

Council Tax Support Scheme

for Pension Credit Age persons and Working Age persons 2026/27

Introduction

The current Council Tax Support Scheme will end on 31st March 2026 and, from 1st April 2026, Councils will put in place (if necessary) a new local Council Tax Support scheme. Stroud District Council is proposing to continue the qualifying criteria from the current Council Tax Support Scheme as our local scheme and will continue to award up to a maximum 100% in support.

A consultation process in relation to this proposal was carried out between 17/11/2025 and 26/12/2025.

The purpose of this document is to give a high level overview of the current scheme, so that it is clear what we are proposing to continue. This document will also highlight any differences between the current scheme and the new local scheme that will take effect from 1st April 2026.

The Council Tax Support Scheme for Pensioners

The Government has protected Pensioners (i.e. those who have reached the age at which Pension Credit can be claimed) from change within local schemes. For Pensioners, the rules under the new local scheme will therefore be very similar to those of the current Council Tax Support scheme. An overview of the three basic types of qualification follows:

To qualify for Council Tax Support the person must:

- a. have attained the qualifying age for state Pension Credit,
- b. not have a partner of Working Age in receipt of Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance and Universal Credit,
- c. be liable to pay Council Tax for property in which they are resident,
- d. not have capital and/or savings above £16,000, and
- e. have made a valid application for a Council Tax Support.

The three types of qualification are summarised as follows:

1. Where an applicant meets all the criteria (a-e above) and receives a level of weekly income which is less than or equal to the living allowance set by Central Government (known as the 'applicable amount'); that person qualifies for 100% reduction on their Council Tax and has nothing to pay. However, this may be reduced if they have another adult living with them who is not their partner (this is known as a Non-Dependant Deduction).
2. Where an applicant meets all the criteria (a-e above) and receives a level of weekly income which is above their applicable amount; the level of reduction will be calculated by taking 20% (known as the taper) of the difference between the income and the applicable amount away from their weekly Council Tax liability. Therefore, dependant on the level of income, the support could be anywhere between 0% and 100%. Again, this may be reduced if they have another adult living with them who is not their partner (this is known as a Non-Dependant Deduction).

3. Where the applicant meets all of the criteria, apart from the capital limit (a, b, c & e above) and has another adult living with them who is on a low income or on state benefits (who is not their partner and does not pay rent to them); they may qualify for a reduction (known in the current Council Tax Benefit scheme as 'Second Adult Rebate'). Dependant on the level of income received by the 'second adult' this could give a reduction of up to 25%. This may be up to 100% for qualifying student applicants.

The Council Tax Support Scheme for Working Age claimants

As with the current Council Tax Support qualifying criteria, to qualify for Council Tax Support the person must:

- a. be someone who has not reached Pension Credit age, for whom a Council Tax Support claim can be calculated, unless they have a partner who is of working age,
- b. be liable to pay Council Tax for property in which they are resident,
- c. not have capital and/or savings above £16,000,
- d. have made a valid claim for Council Tax Support.

The three types of qualification are summarised as follows:

1. Where an applicant meets all the criteria (a-d above) and receives a level of weekly income which is less than or equal to the living allowance set by Central Government (known as the 'applicable amount'); that person qualifies for 100% reduction on their Council Tax and has nothing to pay. However, this may be reduced if they have another adult living with them who is not their partner (this is known as a Non-Dependant Deduction).
2. Where an applicant meets all the criteria (a-d above) and receives a level of weekly income which is above their applicable amount; the level of reduction will be calculated by taking 20% (known as the taper) of the difference between income and applicable amount away from their weekly Council Tax liability. Therefore, dependant on the level of income, the support could be anywhere between 0% and 100%. Again, this may be reduced if they have another adult living with them who is not their partner (this is known as a Non-Dependant Deduction).
3. Where the applicant meets all of the criteria, apart from the capital limit (a, b & d above) and has another adult living with them who is on a low income or on state benefits (who is not their partner and does not pay rent to them); they may qualify for a reduction (known in the current Council Tax Benefit scheme as 'Second Adult Rebate'). Dependant on the level of income received by the 'second adult' this could give a reduction of up to 25%. This may be up to 100% for qualifying students.

Legislation

It is proposed that eligibility under the new local scheme mirrors what is already set out in legislation relating to the previous Council Tax Benefit scheme. Our scheme will mirror any changes made to the HB regulations after the CTB regs ended including:

- Removal of the family premium from 01 May 2016 for new claims and changes of circumstances for existing claimants who have a child or become responsible for a child after 30 April 2016
- Match the removal of allowances for third and subsequent children born after April 2017
- The restrictions in tax credits for two children and the removal of the family element from 2017
- Restrictions for those claimants leaving the UK for longer than one month
- Exception will be that Backdating will be limited to a maximum of three months for all CTS claimants

For reference these regulations are;

- The Social Security Contributions and Benefits Act 1992,
- The Social Security Administration Act 1992,
- The Council Tax Benefit Regulations 2006
- The Council Tax Benefit (Persons who have attained the qualifying age for state Pension Credit) Regulations 2006,
- The Housing Benefit Regulations 2006
- The Housing Benefit (Persons who have attained the qualifying age for state Pension Credit) Regulations 2006.

