Stevenage
BOROUGH COUNCIL

Meeting:	**CABINET**	**Agenda Item:**
Portfolio Area:	RESOURCES AND PERFORMANCE	

Date: 12 November 2025

TITLE OF REPORT: COUNCIL TAX SUPPORT SCHEME 2026/27

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1 PURPOSE

1.1 To update Members on the local Stevenage Council Tax Support (CTS) scheme for 2026/27.

1.2 To update Members on progress in 2025/26 on revising the current scheme to a banded scheme.

1.3 To update Members on the timeline for revising the CTS scheme for implementation in 2027/28, subject to consultation and Member approval.

2 RECOMMENDATIONS

2.1 That Cabinet approve retaining the current Council Tax Support scheme for 2026/27.

2.2 That Cabinet support the implementation of a Banded CTS scheme for 2027/28.

2.3 That a policy Overview and Scrutiny meeting is held in line with the review timetable to continue to consider a revised discount scheme as a result of the ongoing reduction in the number of Housing Benefit caseload due to the transitioning to Universal Credit.

2.4 That the Cabinet re-approve the directive contained in the Social Security

Administration Act 1992 to disregard, in full, awards of War Widows, War Disablement and Armed Forces Compensation when determining entitlement for housing benefit and/or council tax support.

3 BACKGROUND

3.1 The Government made provision within the Local Government Finance Bill to replace the former national Council Tax Benefit (CTB) scheme from 1 April 2013 with localised schemes for Council Tax Reduction Schemes (CTS) devised by individual local authorities (LA's). The schemes are valid for one year and must be approved by Council before the 11 March immediately preceding the financial year in which it is to take effect.

3.2 The Government requires that major preceptors (County and Police) are consulted each year, and if there is any change to the scheme a full consultation open to all taxpayers in the district is required. There is no specific timescale prescribed but the period must allow for meaningful consultation.

3.3 Additionally, consideration must be given to providing transitional protection where the support is to be reduced or removed. The financial impact of any decision on Council Tax Support also needs to be included when setting the budget and Council tax levels.

3.4 Since the introduction of CTS in April 2013 a number of changes to the scheme have been explored, but the scheme has remained unchanged. The history of the Council Tax support scheme is detailed in Appendix A.

3.5 The cost of the CTS scheme is included in the council tax base, in the same way as other discounts which reduces the collectable debit and reduces the amount collectable.

3.6 Since the introduction of Universal Credit (UC), Councils have reviewed their respective schemes to consider a banded council tax support scheme to take account of the impact of UC monthly re-assessments which can change a claimants level of support in a way housing benefit doesn't.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Current Scheme

The CTS scheme for 2025/26 can be summarised as follows:

- That the CTS scheme for all working age claimants will be based on 91.5% of their Council tax liability.

- Elderly CTS claimants are protected in law from any restriction to the liability used in CTS calculations. Their awards will always be based on 100% of the council tax charge.

- All local discretions currently in place continue e.g. war pension disregards.

- Other aspects of the Council Tax Support scheme mirror the previous Council Tax Benefit scheme.

4.2 The current CTS scheme aims to protects the most vulnerable customers by the use of applicable amounts and income disregards. However, the challenges and opportunities introduced by Universal Credit (UC) prompt a review of the structure of the scheme (which other Hertfordshire Districts have explored) as set out in section 4.3.

