

# Arun District Council

<b>REPORT TO:</b>	<b>Housing &amp; Wellbeing Committee - 4 February 2025</b>
<b>SUBJECT:</b>	<b>Local Council Tax Reduction Scheme (LCTRS) - 2025/26</b>
<b>LEAD OFFICER:</b>	<b>Antony Baden, Group Head of Finance &amp; Section 151 Officer</b>
<b>LEAD MEMBER:</b>	Councillor Carol Birch – Chair of Housing and Wellbeing Committee
<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 2024 – March 2025 (Year 12) and the options for consideration for the 2025/26 LCTRS. (Year 13)	
<b>DIRECTORATE POLICY CONTEXT:</b> Improving the wellbeing of Arun residents.	

## **FINANCIAL SUMMARY:**

The proposal for 2025/26 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 2024 CPI (1.7%). This will ensure that the most vulnerable people are not disadvantaged by the impact of inflation.

## **1. PURPOSE OF REPORT**

- 1.1. To present the options to amend the current Local Council Reduction Scheme for 2025/26.

## **2. RECOMMENDATIONS**

The Housing & Wellbeing Committee is asked:

- 2.1 To approve the increase in the income banding widths (option 2, paragraph 6.2) of the Local Council Tax Reduction Scheme with effect from 1 April 2025.

## **3. EXECUTIVE SUMMARY**

- 3.1 Each year the Council is required to review its Council Tax Reduction Scheme in accordance with the requirements of 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 their potential impact.

#### 4. DETAIL

4.1 The LCTRS supports low-income households to pay their Council Tax. A resident may receive a reduction if they pay Council Tax, and their income and savings/investments are below a certain threshold.

4.2 People of pensionable age are assessed under national scheme rules which the council cannot amend. The council decides on the rules for the working age scheme and there are currently around 4,500 households in the district who claim under the LCTRS.

4.3 In 2019 the Council introduced a new type of scheme based on income brackets for working age customers. The reasons for doing this were as follows:

- To make the scheme clearer, and easier to understand.
- To work better alongside Universal Credit (UC).
- To make it clearer how much Council Tax a resident would still need to pay if they received a reduction.
- To reduce the number of changes to a resident's Council Tax bill should their amount of UC amount changed each month.

4.4 It is estimated that in the current 2024-25 year, the LCTRS will cost approximately £44k based on current numbers. In addition to the 2025/26 scheme the Council will maintain the Hardship fund at £40,000 for qualifying households. The proposed bandings for 2025/26 are set out in the table below and include an increase of 1.7%, (last year the increase was 6.7%):

Weekly income	Income band	% Council Tax Reduction
£0 to £219.99	A	90%
£220 to £279.99	B	70%
£280 to £345.99	C	50%
£346 to £405.99	D	30%
£406 to £470.99	E	10%

## **5. CONSULTATION**

5.1. The report has been discussed with the Chair of the Housing & Wellbeing Committee.

## **6. OPTIONS/ALTERNATIVES CONSIDERED**

6.1. There are two options to be considered for 2025/26 (Year 13).

a) Option 1. Retain the current income banded scheme (not to allow for inflation). This has the disadvantage that the most vulnerable residents in our district would be adversely affected.

b) Option 2. Retain the current scheme and allow for an increase in the Income banding widths of 1.7% in line with September 2024 CPI. The scheme allows for this increase but any other change to the scheme would require a full consultation with stakeholders, residents and West Sussex County Council.

6.2 Option 2 is the recommended option as it would align the Council with the Chancellor's autumn statement that state working age benefits such as Universal Credit would increase by 1.7%, along with an increase in the minimum wage, from April 2025.

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

7.1. The additional cost of option 2 outlined in paragraph 6.1(b) is £44,000 per annum. Council Tax is collected through the Collection Fund account, therefore the financial implications of the proposals in this report would be spread among all preceptors. The estimated cost to the Council is about £4,000 per annum and has been included in the revenue budget.

## **8. RISK ASSESSMENT CONSIDERATIONS**

8.1. There is a risk that the new scheme could increase costs to the Council if the take up is higher than anticipated. If this is the case, the Group Head of Finance & Section 151 Officer would identify offsetting savings to fund the extra cost.

## **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. None.

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

11.1. None.

**12. PROPERTY & ESTATES IMPACT**

12.1. None.

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

13.1. See appendix A.

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

14.1. None.

**15. CRIME AND DISORDER REDUCTION IMPACT**

15.1. None.

**16. HUMAN RIGHTS IMPACT**

16.1. None.

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

17.1. None.

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**BACKGROUND:**

Local Government Finance Act 1992.

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