CABINET

13 NOVEMBER 2026

REPORT OF THE PORTFOLIO HOLDER FOR CORPORATE FINANCE AND GOVERNANCE

A.2 THE LOCAL COUNCIL TAX SUPPORT SCHEME, DISCRETIONARY COUNCIL TAX EXEMPTIONS / DISCOUNTS / PREMIUMS FOR 2027/28 AND ANNUAL MINIMUM REVENUE PROVISION POLICY STATEMENT 2027/28

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To enable Cabinet to consider and agree for recommending to Full Council where relevant, the following:

- Proposed changes to the Local Council Tax Support Scheme 2027/28
- Exceptional Hardship Policy
- Discretionary Council Tax Exemptions, Discounts and Premiums for 2027/28
- Annual MRP Policy Statement for 2027/28
- Housing Benefit War Pension Disregard Policy (Modified Scheme)

EXECUTIVE SUMMARY

- This report outlines proposed changes to the Local Council Tax Support (LCTS) scheme along with proposed council tax exemptions, discounts and premiums for 2027/28.

- In terms of the LCTS scheme, although it is proposed to make changes to the scheme to provide additional financial support to those who may need it, the underlying principle of providing financial stability wherever possible to Tendring residents remains the same. Although a draft LCTS scheme will be considered by Cabinet at its December meeting that takes account of the proposed changes, the underlying elements of the scheme will be the same as this year, which provides for a maximum discount of 80% for working age claimants.

- In terms of the changes mentioned above, it is proposed to allow the backdating of claims for financial support made under the LCTS scheme by working age claimants. Previously, the scheme only provided this flexibility to pension age claimants with a backdating period of 3 months provided. There have been a limited number of recent cases where such flexibility to provide similar support to working age households would have been advantageous where there was ‘good cause’ to do so, such as clear evidence of eligibility prior to the date that the application forms were submitted.

- Due to this proposed change to the LCTS scheme, a short period of consultation is required. In line with legislation / regulations, it is a requirement to consult with the Major Preceptors first before drafting a scheme to include the proposed change. Therefore, a recommendation is included below that would enable this to be undertaken along with a request to present a draft LCTS scheme to Cabinet at its December meeting.

- The associated exceptional hardship policy has also been subject to annual review and it is proposed to only make one change compared to last year that provides for the opportunity to consider cases relating to council tax premiums on second homes and empty properties.

- In respect of existing discretionary council tax discounts, exemptions and premiums (including discounts for young people leaving care), it is not proposed to make any changes for 2027/28, with the same levels applying as in 2026/27.

- In respect of existing council tax premiums on long term empty properties, it is not proposed to make any changes for 2027/28, with the same levels applying as in 2026/27.

- In respect of the existing council tax premium of 100% on properties used as a second home, it is not proposed to make any changes for 2027/28, with the same levels applying as in 2026/27.

- As part of the extension to council tax premiums on long term empty properties and the introduction of council tax premiums on second homes last year, the Government stated that their intention was not to penalise property owners where they are making genuine efforts to make use of their properties. The Government therefore introduced mandatory exceptions where the council tax premium on long term empty properties and/or second homes is not chargeable and these remain in place for 2027/28, with no locally determined extensions to these mandatory exceptions proposed.

- The Annual Minimum Revenue Provision Policy Statement has also been reviewed for 2027/28, and no changes are proposed to the existing approach adopted from 2026/27.

- Given the proposed recommendation to change the LCTS scheme in 2027/28, it will be presented to the Resources and Services Overview and Scrutiny Committee for consideration as part of the required consultation process before recommendations are made to Full Council in January 2027.

- A timely opportunity has also been taken to 'refresh' a local modified housing benefit scheme relating to the disregard of income relating to war widows / widowers. The scheme is set out within **Appendix G** which reflects the continuation of the historic approach with no impact on existing or future applicants.

RECOMMENDATION(S)

It is recommended:

a) that Cabinet agrees that the underlying LCTS scheme for 2027/28 remains the same as the current year, as set out as Appendix A, along with approving the following proposed change to the scheme for consultation with the Major Preceptors:

(i) that the LCTS scheme be amended to enable the backdating of claims made by working age claimants by up to a maximum of 3 months.

b) that, subject to a) above, including consultation with the Major Preceptors, Officers be requested to present a draft LCTS Scheme for 2027/28 to the next formal meeting of Cabinet on 11 December 2026;

c) that Cabinet agrees the Council Tax Exceptional Hardship Policy, as set out in Appendix B;

d) that Cabinet agrees the Housing Benefit War Pension Disregard Policy (Modified Scheme), as set out in Appendix G, in the determination of Housing Benefit until such time as the scheme is required to be amended or revoked.