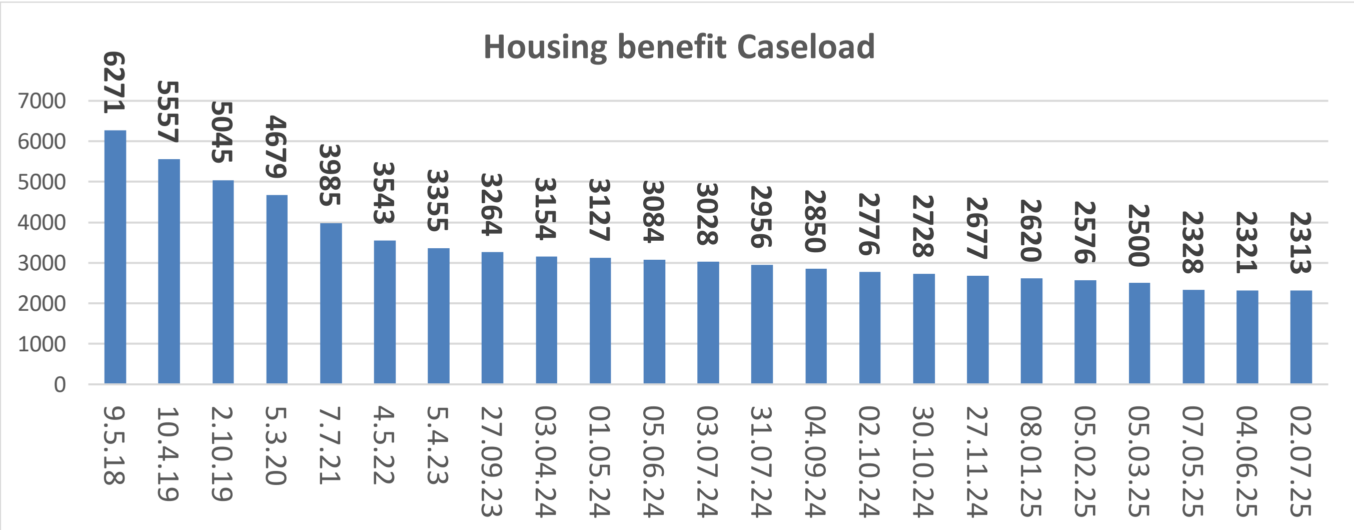
4.3 **The impact, challenges, and opportunities of Universal Credit (UC)**

4.3.1 Universal credit full service roll out started in October 2018 and has taken considerable time to move from housing benefit to UC. However, there are certain groups of HB claimant that will not, in the foreseeable future migrate to UC, as they are deemed too complex by the government.

4.3.2 The cases that have migrated are HB recipients who were

- receiving Tax Credits or other legacy benefits such as ESA.
- income from employment.
- New applications

The chart below shows that in 2018 the caseload was 6,271, but by July 2025 the case load has reduced to 2,313 a reduction of 63%.



4.3.3 Ultimately the Council will be left with the HB cases for supported and temporary accommodation for working age people, which are steadily increasing which are more complex cases, in addition to those of a pensionable age receiving housing benefit.

4.3.4 Customers claiming UC who apply for CTS do not require the Council to carry out means testing on their circumstances. They need only provide their UC entitlement letters, (details of which can be confirmed through LA's access to the DWP systems). These claims are already means tested and have differential applicable amounts applied by the DWP and the only income element that is needed for an award of CTS is earnings. Consideration has to be taken of any deductions being made for overpayments or recovery of advances, but essentially this means that if most claimants are already assessed there is an opportunity for a simplified assessment and processing system that could be incorporated into a new discount/banded scheme.

4.3.5 The reduction in new claims for HB might seem to reduce the shared service workload, however as the current CTS scheme for pensioners and non-UC claimants requires the same preparation and processing to award a CTS claim as a HB one, no substantial savings have been realised with only a small number of posts removed over the last few years. Currently claims or changes in circumstances are prepared and input and both awards (HB & CTS) are processed simultaneously. Claims not requiring an HB assessment simply produce one output (CTS award) rather than two.

4.3.6 The Council has taken steps to simplify the claims process wherever possible for CTS claims as residents are often confused about their possible entitlement to CTS and the process of claiming CTS. Often the Council only gets to engage with customers when their Council tax account is in arrears, and additional recovery action has to be taken. The Council is using all levers available to engage with residents quicker. The service continues to promote the scheme through various media to ensure that those entitled take up the support.

4.3.7 The challenge with those on Universal Credit is that it is reassessed monthly, (unlike HB), and those customers who are working (nationally this is estimated at more than 40%) are likely to experience more variations in their UC entitlement each month. This is attributed to salary and wages frequencies affecting the 'monthly' assessments. Each time there is a change in the UC award, their entitlement to CTS has to be reassessed. Every time the CTS is reassessed, it produces a new Council Tax Bill. These constant changes in bills and amounts due are not only confusing to the customer trying to budget, but it also resets any recovery action being taken for non-payment on the previous assessment and making collection of arrears very difficult.

