OPEN

Corporate Policy Committee

30 October 2025

Council Tax Support Scheme

Report of: Ashley Hughes, Executive Director of Resources and S151 Officer

Report Reference No: CPC/49/25-26

Ward(s) Affected: All

For Decision

Purpose of Report

1 To provide an update on the Council Tax Support (CTS) scheme and request a decision on the approach for potential future changes.

Executive Summary

2 This report recommends that no changes be made to the CTS scheme for the 2026/27 financial year due to time constraints. CTS schemes are not able to be revised in-year and any future changes require a significant amount of modelling and extensive consultation period. It proposes that preparatory work be undertaken to model potential changes to the scheme, including adjustments to banding and income disregards during 2026/27. This modelling will inform a decision for the 2027/28 financial year.

RECOMMENDATIONS
The Corporate Policy Committee is recommended to: 1. Agree to review the Council's CTS scheme during 2026-27, and direct a further report to enable this to come to the first meeting of the relevant decision making Committee (be that this Committee or Executive Cabinet) in the 2026-27 Municipal Year.

Background

3 Legislative Framework:

- Council Tax Support schemes are governed by Section 13A(2) of the Local Government Finance Act 1992 and the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, as amended annually.
- Local authorities must adopt a CTS scheme annually by 11 March for implementation from 1 April. Schemes cannot be revised mid-year.
- Any changes to working-age schemes require public consultation, engagement with precepting authorities, and full council approval.

4 Consultation and Modelling Timelines:

- To amend the scheme for 2027/28, consultation must begin in summer 2026, allowing time for stakeholder engagement, equality impact assessments, and legal review.
- Modelling of potential changes should commence in early 2026/27, with draft proposals ready by autumn 2026 to support timely decision-making.

5 National Comparison:

- Cheshire East's current scheme is moderately generous compared to national trends:
  - Around 47% of councils offer 100% support to some working-age households
  - Cheshire East's scheme offers up to 80% support, placing it above average but not among the most generous.
  - 28 councils have reduced support in 2025/26, while 18 increased it
  - Over 40% of councils, including Cheshire East, now use income-banded schemes, which simplify administration and improve transparency

6 Opportunities for Reform:

To reduce awards:

- Introduce or increase minimum payments for all working-age claimants.
- Adjust income bands or taper rates to reduce entitlement for higher earners.
- Limit support by Council Tax band, e.g., capping awards at Band B.
- Remove or restrict disregards for certain income types (e.g., maintenance, pensions).
- Potential impact: working-age households, especially those just above benefit thresholds, may see reduced support.

To increase awards:

- Reinstate or extend 100% support for vulnerable groups (e.g., disabled, carers).
- Align exemptions with Universal Credit criteria (e.g., LCW/LCWRA).
- Introduce flat-rate non-dependant deductions to simplify and reduce household contributions.
- Potential impact: disabled residents, carers, and low-income families may benefit from increased support.

7 Legal Risk:

In September 2025, the High Court quashed a council's CTS scheme due to:

- Unlawful adoption: The scheme was not approved by full council, breaching statutory requirements
- Discriminatory design: Income was double counted, disproportionately affecting disabled people and carers
- Failure to meet Public Sector Equality Duty: No proper assessment of impact on protected groups.

8 Implications for Cheshire East

- Any future changes must be lawfully adopted, with full council approval.
- Schemes must be transparent, rational, and non-discriminatory.
- Robust equality impact assessments and legal reviews are essential to avoid judicial challenge.

Consultation and Engagement

9 No consultation is required in respect of this decision. However, the review itself will require extensive consultation and engagement with a broad range of stakeholders

Reasons for Recommendations

10 Any changes to the Council's CTS scheme require extensive modelling, consultation and subsequent approval. This would not be possible in the current financial year.

Other Options Considered

Option	Impact	Risk
Do nothing	Budget Predictability - Keeping the scheme unchanged provides stability in forecasting expenditure and administrative costs. Loss of Protection during UC Migration - Claimants moving from legacy benefits to Universal Credit may lose automatic eligibility for support if our scheme isn't updated to reflect national policy changes	Whilst any risk of challenge is reduced, a failure to respond to changing needs with ongoing changes to disability benefits may mean that a static scheme may become increasingly misaligned with claimant profiles

Implications and Comments

Monitoring Officer/Legal/Governance

11 There are no immediate legal implications as no changes are proposed for the current year. Legal advice will be sought during the modelling phase to ensure any future proposals comply with statutory requirements.

Section 151 Officer/Finance

12 No financial changes are proposed for the 2026/27 budget. Modelling work will assess the financial impact of potential changes for future years and will be considered as part of the next business planning cycle.

Human Resources

13 No direct HR implications at this stage. Any future changes may require training or system updates.

Risk Management

14 Deferring changes reduces the risk of rushed implementation and ensures adequate time for consultation and impact assessment. Future proposals will be assessed against the strategic risk register.

Impact on other Committees

15 Future changes may require input from the Finance Sub-Committee and Corporate Policy Committee.

Policy

16 The modelling work will support the Council's commitment to fairness and financial sustainability. Consultation will be undertaken in line with the Council's engagement toolkit.

Commitment 1: Unlocking prosperity for all	**Commitment 2: Improving health and wellbeing**	**Commitment 3: An effective and enabling council**

Equality, Diversity and Inclusion

17 There are no implications for equality at this stage. A review will require adherence to the Council's EDI policy.

18 As modelling comes forward, an Equalities Impact Assessment will be required as part of the consultation process.

Other Implications

19 Potential impacts on vulnerable groups, including children and rural communities, will be considered during the modelling phase.

Consultation

Name of Consultee	**Post held**	**Date sent**	**Date returned**
Statutory Officer (or deputy) :			
Ashley Hughes	S151 Office	06/10/25	13/10/25
Kevin O'Keefe	Interim Monitoring Officer	06/10/25	20/10/25
Legal and Finance			
Julie Gregory	Acting Head of Legal Services	06/10/25	10/10/25
Chris Behham	Director of Finance	06/11/25	10/11/25

Access to Information	
Contact Officer:	Paul Manning – Head of Revenues & Benefits Paul.manning@cheshireeast.gov.uk
Appendices:	None
Background Papers:	None