



Committee report

Committee	FULL COUNCIL
Date	18 JANUARY 2017
Title	LOCAL COUNCIL TAX SUPPORT SCHEME 2017/18
Report of	THE LEADER AND EXECUTIVE MEMBER FOR RESOURCES AND CHILDREN'S SERVICES

EXECUTIVE SUMMARY

1. This report sets out the outcome of the public consultation exercise undertaken in respect of the council's local council tax support scheme for working age claimants. Taking the outcome of the consultation into account as well as the financial pressures which the council faces, the report proposes that Full Council agree a number of changes to the existing scheme to be implemented on 1st April 2017 and agree an associated Exceptional Hardship Fund Policy.
2. The Local Government Finance Settlement for 2016/17 set out the council's settlement funding assessment (SFA), which was a 12.0 per cent reduction in 2016/17. This meant that on a pro rata basis that the grant included for local council tax support was reduced by a further £0.940 million from 2015/16. A number of changes were made to the working age scheme during 2016/17 to deliver estimated net savings of £0.632 million. In addition it is estimated that the SFA will be further reduced by 11.9 per cent for 2017/18. This means that on a pro rata basis that the grant included for local council tax support is to be further reduced by £0.826 million from 2016/17 levels.
3. Government has passed responsibility to councils for local council tax support and then substantially reduced the funding it gives for such support. As a consequence, the council it is placed in a very difficult position in that a scheme to offer the protection to low income households is no longer affordable at current levels. The reduction in SFA funding therefore means that we need to continually review our CTS scheme so that the scheme is sustainable within the reducing funding that is available. Therefore the council is forced to consider options to either reduce the scheme or make further reductions to Council Services.
4. In trying to balance the need against affordability and considering the response to the public consultation, the report sets out a recommended

scheme for 2017/18. In general, the proposals do not seek to reduce the level of support currently available, the changes that are proposed are those that ensure consistency and alignment with the forthcoming national welfare reform changes. The key features of the proposed scheme still offer substantial support to those that need it and are set out below:

- to retain a Council Tax Support (CTS) reduction scheme for working age council tax payers;
- not to lower the maximum eligibility for working age claimants and preserve this at 80 per cent of council tax liability;
- not capping CTS to a specific council tax band;
- not introducing a minimum level of support at £2 per week;
- to bring the working age CTS scheme in line with housing benefit changes proposed by central government (note: these changes will also be applied by central government to the pensionable age national CTS scheme where applicable)
- Maintain an Exceptional Hardship Fund – that will take into account individual circumstances, including the claimant's income and essential outgoings to recognise genuine hardship vulnerability and additional assistance need in line with the policy.

BACKGROUND

5. The National Council Tax Benefit Scheme was abolished by the government on 31 March 2013. Under that scheme claimants on very low incomes could get 100 per cent of their council tax paid. The government paid a grant in respect of the benefit given that meant that there was no cost falling on the council.
6. The government in transferring the responsibility to individual councils initially cut the funding by ten per cent and subsequently through the settlement funding assessment (SFA) arrangements has massively reduced the funding given by some £5.6 million. This has meant that the financial burden increasingly falls on local councils at the same time as other funding they receive is being significantly reduced.
7. In addition the council tax benefit paid counted as council tax income, with the benefit being credited to the claimant's council tax account. Under the local schemes, any support given towards council tax bills is deducted from the council tax due to be paid thus reducing the council tax base.
8. In introducing the changes the government reduced the overall level of funding initially by some ten per cent but made no allowance for any future growth in numbers of claims or their value or for any council tax rises. It also protected pensioners by not allowing any reduction in their support.
9. Since 2013/14 the grant received from the government has continued to be reduced in real terms as it is part of the base level funding received by government that is being cut each year.
10. Based on the current CTS scheme on the Island costing no more than £10.6 million a year (on current predicted award levels for 2016/17) of which £9.446

million is the cost of the CTS scheme to the Isle of Wight Council; and with the level of cuts to government funding applied during 2016/17 meaning that there is £5.720 million as an indicative amount of government funding for CTS as part of the SFA, this has resulted in the council currently making up a £1.9 million shortfall. There is no budget for the cost as CTS is not actually paid to claimants but instead shown as a discount on their council tax bill. This reduces the council tax base and so the cost is not expenditure as such but instead a reduction in income raising ability.

