

Review of the Local Council Tax Reduction Scheme 2024 to 2025 and decision to consult

Report number:	CAB/WS/23/034	
Report to and date:	Portfolio holder decision to consult	13 September 2023
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Decisions Plan: **Notice of Intention providing the purpose of the decision and the date in which the decision is expected to be made has been published on 5 September 2023**

Wards impacted: **All**

Recommendation: **It is recommended to the Portfolio Holder for Resources that the West Suffolk Local Council Tax Reduction Scheme for 2024 to 2025 is reviewed in line with:**

- 1. the proposals outlined in Section 2 of Report number: CAB/WS/23/034; and**
- 2. relevant consultation, in accordance with Section 4 of Report number: CAB/WS/23/034.**

1. Context to this report

- 1.1 Each year the council is required to consider whether to revise its Local Council Tax Reduction Scheme (LCTRS). This report advises about the conclusion of the 2023 annual review of the scheme and the resultant proposals for consultation for changes to the LCTRS scheme, to take effect from April 2024.
- 1.2 Where it is determined that the existing scheme should be retained without any changes, this must be decided by 11 March of the preceding year.
- 1.3 Where councils seek to amend their schemes, it will be necessary to consult preceptors and stakeholders prior to a wider consultation to inform a final scheme design by 28 February of the preceding year. Therefore, work on any amendments needs to start in the summer to allow sufficient time to consult, approve and implement changes prior to 28 February 2024.
- 1.4 Changes implemented between April 2023 and April 2024 ensured that the maximum discount a working-age resident could receive on their council tax would increase from 91.5 percent to a maximum of 100 per cent. This reduces the amount that many Council Tax payers have to pay and could result in some working-age residents paying zero Council Tax.
- 1.5 The current, 2023 to 2024 scheme was approved by Cabinet and Council in December 2022. The changes implemented were temporary and unless extended, from April 2024, the maximum discount will automatically revert back to 91.5 per cent.
- 1.6 While a review of the 2023 to 2024 scheme has been carried out, it is too early to say conclusively what these changes have meant to residents who qualified for the scheme. Detailed analysis requires more time and is unlikely to be ready until 2024. However, early indications would suggest it has helped ease the effects of the cost-of-living crisis for some of our more vulnerable residents.
- 1.7 The remainder of this report addresses a proposed consultation for options for the 2024 to 2025 scheme development, in light of the current cost of living pressures, for members to consider alongside the wider 2024 to 2025 budget development.

2. Proposals within this report

- 2.1 It is proposed that West Suffolk Council consults on a proposal to continue the 2023 to 2024 changes to the Local Council Tax

Reduction Scheme that would extend the decreased contribution rate (maximum discount of 100 per cent) to support low-income households and those facing financial hardship, in light of the cost-of-living crisis.

2.2 The reasons behind this proposal are as follows:

- a. Many councils across Cambridgeshire, Suffolk and Norfolk implemented 100 per cent schemes last year to help mitigate rising costs living costs for customers. While many councils, including East Suffolk and other ARP partners, have yet to make a decision on whether or not to extend, Norwich City Council and all three SRP councils do offer a maximum 100 per cent CTRS reduction scheme.
- b. In Suffolk, the proposals would continue to help support Suffolk County Council's Tackling Poverty Action Plan by maximising residents' financial resilience.
- c. The proposal is very well targeted as it will reach those who are already on means tested benefits and has low administrative costs.
- d. 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.

3. Alternative options that have been considered

3.1 The alternative option of reverting to the previous scheme with an 8.5 per cent contribution from customers was considered but rejected as it would place a greater financial burden on customers when the cost of living remains high.

3.2 The recommended option has therefore 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 As it is proposed to revise the West Suffolk LCTRS in line with section 2 above, a short consultation exercise will take place in October 2023.

	Proposed dates
Consultation starts	2 October
Consultation ends	30 October
Cabinet	5 December
Council	19 December

4.2 The consultation will take the form of an online survey, asking stakeholders for their views on the proposal to extend the discount for a further 12 months to April 2025 and any unforeseen impacts.

4.3 The link to the survey will be sent to all members; 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, Citizens' Advice, debt and money management services and local disability groups.

4.4 Preceptors will also be consulted on the proposals by letter.

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.

5.2 In addition, there are no known negative impacts on ARP operations.

6. **Implications arising from the proposals**

6.1 **Financial implications**

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 2024 to 2025 budget setting process if agreed:

Option	Impact on West Suffolk Council	Impact on customers
Revert to previous minimum contribution of 8.5 per cent.	Saving of £47,552.179	4,659 worse off
(Recommended) Decrease minimum contribution to zero per cent.	Cost of £47,552.179	4,659 better off

6.2 There would also be cost implications for Suffolk County Council, the police and parishes totalling around £458,000 (split based on their share of the Council Tax bill). We would consult with these stakeholders during the consultation period.

6.3 **Administrative resource implications**

If the contribution rate is retained at zero for a further year, it is expected that the proposals would continue to lead to fewer complaints and customer contact from customers struggling to pay, as well as time and resource savings from not collecting the 8.5 percent shortfall. The cost of recovery process for these small amounts can be expensive and often result in write-offs.

7. **Background documents associated with this report**

7.1 CAB/WS/22/069 2023 to 2024 Scheme:
[S13a Default Scheme final \(westsuffolk.gov.uk\)](https://www.westsuffolk.gov.uk)