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|--------------------------|--|-----------------------------|
| <b>Decision Maker:</b>   | Council  | <b>Date:</b>                |
| <b>Title:</b>            | Local Council Tax Support Scheme Proposals 2024/25 and Consultation Responses          | Tuesday, 5<br>December 2023 |
| <b>Portfolio Holder:</b> | Portfolio Holder for Finance and Economy<br>Cllr Neil Hargreaves                       |                             |
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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 was carried out during the summer of 2023 on the scheme proposals to set a contribution rate and continue to protect Vulnerable and Disabled residents and Carer's on a low income.
3. The consultation ran from 3 July to 4 September 2023 and received the highest number of responses compared to previous years. A total of 70 responses were received, which gives a 46% increase on the number of responses received in 2022.
4. The responses show that 62.8% of respondents fully or partly support the proposed scheme.
5. As can be seen from the table in paragraph 16 Uttlesford has administered the scheme with the lowest percentage contribution requirement of any authority in Essex for ten years. 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. For 2023/24 the Council has set up a new one year, Cost of Living Support Fund providing financial assistance to those who are struggling with increased costs and inflation.
8. Cabinet reviewed the LCTS scheme proposals and consultation responses on the 2 November and agreed the proposals as set out in this report were submitted to Council for approval.

## Recommendations

9. Council is requested to approve the Local Council Tax Support Scheme for 2024/25 as set out below:
  - I. The contribution rate is frozen at 12.5% for 2024/25.
  - II. The Council continues to protect Pensioners, Vulnerable and Disabled Residents and their Carer's on a low income.

## Financial Implications

10. Detailed in the main body of this report.

## Background Papers

11. None

## Impact

|                                 |  |
|---------------------------------|--|
| Communication/Consultation      | Proposals subject to public consultation and discussions with major preceptors |
| Community Safety                | None.  |
| Equalities                      | An equalities impact assessment has been attached as Appendix B to this report |
| 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) current scheme

12. 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**

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, ensure compliance, and increase the taxbase.
15. 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.
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 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.
18. The major preceptors also provide funding through this agreement for;
  - an officer to ensure the efficient administration of the LCTS scheme and provide claimants with dedicated support in debt management.
  - two officers to work directly on all areas of fraud and compliance within Council Tax.
  - 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**

19. The council has the lowest percentage contribution rate within Essex with the highest being set at 30%. Colchester reduced their contribution rate for 2023/24 from 20% to 15%.
20. It is too early to tell if any other Local Authorities will reduce their contribution rates for the next financial year, this information should be available for the November Cabinet report along with the main consultation responses.

| <b>Contribution Rates 2023/24</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                        | 15       | Thurrock        | 25       |
| Epping Forest                     | 25       | Uttlesford      | 12.5     |

## Consultation

21. The consultation ran for the period 3 July to 4 September 2023 and the full consultation report is attached as Appendix A.
22. The survey was run online through the Uttlesford District Council “Let’s talk” consultation platform. This could be accessed via the main council website home page, from the consultation platform home page, or from direct links sent out in various promotions, publicity and newsletters. A paper copy of the survey was also available on request.
23. At the start of the consultation period emails inviting participation in the survey were sent directly to all preceptors. The survey was widely publicised to the citizens of Uttlesford who were encouraged to take part. A press release was distributed to all local media and newspapers on 4 July. It was included in the *District News* e-newsletter on 28 July that was sent to a total of 10,349 recipients. Social media promotion via Facebook, X (Twitter) and Instagram went on throughout the consultation period reaching some 824 people.
24. A total of 70 responses were received (compared to 48 in 2022), giving a 46% increase, and all responses were received electronically. Of the total responses 68 included commentary and all the comments received have been included in the full report (Appendix A).
25. A breakdown of the responses is shown in the table below.

| <b>Responses</b>   | <b>Number received</b> |
|--|------------------------|
| Fully or partly support the proposed scheme  | 44 (62.8%)             |
| Do not support the proposed scheme   | 16 (22.9%)             |
| Comments received on other related matters including suggesting additional support/widening the scheme | 8 (11.4%)              |
| Responses containing no comments   | 2 (2.9%)               |

26. There were no responses from any preceptors this year although we did receive a number of responses from Local Organisations and Charities.
27. A number of the responses referenced the current cost of living crisis and commented on whether the council could provide additional support to not only those on low incomes but also middle income families and households.

