

MIDDLESBROUGH COUNCIL

Report of:	Corporate Director of Finance (s151 Officer) – Andrew Humble
Relevant Executive Member:	Executive Member for Finance – Cllr Nicky Walker
Submitted to:	Executive
Date:	4 February 2026
Title:	Council Tax Reduction Scheme 2026/27
Report for:	Decision
Status:	Public
Council Plan priority:	All
Key decision:	Not applicable
Why:	The approval of the Council Tax Reduction Scheme for 2026/27 will be taken by Council on 18 February 2026
Subject to call in?	Not applicable
Why:	The approval of the Council Tax Reduction Scheme for 2026/27 will be taken by Council on 18 February 2026
Proposed decision(s)	
That Executive APPROVE that the proposed Council Tax Reduction Scheme for 2026/27 contained in this report is forwarded to Council for formal approval	
Executive summary	
This report sets out the proposed Council Tax Reduction (CTR) scheme (sometimes referred to as Council Tax Support) for 2026/27. Each Billing Authority in England has a statutory requirement to design and locally fund a Council Tax Reduction scheme no later than 11 March each year, which is to be approved by decision of full Council.	
The proposed scheme for 2026/27 will incorporate the minor legislative amendments to be made by government through regulations that the Council will be obliged to include.	
Additionally, agreement is sought to include the following:	

1) Increases to income bandings that are individual according to the household composition, so that the current level of support for claimants is maintained as far as possible and to continue to provide appropriate support for the town's financially vulnerable residents.

The proposed scheme will continue to assist low-income households through an appropriately reduced council tax charge whilst remaining affordable for the Council.

Following the decision by Executive this report will be forwarded to full Council for approval.

1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions

1.1 To seek agreement from Executive for the submission of the proposed Council Tax Reduction Scheme for 2026/27 to Council for formal approval.

Our ambitions	Summary of how this report will support delivery of these ambitions and the underpinning aims
A successful and ambitious town	<i>Council tax revenues are important in maintaining public services and fostering economic growth within the local community.</i>
A healthy Place	<i>Provision of council tax support is important to the Council's aim of preventing poverty and supporting residents out of poverty.</i>
Safe and resilient communities	<i>Supporting individual residents to meet their essential needs will contribute to community resilience.</i>
Delivering best value	<i>The implementation of a well-structured scheme assists in achieving higher collection rates and supporting the Council's financial sustainability.</i>

2. Recommendations

2.1 That Executive **APPROVE** that the proposed Council Tax Reduction Scheme for 2026/27 contained in this report is forwarded to Council for formal approval

3. Rationale for the recommended decision(s)

3.1 The proposed scheme will assist low-income households and support the collection of council tax whilst remaining affordable for the Council to provide.

3.2 Council Tax Reduction (CTR) was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme, which was administered by councils on behalf of the Department for Work and Pensions. As part of the introduction, the Government placed the duty to create a local scheme for working age claimants with Billing Authorities.

3.3 Middlesbrough Council, as the Billing Authority, has a statutory requirement to revise or design and fund a CTR scheme by no later than 11 March each year which must be approved by a Full Council.

4. Background and relevant information

The current scheme

4.1 In 2022/23, the Council moved to an income-banded scheme. By doing so, it moved away from the previous complex means-tested schemes to simplify the claiming process, reduce the administrative burden and cost of multiple 'in year' changes and associated recalculation of council tax instalments, and to support its achievement of greater collection rates.

4.2 The scheme implemented a 90% maximum discount, with lower discount bands of 72%, 36% and 23%, aligned to the level of net weekly income and composition of each household (providing for up to two dependent children).

4.3 Based on household composition and income, the scheme differs from discounts and exemptions which are not means-tested. Where a 100% exemption is granted, such as a student exemption, CTR will not apply as there is nothing to pay. If, on the other hand, a resident is in receipt of a single person discount or other discount, CTR may still be awarded against the discounted charge.

