

Kathryn Beldon
Director of Finance & Resources



Ian Perkin
Chief Finance Officer
Office of the Police & Crime Commission for Surrey
Police Headquarters, Mount Browne
Sandy Lane
Guildford, Surrey
GU3 1HG

Town Hall
The Parade
Epsom
Surrey
KT18 5BY
Main Number (01372) 732000
Text 07950 080202
www.epsom-ewell.gov.uk
DX 30713 Epsom

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Contact	Kathryn Beldon
Direct line	01372 732201
Fax	01372 732288
Email	kbeldon@epsom-ewell.gov.uk

Your Ref
Our Ref

Dear Ian

Localising Support for Council Tax – Consultation with Major Precepting Authorities

Overview

As you are aware Council Tax Benefit was abolished on 31 March 2013 and all billing authorities had to adopt Local Council Tax Support schemes each year from 1 April 2013. In addition Central Government has been reducing the funding for these schemes year on year.

In the first two years of localisation Epsom & Ewell Borough Council, in common with a number of Surrey Districts, adopted the Surrey Framework scheme based on the means tested scheme used under the default regulations for pensioners.

Last year we estimated that our funding shortfall would be in the region of £126k for 2015/16 putting increased pressure on the Council's finances. After consultation with preceptors, the public and other stakeholders we changed to a 'minimum payment' scheme where all working age recipients of Support were required to pay the first 20% of their Council Tax charge. We also kept the means tested element and three changes that applied under the Surrey Framework scheme :-

- Abolishing of Second Adult Rebate
- Reducing the capital threshold to £10,000
- Restricting backdated awards due to customer delay to a period of 3 months

This scheme reduced the Support for approximately 1800 working age recipients.

To mitigate the effects on the most vulnerable residents that were identified in our Community Equality Impact Assessment we continued our Discretionary Hardship Fund, increasing its provision to £30k for 2015/16.

Reason for change

Although it is too early to do an analysis of the effects of the minimum payment scheme our expectation is that if we can achieve a collection rate of 80% from those affected we could reduce our funding gap from £126k to approximately £95k.

It is clear that next year's financial settlement will again reduce the funding available and we estimate this could leave us with at least another £13k to find and possibly more if the recent savings targets set by the Chancellor for government departments are reflected in our grant.

Proposed new scheme

Our members have therefore decided that we should consult on a proposal to increase the minimum payment paid by Support recipients to either **25% or 30%**.

In line with last year's Supreme Court judgment we are also gathering opinions on other options although the Council does not see these as viable options in the long term. These are:-

- to increase Council Tax to cover the additional cost. This would need to be at a level (approximately 4%) which would undoubtedly trigger a referendum with its associated costs and since we consider it unlikely that a referendum would produce a 'yes' vote so do not consider this a viable option to fund Council Tax Support
- to cut another service and use these savings to cover the shortfall. We are already planning to find savings of nearly £3 million from services over the next four years to deliver a balanced budget so we do not consider this a viable option to fund Council Tax Support
- to use the Council's reserves to maintain the current level of Support. We have a policy to keep reserves above £2.5 million and whilst our reserves at 31 March 2015 were £3.3 million we plan to use £230,000 this year to assist in providing services. With the inevitable reduction in Central Government funding these reserves will be required assist in delivering changes to services to enable the Council to provide a sustainable financial position. We do not consider this a maintainable way to fund any services long term and this also not considered a viable option

Since an increase in the minimum payment would continue to affect vulnerable households we would look to put something in place to mitigate the effects for certain groups. We are consulting on whether to use a different percentage payment for these groups or to continue the use of our Discretionary Hardship Fund. Both these options would reduce the level of savings that could be achieved. A copy of the draft Community Equality Impact Assessment is enclosed for your information.

Consultation response

As you are aware prior to adopting a Council Tax Support scheme we need to consult with the major precepting authorities. Our public consultation on these changes runs from 27 July to 20 September 2015 and a copy of the consultation survey is attached.

As a major precepting authority we would welcome your views on these proposals by 20 September 2015.

Yours sincerely

(Signature redacted)

Kathryn Beldon

Enc. EEBC CTS consultation survey