



Key Decision: No

Ward(s) Affected: All

## Council Tax Support Scheme for Worthing Borough Council in respect of 2024/25

### Report by the Director for Housing & Communities

#### Officer Contact Details:

Sue Large, Revenues & Benefits Operations  
Manager  
(01903) 221111  
[sue.large@adur-worthing.gov.uk](mailto:sue.large@adur-worthing.gov.uk)

Emma Thomas, Chief Financial Officer  
(01903) 221232  
[emma.thomas@adur-worthing.gov.uk](mailto:emma.thomas@adur-worthing.gov.uk)

#### Executive Summary

##### 1. Purpose

- 1.1 Council Tax Support is a scheme to help some people pay their Council Tax. This depends on their income and personal circumstances and is only available to some people in the UK who are living on a low income.
- 1.2 The Council Tax Support scheme must be considered each year as part of the Local Government Finance Act 2012 (which introduced the framework for localism of Council Tax Support), with Members confirming revisions, continuing the scheme as is or replacing this with another scheme.
- 1.3 This Scheme forms an important part of this Council's ambition to become the fairest coastal town by supporting people who are living on the lowest incomes. It should be noted that whilst this Council is experiencing extreme budgetary pressures, this scheme is one way in which the Council is responding to the enduring impacts of the cost of living to help lift people out of poverty.
- 1.4 Given the importance of this scheme, the report asks Members to continue this scheme with no changes and to recommend this to the Full Council in respect of 2024/25.

## **2. Recommendations**

2.1 The Worthing Joint Strategic Sub-Committee is asked to:

- a. Note the content of this report
- b. Consider recommending to Worthing Borough Council that the Council Tax Support scheme for Worthing Borough Council in respect of working age customers for 2024/25 should
  - i. Be based upon the current Council Tax Support scheme for 2023/24 with no restrictions; and
  - ii. Not be further altered with any other changes beyond necessary technical amendments required to keep the scheme consistent with the national rules in respect of Housing Benefit

## **3. Context**

- 3.1 The Council Tax Support (CTS) scheme provides reductions in Council Tax to give financial assistance to people on low incomes. This scheme provides significant support to people experiencing hardship due to the enduring impact of the cost of living. It forms part of this Council's approach to become the fairest coastal town in the UK, assisting people on the lowest incomes in our communities, especially during a period of extreme budgetary pressures.
- 3.2 Each year the Council is required to consider whether to review its local scheme. The Local Government Finance Act 2012 sets out the process by which Councils must approve a local Council Tax Support scheme. Regulations include protection for pensioners and refugees but allow Councils to make changes in the way that support is calculated for working age claimants.
- 3.3 Council Tax Support replaced the former national Council Tax Benefit (CTB) scheme from April 2013. The CTS scheme for pensioners continues to be prescribed by the government and allows up to 100% support against Council Tax liability.
- 3.4 The scheme for Working Age claimants is determined locally, however the Government set out its expectations for local authorities to protect the vulnerable and for schemes to support incentives to work. Where Councils seek to amend their scheme it is necessary to consult major preceptors and stakeholders to inform a final scheme design.
- 3.5 The costs of the schemes directly impact on the overall budget-setting process for each Council and the scheme parameters therefore need to be determined at or before the annual tax-setting meeting held each February.

#### 4. Issues for consideration

- 4.1 The introduction of local schemes was accompanied by a reduction of around 10% in the amount of subsidy paid to local authorities. However, the cost of benefits fell during 2013/14 and the final net cost of introducing the scheme in 2013/14 was substantially lower than expected.
- 4.2 The scheme is demand led and the working age caseload will fluctuate. It remains difficult to forecast caseload and expenditure with any degree of certainty in the backdrop of the current economic climate and the enduring impacts of the cost of living on many of our communities.

