



**REPORT of  
DIRECTOR OF CUSTOMERS AND COMMUNITY**

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**to  
FINANCE AND CORPORATE SERVICES COMMITTEE  
28 NOVEMBER 2017**

**LOCAL COUNCIL TAX SUPPORT SCHEME 2018 / 19**

**1. PURPOSE OF THE REPORT**

- 1.1 To provide an update on the cost and impact of the current 2017 / 18 Local Council Tax Support (LCTS) Scheme for the Maldon District, and to seek endorsement of a substantially unchanged cost neutral scheme for 2018 / 19.

**2. RECOMMENDATIONS**

To the Council:

- (i) that a cost of living increase in line with the Department for Work and Pensions schemes be included in the Local Council Tax Support Scheme for 2018 / 19 for Pensioners only;
- (ii) that any legislative changes being introduced to the Housing Benefit Scheme for 2018 / 19 are mirrored in the Councils LCTS scheme to ensure consistency;
- (iii) To allow for a disregard of low value income changes notified electronically by the Department of Work and Pensions;
- (iv) that in all other respects the Local Council Tax Support Scheme and Hardship Scheme remain unchanged, and that this decision has been made following Members' careful reading of, and regard to the Equality Impact Assessment at **APPENDIX 1**.

**3. SUMMARY OF KEY ISSUES**

- 3.1 Following the abolition of the National Council Tax Benefit Scheme in 2013 a replacement LCTS Scheme was approved by the Council on 13 December 2012 (Minute No. 688 refers), and a substantially unchanged scheme was approved for the subsequent years up to and including 2017 / 18.
- 3.2 The current scheme reflects the Council's decision to deliver a long term sustainable scheme based on cost neutral principles.

3.3 The on-going reduction in central funding to deliver the scheme together with the Government's requirement that those of pensionable age are protected from being any worse off means that the options for delivering a cost neutral scheme are limited. This means that the burden for any savings to the scheme have to be borne by those of working age.

### 3.4 **Scheme Costs and impact on Council Tax Collection**

3.4.1 The net cost of the Council Tax Support Scheme for 2017 / 18 to date is £3.08M, against an estimated expenditure of £3.1M. This cost is being effectively contained within the collection fund. The impact of LCTS on the Council Tax Base also shows a continued trend of the impact of LCTS slightly decreasing, consequently a substantially unchanged LCTS Scheme is likely to continue to be contained within current budget. The consequence of future welfare reforms may adversely affect this, but based upon current projections the proposed LCTS scheme remains affordable.

3.4.2 The council tax collection rate is being sustained at the levels anticipated (76.16 % at 31 October 2017) which is very slightly higher than this point in 2016/17 (76.1%) The overall collection rate is expected to meet our annual target of 98.3%. This is 0.2% higher than achieved in 2013 / 14, and closes the gap between the pre LCTS collection rate of 98.4 % to 0.1%.

3.4.3 The sustained collection rate since the introduction of LCTS demonstrates the authorities firm but fair approach to collection and enforcement of debts. Additional support and advice continues to be provided to customers who have difficulties in paying. The further welfare reform changes being implemented including the Essex wide introduction of Universal Credit will affect many more customers than previous reforms and may have an impact upon collection rates for 2018 / 19.

3.4.4 The overall impact upon collection rates would have been much greater without the Major Precepting Authorities funding, to enable additional resources to help improve collection performance. A three year funding agreement was entered into with Major Preceptors in April 2015, and a further one year extension to that arrangement has been agreed to 31 March 2019. Discussions are underway with the Major Precepting Authorities to review the options for a further agreement for funding resources and sharing additional income from 1 April 2019.

### 3.5 **Consultation**

3.5.1 A consultation exercise was undertaken for a six week period between September and October 2017.

3.5.2 A variety of methods were used to consult with both customers, members of the public, partners and stakeholders. These included:

- publication on the Council's Website;
- press release;
- use of social media such as updates on Twitter and Facebook;
- emails to Stakeholders and Partners inviting their views;
- e-mail banner on outgoing emails to customers inviting participation;

- paper copies available at various locations;
- information on the reverse of Council Tax bills

3.5.3 In common with many other Essex Authorities the level of participation was low despite efforts to encourage and assist customers to complete the survey.

