

Agenda Item 11

Local Council Tax Reduction Scheme 2026-27

Committee:	Council
Date of Meeting:	24 February 2026
Report of:	Deputy Chief Executive (Resources)
Portfolio:	Resources Portfolio

The following matter was considered by Cabinet at its meeting on 17 February 2026 and is submitted to Council as required.

1 Purpose of Report

- 1.1 To approve the proposed changes to the Council's Local Council Tax Reduction scheme with effect from 1 April 2026.
- 1.2 To recommend that Council formally adopts those changes at its meeting on 24 February 2026.

2 Recommendations

- 2.1 That the report be noted;
- 2.2 Council be asked to adopt the changes to the scheme, explained in this, regarding:
 - Increases in Income Band Thresholds, in line with changes to Universal Credit to increase the standard allowance by more than inflation and to remove the 2-child limit.
 - Protection for disabled Universal Credit claimants, who receive other incomes in addition to Universal Credit.
 - Closing a potential loophole in respect of, usually self-employed, claimants who earn less than the minimum wage.
 - Disregarding certain payment types relating to LGBT compensation scheme for armed forces, in line with national benefits.

- Extending the period of time for which a claimant can receive LCTR whilst temporarily away from home, in 'war-torn' areas.

Reasons for Recommendations

- 2.3 The Council's LCTR scheme for working aged claimants has been a banded income discount scheme since 2020. In order to maintain the levels of support afforded to claimants of Universal Credit, it is important that the income thresholds contained in our scheme are increased each year in line with increases to Universal Credit payments. The methodology for annual uprating to Universal Credit payments is changing from 2026 and the 2-child cap is being removed. Our scheme will be similarly changed, to maintain LCTR awards at their current level for affected claimants.
- 2.4 Recent caselaw has determined that some of the circumstances in which Councils use their discretionary powers to protect disabled UC claimants is not appropriate and the protections must be written into the main, Council approved scheme.

3 Key Issues

- 3.1 The changes referred to above are operational changes to the detail of our scheme. Our scheme works well and provides support for almost 7,000 households of which 4,700 are of working age.
- 3.2 Since the changes that were made in 2024 to passport claims for non-working UC cases we are able to process 90% of the electronic notifications of UC entitlement and changes that we receive from DWP automatically, without manual intervention. Significant savings of resource are achieved and customers receive notifications of entitlement much quicker than would otherwise be the case. It is important that as well as keeping in line with developing law, we keep our scheme aligned with UC process in order to maintain the degree of automation.
- 3.3 The recommendations will maintain the current levels of LCTR for those Universal Credit claimants who will receive an increased amount from 2026 onwards.
- 3.4 Whilst there are no budgetary implications to the changes proposed, as changes to the wording of our scheme are required a Consultation process is required. This was undertaken and an analysis of the results of that process is attached at **APPENDIX 1** to this report.

4 Relationship to Corporate Priorities

4.1 Corporate Business Objective 4 is served by this response to the immediate financial needs of some of the poorest residents in the Stafford area.

5 Report Detail

5.1 Prior to April 2013 the Council Tax Benefit scheme was a national, statutory scheme, which afforded a reduction of 100% to the Council Tax bills of those residents on the lowest incomes. This scheme was abolished from 1 April 2013 when local authorities were required to implement local schemes.

5.2 This Council, in common with most others, introduced a scheme which stated that most working aged claimants could be granted LCTR of a maximum of 80% of their bill, meaning that they had to pay at least 20%. Exceptions to this rule were included for parents of children aged under 5 years, and disabled people in receipt of certain disability-based benefits, who could still qualify for up to 100%.

5.3 From 1 April 2020, this Council made changes to its scheme for working aged claimants by introducing a banded income discount scheme. This simplified the calculation of entitlement for working aged claimants and increased the number of claimants that could receive up to 100% reduction. The 80% cap remained a feature of the scheme and still affects most working aged claimants.

5.4 In 2024 the Council amended its scheme to simplify the processing of LCTR claims and changes relating to claimants of UC. Significant resource savings and improved processing times resulted. Continued alignment to UC processing rules is needed to continue to maintain these efficiencies.

