

Consultation

West Suffolk Local Council Tax Reduction Scheme

West Suffolk have notified parish councils of their consultation on Local Council Tax Reduction Scheme for 2023-4. The consultation runs until 18th November. An extension was requested by the Clerk but no response has been received.

Documents Attached:

Appendix A – Covering Letter

Appendix B – West Suffolk Council report on proposed changes

Appendix C – main body of online consultation (excludes monitoring information)

Action:

Councillors are asked to consider any responses they wish the Clerk to feed back to West Suffolk.



Town and Parish Council - Stakeholder

Contact: Rachael Mann
Rachael.mann@westsuffolk.gov.uk
01638 719245

26 October 2022

Dear Sir / Madam,

Consultation on Proposed Changes to the West Suffolk Local Council Tax Reduction Scheme 2023/24

West Suffolk Council is currently reviewing its Local Council Tax Reduction Scheme (LCTRS) and I am writing to you to formally consult you on the proposed changes.

As part of our collective work to support our communities that are the hardest hit by the current cost of living crisis. West Suffolk Council is looking at possible options to increase, for one year, the discount for Council Tax given to people on low incomes.

As the billing authority, West Suffolk Council is required to approve and implement a LCTRS. However, we appreciate that Council Tax collected is shared amongst a number of public sector organisations.

As an organisation that sets a precept that would be affected, we especially want to hear your views. We are very aware of the challenging times faced by council and public services budgets. This is why we are writing to all such organisations to hear their views on the role of the LCTRS to target those most at risk of financial hardship linked to the current cost of living crisis. These are options at the moment and no decision has been made but in total could see a £500,000 reduction in Council Tax for residents who are in most need across West Suffolk. We are looking at the option alongside understanding the support available nationally.

The options include increasing the discount from the current capped 91.5 per cent (where those eligible pay 8.5 per cent of their Council Tax) to look at discount options between 95 and 100 per cent (those eligible would pay 5 per cent or none of their bill).

If agreed through a West Suffolk Council decision it would see, for the average working age recipient of the Local Council Tax Reduction Scheme (LCTRS), up to an additional £103 discount on their council tax for the single year. This would benefit around 4,700 people.

The proposal is highly targeted to reach those who are already on means tested benefits and has low administrative costs.

Across West Suffolk if we were to introduce this one-year targeted reduction, based on the percentage of the Council Tax bill that Town and Parish Councils receives from people on LCTRS, the total across all Town and Parish Councils would be a total £21,000 reduction for that year as a whole and not individually – 4 per cent of the total reduction. This sum would be divided up by all Parish and Town Councils according to the percentage of their Council Tax payers who receive a LCTR. West Suffolk Council will have a reduction of circa £50,000. This impact doesn't account for current scheme non-collection rates and is based on current levels of LCTRS claimants.

If you would like me to talk to you about the proposed changes, please don't hesitate to contact me.

Further background on the proposed changes is available in this report: [Decision - Review of the Local Council Tax Reduction Scheme 2023 to 2024 and decision to consult \(westsuffolk.gov.uk\)](#)

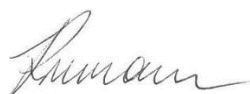
This online consultation is open until 18 November 2022 and can be found at: [Proposed changes to Local Council Tax Reduction Scheme 2023-24 \(westsuffolk.gov.uk\)](#)

The consultation is being sent to a range of stakeholders, including those who work with people in receipt of Council Tax Support. Feedback from the consultation will be considered by Cabinet on 6 December 2022 making its recommendation to Council on 13 December. If agreed, the changes would come into effect from April next year.

At the moment these are just draft proposals which the council will want to hear people's thoughts on before they are considered to be taken forward. It is part of a range of ways the council is supporting communities including those with the highest risk of financial hardship as a result of the current cost of living crisis.

We look forward to your response.

