



Swale Borough Council - Council Tax Reduction Scheme 2026/27 Consultation – Draft Version

1. Background to the Consultation

What is this consultation about?

Each year Swale Borough Council must decide whether to change the Council Tax Reduction scheme for **working age applicants** in its area with Pension Age applicants seeing no changes as they are part of the national scheme. This year the Council is deciding whether to change the working age Council Tax Reduction Scheme to:

- Provide targeted support to those households on the lowest incomes
- To increase the level of support to those households on the lowest incomes
- Reduce administration costs which will ultimately prevent any additional costs being added to the Council Tax.

What is Council Tax Reduction?

Council Tax Reduction is a discount for Council Tax. The level of discount is based on the income of the household.

Currently the maximum discount for Pension age households is 100% and for working age households 80% of Council Tax.

The Council can only make changes to the working age scheme as the Council Tax Reduction scheme for pensioners is prescribed by Government.

Why is a change to the Council Tax Reduction scheme being considered?

Councils are required to review their schemes each year and decide if they want to make any changes. Before any changes can be implemented, they must be subject to public consultation.

Swale Borough Council is proposing a number of changes to its existing scheme. The Council has a duty to consult you and provide you with the opportunity to tell us about your views on the proposed changes to our Council Tax Reduction Scheme.

The Council is consulting on the following **changes** to its scheme for 2026/27 (more detail on the proposals is given further in the consultation):

- Increasing the maximum level of support to 90% or 100% in Band 1
- Increasing the maximum level of support for those claimants in Bands 2 - 4
- Removing the minimum income floor

All other parts of the existing scheme will remain unchanged including:

- The scheme will continue to limit the support to Council Tax band D level;
- The scheme will continue to limit the number of dependent children used in the calculation of support for all working age applicants to provide consistency with the Department for Work and Pensions benefit schemes;
- Disability Benefits such as Personal Independence Payment (PIP) and Disability Living Allowance (DLA) and Carers Allowance will continue to be disregarded;
- War Pensions and War Disablement Pensions will continue to be disregarded in full; and
- The maximum capital limit will remain at £10,000.

In the Swale Borough Council area, almost 10,000 people currently receive Council Tax Reduction. The gross cost of the scheme is £11.5m which is spread across the County Council (73%), the Borough Council (11%), Fire (4%) and Police (12%) in accordance with the proportion of Council Tax which each organisation levies (which is shown in brackets).

Who will this affect?

Working age households in the Swale Borough Council area who currently receive or will apply for Council Tax Reduction.

Pension age households will not be affected as Central Government prescribes their scheme.

Are there any alternatives to changing the existing Council Tax Reduction Scheme?

We have thought about other options. These have not been completely rejected (including maintaining the current scheme) and you are asked about them in the questionnaire, but, at the moment we do not think we should implement them for the reasons given.

We have considered:

• Continuing with the current scheme

The funding provided by Kent County Council, Kent Police and Kent Fire and Rescue for the administration of the working Age Council Tax Reduction scheme was removed from April 2025.

This funding was used towards the administration of claims and the collection of Council Tax. The amount of Council Tax charged has increased since the scheme commenced in 2013. It will cause difficulties to continue with the current scheme if

the County, Police and Fire Service are not going to continue to provide a grant towards the cost of administering the scheme.

• **Reduce funding to other Council services to pay for additional administration costs**

Keeping the current Council Tax Reduction scheme will mean an increase in administration costs for Swale Borough Council and less money available to deliver other Council services.

1. I have read the background information about the Council Tax Reduction Scheme:

This question must be answered before you can continue. *

Yes

No

2. Part 1 – Changing the maximum level of support for working age claimants

As explained in the background information, the Council is primarily consulting on the following proposals to change the existing Council Tax Reduction Scheme from 1st April 2026, which will provide targeted support to those households on the lowest incomes, reduce the administration cost of the scheme generally and will also make the scheme simpler.

Your responses are a part of this consultation.

Since April 2024 working age claims have been assessed using a banded scheme method. This puts claimants into Bands based on their income. For those who are on the lowest income go into Band one. For those who have higher amounts of Universal Credit plus other income go into Bands 2 - 4.

It is proposed to increase the maximum level of support to 90% or 100%.

The benefits of doing this are:

- It provides more support to those on the lowest of incomes
- It simplifies the administration of the scheme and the amount of Council Tax to be collected from those on the lowest incomes.

The drawbacks of doing this:

- There will be less Council Tax collected towards the cost of services

2. Do you agree with increasing the maximum level of support? *

Yes

No

Don't Know

- 3. If you disagree with increasing the level of support for working age claimants, please explain why and what alternative would you propose?**

3. Part 2 - Changing the band percentages.

For those people on low incomes who are normally working there are sliding scales within the bands based on income amounts. The bands mean that we don't have to change the amount of Council Tax Reduction people receive every time they have a small change in their income. We are considering also increasing the maximum percentage per band by 10% for Bands 2 to 4.

This is to encourage those who are working to continue in work and to be better off in work rather than out of work. The current maximum awards per band are:

Band 1 – 80% maximum award

Band 2 – 60% maximum award

Band 3 – 40% maximum award

Band 4 – 20% maximum award

Band 5 – 0% this band provides no support over a certain amount of income. This puts a limit on who can claim.

The benefits of doing this are:

- It provides more support to those who are working, encouraging people to continue working.

The drawbacks of doing this:

- It increases the cost of the scheme

- 4. Do you agree with increasing the maximum percentage for Bands 2 to 4 by 10%?**

Yes

No

Don't know

- 5 If you disagree, please explain why and what alternative would you propose?**

4 To make minor adjustments to the scheme

We are looking to make some minor adjustments to the scheme which will not have a significant effect on the amount of support received or to the overall cost of the scheme.

There is currently a minimum income floor in place which gives a minimum amount of earnings for those who are self-employed. This can cause difficulties for those people who have just set up a self-employed business.

6 Do you think the minimum income floor should be removed from the scheme?

Yes

No

Don't know

5 Alternatives to changing the Council Tax Reduction Scheme

If the Council keeps the current scheme, it will be less supportive to low-income households and administratively more complex. The proposals set out in this consultation will target support to those most in need.

7. Do you think we should keep the current scheme and not increase the current level of support?

Yes

No

Don't know

Please use this space to make any other comments on the proposed scheme.

8. Please use the space below if you would like the Council to consider any other options

(please state).

9. If you have any further comments or questions to make regarding the Council Tax Reduction Scheme that you haven't had opportunity to raise elsewhere, please use the space below.