11. Under the new local schemes the reduced level of government grant is paid directly to major preceptors, in our case this means the Isle of Wight Council gets its own share, the police (Hampshire Police) get their proportion of grant paid directly to them. For local preceptors (the town and parish councils) the total proportion of grant related to them is paid to the Isle of Wight Council in one amount and this is then apportioned and passed on to individual town and parish councils.
12. A CTS Exceptional Hardship Fund was introduced during 2016/17 to recognise the potential impacts to some low income households that might be faced with genuine hardship as a result of the CTS 2016/17 scheme changes agreed by Full Council 20 January 2016. This requires individual applications and takes into account individual circumstances including the claimant's income and essential outgoings.

STRATEGIC CONTEXT

13. The local council tax support scheme needs to be considered in the context of the council's overall budget strategy and the financial impact on the ability to deliver services. It also needs to be consistent with the corporate plan priorities that seek to ensure that all resources available to the Island are used in the most effective way; protecting the most vulnerable; keeping children safe and supporting growth in the economy.

ISSUES TO CONSIDER IN AGREEING A FINAL LOCAL SCHEME

14. In deciding on a local scheme Full Council needs to consider:
 - a) the outcomes from the public consultation exercise;
 - b) the overall financial impact of the scheme and its affordability;
 - c) the potential impact on claimants and their ability to pay more towards their council tax as a result of any reduction in support they receive;
 - d) the equality impact assessment.

(a) Public consultation
15. A full and comprehensive consultation exercise was undertaken from 15 September 2016 to 10 November 2016 as follows:

16.

<u>Stakeholders</u>	<u>Methodology</u>
1.Existing claimants (both working age and pensionable age	Individual postcards to promote the LCTS potential changes 'Local Council Tax Support is changing' slogan.

approximately 12,000).	Online survey via questionnaire explaining proposals and likely impact. Paper survey if requested.
2. Council taxpayers (approximately 70,000) and service users generally	Online survey via questionnaire explaining proposals and likely impact. Paper survey if requested.
3. Interested organisations and groups.	Anti-poverty group meeting 22/9/16 to raise awareness and for them to circulate to their customers. Email to all parish and town council clerks to raise awareness and seek their response. Letter sent to the police and crime commissioner seeking views.
General awareness	
Provision of information and awareness raising of changes and proposals	www.iwight.com Press releases. Face to face communication at customer service points. The council's Facebook and Twitter sites (weekly promotions).

17. Details of the consultation response analysis are set out in Appendix 1. The consultation was responded to by 284 residents (which for validation purposes provides confidence in the outcome of the consultation) of who 20 per cent stated they were currently receiving CTS. Respondents were also given the opportunity to provide additional comments when asked why they disagreed with an option and what alternatives they would like to see considered, which are set out in Appendix 1a.
18. The consultation explored options for funding the shortfall that the council has in its expected budget deficit and the shortfall specifically between the CTS costs of the scheme and funding available towards the scheme. The majority of respondents:
- said no to keeping the current level of CTS scheme provision;
 - agreed to the maximum level of CTS being reduced from 80 per cent to either 75 per cent or 70 per cent of a person's council tax liability;
 - agreed to reducing the period a person can be absent from Great Britain from 13 weeks to four weeks (national welfare reform option);
 - agreed to removing the work related activity component in the calculation of CTS for new Employment Support Allowance claimants (national welfare reform option);
 - agreed to limit the number of dependent children within the CTS calculation to a maximum of two for any new children born on or after 1 April 2017 (national welfare reform option);

- agreed to the removal of Severe Disability Premium where another person is paid Universal Credit (Carers Element) for looking after them (national welfare reform option);
- agreed to limit CTS to a maximum council tax band C charge
- agreed to set a minimum level of CTS at £2 per week
- disagreed with raising council tax levels;
- disagreed with finding savings from cutting other council services.

The full details of the consultation analysis are set out in appendices 1 and 1a.