Yours faithfully,



Rachael Mann
Director (Resources and Property)
Chief Financial Officer

Review of the Local Council Tax Reduction Scheme 2023 to 2024 and decision to consult

Report number:	CAB/WS/22/046	
Report to and date:	Portfolio holder decision to consult	7 October 2022
Cabinet member:	Councillor Sarah Broughton Portfolio Holder for Resources and Property Telephone: 07929 305787 Email: sarah.broughton@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: 01842 756491 Email: adrian.mills@angliarevenues.gov.uk	

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 29 September 2022.**

Wards impacted: **All**

Recommendation: **It is recommended to the Portfolio Holder for Resources and Property that the West Suffolk Local Council Tax Reduction Scheme for 2023 to 20234 is reviewed in line with:**

- 1. the proposals outlined in Section 2 of Report number: CAB/WS/22/046; and**
- 2. relevant consultation is undertaken, in accordance with Section 4 of Report number: CAB/WS/22/046.**

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 2022 annual review of and the resultant proposals for consultation for changes to the LCTRS scheme to take effect from April 2023.
- 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 2023.
- 1.4 The current West Suffolk LCTRS scheme provides a maximum benefit of 91.5 per cent 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. A statutory scheme applies to pensioners who can receive up to a maximum of 100 per cent reduction of their Council Tax bill.
- 1.5 By setting the amount payable at 8.5 percent of the charge, in most cases thus far, where a customer is not paying, ARP has been able to effect 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.
- 1.6 The current, 2022 to 2023 scheme was approved by Cabinet and Council in December 2021 (respectively).
- 1.7 The remainder of this report addresses a proposed consultation for options for the 2023 to 2024 scheme development, in light of the current cost of living pressures, for members to consider alongside national support measures and their wider 2023 to 2024 budget development.

2. **Proposals within this report**

2.1 The proposed consultation options for the West Suffolk Local Council Tax Reduction Scheme that would take effect from 1 April 2023 are:

- a. **to decrease the contribution rate to support low income households in light of the cost of living crisis. The rate will be determined following consultation, taking into account national support measures and the Council's own 2023 to2024 budget development.**
- b. **To increase the 'applicable amounts' for the LCTRS (the amount it is considered is needed to meet basic living costs), in line with Department for Work and Pensions (DWP) increases. This is likely to be by around 10 per cent.**

2.2 The reasons behind these proposals are as follows:

- a. This is part of an initiative to explore the move to a 100 per cent scheme to help those residents in financial hardship in light of the current cost of living crisis.
- b. Many councils across Cambridgeshire, Suffolk and Norfolk are considering 100 per cent schemes to help mitigate rising costs living costs for customers.
- c. In Suffolk, the proposals would help support Suffolk County Council's Tackling Poverty Action Plan by maximising residents' financial resilience.
- d. The proposal is very well targeted as it will reach those who are already on means tested benefits and has low administrative costs
- e. 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 2023-2024 financial year.
- f. 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.
- g. 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.

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) no change to the applicable amounts.

- 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 As it is proposed to revise the West Suffolk LCTRS in line with section 2 above, a short consultation exercise will take place from mid-October to late November 2022.
- 4.2 The consultation will take the form of an online survey, asking stakeholders for their views on the proposal to reduce the contribution rate; what the rate should be (zero per cent or five per cent) and any unforeseen impacts. 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.
- 4.3 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 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 and there is an opportunity to manage expectations through the consultation process.

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 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 five per cent	£29,000	4736	£42.14
(Recommended) Decrease minimum contribution to zero per cent	£50,000	4750	£103.32

6.2 There would also be cost implications for Suffolk County Council, the police and parishes totalling around £400,000 (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 reduced to zero, it is expected that the proposals would 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% shortfall. The cost of recovery process for these small amounts can be expensive and often result in write-offs. The option of continuing to collect the 5 per cent would not carry these full administrative benefits.

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

7.1 CAB/WS/21/058 2022 to 2023 Scheme:
<https://democracy.westsuffolk.gov.uk/documents/s42357/CAB.WS.21.058%20West%20Suffolk%20Local%20Council%20Tax%20Reduction%20Scheme%20LCTRS%202022-2023.pdf>



West Suffolk Local Council Tax Reduction Scheme Proposals

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West Suffolk Local Council Tax Reduction Scheme Proposals

Summary

West Suffolk Council is seeking views on some potential changes to its Local Council Tax Reduction Scheme (LCTRS) to support low-income working-age residents, in light of the current pressures on the cost of living.

