

## LCTS & Council Tax Discounts 2014/15 CONSULTATION RESULTS

### 1. Executive summary

The results of the consultation broadly support the reduction in Council Tax discounts on empty and second homes: ie reduction from 100% to 50% for empty properties; ceasing the 10% second home Council Tax discount; the introduction of a Council Tax empty homes premium of 50% on long term empty properties (empty for more than 2 years); and, reducing support for low income households, so all working-age households will be expected to pay at least 12.5% of their Council Tax bill.

### 2. Methodology

The consultation ran from 26<sup>th</sup> July until 15 September 2013. The consultation encouraged individuals to complete an on line survey. The survey was administered by our website team. For those who didn't have access to their own computer facilities were offered in local libraries and the Council offices. Paper copies of the survey were also sent out on request. The following methods were used to publicise the consultation to members of the public and key stakeholders in the district:

- Letters were sent to working age LCTS claimants who potentially would be impacted, if their circumstances remain unchanged. This letter explained they would probably have a bigger Council Tax bill to pay, and included a summary of the proposed changes in a colourful leaflet and gave details of the consultation. As pensioners and disabled were protected in the proposed scheme they did not receive a letter, (to minimise any distress as the changes do not impact on them).
- Letters were sent to the owners of long term empty properties; second homes and properties currently undergoing major structural repair as they would be potentially impacted.
- Links from the front page, Council Tax and Benefits pages on the Council's website, including background papers, a summary and full details of the scheme.
- Press releases in local Newspapers
- Email to all large housing providers, letting agents; estate agents and other stake holders (eg CAB) with details of the scheme and consultation details, asking them to pass the information onto their landlords or other interested parties within their organisation.
- Email to major preceptors with details of the proposed scheme.
- Flyers were sent out with Council Tax Bills and related mail and were available in the reception of the Council's offices.
- Front-line staff in customer services and housing teams, all the revenues and benefits staff attended internal training sessions to familiarise the details and assist callers.
- Several 'Twitter' announcements and 'Facebook' messages
- Presentation at Landlord forum on 11<sup>th</sup> September 2013 explaining the changes.
- Article in the 'Uttlesford Life' magazine delivered to all households in the district.
- The core 6 questions were included in the survey sent to the council's citizen's panel.

### 3. General comments and observations about survey data

In total 97 responses were received from the combined LCTS and Council Tax Discount survey, and a further 201 responses from the citizen panel, giving a total of 298 responses to the public consultation. It should be noted that not all respondents answered all questions. Overall we received a good range of responses from residents living in the district. 65 respondents provided some diversity data.

- 65 % of respondents were female (42) and 33% male (21) (others preferred not to disclose).
- 22% of respondents (14) considered they had a to have a long-term health condition, impairment or disability
- 26% were in full time employment (17), 14% part-time employment (9); 14% self-employed (9); 9% seeking work (6); 20% retired (13); 5% looking after home/family (3); 6% permanently disabled (4).

### 4. Summary of additional written comments

- People on very low incomes will struggle to pay.
- General concern about the interaction with other welfare reforms, the ability to pay and levels of indebtedness for those on low incomes
- Pensioners and disabled should be protected from changes.
- Rents will increase due to the impact of the additional Council Tax charges on empty properties.
- Changes to discounts on empty/unoccupied properties will act as an incentive to bring properties back into occupation, helping to reduce the housing needs of the area.
- Those who can afford to have a second home or leave a property empty or unoccupied do not need any subsidy on their Council Tax.
- Comments were made on specific instances e.g. properties up for sale; properties that have restrictions on occupation (eg over 55's); delays with planning permission; second homes retained to assist with caring responsibilities or retained after changes in relationships (as a safeguard in case of future relationship breakdown)
- General comments on services and efficiencies at the council
- Several suggestions for alternative approaches including
  - Everyone should pay 10% for low income households (not 12.5%)
  - 5% discount on second homes (not 0%)
  - Giving 100% discount on short term empty periods between tenants for up to 3 months followed by 50% discount for 3 months to alleviate the impact for short term voids between tenants.
- The full text of the 44 responses submitted are listed at the end of this Appendix.

### 5. Summary of responses from major preceptors

**Essex County Council** responded just outside the formal consultation period.

They have previously indicated that they would not be requesting that billing authorities build in further cuts to the level of LCTS discounts awarded in the design of their schemes for 2014/15, so any further cuts in government funding for 2014/15 should not be passed on to LCTS recipients.”

