Cabinet

9th September 2026
10:30am

Public

Council Tax Support Scheme

Cabinet Member:	Councillor Roger Evans – Portfolio Holder for Finance
Lead Director:	Duncan Whitfield, Section 151 Officer
Service Area:	Revenues & Benefits
Report Author	Phil Weir, Revenues and Benefits Service Manager
Officer contact details	phil.weir@shropshire.gov.uk
Electoral Divisions Affected	All
Key Decision?	Key Decision
Cabinet Forward Plan	Yes – 7th April 2026
Report considered by	Cabinet – 9 September 2026

1. Purpose of Report

1.1. Review options for the Council's Council Tax Support Scheme for 2027-28 onwards

1.2. Note that Shropshire Council must legally undertake a formal consultation in order to make any changes to its Council Tax Support scheme

1.3. Note that Cabinet will review the consultation outcomes on 18 November 2026

1.4. Note that any proposed changes need to be agreed by full Council on 10 December 2026 following the public consultation

2. Recommendations

2.1. Cabinet is recommended to note the proposed changes below which will be subject to a formal consultation of up to six weeks that will run from September 2026 to October 2026:

- Retain the current tapered scheme with following adjustments:

- Disregard Child Benefit as an income at an estimated cost of £750k - £800k per year

- Retain current 20% minimum payment and maintain current protections for vulnerable groups

- Continue to support those impacted by 20% minimum payment with a top up from the Crisis Resilience Fund as follows

    - 2026-27 (current year) – up to £80
    - 2027-28 – up to £90
    - 2028-29 – up to £100

3. Background

3.1. Prior to 2013 there was a national council tax benefit scheme to support council taxpayers on low income. This was funded through a government subsidy.

3.2. With effect from 2013 each billing authority was required to design and implement its own scheme for working age residents on low incomes. At the same time government funding for the system reduced by 10%.

3.3. Pensioners still have council tax support awarded against former council tax benefit rules

3.4. From 2013-14, Shropshire Council's scheme continued with a tapered reduction scheme, with 100% support for the financially most vulnerable. The main changes in 2013 were: -

- Removal of second adult rebate
- Reduction of the capital limit from £16,000 to £10,0000
- Removal of earnings disregards
- Removal of child benefit disregard
- Increase in non-dependant deductions

3.5. With effect from 1 April 2018 the Council (in line with the majority of Councils nationally) introduced a minimum payment of 20% for Council Tax Support claimants. This means that the maximum Council Tax Support is calculated against 80% of their council tax liability, meaning the household have to pay 20% of their council tax liability, regardless of their income. Vulnerable customers were protected from the minimum payment.

3.6. With effect from 1 April 2019, the definition of vulnerable was extended to include the vulnerability criteria definitions for working age Universal Credit applicants due to legacy benefit transition to Universal Credit.

3.7. There have been many other scheme amendments since 2013 to ensure the Council Tax Support scheme remains aligned with Housing Benefit changes.

3.8. The proposal to disregard Child Benefit as an income will be beneficial to low-income families with children and will be more in line with practice nationally.

The Impact of one-off additional support since 2020 (Covid)

3.9. During Covid the Government introduced additional support for council tax working age claimants of up to £150 per claimant

3.10. Shropshire Council has continued to provide additional support utilising various grants since 2021 meaning that claimants impacted by the 20% minimum payment have not had to pay their council tax liability in full.

3.11. For 2026-27 working age claimants subject to the 20% minimum payment have been awarded an additional (up to) £80 from the Crisis Resilience Fund.

3.12. The different level of additional top up funding since 2020 is detailed below.

Grant Source	Amount - up to	Billing Year
Covid Grant	£200.00	2020/21
Covid Grant	£200.00	2021/22
Covid Grant	£50.00	2022/23
Cost of Living Grant	£60.00	2023/24
Household Support Fund	£60.00	2024/25
Household Support Fund	£60.00	2025/26
Crisis Resilience Fund	£80.00	2026/27

4. Summary of Main Proposals

Tapered Scheme or Banded Scheme?

4.1. Council tax benefit was based on assessing a claimant’s income against their assessed applicable amount (the minimum amount of money they needed to live on). If their income was below their applicable amount they received 100% council tax benefit. For each £1.00 that their income exceeded their applicable amount the amount of Council Tax Benefit they received reduced by 20 pence, until their entitlement ceased altogether. This is called a tapered scheme.

4.2. Since 2013 some Councils have introduced banded schemes, or council tax discounts. Banded schemes set a % council tax reduction based on the claimant’s income. This sets a different amount of council tax reduction based on family circumstances, and income levels.

4.3. An example of a simple banded Council Tax Support scheme is below

Example of a simple banded Council tax Support Scheme					
Council tax reduction discount % level	Passported	Single income	Couple income	families with child income	Families with more than 1 child
Level 1 - 80%	relevant benefit	£0 to £100	£0 to £150	£0 to £230	£0 to £320
level 2 - 60%	N/A	£101 to £140	£151 to £200	£231 to £280	£321 to £370
Level 3 - 40%	N/A	£141 to £180	£201 to £250	£281 to £340	£371 to £430
Level 4 - 20%	N/A	£181 to £220	£250 to £290	£341 to £390	£431 to £490

4.4. There is no single view on the relative costs and benefits of a banded scheme with regard to administration or benefit to beneficiaries. However it does create a number of cliff edges for claimants which may act to discourage them from increasing their income. For example, in the scheme above a single person with a weekly income of £99 would pay a maximum 20% of their council tax liability. A single person with a weekly income of £101 would pay a 40% of their council tax liability

What do other neighbouring Councils do?

