

West Suffolk Local Council Tax Reduction Scheme (LCTRS) 2023 to 2024

Report number:	CAB/WS/22/069	
Report to and date(s):	Cabinet	6 December 2022
	Council	13 December 2022
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Decisions Plan: **The decision made as a result of this report will usually be published within 48 hours. This item will be referred to Council for a final decision and is, therefore, not subject to call-in. This item is included on the Decisions Plan.**

Wards impacted: **All Wards**

Recommendation: It is recommended that Cabinet:

- 1. Reviews the Local Council Tax Reduction (LCTRS) Scheme for 2023 to 2024 as outlined in this report.**

- 2. Agrees to recommend to Council to make the changes to the Scheme outlined in section 2 of Report number CAB/WS/22/069 and that the maximum discount change only relates to 2023 to 2024.**

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 2022 to 2023 scheme and proposes to make changes to the scheme for 2023 to 2024.
- 1.2 We are now in the tenth 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 Since then, the West Suffolk scheme has developed in the following way:

2014 to 2018	Original scheme retained, 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.
2018 to 2019	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.
2019 to 2020	2018 to 2019 scheme retained.
2020-21	Introduction of 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.
2021 to 2022	2020 to 2021 scheme retained
2022 to 2023	<ol style="list-style-type: none"> 1. Reduction in the threshold for how much capital a customer can own (for example, savings) and still be entitled to a Council Tax reduction 2. Establishment of a fixed deduction for Council Tax payers in relation to non-dependent adult friends or family members 3. Simplification of the application processes for Universal Credit and for Local Council Tax Reduction

	4. Amendment of the tolerance level introduced in 2020 to 2021 (see above) to £100
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- 1.5 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.
- 1.6 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.
- 1.7 The current West Suffolk Working Age LCTRS scheme provides a maximum benefit of 91.5 per 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.
- 1.8 A separate statutory scheme applies to pensioners who can receive up to a maximum 100 per cent reduction of their Council Tax bill.
- 1.9 West Suffolk Council identified potential changes to the LCTRS for 2023 to 2024. This would be for one year only and designed to support low-income working age residents, in light of the current pressures on the cost of living. These proposals are set out in section 2 of this report.
- 1.10 A Portfolio Holder decision was taken on 7 October 2022 to consult on the proposals. The consultation ran from 18 October to 18 November 2022. Major preceptors and stakeholders have responded and the responses received and the key points raised are covered in section 4.1 below.

2. Proposals

- 2.1 The proposed change to the West Suffolk Local Council Tax Reduction Scheme that it is proposed should take effect from 1 April 2023 (and last for one year only) is that **the maximum reduction on Council Tax paid should be increased from 91.5 per cent to 100 per cent. This would be a means tested scheme.**

This would reduce the amount that many Council Tax payers have to pay and could result in some working-age residents paying zero Council Tax.

- 2.2 The background to the proposed changes is as follows:

1. This is part of an initiative to help those residents in financial hardship in light of the current cost of living crisis.
2. Many councils across Cambridgeshire, Suffolk and Norfolk are considering 100 per cent schemes to help mitigate rising costs living costs for customers.
3. In Suffolk, the proposals would help support Suffolk County Council's Tackling Poverty Action Plan by maximising residents' financial resilience.
4. The proposal is very well targeted as it will reach those who are already on means tested benefits and has low administrative costs
5. The impact on household budgets must also be considered, we would expect the impact of higher costs to affect individuals' ability to pay into the 2023 to 2024 financial year.
6. The aim is that by providing additional support to customers it could help avoid crisis situations, for example, homelessness and lead to fewer applications for Exceptional Hardship Payments from those in receipt of council tax support.
7. This proposal is a short-term measure for the financial year 2023-2024. After this period West Suffolk Council's LCTRS Scheme would revert to the current 8.5 per cent contribution rate as set out in the recent consultation.

2.3 It should be noted that the maximum reduction would not only apply to those already receiving a 91.5 per cent reduction. The increase would effectively 'stretch' the reductions that could be received, thereby benefitting a wider range of customers.

2.4 Separate from these proposals, the figures used in the calculation of how much a Council Tax payer needs to live on (known as the applicable amounts) will be automatically increased in 2023-24 in line with Government policy. This will enable a number of new residents to claim Council Tax support for the first time.

3. Alternative options that have been considered

3.1 Two further options were considered. These were a) retaining the current scheme with an 8.5 per cent contribution from customers and b) introducing a 95 per cent maximum reduction.

