



Chelmsford City Council Cabinet

11 November 2025

LOCAL COUNCIL TAX SUPPORT (LCTS) SCHEME 2026/27

Report by:

Cabinet Member for Finance

Officer Contact:

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Purpose

To present for consideration options for a Local Council Tax Support (LCTS) scheme for 2026/27 to put forward for Full Council approval before 11 March 2026.

Options

1. The 2025/26 LCTS scheme is adopted without amendment for 2026/2027
2. The 2025/26 LCTS scheme is amended for 2026/27 to make its provisions more generous
3. The 2025/26 LCTS scheme is amended for 2026/27 to make its provisions less generous

Recommendation

That Cabinet recommend Council re-adopt the current LCTS scheme without amendment for 2026-27.

1. Background

- 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 2025/26 LCTS scheme summary

Key principles

- 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 2026/27.
- 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 2026/27 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 £7.9m as at 30 September 2025.

4. Options

- 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. With Local Government Reorganisation coming, officers have considered changes that will be needed in future. 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 (expected to be 2028-29). With this in mind, one option is to change Chelmsford's current scheme to begin to prepare for this.
- 4.3 Whilst it is not yet certain which councils Chelmsford will be merging with, three of the four proposals link Chelmsford 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%.

4.5 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 12%. To match Maldon's 80% maximum would therefore cost £180k, with the City Council bearing c.£22k.

4.6 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 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.

4.7 Moving Chelmsford to Brentwood's 'banded' scheme would require a significant amount of modelling and staff resource. Without any assurance that the new unitary authority will want a banded scheme from 2028/29 onwards, this change cannot be recommended.

4.8 The final 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 12% of that figure. This would place additional pressure on low-income residents and it is likely that some of the additional Council Tax liability would be uncollectible leading to greater levels of Council Tax being written off.

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 2025/26's LCTS scheme is attached for reference at Appendix 2. This will 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 With a foreseeable need to design a new LCTS scheme for the new unitary in 2028-29, now is not the time to be making changes to Chelmsford City Council's current scheme. Cabinet should therefore recommend that Council re-adopt the current scheme, which has remained unchanged for over ten years, for 2026-27.

List of appendices:

Appendix 1 – Main principles of the LCTS scheme

Appendix 2 – Equality Impact Assessment

Background papers:

None

Corporate Implications

Legal/Constitutional: A local scheme must be agreed by Full Council before 11 March 2026. 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 £3.2m on an estimated Council Tax debit of £160m in 2025/26, although strong performance on arrears collection in subsequent years has largely 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: Equality impact Assessment attached as Appendix 2 will be reviewed if changes are proposed

(For new or revised policies or procedures has an equalities impact assessment been carried out? If not, explain why)

Health and Safety: None

Digital: The existing Benefits software is capable of maintaining the current scheme. Any radical proposed changes will need to be evaluated as to whether the software can deliver them.

Other:

Consultees:

Director of Connected Chelmsford, Legal and Democratic Services Manager,

Relevant Policies and Strategies:

The report takes into account the following policies and strategies of the Council:

Benefits Operational and Internal Security Policy

Benefits Customer Service Policy

Appendix 1 - LOCAL COUNCIL TAX SUPPORT (LCTS) SCHEME 2025/26

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 i.e. number of children, any disabilities etc. Working age households with an income equal to, or below, the relevant allowances receive maximum allowable LCTS i.e. 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.

This form enables an assessment of the impact a policy, strategy or activity on customers and employees.

A: Assessor Details	
Name of policy / function(s):	Local Council Tax Support scheme with effect from April 2024
Officer(s) completing this assessment:	Robert Hawes
Date of assessment:	14 December 2023
B: Summary Details	
Description of policy, strategy or activity and what it is aiming to do	☐ new OR ☒ existing (<i>If existing, when was the last assessment?</i> December 2022) ☐ internal OR ☒ external (i.e. public-facing) ☐ statutory OR ☒ non-statutory – parts of the policy will be governed by statute, those affecting pensioners and rules relating to entitlement to persons from abroad for both pensioners and working age
Policy Owner (service)	Revenues and Benefits
Scope: Internal - Service/Directorate/Council wide External – specify community groups	External – applies to any member of the community on a low income requiring assistance with their Council Tax liability

C: 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, although no changes are proposed in this respect for 2024/25.		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 a maximum of 77% of their Council Tax liability	