4.3.8 A Banded Scheme could mean for many that income changes within a range or band would not result in a change in entitlement, within the scope of the set range. This would then mean that fewer recalculations would be necessary for recipients of CTS giving more certainty for the claimant about the amount they would have to pay, reducing the incidences where re-billing would be necessary. This will ensure that instalment plans applicable to accounts would not need to be changed as often which would assist in the recovery of the charge.

4.3.9 The benefits of a Banded Scheme are, in summary:

- Improving customer experience, by reducing the number of bills / changes for customers, who would be able to 'move within a band' without the need to reissue their bill. This allows greater flexibility and change of circumstances without impacting the payment someone / household needs to make, as we know some household incomes varies frequently.
- Allowing changes to claimant's income without necessarily increasing the amount of council tax they need to pay within a set banding giving certainty to the bill payer.
- Improving collection rates, by reducing the number of separate bills people receive. With a less billing there is greater focus on collection and targeting/supporting those who potentially could be eligible for council tax support and evidence from other Councils that arrears are reduced.
- Reducing the 'back office' administration and processing of paper / digital bills, the resident changes still need to be processed by staff but without the additional work to bill and ensure payment

4.3.9 The Council will undertake a communication campaign to ensure that there is good awareness of any new potential scheme and the public consultation prior to its approval, showing the potential impacts for residents, for example showing how people in different circumstances may be impacted.

4.4 The Review of a Banded Scheme

4.4.1 In 2024/25 the Council approved exploring the options around a banded scheme and how this would work. During 2025, analysis and modelling has been undertaken to assess the options and designing the potential banded scheme and looking at when to consult residents with the proposed the change, aligning the timing with East Herts Council to provide the best opportunity for both Council's residents.

4.4.2 A significant amount of analysis was required to determine the impact of the scheme on claimants and also different types of people claiming. External consultants were engaged to support the process throughout the summer, but combinations of different scheme parameters continued to identify a number of swings in gainers and losers in addition to cost variations. Further work was sought from the Shared Services software provider on variations to the scheme and looking at the data below it is clear that varying scheme parameters can have a significant impact on how many losers and gainers. Model one below mirrored the current maximum liability and benefit rules.

	Scheme Attributes	Losers	gainers	Estimated Cost	Increase v current	SBC share
	Current Scheme not banded (as at 1 September)			£6,717,847		
Model 1	91.5% Banded-(no non-dep deduction. Capital Limit of £16k with no tariff income, only Personal and child element of UC counted, One £50 premium/disregard if either the claimant or partner are disabled, £20 earnings disregard)	90	461	£6,756,299	£38,452	£4,153

	Scheme Attributes	Losers	gainers	Estimated Cost	Increase v current	SBC share
Model 2	as above with 100% scheme	79	2,903	£7,109,409	£391,562	£42,294
Model 3	North Herts Scheme- (100% banded, £50 premium for each Household member, £50.00 earnings disregard, Capital Limit of £16K with no tariff income, no non-dep deductions, only the Housing Costs element of UC not counted).	1,744	1,238	£5,977,793	(£740,054)	(£79,936)

4.4.3 Looking at more detail at model one, the table below summarises the output from the 91.5% CTS banded scheme on working age claimants.

