



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
14 January 2020
Agenda Item 6

Key Decision: No

Ward(s) Affected: All

Council Tax Support Schemes for 2020/21

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

- 1.1. Members are asked to recommend to their respective Full Councils the Council Tax Support Schemes in respect of 2020/21.

2. Recommendations

- 2.1. The Joint Strategic 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 2020/21
 - i. Should be based upon the scheme for 2019/20 with no restrictions; and
 - ii. No other changes should be made beyond necessary technical amendments required to keep the scheme consistent with the national rules in respect of Housing Benefit
 - c. Consider recommending to Worthing Borough Council that the Council Tax Support scheme for Worthing Borough Council in respect of working age customers for 2020/21
 - i. Should be based upon the scheme for 2019/20 with the £5.00 weekly restriction retained; and
 - ii. That the discretionary budget to support those in severe financial difficulties should be retained; and

- iii. No other changes should be made beyond necessary technical amendments required to keep the scheme consistent with the national rules in respect of Housing Benefit

3. Context

- 3.1 Since April 2013 Members have had the freedom to set a local Council Tax Support scheme in respect of “working age” customers. Both Councils opted to retain the national scheme for 2013/14 and 2014/15 and whilst Adur District Council has also retained the national scheme since then, Worthing Borough Council introduced a £5.00 per week restriction from 1 April 2015 for all “working age” customers together with a discretionary budget to allow additional assistance to be provided where appropriate.
- 3.2 There are statutory protections for all pensioners and refugees, so local schemes only apply to “working age” customers.
- 3.3 At the meeting of Adur Full Council held on 28 February 2019 it was resolved that: there should be no restrictions introduced in respect of the 2019/20 scheme and that no other changes should be made beyond necessary technical amendments required to keep the scheme consistent with the national rules in respect of Housing Benefit.
- 3.4 At the meeting of Worthing Full Council held on 26 February 2019 it was resolved that the £5.00 weekly restriction should be retained together with the discretionary budget to support those in severe financial difficulties and that no other changes should be made beyond necessary technical amendments required to keep the scheme consistent with the national rules in respect of Housing Benefit.
- 3.5 In previous years the Councils have undertaken public consultations about whether changes should be made to the following year’s scheme. However, revised advice from the Councils’ Legal Services Team has confirmed that consultations are not required unless the fundamental criteria of the schemes is amended.

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:

	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%

4.2 Whilst Adur District Council also retained the national scheme for 2015/16 - 2019/20, Worthing Borough Council amended the scheme in 2015/16 and has retained this amended scheme thereafter. The scheme approved within Worthing:

- Introduced a £5.00 per week restriction for all “working age” customers; and
- Created a discretionary £80,000 budget in partnership with West Sussex County Council to allow additional assistance to be provided where appropriate; and
- Provided 1 x FTE additional member of staff to the Revenues & Recovery Team in anticipation of the additional recovery work that would arise

4.3 Over the past few years the cost of Council Tax Support has generally fallen, following local trends in employment:

Financial year	Adur		Annual increase / decrease (-)		Worthing		Annual increase / decrease (-)	
	Cost of CT Support	Overall Average Council Tax increase			Cost of CT Support	Overall Council Tax increase		
	£'000	%	£'000	%	£'000	%	£'000	%
2012/13 Actual	5,195				7,287			
2013/14 Actual	4,976	0.00	-219	-4.22	7,049	0.00	- 238	-3.27
2014/15 Actual	4,633	0.18	-343	-6.89	6,754	0.18	- 295	-4.18
2015/16 Actual	4,414	0.00	-219	-4.73	5,201	0.18	- 1,553*	-22.99
2016/17 Actual	4,313	3.51	-101	-2.29	5,167	3.63	- 34	-0.65
2017/18 Actual	4,314	3.51	1	0.02	5,100	3.62	- 67	-1.30
2018/19 Actual	4,295	4.92	-19	-0.44	5,188	4.95	88	1.73
2019/20 Estimate	4,391	5.48	96	2.24	5,088	5.61	- 100	-1.93

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

4.4 However, the grant towards the cost of Council Tax Support Schemes has been consolidated into the Revenue Support Grant and the retained business rate scheme. The combined income from these sources which has fallen each year, and the Revenue Support Grant has now ceased as a source of income to the Council. This means that the Councils have faced an ever-increasing cost associated with the scheme. By 2019/20, the level of subsidy is estimated to be:

	2019/20 cost of CTS	Council share of overall cost	Estimated Grant received	Net cost	Percentage shortfall in funding
	£'000	£'000	£'000	£'000	%
Adur	4,391	739	-382.4	356.6	48.25
Worthing	5,088	668	-425.8	242.1	36.24

- 4.5 The restriction implemented in Worthing in respect of 2015/16 resulted in all working age” customers being asked to pay at least £261.43, subject to being able to apply for additional financial support by way of a discretionary award.
- 4.6 For those customers who were previously in receipt of maximum Council Tax Benefit (and therefore had £nil to pay) this represented a significant change and considerable work has been undertaken to engage with these customers to discuss realistic payment arrangements ensuring that financial inclusion was maximised.
- 4.7 Additionally, the issue of a summons and the Magistrates’ Court granting a Liability Order results in costs being added to the account. If an account is subsequently referred to an Enforcement Agent additional statutory fees of either £75.00 or £310.00 will also become due (the level of the fees depends on the stage at which the customer engages with the Enforcement Agent).
- 4.8 In conjunction with the Customer Service Team, an empathetic approach has continued to be applied when considering payment arrangements and where appropriate customers have been provided with assistance to complete an application form for a discretionary award and/or signposted to debt advice agencies. For Members’ information, the annual in-year collection rates for the last five financial years have been

	<u>Adur</u>	<u>Worthing</u>
2014/15	97.62%	98.15%
2015/16	97.67%	97.38%
2016/17	97.89%	97.58%
2017/18	97.66%	97.42%
2018/19	97.96%	97.62%

5. Engagement and Communication

- 5.1 Revised advice from the Councils’ Legal Services Team has confirmed that consultations are not required unless 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 £5.00 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:

	Overall gain in 2015/16	Worthing Borough Council share
	£'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	-20.0
Less: Hardship Fund	-80.0	-20.0
Less: Allowance for increased write offs @ 5%	-54.9	-7.7
	943.8	105.8

- 6.2 If Adur members choose to implement a £5.00 per week restriction accompanied by a discretionary Council Tax Support Hardship Fund, the financial gain in respect of 2020/21 is estimated to be:

	Overall	Adur District Council share
	£'000	£'000
Impact of reduced Council Tax Support cost on Council Tax income	721.6	114.2
Less: Additional collection costs	-15.0	-15.0
Less: Hardship Fund	-60.0	-15.0
Less: Allowance for increased write offs @ 5%	-36.1	-5.7
	610.5	78.50

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 Paragraph 3 in schedule 1A of the amended 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.
- 7.3 Paragraph 5 in the same schedule 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.
- 7.4 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 2020/21, 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 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 and 31 January 2019

Minutes of the Adur Full Council meeting held on 28 February 2019

Minutes of the Worthing Full Council meeting held on 26 February 2019

Officer Contact Details:

Paul Tonking

Head of Revenues & Benefits

(01903) 221290

paul.tonking@adur-worthing.gov.uk

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

Matter considered and no issues identified.

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.