4.4 The 2024/25 scheme maintained the current income-banded scheme, but also included 100% support for Care Leavers, who were able to apply for CTR as opposed to receiving a local council tax discount. This was a technical adjustment and made no difference to the level of support available to Care Leavers, which remained unchanged.

4.5 Also changed for 2024/25, a disregard was introduced of the childcare cost element within Universal Credit for residents receiving additional financial support due to incurring these costs. By doing so, those households with children and taking paid employment were appropriately supported.

4.6 In 2025/26, only income band ranges were increased, to ensure residents would not see a reduction in CTR level taking into account the annual inflation increase applied by Central Government to state benefits such as Universal Credit.

The 2026/27 scheme

4.7 For 2026/27 it is proposed that the current income banded scheme is retained subject to the statutory amendments and increasing the income ranges, in order to ensure the state benefit increase alone does not affect the level of discount received from CTR.

4.8 The CTR scheme provides for income band ranges to be increased "by the appropriate level of inflation decided by the Council". In the past, the September Consumer Prices Index measure has been used in line with central government practice for the uprating of state benefit. However, the Universal Credit Act 2025 provided for above inflation

increases each year from April 2026 until April 2029 on the standard allowance within Universal Credit.

4.9 It is therefore necessary and proposed to adjust the income band ranges for 2026/27 individually according to the household composition to ensure that a correspondingly appropriate level of increase is applied and thereby maintain the level of support as far as possible for applicants. Doing otherwise would be perverse and potentially take away locally from what residents may have been given by central government.

4.10 The rounded rates of increase set out below maintain proportionality with Universal Credit allowances so far as possible (unrounded rates would be used):

Single Person	Single Person with one child	Single Person with two or more children	Couple	Couple with one child	Couple with two or more children
6.1%	5.0%	4.7%	6.1%	5.3%	4.9%

4.11 The weekly income range for the current 2025/26 scheme are as follows:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Band 1	90%	£0 - £119.48	£0 - £191.16	£0 - £262.84	£0 - £167.27	£0 - £244.92	£0 - £310.63
Band 2	72%	£119.49 - £215.05	£191.17 - £286.73	£262.85 - £352.45	£167.28 - £286.73	£244.93 - £335.72	£310.64 - £406.21
Band 3	36%	£215.06 - £256.87	£286.74 - £304.66	£352.46 - £418.16	£286.74 - £346.47	£335.73 - £382.32	£406.22 - £477.90
Band 4	23%	£256.88 - £304.66	£304.67 - £334.52	£418.17 - £537.64	£346.48 - £406.21	£382.33 - £442.05	£477.91 - £573.48
	0%	Over £304.66	Over £334.52	Over £537.64	Over £406.21	Over £442.05	Over £573.48

4.12 The proposed new weekly income ranges for 2026/27 are as follows:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Band 1	90%	£0 - £126.77	£0 - £200.80	£0 - £275.17	£0 - £177.47	£0 - £257.89	£0 - £326.00
Band 2	72%	£126.78 - £228.17	£200.81 - £301.20	£275.18 - £368.99	£177.48 - £304.22	£257.90 - £353.49	£326.01 - £426.30
Band 3	36%	£228.18 - £272.54	£301.21 - £320.03	£369.00 - £437.78	£304.23 - £367.60	£353.50 - £402.56	£426.31 - £501.54
Band 4	23%	£272.55 - £323.24	£320.04 - £351.40	£437.79 - £562.87	£367.61 - £430.99	£402.57 - £465.45	£501.55 - £601.85
	0%	Over £323.24	Over £351.40	Over £562.87	Over £430.99	Over £465.45	Over £601.85

4.13 The cost of implementing the new ranges is expected to be largely neutral as the objective is to maintain existing level of entitlements rather than increase or reduce them. The consequence of accommodating the additional increase in Universal Credit rates could be to render some residents eligible who might otherwise not have been, or for a higher level of discount to apply, but this cost is likely to be incidental to the overall sum provided through the scheme.