Working age claimants	Number	Cost £'000	£10-£25	£25-£50	£50-£100	£100-£250	£250-£500	£500-£750	£750-£1000
Passported claims	388	£525.96	0	0	1	2	0	0	0
Single	1,287	£1,599.96	3	3	3	6	31	13	0
Couple	139	£225.91	0	0	0	1	1	6	0
Single, 1 Child	371	£524.64	0	0	0	0	0	0	0
Couple, 1 Child	76	£134.09	0	0	0	0	1	0	0
Single, 2+ Child	568	£802.18	0	0	1	0	2	0	0
Couple, 2+ Child	157	£284.43	0	0	0	0	3	0	1
Total	**2,986**	**£4,097.17**	**3**	**3**	**5**	**9**	**38**	**19**	**1**

Working age claimants	Number	Cost £'000	£1000-£1500	£1500-£2000	£2000-£2500	Total Losers	Losers >£250
Passported claims	388	£583.67	4	3	0	10	7
Single	1,287	£1,703.97	2	0	0	61	46
Couple	139	£242.50	1	1	0	10	9
Single, 1 Child	371	£556.66	0	0	0	0	0
Couple, 1 Child	76	£130.37	0	0	0	1	1
Single, 2+ Child	568	£830.31	0	0	1	4	3
Couple, 2+ Child	157	£239.95	0	0	0	4	4
Total	**2,986**	**£4,287.43**	**7**	**4**	**1**	**90**	**70**

4.4.4 There were 90 claimants that would loss benefit compared to their current entitlement with 70 claimants losing more than £250 per annum versus the data held regarding their existing CTS award. However, the majority of those were cases where full CTS would be paid once their UC records had been updated. Unfortunately, there were some awards where there has been a change notice from UC (for example, a migration notice from ESA to UC) and the CTS is suspended while the revised UC notice is received and uploaded, causing a perverse result. When the data is refreshed for the new scheme variances will be similarly investigated to determine whether the loss is real or as a result of UC notice.

4.4.5 Some of those losing in the £250 to £750 bracket were similar to cases above. Plus, claimants on UC often with an earned income component that is treated with the different disregards and premiums on the new scheme causing a loss to CTS, though this could easily be changed if the income level altered. Lastly there were some instances where claimants who were responsible for a child who was approaching the age where it looked like the child element of UC may stop.

4.4.6 The information will need to be refreshed for the 2027/28 scheme (if approved) because the case load will change, (in line with the timetable set out in this report). The aim of the banded scheme is not to disadvantage claimants and the impact will be reviewed in the next reiteration of the scheme.

4.4.7 While the intention was to introduce a banded scheme for 2026/27 the process has taken longer than anticipated, the revised timeline for this is included below, (using the learning on scheme modelling from 2025/26).

4.4.8 The Shared Service are currently scoping out the work to potentially propose a different scheme for 2027/28 based on banding to mitigate the issues outlined above. This requires significant analysis to determine the implications for the current caseload to ensure there are no unintended consequences implement a scheme, but also that the scheme is affordable.

4.4.9 The high level timetable for consideration is set out below: -

Milestones	**Timeline ***
Stage 1: Modelling	
Initial Modelling completed - modelling of scheme changes complete (Overall cost, winners and losers, EQIA evidence)	Summer 2025
26-27 Modelling Update and Testing – test the model with latest 2026 data and review changes impacts	March - April 2026
Stage 2: Decision to Consult	
SBC Cabinet Decision – to consult on the move to a banded scheme	July 2026
Stage 3: Consultation	
Consultation – public consultation and review of feedback / remodelling	August - September 2026
Stage 4: Decision to Implement	
Overview & Scrutiny (sitting as a Policy Committee)	September / October 2026
SBC Cabinet (& EHC Executive) Decision / Overview & Scrutiny – final decision on introduction of banded scheme	October 2026
Council Approval / Tax Base Setting	January 2027

