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Alan Peach
Head of Finance & Property
Resources Department
Arun Civic Centre
Maltravers Road
Littlehampton
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4th June 2015

Dear Alan,

Re: Council Tax Reduction Scheme

Thank you for the opportunity to comment on your review of Arun's localised Council Tax Reduction Scheme.

I note this review applies to the scheme you will adopt from 1 April 2016. The way Government introduced the local schemes for council tax support, with the level of entitlement impacting on the council tax base, means that the cost is borne in relation to the council tax charged. This places the County Council in the position of bearing by far the lion's share of the cost.

As you will no doubt recall, Government introduced the scheme in 2013 with a 10% reduction in its funding. Most authorities mitigated this reduction at the time by taking advantage of new freedoms to raise the tax base, offsetting this reduction. You will also be aware Government rolled into core local authority funding compensation for the 90% cost of the scheme it continued to support. Despite calls from the local authority sector, the recent settlement confirms that council tax support (CTS) funding will not be separately identified in 2015/16 by Government, since there is no separate element within the Settlement Funding Assessment.

With no separate identifiable funding, the national Government's financial backing for localised council tax support costs is not protected from the general cuts in funding. The LGA estimates this means that the funding for CTS schemes has fallen by around £1 billion since schemes were localised.

I completely accept that the local council tax support scheme is a matter for the billing/collecting authorities to decide. As the administrators of the scheme they are in a better position than the County would be to judge the pros and cons of any changes.

I would also point out that I am aware of changes made to the Worthing scheme, introducing a minimum council tax charge for claimants. The County Council has shown a willingness to work alongside Worthing by ensuring this change wasn't introduced without appropriate alternative measures of assistance and support. This has involved setting aside funds into a hardship fund, to assist with exceptional hardship and also to help facilitate claimants in better managing their finances.

However, essentially the national funding support for council tax support schemes is tapering sharply in line with the overall major funding cuts we all face and I believe this should be an important point to bear in mind for your review. As the funding is cut, it shouldn't be automatically assumed the level of support within each localised scheme continues. It needs to be seen in the context of the diminishing central funding and the potential cuts inflicted elsewhere, if the level of support for a local scheme is maintained unabated.

The County Council would therefore wish you to consider, at the next review, the potential for a modified scheme of support for council tax, which incorporated a minimum level of contribution from claimants. Alongside such a change, measures to support and encourage claimants in improving their employment prospects and incentivising work, as well as supporting cases of genuine hardship and managing household finances, would be needed. The County would be a willing collaborative partner to this end. This would benefit, in the longer term, the individuals concerned, the local economy and boost the funding position of both the District and County Councils.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Lewis', with a long horizontal flourish extending to the right.

Peter Lewis
Executive Director Corporate Resources & Services
West Sussex County Council