



# ADUR DISTRICT COUNCIL

Key Decision: No

Ward(s) Affected: All

## The working-age Council Tax Support Scheme for 2023/24

### Report by the Director for Digital, Sustainability & Resources

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### Executive Summary

#### 1. Purpose

- 1.1. Members are asked to recommend to the Full Council the criteria for the Council Tax Support Scheme in respect of 2023/24.

#### 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 2023/24 should
    - i. Include a new provision that a valid claim for Council Tax Support shall be deemed to have been made by customers who have been awarded Universal Credit and indicated that they wish to claim Council Tax Support (unless further information is required to enable entitlement to be determined)
    - ii. Be based upon the scheme for 2022/23 with no restrictions; and

- iii. 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 Since April 2013 Members have had the freedom to set a local Council Tax Support scheme in respect of “working age” customers. Adur District Council has opted to retain the national scheme from this date.
- 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 7 December 2021 it was resolved that: there should be no restrictions introduced in respect of the 2022/23 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 Until 2018 the Councils undertook public consultations about whether changes should be made to the following year’s schemes. 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.
- 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:

| 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 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 2,223 working age claims in payment) there has been a continual decline in the number of live claims and as at 1 October 2022 there are 1,955 working age customers receiving CTS.

4.3 Since the introduction of the local scheme the costs of CTS have been:

| 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     | 4,620       | 3.53                                 | -28                            | -0.06 |
| 2022/23 (estimate) | 4,600       | 3.02                                 | -20                            | -0.04 |

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 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 2022/23, the level of subsidy is estimated to be:

| 2022/23 cost of CTS | Council share of overall cost | Estimated Grant received | Net cost | Percentage shortfall in funding |
|---------------------|-------------------------------|--------------------------|----------|---------------------------------|
| £'000               | £'000                         | £'000                    | £'000    | %                               |
| 4,600               | 734.0                         | -388.8                   | 345.20   | 47.03                           |

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

| 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---------|---------|---------|---------|---------|
| 97.66%  | 97.96%  | 97.59%  | 96.09%  | 97.07%  |

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. However, as at 31 October 2022 the in-year collection rate was 69.92% (+0.24% compared to 31 October 2021) and is comparable with neighbouring authorities.

- 4.7 At the beginning of the COVID-19 situation the Government announced that every working-age customer who receives Council Tax Support during 2020/21 would be entitled to up to £150 discretionary assistance and Members subsequently determined to utilise discretionary funding in respect of 2021/22 and 2022/23. The collection rates detailed in paragraphs 4.5 and 4.6 takes these additional awards into account; during the current financial year awards have totalled £107,245.
- 4.8 The current scheme requires residents to submit an application for Council Tax Support to enable the Revenues & Benefits Service to assess each customer's financial circumstances and household composition.
- 4.9 However, an increasing number of working age customers submit a claim for Universal Credit to the Department for Work & Pensions (DWP) and when doing so are invited to indicate that they are liable for Council Tax and would like to claim Council Tax Support.
- 4.10 Once the DWP has assessed entitlement to Universal Credit an electronic file is securely sent to the Revenues & Benefits Service to confirm the Universal Credit award. In the majority of cases this file confirms the customer's income and household composition. Not all customers who are awarded Universal Credit are entitled to Council Tax Support (because their total income is too high) but in any case the local scheme requires a separate claim to be made.
- 4.11 Currently, upon receipt of a file from the DWP the Revenues & Benefits Service undertakes a "trial calculation" to establish whether the customer would qualify for Council Tax Support if a claim was to be made. If they would qualify, a claim form for Council Tax Support is sent to the customer for completion and return.
- 4.12 The majority of customers subsequently submit an application form but unfortunately some do not. It is therefore recommended that wherever possible, with effect from 1 April 2023 the submission of a claim for Universal Credit together with an indication that the customer wishes to claim Council Tax Support should be treated as a valid claim for Council Tax Support.
- 4.13 If agreed, this change will improve service delivery in respect of
- The customer because they will not need to complete a separate application form for Council Tax Support; and
  - The Revenues & Benefits Service because entitlement to Council Tax Support can be immediately assessed without requiring a separate claim form

It is anticipated that the "take up" rate for claiming Council Tax Support will improve because the majority of customers in receipt of Universal Credit will have their entitlement to Council Tax Support assessed, thereby reducing the amount of Council Tax they are asked to pay.

## **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 |
|--|-------------------------|--------------------------------|
| Estimated impact of reduced Council Tax Support cost on Council Tax income | £'000<br>1,098.7        | £'000<br>153.5                 |
| <b>Less:</b> Additional staffing required                                  | -20.0                   | -20.0                          |
| <b>Less:</b> Hardship Fund   | -80.0                   | -20.0                          |
| <b>Less:</b> 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 2023/24 is estimated to be:

|  | Overall        | Adur District Council share |
|--|----------------|-----------------------------|
| Impact of reduced Council Tax Support cost on Council Tax income | £'000<br>767.9 | £'000<br>131.9              |
| <b>Less:</b> Additional collection costs                         | -30.2          | -30.2                       |
| <b>Less:</b> Hardship Fund                                       | -60.0          | -15.0                       |
| <b>Less:</b> Allowance for increased write offs @ 5%             | -38.4          | -6.6                        |
|  | 639.3          | 80.1                        |

## 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 2023/24, 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 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.