5.5 Until now, UC payments have been increased each April in line with Consumer Price Index (CPI) rates at the preceding September (3.8% in September 2025). Our schemes therefore also increase the income banding thresholds by September CPI so as to have a neutral impact on awards and scheme costs. In April 2026 UC will change by more than inflation. In April 2026 UC will rise by 6.2% for claimants aged over 25 (6.9% for under 25's) and the standard methodology will be repealed in favour of an individual decision each year. Therefore, in order to maintain alignment with UC, our scheme wording needs to change to remove reference to September CPI and instead include annual increases in line with UC awards. If we do not do this, some UC claimants will have to pay more Council Tax, thereby negating the effect of the extra income that the government will be giving to them.

- 5.6 A 2-child cap currently exists in Universal Credit whereby claimants with more than 2 children do not receive additional benefit for the 3rd child or subsequent children. This will be removed and parents of 3 and more children will receive more Universal Credit. Our scheme will be amended to preserve the current rate of LCTR for those parents.
- 5.7 There will potentially be a very small incidental cost as people who are not on Universal Credit (typically on disability benefits or in low paid employment) may get pay rises less than the Universal Credit increases and therefore potentially qualify for more LCTR. Assuming that these (estimated 61 according to the current caseload) claimants, get no pay increase at all next year, and the threshold increase moves them into the next LCTR bracket our scheme costs would rise by less than £20,000 which is affordable under current budgets. This hypothetical scenario is unlikely to materialise and so actual cost increase will be lower. Our annual expenditure on LCTR is a little over £8M.
- 5.8 Furthermore, the slight increases for some disabled people and working, low income, families helps to support the scheme's objectives.
- 5.9 The manner in which Universal Credit entitlement is affected when disabled claimants receive other incomes alongside their UC can cause anomalies within Councils' LCTR schemes resulting in lower entitlement to LCTR. Councils traditionally address such anomalies by use of their discretionary powers to increase awards of LCTR. Recent caselaw has stated that reliance on discretionary powers alone, which a local authority may withdraw, is not sufficient. The equitable treatment of the disabled claimants must be a feature of the main approved LCTR scheme, rather than being corrected by use of discretion outside of the scheme.
- 5.10 The changes made to our scheme in 2024, to 'passport' all non-working UC claims for LCTR prevents the anomaly from occurring in all but a very specific and atypical set of circumstances. We would currently use a discretionary payment in these circumstances but now must re-word our scheme to make the protection and entitlement within the main scheme.
- 5.11 A potential weakness exists in our scheme whereby a self-employed claimant could claim to be working full time hours (thereby enjoying enhancements with the scheme) but receiving little or no income. There are no instances of this having taken place. National benefits have been changed to assume that in these cases the claimant is earning the minimum wage for the hours they claim to work, up to 35 hours, for the purpose of calculating entitlement. This is known as a Minimum Income Floor (MIF).

- 5.12 In these circumstances we would similarly set our MIF at 35 hours at the National Minimum Wage rate one year after the claimant began to trade. Discretion will be retained to reduce the number of hours included where special circumstances apply. For example, if the claimant cannot work full time due to caring responsibilities.
- 5.13 No such cases currently exist in our area, but following the lead of DWP based benefits is accepted best practice.
- 5.14 Treatment of LGBT armed forces compensation payments and temporary absence in 'war-torn' region

6 Implications

6.1 Financial

The cost of the LCTR scheme is accounted for within the Council's Council Tax Base calculation. The changes recommended in this report do not significantly change the Tax Base and do not include significant cost.

6.2 Legal

The scheme and process for amendment are prescribed in Section 13A of Local Government Finance act 1992 and subsequent regulations.

6.3 Human Resources

None

6.4 Risk Management

None

6.5 Equalities and Diversity

The changes within this report have a positive impact upon the support for disabled claimants, families and those in low paid employment, by maintaining their current levels of LCTR.

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1 - Consultation Results

8 Previous Consideration

Cabinet 17 February 2026 - Minute No CAB56/25

9 Background Papers

None

Contact Officer: Rob Wolfe - Local Taxation and Benefits Manager

Telephone Number: 01543 464397

Ward Interest: No

Report Track: Cabinet 17 February 2026
Council 24 February 2026

Key Decision: No

Stafford Borough Council - Council Tax Reduction Scheme 2026/27 Consultation

1. Background to the Consultation

1. I have read the background information about the Council Tax Reduction Scheme: This question must be answered before you can continue.