19. Appendix 1b provides a summary of the responses received from town and parish council's in terms of their views on the options to change the CTS scheme. There were 13 responses received from the Town and Parish Councils with the majority of these disagreeing to proposed options to change to the CTS scheme.

b) Overall financial impact of the scheme and its affordability

20. The latest position on claimants and cost of support between the different categories is set out in the table below:-

	Average number of claimants 2013/14	Average number of claimants 2015/16	Average number of claimants 2016/17 To 30/11/16	Cost of support 2013/14	Cost of support 2015/16	Estimated cost of support 2016/17 To 30/11/16
Pensioners	6,907	6,341	5,969	£6,278k	£5,934k	£5,824k
Working age enhanced premiums (disabled)	2,754	3,320	3,287	£2,579k	£3,456k	£2,691k
Other working age	4,943	3,675	2,838	£3,666k	£2,194k	£1,970k
Council tax support	14,604	13,336	12,094	£12,523k	£11,584k	£10,485k*

*Note: this is the current position of CTS award as at November 2016 but the full year outturn is estimated to be £10.6 million in predicted CTS award costs at the financial year end.

21. It can be seen from the above table that there is a continuing reduction in the number and cost of claims for both working age and also pensionable age claimants. One of the factors for the reduction in numbers and cost is as a result of the changes made to the 2016/17 working age scheme that sought to reduce the level of support available.

22. The projected outturn for 2016/17 is a cost of £10.6 million, which is the overall reduction in council tax as a result of the council tax support given. This relates not just to the council element of council tax but also to the police and town and parish council precepts. The grant related to the police precept is paid directly to them. The council and town and parish council element is paid to the council and the relevant element is then passed onto individual town and parish councils. The position on grant is set out in the table below:

	2013/14	2014/15	2015/16	2016/17
Council plus town and parish council share of CT Support grant included in start-up funding	£10.764m	£9.785m	£8.389m	£7.384m
Pro rata reduction applied to CT Support grant:				
Town and parish councils share	£0.259m	£0.233m	£0.204m	£0.140m
Isle of Wight Council	£10.505m	£9.552m	£8.185m	£7.244m
Council element of cost	£11.233m	£10.665m	£10.355m	£9.446m
Shortfall *	£0.728m	£1.113m	£2.170m	£2.200m

*Excludes non –collection

23. In light of the above and with a further £0.826 million pro rata shortfall in SFA projected for 2017/18, the overall projected cost after grant compared to CTS support will rise from £2.200 million to £3.026 million during 2017/18 (this is before any council tax increase is applied to 2017/18 tax base).
24. In considering how this shortfall should be met, consideration needs to be given to the overall financial position of the council.
25. Since 2012/13 the number of claimants and the cost of council tax support given have reduced by 20.4% in terms of caseload and 20.9% in terms of CTS awards. The biggest impact, however, is that the funding from the government has been absorbed in the start-up funding that the council gets as part of the Local Government Finance Settlement and this is being reduced significantly year on year. Since 2012/13 grant funding has been effectively cut by nearly £5.6 million (47 per cent).

(c) The potential impact on claimants and their ability to pay more towards their council tax as a result of any reduction in support they receive

26. A summary of the average impact on claimants of the potential changes is set out in Appendix 3. In terms of the average weekly loss of support in both monetary values and the number of claimants potentially impacted by these options the table below provides a summary:

Options	Numbers impacted	Average weekly reduction of CTS based on current year c/tax liability
Reduce the maximum level of CTS to:		
1a. 75%	5144	£0.99
1b. 70%	5204	£1.97
Limit CTS to a maximum band C charge	68	£3.80

Set a minimum level of CTS at £2 per week	55	£1.05
Reduce period a person can be absent from GB from 13 to four weeks	Unknown quantity from caseload	Unable to model as not available in current caseload details
Remove Work Related Activity component in the calculation of new ESA claimants	Unknown quantity from caseload	Unable to model as not available in current caseload details (future effect only)
To limit the number of dependent children to a maximum of two for any new child born after 1 April 17 in the CTS calculation	Unknown quantity from caseload	Unable to model as not available in current caseload (future effect only)
Remove entitlement to Severe Disability Premium where another person is paid Universal Credit (Carers Element)	Unknown quantity from caseload	Unable to model as not available in current caseload