2013/14 estimated cost of CTS	Council share of overall cost	Grant received	Net cost	Percentage shortfall in funding
£'000	£'000	£'000	£'000	%
7,049	1,004	-947	5.7	5.68%

- 4.3 Over the past few years the cost of Council Tax Support (CTS) has generally fallen, following local trends in employment. During the early part of 2020/21 the Council experienced an increase in the cost of CTS reflecting the impact of the COVID-19 pandemic but since June 2021 (when there were 3,493 working age claims in payment) there has been a continual decline in the number of live claims and as at 1 September 2023 there are 2,959 working age customers receiving CTS.
- 4.4 The removal of the £5.00 weekly restriction as part of the amended 2023/24 Council Tax Support Scheme was an important decision for this Council to demonstrate its change in policy to offer more help to those that are vulnerable. However, it has however seen an increase in the estimated cost of the scheme, the actual amount will depend on the number of claimants and their income levels. Members will recall that this important change was made to ensure this Council does more to assist people on the lowest incomes.
- 4.5 Council Tax Support replaced the former national Council Tax Benefit (CTB) scheme from April 2013. Since the introduction of the local scheme the costs of the CTS scheme is shown below:

Financial year	Cost of CTS	Overall Average Council Tax increase	Annual increase / decrease (-)	
	£'000	%	£'000	%
2012/13 Actual	7,287	N/A	N/A	N/A
2013/14 Actual	7,049	0.00	-238	-3.27
2014/15 Actual	6,754	0.18	-295	-4.18

2015/16 Actual *	5,201	0.18	-1,553*	-22.99
2016/17 Actual	5,167	3.63	-34	-0.65
2017/18 Actual	5,100	3.62	-67	-1.30
2018/19 Actual	5,188	4.95	88	1.73
2019/20 Actual	5,429	5.61	241	4.65
2020/21 Actual	5,800	3.87	371	6.86
2021/22 Actual	5,819	4.87	19	0.32
2022/23 Actual	5,679	3.05	-140	-2.41
2023/24 (estimate) **	6,583	4.93	904	15.92

\* Introduction of £5.00 weekly restriction in Worthing from 1 April 2015

\*\* Removal of £5.00 weekly restriction from 1 April 2023

- 4.6 However, the grant towards the cost of Council Tax Support Schemes has been consolidated into the Revenue Support Grant and the retained Business Rates scheme. The combined income from these sources has fallen each year, and the Revenue Support Grant has now ceased as a source of income to the Council. This means that the Council has faced an ever-increasing cost associated with the scheme. In 2023/24, the level of subsidy is estimated to be:

2023/24 cost of CTS	Council share of overall cost	Estimated Grant received	Net cost	Percentage shortfall in funding
£'000	£'000	£'000	£'000	%
6,583	802.0	-388.8	440.2	43.99

The table highlights that Worthing Borough Council has to fund locally £440.2k of the cost of the Council Tax Support scheme, with government funding only meeting 56.01% of the councils costs. As the largest proportion of the council tax set relates to the West Sussex County Council precept, the county council meets the largest share of the cost of the scheme with council tax income foregone.

- 4.7 For Members' information, the annual in-year collection rates for Council Tax in respect of the last five financial years has been:

2018/19	2019/20	2020/21	2021/22	2022/23
97.96%	97.59%	96.09%	97.07%	97.08%

- 4.8 During the current financial year Council Tax collection has remained challenging as the result of both the "cost of living" situation and seeking to recover sums that weren't paid during the pandemic. Due to resource constraints, formal recovery action ceased from April to the end of August 2023. However, as at 31 August 2023 the in-year

collection rate was 48.89% (-1.36% compared to 31 August 2022) which is still very comparable with neighbouring authorities. It should be noted that how we collect Council Tax is part of our overall digital transformation programme for the service. However the current budget pressures is creating additional pressure right now in terms of resourcing this work whilst it is transformed.

## 5. Engagement and Communication

5.1 Given that the recommendation for Members is to continue with this scheme with no changes, consultation is not required. Consultation is only required if the fundamental criteria of the schemes is amended. Further details are provided in section 7 of this report.

## 6. Financial Implications

6.1 In 2015/16 Worthing Borough Council introduced a £5.00 weekly restriction for working age residents within the Council Tax Support Scheme. The Council saw an immediate increase in Council Tax income, but to achieve this level of income the Council needed to invest in additional staff, a new hardship fund and allow for an increased level of write off.

6.2 A new scheme was approved and introduced for 2023/24 which removed the £5.00 weekly restriction for working age residents. The change in the estimated cost of the scheme can be seen in the table at 4.3 of the report.

