC Headline Cost (as per table 3 above)	£159,000	£255,000
Less reduction in collection shortfall	£60,000	£90,000
Future staff saving	£64,000	£85,000
Net additional cost	£35,000	£80,000

- 2.16 Details of overall numbers affected are set out in table 5 below. The population within the Swale area is increasing, which can be seen in a slight rise in the

caseload over the past 5 years. However, there has also been a slight reduction in pensioner age claims, due to the pension age rising and people working longer.

- 2.17 Caseloads continue to stay fairly static. There has been a slight reduction in pensioner age claims. This is due to the pension age rising and people working longer.

Table 5 – caseload figures

	2021/22	2022/23	2023/24	2024/25	2025/26
Working Age	6,138	6,068	6,384	6,451	6,399
Elderly	3,744	3,639	3,584	3,560	3,547
Total	9,882	9,707	9,968	10,011	9,946

3 Proposals

- 3.1 To carry out a consultation to seek the views of local residents, CTR claimants, the major preceptors and local stakeholders.

- 3.2 To decide if the consultation should consult on increasing the maximum amount of support from 80% to 90% or 100% or to consult on 90% and 100%. It is also proposed to consult on increasing the other bands within the grid by 10%. This helps those claimants who are working and on a low income and encourages those on Universal Credit to work. Other minor changes will be included to reduce the administration of the scheme.

Table 6 - Weekly CTR bands – 2025/26

2025/26										
Group Description	Band 1	Rate (%) Band 1	Band 2	Rate (%) Band 2	Band 3	Rate (%) Band 3	Band 4	Rate (%) Band 4	Band 5	Rate (%) Band 5
group_desc										
Working Age - Passported - Other	0.00	80.00								
Working Age - Non-Passported - Other	0.00	80.00	108.17	60.00	159.40	40.00	216.32	20.00	307.40	0.00
Working Age - UC - Other	0.00	80.00	108.17	60.00	159.40	40.00	216.32	20.00	307.40	0.00
Working Age - Passported - Single	0.00	80.00								
Working Age - Non-Passported - Single	0.00	80.00	108.17	60.00	159.40	40.00	216.32	20.00	307.40	0.00
Working Age - UC - Single	0.00	80.00	108.17	60.00	159.40	40.00	216.32	20.00	307.40	0.00
Working Age - Passported - Couple	0.00	80.00								
Working Age - Non-Passported - Couple	0.00	80.00	165.09	60.00	216.32	40.00	273.25	20.00	364.33	0.00
Working Age - UC - Couple	0.00	80.00	165.09	60.00	216.32	40.00	273.25	20.00	364.33	0.00
Working Age - Passported - 1 Child +	0.00	80.00								
Working Age - Non-Passported - Lone Parent - 1 Child +	0.00	80.00	170.78	60.00	227.71	40.00	284.63	20.00	364.33	0.00
Working Age - UC - Lone Parent - 1 Child +	0.00	80.00	170.78	60.00	227.71	40.00	284.63	20.00	364.33	0.00
Working Age - Non-Passported - Couple - 1 Child +	0.00	80.00	227.71	60.00	284.63	40.00	341.56	20.00	421.25	0.00
Working Age - UC - Couple 1 Child +	0.00	80.00	227.71	60.00	284.63	40.00	341.56	20.00	421.25	0.00
Working Age - Passported - 2 Child +	0.00	80.00								
Working Age - Non-Passported - Lone Parent 2 Child +	0.00	80.00	250.48	60.00	307.40	40.00	364.33	20.00	455.41	0.00
Working Age - UC - Lone Parent 2 Child +	0.00	80.00	250.48	60.00	307.40	40.00	364.33	20.00	455.41	0.00
Working Age - Non-Passported - Couple - 2 Child +	0.00	80.00	307.40	60.00	364.33	40.00	421.25	20.00	512.33	0.00
Working Age - UC - Couple - 2 Child +	0.00	80.00	307.40	60.00	364.33	40.00	421.25	20.00	512.33	0.00

3.3 The cost of changing to a 90% or 100% maximum award is shown in table 3.

4 Alternative Options Considered and Rejected

4.1 To not increase the maximum level of support awarded to working age CTR funding.

4.2 This is not recommended. It is unlikely that the major preceptors will reinstate the administration grant that was provided in previous years. Without this grant the cost of collection will fall on the borough and will become increasingly difficult to collect.

5 Consultation Undertaken or Proposed

5.1 It is proposed to carry out an online consultation for a period of eight weeks. The consultation will cover the proposed changes to the maximum amount of support and a number of minor suggested changes to the scheme which will simplify the administration of the scheme. The changes should allow the team to automate more of the information received on Universal Credit claims therefore reducing administration.

5.2 An equality impact assessment will be carried out as part of the consultation process.

6 Implications

Issue	Implications
Corporate Plan	The objectives and priorities in the corporate plan. Performance is measured through BV9 Percentage of Council Tax collected in year.
Financial, Resource and Property	The cost of increasing the maximum level of support is shown in table 3. This cost will support those living in the borough on low incomes. By reducing the amount of Council Tax that is payable, it increases the amount of income that is available for other necessary expenditure. Financial modelling will continue to be undertaken throughout the project.
Legal, Statutory and Procurement	Schedule 1A (3) of the Local Government Finance Act 1992, states: Before making a scheme, the authority must: <ul style="list-style-type: none">• consult any major precepting authority which has power to issue a precept to it,• publish a draft scheme in such manner as it thinks fit, and

	<ul style="list-style-type: none"> consult such other persons as it considers are likely to have an interest in the operation of the scheme. <p>In addition, in order to set a new scheme, the Council is obliged to make a resolution by 11th March of the year prior to the scheme coming into place</p>
Crime and Disorder	Not directly applicable.
Environment and Climate/Ecological Emergency	The proposed changes should provide a reduction in administration leading to less notification letters being sent. This will have a positive environmental impact.
Health and Wellbeing	<p>Residents who have difficulty in paying their Council Tax can put in a claim for a Section 13A discretionary award. Those whose health appears to be affected will be signposted to appropriate advice.</p> <p>The Revenues and Benefits team works with other sections of the authority, CA, financial charities, and the major housing providers in the area to ensure those residents who are struggling with debt or other problems are signed posted to the correct advice and agencies.</p>
Safeguarding of Children, Young People and Vulnerable Adults	Any new scheme will look to protect the most vulnerable and those households on the lowest incomes.
Risk Management and Health and Safety	The risks of increasing the level of support will be reviewed through the financial modelling
Equality and Diversity	A full EQA will be undertaken
Privacy and Data Protection	All requirements have been adhered to.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Draft Consultation – to follow
- Appendix: Council Tax Reduction Scheme policy 2024/25 – to follow