

# Folkestone & Hythe District Council

## Council Tax Reduction Scheme 2026/27 Consultation

### Background to the consultation

#### **What is this consultation about?**

Each year the Council has to decide whether to change the Council Tax Reduction scheme for working age applicants in its area. This year the Council has decided that changes should be made to significantly change the Council Tax Reduction scheme to help support households on the lowest income and to reduce administration costs for the Council.

#### **What is Council Tax Reduction?**

Council Tax Reduction is a discount for Council Tax. The level of discount is based on the income of the household. Currently the maximum discount is 75% of Council Tax for working age households and up to 100% for pensioners.

#### **Why is a change to the Council Tax Reduction scheme being considered?**

People can claim Council Tax Reduction if they are on certain benefits. The current scheme requires all working age applicants to pay a minimum of 25% of their Council Tax (a maximum level of support of 75%). Applicants in receipt of income based Jobseekers Allowance, Income Support and Income Related Employment and Support Allowance receive the maximum level of support. Others receive a level of Council Tax Reduction based on their income and other factors.

A separate Central Government scheme is retained for people of pension age and Councils are **only** able to vary their schemes for people of working age.

Each Council is required to review their schemes each year and decide if they want to make any changes. Before any changes can be implemented, they must be subject to public consultation.

#### **What are the proposals?**

The District Council is proposing a number of changes to its existing scheme and, in line with legislation, we have a duty to consult you and provide you with the opportunity to tell us your views on the proposed changes to our Council Tax Reduction Scheme.

The Council is consulting on the following changes to its scheme for 2026/27:

- To amend the current level of support offered to working age residents. This is currently set to a maximum of 75%. We propose amending this support to up to 100% support (in line with the pensioner scheme).
- To disregard (not include the income as part of the assessment) the Limited

capability Work Element (received as part of an applicant's Universal Credit award). This would align with the current disregard of the equivalent Support Component of Employment Support Allowance.

- To disregard recent compensation schemes that did not exist when the existing scheme was developed:
  - Infected blood support scheme payments (approved Blood scheme or the Scottish Blood Support scheme)
  - Grenfell Tower payments
  - Horizon / Post Office compensation payments
  - LGBT Financial Recognition scheme (armed forces)
  - Vaccine Damage payments

In the District, 9,440 people currently receive Council Tax Reduction, 5,984 of which are working age households. The gross cost of the scheme is £10.4 million which is spread across the District Council (12%), the County Council (72%), Fire (4%), Police (12%) and Town & Parish Councils in accordance with the proportion of Council Tax which each organisation levies.

### **Who will this affect?**

Working age households in the District who currently receive or will apply for Council Tax Reduction.

Pension age households will **not** be affected as Central Government prescribe the scheme.

### **Are there any alternatives to changing the existing Council Tax Reduction scheme?**

We have considered maintaining the existing scheme levels of support and thought about other ways to make the administration simpler. These have not been completely rejected, and you are asked about them in the Questionnaire, but, at the moment we do not think we should implement them for the reasons given.

### **We have considered:**

#### **1 Continuing with the current scheme**

This would mean current administration costs within additional funding available. Not making these changes would significantly impact the administration of Council Tax Reduction and related support schemes.

#### **2 Reduce funding to other Council services to pay for additional administration costs**

Keeping the current Council Tax Reduction scheme will an increase in administration costs and less money available to deliver other Council services; or

#### **3 Use the Council's reserves to keep the Council Tax Reduction scheme**

Using reserves to fund the additional administration costs would be a short-term option. Once used they will no longer be available to support and invest in other Council services and additional cuts would have to be made in the following years.