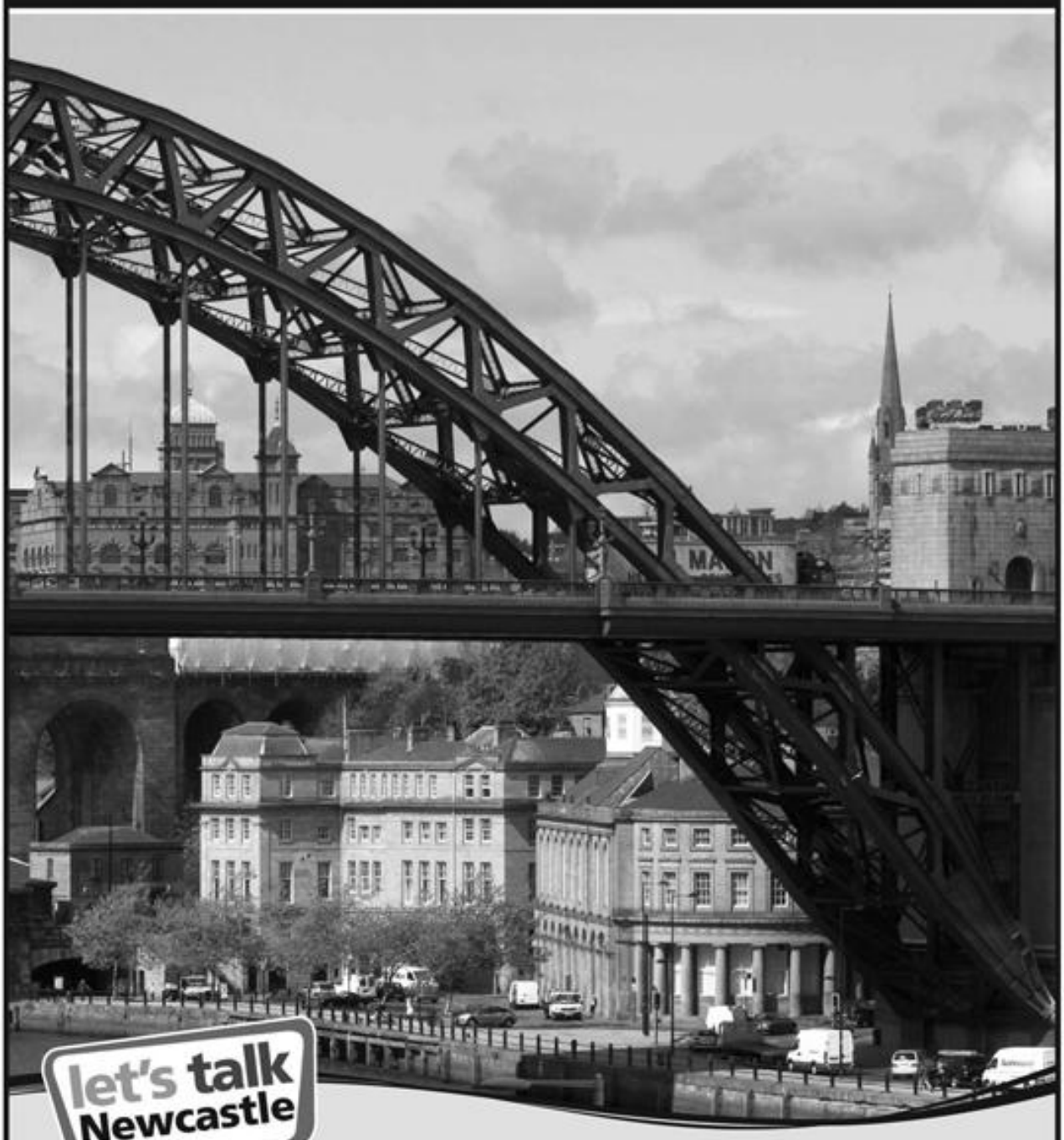
Council tax support scheme

Summary document



let's talk Newcastle

www.newcastle.gov.uk/counciltax

Newcastle City Council

Council tax support scheme summary document 2027-2028

Introduction

What is Council Tax Support?