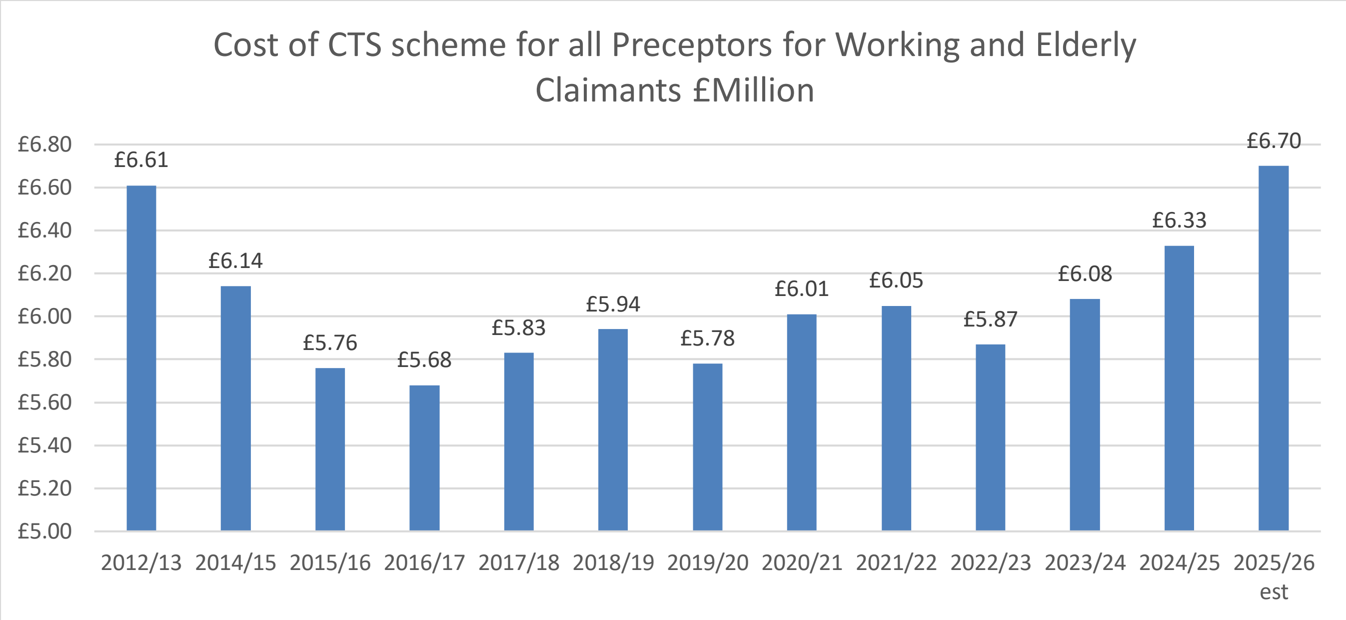
Stage 5: Implementation	
Implementation	January – March 2027
Scheme Introduction	From 1 April 2027
*all dates are approximate and dependent on the Civic calendar	

4.4.10 Moving to a banded scheme incurs additional costs. In 2025/26 the Council asked other preceptors to pay a proportion of the total cost pro-rata to their share of council tax, however the banded scheme has not progressed sufficiently for 2026/27. The original budget agreed in the General Fund for 2025/26 was £33K as set out below. Officers are currently assessing the additional cost if any required for 2026/27 to complete the work required for a banded scheme and this will be included in the 2026/27 budget if the approach is approved by Members. The final decision to proceed could be taken in the context of when the outcome of LGR unitary option and timetable is known.

Cost Type	£
Consultancy & Report	£8,500
Software Modelling	£2,500
Advertising	£750
Postage and mailing costs	£5,000
Analysis of results	£15,000
contingency	£1,500
Total	**£33,250**

4.5 Cost Of the CTS Scheme

4.5.1 The cost of the CTS scheme has fluctuated as the caseload has reduced since inception in 2013/14, however, although the caseload has been reducing in recent years the level of council tax increases has been higher due the increases for adult social care and the Police and Crime Commissioner, (PCC), Stevenage Borough Council pays circa 11% of the total cost.



4.6 Other Hertfordshire Schemes

4.6.1 The table below summarises other Hertfordshire CTS schemes.

	Banded Scheme	**Current scheme for maximum entitlement**
Broxbourne	Y	75% Liability, only up to Band E restriction
Dacorum	Y	75% plus restrict to band D so it can be 75% of band D
Hertsmere	Both	80% plus restrict to band D so it can be 80% of band D
North Herts	Y	100% if income is below maximum bands. Bands are 100%, 75%, 45%, 25% and 0% Limited disregards and only up 3 children in the assessment formula
St Albans	Both	100%
East Herts	N	91.5% - same scheme as Stevenage
Three Rivers	Y	100%
Watford	Y	100%
Welwyn Hatfield	N	75%

Note: where the original default scheme was retained under council tax benefit St Albans and Hertsmere have 2 schemes

4.6.2 Consideration will need to be given regarding whether to progress with a banded scheme in 2027/28 if LGR for Hertfordshire is implemented in 2028/29 as the scheme for the new unitary will need to be in place for that year. Work could continue on the scheme and a decision could be taken once the outcome of the unitary options and timetable are known.