3.2 The recommended option has been selected because it maximises the benefit to customers while minimising the administrative resources required to collect small payments.

4. Consultation and engagement undertaken

- 4.1 A short consultation exercise took place from 18 October to 18 November 2022.
- 4.2 The consultation took the form of an online survey, asking stakeholders for their views on the proposals and any unforeseen impacts. The link to the survey was sent to all councillors; made available on the Council and ARP websites; and sent to stakeholders working with individuals who are likely to be affected by the proposals or who represent residents with a protected characteristic, for example, CAB, debt and money management services and local disability groups. Major preceptors were consulted on the proposals by letter. The survey was published on social media and sent to the press.
- 4.3 Responses were received from major preceptors (Suffolk County Council and Suffolk Police), who said they welcomed initiatives to support communities in Suffolk and supported the principles of the Local Council Tax Reduction Scheme proposal. Suffolk County Council confirmed their support for the implementation of the changes however Suffolk Police didn't support the proposal as they raised concerns regarding the financial impact on them as a precepting authority.
- 4.4 Fifty responses were received to the online consultation. Ten of these came from organisations (nine parish councils and one community organisation). 74 per cent of individuals who responded were not in receipt of Local Council Tax Support. The headline findings from the consultation are set out below, with further detail given at Appendix A.
- 4.5
- 35 respondents (70 per cent) agreed or strongly agreed with the proposal to increase the maximum discount on Council Tax
 - Among those in receipt of LCTRS, 77 per cent agreed with the proposals; among those not in receipt of LCTRS, 65 per cent agreed with the proposals
 - 32 of the respondents preferred the option of increasing the maximum discount to 100 per cent (64 per cent); 12 preferred 95 per cent (24 per cent); and 6 did not like either option. Among those responding on behalf of an organisation, 70 per cent preferred 100 per cent.
 - The main points raised by those who disagreed with the proposals were that there should be further support for those not already in receipt of LCTRS; and that parish council finances would be affected.

5. Risks associated with the proposals

- 5.1 The financial risk to the Council is set out below in paragraphs 6.1 and 6.2.

There is also a risk associated with only implementing the change for one year, with the need for further consideration about how to design a scheme for 2024 to 2025 if inflationary pressures continue. However, that should not stop the implementation of the scheme in 2023 to 2024.

6. Implications arising from the proposals

6.1 Financial

The costs of the changes to the minimum contribution would be as follows (for the council and customers). The cost to the Council would be worked through the 2023 to 2024 budget setting process if agreed:

Option	Cost to West Suffolk Council	Customers gaining (number)	Average gain per customer (over year)
Retain current minimum contribution of 8.5 per cent		none	none
Decrease minimum contribution to 5 per cent	£29,000	4736	£42.14
(Recommended) Decrease minimum contribution to 0 per cent	£50,000	4750	£103.32

There would also be cost implications for Suffolk County Council, Suffolk Police, and town and parishes of up to £450,000 in total, depending on the collection rate. The impact would be split based on their share of the council tax bill.

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 by West Suffolk Council are proposed.

6.4 Equalities

Groups representing individuals sharing a protected characteristic were sent the link to the consultation, which included the question: "Is there anything else you would like to tell us about these proposals, including any impacts they might have on particular groups, especially those who share a protected characteristic under the Equalities Act 2010?" An Equalities Impact Assessment is attached at Appendix B, which includes the responses made to this question

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

The proposed changes will have minimal impact on Anglia Revenues Partnership staff.

6.8 Changes to existing policies

The new scheme will replace the 2022-23 scheme from 1 April 2023.

6.9 External organisations (such as businesses, community groups)

We would not expect the proposals to have any new impacts on external organisations. No issues were raised by stakeholder groups during the consultation.

7. Appendices referenced in this report

7.1 Appendix A – Summary of consultation responses

7.2 Appendix B – Equalities Impact Assessment

7.3 Appendix C – Draft West Suffolk Local Council Tax Reduction Scheme (not attached in printed form – provided as an [electronic link](#) only [Document to become available following publication of agenda papers for Council meeting on 13 December 2022])

8. Background documents associated with this report

8.1 Portfolio Holder decision report:

https://mgovint.westsuffolk.gov.uk/documents/s45187/CAB.WS.22.046%20Review%20of%20LCTRS%202023-24_decision%20to%20consult.pdf