27. While in terms of monetary loss the impact is potentially greater for those experiencing reductions due to limiting CTS to a maximum band C council tax charge, the number of claims are however lower. Whereas the monetary loss is less for the limiting CTS to a maximum of 75 per cent of the council tax liability but the number of claimants impacted is higher.
28. There will also be an added impact of any council tax increase. On the basis that this was 3.99 per cent for the council, 1.99 per cent for the police precept and an overall 5.00 per cent for town and parish councils in 2017/18, the average council tax band D equivalent would increase from £1,615.90 to £1,680.79 and would have a slight impact on the average weekly reductions indicated in the table above (once CTS calculations had been factored in).
29. Examples of case studies are also provided through the links contained within Appendix 3 to enable members to understand what the changes to the award levels of CTS could be if they were applied and how much more a person might have to pay towards their council tax.
30. There remains provision through the Exceptional Hardship Fund by taking into account individual circumstances, including the claimants' income and essential outgoings for a claimant to demonstrate that they require an

exceptional hardship award as a result of 'genuine hardship'. This discretionary assistance can be applied for to assist a claimant with any shortfall between their CTS and council tax liability in accordance with the policy's intentions.

(d) The equality impact assessment.

31. The equality impact assessment completed during 2015 has been updated following the consultation exercise and this is set out in Appendix 2 to this report. The equality impact assessment is based on the scheme options for 2017/18 including the recommended changes.
32. The government has determined that under the new CTS scheme arrangements that there can be no reduction for council tax support to pensioners.
33. The overall profile of current council tax support claimants at 30 November 2016 was:
 - pensioners form 56 per cent in cost and 49 per cent in number of claims;
 - 68 per cent of working age claimants are passported cases (on income support/ job seekers' allowances) where they have automatic entitlement to council tax support;
 - 88 per cent of working age claimants are also in receipt of Housing Benefit;
 - 47 per cent of working age claimants have dependents;
 - there are currently some 6,125 working age claimants;
 - only 8 per cent of working age claimants are 18 to 25 years of age, but 71 per cent of those claimants have dependent children;
 - 50 per cent of working age claimants are over 45.
 - 27 per cent of total claimants (54 per cent of working age claimants) are working-age with some form of disability premium in their CTS calculation continuing to grant them additional living allowances within the scheme – some 3,287 claims.
34. All working age claimants currently have their CTS restricted to 80 per cent of the council tax liability unless they qualify for any exceptional hardship. The option to reduce CTS maximum support from 80 per cent to either 75 per cent or 70 per cent would further impact on all of the working age claimant caseload (6,125 claimants). The Exceptional Hardship Fund would continue to require individual applications and take into account individual circumstances including the claimant's income and essential outgoings to determine whether the person is deemed to be in 'genuine hardship' to qualify for an exceptional hardship award and is a potential mitigation action where considered appropriate.
35. Within the assessment of CTS, there will remain a number of incomes or benefits that are either fully disregarded or have a specific level of disregard applied to them in determining the level of income that is used within the

calculation of CTS. The disregards from certain incomes received assist the disabled, families and working claimants.

36. The one area where there may be a disproportionate impact on households, particularly with children, is on the proposal to restrict the eligibility to entitlement, before applying the 80 per cent limit, to the maximum of a band C council tax level.
37. Based on the caseload at 30 November 2016 there would only be some 68 properties in total affected by the band restriction option. Included within this figure the majority (37) of the properties in the higher bands have two or less occupiers in them. However, out of the remaining 31 cases there are a number of families (21) with three or more children that may be significantly impacted by the band restriction. The reduction in support for those claimants currently getting 80 per cent support by restricting to band C would impact the bandings above this level.
38. There are no claimants currently in a band D or H category that would be impacted as it currently stands within the caseload.
39. The total amount estimated to be raised from limiting to band C is £13,468 and actual collection is likely to be lower than this.
40. In terms of setting the minimum level of CTS to £2 per week this would affect just 55 claimants and would see estimated savings of just £3,016.

COUNCIL TAX SUPPORT SCHEME POTENTIAL CHANGES

41. Taking into account the updated financial position, the consultation, equality impacts and the evaluation set out above the potential CTS scheme options can be summarised as delivering the following:

	Estimated gross financial Impact including preceptors
Reduction in support	
Reduce the maximum level of CTS to either: 1a. 75% 1b. 70%	-£265,000 -£534,000
Limit CTS to a maximum Band C charge	-£13,000
Set a minimum level of CTS at £2 per week	-£3,000
Reduce period a person can be absent from GB from 13 to four weeks (Welfare Reform change)	-£? (unable to model but is likely to be a small impact)
Remove Work Related Activity component in the calculation of new ESA claimants (Welfare Reform change)	-£? (unable to model but is likely to be a negligible impact)

