

East Herts Council Report

Overview and Scrutiny Committee

Date of meeting: Tuesday 4 November 2025

Report by: Councillor Carl Brittain – Executive Member for Financial Sustainability

Report title: Council Tax Support Scheme 2026/27

Ward(s) affected: (All Wards);

Summary

- To consider the latest available information around the current local Council Tax Support (CTS) scheme at East Herts and comment on the proposal that there be no change made for 2026/27.

RECOMMENDATION FOR OVERVIEW AND SCRUTINY COMMITTEE:

A. Overview and Scrutiny Committee comment on the proposal that there be no change to the local council tax support scheme for 2026/27.

1.0 Proposal(s)

1.1. That Overview and Scrutiny Committee consider, in accordance with the Governments requirement for an annual approval of the Council Tax Support scheme, that no changes be made for 2026/27.

2.0 Background

2.1 The Government made a 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 Support 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.

- 2.2 If the Council were to choose to consider any material revisions to the scheme, this would be the subject of public consultation, which would need to be considered by both those entitled to receive support as well as the general taxpayers of East Herts.
- 2.3 The Government require 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.
- 2.4 Neither the County nor Police have raised any objection to the proposals for 2026/27.
- 2.5 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 CTS needs to be included when setting the Council budget and Council Tax levels at the same time.
- 2.6 Since the introduction of CTS in April 2013 various changes have been considered but the scheme has remained the same.
- 2.7 A report was previously presented to the Overview and Scrutiny Committee on 10 June 2025, outlining proposals to introduce a Council Tax Support (CTS) banded scheme for 2026/27. The key advantage of a banded scheme is that it allows for income fluctuations within a band without triggering a reassessment, offering greater stability for claimants.
- 2.8 However, due to the complexity of the proposed changes, significant work was required to ensure the scheme would remain broadly cost-neutral compared to the current model, while also ensuring that individuals would not be materially worse off. As a result, there was insufficient time to finalise and consult on the scheme ahead of its inclusion in the Tax Base for 2026/27. Therefore, the CTS scheme will remain unchanged for 2026/27. Work on the banded scheme will continue, with a view to consulting early in the new financial year.

3.0 Reasons

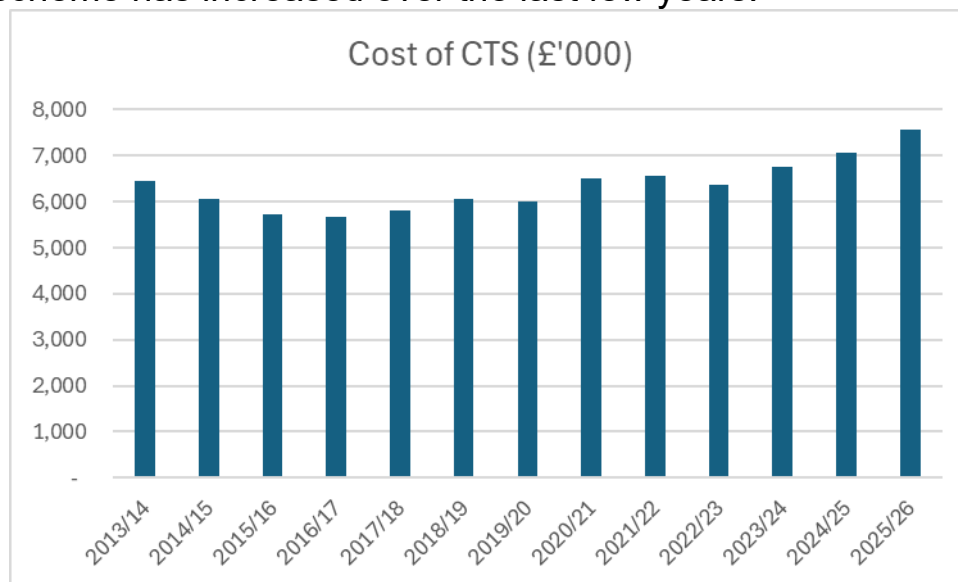
- 3.1 In 2013 the Council initially devised a scheme which replicated the previous Council Tax Benefit scheme but limited the Council

Tax liability that was used to assess entitlement to 91.5% for working age customers. The Council has maintained this position for the current scheme.

3.2 The cost of the scheme is reflected in the tax base, in the same way as other discounts which reduce the collectable debit.