4.7 Overview and Scrutiny Consultation

4.7.1 Overview and Scrutiny Committee will be consulted as part of the process for reviewing the 2026/27 CTS scheme, this will include the modelling of the scheme and the impact before any consultation with the public and their views will be included in any recommendation to the Cabinet.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 The impact of changes to the scheme are shared based on the precept shares which are summarised below, with SBC bearing/gaining 10.8% of any additional/reduction in cost.

Preceptor	Share of Precept
SBC	10.80%
PCC	11.62%
HCC	77.58%

5.1.2 The purpose of the modelling carried out to date is to mirror as far as possible the existing CTS scheme and not to increase/decrease the cost of CTS.

5.2 Legal Implications

5.2.1 There is a legal requirement to consult on any changes to the CTS scheme with both preceptors and council tax payers.

5.2.2 Any scheme must be approved by Council by the 11 March of the preceding year.

Local Government Reorganisation (LGR) Implications

5.3 There are no direct implications for LGR at present. Any proposals for a future move to the banded scheme will be considered in the context of LGR and the impact of / on any future authority and it's residents. Appendix C shows a summary of the councils with banded schemes in the context of the LGR potential options. Its is clear that there a number of different schemes and it will be for the new unitary to decide the design of the scheme, however a consideration will be the impact of the new weighted average council tax level for the incoming authority. It may be that work progresses on redesigning the new SBC banded scheme and a decision is taken one the outcome of the unitary proposal is known.

Risk Implications

5.4 As detailed in the report

Policy Implications

5.5 As detailed in the report

6. BACKGROUND PAPERS

7. APPENDICES

Appendix A - The history of Council Tax Support (CTS)

Appendix B Glossary

Appendix C Banded schemes in context of LGR potential options CTS schemes

Appendix A The history of Council Tax Support (CTS)

1. The history of Council Tax Support (CTS)

1.1 Before April 2013, local authorities (LA) administered Council Tax Benefit on behalf of the Government. This national scheme was specified in legislation and LA's were reimbursed by the Department of Work and Pensions (DWP) through a subsidy claim submitted annually and subject to audit.

1.4 The level of subsidy reimbursement varied dependant on whether benefit had been awarded, backdated or overpaid, but the point to note is that entitlement and subsidy were based on assessing entitlement on 100% of somebodies Council tax liability, net of discounts (like a single person discount).

1.5 The scheme was means tested and whilst the scheme differentiated between different client groups (providing extra support for disabled groups for example) there was little differential between Elderly and Working Age clients.

1.6 Clients fell into one of two groups, "passported" and "standard claims." A passported claim was one in which the DWP had already carried out a means test and then notified the Council that the customers income was at or below the minimum income level for their household composition. They would be automatically entitled to 100% of their Council Tax to be paid by Council Tax Benefit. A deduction would however be made from this entitlement where there were non-dependants living in the home.

1.7 The second group were called 'standard claims'. These customers had their means testing done by the Council and awarded Council Tax benefit in accordance with the national scheme criteria. These customers had income above the minimum requirements and would be required to pay something towards their Council tax liability. A deduction would also be made from this entitlement where there were non-dependants living in the home.

1.6 In very simple terms entitlement was determined by comparing eligible incomes against relevant applicable amounts. When income equalled or fell below applicable amounts, the maximum entitlement is achieved. If income exceeded applicable amounts, entitlement was reduced by 20% of the excess. The applicable amounts were determined by the DWP in respect of Housing Benefit claims.