3.5.4 The key outcomes from the consultation were that:

- 80% of respondents felt that the Council should continue to operate a “cost neutral” LCTS scheme in 2018 / 19 (compared to 60% in 2016).
- 97% agreed that working age residents should make a minimum contribution towards council tax (compared to 75% in 2016)
- the majority of respondents indicated that the minimum payment should remain at 20%.
- respondents also broadly supported changes supporting administrative changes such as simplifying claiming processes for customers, introducing discretion with regards to the Department for Work and Pensions (DWP) income change notifications and disregarding Bereavement Support Payments.
- the majority of respondents (55%) agreed that the deduction for non-dependents should be increased from £10 per week.
- If the Council had to find alternatives to fund the current LCTS scheme 39% respondents indicated they would prefer to increase Council Tax to fund the changes, 22% felt that we should use the council savings.

3.5.5 The scheme being proposed for 2018/19 is substantially unchanged and includes

- provision for an overall Council Tax increase in line with the Medium Term Financial Statement.
- continuation of an Exceptional Hardship fund of £8,410, subject to agreement of funding by Essex County Council (ECC).
- provision for a cost of living increase for pensioners.
- To allow for a disregard of low value income changes notified electronically by the Department of Work and Pensions (see paragraph 3.5.6)

3.5.6 The council currently receives a high volume of electronic notifications from the DWP relating to low value income changes. In allowing for a disregard of low value changes, this will assist us to help provide an improved and more streamlined service to customers, whilst also improving the efficiency and effectiveness of the administration of the scheme.

### 3.6 **Hardship Fund**

3.6.1 In 2017 / 18 Essex County Council (ECC) made £8,410 of funding available for an Exceptional Hardship Fund, and has indicated that the same funding will be available for 2018 / 19.

3.6.2 It is proposed that the Council continues to offer this scheme, with no changes to the policy adopted in 2017 / 18.

#### 4. CONCLUSION

- 4.1 In order to continue to deliver a cost neutral LCTS Scheme within the budget proposed for 2018 / 19 the only changes recommended are for a cost of living increase in line with the rates proposed by the Department for Work and Pensions (DWP) for pensioners.

#### 5. IMPACT ON CORPORATE GOALS

- 5.1 A Local Council Tax Support Scheme supports the Councils Goal of “ Strengthening communities to be safe, active and healthy” by ensuring that the service can be targeted to reduce inequalities and the goal of “delivering good quality, cost effective and valued services” by complying with its statutory obligations.

#### 6. IMPLICATIONS

- (i) **Impact on Customers** – 3,382 households are currently entitled to LCTS of which 1528 are working age.

The cumulative effect of the various welfare reforms are having a significant impact upon customers, and this impact is likely to increase as other welfare reforms are continued to be introduced during 2018 / 19.

- (ii) **Impact on Equalities** – An Equalities Impact Assessment of the LCTS scheme has been undertaken. Members are asked to carefully consider the content of the assessment as part of their decision to approve the proposed LCTS scheme for 2018 / 19.

- (iii) **Impact on Risk** – The financial modelling for the proposed scheme has allowed for some variation in demand, and based upon expenditure to date for 2017 / 18 is expected to ensure that the scheme would remain cost neutral.

The cumulative effects of the various welfare reforms are having an impact both upon Council Tax collection and the number of customers with housing issues. The impacts are being monitored and help and advice is being provided by the Council and its partners to support customers.

- (iv) **Impact on Resources (financial)** – The cost of the proposed scheme is within budget, and allows for some variation in demand. The expenditure on the scheme is monitored on a monthly basis, and any significant variations will be reported to Members.

- (v) **Impact on Resources (human)** – The proposed LCTS scheme can be delivered within existing staffing resources, however the impact of increased demand may have an impact upon performance.

- (vi) **Impact on the Environment** – None.

Background Papers: None.

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