



## CABINET

Tuesday, 01 November 2022

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|---------------------------|--|
| <b>Subject</b>            | East Suffolk Local Council Tax Reduction Scheme (LCTRS) for 2023/24  |
| <b>Report by</b>          | Councillor Maurice Cook<br>Cabinet Member with responsibility for Resources<br><br>Councillor Edward Back<br>Assistant Cabinet Member for Resources  |
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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. | Not applicable |
| <b>Wards Affected:</b>  | All Wards      |

## Purpose and high-level overview

### **Purpose of Report:**

The purpose of this report is to review the 2022/23 Local Council Tax Reduction Scheme (LCTRS) and consider options for the scheme for 2023/24.

### **Options:**

Each year the Council is required to review its Local Council Tax Reduction Scheme (LCTRS). Anglia Revenues Partnership (ARP) have carried out the annual review of the 2022 scheme. In recent years, a number of technical changes to streamline the process and improve the customer journey have been implemented. No further changes of this nature are currently proposed in respect of 2023/24.

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/s:**

That it be approved that no change be made to the East Suffolk Local Council Tax Reduction Scheme (LCTRS) for 2023/24.

## 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 retention of 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.

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| <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. |

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| <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:<br>(Select only one primary and as many secondary as appropriate) |  | 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 checked="" 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"/>            |

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| <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 people in East Suffolk, directly contributing to the key theme of Enabling our Communities. |   |                          |                          |

## Background and Justification for Recommendation

| <b>1 Background facts</b> |  |
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| 1.1                       | This is now the ninth 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 Suffolk Coastal and Waveney District Councils, has basically been maintained since, and the current East Suffolk LCTRS scheme provides a maximum benefit of 91.5% for working age claimants and the scheme also 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. |
| 1.2                       | By setting the amount payable at 8.5% of the charge, in most cases, where a customer is not paying, we can affect recovery through attachment to benefit within a year and so the charge with costs is recoverable. If the amount payable was set higher, then it is possible the debt would not be recoverable and possibly create a culture of non-payment of Council Tax.   |
| 1.3                       | For 2014/2015 to 2017/18 the original scheme was retained, except that allowances and premiums (the amounts of income from state-administered benefits such as Jobseekers' Allowance) were increased in line with other benefits such as Housing Benefit.  |
| 1.4                       | For the 2018/19 scheme there was a consultation on a proposal to harmonise the scheme to DWP welfare reforms introduced for Housing Benefit and LCTRS for Pensioners and introduce closer links to Universal Credit data share for claims, thereby removing the stipulation to make a separate claim. This was subsequently approved and introduced.   |
| 1.5                       | For 2019/20, East Suffolk Council kept the same scheme as its predecessor councils had operated for 2018/19.   |
| 1.6                       | For 2020/21 the only change, after consultation, was to introduce a fluctuating earnings rule to the treatment of Universal Credit. A weekly tolerance level of £15  |

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|     | (£65 monthly) was introduced to reduce the number of monthly reassessments impacting customers every time a revised Universal Credit notification is received.   |
| 1.7 | Against the uncertain background of the Covid-19 pandemic, Cabinet agreed that there would not be any changes to the LCTRS for 2021/22.  |
| 1.8 | <p>For 2022/23, four amendments were made to the scheme, principally focussed on improving the customer journey.</p> <ul style="list-style-type: none"> <li>- The capital threshold was reduced from £16,000 to £10,000 and tariff income was abolished for those with under £10,000.</li> <li>- A fixed rate non-dependent deduction of £7.40 was applied.</li> <li>- The Council Tax Support application process was streamlined by signposting customers to claim Universal Credit and Council Tax Support at the same time.</li> <li>- The Universal Credit income variation rule was increased from £65.00 to £100 each month.</li> </ul> |

## 2 Current position

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| 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.   |
| 2.2 | 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.  |
| 2.3 | 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. |
| 2.4 | 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

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| 3.1 | ARP have undertaken the annual review of the scheme. Given the range of changes made in recent years, 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. Based on current caseloads, it is estimated that around 8560 households would benefit from this measure, by an average of around £99.90 for the year.                          |
| 3.4 | However, decreasing the contribution rate in the LCTRS financially impacts on 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 2023/24 would be as follows: |

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|     | <ul style="list-style-type: none"> <li>- Suffolk County Council £660k</li> <li>- Suffolk Police and Crime Commissioner £114k</li> <li>- East Suffolk Council £81k</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.  |
| 3.6 | <p>In addition, a wide range of support measures have been, and will continue to implemented for groups of residents including those entitled to LCTRS, including the following:</p> <ul style="list-style-type: none"> <li>o Council Tax energy rebate: main scheme of £150 rebate for all those paying council tax in bands A - D</li> <li>o Council Tax Energy Rebate Discretionary Fund: for a wider group who may be paying rent and bills, but not council tax, with priority for those in receipt of Universal Credit/Housing Benefit;</li> <li>o Household Support Fund: for housing related costs</li> <li>o Referrals through the Local Welfare Assistance Scheme</li> <li>o Making best use of the Discretionary Housing Payment budget to support relevant groups</li> <li>o Working alongside the County to support Tackling Poverty and Foodbank work</li> <li>o Delivering DFE funded Holiday Activities and Food (HAF) programmes at Easter, Summer and Christmas</li> </ul> |

#### 4 Reason/s for recommendation

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| 4.1 | It is recommended in this report that no change be made to the East Suffolk Local Council Tax Reduction Scheme (LCTRS) for 2023/24. 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. |
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## Appendices

### Appendices:

None.

### Background reference papers:

None.