



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
12 November 2024

Key Decision [Yes/No]

Ward(s) Affected:

Proposal to continue the Council Tax Support Scheme for Adur District Council and Worthing Borough Council in respect of 2025/26

Report by the Director for Housing and 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 the Councils' ambition to become the fairest coastal towns by supporting people who are living on the lowest incomes. It should be noted that whilst our Councils are both experiencing budgetary pressures, this scheme is one way in which the Councils are responding to the enduring impacts of poverty.

Our Proactive programme has been one response to this, focusing early help and support for residents experiencing vulnerabilities.

- 1.4. Given the importance of this scheme, the report asks Members of both Councils to continue this scheme with no changes and to recommend this to the Full Councils in respect of 2025/26.

2. Recommendations

Given the importance of this scheme, the report asks Members to:

- 2.1. Note the content of this report;
- 2.2. Recommend to Adur District Council that the Council Tax Support scheme in respect of working age customers for 2025/26 should:
 - i. Be based upon the current Council Tax Support scheme for 2024/25 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
- 2.3. Recommend to Worthing Borough Council that the Council Tax Support scheme in respect of working age customers for 2025/26 should:
 - i. Be based upon the current Council Tax Support scheme for 2024/25 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 the Councils' approach to become the fairest coastal towns 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 Councils are required to consider whether to review their 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.
- 3.6 For the Adur District, since 2013 when Council Tax Support was brought in to replace the previous Council Tax Benefit, our residents have been provided with full support (up to 100% of their Council Tax paid for qualifying residents).
- 3.7 Between 2015 and 2023, for Worthing residents, who would qualify for the maximum Council Tax Support, it was decided they would be charged £5 per week. During this time qualifying residents in Worthing were offered a discretionary fund where customers have been able to receive maximum support. This required additional resources and the resident would be required to apply for the discretionary help each financial year.
- 3.7 The removal of the £5.00 weekly restriction in Worthing as part of the amended 2023/24 Council Tax Support Scheme was a significant decision for this Administration to demonstrate a change in policy to offer more help to those that are vulnerable. This resulted in an increase in the estimated cost of the scheme, the actual amount depends on the number of claimants and their income levels. Members will recall that this important change was made to

ensure the Councils are providing assistance to people on the lowest incomes.

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 below tables for Adur and Worthing Councils show the actual cost of CTS, including an estimate for current years.
- 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	%
Adur	4,975	856.7	-850	6.7	0.78%
Worthing	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 Councils experienced an increase in the cost of CTS reflecting the impact of the COVID-19 pandemic.
- 4.4 As outlined above, the removal of the £5.00 weekly restriction was carried out as part of the amended 2023/24 budget.
- 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:

Adur

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 Actual	4,606	4.67	77	1.75
2024/2025 (Estimated)	4,636	4.74	30	0.65

Worthing

Financial year	Cost of CTS	Overall Average Council Tax increase	Annual increase / decrease (-)	
			£'000	%
	£'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 Actual**	6,782	4.93	904	15.92
2024/25 (Estimated)	6,902	4.77	120	1.77

* Introduction of £5.00 weekly restriction April 2015

** Removal of £5.00 weekly restriction 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 Councils. This means that the Councils have faced an ever-increasing cost associated with the scheme. In 2024/2025, the level of subsidy is estimated to be:

Adur

2024/25 estimated cost of CTS	Council share of overall estimated cost	Estimated Grant received	Net cost	Percentage of estimated shortfall in funding
£'000 4,636	£'000 707.0	£'000 -421.1	£'000 285.9	% 40.44

Worthing

2024/25 estimated cost of CTS	Council share of overall estimated cost	Estimated Grant received	Net cost	Percentage of estimated shortfall in funding
£'000 6,902	£'000 826.0	£'000 -468.0	£'000 358.0	% 43.34

The table highlights that Adur and Worthing Councils have to fund locally the cost of the Council Tax Scheme of £285.9k and £358k respectively. Government funding only meets a proportion of the local cost 59.56% in Adur and 56.66% in Worthing. 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 overall cost of the scheme with council tax income foregone;

	2024/25 estimated overall cost of CTS	2024/25 Local Share of estimated cost	2024/25 WSCC Share of estimated cost	2024/25 PCC Share of estimated cost

	£'000	£'000	£'000	£'000
Adur	4,636	707	3,424	505
Worthing	6,902	826	5,295	781

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

	2019/20	2020/21	2021/22	2022/23	2023/2024
Adur	97.59%	96.09%	97.07%	96.95%	96.68%
Worthing	97.37%	96.00%	96.59%	97.08%	96.59%

- 4.8 During the current financial year Council Tax collection has remained challenging due to the continued 'cost of living' situation. With the current budget pressures and redesign of the Revenues team, whilst we undergo digital transformation programme for the service, collection rates remain comparably with neighbouring authorities. As of 31st August 2024, Adur has the highest collection rate in the West Sussex area (51.14%) followed by Worthing in 2nd (49.63%). These collection rates are up on last year by the following amounts (+0.72 Adur) & (+0.74 Worthing).

5. Engagement and Communication

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.

- 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 2025/26 would be estimated to be:

	Estimated Overall gain	Worthing Borough Council share
	£000	£000
Estimated impact of reduced Council Tax Support cost on Council Tax income	1,452	134
Less: Hardship Fund	-73	-7
Less: Allowance for increased write offs @ 5%	-98	-35
Less: Cost of additional staffing	-20	-20
	1,262	72

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:

	Estimated Overall gain	Adur District Council share
	£000	£000
Estimated impact of reduced Council Tax Support cost on council tax income	944	144
Less: Hardship Fund	-47	-7
Less: Allowance for increased write-offs @ 5%	-85	-31
Less: Cost of additional staffing	-20	-20
	792	86

However the final cost will depend on the Council Tax that is set for 2025/26, 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 2025/26, there will be no revision to the schemes and therefore the duty to consult with residents does not apply.

Andrew Mathias 23.10.2024

Background Papers

Localising Support for Council Tax in England report to the Joint Strategic Committee held on 22nd 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. Those who qualify for the maximum Council Tax Support may already be facing financial hardship. The additional work loads for discretionary applications, billing and collection including for non-payment will require additional resources to meet the demands.

2. Social

2.1 Social Value

Adur and Worthing 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.