



Chelmsford City Council Cabinet

13 October 2026

Local Council Tax Support (LCTS) Scheme 2027/28

Report by:

Cabinet Member for Connected Chelmsford

Officer Contact:

Rob Hawes, Revenue and Benefit Services Manager, 01245 606695

robert.hawes@chelmsford.gov.uk

Purpose

To present for consideration options for a Local Council Tax Support (LCTS) scheme for 2027/28 to put forward for Full Council approval before 11 March 2027.

Options

1. The 2026/27 LCTS scheme is adopted without amendment for 2027/28
2. The 2026/27 LCTS scheme is amended for 2027/28 to make its provisions more generous
3. The 2026/27 LCTS scheme is amended for 2027/28 to make its provisions less generous

Preferred option and reasons

That Cabinet recommend Council re-adopt the current LCTS scheme without amendment for 2027/28, given the current uncertainty over the timing and local authority composition of Local Government reorganisation. Council budgetary constraints and cost of living pressures on residents also mitigate against making the scheme more or less generous.

Recommendations

1. That Cabinet recommend Council re-adopt the current LCTS scheme without amendment for 2027/28.

Summary of Key Points

It is a legal requirement that Councils make a decision on the adoption of a LCTS scheme for working age residents every year, even if no change is planned.

If a change is proposed, Councils are required to carry out a public consultation, hence Cabinet is requested to confirm its position in time to allow a consultation to be carried out.

Given current budgetary pressures on both the Council and its residents, it is not considered desirable to either increase the cost of the scheme to the Council or the cost of Council tax to low income residents, which is why a no change decision is recommended.

1. Introduction

- 1.1. Since 2013/14, every billing authority has been required to approve a Local Council Tax Support (LCTS) Scheme, prior to 11 March, in respect of the following financial year. The LCTS scheme assists people on a low income with their Council Tax liability by reducing the amount they have to pay. Entitlement to Council Tax Support (CTS) is 'means-tested', whereby entitlement reduces as household income increases. The Council must incorporate Government rules in respect of pensioners, but it has significant freedom to decide the rules in respect of 'working age' households.
- 1.2. In 2013/14, the Council decided to reduce the maximum level of CTS which could be awarded to an amount equivalent to 80% of a household's Council Tax liability. This meant that all working age households paid a minimum of 20% of their Council Tax liability. In 2014/15, the maximum CTS was reduced to 77%, increasing minimum council tax liability to 23%, and has remained at that level ever since. Subsequent cuts in Government grants have meant that the cost of the scheme now exceeds grant received. The net cost cannot be calculated exactly as the direct link between Government grant and CTS was broken in 2014/15 when the specific LCTS grant was incorporated into overall funding.

2. Current 2026/27 LCTS scheme summary

- 2.1. The key principles of the existing LCTS scheme are as follows:
 - Local councils have the power to decide how much help is given to working age households. In Chelmsford, all working age recipients pay a minimum of 23% of their Council Tax liability.
 - The rules for pensioner households are set by the Government. Chelmsford's pensioners can receive a maximum of 100% of their Council Tax liability, so they may not pay any Council Tax.
- 2.2. A more detailed summary of the key principles can be found in Appendix 1
- 2.3. The Council is required to agree and approve a working age LCTS scheme for 2027/28.
- 2.4. Cabinet should consider the potential options below. Any proposed change to the 2026/27 LCTS scheme would require a six week public consultation period.
- 2.5. The Government is expected to make amendments to the statutory parts of the LCTS scheme. If it does so, amendments to Chelmsford's 2027/28 LCTS scheme will follow automatically, so there is no requirement for Cabinet or Council to approve these statutory changes.

