

## RECOMMENDATION TO COUNCIL ON 3<sup>RD</sup> DECEMBER 2014

### Agenda Item 6

#### LOCAL COUNCIL TAX SUPPORT SCHEME

Members will no doubt recall that almost 12 months ago at the Council meeting on 4<sup>th</sup> December, we discussed progress with the implementation of the new Local Council Tax Support Scheme and agreed to amend the Year Two scheme so that the introduction of a cap on entitlement to Council Tax support for working age recipients and those not considered to be “vulnerable households” would start in April at 97% for families with young children and households in low paid employment ( so –called cushioned households), and at 95% for other households, rather than the figures of 90% and 85% as approved in December 2012. This would mean that the “cushioned households” would make a contribution of 3% of their Council Tax, while other households would contribute 5% of the Council Tax. This relief was agreed for one year with the lower caps on entitlement agreed to be implemented in April 2015, which would mean that then the “cushioned households would be paying 10% of their Council tax and the other “non-vulnerable” households 15%.

It was later agreed that the Performance and Finance Panel would consider the operation of the scheme ahead of the December 2014 Council meeting which has to approve the calculations for the Council Tax base for 2015/2016, and the level of the caps on entitlement affects these calculations.

Figures were presented at the Performance and Finance Panel meeting held on Tuesday last week and we have been evaluating the key issues arising from this data.

First of all, the numbers affected by the changes to the Local Council Tax Support Scheme have reduced in comparison with the numbers estimated 12 months ago, by around 10 %. Last year it was estimated that around 2700 households would be affected by the Year 2 changes, now the estimate is around 2400.

This has reduced the overall cost of the scheme. Actual Net Spend on the LCTSS last year ( 2103 / 2014 ) was £6,726,000 after “savings” ( i.e. contributions from those receiving benefits) of £176,000. The latest estimate is that this year the net spend will reduce to around £6,200,000 after “savings” of around £327,000. Government funding for this year and the ongoing benefit from Local Council Tax Discount changes introduced last year are estimated to come to around £6,424,000, i.e. there should be a surplus on funding of around £200,000.

Projecting the current expenditure forward to 2015/16 the proposed changes to the scheme would result in a deficit of approximately £50,000.

Despite the reduction in the number of beneficiaries of the LCTSS, it is clear that there has been hardship caused by these extra burdens on low income households, and this is reflected in that 716 households affected by the changes to LTCSS have fallen into arrears on their payments and have been sent a summons for recovery of unpaid Council Tax. It is admitted that “there has been some increase in workload pressure in

the recovery of unpaid Council Tax”, and funding has been allocated to both CAB’s to help them in the provision of advice to residents affected by the changes.

The report to the Panel also provided information on schemes adopted by other authorities in Surrey. While some schemes have been less generous than ours, 6 authorities ( Epsom and Ewell, Mole Valley, Guildford, Tandridge, Waverley and Woking ) have left their cap on entitlement at 100% and only reduced support for those households living in properties in Bands E, F, G or H.

In the light of this background, it seems perverse to go ahead with what is in effect a tripling of the Council Tax payments we are expecting these low income households to pay if it can be avoided. Looking therefore at the forecasts provided for next year’s LTCSS scheme, it seems that they are drawn up on the basis that there is no further reduction in the number of beneficiaries under the scheme, and therefore no further fall in expected spending on the scheme, which may be a pessimistic assessment of the likely outcome. In the circumstances we believe that it is possible to move to the 85% and 90% cap levels over two years, with the cap on entitlements for 2015 / 16 set at 95% for “cushioned households” and at 90% for other “non-vulnerable” households. The previously agreed caps on entitlements at 85% and 90% would then come into effect in 2016/2017.