Although Uttlesford are proposing to increase the liability cap from 8.5% to 12.5%, which will effectively reduce the level of discounts to be awarded to claimants of LCTS, ECC broadly

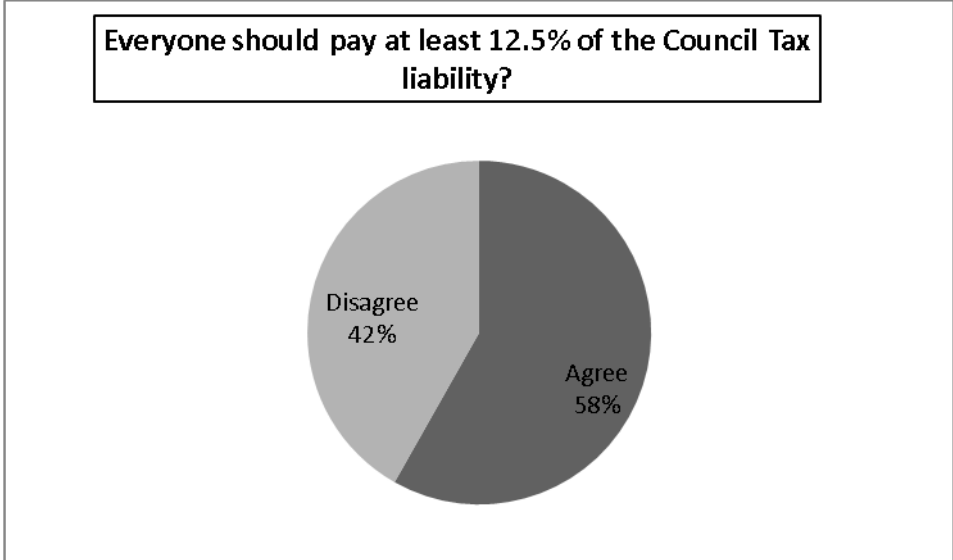
support the proposal as 'balanced approach' which will reduce the cost of the scheme and mitigate against the loss of the transitional grant, they support the approach of phasing in the impact on affected households and minimizing the potential negative impact on collection rates. However ECC are also keen for Uttlesford to continue the commitment to cost neutrality and compensate major preceptors for any discounts awarded that exceed the value of grant funding, *without* the netting off of additional income raised from changes to the Council Tax Discounts on empty and second homes. The full response from Essex County Council is attached.

The **Fire Authority** commented: ' I understand the principles adopted for the treatment of the precepting authorities and support the proposed approach. I have no other comments on your consultation.'

There has been no response from the Police and Crime Commissioner.

**Survey results, detailed findings on the Consultation Proposals  
Local Council Tax Support (LCTS)  
Question 1**

Do you agree that the cost of providing Local Council Tax Support to low-income households should be reduced by asking such households to pay more Council Tax? (i.e. minimum 12.5% instead of minimum 8.5%)

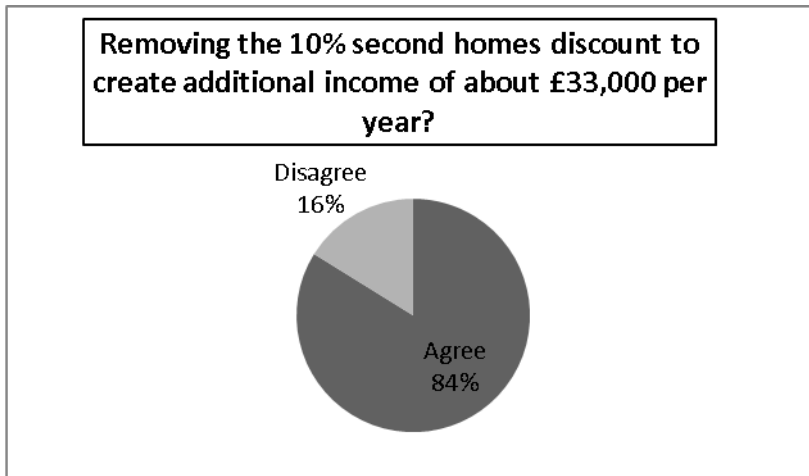


A total of 256 respondents expressed an opinion. The responses support the concept that all people of working age should contribute something towards their Council Tax Bill. As a high percentage of those contacted currently receive benefit, it is likely they would disagree.