Council Tax Support (CTS) can be claimed by people on a low income to help pay their Council Tax. It is calculated using the income and household details of the claimant (and partner if they have one) and other family members living with them.

Central government sets the rules for all pension-aged households, including who can claim and how, so the council can only change the Council Tax Support Scheme for **working-age claimants**.

Across the City of Newcastle there are currently over 25,000 working-age Council tax payers who receive Council Tax Support.

We are legally required to consult on any proposed changes to the scheme, and we are asking you to take part in this consultation to find out what you think about our proposed Council Tax Support Scheme, which would start from 1 April 2027. We want to:

- Increase the capital limit from £6,000 to £8,000;
- disregard the Limited Capability for Work and Work-Related Activity (LCWRA) element of Universal Credit;
- disregard Carer's Allowance;
- disregard the Disabled Child Element of Universal Credit; and
- Introduce an Exceptional Hardship provision allowing additional help, potentially up to 100% of the Council Tax bill, for CTS recipients experiencing exceptional financial hardship.

Background to the Council Tax Support Scheme consultation

Why are we making changes?

From 1 April 2027 the council is proposing to make a number of changes to its scheme for working age applicants. The changes are intended to give more help to some of the most vulnerable residents in the city, including people who are unable to work because of their health or a disability, carers, families with disabled children and households facing exceptional hardship.

What changes is the council proposing?

The proposed changes to the Council Tax Support Scheme will affect **working age households** in the City who will get Council Tax Support from 1 April 2027. **Pension age claimants will not see any change as the scheme to support this group is set out by Central Government.**

The areas we are consulting on are:

- Increasing the capital limit from £6,000 to £8,000 **(Part 1)**;
- Disregarding the Limited Capability for Work and Work-Related Activity (LCWRA) element of Universal Credit **(Part 2)**;
- Disregarding Carer's Allowance **(Part 3)**;
- Disregarding the Disabled Child Element of Universal Credit **(Part 4)**; and
- Introducing an Exceptional Hardship provision **(Part 5)**.

Are there any alternatives to changing the existing Council Tax Support Scheme?

We have thought about other options, including keeping the current scheme as it is. However, we feel that the proposed changes will make the scheme fairer and give more help to those who need it most. Each of the changes would increase the cost of the scheme, so we are asking for your views on each proposal separately.

Part 1 - Increasing the capital limit from £6,000 to £8,000.

Currently, working age applicants cannot get Council Tax Support if they (and their partner, if they have one) have savings or capital of more than £6,000. Capital includes things such as money in bank or building society accounts, investments, shares and property other than the home you live in.

The Council is proposing to increase this limit to £8,000. This would mean that households with savings or capital of up to £8,000 would be able to claim Council Tax Support, provided they meet the other conditions of the scheme.

The positives of doing this are:

- More low-income households would be able to get help with their Council Tax; and
- People who have been able to put aside an amount of savings, for example for emergencies, would not lose out on support.

The potential negatives of doing this are:

- It would increase the cost of the scheme by an estimated £0.118 million a year. The exact cost is difficult to predict because we do not currently know how many residents have savings or capital of between £6,000 and £8,000; and
- The cost of Council Tax Support is funded locally. The Council therefore needs to balance providing support to low-income residents while also protecting essential services that residents and communities rely on.

Part 2 - Disregarding the Limited Capability for Work and Work-Related Activity (LCWRA) element of Universal Credit.

Some people who get Universal Credit have been assessed as having Limited Capability for Work and Work-Related Activity (LCWRA). This means their health condition or disability significantly limits their ability to work. They are not required to work or to take part in work-related activity, and they usually get an extra amount (the LCWRA element) in their Universal Credit award.

At the moment, the LCWRA element is counted as income when we work out how much Council Tax Support someone should get. Many residents who have moved from income-related Employment and Support Allowance to Universal Credit have found that, although

their income has not necessarily changed, the amount of Council Tax Support they get has gone down.

The Council is proposing to fully disregard (ignore) the LCWRA element of Universal Credit when working out entitlement to Council Tax Support. There are currently 4,243 Council Tax Support claims that include an LCWRA element.