Reducing the scale of the increase in contributions from these groups in 2015 / 2016 would still mean that they contribute approximately £95,000 more next year than this year, which would be around two fifths of what is currently expected. The impact would show through in the Council Tax Base figures. The figures for Band D Equivalents for tax setting for 2015 / 2016 set out in the Appendix A provided to Members show an increase of 1208, or 1.98%, namely from 60,968 in 2014/2015 to 62,176 in 2015/16. The revised figures would probably reduce the increase in the Council Tax Base by around 100 Band D equivalents, which would leave the increase in Band D Equivalents for tax setting at around 1,100, which would still make a sizeable contribution towards meeting the remaining funding gap shown in the latest paper on Revenue Budget Proposals and Council Priorities for 2015 / 2016. Members should be aware that the current savings target (budget gap) already assumes an increase in the number of Band D properties of 600 which is included in the MTFs approved by Council in February this year.

Accordingly it is recommended that the Council

**(A) DELAY THE IMPLEMENTATION OF THE APPROVED SCHEME BY LIMITING COUNCIL TAX SUPPORT TO 90% OR 95% OF A CLAIMANTS COUNCIL TAX FOR ONE YEAR COMMENCING 1 APRIL 2015 WITH THE HIGHER FIGURE APPLIED TO HOUSEHOLDS WITH CHILDREN UNDER 5 AND HOUSEHOLDS IN LOW PAID EMPLOYMENT; AND**

**( B) REVERT BACK TO THE SCHEME APPROVED BY COUNCIL ON 5 DECEMBER 2012 OF LIMITING COUNCIL TAX SUPPORT TO BETWEEN 85% AND 95% FROM 2016/2017 ONWARDS. THE EXACT PERCENTAGE FIGURES WILL BE 85% AND 90% WITH THE HIGHER**

**FIGURE OF 90% APPLIED TO HOUSEHOLDS WITH CHILDREN UNDER 5 AND HOUSEHOLDS IN LOW PAID EMPLOYMENT**

**(C)REVISE THE RECOMMENDATION IN AGENDA ITEM 6 TO READ :**

**RECOMMENDATION :**

**THAT THE COUNCIL TAX BASES ( SHOWING BAND 'D' EQUIVALENT DWELLINGS FOR TAX SETTING PURPOSES ) FOR THE ELMBRIDGE AREA IN RESPECT OF THE YEAR 2015/2016 BE APPROVED AS FOLLOWS :**

**FOR THE WHOLE BOROUGH 62,085**

**FOR THE AREA OF THE BOROUGH COVERED BY CLAYGATE PARISH COUNCIL 3,375**

Proposed by Cllr Stuart Selleck

Seconded by Cllr Chris Sadler

## **ELMBRIDGE BROUGH COUNCIL**

### **LOCAL GOVERNMENT BOUNDARY COMMISSION REVIEW 2014**

I would like to add my support to the recommendation from Councillor Selleck that the size of Elmbridge Borough Council should be kept at 60, rather than reduced to 48 as recommended in the official Council submission.

I regret that the official Council submission is a one-sided attempt to persuade the Local Government Boundary Commission for England that the right size for the Council should be 48 rather than a rounded document covering all the salient facts.

Despite my explicit request, the Council deliberately omits the fact that when the Council voted on this matter of a request for an Electoral Review in April 2013, the vote was a narrow majority in favour, 26 votes cast in favour, 23 votes against and 2 abstentions. Despite this narrow majority, there has been no attempt made to consult the residents of Elmbridge on this issue in isolation, as to whether they favour a reduction in the number of Councillors or not.

Similarly, the submission is silent on the fact that the population of Elmbridge has increased by around 10 % since the last review carried out by the Local Government Commission for England dated September 1998. Nor has there been any attempt to indicate how the Borough will look in 5 years time. We believe that there will be continued growth in the population, indeed the Council has a target to achieve net growth in the number of dwellings of just over 200 per year up to 2026. Pressure on housing stock availability in the South East and the high level of house prices here mean that this target is likely to be exceeded as has happened every year but one since 2004/5. The average number of net housing completions recorded in the Council's Authority Monitoring Report for the 10 year period 2004/5 to 2013/14 inclusive has been 355.

Another issue that has been skated over in the official submission is the difficulty of creating ward boundaries for an Elmbridge Borough Council of 48 members. The Council's Electoral Review Member Working Group of which I was a member, met several times over the period since April 2013 and considered three draft maps of possible ward boundaries, but none of these met the LGBCE's criteria to the satisfaction of members. The existing boundaries fit the settlements that exist in Elmbridge quite well, and I believe it should be relatively simple to redraw boundaries for Hinchley Wood ward and Weston Green ward that would bring the size of those wards back within 10% of the average Electors per Councillor ratio.