e) that Cabinet agrees the discretionary Council Tax exemptions, discounts and premiums for 2027/28 as set out in the appendices and recommends to full Council:

- **i) that the locally determined council tax discounts, as set out in Appendix C be approved;**
- **ii) that the council tax discount policy for young people leaving care, as set out in Appendix D be approved;**
- **iii) that the discretionary council tax premiums, as set out in Appendix E be approved;**
- **iv) that, subject to (e)(i) to (iii) above, the Corporate Director (Finance and IT) be authorised, in consultation with the Corporate Finance and Governance Portfolio Holder, to undertake the necessary steps to implement the council tax exemptions, discounts and premiums from 1 April 2027; and**

f) that Cabinet further recommends to Council that the Annual Minimum Revenue Provision (MRP) Policy Statement for 2027/28, as set out in Appendix F be approved.

REASON(S) FOR THE RECOMMENDATION(S)

To enable the implementation of an LCTS Scheme in 2027/28 along with the required council tax discounts, exemptions and premiums, an MRP Policy Statement and a Housing Benefit War Pension Disregard Policy (Modified Scheme).

ALTERNATIVE OPTIONS CONSIDERED

Considerations relating to the implementation of the various elements included within the recommendations above are set out within the main body of this report.

PART 2 – IMPLICATIONS OF THE DECISION

<table>
<tr><td colspan="4">DELIVERING PRIORITIES</td></tr>
<tr><td colspan="4">In developing a local scheme, the Council must be mindful of their duties to vulnerable groups, and Council Tax payers set against the Council's overall financial position.</td></tr>
<tr><td colspan="4">OUTCOME OF CONSULTATION AND ENGAGEMENT</td></tr>
<tr><td colspan="4">Due to a proposed change to the LCTS scheme for 2027/28, the required consultation activities will take place over November to January, with the outcomes reported back as part of future planned reports.</td></tr>
<tr><td colspan="4">LEGAL REQUIREMENTS (including legislation & constitutional powers)</td></tr>
<tr><td rowspan="2">Is the recommendation a Key Decision (see the criteria stated here)</td><td rowspan="2">Yes</td><td>If Yes, indicate by which criteria it is a Key Decision</td><td>☐ Significant effect on two or more wards
X Involves £100,000 expenditure/income
☐ Is otherwise significant for the service budget</td></tr>
<tr><td>And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)</td><td>This item has been included within the Forward Plan for a period in excess of 28 days.</td></tr>
<tr><td colspan="4">The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (as amended) and The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 provide the basis for the design and implementation of Local Council Tax Support Schemes.

In respect of the Council Tax Exceptional Hardship Policy, S13a of the Local Government Finance Act 1992 allows Councils to reduce the amount of Council Tax payable. The same legislation would also enable the Council to provide a council tax discount for young people leaving care.

The Local Government Finance Act 1992. Schedule 1A of the 1992 Act states that if an LCTS is revised or replaced, full consultation is required. Although it is proposed to make only a relatively minor amendment to the scheme as discussed elsewhere, a period of consultation is proposed, with the regulations setting out the requirements as follow:

Para 5(3) - Paragraph 3 applies to an authority when revising a scheme as it applies to an authority when making a scheme. (see below for full para 3 wording)

Para 3:
(1)Before making a scheme, the authority must (in the following order)—

(a)consult any major precepting authority which has power to issue a precept to it,</td></tr>
</table>

(b)publish a draft scheme in such manner as it thinks fit, and

(c)consult such other persons as it considers are likely to have an interest in the operation of the scheme.

(2)The fact that this paragraph was not in force when any step described in sub-paragraph (1) was taken is to be disregarded in determining whether there has been compliance with that sub-paragraph.

(3)Having made a scheme, the authority must publish it in such manner as the authority thinks fit.

(4)The Secretary of State may make regulations about the procedure for preparing a scheme.

(5)Regulations under sub-paragraph (4) may in particular—
(a)require the authority to produce documents of a particular description in connection with the preparation of a scheme;
(b)include requirements as to the form and content of documents produced in connection with the preparation of a scheme;
(c)include requirements (in addition to sub-paragraphs (1)(b) and (3)) about the manner in which such documents must be published;
(d)require the authority to make copies of such documents available for inspection by members of the public, or to supply copies of such documents to them;
(e)include provision about the making of reasonable charges for the supply of copies of such documents to members of the public.

The recommendations set out earlier in this report allow for the activities to be undertaken in line with the above.