Answer Choices		Response Percent	Response Total
1	Yes	96.43%	27
2	No	3.57%	1
		answered	28
		skipped	0

2. Option 1 - To enhance the scheme to allow for additional dependants (currently limited to two) in line with the changes to Universal Credit

2. Do you agree with this change to the scheme?

Answer Choices		Response Percent	Response Total
1	Yes	41.18%	7
2	No	35.29%	6
3	Don't Know	23.53%	4
		answered	17
		skipped	11

3. If you disagree what alternative would you propose?

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	7
1	00		
2	I do not believe that lifting the child benefit cap was a sensible approach to lift children out of poverty and think this will compound that while further rewarding those irresponsible when planning families they can afford.		
3	Keep it at the current levels		
4	Option 2		
5	I would expect to see more financial help for the disabled. We have had to struggle for 3 years on one income due to not being able to work because my partners wage is over the threshold. I'm the one with the disabilities, I'm the one who lost the second income, I had to enter an IVA because I couldn't afford payments. This is not my partners problem it's mine, do not penalise partners of disabled people		

3. If you disagree what alternative would you propose?

6	The cost of rising bills are becoming a major burden for many households. Therefore, I do not think it is fair to only make allowances for households who have more than two children, as those households with only two children are also struggling. I think an increase to the income levels in each band would be a more fairer way of ensuring equality for all.	
7	I would expect to see more financial help for the disabled. We have had to struggle for 3 years on one income due to not being able to work because my partners wage is over the threshold. I'm the one with the disabilities, I'm the one who lost the second income, I had to enter an IVA because I couldn't afford payments. This is not my partners problem it's mine, do not penalise partners of disabled people	
	answered	7
	skipped	21

3. Option 2 - To allow the Council to increase the income levels for each discount band by an appropriate amount to account for changes in benefit levels

4. Do you agree with this change to the scheme?

Answer Choices		Response Percent	Response Total
1	Yes		69.23%
2	No		7.69%
3	Don't Know		23.08%
		answered	13
		skipped	15

5. If you disagree what alternative would you propose?

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	1
	1 00		
		answered	1
		skipped	27

4. Option 3 - To disregard all elements in Universal Credit which relate to disability or caring

6. Do you agree with this change to the scheme?				
Answer Choices		Response Percent	Response Total	
1	Yes		25.00%	3
2	No		41.67%	5
3	Don't Know		33.33%	4
		answered	12	
		skipped	16	

7. If you disagree what alternative would you propose?			
Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	3
1	00		
2	I disapprove of any measure that will increase the tax burden that is already unsustainable.		
3	I think raising the income thresholds for each banding would be fairer.		
		answered	3
		skipped	25

5. Option 4 - To introduce a Minimum Income Floor (MIF) for self employed and directors of Ltd companies.

8. Do you agree with this change to the scheme?				
Answer Choices		Response Percent	Response Total	
1	Yes		36.36%	4
2	No		27.27%	3
3	Don't Know		36.36%	4
		answered	11	
		skipped	17	

9. If you disagree what alternative would you propose?

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	4
1	00		
2	I feel this method is open to abuse so would not like to see it implemented.		
3	Option 2 seems fairest and most balanced.		
4	This is the first we have heard of this and it closes tomorrow Is that fair No time to read and understand it Typical council, last at giving out important info first on to balif if payment late		
		answered	4
		skipped	24

6. Option 5 - To disregard payments made under the LGBT Compensation scheme and the Miscarriage of Justice Compensation Scheme when assessing any support

10. Do you agree with this change to the scheme?		Response Percent	Response Total
1	Yes	27.27%	3
2	No	27.27%	3
3	Don't Know	45.45%	5
		answered	11
		skipped	17

11. If you disagree what alternative would you propose?

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	4
1	00		
2	I feel these elements should be included in the tax summary.		
3	Option 2 Seems fairest and most balanced		
4	Never heard of this before		
		answered	4
		skipped	24

