

## LONDON BOROUGH OF WALTHAM FOREST

Committee/Date:	11 December 2025
Report Title:	Local Council Tax Support Scheme 2026/27
Directorate:	Resources
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Wards affected:	All
Public Access	Open
Appendices	<p>Appendix 1 – Equality Analysis</p> <p>Appendix 2 – Discretionary Housing Payment and Council Tax Hardship Scheme</p> <p>Appendix 3 - Sustainability Impact Matrix</p>

## 1. **Summary**

- 1.1 The Council's local Council Tax Support (CTS) scheme helps low income working age households to pay their Council Tax via financial reductions applied directly to their Council Tax bills. On 10 September 2025 there were 9,025 working aged households receiving support under the Council's scheme. The current scheme was recommended by Cabinet in November 2024 and approved by Council on 12 December 2024. The scheme began on 1 April 2025
- 1.2 The scheme is published along with the 2024 Equality Analysis, report to Cabinet and Council, and is available on the Council's website at this link.  
<https://democracy.walthamforest.gov.uk/ieListDocuments.aspx?CId=335&MId=6005>  
The full scheme provisions can also be found on the Council's website at: [Council Tax Support | London Borough of Waltham Forest](#)
- 1.3 It is a statutory requirement that Council considers and adopts a CTS scheme annually and identifies the sources of funding.
- 1.4 This report seeks approval to maintain the current income banded council tax support scheme which is projected to cost £19.53m, this is projected to cost £0.93m more than our existing scheme in 2025/2026.

## 2. **Recommendations**

- 2.1 For the reasons given in this report, Council is recommended to:
- 2.2 **Agree** that the proposed income banded Council Tax Support Scheme be continued whereby the maximum award available to working aged people receiving support remains at 85% for the Council Tax billing year 1 April 2026 to 31 March 2027.
- 2.3 **Agree** that the Council continue to make £750,000 available for a Discretionary Hardship Fund under section 13A(1)(c) of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012, to offer additional help and support to those suffering the greatest financial hardship as defined in the Discretionary Housing Payment and Council Tax Hardship Scheme published on the Council's website. The current scheme is attached at (Appendix 2).
- 2.4 **Agree** there be delegated authority to make any minor and consequential changes necessary to the detailed provision as a result of any changes in the regulations upon which the scheme is based, is given to the Strategic

Director of Resources following consultation with the Portfolio Lead Member for Finance and Resources.

- 2.5 **Note** that the income banded scheme treat earnings and self-employed earnings as income to determine a households level of income against the proposed income bands. All other income should be disregarded.
- 2.6 **Note** that the scheme will continue with two charges for non-dependant adults within households. £20pw for those in work & £8pw for those out of work.
- 2.7 **Note** working-age residents would be entitled to support of up to a maximum of 85%, depending on a person's level of income, household composition and level of capital and whether they fall within one of the protected groups: households with limited capability to work; households with children aged 5 and under.
- 2.8 **Note** other eligible working-age residents, support would be given up to a maximum of 57%, depending on their level of income, household composition and level of capital.
- 2.9 **Note** that the remaining provisions of the Council's scheme for 2026/27 will be as published on the Council's website.
- 2.10 **Note** that the projected cost of the whole scheme is identified as £19.53 million which is £0.93 million more than the current scheme. This will be reflected in the calculation of the council tax base for 2026/27 and included within the next MTFS as part of the budget setting process.
- 2.11 **Note** that before any significant changes to the scheme reducing or removing support could be made that a statutory consultation would need to be carried out.

### 3. **Proposals**

- 3.1 The CTS scheme helps people on low incomes to pay their Council Tax through an online application-based process. The sums awarded automatically reduce the amount households are expected to pay, and they are sent reduced bills net of the awards.
- 3.2 There are two distinct schemes:
  - **A pension age scheme:** - a national scheme which offers up to 100% support. The rules and conditions of award under this scheme are legislated for by Government. Currently 5,668 households receive support under the national scheme.

- **A working age scheme:** - a local scheme whereby each council designs the rules and conditions of award. This is the Council's scheme outlined in the report which currently supports 9,025 households.

Both schemes are administered by the Council and share the same funding provisions through a combination of the Revenue Support Grant the Council receives from Government and through the Council's Collection fund.

- 3.3 The Council's current scheme for working aged people began on 1 April 2025 and is the fifth scheme implemented locally. Each scheme prior to 1 April 2025 kept the means-tested design principles of the abolished national Council Tax Benefit (CTB) scheme which they replaced. In doing so, they have also been broadly similar to, but less generous than, the government's national pensioner Council Tax Support scheme.
- 3.4 The earlier schemes were designed to be self-funded; meaning that the cost of the scheme did not exceed the estimated funding received from Government. Over the years various changes introduced that limited the level of support available to working age households to make them more affordable. The most recent reduction measures were implemented from April 2025. included:
- Introduction of two charges for all non-dependant adults within households. £20pw for those in work and £8pw for those out of work.
  - Removing support entirely from residents with capital / savings of £6000 or more.