The Local Government Finance Act 1992 (as amended) sets out relevant council tax exemptions and discounts (mandatory and discretionary). The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 (as amended) sets out the various classes of properties for the purpose of exemptions and discounts. Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 amended the Local Government Finance Act 1992 in respect of the Council Tax premiums that can be charged on long term empty properties (unoccupied for at least 1 year). The Local Government Finance Act 1992 was further amended by the Levelling Up and Regeneration Act 2023, which also makes provision for Council Tax premiums that can be charged on properties occupied periodically ('second homes'). A summary of the premiums chargeable are as follows:

Long Term Empty Properties:

- For properties unoccupied and unfurnished for 1 year but less than 5 years – a maximum council tax premium of 100%.

- For properties unoccupied and unfurnished for 5 years but less than 10 years – a maximum council tax premium of 200%.

- For properties unoccupied and unfurnished for over 10 years – a maximum council tax premium of 300%.

Properties Occupied Periodically:

- A maximum council tax premium of 100%.

For the purposes of defining a long-term empty dwelling, on any day for a continuous period of at least 1 year if it has been unoccupied and has been substantially unfurnished.

The Government may by regulation prescribe one or more classes of dwelling in relation to which a billing authority may not charge a premium. As part of their earlier decision-making processes, the Government stated that if such exceptions were delivered through non-statutory guidance, this may lead to inconsistency across England in the application of the premiums. Billing authorities would therefore be able to depart from guidance. Billing authorities have discretionary powers under section 13A of the 1992 Act to reduce council tax liability, however as these powers are discretionary, billing authorities may use them differently in different areas. For example, a certain class of dwelling in one area might be excluded from the premium in one area but treated differently in another area. Whilst billing authorities retain discretion over how they treat dwellings for premiums and discounts, the Government considered (following consultation) that certain statutory exceptions should apply across England. Separately, prescribing exceptions to the premium does not prevent local authorities from using their discretionary powers to reduce the additional council tax liability resulting from a premium. E.g., councils may have applied discretionary reductions in council tax liability which are more generous than the prescribed exceptions. Whilst this could result in local authorities taking different decisions, the legislative approach ensures that the baseline exceptions in the prescribed classes will be applied across England.

Based on the above, the following mandatory exceptions are reflected in The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024, which cover both long-term empty properties and second homes as appropriate:

- In respect of the second homes premium – Class E and F *(dwellings that would otherwise be the sole or main residence of a member of the armed services, who is provided with a dwelling as a result of such service and a dwelling that forms part of a single property that is being treated by a resident of that property as part of the main dwelling)*

- The following exception classes that relate to both the long-term empty homes and second homes premium:

    a. Dwellings that are being marketed for sale, unless it has been such a dwelling for a period of one year or more. (Dwelling Class G)
    b. Dwellings that are being marketed for rent, unless it has been such a dwelling for a period of one year or more (Dwelling Class H)
    c. dwellings which have fallen in Class F of the Exempt Dwellings Order and have undergone probate (for a period of up to 12 months after the grant of probate). (Dwelling Class I)

- The following exception classes that relate to just the second homes premium:

    a. Dwellings that are periodically occupied in certain job-related circumstances (Dwelling Class J)

b. Pitch occupied by a caravan, or a mooring occupied by a boat (Dwelling Class K)
c. Dwellings where a planning condition prevents permanent occupancy (Dwelling Class L)

- The following exception classes that relate to just the long-term empty homes premium:

  a. Vacant dwellings that require or are undergoing major repair work to make them habitable or are undergoing structural alterations (12 months limit). (Dwelling Class M)

The above are made under Section 11B and 11D of the 1992 Act which enables the Secretary of State to prescribe classes of dwellings to which the premiums would not apply. These exceptions are separate from the existing council tax exemptions under which certain dwellings are entirely exempt from council tax. The regulations took effect from November 2024, and the exceptions apply to premiums charged by billing authorities from 1 April 2025.

Consequential amendments to the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 have also been made to ensure that the second homes premium is taken into account in the administration of council tax and calculations made by local authorities in setting their local council tax.

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) set out the requirements of a Minimum Revenue Provision (MRP) Policy Statement which must be approved by Council each year. In calculating a prudent MRP provision, local authorities are required to have regard to guidance issued by the Secretary of State. Revised guidance was issued under section 21(1A) of the Local Government Act 2003 in April 2024, which is applicable from 1 April 2025. The proposed MRP policy statement continues to reflect this latest guidance.

Local authorities may choose to pay more MRP than they consider prudent in any given year. If they do so they should separately disclose the in-year and cumulative amount of MRP overpaid in the statement presented to full council. There are no plans to do so in 2027/28 which is confirmed within the attached statement.

