

Decision Maker:	Cllr Lodge, Leader of the Council	Date: 7 July 2020
Title:	Local Council Tax Support Scheme Proposals 2021/22	
Portfolio Holder:	Portfolio Holder for Finance and Budget Cllr Neil Hargreaves	
Report Author:	Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk	Key decision: No

Summary

1. There is a requirement to annually review the Local Council Tax Support (LCTS) Scheme, and propose changes to the scheme for the following financial year. The decisions made, even if no change is proposed, must then be consulted upon before a decision is taken at Full Council in December on the final scheme for the following financial year.
2. As can be seen from the table in paragraph 8 Uttlesford has the lowest percentage contribution requirement of any authority in Essex. This demonstrates that whilst the council has had sufficient funds to support the scheme it has done so.

Recommendations

3. The Leader is requested to recommend that the Local Council Tax Support Scheme proposals for consultation for 2021/22 are set on the same basis as 2020/21:
 - I. The contribution rate is frozen for the sixth consecutive year at 12.5%.
 - II. The Council continues to protect Vulnerable and Disabled Residents and Carer's on a low income.

Financial Implications

4. Detailed in the main body of this report.

Background Papers

5. None

Impact

Communication/Consultation	Proposals subject to public consultation and discussions with major preceptors
Community Safety	None.
Equalities	An equalities impact assessment will be completed as part of developing final proposals for decisions

	by Cabinet and the Council later in the year.
Health and Safety	None.
Human Rights/Legal Implications	Compliance with relevant legislation.
Sustainability	The objective is to achieve a financially sustainable set of arrangements.
Ward-specific impacts	None.
Workforce/Workplace	Ongoing demands on the Revenues & Benefits, Housing and Customer Service teams

Local Council Tax Support (LCTS)

6. LCTS replaced Council Tax Benefit (CTB) from 1 April 2013. The Council has adopted a scheme which has the following key elements:
- a) Pensioners on low income protected from adverse changes (as required by Government)
 - b) Disabled people, carers and blind people on a low income receive discretionary protection from adverse changes
 - c) Working age people previously on full CTB pay no more than 12.5% of the council tax bill
 - d) £25 per week of earned wages income disregarded from assessment (to provide a work incentive)
 - e) Child Benefit and Child Maintenance disregarded from assessment (to minimise exacerbation of child poverty, or accusations of same)
 - f) Hardship Policy to enable additional support for genuine extreme hardship cases

Contribution Rates across Essex

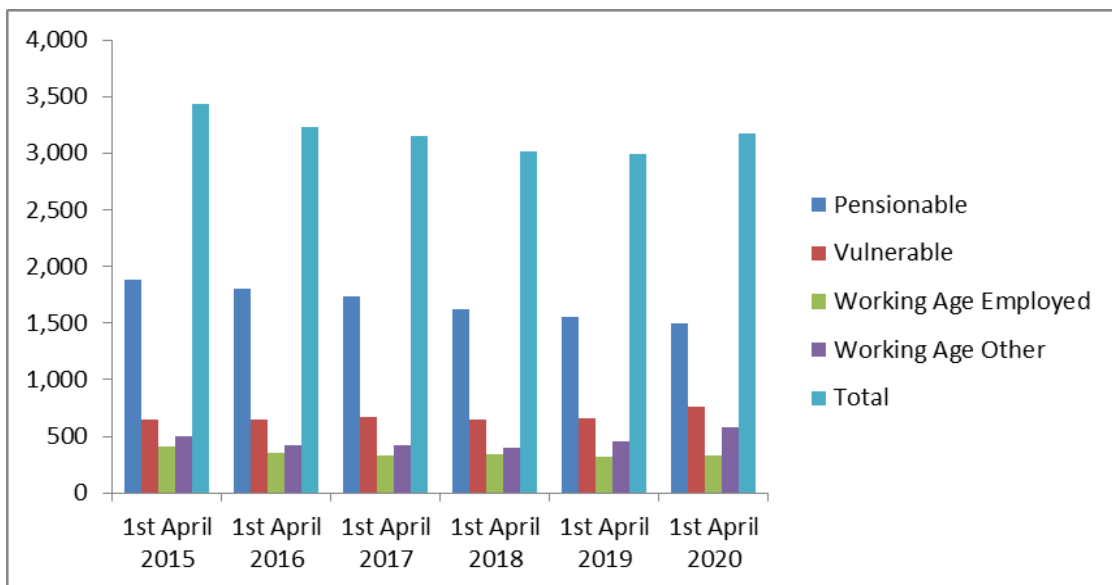
7. The council has the lowest percentage contribution rate within Essex with the highest being set at the maximum permitted level of 30%.