5. Ward Member Engagement if relevant and appropriate

5.1 Not applicable.

6. Other potential alternative(s) and why these have not been recommended

6.1 The Council could reduce the level of support offered to working age residents in receipt of CTR. However, the Council recognises the financial challenges placed on residents and is therefore proposing that the current level of support is maintained which incorporates the proposal to increase the income bandings in line with inflation.

6.2 The Council could increase the level of support provided by adjusting the income bands and / or the discount rate although this would be subject to a full consultation exercise, which has not taken place during the current financial year. It is therefore intended that the Council will again review the scheme in June / July 2026 in line with government changes in legislation and any proposed local alterations, with Executive approval sought should consultation be necessary.

7. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	<p>There will be no increase to the current budget on the basis of the proposed changes from the existing CTR scheme. The scheme currently supports around 18,500 households with expenditure of approximately £22.183m. Should any additional expenditure be incurred as a result of an increased take up of CTR this will be reported as part of the budget monitoring process to ensure this is factored into projected expenditure in 2026/27.</p> <p>There are no anticipated impacts on procurement arising from the proposals.</p> <p>The Council Tax Reduction (CTR) scheme continues to support the Council's strategic aim of assisting residents to improve their financial resilience and move out of poverty.</p>
Legal	<p>Paragraph 5, Schedule 1A of the Local Government Finance Act 1992 states that for each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme. The authority must make any revision to its scheme, or any replacement scheme, no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect.</p> <p>Paragraph 3, of the Act, applies to an authority when revising a scheme as it applies to an authority when making a scheme:</p> <ul style="list-style-type: none"> I. consult any major precepting authorities which has power to issue a precept to it; II. publish a draft scheme in such manner as it thinks fit and; III. consult such other persons as it considers are likely to have an interest in the operation of the scheme. <p>The Local Government Finance Act 2012 inserted into section 67 of the LGFA 1992 (Functions to be discharged by the Authority) making or revising a CTR scheme, and Section 5 (2) of Schedule 1A requires that each billing authority in England must make a CTR scheme by no later than 11 March</p>

	each year. The above legislation states that the authorisation of the full scheme is subject to Council approval.
Risk	<p>The scheme supports the delivery of the Council's strategic priority to reduce poverty as set out in the Council Plan 2024-2027. The CTR scheme will enable residents to pay their required Council Tax instalments which, in turn, will mean that the Council has funding to work with communities and other public services in Middlesbrough to improve the lives of local people.</p> <p>The implementation of a local CTR scheme ensures that there is adequate governance in place to comply with all relevant legislation and the Council does not breach governance requirements or fail to deliver organisational priorities (Risk 08-054). In addition, by reviewing the scheme annually, the Council continues to effectively review and amend the scheme to comply with legislative changes (Risk 08-055).</p>
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no disproportionate adverse impacts on any group or individuals with characteristics protected in UK equity law. An impact assessment has been carried out in December 2025.
Reducing Poverty	Through the provision of council tax support, the scheme contributes to poverty reduction among households on low incomes.
Climate Change / Environmental	There are no disproportionate adverse impacts on the aspirations of the Council to achieve net zero, net carbon neutral or be the lead authority on environmental issues.
Children and Young People Cared for by the Authority and Care Leavers	The current scheme provides support for Care Leavers and no change is proposed to the support available.
Data Protection	<p>The collation and use of personal data will be managed in accordance with the Council's Data Protection policy and the Benefits, Council Tax and Business Rates Privacy Notice</p> <p>Privacy notice - Housing Benefit and Council Tax Reduction Middlesbrough Council</p>

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
That this report is presented to Full Council on 18 February 2026 for approval	Head of Resident and Business Support	18/2/26
If approved by Council on 18 February 2026, then the Council Tax Reduction Scheme for 2026/27 will be published on the Council website	Head of Resident and Business Support	31/3/26

Appendices

1	Council Tax Reduction Scheme 2026/27
2	Impact Assessment level 1

Background papers

None.

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