



**CABINET**  
**Tuesday, 07 November 2023**

<b>Subject</b>	East Suffolk Local Council Tax Reduction Scheme (LCTRS) 2024/25
<b>Cabinet Member</b>	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
<b>Report Author(s)</b>	Lorraine Rogers Acting Chief Finance Officer & Section 151 officer <a href="mailto:Lorraine.rogers@eastsoffolk.gov.uk">Lorraine.rogers@eastsoffolk.gov.uk</a>
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Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	N/A
<b>Wards Affected:</b>	All Wards

## Purpose and high-level overview

### **Purpose of Report:**

The purpose of this report is to review the 2023/24 Local Council Tax Reduction Scheme (LCTRS) and consider options for the scheme for 2024/25.

### **Options:**

Each year the Council is required to review its Local Council Tax Reduction Scheme (LCTRS) and decide whether to amend or retain the existing scheme. Anglia Revenues Partnership (ARP) have carried out the annual review of the 2023/24 scheme and no further changes are currently proposed in respect of 2024/25.

Where it is determined to retain the existing scheme, this must be decided by 11 March of the preceding financial year. Retention of the existing scheme with no changes is a decision that can be taken by Cabinet and does not require external consultation.

The current East Suffolk Working Age LCTRS scheme provides a maximum benefit of 91.5% for working age claimants and the scheme also fully protects War Pensioners. An option that has been reviewed but which is not recommended in this report is to increase the maximum benefit for working age claimants to 100%, i.e. working age claimants would not have to contribute 8.5%.

Changes to the scheme require both a period of external consultation and a final decision by Full Council.

### **Recommendation:**

That it be approved that no change is made to the East Suffolk Local Council Tax Reduction Scheme (LCTRS) for 2024/25.

## Corporate Impact Assessment

### **Governance:**

None arising directly from this report.

### **ESC policies and strategies that directly apply to the proposal:**

East Suffolk Local Council Tax Reduction Scheme (LCTRS).

### **Environmental:**

None arising directly from this report.

### **Equalities and Diversity:**

An Equalities Impact Assessment (EqIA) is not required in respect of retaining the existing scheme.

### **Financial:**

None arising directly from the recommendation in this report. The financial implications of increasing the maximum benefit for working age claimants to 100% are outlined in paragraph 3.4.

<b>Human Resources:</b> None arising directly from this report.
<b>ICT:</b> None arising directly from this report.
<b>Legal:</b> None arising directly from this report.
<b>Risk:</b> None arising directly from this report.

<b>External Consultees:</b>	The recommendation in this report does not require a consultation period to take place.
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## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		

P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input type="checkbox"/>	<input type="checkbox"/>
<b>How does this proposal support the priorities selected?</b>			
The LCTRS provides important support to the residents of East Suffolk.			

## Background and Justification for Recommendation

<b>1 Background facts</b>	
1.1	This is now the tenth year of LCTRS; a locally set scheme that replaced the nationally set Council Tax Benefits (CTB) scheme from April 2013. In 2013/14 a one-off Government grant compensated in part for the reduction in Government funding for the Working Age scheme that year. This meant that the maximum LCTRS awarded was 91.5%. This scheme, adopted by both East Suffolk Council predecessor authorities, Suffolk Coastal and Waveney District Councils, has basically been maintained since. The current East Suffolk LCTRS scheme provides a maximum benefit of 91.5% for working age claimants with the scheme also protecting 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.
1.2	By setting the amount payable at 8.5% of the charge, in most cases, where a customer is not paying, we can recover this amount through attachment to benefits within a year. If the amount payable was set higher, then it is possible the debt would not be recoverable. Claimants may find it more difficult to pay a higher amount and possibly create a culture of non-payment of Council Tax.
1.3	Following a consultation, the 2018/19 scheme was harmonised with the Department for Work and Pension (DWP) welfare reforms introduced for Housing Benefit and LCTRS for Pensioners and introduce closer links to Universal Credit payments. This removed the stipulation to make a separate claim.
1.4	A further change was made to the scheme in 2020/21 to introduce a fluctuating earnings rule to the treatment of Universal Credit. 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.
1.5	Against the uncertain background of the Covid-19 pandemic, Cabinet agreed that there would no changes to the LCTRS for 2021/22.
1.6	For 2022/23, four amendments were made to the scheme, principally focussed on improving the customer journey. <ol style="list-style-type: none"> <li>1. The capital threshold was reduced from £16,000 to £10,000 and tariff income was abolished for those with under £10,000.</li> <li>2. A fixed rate non-dependent deduction of £7.40 was applied.</li> </ol>