1.7 In more complex terms, every income and capital source had to be assessed in accordance with its type and then determined if it was included in the assessment. Child benefit, maintenance paid to a child, PiP and DLA, war pensions etc were fully disregarded, whilst earned income was calculated after tax & NI, and 50% of pension contributions, averaged over the relevant period. Payments to certain childcare providers were disregarded, whilst capital (excluding the property occupied) included savings, shares etc and if the total exceeded £16k, the customer was excluded from entitlement.

1.8 In very general terms the full expenditure on the scheme was reimbursed by the DWP.

2 The impact of changes from 1st April 2013

2.1 The national scheme for Council Tax Benefit ceased, and Councils had to devise their own Council Tax Reduction Schemes for working age claimants. The Government continues to specify the scheme for Elderly customers through prescribed regulations.

2.2 Instead of the scheme being funded through a subsidy claim based on actual expenditure, the Government moved the funding into the Revenue Support Grant (RSG) settlement, fixing it at only 90% of the subsidy paid in a previous year. RSG was the amount of grant that Government gave to Councils to support their wider service delivery and made up one part of the income of the Council in addition to Council Tax receipts, fees and charges and an element of Business rate collection. However, the move away from RSG makes this funding element less obvious.

2.3 Each Council had to consider how to fund 100% of the cost of the Elderly ‘national’ scheme and provide a Working age scheme, whilst receiving 10% less funding.

2.4 Elderly (Pensioner) claimants are protected from changes through the provision of a statutory scheme.

2.5 Schemes must support work incentives.

2.6 The DCLG Policy Statement of Intent did not give a recommended approach to be taken, but indicated the scheme should not contain features which create dis-incentives to find employment. The current Stevenage scheme complies with this statement.

2.7 Local authorities must ensure that appropriate consideration has been given to support for other vulnerable groups, including those which may require protection under other statutory provisions including the Child

Poverty Act 2010, the Disabled Persons Act 1986 and the Equality Act 2010, amongst others.

2.8 The DCLG issued Policy Statements that addressed a range of issues including the following:

- Vulnerable People and Key Local Authority Duties.
- Taking work incentives into account.
- Information Sharing and Powers to Tackle Fraud.

2.9 The Local Government Finance Bill stated that a Billing Authority must have regard to any guidance issued by the Secretary of State. The current scheme has sought to address these requirements.

3 Stevenage's Council Tax Reduction Scheme (CTS)

3.1 The Council initially devised a scheme which replicated the previous national scheme but limited the Council Tax liability that was used to assess entitlement to 90% for working age customers. The Government offered a one-off transitional grant to Councils who would restrict the reduction to 91.5%, and accordingly the Council amended the proposal and took the one-off transitional grant. The Council has maintained this position for the first 10 years of the scheme.

3.2 From 2014/15 the 90% grant that was included in the RSG was no longer individually identifiable. Therefore, calculating the total cost of the scheme i.e. the cost of the CTS scheme versus the CTS grant given by Government is now impossible.

Appendix B glossary

GLOSSARY

IS	Income support
JSA (IB)	Job seekers allowance (Income based)
UC	Universal Credit
PC	Pension credit
GC	Guaranteed credit
SC	Savings credit
ESA (IR)	Employment support allowance (Income related)

Appendix C – Banded schemes in context of LGR potential options

Council	Current scheme for maximum entitlement	If 2 unitaries	If 3 unitaries	If 4 unitaries
Broxbourne	75% Liability, only up to Band E restriction	**With Stevenage**	**With Stevenage**	N/A
Dacorum	75% plus restrict to band D so it can be 75% of band D	N/A	N/A	N/A
Hertsmere	80% plus restrict to band D so it can be 80% of band D	N/A	N/A	N/A
North Herts	100% if income is below maximum bands. Bands are 100%, 75%, 45%, 25% and 0%	**With Stevenage**	**With Stevenage**	**With Stevenage**
St Albans	100%	N/A	N/A	N/A
East Herts	91.5% - same scheme as Stevenage	**With Stevenage**	**With Stevenage**	N/A
Three Rivers	100%	N/A	N/A	N/A
Watford	100%	N/A	N/A	N/A
Welwyn Hatfield	75%	**With Stevenage**	N/A	**With Stevenage**