These regulations set out how Council Tax Benefit was claimed, calculated and paid. The local Council Tax Support scheme will mirror all these criteria, and a summary of the key factors follow:

Applicable Amount

This is the living allowance that determines the financial needs of claimants. These are determined annually by Central Government and the local scheme will use the same figures in line with Social Security benefits. As shown in the detailed qualifying criteria above, they are used to determine your entitlement. Generally, if your income (including benefits and assumed income from capital) is lower than your applicable amount you will receive full support (less any deduction for any non-dependants living in your household). If your income is higher than your applicable amount then you will receive less than 100% support. Applicable amounts are calculated by making allowance for your personal needs, any children in the household, as well as premiums for certain household circumstances; for example if there is a disabled person within the household.

Income and Capital

Income is all of the money that the applicant (and other members of their household) have coming in from earnings, social security benefits, maintenance payments, pensions and other sources. Some forms of income will have what is known as a 'disregard' applied to them. This means that, for the purposes of calculating Council Tax Support, they may be partially or fully ignored.

Any capital that the applicant has (for example savings, shares or other property) will contribute to the calculation as well as their income. The Council will work out an assumed weekly income from the applicant's capital/investments (known as tariff income) and this will

be used to calculate a total income figure, so that this can be used to calculate entitlement. Again, some capital will be disregarded within the calculation.

Evidence

The Council will, as with the current Council Tax Support scheme, require all applicants to provide evidence of most forms of income and capital. The Council will also require evidence of applicant's identity upon making a claim for Council Tax Support.

Change of Circumstances

Recipients of Council Tax Support must notify the Council immediately if there are any changes that might affect their right to, or the amount of, Council Tax Support received.

This will include where they live; who they live with; changes in earnings, benefits and capital; the employment status of everyone in the household; a member of the household leaving or going into hospital or prison. Applicants will have a duty to notify the Council of any change of circumstances that they might reasonably be expected to know might affect their Council Tax Support entitlement.

Payment and Notification

All awards of Council Tax Support will be credited direct to the applicant's Council Tax account. Applicants will be notified in writing about their weekly award and how it was calculated or (where they are not entitled) that their claim has been unsuccessful. Where Council Tax Support is awarded the applicant will also receive a new Council Tax bill with their reduced liability (even where they are entitled to 100% support and the bill is zero).

Overpayments

As with the current Council Tax Support scheme, where an applicant has been awarded support and it is later determined that they should not have been entitled, an overpayment will have occurred. In most instances, where this is the applicant's error, this overpayment will be added to their Council Tax account and collected as normal. Where this is not possible (for example if the account is now closed because the applicant has moved) normal recovery actions will be undertaken. The Council will be able to get an attachment to that benefit to recover Council Tax; which is possible within the current arrangements.

Claiming

Currently claims for Housing Benefit and Council Tax Support are made on the same form. It is proposed that this will remain the same when the new local Council Tax Support scheme is introduced. Minor adjustments will need to be made to take account of the change in the name of the scheme (for example); however it is anticipated that a very similar form will be used and be available in exactly the same formats as with the current scheme. A shortened claim form has been introduced for use by claimants who are claiming and / or receiving Universal Credit.

Moving Over to the New Scheme

The Council will not be asking existing Council Tax Support recipients to make a fresh claim for Council Tax Support. As the same qualifying criteria will apply, we will simply transfer all Council Tax Support claims in payment on 31st March 2026 to the new scheme.

Universal Credit

Full service was rolled out across the district for a broader range of claimants from 4th October 2018. It has become more widely available for couples and families but only for new claims or where there is a significant change of circumstances.

The impact of Universal Credit will be monitored with a view to introduce a "tolerance level" of income change which would mean we ignore changes of less than a certain per cent or a certain amount.

Where claimants are employed and receiving Universal Credit, their net wage after tax, national insurance and pension deductions will be used in the assessment.

Where claimants are self-employed and are or were receiving Universal Credit, we will follow Universal Credit and use the relevant minimum income floor to make an assessment on their income where their profit is below this figure or have declared no profit.

It is proposed that eligibility under the new local scheme mirrors what had already been set out in legislation relating to the old Council Tax Benefit scheme, other than the annual uprating of premiums, allowances, non-dependant deductions and any changes to the national pension age scheme that need to be reflected in the local working age scheme.

Our scheme will also mirror any changes made to the HB regulations after the CTB regs ended including:

- Removal of the family premium from 1 May 2016 for new claims and changes of circumstance for existing claimants who have a child or become responsible for a child after 30 April 2016.
- restrictions for those claimants leaving the UK for longer than one month
- Exception will be that backdating for exceptional circumstances will be limited to a maximum of three months for all CTS claimants.

HBRO = Housing Benefit Run On, an additional award of benefit for the first four weeks of employment where the customer was previously unemployed for a continuous period of 26 weeks

CTS = Council Tax Support

Taper = the rate at which benefit is reduced as income increases

Second Adult Rebate = an award of benefit based on the income a second person in a property

What are the differences between the old Council Tax Benefit Scheme and the new local Council Tax Support Scheme?

