

Decision Maker:	Cabinet	Date:
Title:	Local Council Tax Support Scheme 2021/22	Tuesday, 24 November 2020
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. The consultation period ran from 11 August to 18 September 2020, due to the current pandemic this was in the form of an online survey only. All preceptors were notified either via email or letter of the consultation dates and provided with details of how to access the online form.
3. The survey was fully publicised on our website, social media and posters were distributed to Town and Parish Councils to display on noticeboards. Details of the survey were included in our press releases in local media and newspapers.
4. The survey generated 27 responses of which 64% of the comments were supportive of the scheme continuing with the current contribution rate from working age claimants and to protect vulnerable and disabled residents and carers on a low income.
5. 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

6. The Cabinet is requested to recommend for approval by Council the Local Council Tax Support Scheme for 2021/22 based on the following;
 - 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 Carers on a low income.

Financial Implications

7. Detailed in the main body of this report.

Background Papers

8. None

Impact

Communication/Consultation	Proposals subject to public consultation and discussions with major preceptors
Community Safety	None.
Equalities	An equalities impact assessment has been included
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)

9. 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

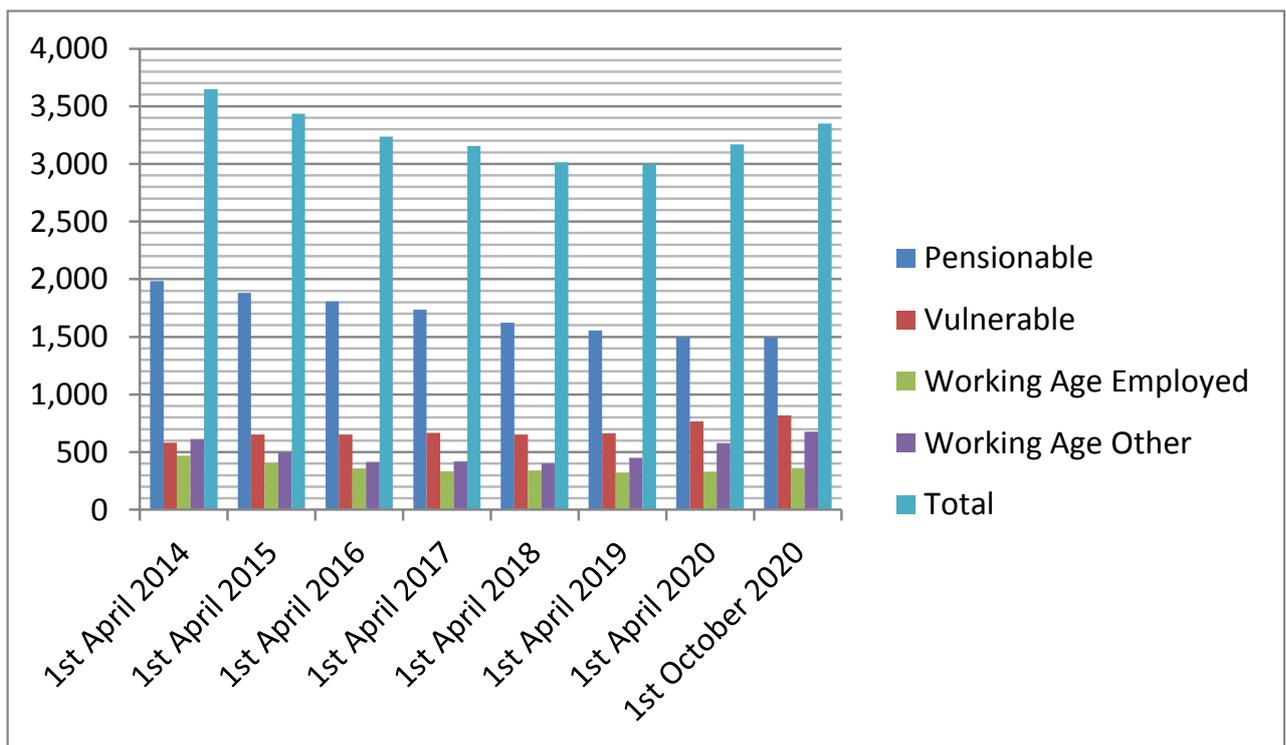
10. The council has the lowest percentage contribution rate within Essex with the highest being set at the maximum permitted level of 30%.