To limit the number of dependent children to a maximum of two for any new child born after 1 April 17 (Welfare Reform change)	-£? (unable to model but is likely to be a small impact)
Remove entitlement to Severe Disability Premium where another person is paid Universal Credit (Carers Element) (Welfare Reform change)	-£? (unable to model but is likely to be a negligible impact)
<i>Total savings from reducing support (individual calculation totals)*</i>	<i>-£281,000 or -£550,000</i>
Total savings through combining the options to achieve overall savings	-£276,000 or -£541,000
Provision for non –collection at 20 per cent	<u>+£55,000 or +£108,000</u>
Net Savings	-£221,000 or -£433,000
Proportion relating to the police precept 10 per cent	<u>+£22,000 or +£43,000</u>
Net saving to Isle of Wight Council	<u>-£199,000 or -£390,000</u>

* Note this figure total is based on each individual calculated savings figures for each of the options being added together; however, when all the options are modelled in combination the total will differ to reflect the combined impact of the changes to provide a combined savings figure.

COUNCIL TAX RECOVERY

42. The collection challenges for those in receipt of CTS have been substantially different from normal council tax debt where CTS is not awarded and previous processes were therefore changed significantly. In addition there had been significant changes to the CTS during 2016/17 that has required continued review and monitoring of the amount of council tax debt. This has resulted in much more proactive collection methods, encouraging council taxpayers to contact us as early as possible to avoid recovery action. However, those cases that fails to engage and subsequently progress through the recovery cycle, require greater intervention to initiate a payment arrangement, attachment to earnings or attachment to benefit.
43. It has always been the policy to attempt to avoid issuing cases where CTS applies to enforcement agents for collection until all other avenues of recovery have been exhausted to avoid additional costs being incurred by the council taxpayer and delaying receipt of payments of the actual debt.
44. Overall ‘in year’ collection rates have not suffered to the extent which had been initially envisaged, and currently for 2016/17 collection is broadly at the same level as the 2015/16 levels at the same point in time (85.19% as at 1 January 2017), despite significant changes to the CTS scheme this year.

45. An assumption is made that overall ultimate collection levels will remain broadly the same from working age claimants.

FINANCIAL / BUDGET IMPLICATIONS

46. The provisional Local Government Finance Settlement announced on 15 December 2016 set out the council's SFA position. This indicates that for 2017/18 the council will face a reduction in SFA of 11.9 per cent or £5.840 million. On a pro rata basis this means an effective cut in the funding that the council receives for local council tax support of £0.826 million in 2017/18. This report sets out options for a local council tax support scheme that on estimated caseloads and costs would achieve potential savings of £0.541 million to partially offset the reduction in grant if Full Council agreed to these.
47. In addition to the wider considerations in the report including the outcome of the consultation, the impact on claimants and the equality impact assessment the overall financial position of the council needs to be taken into account.
48. The funding cuts from government are significant and it is not realistic to make up the extent of the cuts from reducing support to match the level of reduction further to bridge the gap. Any further reductions in support from the current 80 per cent maximum CTS are likely to lead to a small reduction in overall council tax collection rates.

LEGAL IMPLICATIONS

49. The council will need to set a lawful and balanced budget and council tax level for 2017/18 at the Full Council meeting on 22 February 2017. The final decision on the local Council Tax Support Scheme needs to be made by the 31 January 2017 in advance of the budget setting meeting.
50. The Local Government Finance Act 2012 stipulates that the authority must consider whether to revise its scheme or to make any revision to its scheme no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect.
51. In finally deciding what form the local Council Tax Reduction Scheme should take, the council will need to take into account the equality impact assessment of the options, what mitigating actions can be taken to reduce the impact, the results of the consultation exercise, the wider budget position, and the potential impact on council taxpayers and users of services.
52. There must be proper consideration of the impact of the proposals on relevant groups and Full Council members are required to have read the equality impact assessment to enable them to have due regard to the Public Sector Equality Duty before making a decision.
53. Section 10 of the Welfare Reform Act 2012 added a new section 13A to the Local Government and Finance Act 1992 so that, in respect of dwellings in England, a person's liability to pay council tax is reduced in accordance with

the billing authority's Council Tax Reduction Scheme. Liability may be reduced "to such an extent as the billing authority thinks fit." Billing authorities can apply a reduction in particular cases or by determining a class of case. Liability for council tax can be reduced to nil.