Local authorities can also vary the methodologies that they use to make prudent provision during the year. If they do so they should present a revised MRP statement to the next full Council or equivalent. Where a change in MRP methodology would impact on the value for money assessment of non-financial investments, the updated statement should summarise this impact

In respect of locally modified schemes for the purposes of the administration of housing benefit, the statutory and regulatory context is set out within **Appendix G**.

Yes	**The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:**

There are no further comments over and above those set out elsewhere in this report.

FINANCE AND OTHER RESOURCE IMPLICATIONS

LCTS scheme for 2027/28

As at the beginning of October 2026, the total estimated annual 'cost' of the LCTS scheme in 2026/27 is **£13.056m,** which is broadly in-line with the 'base' position budgeted for the year. Approximately 10% of this amount (**£1.306m**) falls to TDC with the remainder being met by the major preceptors. It is also worth highlighting that for every 5% decrease / increase in the discount the Council would gain / lose approximately **£50,000** to **£100,000** per year.

As the LCTS scheme is accounted for as a discount against the full council tax amount that would otherwise be payable on a domestic property, the estimated cost of the scheme forms part of the council tax property base calculations that are undertaken when developing the following year's budget. This will therefore be considered as part of the budget setting work currently underway for 2027/28, but it is important to highlight that it is proposed to continue with the underlying principle of not planning to reduce the discount rate as part of balancing the forecast, as the scheme remains an important mechanism to provide financial support to Tendring residents.

As set out elsewhere in this report, it is proposed to make a change to the scheme that enables the flexibility to backdate financial support to working age claimants by up to 3 months. The 'cost' cannot be readily quantified given the inherent uncertainty about the number of households that would be affected. However, it can be reasonably argued that given their underlying eligibility for support would have to be demonstrated as part of enabling a backdated position or otherwise to be agreed, it would in practice form part of the overall and wider 'cost' of the scheme.

With the above in mind, there is no expected impact on the council tax setting process for 2027/28, which can continue under the usual timetable, that would see the Major Preceptors notified of the relevant tax base in early December 2026 along with its inclusion within the Council's own upcoming budget related reports for 2027/28 as necessary.

Council Tax Hardship Scheme

The cost of the exceptional hardship scheme is met by contributions from TDC and the major preceptors based on their respective proportion of the overall council tax bill. Therefore, TDC is required to meet approximately 10% of the cost of any award up to an annual aggregate total, which for 2026/27 is **£52,991.** For any awards over and above this annual amount, 100% of the cost is met by TDC.

The total current hardship budget in 2026/27 is **£453,540,** which consists of the underlying budget highlighted above, in addition to available grant funding from the Government. Support to households will therefore continue to be made available via the hardship scheme and associated application process.

As only relatively minor changes are proposed to the Hardship Policy in 2027/28 as discussed later on in this report, no material additional underlying costs over and above those included within existing budgets or forecast are expected.

The Council Tax Collection fund continues to operate whereby any changes against the budget during the year will be 'rolled' forward and included in the following year's budget setting process.

Council tax exemptions, discounts and premiums for 2027/28
Similarly to the position for the LCTS Scheme above, as no changes are proposed to existing council tax discounts for 2027/28, including the policy for young people leaving care, no adjustments to the budget / forecast are expected.

In respect of the support to young people leaving care, the cost of the scheme remains relatively minimal, which is highlighted by the position at the end of September 2026 where the total cost was **£824.** The cost is currently lower than previous years but there is an expectation that this will increase within the remaining months of the current year to align more closely with previous years cost, therefore this scheme can continue to be accommodated within the wider calculation of the council tax base, each year.

Long Term Empty Property Premium
As highlighted in previous years, logically charging a 'premium' on long term empty properties would result in additional income being achieved. However, the intention of charging a 'premium' is to bring empty properties back into use following which the 'premium' would no longer be levied, the ultimate success of such an approach would therefore mean that no additional income would be realised. It is accepted that some homeowners choose not to bring their properties back into use even when a 'premium' is charged, but it is difficult to quantify this figure. It is therefore recognised that some property owners will accept paying the premium rather than taking an alternative option and additional income is therefore likely to be receivable. This will form part of the more detailed council tax setting and collection fund activities that are undertaken during the year.