3. Scheme Finances

- 3.1. The Government takes account of LCTS scheme expenditure in calculating the annual grants (known as the Local Government settlement) it awards to Chelmsford City Council, Essex County Council and the Police and Fire authorities. It is the billing authority, Chelmsford City Council, which is responsible for assessing the amount of LCTS it will provide and reconciling this through the Council Tax collection fund.
- 3.2. Since the amount of grant in respect of LCTS is not separately identified, it is not possible to compare the cost of the LCTS scheme in council tax forgone with the grant the Government provides. What is clear is that the overall annual amount of Government grant to the precepting bodies (Essex County Council, Chelmsford City Council and Essex Police, Fire and Crime Commissioner) is now far less than it was when CTS was introduced in 2013/14.
- 3.3. The Covid-19 pandemic and reduction in economic activity caused a large increase in caseload numbers in 2020/21. Caseload levels have fallen back since that time, and the annual cost of the scheme stands at £8.25m as at 30 September 2026.
- 3.4. The current annual cost of LCTS granted to working age households is £4.494m, with a further £3.757m granted to pensioner households.

4. Considerations

- 4.1. Making no changes to the current LCTS scheme has the benefit of continuing a scheme that is well-understood by the public and staff alike, requires no consultation and which is relatively predictable for preceptors in terms of the ongoing cost of the scheme.
- 4.2. Making the LCTS scheme more generous will increase the cost of the scheme to the City Council and the preceptors. As an example, a small change such as reducing the minimum payment of Council Tax required from 23% of liability to 22% of liability would cost around £60,000, of which the Council would bear around 10%. More complex changes would need to be costed individually. With the Council currently facing a budget gap of over £1m in 2027/28, it is not recommended to increase budgetary pressures.
- 4.3. The third option is to make the City Council's scheme less generous by reducing the maximum amount available (currently 77%), thereby increasing the minimum payment that working age households have to make. This would increase council tax liability (and reduce CTS scheme expenditure) by approximately £60k for each percentage point change; the benefit to the City Council being 10% of that figure. However, this would place additional pressure on low-income residents and it is likely that some of the additional Council Tax liability would be uncollectible and lead to greater levels of Council Tax being written off.

- 4.4. Whilst not immediately relevant to this decision, Local Government Reorganisation will require new unitary councils to align their LCTS schemes, which will require significant modelling, administrative resource and public consultation. A summary of the considerations can be found in Appendix 2 for information.

5. Equality Issues

- 5.1. When deciding upon a scheme, the Council is required to have due regard to its Public Sector Equality Duties, which requires public authorities to give due regard to the need to:

- i. Eliminate unlawful discrimination and harassment in the respective fields of race, sex and disability;
- ii. Promote equality of opportunity between those with a protected characteristic and others; in addition, the Race and Disabilities Duties include the need to promote good race relations;
- iii. Take steps to take account of disabled people's disabilities even where that involves treating disabled people more favourably than others; and,
- iv. Promote positive attitudes towards disabled people and to encourage participation by them in public life.

- 5.2. An Equality Impact Assessment (EIA) for 2026/27's LCTS scheme is set out below. This would need to be revisited if changes to the scheme are proposed. The EIA identifies impacts upon relevant groups and any mitigations which are in place. It is important that decisions relating to our LCTS scheme are taken with these matters in mind. Although the PSED does not prevent councils from taking decisions which impact adversely on groups with 'protected characteristics', they must ensure that they are not impacted in a worse fashion than non-protected groups.

6. Conclusion

- 6.1. Budgetary pressures on the Council and low income council tax payers respectively mitigate against making the LCTS scheme more or less generous. Cabinet should therefore recommend that Council re-adopt the current scheme, which has remained unchanged for over ten years, for 2027-28.

List of appendices:

Appendix 1 – Main principles of the LCTS scheme

Appendix 2 – LGR considerations

Background papers:

None

Corporate Implications

Corporate Implication	Response
Legal/Constitutional	A local scheme must be agreed by Full Council before 11 March 2027. If Cabinet is minded to propose changes to the existing scheme, a public consultation lasting a minimum of six weeks must take place on any proposed change.
Financial	The exact relationship between reducing LCTS expenditure and Council Tax collection rates is unclear, although in-year collection rates of Council Tax have dropped by almost 2% since LCTS was introduced in April 2013. 2% equates to a shortfall of £3.36m on an estimated Council Tax debit of £168.5m in 2026/27, although strong performance on arrears collection in subsequent years has helped to offset this reduction.
Potential impact on climate change and the environment	None
Contribution toward achieving a net zero carbon position by 2030	None
Personnel	None
Risk Management	None
Equality and Diversity	No changes. Equality Impact Assessment detailed below.
Health and Safety	None
Digital	The existing Benefits software is capable of maintaining the current scheme. Any radical proposed changes would need to be evaluated as to whether the software can deliver them.

