

<b>Committee:</b>	Cabinet	<b>Date:</b> Thursday, 20 October 2022
<b>Title:</b>	Local Council Tax Support Scheme Proposals 2023/24	
<b>Portfolio Holder:</b>	Councillor Neil Hargreaves Portfolio Holder for Finance and Budget	
<b>Report Author:</b>	Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk	<b>Key decision:</b> No

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## 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. A consultation has been carried out during the summer of 2022 on the scheme proposals, to retain the contribution rate at 12.5% and continue to protect Vulnerable and Disabled residents and Carer's on a low income.
3. The consultation was carried out via an online form and widely promoted on our website, social media and a press release to all local media and newspapers. The consultation will be available in paper form on request.
4. The total number of responses received were 48 and this included four from preceptors.
5. As can be seen from the table in paragraph 18 Uttlesford continues to have 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.
6. 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.
7. The Exceptional Hardship Fund is available to support residents and claimants who are suffering financial hardship.

## Recommendations

8. The Cabinet is requested to recommend Council approve the Local Council Tax Support Scheme for 2023/24 as set out below:
  - I. The contribution rate is frozen for the ninth consecutive year at 12.5%.
  - II. The Council continues to protect Vulnerable and Disabled Residents and Carer's on a low income.

## Financial Implications

9. Detailed in the main body of this report.

## Background Papers

10. 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)

11. 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, Carer's 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

## Essex Sharing Agreement

12. 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.
13. The main principles of the agreement are to ensure a joint approach in maximising income collection, reduce fraud, ensure compliance, and increase the taxbase.
14. By working proactively on fraud this ensures that our tax base is maintained at the maximum level generating extra revenue for both the major preceptors and billing authorities.
15. Preceptors receive a share of all income generated for Council Tax and this is allocated through the Collection Fund at year end.
16. The increased income generated specifically from these activities and internal decisions made by UDC each year is monitored by ECC, and the preceptors have agreed to share their element of the increased income with the Local Authorities. The level of share back is reviewed annually.
17. The major preceptors also provide funding through this agreement for;
  - a) an officer to ensure the efficient administration of the LCTS scheme and provide claimants with dedicated support in debt management.
  - b) two officers to work directly on all areas of fraud and compliance within Council Tax.
  - c) contributions towards the Exceptional Hardship Scheme which has a £17,000 annual budget (£10,000 UDC element), plus Essex County Council provide an additional £5,000 for admin support.

### **Contribution Rates across Essex**

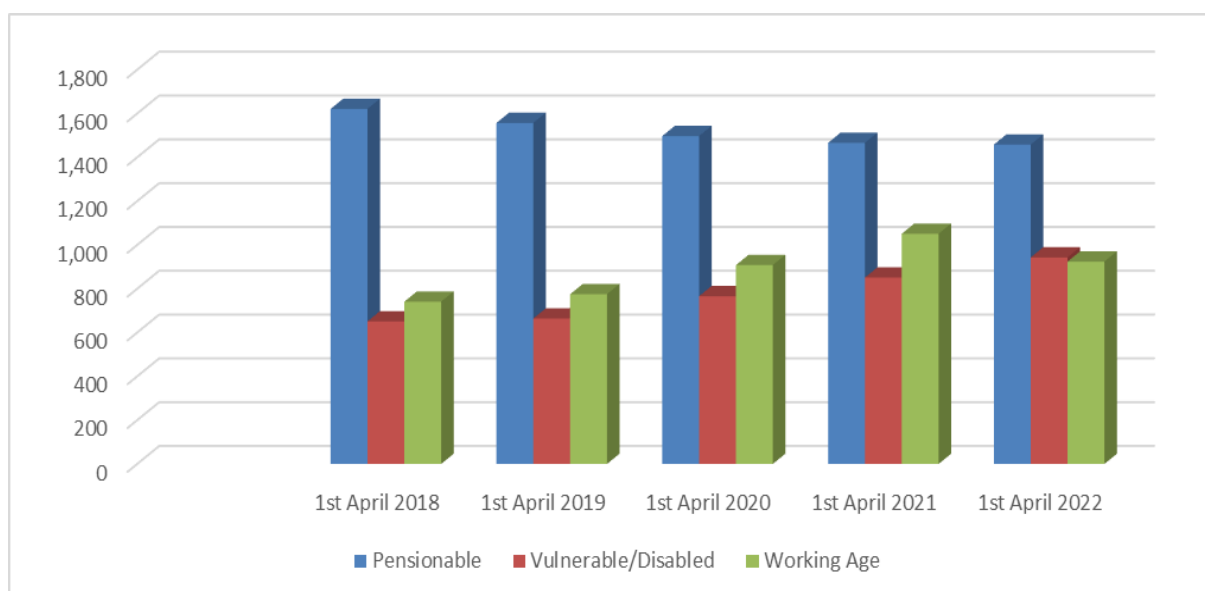
18. The council has the lowest percentage contribution rate within Essex with the highest being set at 30%. The contributions across Essex Local Authorities have remained consistent since 2017.

<b>Contribution Rates 2022/23</b>			
	<b>%</b>		<b>%</b>
Basildon	25	Harlow	24
Braintree	24	Maldon	20
Brentwood	25	Rochford	25
Castle Point	30	Southend-on-Sea	25
Chelmsford	23	Tendring	20
Colchester	20	Thurrock	25
Epping Forest	25	Uttlesford	12.5

## Caseload

19. The following table and graphs provide an analysis of each category of claimant and how the caseloads have changed over the past 5 years.

