

Council Tax information letter 2/2025: Local Council Tax Support schemes for 2025-26

Who should read

Council Tax Section staff

The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2025

This letter summarises the provisions of the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2025 (“the Regulations”) which were laid before Parliament on 17 January 2025 and come into force on 11 February 2025. See the [Regulations and Explanatory Memorandum](#).

Background

As in previous years, the government has amended the [Council Tax Reduction Schemes \(Prescribed Requirements\) \(England\) Regulations 2012](#) to ensure that pension age Local Council Tax Support (LCTS) schemes are updated in line with changes in the wider benefits system. Billing authorities must ensure that the requirements of the updated regulations are reflected in their LCTS schemes for 2025-26 by the statutory deadline of 11 March 2025.

Uprating

Reflecting the latest [annual review of benefits and pension rates](#) announced by the Department for Work and Pensions on 21 November 2024, the Regulations uprate the following amounts which must be included in pension age LCTS schemes from 2025-26:

- Non-dependant deductions – the adjustments made to the maximum amount of council tax reduction an applicant can receive to reflect non-dependant adults living in the property.
- Applicable amounts – the amount against which a person’s income is compared to determine the amount of reduction to which they are entitled.
- Premiums – the additional amounts of income which persons with particular characteristics – such as those with disabilities – can have without their eligibility for a council tax reduction being affected.
- The amount which must be disregarded where the applicant is the parent of a specified student under the age of 25 and makes an eligible contribution to their maintenance.
- The alternative maximum council tax reduction – this allows an LCTS recipient whose income or savings exceed the usual eligibility threshold to obtain up to a 25% reduction in their bill where they share their home with one or more adults who do not pay rent, are not their partner, and who have a combined weekly income below the specified amount.

Definition of “pensioner”

The definition of “person who is a pensioner” and “person who is not a pensioner” is amended so that persons of pension age who migrate to Universal Credit (a mainly working age scheme) as a result of the closure of Working Tax Credit do not lose their entitlement to pension age support from 2025-26 onwards. See [CTIL 4/2024](#) for the background to this change.

Income and capital disregards

Consistent with changes to the wider benefits system, the Regulations now require that the following new or revised payments must be disregarded when assessing a person’s income or capital:

- adding a new disregard so that any payment out of a deceased person’s estate which derives from the Scottish Infected Blood Support Scheme does not affect entitlement to LCTS;
- adding a new disregard so that payments from the Victims of Overseas Terrorism Compensation Scheme received by non-dependants of a pension age LCTS applicant will not affect their LCTS entitlement;
- adding provisions so that pensioners receiving Disability Assistance for Older People in Scotland or Scottish Carer’s Support Payments for 13 weeks when first relocating to England do not lose entitlement to LCTS; and
- removing the two-child limit when considering the LCTS entitlement of pension age parents.

In addition, the Regulations clarify that certain payments to be disregarded from a non-dependant’s income are payments in kind rather than cash payments. They also make amendments to clarify how all relevant disability and other payments and allowances are to be treated when:

- considering the earnings of an applicant or the applicant’s partner where relevant;
- assessing the gross income of a second adult for the purposes of calculating an alternative maximum council tax reduction; and
- assessing the incapacity of the other member of a couple (i.e. the applicant’s partner) in relation to the treatment of childcare charges.

We hope that you find this helpful.

Should you have any queries about the Regulations, please contact the Department at: council.tax@communities.gov.uk.

Local Taxation and Pensions Division
Ministry of Housing, Communities and Local Government