Other	None
-------	------

Equality Impact Assessment

Assessment of impact

Using the information above, assess if the policy / function could potentially disproportionately impact on different protected groups.

Specify if the potential impact is positive, could adversely impact or if there is no impact. If an adverse impact, indicate how the impact will be mitigated.

Please note any data used in the impact assessment should be anonymised and with due regard given to data privacy in line with GDPR.

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
Age What will the impact be on different age groups such as younger or older people?		The amount of assistance available does vary dependent upon age.		Pensioners receive additional allowances which ensure that they receive more support than a working age person with the same income. Individuals or households where both members are under 25 will receive less assistance than when one or both members are over 25. This disparity in assistance is a standard feature of all welfare benefit schemes. Pensioner households are entitled to a maximum of 100% of their Council Tax liability. Working age households are entitled to	It is possible to increase the amount of assistance given to working age households, although this would increase the cost of the scheme considerably,

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
				a maximum of 77% of their Council Tax liability	
Disability Consider all disabilities such as hearing loss, dyslexia etc as well as access issues for wheelchair users where appropriate			No changes are proposed to affect people with this characteristic		Additional allowances are already in place for people receiving specified disability benefits.
Pregnancy and maternity Pregnant women and new and breastfeeding Mums			No changes are proposed to affect people with this characteristic		Households with children receive additional allowances which result in higher entitlements. Chelmsford City Council never implemented the wider welfare benefit policy which restricted the value of assistance to the first two children in a household (a policy removed by the current Government in April 2026).
Marriage or Civil Partnership Could this policy discriminate on the grounds of marriage or civil partnership			There is no distinction between the treatment of married persons, persons in a		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
			civil partnership or unmarried couples.		
Sex Is the service used by people of both male and female biological characteristics or intersex and are the sexes given equal opportunity?			No distinction is made in the assessment of entitlement as a result of biological gender.		
Gender reassignment Is there an impact on people who are going through or who have completed Gender Reassignment? Additionally, is there an impact on people with different gender identity?			No distinction is made in the assessment of entitlement as a result of gender identity.		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
Religion or belief Includes not having religion or belief			No distinction is made in the assessment of entitlement as a result of religious belief.		
Sexual Orientation What is the impact on people of different sexual orientation such heterosexual, lesbian, gay or bisexual people?			No distinction is made in the assessment of entitlement as a result of sexual orientation.		
Race Includes ethnic or national origins		Yes		Brexit removed entitlement from EU nationals without 'settled status'. This is in addition to restrictions to benefit already in place on non-EU nationals.	This element of the policy is dictated by Government by way of statutory instrument and cannot be amended by the Council.
Are there any other groups who could find it difficult to access or make use of the policy / function? For example: low income / people living in rural areas / single			No		The LCTS scheme is a means-tested scheme offering different levels of assistance based on household composition, disability, age and income.

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
parents / carers and the cared for / past offenders / long-term unemployed / housebound / history of domestic abuse / people who don't speak English as a first language / people without computer access etc.					Access to the scheme is available either online or by way of paper application form.

Consultation on Equality Impact Assessment

No consultation carried out.

Equality Impact Assessment Conclusion

Decision	Explanation
 Continue the policy with no changes <i>[For example: evidence suggests no potential for discrimination / all opportunities have been taken to advance equality.]</i>	The LCTS scheme has been in place unchanged for ten years. By its very nature , it provides differing levels of assistance based on need and income.
☐ Continue the policy with adjustments <i>[For example: Low risk of negative impact / actions or adjustments would further improve positives or remove a potential negative impact.]</i>	
☐ Adverse impact but continue	