However, a summary as at the end of September 2026 is as follows:

Empty Period 'Banding'	**Premium Due**	**Number of Properties Affected at the end of September last year**	**Number of Properties Affected at the end of September this year**
1 to 5 Years	100%	479	579
5 to 10 Years	200%	51	51
Over 10 Years	300%	14	14
		544	**644**

Although the comparison to last year will reflect properties moving between 'bandings', the totals show an overall increase. The increase primarily relates to the 1 to 5 years band, which is likely to reflect those properties that are newly attracting a premium as they have been empty for more than one year. It is therefore reasonable to assume that there continues to be a potential 'time-lag' / 'churn' relating to when properties may be brought back into use following the property owners deciding to review their situation and responding accordingly once a premium becomes chargeable. The figures also undoubtedly reflect property owners that accept paying a council tax premium rather than bringing their property back into use. The Council has no local discretion on the 'bandings' applied and is already charging the maximum percentages permitted.

The premium will also be chargeable to relevant properties within the HRA. Work remains on-going to manage the level of long-term housing voids and any impact to the HRA from council

tax premiums, which will continue to be considered as part of the wider HRA Business Planning Process.

Second Homes Premium

Similarly to long term empty property premiums, the decision to introduce a premium on second homes is aimed at incentivising alternative use of properties, so no additional income may be realised. However, it is acknowledged that some property owners will accept paying the premium rather than taking an alternative option and additional income is therefore likely to be receivable. This will form part of the more detailed council tax setting and collection fund activities that are undertaken during the year.

There has been a steady decline month by month since 1 April 2025 in the number of properties which are classed as a 'second home' indicating that there has been a shift in behaviour, which has resulted in more properties being brought back into use for occupation as someone's sole or main residence and therefore supports this Council's decision to adopt the Government's amendment to the Regulations allowing Local Authorities discretion to apply the premium. Although the decline in the current year has been less significant, there has nonetheless been a further reduction, which continues to support the intention behind the Council's decision. Based on the current position the number of properties where a second home council tax premium is chargeable is 855, a reduction of 192 since 1 April 2025.

However, a summary as at the end of September 2026 is as follows:

Empty Period 'Banding'	**Premium Due**	**Number of Properties Affected at the end of September last year**	**Number of Properties Affected at the end of September this year**
Immediate, when property meets definition	100%	909	855

Council Tax Collection and Enforcement – Government Changes 2027/28

The Government's proposed reforms to Council Tax collection and enforcement, due to take effect from April 2027, are intended to provide households with greater opportunity to recover missed payments before recovery action can commence. By extending the period before a taxpayer loses the right to pay by instalments from the current arrangements to at least 63 days after the first missed payment, councils will be required to wait longer before progressing cases into recovery.

In addition, the cap on liability order costs and the requirement to provide taxpayers with a further 21 days following a final notice before instalment rights are withdrawn may result in a slower transition of accounts into formal recovery. This is likely to increase the value of arrears outstanding at any one time and defer income that councils would otherwise have collected earlier in the financial year. Even short delays in collection can have a significant impact on cashflow management along with the timing of resources available to support service delivery.

The Government's changes also include a move towards 12-month billing. While spreading payments across a longer period may improve affordability for some taxpayers, it will reduce the level of income collected during the early months of the financial year compared with the

traditional 10-month instalment cycle. Councils may therefore experience a flatter collection profile, with a proportion of income being received later in the year.

Although the Government's intentions of supporting taxpayers will hopefully have a positive impact on collection performance generally, the above changes will undoubtedly have an impact on the timing of recovery activities along with associated cash flow implications. How significant any impact may be is difficult to determine at this stage, but it will be monitored and managed via existing financial performance reports and treasury and financial management arrangements as necessary.

Minimum Revenue Provision Policy Statement (MRP)
In respect of the annual MRP policy statement, this sets out how the Council will make provision for the repayment of debt taken out to finance capital investment. For the General Fund, the MRP is a direct charge on the revenue budget. At present no MRP over and above the amount of principal being repaid is calculated for Housing Revenue Account capital investment, although future provision will be considered within the wider business planning process.

There are no changes to the Council's approach to calculating MRP and therefore, apart from any underlying change to the MRP calculation due to a change in the Capital Financing Requirement, there is no significant financial impact in 2027/28. The Council's current estimated General Fund Capital Financing Requirement as set out within the Annual Capital and Treasury Strategy that was presented to Full Council in March is summarised as follows:

2025/26	2026/27	2027/28
£4.528m	£4.381m	£4.217m

The estimated General Fund MRP charge in 2026/27 based on the most up to date Capital Financing Requirement is **£0.250m.**

Yes	**The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:**

The S151 Officer is the author of this report.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	This is addressed in the body of the report.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks.	
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	

MILESTONES AND DELIVERY

The decisions set out in this report are required to be made in advance of the Final Budget Proposals being considered by Cabinet / Full Council in early 2027. This enables the associated calculations that support the council tax base and budget to be completed, which also need to be communicated to the Preceptors in a timely way so they can be reflected in their own budget setting processes.

