

West Suffolk Local Council Tax Reduction Scheme (LCTRS) 2024 to 2025

Report number:	CAB/WS/23/057	
Report to and dates:	Cabinet	5 December 2023
	Council	19 December 2023
Cabinet member:	Councillor Diane Hind Portfolio Holder for Resources Email: diane.hind@westsuffolk.gov.uk	
Lead officer:	Rachael Mann Director (Resources and Property) Telephone: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
	Adrian Mills Head of Anglia Revenues Partnership Telephone: 07984 255437 Email: adrian.mills@angliarevenues.gov.uk	

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/23/057 and that the maximum discount change only relates to 2024 to 2025, in line with the recent consultation.**

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 2023 to 2024 scheme and proposes to make changes to the scheme for 2024 to 2025.
- 1.2 We are now in the eleventh 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 to £100
2023 to 2024	The maximum reduction on Council Tax was increased from 91.5 per cent to 100 per cent.

- 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 100 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 West Suffolk Council proposes to extend the 100 per cent reduction for the LCTRS for 2024 to 2025. 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. This proposal are set out in section 2 of this report.
- 1.9 A Portfolio Holder decision was taken on 13 September 2023 to consult on the proposals. The consultation ran from 2 October to 30 October 2023. Major preceptors and stakeholders have responded, and the responses received and the key points raised are covered in section 4.

2. Proposals

2.1 It is proposed for the West Suffolk Local Council Tax Reduction Scheme that **the maximum reduction on Council Tax paid of 100 per cent should be extended for a further 12 months.** This should take effect from 1 April 2024 (and last for one year only). This would be a means tested scheme.

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 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.
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 2024 to 2025 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, extended for the financial year 2024 to 2025. 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 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 2024 to 2025 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 If this extension is not agreed, the maximum Council Tax reduction will revert to 91.5 per cent.

- 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 2 October to 30 October 2023.
- 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. The survey was published on social media and sent to the press. Major preceptors and Town and Parish Councils were consulted on the proposals separately by email.
- 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 One consultation response was received directly from Haverhill Town Council. Although they support the principles of the LCTRS proposal, they believe there is inequity in the proposal because of its impact on those town and parishes that have a higher proportion of LCTRS claimants. Haverhill Town Council would like West Suffolk Council to calculate a 'reasonable support grant' funded by West Suffolk Council to provide to town and parish councils so 'each household pays a very small contribution towards supporting West Suffolk residents, no matter where they live'. The basis for which the tax base is calculated (see separate report on this matter elsewhere on this agenda) includes a number of factors, discounts and exemptions. The number claiming LCTRS is just one of those, single person discount is just one of the other examples. To devise a support grant scheme would be extremely complex if all circumstances (to be equitable to all) that relate to discounts and exemptions on council tax were considered. This proposal is therefore considered undeliverable given the complexities over how the council tax base for council tax setting purposes is calculated and is also considered unaffordable on that basis.
- 4.5 24 responses were received to the online consultation. 11 of these came from organisations (five housing associations, four charities and two community groups).

4.6 The headline findings from the consultation are set out below, with further detail given at Appendix A.

- 22 respondents (90.2 per cent) agreed or strongly agreed with the proposal to extend the maximum discount on Council Tax
- The main points raised by those who disagreed with the proposals highlighted the perception of waste or inefficiency in the council's proposal to extend.

5. Risks associated with the proposals

5.1 The financial risk to the Council is set out below in paragraphs 6.1, 6.2 and 6.3.

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 2024 to 2025 budget setting process, through calculation of the Council Tax base, 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 from current scheme position
(Recommended) Decrease minimum contribution to zero per cent.	Cost of £47,552.179	4,659 remain 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).

6.3 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 per cent shortfall. The cost of

recovery process for these small amounts can be expensive and often result in write-offs.

6.4 Legal compliance

The Council is proceeding in line with the relevant Government requirements for scheme renewal and consultation.

6.5 Personal data processing

No changes to how customers' personal data are collected and handled by West Suffolk Council are proposed.

6.6 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.

6.7 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.

6.8 Environment or sustainability

No impact

6.9 HR or staffing

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

6.10 Changes to existing policies

The new scheme will replace the 2023-24 scheme from 1 April 2024.

6.10 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 here: [Agenda for Cabinet on Tuesday 5 December 2023, 6.00 pm \(westsuffolk.gov.uk\)](#))

8. Background documents associated with this report

- 8.1 Portfolio Holder decision report: [CAB/WS/23/034](#)