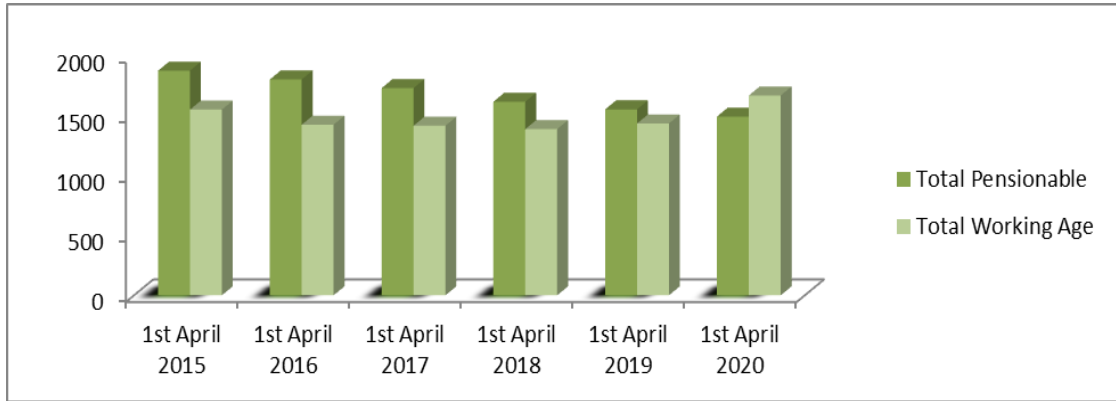
	Contribution Rate (%)					
	2015/16	2016/17	2017/18	2018/19	2019/20	2019/20
Basildon	25	25	25	25	25	25
Braintree	20	20	24	24	24	24
Brentwood	20	20	20	20	20	25
Castle Point	30	30	30	30	30	30
Chelmsford	23	23	23	23	23	23
Colchester	20	20	20	20	20	20
Epping Forest	20	25	25	25	25	25
Harlow	24	26	24	24	24	24
Maldon	20	20	20	20	20	20
Rochford	20	20	28	28	28	28
Southend-on-Sea	25	25	25	25	25	25
Tendring	20	20	20	20	20	20
Thurrock	25	25	25	25	25	25
Uttlesford	12.5	12.5	12.5	12.5	12.5	12.5

Caseload

- The current caseload shows an increase in working age caseload and this is the first time in six years where there has been an increase in the working age caseload. This can be attributed to the Covid-19 pandemic, the national roll out of Universal Credit and increases in state retirement ages.
- The following table and graphs provide an analysis of each category of claimant and how the caseloads have changed over the past 6 years.

	1/4/15	1/4/16	In year movement	1/4/17	In year movement	1/4/18	In year movement	1/4/19	In year movement	1/4/20	In year movement
Pensionable	1,881	1,807	- 74	1,735	- 72	1,621	- 114	1,557	- 64	1,497	- 60
Vulnerable/Disabled	651	653	2	667	14	651	- 16	664	13	766	102
Working Age - Employed	406	359	- 47	334	- 25	341	7	323	- 18	331	8
Working Age - unemployed	498	417	- 81	419	2	400	- 19	452	52	577	125
Total Claimants	3,436	3,236	- 200	3,155	- 81	3,013	- 142	2,996	- 17	3,171	175





Increasing the Contribution Rate

8. For each increase of 2.5% in the contribution rate it would generate a potential additional council tax income of £39,258 across all the preceptors of which the council would retain £5,496.
9. The impact of each 2.5% increase on a Working Age claimant who receives the maximum LCTS award would be an additional £43.24 per year, equating to £0.83p per week.
10. The financial gain and the claimant impact are detailed in the table below, the costings are based on all working age claimants paying a 12.5% contribution, as it is impossible to identify and calculate precise figures as the contribution level varies dependant on the claimant's financial circumstances.