ASSOCIATED RISKS AND MITIGATION

The LCTS Scheme affects low income working age families, and therefore a key risk is their ability to pay if the level of support awarded reduced which would have a knock on impact on the overall collection rate.

The annual review process therefore seeks to balance such issues along with the Council's overall financial position and as highlighted elsewhere within this report, it is not proposed to make any underlying amendments to the LCTS scheme in 2027/28, albeit a change is proposed to allow the backdating of claims from for working age claimants that aims to provide additional financial support to them where applicable.

EQUALITY IMPLICATIONS

These form part of the wider considerations and discussions elsewhere within this report.

However, the LCTS scheme set out elsewhere within this report will not disproportionately impact on the following groups in that the relevant income will continue to be disregarded in calculating entitlement to support:-

- Families in receipt of child benefit; The Child Poverty Act 2010
- Disabled in receipt of Disability Living Allowance (DLA) / Employment and Support Allowance (ESA)/Personal Independence Payment (PIP); The Equality Act 2010
- War widows/disabled. The Armed Forces Covenant 2011

The application of discounts and premiums are relevant to all properties across the District and it is considered that there are no equality and diversity implications specific to this issue.

It is also important to highlight that the Government have acknowledged that there may be circumstances where it may not be appropriate to charge a council tax premium and a number of exceptions that they introduced in 2025/26 remain in place for 2027/28.

The Council's website includes links to information and how to claim for financial support etc.

SOCIAL VALUE CONSIDERATIONS

These form part of the considerations and discussions elsewhere within this report as necessary.

IMPLICATIONS RELATED TO DEVOLUTION AND / OR LOCAL GOVERNMENT REORGANISATION

On 29 October 2026, a ministerial statement was made about the LGR review confirming the Government have concluded that the LGR policy, including the decision criteria, is robust. Ministers will then confirm final decisions late in 2026 or very early 2027 for the county areas where previous decisions have been withdrawn. They may make decisions for some of these areas before others. All areas will have an opportunity to make representations following those

minded to decisions and prior to legislation being laid. The implementation timetable will be the same for all 20 areas: shadow elections in May 2028 and vesting day on 1 April 2029.

These proposals are not impacted by MHCLG's latest announcement, as it forms part of the Council's standard approach to related obligations and responsibilities.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2050

There are no direct implications associated with this report.

OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder	There are no direct implications associated with this report.
Health Inequalities	
Area or Ward affected	

PART 3 – SUPPORTING INFORMATION

PROPOSED LCTS AND COUNCIL TAX HARDSHIP SCHEMES 2027/28

There are two parts to the LCTS scheme;

- one for pension age claimants where up to 100% support is provided
- one for working age claimants where up to 80% support is provided

The Pension Age Scheme is set in accordance with rules laid down by the Government whereas the Working Age Scheme rules are decided locally by each local authority (billing authority).

Authorities must adopt a scheme on an annual basis, which must be agreed by 11 March each year for the subsequent year's scheme.

LCTS is treated as a discount within the council tax calculations, which means that the Council's taxbase is reduced (as will the taxbase for County, Fire and Police and Parishes).

The LCTS is therefore an annual 'cost' met within the Council's overall financial position / budget each year. Any increase in the discount would therefore be treated as a cost pressure and conversely, any reduction in the level of discount would reduce the Council's net costs. However, the level of discount given is not primarily a financial decision as one of the primary drivers is the level of financial support that the scheme provides to households across the district, which in turn needs to be considered in the wider demographic / economic position for the area.

The Council recognises the on-going impact on residents from welfare reforms and cost of living challenges, so it is proposed to maintain the maximum discount at 80% for working age claimants. It is however proposed to make a change to the scheme from 2027/28 that would enable the flexibility to provide additional financial support to working age claimants where their eligibility was reasonably able to be demonstrated from a date earlier than the

date that they submitted their claim. With this in mind, it is proposed to allow financial support awarded under the scheme to be backdated by a maximum of 3 months. This aligns the scheme with the position already in place for pension age claimants. Apart from this, only a small number of changes are included as part of timely updates to the policy with no impact on the application of the policy itself.

As highlighted earlier, due to the proposed change to the scheme, a period of consultation is required, firstly with the major preceptors and then with other stakeholders.

Once consultation with the Major preceptors has been undertaken, a draft LCTS Scheme for 2027/28 will be presented to Cabinet on 11 December, where approval to undertake the wider required consultation on the Draft Scheme (including with the Resources and Services Overview and Scrutiny Committee) will be sought.