### Council Tax Discounts.

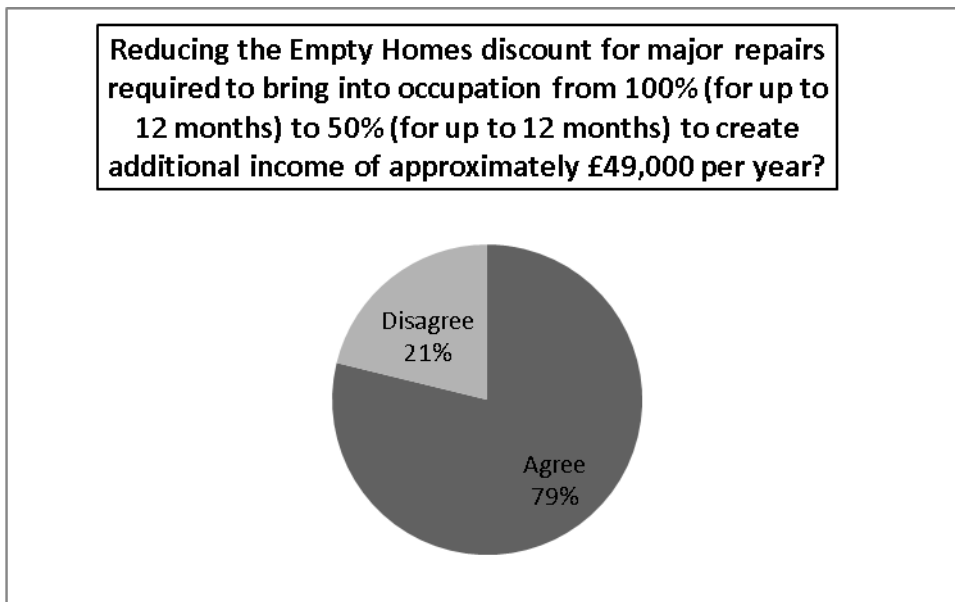
The survey sought views on minimising hardship for low income households and encouraging bringing empty homes into occupation, by changing four Council Tax Discounts on second homes and empty properties.

#### Question 2



266 respondents expressed an opinion on second homes and 84% of those support levying a full charge on Second Homes

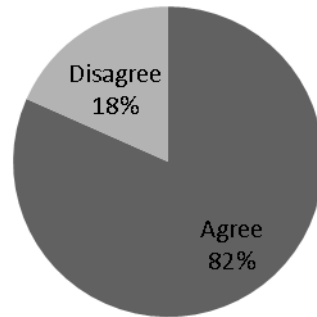
#### Question 3



255 respondents expressed an opinion and 79% agree with the proposal to reduce the discount on properties that are undergoing structural alteration or major repair to make the property habitable.

#### Question 4

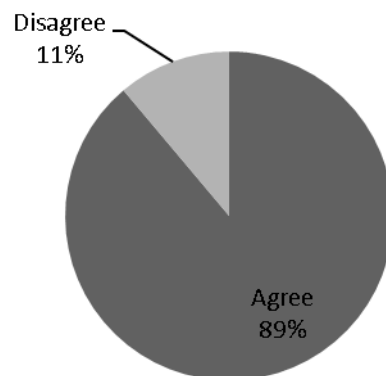
**Reducing the Empty Homes discount for vacant dwellings mainly between tenants from 100% (for up to 6 months) to 50% (for up to 6 months) to create additional income of about £300,000 per year?**



256 respondents expressed an opinion, and 209 respondents supported the proposal to reduce the discount from 100% to 50% for short-term empty properties. This would mean that owners/landlords of properties empty between tenants/occupiers would have to pay some Council Tax for a short period. Registered providers (housing associations) that are also a registered charity will be exempted from this charge on void periods – however a 50% charge will apply to Uttlesford Housing stock void periods.

#### Question 5

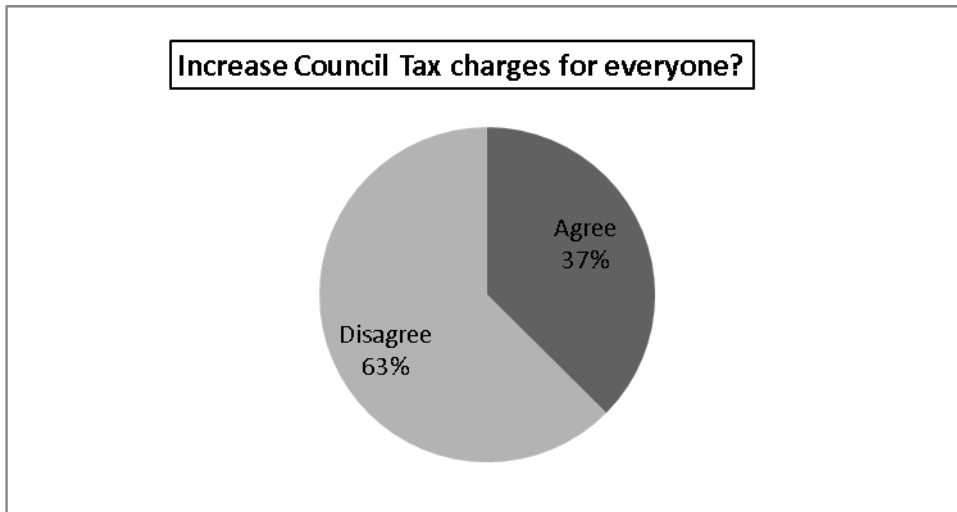
**Introducing an Empty Homes Premium of 50% for dwellings unfurnished & empty for more than 2 years to create an additional income of approx £87,000 per year?**



