



Title of report: 2026/27 Council Tax Reduction Scheme

Meeting: Cabinet

Meeting date: Thursday 5 February 2026

Cabinet Member: Peter Stoddart, Finance and corporate services

Report by: Director of Finance

Classification

Open

Decision type

Budget and policy framework

Wards affected

All Wards

Purpose

To recommend to Council the 2026/27 local Council Tax Reduction (CTR) scheme.

Recommendation(s)

That:

- a) **The Council Tax Reduction Scheme for 2026/27, with the same parameters as the existing scheme, be recommended to Council for approval.**

Alternative options

1. The local CTR scheme discount was increased to its maximum level in 2021/22 and this was maintained in 2022/23, 2023/24, 2024/25 and 2025/26. It cannot be increased further in 2026/27. A reduced discount scheme could be proposed for 2026/27 however this is not recommended as it would limit the support offered to residents; maintaining the maximum level of discount in 2026/27 will ensure that eligible households receive support as the impact of the rising cost of living continues.

Key considerations

2. Council tax charges can be reduced if the bill payer meets certain set criteria contained in the CTR scheme. CTR is available to working age and pensioner claimants. The pensioner CTR scheme is set nationally. The working age CTR scheme is set locally by this council. More than 11,000 bill payers in Herefordshire are currently in receipt of CTR, with over 6,000 claims from working age applicants.
3. The existing local working age CTR scheme was approved by Council in February 2025 and is included at Appendix 1; with the maximum discount maintained in 2025/26 to mirror those available to eligible pensioners. This means that a 100% discount is awarded under CTR (unless their income breaches the threshold) irrespective of the council tax band the property falls into.
4. During recent years, the number of working age CTR claimants has increased; reflecting the national picture and the impact of increases in the cost of living and inflation on working age residents. Having a higher discount rate reduces potential debt recovery action where charges raised cannot be paid. The number of CTR claims for 2024/25 and the value of discount awarded is shown below.

Caseload Type	Number of claims	Discount value (£'000)
Working age	6,547	8,700
Pensioner	4,747	6,759
Total	11,294	15,549

Community impact

5. In addition to the CTR scheme, the council provides other discounts and these are listed on the council's website. Maintaining the maximum discount in 2026/27 will have a positive impact on the community by minimising the debt burden on residents who struggle to pay their council tax charge.

Environmental impact

6. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

Equality duty

7. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
8. The mandatory equality impact screening checklist has been completed for this decision and it has been found to have high impact for equality. A full equality impact assessment has been completed and this is attached as an appendix to this report.

Resource implications

9. The 2026/27 budget proposals are being presented assuming the current CTR scheme continues in 2026/27. Should the local CTR discount be reduced then additional resources will be available however the resourcing of increased debt recovery action is also likely to be required.

Legal implications

10. The CTR scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 1992.
11. For each financial year a billing authority must consider whether to revise its scheme or to replace it with another scheme and this must take place in the financial year preceding that for which the revision or replacement scheme is to have effect.
12. A statutory procedure is provided for under Paragraph 3 of Schedule 1A which a billing authority must follow when revising its scheme. Public consultation to determine support for continuation of the discount took place, via an online survey, in December 2025.

Risk management

13. By maintaining an increased discount, the risk that claimants may not pay their council tax charge and move further into debt if summons charges are levied, is reduced. The costs and time associated with collecting unpaid, overdue debts will not increase.

Consultees

14. Public consultation is required before scheme changes are proposed. Public budget consultation took place during December 2025; the results report some support for continuing discount for council tax for those most in need: 38% of respondents agreed that the council should continue to offer the maximum level of support, 41% disagreed. Whilst no changes are proposed for 2026/27, the responses of the survey will support improvements and inform plans to increase participation in future rounds of consultation.

Appendices

Appendix 1 Approved 2025/26 Council Tax Reduction Scheme

Appendix 2 Equality Impact Assessment Council Tax Reduction Scheme 2026/27

Background papers

None identified.