6.2 If Worthing members choose to change this and implement a £5.00 per week restriction accompanied by a discretionary Council Tax Support Hardship Fund, the financial gain in respect of 2024/25 would be estimated to be:

	Overall gain	Worthing Borough Council share
	£000	£000
Estimated impact of reduced Council Tax Support cost on Council Tax income	807.1	98.3
Less: Hardship Fund	-97.7	-35.6
Less: Allowance for increased write offs @ 5%	-40.4	-4.9
	689.0	57.8

However the final cost will depend on the Council Tax that is set for 2024/25, the number of claimants, and their income levels.

## **7. Legal Implications**

- 7.1 The Local Government Finance Act 2012 amended the Local Government Finance Act 1992 in relation to Council Tax Reduction Schemes (England).
- 7.2 The 1992 Act provides that a billing authority's Council Tax Reduction Scheme must include prescribed matters set out in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012.
- 7.3 Paragraph 3 in Schedule 1A of the 1992 Act states that before making a scheme the authority must consult the major precepting authority, publish a draft scheme and consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 7.4 Paragraph 5 in Schedule 1A of the 1992 Act states that each financial year each billing authority must consider whether to revise its scheme or to replace it with another scheme and that a duty to consult applies when revising a scheme in the same way as when the authority was making the scheme.
- 7.5 If Members determine that, beyond the necessary technical changes to keep the respective Council Tax Support schemes aligned with the national rules for Housing Benefit, no other changes will be made to the schemes for 2024/25, there will be no revision to the schemes and therefore the duty to consult with residents does not apply.

## **Background Papers**

Localising Support for Council Tax in England report to the Joint Strategic Committee held on 22<sup>nd</sup> July 2014

Welfare Reform Act 2012

Local Government Finance Bill 2012

Minutes of the meetings of the Joint Strategic Committee of Adur District and Worthing Borough Councils held on 26 July 2012, 28 November 2012, 3 December 2013, 2 December 2014, 2 February 2016, 10 January 2017, 5 December 2017, 31 January 2019, 14 January 2020 and 1 December 2020

Minutes of the Adur Full Council meeting held on 17 December 2020

Minutes of the Worthing Full Council meeting held on 15 December 2020

Minutes of the Joint Strategic Committee meetings held on 7 December 2021 and 11 January 2022

Minutes of the Worthing Full Council meeting held on 1 March 2022

## **Sustainability & Risk Assessment**

### **1. Economic**

Whilst Council Tax represents an important source of income to the Councils, financial support must be provided to residents on a low income via appropriate Council Tax Support schemes.

### **2. Social**

#### **2.1 Social Value**

Worthing's Council Tax Support Scheme plays a key part in the authority's work to ensure fairness by reducing inequality and directly address deprivation and poverty. This is against a backdrop of the pandemic and now the cost of living crisis that have both had a negative impact on a number of our most vulnerable residents. The cost-of-living crisis for example has seen an increasing need for financial and food support and demand still remains high across voluntary and community sector partners and frontline council services.

Despite the financial pressures faced by the council (in common with many others at this time) the authority remains committed to ensuring our services are progressive and fair and that residents are supported through this difficult time. As such the Council Tax Support scheme represents a significant commitment to providing financial support to residents on low incomes and sits alongside other work including our Cost of Living Action Plan, Proactive, our ethical debt policy and other support and prevention services.

Our Council Tax Support scheme is more important than ever in assisting the council's aims at reducing hardship and poverty within the borough yet it is also vital for the council's financial stability and resilience that the council is able to collect the money owed to it. Income from Council Tax plays a significant role in the Council's budget, paying for a range of critical services including waste collection, parks and open spaces and housing services. The council has a legal duty to bill Council Tax and enforce non-payment under the Local Government Finance Act but through our ethical debt policy we are striving to act with compassion to support residents facing debt and hardship and to proactively identify those in need. This not only means signposting those needing support from the Council Tax Support Scheme or other schemes managed directly by the council or central government (like Universal Credit) to assist them maximise income, but also signposting residents for debt and wellbeing advice and agreeing affordable repayment plans. In undertaking this work the council seeks to balance its fiduciary duties and be fair to those that do pay council tax and those struggling to pay.

## **2.2 Equality Issues**

Matter considered and no issues identified.

## **2.3 Community Safety Issues (Section 17)**

Matter considered and no issues identified.

## **2.4 Human Rights Issues**

Matter considered and no issues identified.

## **3. Environmental**

Matter considered and no issues identified.

## **4. Governance**

Matter considered and no issues identified.