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Dear Mr Elliott

Warwickshire County Council Response to Formal Consultation re: Warwick District Council Local Council Tax Reduction Scheme.

I am writing in response to your letter of 10 October, consulting us about proposals to change your Local Council Tax Reduction Scheme by increasing the maximum Council Tax Reduction that working age claimants can receive from the current 85% rate to 100%.

While we understand the rationale and drivers for your proposal, and the intention to target support to a particular group of vulnerable residents, we have a number of concerns.

Warwickshire County Council therefore does not support the change to the Council Tax Reduction Scheme being proposed. Our reasons for this are as follows:

1. There is significant and growing uncertainty and pressure on local authority finances, with an increasing likelihood of material public spending cuts on top of demand and inflationary pressures. Your proposal creates an additional pressure of £0.764m for the County Council, which could rise to almost £4m if all other district and borough councils do the same. The impact may also rise given the challenging economic conditions, and therefore more people become eligible, with a £16k cost for every additional 100 eligible people. The County Council would be forced to find additional savings over the next five years on top of the £55m already planned in our Medium Term Financial Strategy and the £15m extra requirement directly resulting from the impact of the cost-of-living crisis on our finances. Given the services we provide, these additional reductions in spending would directly impact the most vulnerable in our communities, such as children, older people and adults with learning disabilities. Many of these residents will be highly exposed to cost-of-living pressures and therefore most in need of our services.
2. Costs and demand levels for County services, especially in social care and education, are rising significantly due to inflation and in part as a direct result of cost-of-living pressures tipping more vulnerable people into crisis. In addition to this, we also face significant uncertainty about the timing, resourcing, and costs, of the Government's Adult Social Care reforms. In this context, we feel that it would be imprudent and unsustainable to add a further 0.3% budget pressure to the County Council's already very challenging financial position moving forward.
3. It is unclear from your consultation whether this is a time-limited change or a permanent one. There is significant concern around how and when any change could be reversed to avoid it becoming a permanent pressure requiring equivalent permanent savings. If the County was

faced with this level of funding reduction on an on-going basis it would inevitably lead to service cuts and reduced investment, most likely starting in discretionary services areas. This is likely to have a direct knock on to Districts and Borough Councils, including support for growth, levelling up and climate change.

4. Given our knowledge of the financial pressures the District Council faces, we also question whether this decision is consistent with your own financial stability and resilience. We have a general concern about the financial resilience and sustainability of all Warwickshire's councils, and local government services generally. We are very concerned that this decision could create a long-term pressure on the financial sustainability of local government services across the whole county as well as in Warwick District, which would negatively affect residents across the county and all five districts and boroughs.
5. As a point of principle, we feel that working people should contribute something towards the cost of local services, rather than paying nothing. There is an issue of equity here, and we are aware other sectors like utilities adopt a similar approach, for example Severn Trent Water's Big Difference Scheme offers up to a 90% reduction on bills for those on low incomes.
6. As an Authority we have also consistently opposed having inconsistent LCTS schemes across the different District and Borough Councils in Warwickshire. We continue to be of the view that we do not think it is right that the same household should make a different contribution to the cost of our services depending on where the household is located. We strongly believe the more significant divergence of schemes operating across Warwickshire caused by this decision would be inequitable.
7. A wide range of support is already targeted at those most at risk from the cost-of-living, through national benefits, the Government's various energy support schemes, the £3.47m Household Support Fund and discretionary local support funded by the County Council such as the Warwickshire Local Welfare Scheme. In October, our Cabinet approved a range of additional measures, including a locally funded one-off package of up to £1m for cost of living ([Cost of Living.pdf \(warwickshire.gov.uk\)](#)). This package, designed to be taken forward in close partnership with district and borough councils and other partners, includes support for food banks, extension of the community pantries (the largest of which is in Lillington in Warwick District), the creation of a network of warm hubs and additional resources for advice agencies. In the context of the challenges of balancing our Medium-Term Financial Strategy, there is a risk, highlighted in our Cabinet paper, that we would have to withdraw or reduce this additional support to fund this change in Warwick District Council's Local Council Tax Reduction Scheme. This impact would be particularly inequitable in terms of other District and Borough residents who may then lose access to the additional support from the £1m investment across the whole County. We may therefore need to take into account the County Council's additional contribution to the Local Council Tax Reduction Scheme in Warwick District when we determine the allocation and delivery of our own support package across the whole County.
8. The scale of current cost-of-living pressures will affect almost everyone in Warwickshire. There will be much hidden hardship, in particular for people with assets but who lack liquidity or are highly indebted. Creating a permanent financial pressure will reduce the medium-term scope for the County Council to reduce Council Tax for everyone when the economic situation recovers, which could entrench some of the less visible hardship across the County.

For the reasons set out above, the County Council cannot support the proposed change to the Local Council Tax Reduction scheme for Warwick District Council.

We believe that the current financial and demand pressures, and enormous national uncertainty, makes this an unsustainable, inequitable and high-risk change and that Warwickshire's Councils would address the cost-of-living crisis through better targeting our highly constrained resources, as suggested in our cost-of-living paper.

Yours sincerely

Rob Powell
Strategic Director for Resources
Warwickshire County Council