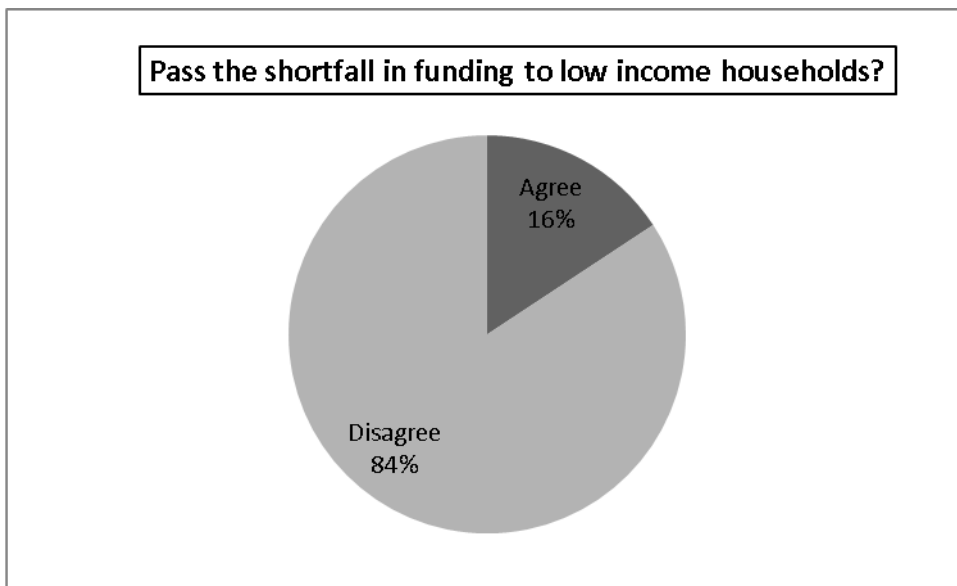
251 respondents expressed an opinion, and 223 agreed with levying an empty home premium of 50% of the Council Tax charge on long term empty properties. This means that larger properties (higher band) will have a larger premium than smaller (lower band) properties

### Question 6

This was a 5 part question, seeking views about how the Council should manage any adverse change in funding from Central Government from the estimates.

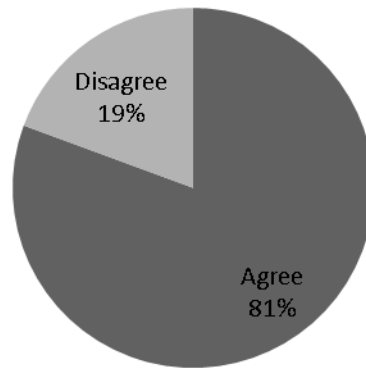


219 respondents expressed an opinion, and most do not support an overall rise in Council Tax charges.



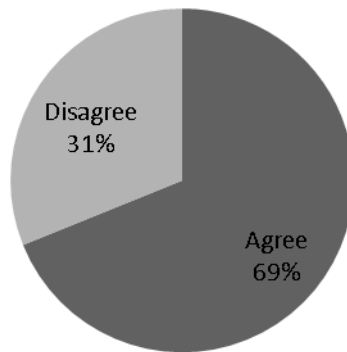
197 respondents expressed an opinion, and most do not consider any reduction in funding should not be passed onto low income households.

**Pass the shortfall in funding to owners of empty properties?**



227 respondents expressed an opinion, and the majority consider owners of empty properties should contribute to any reduction in Government funding

**Combination of raising taxes; cutting services; passing the cost to low income households and empty properties to cover any shortfall in funding**



218 respondents expressed an opinion, and most considered a combination of income generation and cuts in services if funding from Central Government is reduced.

### Additional feedback

The Liberal Democrats ran a campaign in Summer 2013.

'Say NO to tax increases for those already in poverty'.

Pre-printed postcards addressed to Councillors have been received by hand each stating:

*"Uttlesford District Council is consulting on changes to the Council Tax. I agree that owners of empty properties or second homes should pay some Council Tax, but people already in poverty should not have to pay more. Raising the liability cap for the poor will only bring in £43,000. The Council can manage without it - especially when starting to charge Council Tax on empty homes is going to bring in £300,000. Please register my objections to raising the liability cap to 12.5%"*

Seven postcards, each signed, have been received within the consultation period.