28. The council provides a range of additional support which is available to all residents suffering financial hardship

- Two dedicated officers who provide a range of support including early intervention and advice on debt management
- Council Tax Support Fund and Exceptional Hardship Fund (further details of these funds are set out in paragraphs 37- 41)

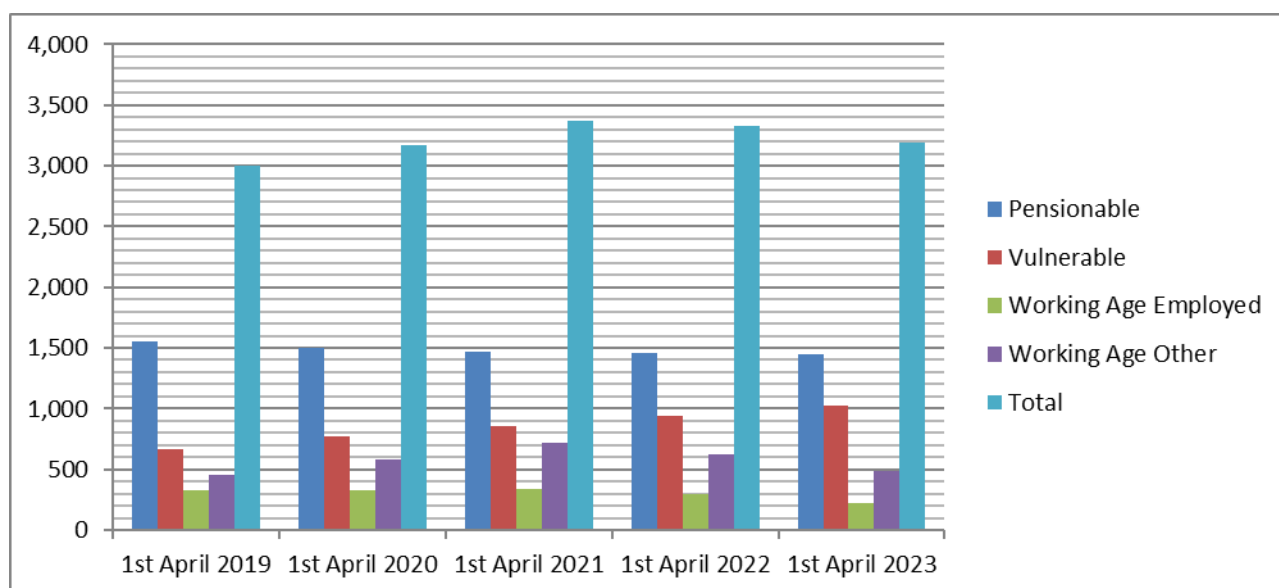
### Claimant Caseload

29. The data and figures used in the following tables are based on 2023/24 caseload information on 1 April 2023.

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

|                      | 1st April 2019 | 1st April 2020 | 1st April 2021 | 1st April 2022 | 1st April 2023 |
|----------------------|----------------|----------------|----------------|----------------|----------------|
| Pensionable          | 1,557          | 1,497          | 1,466          | 1,458          | 1,452          |
| Vulnerable           | 664            | 766            | 851            | 943            | 1,027          |
| Working Age Employed | 323            | 331            | 337            | 297            | 223            |
| Working Age Other    | 452            | 577            | 714            | 627            | 485            |
| <b>Total</b>         | <b>2,996</b>   | <b>3,171</b>   | <b>3,368</b>   | <b>3,325</b>   | <b>3,187</b>   |

|                          | 1/4/19       | 1/4/20       | In year movement | 1/4/21       | In year movement | 1/4/22       | In year movement | 1/4/23       | In year movement |
|--------------------------|--------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|
| Pensionable              | 1,557        | 1,497        | -60              | 1,466        | -31              | 1,458        | -8               | 1,452        | -6               |
| Vulnerable/Disabled      | 664          | 766          | 102              | 851          | 85               | 943          | 92               | 1,027        | 84               |
| Working Age - Employed   | 323          | 331          | 8                | 337          | 6                | 297          | -40              | 223          | -74              |
| Working Age - unemployed | 452          | 577          | 125              | 714          | 137              | 627          | -87              | 485          | -142             |
| <b>Total Claimants</b>   | <b>2,996</b> | <b>3,171</b> | <b>175</b>       | <b>3,368</b> | <b>197</b>       | <b>3,325</b> | <b>-43</b>       | <b>3,187</b> | <b>-138</b>      |



31. The overall number of claimants has reduced for the second year in a row, with the biggest decrease seen in the working age category. This category was expected to decrease as we came out of the Pandemic and people were able to engage with businesses and organisations to gain employment.

32. The overall decrease in caseload is offset by the vulnerable and disabled category where there is a further increase this year in the numbers of people requiring support. This category has shown an annual increase year on year for five years.

### Contribution Rate

33. The contribution rate at 12.5% currently generates approximately £188,191 per year for the Council and the major preceptors, of the total income generated the council receives approximately £26,347 in line with their percentage share of the overall council tax income. This calculation uses an average award, so depending on caseload this income figure could increase or decrease over the year.
34. The table below sets out the additional income of an increase to the contribution rate to preceptors and is shown in 2.5% increments. Each 2.5% increase will generate additional income of £37,638, of which the council will receive £5,269 in line with their percentage share of the overall council tax income.

