

Decision Maker:	Cabinet	Date: Thursday, 1 July 2021
Title:	Local Council Tax Support Scheme Proposals 2022/23	
Portfolio Holder:	Councillor Neil Hargreaves, Portfolio Holder for Finance and Budget	
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 9 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.
3. In 2013/14 when the original scheme was introduced the contribution rate was set at 8.5%. This increased in 2014/15 to 12.5% and it has remained at this rate for each subsequent year.

Recommendations

4. The Cabinet is requested to recommend that the Local Council Tax Support Scheme proposals for consultation for 2022/23 are set on the same basis as 2021/22:
 - I. The contribution rate is frozen for the seventh consecutive year at 12.5%.
 - II. The Council continues to protect Vulnerable and Disabled Residents and Carer's on a low income.

Financial Implications

5. Detailed in the main body of this report.

Background Papers

6. 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)

7. 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

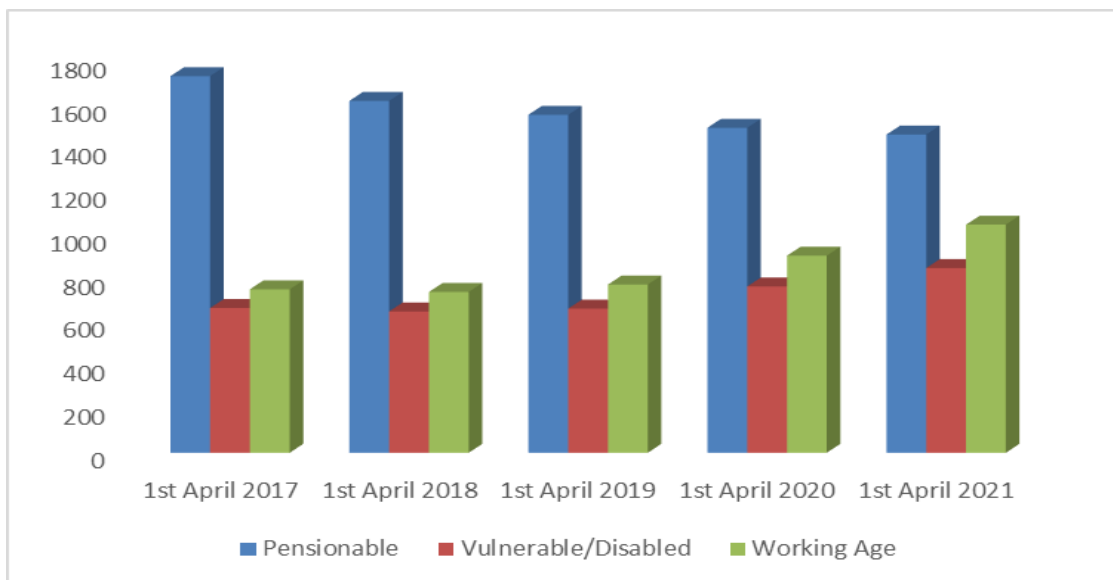
8. The council has the lowest percentage contribution rate within Essex with the highest being set at the maximum permitted level of 30%. The contributions across Essex Local Authorities have remained the same since 2017.

Contribution Rate 2021/22			
	%		%
Basildon	25	Harlow	24
Braintree	24	Maldon	20
Brentwood	25	Rochford	28
Castle Point	30	Southend-on-Sea	25
Chelmsford	23	Tendring	20
Colchester	20	Thurrock	25
Epping Forest	25	Uttlesford	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 in the working age caseload. This can be attributed to the Covid-19 pandemic.
12. The following table and graphs provide an analysis of each category of claimant and how the caseloads have changed over the past 5 years.

	1st April 2017	1st April 2018	In year 2018 movement	1st April 2019	In year 2019 movement	1st April 2020	In year 2020 movement	1st April 2021	In year 2021 movement
Pensionable	1,735	1,621	-114	1,557	-64	1,497	-60	1,466	-31
Vulnerable/Disabled	667	651	-16	664	13	766	102	851	85
Working Age - Employed	334	341	7	323	-18	331	8	337	6
Working Age - unemployed	419	400	-19	452	52	577	125	714	137
Total Claimants	3,155	3,013	-142	2,996	-17	3,171	175	3,368	197



Increasing the Contribution Rate

9. The Band D equivalent used in this report for the calculation of the increase in contribution rate and the full cost of the scheme is estimated based on the 2021/22 Band D equivalent multiplied by the average increase over the previous two years (3%).
10. The table below sets out the financial impact of a 2.5% increase in the contribution rate to preceptors and claimants. The potential additional council tax income of each 2.5% increase would generate approximately £44,376 across all the preceptors of which the council would retain 9% £3,994.
11. The impact of each 2.5% increase on a Working Age claimant who receives the maximum LCTS award would be an additional £42.22 per year, equating to £0.81p per week.
12. 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	87% Collection Rate	Increase @ 2.5% increments	Additional Cost to claimant	
				per year	per week
12.50%	£255,033.24	£221,879			
15%	£306,039.89	£266,255	£44,376	£42.22	£0.81
17.50%	£357,046.54	£310,630	£88,752	£84.44	£1.62
20%	£408,053.19	£355,006	£133,127	£126.67	£2.44

Income Sharing Agreement

13. 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.
14. The main principles of the agreement are to ensure a joint approach in maximising income collection, reduce fraud and ensure compliance.
15. 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.
16. Preceptors receive a share of all income generated for Council Tax and this is allocated through the Collection Fund at year end.
17. 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. The % share is under review and discussion due to the decrease in collection rate and financial pressures both ECC and Districts are under.
18. Two posts are being funded through this agreement to work directly on all areas of fraud and compliance within Council Tax.

LCTS Administration, hardship, and recovery funding

19. 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.
20. 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 (estimated)

21. The following table shows that the forecast financial position for UDC in 2022/23 is a net cost of £445,819. The costing has been based on caseload as at 1 April 2021 and uses the 2021/22 band D equivalent.

£'000	LCTS County, Fire Expenditure 2022/23	and Police Share	UDC Share 2022/23
LCTS Discounts	3,898,926	3,353,076	545,850
Major Preceptors - Sharing Agreement*	0	100,000	(100,000)
Net of LCTS Scheme & Discounts	3,898,926	3,453,076	445,850
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	3,898,941	3,453,122	445,819

*this is an estimate and is not guaranteed as the sharing element is currently being reviewed

22. 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 2022/23 but it is hoped that the economy will recover during 2021/22 and that caseloads will have started to decrease.

Consultation

23. The timetable for the setting of the 2022/23 LCTS Scheme is detailed below.

Cabinet	1 July 2021	Report to agree draft proposals and initiate consultation process
Consultation process – To be confirmed	July/August	UDC Website – light touch as no changes
Cabinet	19 October 2021	Consider consultation responses and determine final scheme proposals
Full Council	7 December 2021	Approve 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.