
LOCAL COUNCIL TAX REDUCTION SCHEME REVIEW 2023/24

Committee: Finance and Assets Committee

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1. ISSUE

- 1.1 Each year the Council is required to review its Local Council Tax Support Reduction Scheme (LCTRS). This report details the annual review of the scheme in 2022 and recommendations for suggested scheme for 2023/24.

2. RECOMMENDATION

- 2.1 Committee is asked to recommend to Full Council that the Council retain the 8.5% reduction scheme, i.e. the maximum reduction for a working age claimant remains at 91.5% for the 2023/24 financial year.

3. BACKGROUND

- 3.1 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 11th March of the preceding financial year.
- 3.2 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 28th February of the preceding financial year.
- 3.3 We are now in the tenth year of LCTRS; a locally set scheme that replaced the previous nationally set Council Tax Benefit (CTB) scheme from April 2013.
- 3.4 In 2013/14 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 91.5%.
- 3.5 For 2014/2015 to 2017/18 the Council retained the original scheme, 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.
- 3.6 For 2018/19 the Council approved and introduced a proposal to harmonise the scheme with the Department for Works and Pensions (DWP) welfare reforms introduced for Housing Benefit and LCTRS for Pensioners and introduced closer

links to Universal Credit (UC) data share for claims, thereby removing the requirement to make a separate claim.

- 3.7 For 2019/20 the Council kept the same scheme as for 2018/19.
- 3.8 For 2020/21 the Council introduced a fluctuating earnings rule to the treatment of Universal Credit. A weekly tolerance level of £15 (£65 a month) was introduced to reduce the number of monthly reassessments impacting customers every time a revised Universal Credit notification is received.
- 3.9 For 2021/22 there were no changes implemented and the 2020/21 scheme was retained.
- 3.10 For 2022/23 there were four amendments made to the scheme. Reducing the capital threshold from £16,000 to £10,000 and abolishing tariff income for those with under £10,000 of savings. Applying a fixed rate non-dependent deduction of £7.40 per week. Streamlining the Council Tax Support application process by signposting customers to claim Universal Credit and Council Tax Support at the same time. Increasing the Universal Credit income variation rule from £65 to £100 each month.
- 3.11 The current East Cambridgeshire Working Age LCTRS scheme therefore 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.
- 3.12 A statutory scheme applies to Pensioners who can receive up to a maximum 100% reduction of their Council Tax bill.

4. ARGUMENTS / CONCLUSIONS

- 4.1 The Council could determine to retain the 2023-24 scheme in its current form. However, we have outlined two other options below relating to decreasing and increasing the minimum contribution rate.
- 4.2 Options to change the contribution level
 - **Option 1.** Do nothing and retain the current scheme with an 8.5% minimum contribution.
 - **Option 2.** Decrease the contribution rate to zero to support low-income households during the cost-of-living crisis.
 - **Option 3.** Increase the contribution rate to above 8.5% to generate additional receipts for the Council.
- 4.3 With the current “cost of living crisis”, it is felt to be the wrong time to burden the residents of East Cambridgeshire, who are already in receipt of LCTRS, with additional costs, so option 3 is rejected.

4.4 The Council does however continue to believe that the principle of everyone making at least a small contribution towards their Council Tax is the right one and as such option 2 is also rejected.

4.5 Option 1 is therefore recommended as:

- All other things being equal, this will maintain the level of Council Tax income collected to continue to provide funding for services at district and county level.
- There is other support available for those on low incomes and impacted by the “cost of living crisis” within the Housing Team and those affected should also be signposted to maximise benefit take-up, reviewing discounts and exemptions and providing Exceptional Hardship Payments where there is a need.

4.6 A number of technical changes were made to the Scheme and implemented for 2022/23, as detailed in 3.10 above. No further technical changes are recommended for 2023/24.

5. RECOMMENDATION

5.1 The recommendation is to go with option 1 and retain the current scheme with the 8.5% minimum contribution level.

5.2 If this recommendation is accepted no consultation exercise will need to take place in the Autumn.

6. FINANCIAL IMPLICATIONS / EQUALITY / CARBON IMPACT ASSESSMENT

6.1 The recommendation in this paper, to leave the scheme unchanged, will not have an impact on the Council Tax collected by the Council.

6.2 The existing LCTRS scheme continues the DWP’s previous Council Tax Benefit scheme conventions established over many years, regarding protections for vulnerable groups, including children, the disabled and the Armed Forces.

6.3 Equality Impact Assessment (INRA) is not required.

6.4 Carbon Impact Assessment (CIA) is not required.

Background Documents

Location

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