However, the erosion of government funding to local authorities, Council Tax rises, and the increased value of individual CTS awards, now means that both the government's national pensioner scheme and the council's own working aged scheme are largely funded from the Council's collection fund.

- 3.5 In response to the economic climate and the Cost-of-Living crisis, Council consulted and introduced an income banded scheme from the 1 April 2025. This resulted in the maximum level of support available to working age recipients of the remaining 85% of a person's eligible Council Tax Liability.
- 3.6 The Council also continued to administer a discretionary fund of up to £750,000 to provide extra support to those suffering the greatest

financial hardship. This was built into the budget as part of the 2025-26 budget setting process.

- 3.7 It is proposed that Council continue with an income banded Council Tax Support scheme in 2026/2027.
- 3.8 The estimated costs of the proposed scheme in 2026/2027 are £19.53million, this is an increase of £0.93million on the current year. This estimate is on the assumption that our existing numbers remain the same and Council Tax increases by 5%.

#### **4. Options & Alternatives Considered**

- 4.1 It is a statutory requirement that Council considers and adopts a CTS scheme from 1 April 2026 and identifies the sources of funding.
- 4.2 The options available to the Council for a CTS scheme from 1 April 2026 are to continue with the existing scheme or design and consult on an alternative, either less generous or a more generous scheme. Before any significant change can be made to the scheme there is a legislative requirement to undertake a full consultation with residents, the GLA and other stakeholders. Legislation dictates that the Council must decide on a scheme by 11 March but as the cost of the CTS scheme forms part of the budget setting process and Council Tax annual billing, approval for a new scheme would need to be made by 31 January 2026. Given these timescales, there may be insufficient time remaining to undertake a meaningful consultation and obtain approval for a new scheme to commence from 1 April 2026. Adopting a significantly different scheme without following the statutory requirements to consult would be unlawful.
- 4.3 It is recommended that the Council continue with the current income banded scheme to help protect the most vulnerable residents in the borough whilst also maintaining a sure financial footing for the Council.

#### **5. Council Strategic Priorities (and other National or Local Policies or Strategies)**

- 5.1 This report has significant implications for the economic sustainability of thousands of individuals and families across the borough. Specifically, Council Tax Support for working-age households currently affects 9,025 households, highlighting the scale of its impact on residents who rely on this assistance to manage their financial obligations.
- 5.2 The scheme also includes the continuation of a Discretionary Hardship Scheme to offer extra assistance and support to those suffering the greatest financial hardship.

#### **6. Consultation**

- 6.1 The Council is under a statutory duty to consult on its Council Tax Support scheme. Consultation was carried for 5 weeks and 2 days starting from 18 October and 24 November 2024 with the GLA (a precepting authority) and the public. Council Tax Support recipients, other residents, Landlords, and stakeholders were asked for their views on the proposed move to a cost saving income banded scheme. They were also specifically asked if

they wished to put forward any alternatives of their own. The consultation also outlined various other options that had been considered and explained why they were discounted.

- 6.2 Any further substantial modification of the scheme in the future would require a further public consultation exercise to be undertaken prior to any changes being implemented.

## **7. Implications**

### **7.1 Finance, Value for Money and Risk**

- 7.1.1 Along with the introduction of Council Tax Support Government rolled its Grant funding into the overall Settlement Funding Assessment to local authorities and a proportion of the scheme is funded through the Revenue Support Grant (RSG) system. The consequences are that as RSG has been scaled back each year, the funding for this scheme has also reduced significantly.
- 7.1.2 The implicit reduction of CTS funding from the Government through reductions to the Revenue Support Grant led Council to adopt the principle of having a self-funding CTS scheme whereby the cost of the scheme would not exceed the level of funding available. That policy was designed to ensure that Council Tax payers were not disadvantaged by the transfer of risk associated from the funding of this scheme from the DWP to Local Government.
- 7.1.3 Continual reductions in the RSG has resulted in the annual cost of the scheme from 2019/20 onwards exceeding the government funding envelope, requiring Council to fund the gap, and in doing so to move away from the principle of a self-funded scheme.
- 7.1.4 The financial landscape for Local Government remains incredibly volatile at present and are yet to be fully understood in the context of local government funding. This funding stream has largely been a combination of Revenue Support Grant (RSG) and a local share of business rates (subject to a further top-up grant to maintain baseline funding levels).
- 7.1.5 The funding associated with CTS scheme in the current 2025/26 MTFS is £18.3 million although the scheme is estimated to costs £18.6 million. Any gap in the current financial year will be borne by the collection fund and if this results in a deficit to the fund, the deficit position will need to be funded as part of the 2026-27 budget.
- 7.1.6 For 2026/27, a 5% uplift in Council Tax is assumed, resulting in a forecasted scheme cost of £19.53 million based on the current caseload.