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
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 has not implemented the wider welfare benefit policy which restricts that assistance to the first two children in a household.
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 civil partnership or unmarried couples.		
Sex Is the service used by people of			No distinction is made in the		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
both male and female biological characteristics or intersex and are the sexes given equal opportunity?			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.		
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		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
			orientation.		
Race Includes ethnic or national origins		Yes		Brexit removed entitlement from EU nationals without 'settled status'. This is in addition to the 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 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.			No		

D: Consultation process, information used to analyse the effects on protected groups/equality and key findings Please describe the consultation process and evidence gathered. You may attach copies or links to the data / research you are using.		
1.	<u>Consultation/engagement</u> What consultation or engagement has been undertaken regarding this policy? <i>[Please summarise what, when and who was involved]</i>	The policy was subject to public consultation between 3/12/20 and 18/01/21. Following analysis of the consultation responses, this impact assessment was amended. No substantive changes have been made to the policy since that date.
2.	<u>Key findings</u> <i>(Summarise the key findings of your consultation in relation to protected groups as outlined above).</i>	The consultation attracted very few responses. However, each of the three respondents who identified themselves as being in one or more of the protected groups agreed that the proposed change in wording should be made, with one respondent suggesting that the change should be more wide-ranging to allow changes in scheme design to be made at any time.
3.	<u>Data/Information</u> What relevant data or information is currently available about the customers and employees who may use this service or could be affected by this policy? <i>(For example: equality monitoring, surveys, demographic data, research, evidence about demand/ take-up/satisfaction etc).</i> What additional information could be collected which would increase your understanding about the potential impact of the policy? <i>(What involvement or consultation with affected groups is still needed?)</i>	Incomes, capital holdings, age, sex and household make-up of existing recipients of Council Tax Benefit recipients are known. Data regarding disability can be inferred from both income and qualification for additional premiums. Data regarding ethnicity, sexual orientation, religious beliefs and language is minimal as these characteristics are not relevant when assessing entitlement. Respondents to the consultation were given the option to provide ethnicity, age, sexual orientation, disability and religious beliefs in addition to their answers. Feedback from customers, voluntary or community groups, advice agencies and residents was sought as part of the consultation.

4.	For existing policies, strategy, activity only: What has changed since the last assessment? <i>(For example: evidence of public concern or complaints / new information has come to light / changes in service provision / changes in service users/ assessed impact on protected groups etc)</i>	Reductions in grants from central Government over a prolonged period have not been offset by more recent small increases. Inflation, the cost of homelessness and the overall commercial environment are placing considerable pressure on Chelmsford's finances. Councillors are able to decide whether or not to increase expenditure on Local Council Tax Support.
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E: Relevance to the Equality Duty Aims:

Consider how the policy relates to the aims below (directly or indirectly), and if it could be adjusted to further meet these equality aims.

1.	To eliminate unlawful discrimination, harassment and victimisation	People with disabilities will continue to receive additional premiums as part of the calculation of local Council Tax Support. Chelmsford's Local Council Tax Support scheme has retained additional premiums for disabled people and continues to disregard the whole of any Disability Living Allowance or its replacement, Personal Independence Payment, from the assessment of entitlement.
2.	To advance equality of opportunity between people who share a protected characteristic and those who do not <i>(This means removing or minimising disadvantages, taking steps to meet needs of different people and encouraging participation. It can involve treating people better than others, e.g. disabled people).</i>	As above, disabled people will continue to be treated more favourably than non-disabled people with a similar income, which recognises the extra costs attributable to disability. Parents with dependent children will continue to receive additional premiums in respect of children as part of the calculation of support, thereby recognising the extra costs associated with bringing up a family. In 2015, Councillors rejected the option to remove the Family Premium (worth a maximum of £3.48 per week in Council Tax Support) from the calculation of LCTS for new working age claimants with effect from April 2016. There is no intention to remove the additional premiums awarded to households with more than 2 children within the means test. Therefore, people with children will still be treated more favourably than people without insofar as the additional cost of raising children is reflected in the amount of income a household with children can have before CTS is affected.

3.	To foster good relations between those who share a protected characteristic and those who do not. If so, how? <i>(This means promoting understanding between different groups and tackling prejudice)</i>	This policy is not intended to affect community relations and no such effects have been identified, nor are any anticipated.

F: 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>	
☐ 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>	

Approved by:

Lead Officer / Responsible officer:Date:

Senior Manager: ...Robert Hawes.....Date: ...14 December 2023.....

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