Reference is also made in the Official Council submission to a reduced workload for Councillors, but the data produced from replies to questionnaires that relate to Independent Remuneration Panel Reviews shows an increasing trend in the last two years. Austerity measures cascaded down from central Government have a considerable impact on our poorer residents. While there is considerable affluence in the Borough, it is estimated there are still over 6000 households on benefits. One of the measures that impacts the Council quite visibly is the replacement of the Council

Tax Benefit Scheme with a Local Council Tax Support scheme, which has had to be designed by each authority responsible for collecting Council Tax, such as Elmbridge. Given the number of variables associated with the scheme, i.e. the gradually reducing amount of funding received from central Government, and the reduction in the number of claimants, we have had to tailor our scheme each year to try to minimise its impact on the less well-off in society. We also have funds from the New Homes Bonus to consider which adds to the complexity of the Council's finances. Any reduction in the number of Councillors will reduce the pool of those who are willing to scrutinise the management of this increasingly complex area, quite possibly to the detriment of local communities. I attach a copy of an amendment that Cllr Selleck and I proposed to the last Council meeting to vary the exact terms of the Local Council Tax Support Scheme for 2015/2016, which was approved with support from all the political groups on the Council, as an illustration of these points.

Another area which is misleading in the Council submission is the inference that because the number of full time staff has reduced, there can be a *pari passu* reduction in Councillor numbers. This is misleading partly because the numbers exclude those staff on fixed term contracts, and the number of such staff has, I believe, increased significantly in recent years, but mainly because Councillors' casework often relates to the quality of Council service delivery. It is not relevant for our residents whether their refuse and recycling bins are collected by staff directly employed by the Council or by staff employed by a contractor. The resident is only concerned that the service works, and if it does not there is typically a complaint to the local Councillor. Yet the difference between the Council delivering directly a service or doing so via a contractor, could make a significant difference to Council employee numbers.

Finally, there is the suggestion that the increasing use of the Council's website indicates a move towards "self-service" by residents and by implication an argument that fewer Councillors are needed. The reality is that residents typically have lives too full of better things to do than scour the Council's website for news and information. Last month there was a Special Council meeting to debate whether the Council should change from a system of elections by thirds to one of all-out elections. Prior to that meeting there was a public consultation and ahead of the launch of this consultation a number of us suggested that as well as the consultation being put on the Council's website, there should be leaflets produced to go on Council Notice Boards, in the Libraries, and at the various Centres for the Community around the Borough. My fellow Councillors for Walton Central Ward and I felt this was unlikely to engage many members of the public and so we arranged for a Public meeting to be held, distributed leaflets in the ward, and arranged for a Press Interview which ensured press coverage ahead of the Public meeting. In Walton Central ward there were about 61 consultation responses, approximately 1.16% of the electorate. In nearby Weybridge South ward, which has fairly similar demographics, but no extra encouragement to take part in the consultation exercise, there were about 10 consultation responses, or 0.3% of the electorate in that ward. To my mind that indicates that there is still a strong need for locally known Councillors who can engage on a personal level with their residents and be known to be approachable. If the ratio of Electors to Councillors becomes too great, then that link between electors and Councillors inevitably becomes weaker and less effective. I feel strongly that we

need to guard against this and accordingly this is a strong argument for keeping the Council size at 60 Councillors.

I also support the other arguments set out by Councillor Selleck, although I do not feel the need to duplicate them here. However as I am currently Chairman of the North Area Planning Sub Committee, I know from first hand experience of the growing contentiousness of many planning applications as we try to squeeze in more development without compromising the openness and green character of the Borough which is what has attracted many residents to move here in the first place.

Yours sincerely,

Chris Sadler  
Councilor for Walton Central Ward,  
Chairman of North Area Planning Sub-Committee,  
Elmbridge Borough Council.

PS Please could you acknowledge receipt in due course.