54. The framework within which billing authorities must devise their council tax reduction schemes is contained in part 1 of Schedule 4 to the act.

EQUALITY AND DIVERSITY

55. The council has to comply with Section 149 of the Equality Act 2010. This provides that decision makers must have due regard to the elimination of discrimination, victimisation and harassment, advancing equalities, and fostering good relations between different groups (race, disability, gender, age, sexual orientation, gender reassignment, religion/belief, pregnancy and maternity, and marriage/civil partnership). An equality impact assessment has been completed in respect of relevant proposals as part of the decision making process to enable members to take into account and if necessary mitigate the impacts as part of the decision making process.
56. The equality impact assessment for the proposed Local Council Tax Support Scheme is attached at Appendix 2 to this report and is required to have been read by Full Council members before making any decision on the scheme.
57. A summary of some of the key findings from the equality impact assessment has been provided earlier within the report. This has indicated that the present working age CTS scheme will continue to provide more support to those people in receipt of a disability or who have a carer in the household than those people without a disability or without a carer in the household.
58. Furthermore the council has already introduced an Exceptional Hardship scheme since 2016 and allows any claimant to apply for additional support up to the full level of their council tax and will continue to provide mitigating actions to those deemed to be in genuine hardship and requiring additional support above the CTS scheme provision.

OPTIONS

59. There are three main options to consider:
 - A. To agree a local scheme that is the same as the existing scheme that is currently in place for 2016/17 and meet the net cost after SFA estimated at £3.026 million in 2017/18, an increase of £0.826 million from the current year which will need to be met from reducing other council services.
 - B. To implement a local scheme that varies certain elements of the existing scheme so that the CTS scheme continues to bring the working age CTS scheme in line with Housing Benefit and the Pensionable Age CTS scheme changes proposed by central government.

- C. To implement a local scheme that varies different elements of the existing scheme to include those additional changes identified as options in the report so that savings can be made thus reducing the net cost of the scheme to the council in 2017/18.

RISK MANAGEMENT

60. The financial risks relate to the uncertainty of future growth in cases and eligibility and the potential impact on council tax collection rates. The projected level of support with estimated collection rates will be included within the council tax base calculations in determining the total of council tax income for 2017/18.
61. As implied in the Council Tax Recovery Section the assumption is that overall ultimate collection levels will remain broadly the same of the additional council tax to be collected from working age claimants impacted. This is uncertain but considered prudent.
62. To introduce option C may impact marginally on the council's collection rate levels to a lower level than predicted as a result of making further changes to the scheme and increasing the council tax levels during 2017/18.
63. At a time when administration budgets are under particular pressure, the inability to bring the working age CTS scheme in line with Housing Benefit and the Pensionable Age CTS scheme changes proposed by central government (as suggested through Option B) would not enable wider efficiencies to be achieved and would most certainly mean additional administration costs for the council in terms of resources, training and additional system needs to be able to administer separate scheme provisions. It will inevitably lead to confusion of different schemes and what is provided through each scheme if the national changes were not introduced to the CTS scheme for working age claimants but have been for Housing Benefit and pensionable age CTS scheme.

EVALUATION

64. The projected gap between the government funding through SFA and the estimated cost of council tax support if the current local council tax support scheme entitlements were left unchanged for 2017/18 is £3.026 million.
65. Option A in the context of the council's financial position and the provisional Local Government Finance Settlement is considered unaffordable but consideration should be had as to the potential impact with the ability of CTS claimants to pay increased levels of council tax.
66. The thrust of this option B is as follows:
- (i) To retain a CTS reduction scheme for working age council tax payers that is deemed affordable.
 - (ii) Not to change the support of a maximum 80 per cent of council tax liability for working age claimants.
 - (iii) Not to limit support to a maximum band C charge.