Once the above activities have been undertaken, it is planned to present Cabinet's final scheme proposals to Full Council in January 2027. For completeness / reference, the existing LCTS scheme is included as **Appendix A**

As highlighted in previous years, the potential exploration of alternative options in terms of the underlying design of the scheme remains under on-going review, with one such option based on a 'banding' approach. Some local authorities have adopted such an approach, which will inherently create 'winners' and 'losers' in terms of the financial support awarded. The Council's current scheme continues to be based on a means tested approach, which although likely to be more administratively burdensome and potentially duplicate effort for prospective claimants who may have to provide the same information to the DWP if claiming other financial support, it is felt that it continues to provide the basis for a potentially fairer system. Although the exploration of potential alternative approaches will remain on-going, the current means tested approach is proposed to continue for 2027/28.

For information, statistics relating to the LCTS scheme in 2026/27 are set out below:

As at the end of September 2026:

There are currently 11,331 households receiving LCTS.

The total working age households receiving support is 5739.

The total pensioner households receiving support is 5592.

Council Tax Hardship Scheme
The Council has operated a council tax exceptional hardship policy since the inception of the LCTS scheme.

As highlighted during previous reviews of the policy, as with any exceptional hardship scheme, it is difficult to define exceptional hardship or descriptive criteria that will apply, as there may be a number of variables to consider when an application is made. However, the policy continues to set out broad guidelines, which promotes transparency and openness in the Council's decision-making processes. The policy also has a focus on 'reasonable' expenditure and affordability for the claimant and is based on evidence that they are also being proactive themselves in managing the situation. This mirrors the same approach that continues to be applied to discretionary housing payments where in consultation with the

Department for Work and Pensions, support is focused on those claimants who are seeking employment for example.

The policy continues to highlight that a senior officer will review all decisions to demonstrate fairness and consistency to the application process.

Following feedback on the application of council tax premiums on second homes and empty properties, discussed later on in this report, the scheme has been amended to enable the ability to consider potential support in such cases. However, it is important to highlight that the circumstances of each case will need to be considered and a high threshold would inherently apply to such cases based on the criteria set out within the attached scheme.

The scheme for 2027/28 is attached as Appendix B, which remains broadly unchanged apart from the one amendment discussed above relating to second homes and empty properties.

PROPOSED COUNCIL TAX DISCOUNTS, EXEMPTIONS AND PREMIUMS 2027/28

Discounts and Exemptions

There are a number of mandatory exemptions and discounts available, with only a limited number of classes of dwelling where there is local discretion - these relate to 4 classes of unoccupied dwelling and for 2027/28 it is proposed to keep the level of discount at the same level as 2026/27 as set out in **Appendix C.**

As was the case last year, by leaving the current level of discounts / exemptions unchanged it supports the stability of the council tax base, which is one of the Council's core income streams within the forecast.

Council tax income raised following the impact of the locally determined discounts also has the additional benefit of increasing the contribution receivable from the major preceptors, as part of council tax sharing arrangements, which is based on total council tax income collectable.

Feedback from customers and other stakeholders has highlighted the potential for council tax reductions for households affected by terminal illness. Some councils have introduced specific locally determined discounts, with eligibility and supporting evidence requirements varying between authorities. At present, it is proposed to consider requests for support through the Council's existing Local Council Tax Support and Hardship schemes discussed earlier, taking account of each household's individual circumstances, including the financial impact of illness, rather than introducing a separate local discount.

A council tax policy was introduced in 2022/23 to support young people leaving care. It is proposed to continue with an unchanged policy going into 2027/28, which is set out in **Appendix D**.

Premium on Long Term Empty Properties

As a key driver to bring empty properties back into use, the Government allows Local Authorities to levy a council tax 'premium' on long term empty properties, which is currently applied across 3 'bands' based on the length of time the property has been unoccupied for. The Government sets a maximum 'premium' that can be charged against each of the 3

'bands', with the highest amount being 300% for a property that has been empty for over 10 years.

The existing chargeable premiums are set out in **Appendix E,** and it is proposed that these remain unchanged for 2027/28.

Premium on Second Homes (Properties Occupied Periodically)
A council tax premium of 100% on second homes was introduced by the Council from 1 April 2025.

As part of the Government's introduction of the associated legislation that allows Councils to levy such a premium, they recognised the impact that second homes can have on communities, particularly where a significant proportion of properties are not occupied all year round. Large numbers of such properties can contribute to housing supply pressures and risk the sustainability of local services e.g. large concentrations of second homes reduce the size of the permanent population, which can lead to unfavourable impacts on the local economy / local services.