### Text responses to survey

Why is it that the poor always get hit which makes a MASSIVE difference to their lives, to the powers to be it's 'oh it's only a few pounds' well a few pounds is everything to someone with little income, & it runs a great deal deeper than that it's the worry the stress the depression in the end it's what's the point of living, when the richer get richer a few more pounds from them would make no difference to their lives, & they wouldn't even notice it's gone, it's just not right. One thing that should end now is people jumping on the 'band wagon' buying a property only with the intention of having the council pay the mortgage by letting it out to people on housing benefit (the rich get richer at our expense)

I don't understand all the financial implications. I have mental health issues. Both my daughter and I are on ESA. I live in a 3 bedroom council home, but now that my grown son has left we have to pay bedroom tax. So each week I have to find £14.80 from ESA. Already our Council Tax benefit has been reduced. It is very hard to face the winter months and the fuel costs. We have always had to decide whether to eat or heat. Now this year is the first time we have to face the same decision but with large chunks taken out of our benefits. In these circumstances, I can only see our health deteriorate, instead of getting better.

My partner and I were surprised and pleased to find out that Uttlesford offered a 100% discount on empty unfurnished homes - we were expecting to have to pay double council tax while we were still renting and doing up our first house. It was very helpful to us to receive this benefit but it was unexpected, and if I was in a position to be able to maintain two homes for an extended period of time then I would expect to pay council tax on both, and would rather do this than see the council tax charge increase.

This survey is biased as it quantifies the saving for each of the empty homes options but not the equivalent for the option of reducing the discount for lower income homes. If it transpires that changing the discount for lower income households saves far less or far more than the alternatives then it would change one's response. It should either put a value to ALL the options or none of them. You also don't have an 'other' for Q6.



The rich have second and empty homes, they do not need subsidising.

Cutting services depends on which services - what must not be cut is waste collection and litter clearance. These are essential. What could be cut is jaunts for council executives, gold-plated pensions for those already exorbitantly paid, wastage on useless misprinted leaflets (like the one advertising this survey), the unnecessary decimation of shrubs, ivy etc. by ignorant and untrained council workmen (as in the Saffron Walden car park, where nesting birds were disturbed, and in the grounds of Priors Wood Court, where a whole planting of shrubs was removed, for no known reason), etc. Factories/offices allowed to rot long term (such as the eyesore opposite Tesco in Saffron Walden) should be charged enough to make the owners sell or renew; but homes under probate should be exempt.

Being on Benefits ourselves, we barely exist as it is, even the amount we pay now we struggle to survive, most weeks I'm constantly watching my bills to see what's left for food, the shortage of work in our area and surrounding doesn't help with my partner still out of work for nearly 2 years since we moved here and the cost of living here in Saffron Walden is expensive, to make people on Benefits pay a fee I think is unacceptable especially the families with children and the already aware status of child poverty in our area, we live in poverty ourselves we barely survive, people with empty houses should pay extra, if they can afford to let their properties sit empty then they can afford to pay some extra on their council tax or sell their homes if they aren't needed..

I am extremely worried that many people with disabilities and mental health problems will be severely affected by being asked to pay more, as your information states that people on DLA or PIP will be protected, but this does not cover people who are on ESA but don't get DLA or PIP. ESA is a disability benefit, it's extremely difficult and stressful to get, and many people don't have the support or ability to even apply for DLA. It is essential that to protect disabled people who are already on the edge of poverty, people on ESA should be covered by the same exemptions as people who receive DLA or PIP.

I believe that these cuts should 100% definitely not affect the elderly and disabled. They should be protected no matter what.

It was reported in the local press that the average increase for low income households would be 73p per week. This is MORE than the total increase in Jobseeker's Allowance, which also has to cover increases in other bills. Maybe it doesn't seem much to the average Uttlesford resident on a high income, but it's a lot to somebody on a low income, especially on top of other cuts. It is an absolute disgrace that Uttlesford reduced Council Tax for most residents at a cost of £44,000 according to its own statistics. This reduction would have been at most benefit to owners of larger properties, whilst the poorest have had to pay more! Charging for empty/second homes would mean that Uttlesford would not have to increase payments for the poorest.

Perhaps we would see empty properties coming back onto the market quicker if Council Tax subsidies weren't available/were reduced. Low income households are currently being attacked from all sides. Their Council Tax benefit should not be reduced any further to ensure further hardship is avoided. We have a duty to look after the wider community.

Apart from naturally increasing tax and reducing services. The main focus of the council should be process improvement to drive efficiency savings and that also usually drives improved customer service.

There are no excuses for empty properties, a full council tax should be paid on these whether just empty or second homes, on properties being renovated 50% reduction for a year is more than adequate.

I believe those in the higher bracket, should pay more to help low income families. Second homes should be taxed more too (I am in the higher bracket)

Low income households and those in receipt of benefits in general are already poor enough - please don't pass cuts on to them, they really can't afford it. I understand that Uttlesford District Council has substantial reserves, and this one way in which they should be used. I am not in receipt of benefits myself, but can remember very well how tight my budget was when I was in receipt of income support many years ago. Families with young (and even teenage) children should receive sufficient support to keep them above the poverty line - especially as the District Council can afford not to pass the cuts on.