	1/4/18	1/4/19	In year movement	1/4/20	In year movement	1/4/21	In year movement	1/4/22	In year movement
Pensionable	1,621	1,557	-64	1,497	-60	1,466	-31	1,458	-8
Vulnerable/Disabled	651	664	13	766	102	851	85	943	92
Working Age - Employed	341	323	-18	331	8	337	6	297	-40
Working Age - unemployed	400	452	52	577	125	714	137	627	-87
<b>Total Claimants</b>	<b>3,013</b>	<b>2,996</b>	<b>-17</b>	<b>3,171</b>	<b>175</b>	<b>3,368</b>	<b>197</b>	<b>3,325</b>	<b>-43</b>



20. An increase in the number of vulnerable and/or disabled recipients continues to be seen.

21. Since April 2020, increases across all claim types can be directly attributed to the Covid-19 pandemic. It is promising to see that, from April 2022, a decrease in the requirement for working age support is starting to be seen.

## Increases to the Contribution Rate

22. The Band D equivalent used in this table for the calculation of the increase in contribution rate is estimated based on the 2022/23 Band D equivalent multiplied by the average increase over the previous two years (3%).

23. The table below sets out the financial impact of an increase to the contribution rate to both preceptors and claimants and is shown in 2.5% increments. Each 2.5% increase will generate additional income of £42,499, of which the council will receive £5,949.

24. It is impossible to identify and calculate precise figures as the contribution level varies dependant on the claimant's financial circumstances. The financial gain and the claimant cost impact are based on all working age claimants paying a 12.5% contribution.

Percentage Contribution	Average liability income due	90% Collection Rate	Increase @ 2.5% increments	Additional Cost to claimant	
				per year	per week
12.50%	£236,108	£212,497			
15%	£283,329	£254,997	£42,499	£46.00	£0.88
17.50%	£330,551	£297,496	£84,999	£91.99	£1.77
20%	£377,773	£339,995	£127,498	£137.99	£2.65

### Reducing the Contribution Rate

25. A reduction of 2.5% to the contribution rate will reduce income by £38,710 and will reduce the taxbase for all preceptors including Town and Parish Councils. Reducing the taxbase has the following impacts.

- a) To reduce the contribution is not in the spirit of the sharing agreement (detailed in paragraphs 11 to 16 above), where we have committed to an Essex wide agreement which includes the commitment to maximise our taxbase. The additional income from the Essex Sharing agreement, would be reduced.
- b) Town and Parish Councils will have to increase their precepts to offset the reduction in taxbase to meet their budget requirements.

### Exceptional Hardship Fund (EHF)

26. The Council holds a ring-fenced budget specifically to support all residents who are suffering financial hardship due to unforeseen circumstances, and you do not have to be eligible for LCTS to make an EHF claim. The EHF is supported by the major preceptors as part of the Essex Sharing Agreement.

27. The annual budget held for this fund is £17,000 with UDC contributing £10,000 and the major preceptors contributing £7,000. In 2020/21 the Council received £325,304 hardship funding from Government to provide additional support to those on the lowest income during the Covid Pandemic. There was £19,870 of this funding unspent and this is being carried forward to provide extra support for those suffering financial hardship.

28. The EHF is subject to award criteria and supports all residents who find themselves in financial difficulties, you do not have to be in receipt of LCTS to qualify, making this scheme fully inclusive to all residents. Full details can be found using the following link: <https://www.uttlesford.gov.uk/ehf>

29. It is recommended that the EHF fund is used to provide additional financial support to residents rather than reducing the contribution rate.

### Full cost of LCTS scheme (estimated)

30. The following table shows that the forecast financial position for UDC in 2023/24 is an estimated net cost of £467,624. The costing has been based on caseload as of 1 April 2022, the 2022/23 band D equivalent and the 12% share back on current predicted collection rates.

£'000	LCTS Expenditure 2022/23	County, Fire and Police Share	UDC Share 2022/23
LCTS Discounts	3,975,729	3,419,127	556,602
Major Preceptors Income share back (12%)	0	0	(89,000)
<b>Net of LCTS Scheme &amp; Discounts</b>	<b>3,975,729</b>	<b>3,419,127</b>	<b>467,602</b>
Staff support costs (Fraud, Compliance and Recovery)	120	103	17
LCTS Hardship Scheme	17	7	10
LCTS Hardship Scheme - ECC Admin support	0	0	(5)
<b>Total Net Cost</b>	<b>3,975,866</b>	<b>3,419,237</b>	<b>467,624</b>

31. Caseload levels might decrease during 2022/23 but it is predicted that they will remain at levels higher than pre-pandemic. It is difficult to accurately predict the outcomes for 2023/24 but it is hoped that the economy will recover during 2022/23 and the need for LCTS will decrease.

## Consultation

32. The consultation ran for the period 20 June to 5 September 2022 and the full consultation report is attached as Appendix A.
33. The consultation was carried out using an online form using an open text box format requesting views on the proposals to maintain the contribution rate at 12.5% and to continue to protect Vulnerable and Disabled Residents and Carer's on a low income. For those who do not use digital services, paper copies were available on request.
34. The consultation was extensively publicised via a press release to all local media and newspapers, E-newsletters were sent to all the subscribers on our mailing lists. In addition, the consultation was promoted on Facebook and Twitter in July, with reminders in August.
35. The major preceptors, (Essex County Council, Essex Police, Fire and Crime Commissioner) and Town and Parish Councils were sent an email directly inviting them to provide their views on the proposals.
36. The consultation received a total of 48 responses (28 responses last year), 44 responses from residents (26 last year) and 4 from preceptors (2 last year).
37. The submitted comments show that 28 responses were supportive of the scheme proposals and a further 13 felt the scheme should be amended or extended, the remainder did not comment specifically on the proposals of the scheme. Full details of all responses are included in the attached report.

## 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.

Risk	Likelihood	Impact	Mitigating actions
Cost of living crisis	2 – claimant levels increase	2 – cost of the scheme will increase	Monitor caseload

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.