The changes would be temporary and would take effect from 1 April 2023. If implemented, these changes would mean that for 2023-24 only the maximum discount a working-age resident could receive on their council tax would increase from 91.5 per cent to either 95 per cent or 100 per cent (depending on the final decision). 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. From April 2024, the maximum discount would automatically revert back to 91.5 per cent.

The proposed changes do not affect pensioners, who are covered by a different element of the Council Tax discount scheme which already offers a maximum discount of 100 per cent.

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.

This consultation is open from 18 October to 18 November. Feedback will then be considered before a final proposal is considered by councillors in early 2023.

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[Next Page](#)

West Suffolk Local Council Tax Reduction Scheme Proposals

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Background

West Suffolk Council, along with other councils in Suffolk, recognises the cost-of-living pressures being faced by residents. The council is therefore seeking stakeholders' views on increasing the amount of Council Tax discount available as a potential mechanism to support the most vulnerable residents who are hardest hit by price inflation.

The proposals apply only to 2023-24. The Local Council Tax Reduction Scheme is reviewed annually so the changes would be reviewed during 2023. If the proposals went ahead, around 4700 households would be affected positively by the changes.

The proposals will result in up to around £50,000 direct cost to West Suffolk Council and a total public sector cost of around £500,000. This financial impact would be split across the other 'precepting authorities' -primarily Suffolk County Council - with a smaller impact on Suffolk Police and the relevant town or parish council. This financial impact would need to be met through the setting of the 2023-24 budgets for those relevant authorities.

These proposals are explained below and you are invited to give your views on them in a short survey. Further detail on the proposals is given in this [briefing paper](https://democracy.westsuffolk.gov.uk/documents/s45187/CAB.WS.22.046%20Review%20of%20LCTRS%202024_decision%20to%20consult.pdf) (https://democracy.westsuffolk.gov.uk/documents/s45187/CAB.WS.22.046%20Review%20of%20LCTRS%202024_decision%20to%20consult.pdf).

Please note that an asterisk next to a question shows that it must be answered in order to move through the survey.

[Previous Page](#)

[Next Page](#)

West Suffolk Local Council Tax Reduction Scheme Proposals

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Proposal to increase the maximum discount that a low-income household can receive on their Council Tax in 2023-24

The aim of this proposal is to reduce the Council Tax paid by those least able to afford it. As such, it is in line with West Suffolk Council's approach of supporting the most vulnerable residents at a time of considerable hardship for many.

The measure is well-targeted as it will reach those who are already on means-tested benefits or on a low income and involves very low administrative costs. Other approaches to reaching the most vulnerable with financial support involve the need for data, prioritisation, applications and awareness raising, whereas this discount would be applied automatically.

Do you agree with the proposal to increase the maximum discount on Council Tax? *

- Strongly agree
- Agree
- Don't know
- Disagree
- Strongly disagree

West Suffolk Local Council Tax Reduction Scheme Proposals

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Size of maximum discount - options

The council is considering an increase in the maximum discount to either 95 per cent or 100 per cent (from the current 91.5 per cent).

If the maximum discount was increased to 95 per cent, those households benefitting from the change would pay £42.14 less in Council Tax over the year, on average, depending on the banding of their property.

If the maximum discount was increased to 100 per cent, those households benefitting would pay an average of £103.32, depending on banding.

Please tell us which of the following options you prefer: *

- Option A - increase the maximum discount to 95 per cent
- Option B - increase the maximum discount to 100 per cent

Please tell us why you prefer this option

[Previous Page](#)

[Next Page](#)

West Suffolk Local Council Tax Reduction Scheme Proposals

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Anything else?

Is there anything else you would like to tell us about these proposals? In particular, please tell us if you think they would have a disproportionate impact on people who share a protected characteristic under the Equalities Act:

[Previous Page](#)

[Next Page](#)