	<p>3. The Council Tax Support application process was streamlined by signposting customers to claim Universal Credit and Council Tax Support at the same time.</p> <p>4. The Universal Credit income variation rule was increased from £65.00 to £100 each month.</p>
1.7	For 2023/24 no further amendments were made to the scheme.

## 2 Current position

2.1	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. Where councils decide that they wish to amend their schemes they need to consult preceptors and stakeholders and undertake a wider consultation to inform a final scheme design by 28 February of the preceding financial year.
2.2	The current East Suffolk Working Age LCTRS scheme provides a maximum benefit of 91.5% 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. A statutory scheme applies to Pensioners who can receive up to a maximum 100% reduction of their Council Tax bill.

## 3 How to address current situation

3.1	ARP have undertaken the annual review of the scheme and no further technical changes are proposed to the scheme at this stage.
3.2	In the current economic climate, a more fundamental policy option is to increase the maximum benefit for working age claimants to 100%, i.e. working age claimants would not have to contribute 8.5%.
3.3	Decreasing the contribution rate from 8.5% to 0% would add to the support to low-income households. Approximately 8200 working age customers receiving Council Tax reduction support. Based on current modelling around 8,060 customers of those customers would be better in 2024/25, with the remainder forecast to have change which would lead to less Council Tax support, have no change and customers becoming pensioners.
3.4	However, decreasing the contribution rate from 8.5% to 0% in the LCTRS financially impacts on the precepting authorities by way of reducing the council tax base of the area. It is estimated that the financial impacts of this measure on the precepting authorities in 2024/25 would be as follows: <ul style="list-style-type: none"> <li>- Suffolk County Council £620k</li> <li>- Suffolk Police and Crime Commissioner £110k</li> <li>- East Suffolk Council £75k</li> </ul>
3.5	These impacts would have implications for local authority financial sustainability against a background of significant inflationary pressures and a likely stand-still local government finance settlement. These pressures could contribute towards councils not being able to undertake targeted interventions in respect of the cost-of-living crisis, particularly for those just outside the benefits system, such as in the Council's own Ease-the-Squeeze campaign.

	<p>In addition, a wide range of support measures have been and will continue to be implemented for groups of residents including those entitled to LCTRS, including the following:</p> <ul style="list-style-type: none"> <li>• Household Support Fund: for housing related costs</li> <li>• Referrals through the Local Welfare Assistance Scheme</li> <li>• Making best use of the Discretionary Housing Payment budget to support relevant groups</li> <li>• Working alongside the County to support Tackling Poverty and Foodbank work</li> <li>• Holiday Activity and Food programme (HAF) programmes at Easter, Summer and Christmas</li> </ul>
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<b>4 Reasons for recommendation</b>	
4.1	<p>It is recommended in this report that no change be made to the East Suffolk Local Council Tax Reduction Scheme (LCTRS) for 2024/25. The option of increasing the maximum benefit for working age claimants to 100%, i.e. working age claimants would not have to contribute 8.5%, has been identified in this report, but has not been recommended in the light of the impact of this measure on local authority finances, which could in itself impinge on the ability of authorities to assist in the cost-of-living crisis. In addition, a wide range of other measures have been, and will continue to be, put in place to support affected households.</p>

## Appendices

<b>Appendices:</b>
None.

<b>Background reference papers:</b>
None.