3.3 Currently (2025/26) 79% of the tax base income is precepted by Hertfordshire County Council and 12% by the Police, and accordingly they have vested interest in the value of the CTS scheme as it directly impacts on their ability to raise funds. The lower the cost of the scheme, the higher the tax base on which they can precept.

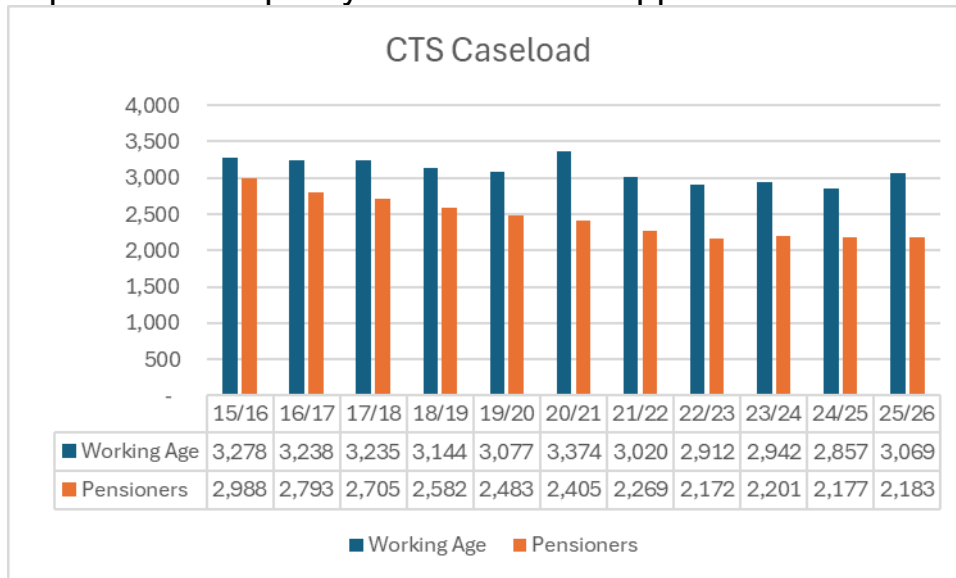
3.4 The level of spend on Council Tax Support (CTS) since its introduction is shown below and demonstrates that cost of the scheme has increased over the last few years.



3.5 The main drivers for the increase from around £5.6m in 2016/17 to a projected £7.5m by 2025/26, are annual council tax increases, which raise the value of awards even if caseload remains stable, and economic pressures such as inflation and cost-of-living impacts, which increase entitlement levels.

3.6 The table below shows changes in caseload, highlighting a steady decline in pensioner claimants (from nearly 3,000 in 2015/16 to about 2,180 by 2025/26) alongside a relatively stable working-age caseload, which experienced a spike in 2020/21 linked to the pandemic. This shift is significant because working-

age claimants generally receive higher levels of support. The introduction of Universal Credit (UC) has also influenced this trend: while UC has simplified benefits, it has increased CTS claims among low-income working-age households, as UC recipients often qualify for maximum support.



3.7 The impact of any change in trend will be built into the taxbase for 2026/27 when it is constructed in October 2025.

3.8 The taxbase for 2025/26 was calculated in October 2024 and assumed CTS would cost the equivalent of 3,597.68 band D values. At 1 August 2025 the actual band D cost of CTS was 3,516.37, which is £190K less expensive. In context the taxbase is set to produce £144 million and has many variables.

3.9 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 current tax liability;
- All local discretions currently in place continue e.g. war pension disregards;
- Other aspects of the new CTS scheme to mirror the previous Council Tax Benefit scheme.

3.10 This means all working age customer have to pay at least 8.5% towards their bill.

4.0 Options

- 4.1 Alternative approaches to the current CTS scheme could include introducing a banded scheme (where support is based on income bands rather than exact income), applying a minimum payment requirement for all working-age claimants, reducing the maximum level of support, or revising income disregards to reduce entitlement. These options could help manage costs and provide greater predictability, but they represent significant policy changes that would directly affect residents' contributions.
- 4.2 Under statutory requirements, any such changes would require a formal public consultation, typically lasting several weeks, before they can be lawfully implemented. Given the current timescales and the need to finalise the scheme for the forthcoming financial year, there is insufficient time to complete this process. As a result, continuing with the existing scheme remains the only viable option for 2025/26.
- 4.3 **What other are doing:** the table below summarises other Hertfordshire CTS schemes (at the time of writing the report).

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

5.0 Risks

- 5.1 As detailed in the report.

6.0 Implications/Consultations

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

As detailed in the report

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

As detailed in the report

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 None

Contact Member

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