<i>[For example: Negative impact has been objectively justified.]</i>	
☐ Suspend or withdraw the policy for further review / consideration of alternative proposals <i>[For example: High risk of negative impact for any group / insufficient evidence / need to involve or consult with protected groups / negative impact which cannot be mitigated or justified / unlawful discrimination etc.]</i>	

Consultees:

Director of Connected Chelmsford
Legal and Democratic Services Manager

Relevant Policies and Strategies:

Benefits Operational and Internal Security Policy
Benefits Customer Service Policy

Appendix 1 - LOCAL COUNCIL TAX SUPPORT (LCTS) SCHEME 2026/27

Main points of the LCTS scheme:

- Council Tax liability, for the purpose of calculating entitlement, is restricted to the appropriate Band D level. This means that a working age person in a Band H property, for example, will have their LCTS calculated using the Band D amount applicable to the parish area in which they live. A pensioner household receives LCTS based on their actual liability regardless of Band.
- LCTS is not available to working age households with more than £6,000 in savings. Pensioners can have up to £16,000 in savings before entitlement is removed.
- Households with other non-dependant adults in them receive reduced amounts of LCTS as the non-dependants are expected to contribute towards the running costs of the household. These contributions depend on the income of the non-dependant. Non-dependant deductions also apply to pensioner households, for whom the level is set by the Government.
- £10 per week of child maintenance received is disregarded. Any child maintenance paid to a pensioner household is disregarded in full.
- There are additional disregards to earned income to encourage work. This provision is more generous for the working age than for pensioners.
- For self-employed recipients, national minimum wage levels are assumed as income for the purposes of calculating LCTS entitlement if the declared income from self-employment is lower than the minimum wage. This applies after the first year of self-employment.

The amount of any reduction in council tax for people on low incomes is means-tested. This means that a household's income is compared against a set of allowances. These allowances vary depending on the personal circumstances of the household ie number of children, any disabilities etc. Working age households with an income equal to, or below, the relevant allowances receive maximum allowable LCTS ie 77% of Council Tax liability (capped at Band D rates, as described above). Households with an income above the relevant allowances have support withdrawn at the rate of 20p for every pound by which income exceeds allowances.

Appendix 2 – Local Government Reorganisation Considerations

- 1.1. Although Local Government Reorganisation is currently withdrawn for Essex and there is no clarity on the date that it might be reinstated or the potential composition of the unitary councils in any revived LGR process, officers have considered changes that will be needed should LGR take place. Any councils that merge to become a single unitary will be required to adopt a common LCTS scheme across the whole new council in the first year of operation.
- 1.2. Under previous LGR proposals, Chelmsford was to be merged with Brentwood and Maldon. Maldon's LCTS scheme is almost identical to Chelmsford's, except that their minimum Council Tax liability is 20% for working age claimants and is therefore more generous than Chelmsford's minimum 23%.
- 1.3. Moving Chelmsford's LCTS scheme closer to, or matching, Maldon's would be straightforward. The City Council could opt make its scheme more generous: each 1% increase in the maximum (currently 77%) would reduce total council tax liabilities by approximately £60k, of which the City Council would bear around 10%. To match Maldon's 80% maximum would therefore cost £180k, with the City Council bearing c.£22k.
- 1.4. By contrast, Brentwood operates a 'banded' scheme whereby entitlement to LCTS is 100%, 75%, 50% or 25% of Council Tax liability, depending on income and type of household. It is therefore less generous for most people than both Chelmsford and Maldon's LCTS scheme as it requires a basic minimum Council Tax payment of 25% from working age households and there are large drops in entitlement as income increases. It does, however, offer reductions of 100% of Council Tax for some households in receipt of specified disability benefits regardless of income.
- 1.5. Banded LCTS schemes are relatively straightforward to administer and, with the correct software, entitlement can be calculated automatically on application with staff involvement restricted to periodic reviews of the information submitted. However, moving Chelmsford to Brentwood's 'banded' scheme would require a significant amount of modelling and staff resource initially to recalculate existing claimant income using the new parameters. Conversely, to move Brentwood's banded scheme back to a Chelmsford style 'means-tested' scheme would require similar levels of modelling and staff resource. This resource requirement would be compounded if additional councils are included within any new unitary.