

West Suffolk Local Council Tax Reduction Scheme (LCTRS) 2021 to 2022

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| Report number: | CAB/WS/20/067 | |
| Report to and date(s): | Cabinet | 10 November 2020 |
| | Council | 15 December 2020 |
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Decisions Plan: The decision made as a result of this report will usually be published within 48 hours. This decision is not subject to call-in, as the decision is being recommended onto Council. This item is included on the Decisions Plan.

Wards impacted: All wards

Recommendation: It is recommended that Cabinet:

- Notes the review of the Local Council Tax Reduction Scheme (LCTRS) for 2020 to 2021, as outlined in Report Number CAB/WS/20/067; and**

- 2. Agrees to retain the existing Local Council Tax Reduction Scheme (LCTRS) for 2021 to 2022.**

1. Context to this report

- 1.1 Each year the Council is required to review its Local Council Tax Reduction Scheme (LCTRS). This report provides an annual review of the 2020 to 2021 scheme and proposes to maintain the current scheme for 2021 to 2022.
- 1.2 We are now in the eighth year of LCTRS; a locally set scheme that replaced the previous nationally set Council Tax Benefit (CTB) scheme from April 2013.
- 1.3 In 2013 to 2014 the Council took advantage of a one-off Government grant that compensated in part for the reduction in Government funding for the working age scheme that year. This meant that the maximum LCTRS awarded was the 91.5 per cent.
- 1.4 For 2014-2015 to 2017-18 the Council retained the original scheme, except that allowances and premiums (the amounts of income from state-administered benefits such as Job Seekers' Allowance) were increased in line with other benefits such as Housing Benefit.
- 1.5 For the 2018 to 2019 scheme the Council consulted on a proposal to harmonise the scheme with Department for Work and Pensions (DWP) welfare reforms introduced for Housing Benefit and LCTRS for pensioners, and introduced closer links to Universal Credit data share for claims, thereby removing the requirement to make a separate claim. This was subsequently approved and introduced.
- 1.6 For 2019 to 2020 the Council kept the same scheme as for 2018 to 2019.
- 1.7 For 2020 to 2021 the only change was to introduce a fluctuating earnings rule to the treatment of Universal Credit (UC). A weekly tolerance level of £15 (£65 monthly) was introduced to reduce the number of monthly reassessments impacting customers every time a revised Universal Credit notification was received.
- 1.8 Councils are required to review their LCTRS schemes annually and consider whether any changes need to be made. Where it is determined to retain the existing scheme, this must be decided by 11 March of the preceding financial year.
- 1.9 Where councils decide that they wish to amend their schemes they need to consult preceptors and stakeholders prior to a wider consultation to inform a final scheme design by 28 February of the preceding financial year.
- 1.10 The current West Suffolk Working Age LCTRS scheme provides a maximum benefit of 91.5per cent for working age claimants and the scheme also fully

protects war pensioners. The aim in designing the scheme was to achieve a balance in charging an amount of Council Tax to encourage customers back into work whilst setting the amount charged at an affordable and recoverable level during the year.

- 1.11 A separate statutory scheme applies to pensioners who can receive up to a maximum 100per cent reduction of their Council Tax bill.
- 1.12 Whilst the 2020 to 2021 scheme is relatively new at the point of writing, early results suggest that the fluctuating earnings rule introduced in April 2020 is meeting our modelling forecasts by reducing customer reassessments by a third.
- 1.13 Universal Credit (UC) is designed to be paid monthly, calculated on the customer's circumstances, including Real Time Information (RTI) earnings data from HM Revenue and Customs. Given customers' circumstances, especially earnings, fluctuate, this leads to monthly revised UC awards sent to the Council by the DWP.
- 1.14 Due to the tolerance rule, customers have seen a reduction by one third in Council Tax adjustment notifications, and a reduction in direct debit amendments and the need to request a refund. This has provided greater certainty to customers to enable them to manage their payments and household budgets. We are yet to see a case where discretion needs to be applied when a customer has a single beneficial change within the tolerance value. This will be monitored throughout the year.
- 1.15 The introduction of a fluctuating earnings rules this year has been particularly beneficial given the significant increase in the COVID-19 workload for Anglia Revenues Partnership, which peaked at a 500per cent increase compared to the same point last year, before reducing to 200per cent and now starting to return to normal levels.
- 1.16 Further, the links we established to UC data share and removing the requirement for customers to make a separate claim application, has been particularly beneficial for customers during the pandemic.
- 1.17 Government has provided 'hardship' funding to councils to reduce Council Tax bills for existing LCTRS cases by up to £150, or reduce bills to nil where current award of LCTRS leaves less than £150 outstanding. It should be noted the grant takes the form of a credit to a customer's Council Tax account, which may trigger a refund where due.
- 1.18 Hardship grant awards to existing working age customers were processed towards the end of July 2020. Customers who pay their Council Tax by direct debit automatically received a refund where one was due or a revised bill reprofiling their monthly instalments. Customers paying by other payment methods were invited to provide their bank details to

receive the refund if due, or a revised bill reprofiling their instalments. Every new working age customer eligible for LCTRS up until 31 March 2021 will also receive a hardship grant subject to affordability within the overall government allocation.

- 1.19 Given the above considerations, we recommend continuing with the current 2020 to 2021 scheme in 2021 to 2022, before undertaking a fuller review early next year that takes into account learning from COVID-19. At this point a range of options may be considered for possible consultation.

2. Proposals within this report

- 2.1 Retaining the 2020 to 2021 scheme in 2021 to 2022 is recommended because it will bring stability to customers' household budgets as they recover or manage the impact of COVID-19.

3. Alternative options that have been considered

- 3.1 It would be possible to amend the scheme in order to increase the contribution rate to more than 8.5 per cent. However, the possible increase in Council Tax collected for the Council is considered to be less than the additional costs of recovery (additional staff, postage and enquiries to customer services), including the inability to recover the debt in year by deduction from DWP benefits and as such, this option is not recommended. The impact of COVID-19 must also be taken into account, as we would expect that the impact on household budgets and rising unemployment would affect individuals' ability to pay.

4. Consultation and engagement undertaken

- 4.1 As no changes are recommended, a public consultation is not required.

5. Risks associated with the proposals

- 5.1 The main risk to the Council of continuing with the current scheme is a loss in Council Tax income, if an appropriate balance is not struck between the setting of the contribution rate and the likely impact on customers' ability to pay. However, as outlined in the Alternative Options section above, it is considered that the current balance should be continued in advance of more detailed information about the impact of COVID-19 on households.

6. Implications arising from the proposals

- 6.1 Financial – as outlined in the above sections.

- 6.2 Legal Compliance – the Council is proceeding in line with the relevant Government requirements for scheme renewal and consultation.
- 6.3 Personal Data Processing - no changes to how customers' personal data are collected and handled are proposed.
- 6.4 Equalities - an Equality Impact Assessment was previously completed and a new one is not required to retain the existing scheme.
- 6.5 Crime and Disorder- the scheme will continue to be operated in line with the Council's and Anglia Revenues Partnership's Anti-Fraud and Anti-Corruption policies.
- 6.6 Environment or Sustainability – no impact
- 6.7 HR or Staffing - – continuing with the current scheme should minimise any additional impacts on Anglia Revenues Partnership staff.

7. Appendices referenced in this report

- 7.1 None

8. Background documents associated with this report

- 8.1 Local Council Tax Reduction Scheme 2020 to 2021
[Report Number CAB/WS/19/043](#) (Cabinet – 26 November 2019)