4.5. There are many different Council Tax Support schemes. Some Councils have moved to banded schemes and many retained a tapered scheme. The majority have a minimum payment percentage payable by claimants. Some cap the level of council tax support at a particular band which impacts claimants in higher bands. There are different capital levels and different approaches to non-dependent deductions and earnings disregards.

4.6. The table below details a number of different approaches from some of our neighbouring authorities. This covers the main comparators but there will be other complexities and differences between schemes.

LA name	Tapered/Banded	Capital limit	Non dep deductions	Minumum Payment	Band Cap
Shropshire	Tapered	£10,000	Yes	20%	No
Cheshire West	Tapered	£6,000	Yes	25%	Band D
Telford and Wrekin	Banded	£6,000	No	10%	No
South Staffs	Tapered	£16,000	Yes	20%	Band D
Wyre Forest	Banded	£6,000	No	10%	No
Sandwell and Dudley	Tapered	£3,000	Yes	15%	Band B
Southwark	Tapered	£16,000	Yes	15%	No
Cheshire East	Banded	£6,000	Yes	20%	Band D
Hereford	Tapered	£6,000	Yes	No	No

5. Alternative Options

5.1. Other options considered are below.

Option 1 – Introduce a new banded scheme

5.2. This would require extensive modelling to understand the cost of the scheme. The Council would require specialist support to design the scheme and the underlying IT system would need modification. A new scheme would also need to be integrated into a detailed policy document which is required for any appeals and challenges

5.3. For claimants there would be both winners and losers and transition from old to new would need to be handled sensitively.

5.4. Decisions would need to be made around %reductions, numbers of different household classifications, income levels and the impact of the overall cost of the scheme

5.5. The administrative impacts of the scheme are unclear and would need to be assessed carefully and staff properly trained, this in terms of the continued strains on the Council Tax team as it attempts to rebuild capacity.

5.6. Most importantly, the banded scheme would create additional cliff edges for claimants, where a small increase in income would lead to a disproportionately high increase in council tax payments

Option 2 – Continue with existing/tapered scheme with no change

5.7. No additional staff training would be required and exiting policy documentation would be required.

5.8. There is a need to be aware of the impact of additional temporary support (referenced at 3.9) which means that 20% minimum payment has not been paid in full by Shropshire claimants so this would either need to be continued or removed

5.9. There are some anomalies with other schemes such as the Shropshire Council decision to remove the child benefit income disregards in 2013. This has proved a deeply unpopular change and impacted on many claimants.

5.10. Also, claimants that have transferred to Universal Credit who were formerly passported claimants (Income Support, Job Seekers (Income Based) or Employment and Support Allowance (Income Based)) who would have received maximum 80% or 100% if vulnerable, are no longer passported. Therefore the existing Council Tax Support Scheme assessment is based on actual income including child benefit which has seem some claimants worse off when transitioning to Universal Credit.

5.11. A summary of our current scheme, with the proposed change is at Appendix B.

6. Key risks and Opportunities

6.1. The recommended approach will offer additional support to working families with children. It will also offer continued and tapered increased support to financially vulnerable claimants through continued use of the Crisis Resilience Fund.

6.2. This mitigates any current and potential risks to financially vulnerable residents from any potential future council tax increases.

7. Council Priorities

7.1. Council Tax support provides support to low-income families with their Council Tax. The proposed change to disregard child benefit as an income will provide additional support to low-income families with children. This links into the following Council priorities.

- People live in safe, inclusive places with homes that meet their needs
- Everyone has the opportunity to be healthy and thrive at every stage of life

8. Financial Implications

8.1. Estimated cost of disregarding child benefit as an income is between £750k and £800k and this will need to be incorporated within the MTFP, next due for review by Cabinet in November.

9. Legal and HR implications

9.1. There is a legal requirement to consult in relation to any changes to the Council Tax Support Scheme. A formal consultation of up to six weeks will run through September 2026 to October 2026. The consultation will ask the questions detailed in Appendix A

9.2. The consultation will be published on the Council website and the following interested parties will be made aware of the consultation

- Major precepting authorities (Police and Fire Authorities)
- Minor precepting authorities (Parish Councils)
- Voluntary sector advice groups
- Housing Associations

10. Electoral Division Implications

10.1. None

11. Health, Social (including “Child Friendly Shropshire”) and Economic Implications

11.1. The proposed change to disregard child benefit as an income will ensure that low-income families with children receive additional support with their council tax.

12. Equality and Diversity Implications

12.1. This is continuation of the existing scheme with a beneficial change for resident in receipt of child benefit. A full consultation will take place with residents during September/October 2026.

13. Climate Change, Biodiversity and Environmental Implications

13.1. N/A

14. Background Papers

14.1. The Council's current Council Tax Support scheme (220 pages) can be accessed from the link below

[Shropshire Council - Council Tax Support Scheme-2026-2027-pdf]

15. Appendices

15.1. APPENDIX A – Proposed Consultation Questions
15.2. APPENDIX B – Proposed Council Tax Support Scheme 2027 including draft proposals