The fair and balanced option that would mean that all residents contribute to the extra balance of funds said to be needed by the council So the load should be shared out amongst all payees . My only comment would be about empty houses (those that have been empty for a long time with no attempt to rent them out or to have occupancy) With a need for housing in the area for local people it is an insult that the council allows owners of empty property a reduction of the council tax. If council tax was charged at the full rate maybe they would be encourage them to put the dwelling on the market to rent or buy

I inherited a flat at ?????????? in Saffron Walden. I have had it up for sale for eighteen months with [estate agent] and [estate agent]. I have reduced the asking price to sell it. It is costing me over £200.00 per month and I am having sleepless nights worrying about the amount of money I have to find. I have asked Axxxxx (guardians of the property) if I could rent it out. They want half my rental charge plus I have to pay the maintenance cost which make this alternative useless. I am at my wits end. I pay the Council Tax and the Maintenance Charges and just pray I can sell the property which is on the market at £75,000. I have had it decorated and it is in a prime location for an elderly resident (you have to be over 55 yrs to live there.) I cannot understand why it will not sell.

Keep 100% rebates for voids in letting properties. To stop this could affect the number of rental properties available - the return on rental properties is not high, to reduce it further is likely to make more 'good' landlords exit the market. Empty properties 'left to rot' should be charged at least full Council Tax. I have been using my property in Essex as a base from which to work, and although I am a single pensioner, have only received a 10% rebate. However Essex CC has now decided that I am too old to work, so I will have to move elsewhere.

I have benefited in the past from a second home discount but I feel to be fair that all owners should pay the full tax and there should be a penalty for leaving homes unused.

Second homes: support a reduction of discount, say to 5%, but not a full removal as people not there all the time make less use of services such as refuse collection.

Empty Homes seem to add to the home shortfall, which in turn drives up prices due to the lack of supply vs demand. We need homes for everyone, low, middle and high income earners. All need to contribute to the services provided whether used or not. Empty homes should not receive discounts unless investment is being made in them (within reasonable timescales) to improve and prepare the house for rental or sale.

There should be no discount for empty second homes. Your proposal for a 50% discount for up to six months is too lenient.

I would support rises in Council Taxes insofar as they are a response to greater responsibilities being passed to the Council from national and County Council level with a consequent reduction in taxation paid to those two levels of government.

If people with empty homes were to be encouraged to let them at a reasonable rent to the 'homeless', then we wouldn't need to build so many new homes in the area.

The UDC consultation guidance doc says "Disabled people, carers and blind people on a low income protected from adverse changes" This is an intensely misleading statement. Many significantly sick and/or disabled people and many full-time carers are no longer classified by the DWP as such, & hence many of the very vulnerable are excluded from the group of those designated 'the most vulnerable'; so many very vulnerable people now tend to fall through the cracks in many systems, including the UDC Council Tax SS, with appalling consequences. It's really important; I'd suggest some of the wording should, perhaps be: "Some disabled people, some carers and blind people on a low income protected are from adverse changes". I welcome UDC 0% CT bill for some, & would like it extended to more people

Why not reduce the unoccupied/unfurnished exemption (old exemption C) to 100% for 3 months rather than 50% for 6 months - it would be an incentive to get the house re-occupied sooner. The same for unoccupied & undergoing major repair (old exemption A), 100% for 6 months rather than 50% for 12 months for the same reason.

I think the increase from low income households should be limited to 10%. Owners of empty properties should bear the major increase

I am a 2nd home owner, one of which is within Uttlesford for which I receive a 10% Council Tax reduction. The prime reason is for me to provide appropriate local support, when needed, for my 93 year old mother who lives in a Warden Controlled home but who receives little in the way of practical help. The discount helps me to provide that support without either of us resorting to State Benefits (Attendance Allowance, Carers Allowance etc). The cost to the State and Uttlesford Council could be substantially more if it became necessary to take that route if this discount is withdrawn.

Remove completely the discount for 2nd Homes. If you can afford a 2nd property you can afford to pay full council tax on it. If I own 2 cars I can only drive 1 at any one time but I pay tax on both same with houses.

I don't really understand "pass the shortfall in funding to low income households".....

Empty and second homes should pay full council tax at all times unless the owner of an empty home has a good reason not to pay, such as a hospital stay. Full charge should encourage those leaving empty homes which fall into disrepair to maintain and either let or sell the property. The level of empty homes, either second or in disrepair, is a national scandal and every effort must be made to make sure such properties are habitable and occupied.

Quite simply, if you can afford to own a second property you can afford to pay full council tax. Owners should be responsible for ensuring properties are habitable at all times and should not be advantaged just because they are left empty.