In terms of second homes (and long-term empty properties) the Government introduced the necessary regulations that recognised that the premiums were not intended to penalise owners who were making a genuine effort to make use of the properties, with a number of mandatory exceptions introduced.

Following the introduction of the second homes premium in 2025/26 there has only been a limited level of feedback regarding its introduction, with the main issues raised last year being:

- that they stay at their properties for significant parts of the year and therefore contribute to the local area and that the introduction of a second home premium is not justified on this basis.
- that due to the current unstable market, properties were more difficult to sell within the 12-month exception to achieve their market value.
- properties with restrictions such as those available to 'over 60's' have a smaller market audience to sell to.
- Properties whose 12-month uninhabitable exemption had expired but remained unfit for occupation due to circumstances beyond the owner's control.

Although further feedback from customers received since last year largely reflects the same issues above, customers have described difficulties and delays with insurance claims that have had an impact on the time that properties are empty / uninhabitable.

Although the above points are appreciated, the Government's introduction of mandatory exceptions were designed to provide a level of reasonable support that broadly addresses the points raised. At present, it is proposed to consider requests for support through the Council's existing Council Tax Hardship scheme discussed earlier, rather than extend these exceptions at a local level.

It is also important to highlight the Council's policy background behind the introduction of a second homes premium from 1 April 2025. Amongst a number of existing strategies / policies, the Council's Housing Strategy and Economic Strategy are key documents with some key elements supporting the approach taken as follows:

- The identification of housing need and demand within the district.
- Strategic priorities including delivering the type and quality of housing the District needs, which meets the aspirations of residents and promotes economic growth in the District.
- Making the best use of and improving existing housing within the District.
- Recognising the link between population and economic growth in Tendring.
- Increases in population and housing support a stronger labour market and increased local spending.
- Revenue raising not being the rationale behind its introduction.
- The required governance arrangements being satisfactorily completed.

As highlighted earlier, there has been a significant reduction in the number of second homes in the District following the introduction of the second homes premium from 1 April 2025, which therefore supports and makes a valuable and on-going contribution to the above priorities and aspirations.

The existing chargeable premium is set out in **Appendix E,** and it is proposed it remains unchanged for 2027/28.

Other Considerations
As highlighted in previous years, the Council does from time to time receive other general feedback from residents or other third parties in terms of council tax discounts and premiums.

Apart from the feedback highlighted above, no other relevant / significant issues have been received.

Local Modified Scheme (Housing Benefit)
To date the Council has applied an income disregard relating to war widows/widowers in the assessment of both housing benefit and council tax reductions. (In terms of the latter, the continuation of this disregard is set out within the LCTS Scheme for 2027/28 within Appendix A.)

In terms of housing benefit, to date this has been adopted as a local 'modification' as described within Appendix G, and it is considered to be a timely opportunity to 'refresh' the associated scheme that would be applicable from April this year. The 'refreshed' scheme reflects the approach adopted to date with no overall financial impact on the budget or the assessment of housing benefit.

It is not proposed to seek agreement to this scheme on an annual basis, with the recommendations above therefore seeking the agreement to the 'refreshed' scheme, which will remain in place until amended or revoked etc.

Annual Minimum Revenue Provision Policy Statement (AMRP)

Attached as **Appendix F** is the proposed Annual MRP policy statement for 2027/28 that sets out how assets funded by borrowing are accounted for, which is required to be approved by Full Council each year.

The policy sets out how the Council will make provision for the eventual repayment of any borrowing undertaken to finance capital expenditure. There are no changes proposed for 2027/28 so the policy therefore remains the same as the one currently in place in 2026/27.

The timing of approval of the MRP is to enable it to be taken into account when setting the budget for 2027/28 over the coming months.

PREVIOUS RELEVANT DECISIONS
The Local Council Tax Support Scheme, Discretionary Council Tax Exemptions / Discounts / Premiums for 2026/27 and Annual Minimum Revenue Provision Policy Statement 2026/27 Report – Item A.1 Full Council 25 November 2025.
BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL
None

APPENDICES
Appendix A Existing Local Council Tax Support Scheme *(including just 'refresh' changes so excluding proposed changes due to the required consultation period before a draft scheme can be developed / presented back to Cabinet*)
Appendix B Council Tax Exceptional Hardship Policy
Appendix C Council Tax Discounts and Exemptions 2027/28
Appendix D Care Leavers Council Tax Discount Policy
Appendix E Council Tax Premiums 2027/28
Appendix F Annual Minimum Revenue Provision Policy Statement 2027/28
Appendix G Housing Benefit War Pension Disregard Policy (Modified Scheme)

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