### Income increases to preceptors.

| Percentage Contribution | Average liability income due<br>£'000 | Increased income @ 2.5% increments<br>£'000 | UDC share of increased income @ 2.5% increment<br>£'000 |
|-------------------------|---------------------------------------|---|---|
| 12.50%                  | £188,191                              | -   | -   |
| 15%                     | £225,830                              | £37,638                                     | £5,269  |
| 17.50%                  | £263,468                              | £75,277                                     | £10,539   |
| 20%                     | £301,106                              | £112,915                                    | £15,808   |

\*Income collection ranges from 87% to 90% so the actual income received is likely to be lower than the figures in the above table.

### Cost impact to claimants.

35. It is impossible to identify and calculate precise figures for each claimant as the contribution level varies dependant on the claimant's financial circumstances and this can change multiple times during the year.
36. The figures in the table below are shown for a working age unemployed person in receipt of full LCTS support, 87.5% discount. So this is the impact of the minimum payment that would be required to be made.

| Percentage Contribution | Total cost per year<br>£ | Total cost per week<br>£ | Increase @ 2.5% per year<br>£ | Increase @ 2.5% per week<br>£ |
|-------------------------|--------------------------|--------------------------|-------------------------------|-------------------------------|
| 12.50%                  | 265.81                   | 5.11                     | -                             | -                             |
| 15%                     | 318.97                   | 6.13                     | £53.16                        | £1.02                         |
| 17.50%                  | 372.13                   | 7.16                     | £106.32                       | £2.04                         |
| 20%                     | 425.29                   | 8.18                     | £159.48                       | £3.07                         |

37. The table in paragraph 29 shows the number of people in receipt of LCTS support, for the working age categories, 485 unemployed compared to 223 in work (low income and/or part time). The increase in the contribution rate will affect both working age categories.

### Exceptional Hardship Fund (EHF) and Cost of Living Support

38. 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.

39. The annual budget held for this fund is £17,000 with UDC contributing £10,000 and the major preceptors contributing £7,000, Essex County Council also provide a further £5,000 to support the administration of the fund.

40. 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>

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

42. In addition the Council has set up a specific one year Cost of Living Support Fund providing £195,000 additional financial support to residents who are struggling financially, again this scheme is not limited to those already in receipt of benefits. The scheme is inclusive for all residents who find themselves in financial hardship during this difficult period of increased costs and inflation. Full details of the fund can be found using the following link: [Cost of living support fund - Uttlesford District Council](#)

### Full cost of LCTS scheme (estimated)

43. The following table shows that the forecast financial position for UDC in 2024/25 will be an estimated net cost of £315,335. The costing has been based on the current caseload expenditure as of 1 April 2023 and the preceptor share back estimate on 2023/24 predicted collection rates.

44. The expenditure figure in the table is based on the contribution rate of 12.5%.

| LCTS Expenditure 2022/23 £'000 | County, Fire and Police Share 2022/23 £'000 | UDC Share 2022/23 £'000 |  | LCTS Expenditure 2023/24 £'000 | County, Fire and Police Share 2023/24 £'000 | UDC Share 2023/24 £'000 |
|--------------------------------|---|-------------------------|--|--------------------------------|---|-------------------------|
| 3,975,729                      | 3,419,127                                   | 556,602                 | LCTS Discounts                                       | 4,015,237                      | 3,453,104                                   | 562,133                 |
| 0                              | 0   | (210,049)               | Major Preceptors Income share back (12%)             | 0                              | 0   | (246,820)               |
| <b>3,975,729</b>               | <b>3,419,127</b>                            | <b>346,553</b>          | <b>Net of LCTS Scheme &amp; Discounts</b>            | <b>4,015,237</b>               | <b>3,453,104</b>                            | <b>315,313</b>          |
| 120                            | 103   | 17                      | Staff support costs (Fraud, Compliance and Recovery) | 120                            | 103   | 17                      |
| 17                             | 7   | 10                      | LCTS Hardship Scheme                                 | 17                             | 7   | 10                      |
| 0                              | 0   | (5)                     | LCTS Hardship Scheme - ECC Admin support             | 0                              | 0   | (5)                     |
| <b>3,975,866</b>               | <b>3,419,237</b>                            | <b>346,575</b>          | <b>Total Net Cost</b>                                | <b>4,015,374</b>               | <b>3,453,214</b>                            | <b>315,335</b>          |

## 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. |
| Cost of living and the effect of inflation on the economy longer term | 2 - possible that there will be more claims by residents struggling with everyday costs | 2 – cost of the scheme will increase  | Monitor caseload and work with preceptors on managing the scheme and impacts      |

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.