The wording of this survey is such that it is confusing and ambiguous. I suspect it will simply be used as a justification for the council to impose its own solution irrespective of what residents actually think. I am sick and tired of being asked to pay more and more for less and less services. Those of us who started with nothing and inherited nothing and by dint of many years of hard work have built up any modest kind of wealth are consistently forced to pay more to subsidise those who have not put such efforts in. The welfare state is meant to be a safety net not a way of life

Your questionnaire is not comprehensive enough in order to fairly tax households. My circumstances are as follows; My wife was widowed from her first husband in 1993. She carried on living in her property until 2003 when she down-sized to a smaller property in the same lane. She continues to live much of her time in this house. Me, I was widowed in 2004 and continue to live some of my time in my original home. Divorce is a more frequent occurrence in a second marriage and perhaps it is due to this circumstance that we are very mindful of financial and other conditions, should our marriage fail. The consequences are that we retain ownership of our original individual houses.

Currently receive 10% discount for "second" home. This is not so much a discount as a recognition that the occupier costs the Council very little. No rubbish collection, no use of Council facilities, no use of sewerage treatment, no schooling. Full rate paid elsewhere. The house is currently used only 30 days per year but I will move there when my husband dies as it is close to 3 of my children who all are property owners paying a full rate. The £1636.14 you do receive seems good value to the Council.

With the increase in residents that have had to begin to pay council tax and ending up creating a new benefit, that may incur large costs not only in payments but also in eligibility admin and fraud prevention\ detection, we would suggest that we need to examine if there is a net loss on the money raised by the increase in minimum charges- as there is no obligation to ask those entitled to full benefit to pay a contribution. It seems that last year when this was introduced there was not monetary requirement as evidenced by the freeze on Council Tax increase. With low numbers of non payment there should not be a huge deficit and I would ask that you examine the need to ask the effected residents for any percentage of CT particulaly 18 - 24 yr olds.

It's hard to believe there are only 157 long term empties in the whole of Uttlesford. I very much welcome the present emphasis on ensuring that people who can afford to own several properties don't benefit from keeping them empty/uninhabitable. I really can't afford to pay more Council Tax but if National Govt keeps trying to get Local Govt to do ITS work on a fraction of its funding, let taxpayers know & all pay a bit more. But the D.C MUST act democratically in how it administers. Cabinet system seems less open than committee system

For the point on empty homes during tenants, maybe consider 100% discount for a shorter period of time, then reducing to 50%, then to 25% or something like this. It wouldn't reach the £300k saving that is indicated in the proposal but it would still generate a lot more revenue. The key to any changes is that it is seen to be fair to everyone. Hardworking people should not be adversely affected by the changes. Encouraging the occupation of long term empty homes should be the main target. Not only would this bring in revenue but it would also help to address the housing demands. Unoccupied houses should be rented out or sold so that someone else can live in them. Second homes is an issue in a few parts of the UK. If you can afford two houses then you should be able to pay tax too.

Your questionnaire is worded in a very prescriptive way. I think the poor should pay no more, £50 p.a. is significant to those on the bread line. Instead, the discount for properties undergoing major repairs should be 25% not 50%. Council tax on properties left empty for one year should be doubled (it is inefficient and immoral to have homes empty and people homeless). Discount on empty 2nd homes should only be 25%. These measures would negate making life harsher for the very poor and increase revenue from council tax.

It should be born in mind that owners of second homes receive only a proportion of council benefits (libraries, waste, amenities, police) and usually no schooling for their council tax, whilst paying the full tax to the authority in which their first house stands. Even the recent reduction from 50% discount to 10% discount results in a 'penalty' change. It is all too easy to get support to 'sting the rich'.

As a local employer, I have to provide housing for some of my staff. As they are through a labour agency there are likely to be changes in the team, and sometimes new appointments can be short-lived. To add further to the costs of recruitment by not giving a discount while empty would be an imposition likely to reduce my willingness to employ staff. Some times the change over has a gap longer than a few days, due to the condition a property is left in. We currently have one property that is not fit to live in - that now pays full rate Council Tax, to charge more than that would be brutal. Particularly when in rural areas, services are much more limited and yet full Council Tax is charged; cost of living is far higher, Urban areas should be charged higher than rural - they get so much more!

1. The removal of the 100% discount for those homes requiring major repairs. It must be in the best interest of the Council that its housing stock is in the best possible order. Work may take considerably longer than a year particularly if planning permission is required. The owner will either be living elsewhere and paying Council Tax, or if the property is intended for letting and will have no income. 2. The removal of 100% discount on habitable homes. These may be empty for a number of reasons, but probate could be one in which case funds may very tight. Again owners may be wishing to move in, but for any number of reasons be unable to and again will be paying tax elsewhere and making no use of the services.

The extra 50% tax on empty homes after two years when the property is empty without the wish of the owner, but for reasons beyond their control. Again the owner will be paying tax and the property will be making no use of the services. The reasons you have these arrangements in place seem fair. Apart from the removal of the 10% for second home owners I hope you will reconsider.