- (iv) Not to set a minimum level of CTS at £2 per week.
 - (v) Mirror some amendments to the Housing Benefit and Pensionable Age CTS national schemes (Absence from GB; ESA work related activity component removed; limit number of dependents for new children born after 1 April 2017; remove Severe Disability Premium where another person is receiving Universal Credit Carers Element).
 - (vi) Continue to provide an Exceptional Hardship Fund that would require individual applications and take into account individual circumstances including the claimant's income and essential outgoings to assist those that are deemed to be in 'genuine hardship' and receive additional assistance based on need.
67. Option B continues to provide an appropriate level of support to those that are on low incomes, maintains a number of elements the same as the existing scheme to avoid additional hardship, enables the working age CTS scheme to align to the national reform changes being applied to housing benefit and the pensionable age CTS national schemes and also the approach taken by the Department for Work and Pensions in the creation, introduction and roll out of Universal Credit.
68. Aligning the working age CTS scheme to national reforms would maintain the ability to administer collective Housing Benefit and pensionable age CTS schemes through the current systems; and avoid additional administrative costs from providing separate provisions in terms of additional resource to operate a different scheme, separate system configuration costs and correlating confusion of different scheme provisions in granting support in one scheme but not in the other.
69. Option B also continues to provide an Exceptional Hardship Fund for those that are deemed to be in 'genuine hardship.' This not only provides some additional assistance based on need for those that may become impacted by the national welfare reform changes but it also recognises there may be other instances where individual circumstances require some additional support through genuine hardship in accordance with the funds policy as per appendix 4a.
70. Option C is a variant of option B as some of the other proposed changes could be applied or alternatively other changes could be made. Option C could mean the following options are taken forward:
- (i) To retain a CTS reduction scheme for working age council tax payers that is deemed more affordable.
 - (ii) To change the support to a maximum 75 or 70 per cent of council tax liability for working age claimants.
 - (iii) To limit support to a maximum band C charge.
 - (iv) To set a minimum level of CTS at £2 per week.
 - (v) Mirror some amendments to the Housing Benefit and Pensionable Age CTS national schemes (Absence from GB; ESA work related activity component removed; limit number of dependents for new children born after 1 April 2017; remove Severe Disability Premium where another person is receiving Universal Credit Carers' Element).

- (vi) Continue to provide an Exceptional Hardship Fund that would require individual applications and take into account individual circumstances including the claimant's income and essential outgoings to assist those that are deemed to be in 'genuine hardship' and receive additional assistance based on need.

71. Option C would enable the council to achieve additional savings to partially offset the reduction in SFA and it avoids further cuts to council services, some of which will fall on the most vulnerable in our community.

RECOMMENDATION

That Full Council considers:

1. the outcomes of the consultation process set out in this report and in Appendix 1 to this report;
2. the stage 2 equality impact assessments set out in Appendix 2 to this report; Full Council members must review this to have due regard to the changes and implications before making a decision;
3. the options set out in the report and their potential impact as set out in Appendix 3 to this report;
4. the draft local scheme and policies set out in Appendix 4 and 4a to this report;
 - (i) the final scheme to be implemented as per option B as set out in paragraph 58 of this report;
 - (ii) the scheme and policies as set out in Appendices 4 and 4a be agreed;

And agrees that:

5. the local Council Tax Reduction scheme for 2017/18 be adopted as set out in Option B of the report and the CTS scheme policy as set out in Appendix 4 as follows:
 - i. Not to change the support of a maximum 80 per cent of council tax liability for working age claimants.
 - ii. Not to limit support to a maximum Band C charge.
 - iii. Not to set a minimum level of CTS at £2 per week.
 - iv. Mirror some amendments to the Housing Benefit and Pensionable Age CTS national schemes (Absence from GB; ESA work related activity component removed; limit number of dependents for new children born after 1 April 2017; remove Severe Disability Premium where another person is receiving Universal Credit Carers' Element).
 - v. Continue to provide an Exceptional Hardship Fund that would require individual applications and take into account individual circumstances including the claimant's income and essential outgoings to assist those that are deemed to be in 'genuine hardship' and receive additional assistance based on need.

APPENDICES ATTACHED

Appendix 1:	Summary of responses to consultation.
Appendix 1a:	Additional written text responses to the consultation.
Appendix 1b:	Comments received from parish and town councils to the consultation.
Appendix 2	Equality impact assessment council tax support scheme.
Appendix 3:	Examples of impact on claimants.
Appendix 4:	Draft local scheme policy based on proposed option.
Appendix 4a:	Draft exceptional hardship fund policy.

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