	Contribution Rate (%)					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
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

11. 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. This can be attributed to the Covid-19 pandemic, the national roll out of Universal Credit.
12. The following table and graphs provide an analysis of each category of claimant and how the caseloads have changed over the past 6 years.
13. A half year caseload position has been included as 2020/21 has an unprecedented level of claims due to the pandemic. At the beginning of the year there was an increase of 175 claimants and by the middle of the year this was increased by a further 178, giving a total additional caseload of 353. The full cost impact of this is set out in point 23.

	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	1/10/20	In year movement
Pensionable	1,881	1,807	- 74	1,735	- 72	1,621	- 114	1,557	- 64	1,497	- 60	1494	- 3
Vulnerable/Disabled	651	653	2	667	14	651	- 16	664	13	766	102	818	52
Working Age - Employed	406	359	- 47	334	- 25	341	7	323	- 18	331	8	361	30
Working Age - unemployed	498	417	- 81	419	2	400	- 19	452	52	577	125	676	99
Total Claimants	3,436	3,236	- 200	3,155	- 81	3,013	- 142	2,996	- 17	3,171	175	3,349	178



Increasing the Contribution Rate

11. 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.
12. 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.
13. 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

14. 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.
15. The main principles of the agreement are to ensure a joint approach in maximising income collection, reduce fraud and ensure compliance.
16. 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.
17. Preceptors receive a share of all income generated for Council Tax and this is allocated through the Collection Fund at year end.
18. 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.
19. Two posts are being funded through this agreement to work directly on all areas of fraud and compliance within Council Tax.
20. The income generated directly from this work will also be shared as per the agreement.

LCTS Administration, hardship and recovery funding

21. 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.
22. 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

23. The following table shows that the forecast financial position for UDC in 2021/22 is a net cost of £412,593. The costing has been based on the caseload on the 5 November 2020 and uses the 2020/21 band D equivalent.

£'000	LCTS Expenditure 2018/19	County, Fire and Police Share	UDC Share 2018/19
LCTS Discounts	3,717,631	3,197,163	520,468
Major Preceptors - Sharing Agreement (14%)	0	107,844	(107,844)
Net of LCTS Scheme & Discounts	3,717,631	3,305,007	412,624
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	3,717,646	3,305,053	412,593

Covid-19 Impact

24. The Government has provided additional funding to support claimants during 2020/21, reducing their contributions up to a maximum of £150 or equal to bringing their contributions to zero whichever is the lower figure.
25. 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 continue to increase during the current financial year and this is likely to impact on the early part of 2021/22. It is difficult to predict the outcomes for 2021/22 but it is hoped that the economy will begin to recover during the next financial year and that caseloads will decrease.

Consultation process

26. The current consultation ran from 11 August to 18 September 2020 and did not include any questions requiring a specific 'yes' or 'no' answer, as in previous years. Respondents were asked to consider the proposals and provide their views in an 'open text box'.
27. The survey invited (but did not require) participants to provide their name and a contact email address. Participants were also asked to identify if their response was on behalf of an organisation.
28. The online survey took the form of a simple web form on the Uttlesford District Council website which could be accessed via a direct link or from the website home page.
29. The survey was widely publicised and residents were encouraged to take part with a press release which went to all local media and newspapers on 14 August, e-newsletters were sent to all of the subscribers on our mailing lists (in excess of 4,700 contacts). In addition to this, the consultation was promoted on Facebook in mid-August and again within ten days of the close of the survey

30. Emails inviting participation in the survey were sent directly to Essex County Council, the PFCC and the town and parish councils,
31. Town and Parish Councils also received a letter which included posters to be placed on parish notice boards, giving details of the survey and how to respond. Finally, for those who do not use digital services, we offered (details in the press releases and all publicity) to send out by post paper copies of the survey.
32. The full consultation report is attached as Appendix A.

Consultation Responses

33. The consultation generated 27 responses in total, of which 25 provided comments and 16 of these either agreed with the proposals or could be clearly interpreted as supporting these.
34. A total of 54 emails and/or letters were sent to all preceptors (Essex County Council, Police, Fire and Crime Commissioner and all Town and Parish Councils) and three responses were received.

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	3 – 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.