



Adur Joint Strategic Sub-Committee  
7 December 2023

# ADUR DISTRICT COUNCIL

Key Decision: No

Ward(s) Affected: All

## The working-age Council Tax Support Scheme for 2024/25

### Report by the Director for Housing & Communities

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### 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 approach to supporting people living on the lowest incomes, as part of our Proactive approach.
- 1.4. 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 Joint Strategic Sub-Committee is asked to:
- a. Note the content of this report;
  - b. Consider recommending to Adur District Council that the Council Tax Support scheme for Adur District Council in respect of working age customers for 2024/25 should
    - i. Be based upon the 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.
- 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 CTS 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 CTS 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.
- 3.6 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. 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 cost of living crisis.

2013/14 estimated cost of CTS	Council share of overall cost	Grant received	Net cost	Percentage shortfall in funding
£'000	£'000	£'000	£'000	%
4,975	856.7	-850	6.7	0.78%

4.2 Over the past few years the cost of 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 2,223 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 1,807 working-age customers receiving CTS.

4.3 CTS 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	5,195	N/A	N/A	N/A
2013/14 Actual	4,976	0.00	-219	-4.22
2014/15 Actual	4,633	0.18	-343	-6.89
2015/16 Actual	4,414	0.00	-219	-4.73
2016/17 Actual	4,313	3.51	-101	-2.29
2017/18 Actual	4,314	3.51	1	0.02
2018/19 Actual	4,295	4.92	-19	-0.44
2019/20 Actual	4,332	5.48	37	0.86
2020/21 Actual	4,628	3.78	296	6.83
2021/22 Actual	4,578	4.78	-50	-1.08
2022/23 Actual	4,410	2.98	-168	-3.67
2023/24 (Estimate)	4,487	4.67	77	1.75

4.4 However, the grant towards the cost of CTS 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:

<b>2023/24 cost of CTS</b>	<b>Council share of overall cost</b>	<b>Estimated Grant received</b>	<b>Net cost</b>	<b>Percentage shortfall in funding</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
4,487	696.0	-403.3	292.70	42.05

The table highlights that Adur District Council has to fund locally £292.7k of the cost of its CTS scheme, with government funding only meeting 57.95% of the council's 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.

- 4.5 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%	96.95%

- 4.6 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 50.42% (-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 When the £5 restriction was introduced by Worthing Borough Council in 2015/16, the council saw an immediate increase in Council Tax income, however 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. The eventual financial benefit was:

	<b>Overall gain in 2015/2016</b>	<b>Worthing Borough Council share</b>
	£000	£000
Estimated impact of reduced Council Tax Support cost on Council Tax income	1,098.7	153.5
Less: Additional staffing required	-20.0	-20
Less: Hardship Fund	-80.0	-20
Less: Allowance for increased write offs @ 5%	-54.9	-7.7
	943.8	105.9

- 6.2 If Adur members choose to implement a £5-per-week restriction accompanied by a discretionary Council Tax Support Hardship Fund, the financial gain in respect of 2024/25 is estimated to be:

	<b>Overall</b>	<b>Adur District Council share</b>
	£000	£000
Estimated impact of reduced Council Tax Support cost on council tax income	550.1	85.4
Less: Hardship Fund	-66.0	-24.0
Less: Allowance for increased write-offs @ 5%	-27.5	-4.3
	639.3	57.1

However the final cost would 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, 1 December 2020 and 7 December 2021

Minutes of the Adur Full Council meeting held on 16 December 2021

## **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 CTS schemes.

### **2. Social**

#### **2.1 Social Value**

Adur District Council's CTS Scheme is an important part of the authority's work to support those on low incomes and most in need. This work is undertaken with the backdrop of the pandemic and now the cost of living pressures that have had negative impacts on a number of our most vulnerable residents

Pressures on the cost-of-living have for example seen an increasing need for financial and food support in Adur and demand still remains high across voluntary and community sector partners and frontline council services. In this context the CTS scheme represents the council's 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.

Adur's CTS scheme is more important than ever in helping those in need in the district, 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, contributing towards 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 CTS scheme or other schemes managed directly by the council or central government (like Universal Credit) to help 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 genuinely 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.