There are some things, aside from the name, that will be different under the new local scheme. However, these are factors that will not generally affect the main qualifying criteria.

These differences are:

- **Discretionary Housing Payments** – Where someone did not receive full benefit (Housing Benefit or Council Tax Benefit) and there was the risk of financial hardship; the Council had a discretionary budget that it could use to top up Housing and/or Council Tax Benefit. Under the new local Council Tax Support scheme this discretionary allocation of

money is not available and there will not be any payment of discretionary support. This has not caused wide-ranging difficulties as we have been operating a Council Tax Support Scheme since April 2013.

- **Fraud** – The previous Council Tax Benefit scheme operated under Benefit Legislation and the Council had powers to investigate and prosecute fraudsters accordingly. The new scheme is not a benefit. It is a discount under Council Tax legislation and benefit investigation powers do not apply. However, under the Fraud Act 2006 the Council has very similar powers to investigate and prosecute those that fraudulently claim Council Tax Support.

Where the Council has evidence of fraud and/or error, it reserves the right to withhold and/or recalculate Council Tax Support whether or not the resident is in receipt of a benefit administered by the Department for Work and Pensions.

- **Appeals** – The current appeals system (and processes) changed from those we had in place in relation to Council Tax Benefit. The Valuation Tribunal Service will be responsible for hearing appeals against Council Tax Support.
- **Universal Credit** – The introduction of Universal Credit may change the level of evidence and information that we require from applicants. Currently, for claimants of such benefits as Income Support and Job Seeker's Allowance, we receive information from the Department for Work and Pensions that reduces the duplication for the claimant. The DWP will only tell us of Universal Credit amounts if the claimant gives their permission, otherwise we will need to contact them like any other claimant.

The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023

This section summarises the provisions of the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023 ["the Regulations"] which were laid before Parliament on 13 January 2023 and come into force on 10 February 2023. The Regulations and Explanatory Memorandum can be found at the following address: <https://www.legislation.gov.uk/ukxi/2023/16/contents/made>.

Background

As in previous years, the Government has amended the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 to ensure that pension age Local Council Tax Support (LCTS) schemes are updated in line with changes in the wider benefits system. The annual update also provides an opportunity to ensure that the residency requirements for accessing both pension age and working age LCTS remain consistent with the UK's immigration policy. Billing authorities must ensure that the requirements of the updated regulations are reflected in their LCTS schemes for 2023-24 by 11 March 2023.

Uprating

Reflecting the latest annual review of benefits and pension rates announced by the Department for Work and Pensions, the Regulations uprate the following amounts which must be included in pension age LCTS schemes from 2026-27:

- Non-dependant deductions – the adjustments made to the maximum amount of council tax reduction an applicant can receive to reflect non-dependant adults living in the property;
- Applicable amounts - the amount against which a person's income is compared to determine the amount of reduction to which they are entitled.
- Premiums – the additional amounts of income which persons with particular characteristics – such as those with disabilities – can have without their eligibility for a council tax reduction being affected;

- The amount which may be disregarded where the applicant is the parent of a specified student under the age of 25 and makes an eligible contribution to their maintenance; and
- The alternative maximum council tax reduction - this allows an LCTS recipient whose income or savings exceed the usual eligibility threshold to obtain a 25 per cent reduction in their bill where they share their home with one or more adults who do not pay rent, are not their partner, and who have a combined weekly income below the specified amount.

Income and capital disregards

Consistent with changes to the wider benefits system, the Regulations require that two new payments must be disregarded when assessing a person's income or capital:

- The new Adult Disability Payment established by the Scottish Government is not to be treated as the income of a pension age person claiming LCTS when moving to England; and
- The £350 monthly thank you payments made to "Homes for Ukraine" sponsors must be disregarded when assessing the income or capital of both working age and pension age applicants.

Demonstrating 'habitual residence'

The Regulations also provide that the following persons of working, or pension age will not need to demonstrate "habitual residence" in Great Britain in order to receive LCTS:

- Those arriving from Ukraine in connection with the Russian invasion; and
- Other individuals granted leave to enter or remain in the UK outside the Immigration Rules and with recourse to public funds.

Changes to Local Council Tax Support Scheme

Change	Change to the Existing Scheme	Revision to existing wording of the scheme	Number of Households Affected	Impact of Changes
1.	To revise the scheme to limit the circumstances when a change in household circumstances will cause the level of the LCTS scheme to be changed. Specifically limiting changes to households in receipt of Universal Credit where the amount changes by £10 or less per week LCTS is not altered	To introduce wording into the scheme to define a relevant change of circumstances for Universal Credit claims which will limit the circumstance when a new assessment of LCTS will be revised to the following circumstances; ☐ There is a change in the UC award of more than £10 or; ☐ There is a move in or out of employment or; ☐ There is a change to the household membership or; ☐ There is a change to the council tax liability	All LCTS working age households by the end of full UC roll-out	☐ 30 – 50% reduction in the average number of change in circumstances for people in receipt of UC ☐ Limit the number of council tax bills produced annually ☐ Allow action to follow existing automated process in most circumstances