Percentage Contribution	Average liability income due	90% Collection Rate	Increase @ 2.5% increments	Additional Cost to claimant	
				per year	per week
12.50%	£218,098.97	£196,289			
15%	£261,718.76	£235,547	£39,258	£43.24	£0.83
17.50%	£305,338.55	£274,805	£78,516	£86.47	£1.66
20%	£348,958.35	£314,063	£117,773	£129.71	£2.49

Income Sharing Agreement

11. An Essex wide income sharing agreement was entered into with all billing authorities and major preceptors at the time of implementation of the new LCTS scheme.
12. The main principles of the agreement are to ensure a joint approach in maximising income collection, reduce fraud and ensure compliance.
13. By working proactively on fraud this ensures that our Taxbase is maintained at the maximum level generating extra revenue for both the major preceptors and billing authorities.
14. Preceptors receive a share of all income generated for Council Tax and this is allocated through the Collection Fund at year end.

15. The increased income generated specifically from these activities and internal decisions by UDC each year is monitored and the preceptors have agreed to share their element of the extra income with the Local Authorities.
16. Two posts are being funded through this agreement to work directly on all areas of fraud and compliance within Council Tax.
17. The income generated directly from this work will also be shared as per the agreement.

LCTS Administration, hardship and recovery funding

18. As part of the scheme the major preceptors (County, Fire and Police) provide funding of £34,000 per annum to employ an officer to ensure the efficient administration of the LCTS scheme. The officer also works with those people affected by the scheme to provide support in managing their payments and thereby avoiding costly recovery action being taken.
19. Essex County Council contributes £7,000 per annum towards the running of the hardship scheme which has a £15,000 annual budget (£8,000 UDC element).

Full cost of LCTS scheme

20. The following table shows that the forecast financial position for UDC in 2021/22 is a net cost of £410,992. The costing has been based on caseload as at 1 April 2020 and uses the 2020/21 band D equivalent.

£'000	LCTS Expenditure 2020/21	County, Fire and Police Share	UDC Share 2021/22
LCTS Discounts	3,614,450	3,108,427	506,023
Major Preceptors - Sharing Agreement (14%)	0	0	(95,000)
Net of LCTS Scheme & Discounts	3,614,450	3,108,427	411,023
Major Preceptor LCTS Funding (Admin & Recovery)	0	34	(34)
LCTS Hardship Scheme	15	7	8
ECC Funding of Hardship Scheme	0	5	(5)
Total Net Cost	3,614,465	3,108,473	410,992

21. Due to the current Covid-19 emergency and the ongoing impact of the measures put in place to control the virus it is expected that current caseload levels will increase during the current financial year. It is difficult to predict the outcomes for 2021/22 but it is hoped that the economy will be in recovery and that caseloads will decrease.

Consultation

22. The results of the consultation will be included in the reports presented to Cabinet and **Scrutiny** in the autumn?
23. The table below sets out the timetable for the setting of the 2021/22 LCTS Scheme

Leaders Decision	Xx June 2020	Report to agree draft proposals and initiate consultation process
Consultation process – To be confirmed	Normally takes place end of July and through August	UDC Website – light touch as no changes
Scrutiny	Will this still go here? If so 5 November 2020	Opportunity to review consultation outcomes and final proposals prior to consideration by Cabinet and Full Council
Cabinet	24 November 2020	Consider consultation responses and determine final proposals for 2021/22
Full Council	8 December 2020	Approve 2021/22 LCTS scheme

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Assumptions about costs and income levels are incorrect	3 (a high degree of variability and estimation is involved)	3 (adverse or favourable cost affecting the council budget/collection fund)	Monitor trends closely and review scheme each year to make necessary adjustments.
Covid-19 and effect on the economy longer term	2 – possible that unemployment levels will still be high	2 – cost of the scheme will increase	Monitor caseload and work with preceptors on managing the scheme

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.