At a time when there is so much contentious debate about building new houses in S/W, it is outrageous that there are existing properties sitting empty. Owners of these properties should be discouraged from doing this. By charging these owners full council tax, they would be far more motivated to sell or rent out their properties. If they want to keep the property empty, they should be expected to pay council tax for it. If they can afford a second home, they can afford the tax. It is unfair to expect people on low incomes to pay more council tax. Where do you think the money comes from? I am on JSA & have no savings. I'm borrowing money to pay bills. I don't choose this lifestyle. I lost my job & am having major problems getting back into work thanks to a dispute with my previous employer.

### Comments from the e-citizen survey on LCTS and Empty properties

Any shortfall in funding has to be passed on and paid by all council tax payers. Increasing the levy on low income households and owners of empty properties only makes a minimal contribution and increases risk of bad debts accumulating.

I don't know enough of probably surrounding issues which may also influence such apparently simplistic questions

I do not know enough about the above

Cut your enormous beaurocracy

Everyone in occupation of a home should pay some council tax. Occupation of all empty homes should be encouraged.

If you 'over tax' furnished second homes it will be counter productive. You should focus on taxing unoccupied unused unfurnished properties.

Essex County Council  
**Finance Professional Services**  
County Hall  
Chelmsford  
Essex  
CM1 1LX



Stephen Joyce  
Assistant Chief Executive  
Uttlesford District Council  
London Road  
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CB11 4ER

16 September 2013

Dear Stephen

**Formal consultation: Uttlesford LCTS & Council Tax Discounts 2014/15**

I am writing in response to your email on the above consultation.

As you are aware, at ESLF on 26<sup>th</sup> July 2013 Essex County Council indicated that they would not be requesting that billing authorities build in further cuts to the level of LCTS discounts awarded in the design of their schemes for 2014/15, thereby not passing on any further cuts in government funding for 2014/15 on to LCTS recipients. This was based on indications from the quarter 1 monitoring reports, that the 2013/14 schemes are likely to achieve cost neutrality as expected, in as much as that they are not expected to award discounts in excess of the funding that was received, and that it is expected that position will be maintained for 2014/15. It was also recognised that collection rates look like they will be maintained within the levels expected, and that implementing further cuts to LCTS discounts within these schemes would risk an unknown and potentially worsening impact on collection rates.

As explained at that meeting, this view is subject to political approval and we will be writing to our cabinet members in due course to seek their formal agreement to that principle and will keep you informed of the outcome.

I note that Uttlesford are however consulting on a proposal to increase the liability cap from 8.5% to 12.5%, which will effectively reduce the level of discounts to be awarded to claimants of LCTS.

Whilst this varies slightly from the approach outlined above, I support the view that this option presents a balanced approach which will reduce the cost of the Uttlesford LCTS scheme, and therefore partly mitigate against the loss of transitional grant funding, whilst phasing in the impact on affected households in a manageable way, and minimising the potential negative impact of collection rates.

I also support the continued commitment from Uttlesford, in line with the agreed principle of cost neutrality, to compensate major preceptors for any discounts awarded as a result of the design of their LCTS scheme which exceed the value of grant funding which was transferred in 2013/14.

On this basis I am satisfied that the proposals outlined for the Uttlesford LCTS scheme for 2014/15 are in line with the principles of cost neutrality as agreed for all Essex schemes at ESLF on 26<sup>th</sup> July 2013. I will therefore include the recommendation that we support these proposals when we seek formal agreement to this approach from our cabinet members in due course.

However. I note that in the calculation of the anticipated subsidy to ECC to compensate for the shortfall on you LCTS scheme, the additional income anticipated from changes to other council tax discount is being offset against the deficit on the LCTS scheme before calculating the compensation due. This is outside the spirit of the existing legal agreement we have in place with regard to the sharing of additional income from council tax discounts.

This agreement was put in place to recognise that if local authorities chose to reduce other discounts in order to generate additional council tax revenue, this would mitigate against potential losses on collection that might arise from the introduction of LCTS, and Essex County Council therefore agreed to share back a proportion of that additional income in the spirit of good will. To recognise this additional income as offsetting some of the deficit on the LCTS scheme before any further losses on collection are incurred, as is the case in your proposal, is effectively going against that agreement.

I would therefore like to see your proposal amended to exclude the netting off of this additional income from your calculation of the compensation that would be due to Essex County Council.

Based on the figures provided in your cabinet paper, I would expect this calculation to be as follows.

	ECC £000s
LCTS discounts based on 12.5% cap	£2,812
Formula funding LCTS	-£2,587
Amount due to ECC	£225

I would also like to remind you, that as agreed for 2013/14, the final compensation amount should be based on the final level of LCTS discounts awarded for the year, and we would therefore expect to see this amount adjusted for any variations in caseload accordingly at the end of the year.

Yours sincerely

**Margaret Lee**  
**Executive Director for Corporate Services**