The positives of doing this are:

- It will give more support to residents whose health condition or disability significantly limits their ability to work; and
- It will help residents who have seen their Council Tax Support fall after moving from Employment and Support Allowance to Universal Credit, even though their circumstances have not changed.

The potential negatives of doing this are:

- It would increase the cost of the scheme by an estimated £1.035 million a year; and
- The cost of Council Tax Support is funded locally. The Council therefore needs to balance providing support to low-income residents while also protecting essential services that communities rely on.

Part 3 - Disregarding Carer's Allowance.

Carer's Allowance is paid to people who spend at least 35 hours a week caring for someone with a disability or long-term illness. At the moment, Carer's Allowance is counted as income when we work out how much Council Tax Support someone should get.

The Council is proposing to disregard (ignore) Carer's Allowance as income when working out entitlement to Council Tax Support. There are currently 3,256 Council Tax Support claims where Carer's Allowance is included in the calculation.

The positives of doing this are:

- It will give more support to carers, many of whom are on low incomes because of their caring responsibilities; and
- It recognises the valuable contribution unpaid carers make to the people they care for and to the wider community.

The potential negatives of doing this are:

- It would increase the cost of the scheme by an estimated £0.843 million a year; and
- The cost of Council Tax Support is funded locally. The Council therefore needs to balance providing support to low-income residents while also protecting essential services that communities rely on.

Part 4 - Disregarding the Disabled Child Element of Universal Credit.

Families who get Universal Credit and have a child with a disability receive an extra amount in their award, known as the Disabled Child Element. At the moment, this is

counted as income when we work out how much Council Tax Support the family should get.

The Council is proposing to disregard (ignore) the Disabled Child Element of Universal Credit when working out entitlement to Council Tax Support. There are currently 722 Council Tax Support claims where the Disabled Child Element is included in the calculation.

The positives of doing this are:

- It will give more support to families who have children with disabilities, who often face extra costs; and
- It will mean that money intended to meet the needs of a disabled child is not reduced by the way Council Tax Support is calculated.

The potential negatives of doing this are:

- It would increase the cost of the scheme by an estimated £0.216 million a year; and
- The cost of Council Tax Support is funded locally. The Council therefore needs to balance providing support to low-income residents while also protecting essential services that residents and communities rely on.

Part 5 - Introducing an Exceptional Hardship provision within the Council Tax Support scheme.

The Council is proposing to include an Exceptional Hardship provision within its Council Tax Support Scheme. This would allow the Council to give extra help, of up to 100% of the Council Tax bill, to people who already get Council Tax Support but are experiencing exceptional financial hardship and cannot pay the rest of their Council Tax.

Each application would be looked at individually, considering the household's circumstances, income and essential spending. Applicants may be asked to take steps to improve their situation, such as getting free money or debt advice. Awards would normally be made for a limited period.

The positives of doing this are:

- It will provide a safety net for households facing severe financial difficulty;
- It will help to prevent households falling into Council Tax arrears and facing recovery action; and
- It allows the Council to respond to people's individual circumstances.

The potential negatives of doing this are:

- The Exceptional Hardship provision may increase the cost of the scheme. Council Tax reductions and remissions are funded locally. The Council therefore needs to balance providing support to residents experiencing financial hardship with the overall cost to Council Tax payers, while also protecting the essential services that residents and communities rely on.

Have your say

It is very important that we get your views on our proposed scheme. You can do this by filling in an online survey at:

https://letstalknewcastle.co.uk/consultations to give us your feedback.

Thank you for taking the time to share your views. It should take around 10 - 15 minutes to do this. The last day for submitting responses is 5pm on 13 December 2026.

If you have any questions about this survey or need us to do anything differently to help you take part, including providing this information in another language or format, please contact revsandbens@newcastle.gov.uk. Alternatively call 0191 211 5065 or 0191 211 6074.

Next Steps

Following the decision, the full results from the consultation will be available on our website: www.newcastle.gov.uk.

Any new scheme will start on 1 April 2027. We will consider the impact of the scheme annually and consult again if we think further changes need to be made.

This consultation closes at 5pm on 13 December 2026.