- 7.1.7 Should the caseload increase by a further 250 households, the projected cost would rise to £19.861 million, an additional £0.332 million. This potential increase represents a significant financial risk for the Council.
- 7.1.8 Assuming a 5% uplift has already been incorporated into the MTFs cost for 2026/27, the projected cost of the Council Tax Support scheme, based on caseload data from April 2024 would have been £19.23 million. However, updated projections using current caseload figures indicate an additional financial pressure of £314,000 for 2026/27. Should the caseload increase by a further 250 households, the total pressure for 2026/27 could rise to £646,000.
- 7.1.9 To mitigate further financial risks associated with rising caseloads and scheme costs, the Council should consider reviewing and potentially revising the working age Council Tax Support scheme for 2027/28. Exploring alternative scheme designs or adjustments could help ensure long-term affordability and sustainability, while continuing to support those most in need. Early consideration of options will allow for meaningful consultation and timely implementation if changes are required.
- 7.1.10 The cost of the scheme will need to be closely monitored and reviewed.

## **7.2 Legal**

- 7.2.1 The Local Government Finance Act 2012 made provision for amending the Local Government Finance Act 1992 (LGFA) to provide for the implementation of localised Council Tax Support schemes in England with effect from April 2013. This required local councils to design their own schemes to administer council tax support for working aged people, working within a framework set out in the legislation.
- 7.2.2 Paragraph 3 in Schedule 1A of the LGFA 1992 requires that before making any changes to a scheme the Council must consult any major precepting authorities; publish a draft scheme and consult such persons as are likely to have an interest in such manner as the Council considers appropriate.
- 7.2.3 Cabinet is being asked to recommend to Full Council that it agrees to the adoption of the current income banded Council Tax Support scheme from 1<sup>st</sup> April 2026. The current scheme was consulted upon before it was agreed by Full Council on 12<sup>th</sup> December 2025.
- 7.2.4 The Equality Act 2010 requires public authorities to have due regard to the need to eliminate discrimination and advance equality of opportunity. The



Council must further consider its wider Public Sector Equality Duty (PSED) under s.149 of the Equality Act 2010 when making its decision. Members are referred to Appendix 1, (the Equality Analysis) that sets out the nature of the duty.

- 7.2.5 Members must carefully consider the impacts identified and be satisfied that the mitigation set out provides a sufficient safety net.

### **7.3 Equalities and Diversity**

- 7.3.1 An updated equality Analysis has been completed (**Appendix 1**). It should be noted that as this scheme offers support for some of the poorest residents in the borough and as the value of awards is capped at less than 100% of Council Tax liability for working age recipients, it will have an impact on their financial stability. Therefore, all recipients of support under the Council's scheme are considered to be at a socioeconomic disadvantage, particularly lone parents (more likely to be women), part time workers (more likely to be women) and large households (more likely to be from BME backgrounds).
- 7.3.2 The current scheme continues to cap support at less than 100% the following are identified as mitigating steps:
- 7.3.3 All incomes other than earnings and self-employed earnings to be disregarded when calculating entitlement to support. Working-age residents would be entitled to support of up to a maximum of 85%, depending on a person's level of income, household composition and level of capital and whether they fall within one of the protected groups: households with limited capability to work; households with children aged 5 and under
- 7.3.4 Continuing the £750,000 Discretionary Fund to support those individuals suffering the most financial hardship by offering short (and where necessary) long-term support for the most vulnerable households will ensure those needing support will not be disadvantaged because they are unable to work due to any disability.
- 7.3.5 The council has a dedicated Employment, Business and Skills Service. Interested households are actively supported to move into work where possible through referral into the council's Employment Business and Skills Service and the Fair Deals Jobs programme which also supports residents with skills, qualifications, improved language skills and to maximise incomes. Details of current programmes can be found at [www.walthamforestjobs.org](http://www.walthamforestjobs.org)

#### **7.4 Sustainability (including climate change, health, crime and disorder)**

7.4.1 The scheme may contribute positively to community safety by strengthening the financial resilience of low-income households. By alleviating economic hardship, it may help reduce associated risks and vulnerabilities that can contribute to crime and disorder. Please see the sustainability impact matrix for the climate implications (appendix 3).

#### **7.5 Council Infrastructure**

7.5.1 The proposals will be met within the existing Council infrastructure and resources.

#### **Background Information (as defined by Local Government (Access to Information) Act 1985)**

None

