

# Arun District Council

<b>REPORT TO:</b>	<b>Housing &amp; Wellbeing Committee - 25 January 2024</b>
<b>SUBJECT:</b>	<b>Local Council Tax Reduction Scheme 2024/2025 (Working Age)</b>
<b>LEAD OFFICER:</b>	<b>Antony Baden, Group Head of Finance &amp; Section 151 Officer</b>
<b>LEAD MEMBER:</b>	<b>Cllr Birch</b>
<b>WARDS:</b>	<b>All</b>
This report provides members with an update on the Working Age Local Council Tax Reduction Scheme (LCTRS) for April 2023– March 2024 (Year 11) and the options for consideration for the 2024/25 LCTRS. (Year 12).	
<b>DIRECTORATE POLICY CONTEXT:</b> Improving the wellbeing of Arun residents.	

## **FINANCIAL SUMMARY:**

The proposal for 2024/25 is to retain the existing scheme for working age customers, which is an income banded scheme. The scheme allows that the income banding widths can be increased by the annual rate of CPI in September. Therefore, it is proposed that the bandings are increased by the rate of September 2023 CPI (6.7%). This will ensure that the most vulnerable people are not disadvantaged by the impact of inflation.

The proposed changes will benefit those Arun households who are most vulnerable to financial hardship thus helping to alleviate poverty.

In respect of the 2024/25 scheme the Council will maintain the Hardship Fund at £100,000 for qualifying households.

## **1. PURPOSE OF REPORT**

- 1.1. To present the options to amend the current Local Council Reduction Scheme for 2024/25.

## **2. RECOMMENDATIONS**

2.1. The Housing and Wellbeing Committee is asked to approve:

- The increase in the income banding widths of the Local Council Tax Reduction Scheme in line with the Consumer Prices Index (Year 12). Members are asked to approve from 1 April 2024.

## **3. EXECUTIVE SUMMARY**

3.1 Each year the Council is required to review its Council Tax Reduction Scheme in accordance with the requirements of the schedule 1A of the Local Government Finance Act 1992 and to either maintain the scheme or replace it. This report outlines the proposed changes to the scheme and potential impact.

## **4. DETAIL**

4.1 The Council Tax Reduction (CTR) is a system for low-income households that helps to pay Council Tax. A resident may get Council Tax Reduction if they pay Council Tax, and their income and capital (savings and investments) are below a certain level.

4.2 People of pensionable age are assessed under national rules which the council cannot change. They continue to have their Council Tax Reduction worked out using the prescribed scheme. The council decides on the rules for working aged people. There are currently around 4,600 working age households in the district who claim CTR.

4.3 In 2019 the Council introduced a new type of CTR scheme based on income brackets for our working age customers.

4.4 Some of the reasons for doing this were:

- To make the scheme clearer, and easier to understand.
- To work better alongside Universal Credit (UC), because the previous CTR scheme did not align well with UC.
- To make it clearer how much Council Tax a resident still needs to pay if they are claiming CTR.
- To reduce the number of changes to a resident's Council Tax bill because of their UC amount changing each month.

4.5 It is estimated that in the current 2023-24 year, the working age part of the CTR scheme will cost approximately £4.8m based on current numbers of claims.

4.6 The proposed bandings for 2024/25 are set out in the table below and have been increased by 6.7% in line with the September 2023 Consumer Price Inflation rate. Bandings have been rounded to nearest £5.

Weekly income	Income band	% Council Tax Reduction
£0 to £215.99	A	90%
£216 to £274.99	B	70%
£275 to £339.99	C	50%
£340 to £398.99	D	30%
£399 to £462.99	E	10%

## 5. CONSULTATION

5.1. The document has been discussed with the Vice-Chair of Policy & Finance Committee.

## 6. OPTIONS / ALTERNATIVES CONSIDERED

6.1. There are two options to be considered for 2024/25 (Year 12).

- a) Option 1. Retain the current income banded scheme but not increase for inflation. This has the disadvantage that the most vulnerable residents in our district would be adversely affected, (income increasing, Council Tax Reduction decreasing).

- b) Option 2. Retain the current scheme but allow for an increase in the Income banding widths in line with September 2023 CPI.

Option 2 is the preferred option as it would align the Council with the Chancellor's autumn statement when he announced that state working age benefits such as Universal Credit would increase by 6.7% along with an increase in the minimum wage from April 2024

## **7. COMMENTS BY THE GROUP HEAD OF FINANCE AND SECTION 151 OFFICER**

- 7.1. The Financial impact of changing the bands is predicted to be a cost of up to £130k a year awarded in additional council tax reductions based on the current take up of 4,600 households. This has been built in to the 2024/25 budget setting assumptions.

## **8. RISK ASSESSMENT CONSIDERATIONS**

- 8.1. There is a risk that the new scheme will increase costs to the Council. Work is currently being undertaken to assess the potential impact of this.

## **9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER**

- 9.1. Under the Local Government Finance Act 1992, every billing authority in England is required to make a Council Tax Reduction Scheme.
- 9.2. Each financial year every billing authority in England is required to consider whether to revise or replace its Scheme.

## **10. HUMAN RESOURCES IMPACT**

- 10.1. There are no impacts.

## **11. HEALTH & SAFETY IMPACT**

- 11.1. There are no impacts.

## **12. PROPERTY & ESTATES IMPACT**

- 12.1. There are no impacts.

## **13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE**

- 13.1. See appendix A.

## **14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE**

- 14.1. There are no impacts.

## **15. CRIME AND DISORDER REDUCTION IMPACT**

- 15.1. There are no impacts.

**16. HUMAN RIGHTS IMPACT**

16.1. There are no impacts.

**17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS**

17.1. There are no specific FOI or Data Protection implications.

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**BACKGROUND:**

Local Government Finance Act 1992.

[Local Government Finance Act 1992 \(legislation.gov.uk\)](http://legislation.gov.uk)