7. Alternatives to changing the Council Tax Reduction Scheme

12. Please use this space to make any other comments on the proposed scheme.

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	6
1	00		
2	The level of savings needs increasing, £6k is low		
3	Thank you for consulting us on this matter.		
4	<p>Any person who has had to relocate and rehouse due to domestic violence should be exempt from any council tax for 12 months from the move in date to the new property.</p> <p>This will help the most vulnerable in the community who often have to relocate through no choice of their own get back on their feet and it will also encourage those that feel trapped in an unsafe abusive relationship due to finances to understand that they do have options and they can afford to leave with the right channels of support.</p> <p>I had to relocate twice in two years with three children, whilst completing a full time nursing degree. At one point because of a miscalculation through no fault of my own I was receiving less than 300 per month in universal credit ... that's it. However my course had finished and I was eligible to pay council tax ... two years later I'm still trying to recover financially!</p>		
5	Won't benefit us whatever you do		
6	<p>We will still be disadvantaged by whatever you do as I am only entitled to pip and esa</p> <p>Nothing else</p> <p>We have had to borrow money to pay bills how is that fair</p>		
		answered	6
		skipped	22

13. Please use the space below if you would like the Council to consider any other options (please state).

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	4
1	00		
2	Remove the discount and use the offset to avoid raising the council tax at a maximum 5% which will again be above inflation making all poorer, this would break the mould nationally, give the tax payers a reprieve, and be a vote winner.		
3	<p>I believe Staffordshire county council have an opportunity to lead by example and be the first county in the country to review council tax as a whole and not just the schemes in relations to benefits and income.</p> <p>There has been a significant increase in housing. Some social, some private with the majority of the roads being unadapted by the council. I believe there should be a fair reduction element that is not means tested for any household that stands on a road that the council do not plan to adopt. This will not only support benefit tenants, it will also support owners and landlords. Overall, because the council tax would reduce it would in turn reduce the cost of the council tax schemes and bridge a gap between the support that benefit claimants receive in comparison to private owners.</p>		
4	Consider the disabled and their unpaid carers who still have to work a full time job and don't get any help		
		answered	4

13. Please use the space below if you would like the Council to consider any other options (please state).

skipped

24

8. About You

14. Are you, or someone in your household, getting a Council Tax Reduction at this time?

Answer Choices		Response Percent	Response Total
1	Yes	42.86%	3
2	No	57.14%	4
3	Don't Know	0.00%	0
		answered	7
		skipped	21

15. What is your sex?

Answer Choices		Response Percent	Response Total
1	Male	42.86%	3
2	Female	42.86%	3
3	Prefer not to say	14.29%	1
		answered	7
		skipped	21

16. Age

Answer Choices		Response Percent	Response Total
1	18-24	0.00%	0
2	25-34	28.57%	2
3	35-44	28.57%	2
4	45-54	14.29%	1
5	55-64	14.29%	1
6	65-74	0.00%	0
7	75-84	0.00%	0
8	85+	0.00%	0

16. Age

9	Prefer not to say		14.29%	1
			answered	7
			skipped	21

17. Disability: Are your day to day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

Answer Choices		Response Percent	Response Total	
1	Yes		42.86%	3
2	No		57.14%	4
3	Don't know		0.00%	0
4	Prefer not to say		0.00%	0
		answered	7	
		skipped	21	

18. Ethnic Origin: What is your ethnic group?Select each that apply.

Answer Choices		Response Percent	Response Total	
1	Prefer not to say		28.57%	2
2	White British		71.43%	5
3	White Irish		0.00%	0
4	White Gypsy or Irish Traveller		0.00%	0
5	Any other White background		0.00%	0
6	Mixed/Multiple ethnic groups - White & Black African		0.00%	0
7	Mixed/Multiple ethnic groups - White & Black Caribbean		0.00%	0
8	Mixed/Multiple ethnic groups - White & Asian		0.00%	0
9	Any other multi mixed background		0.00%	0
10	Asian or Asian British Pakistani		0.00%	0
11	Asian or Asian British Indian		0.00%	0

18. Ethnic Origin: What is your ethnic group?Select each that apply.

12	Asian or Asian British Bangladeshi		0.00%	0
13	Asian or Asian British Chinese		0.00%	0
14	Any other Asian background		0.00%	0
15	Black African		0.00%	0
16	British Caribbean		0.00%	0
17	Black British		0.00%	0
18	Any other Black background		0.00%	0
			answered	7
			skipped	21

19. Other Ethnic Group

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	0.00%	0
No answers found.			
			answered
			skipped