



Committee report

Committee	FULL COUNCIL
Date	17 JANUARY 2018
Title	LOCAL COUNCIL TAX SUPPORT SCHEME 2018/19
Report of/to	THE DEPUTY LEADER AND CABINET MEMBER FOR RESOURCES

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 (CTS) 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 agrees a number of changes to the existing scheme to be implemented on 1 April 2018 and agrees an associated exceptional hardship fund policy.
2. The Local Government Finance Settlement for 2017/18 set out the council's settlement funding assessment (SFA) which resulted in a reduction of 11.9 per cent when compared to the SFA for 2016/17. This meant that on a pro rata basis, the local council tax support grant for 2017/18 was reduced by £0.826 million when compared to the 2016/17 figure. As part of the four year settlement, authorities were notified of their indicative 2018/19 SFA at the same time as their 2017/18 settlement figures. From these figures, the SFA will reduce by a further 7.3 per cent in 2018/19 which means that the pro-rata reduction in local council tax support grant will be a further £0.448 million.
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 is placed in a very difficult position in providing a scheme and protecting low income households, which 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 2018/19. In general, the proposals seek to reduce the level of

support currently available, given the reduction in funding each year. 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 reduction scheme for working age council tax payers.
- Change the maximum local council tax support level from 80 per cent to 70 per cent.
- To limit council tax support to a maximum of band C charge.
- To mirror the amendment to the Housing Benefit national scheme (bereavement benefit changes where payments are disregarded).
- To 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 £6 million since 31 March 2013. 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 on 1 April 2013 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. With the level of cuts to government funding applied during 2017/18 has meant that there is £6.418 million as an indicative amount of government funding for CTS as part of the SFA.

11. Based on the current CTS scheme on the Island costing no more than £10.9 million a year (on current predicted award levels for 2017/18) of which £9.418 million is the cost of the CTS scheme to the Isle of Wight Council, this has resulted in the council currently making up a £3 million shortfall.
12. There is no budget for the cost of CTS 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.
13. 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.
14. 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 provision was reviewed again by Full Council 18 January 2017 and continues to provide support for those in genuine hardship. This requires individual applications and takes into account individual circumstances including the claimant's income and essential outgoings.

STRATEGIC CONTEXT

15. 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 the following:
 - A financially balanced and sustainable council.
 - Vulnerable people are supported and protected.
 - People have a place to call home and can live with independence.
 - People take responsibility for their own health and wellbeing.
 - All young people will have the best start in life so that they can fill their potential.
 - Community needs are met by the best public services possible.

ISSUES TO CONSIDER IN AGREEING A FINAL LOCAL SCHEME

16. 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.

CONSULTATION

a) Public consultation

17. A full and comprehensive consultation exercise was undertaken from 9 August 2017 to 3 October 2017 as follows:

<u>Stakeholders</u>	<u>Methodology</u>
1. Existing claimants (both working age and pensionable age approximately 11,300).	Individual postcards to inform of the LCTS potential changes “slogan If you get local council tax support, new changes could affect you”. Online survey via questionnaire explaining proposals and likely impact. Paper survey if requested.
2. Council taxpayers (approximately 70,953) 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 12/6/17 and group emailed on 1/9/17 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.
<u>General awareness</u>	
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).

18. Details of the consultation response analysis are set out in Appendix 1. The consultation was responded to by 217 residents, which for validation purposes provided confidence in the outcome of the consultation. Of the 217 responses, 14 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.
19. 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 limit CTS to a maximum council tax band C charge;
- agreed to set a minimum level of CTS at £2 per week;
- agreed to set a minimum level of CTS at £4 per week;
- agreed to round up non-dependant deduction levels to nearest £1;
- agreed to round up non-dependant deduction levels to nearest £2;
- agreed with the principle of bereavement benefit changes – follows national welfare reform changes to Housing Benefit;
- 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.

20. Appendix 1b provides a summary of the responses received from town and parish councils in terms of their views on the options to change the CTS scheme. There were six responses received from town and parish councils with the majority of these disagreeing to the proposed options to change to the CTS scheme.

b) Overall financial impact of the scheme and its affordability

21. 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	Average number of claimants 2017/18 To 30/11/17	Cost of support 2013/14 £M	Cost of support 2015/16 £M	Cost of support 2016/17 £M	Estimate cost of support 2017/18 To 30/11/17 £M
Pensioner	6,907	6,341	5,969	5,678	£6.278	£5.934	£5.820	£5.846
Working age enhanced premiums (disabled)	2,754	3,320	3,287	3,272	£2.579	£3.456	£2.891	£2.836
Other working age	4,943	3,675	2,838	2,447	£3.666	£2.194	£1.767	£1.884
Council tax support	14,604	13,336	12,094	11,397	£12.523	£11.584	£10.511	£10.567*

*Note: this is the current position of CTS award as at 30 November 2017 but the full year outturn is estimated to be £10.9 million in predicted CTS award costs at the financial year end.

22. It can be seen from the above table that there is a continuing reduction in the number of CTS claimants but the cost of claims for both working age and also pensionable age claimants have risen slightly. One of the factors for the reduction in numbers is as a result of the changes made to the 2016/17 working age scheme that sought to reduce the level of support available. However, the costs for CTS during 2017/18 have increased slightly as only welfare reforms changes were implemented for this year's scheme and there was an average council tax increase of 4.92 per cent including the police and town and parish councils' precepts. The reason that 'average' is used is due to the town and parish council precepts which vary across the whole area.
23. The projected outturn for 2017/18 is a cost of £10.9 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 £M	2014/15 £M	2015/16 £M	2016/17 £M	2017/18 £M
Council plus town and parish council share of CT Support grant included in start-up funding	£10.764	£9.785	£8.389	£7.384	£6.507
Pro rata reduction applied to CT Support grant:					
Town and parish councils share	£0.259	£0.233	£0.204	£0.140	£0.089
Isle of Wight Council	£10.505	£9.552	£8.185	£7.244	£6.418
Council element of cost	£11.233	£10.665	£10.355	£9.446	£9.418
Shortfall *	£0.728	£1.113	£2.170	£2.200	£3.000

*Excludes non –collection

24. In light of the above and with a further £0.448 million pro rata shortfall in SFA projected for 2018/19, the overall projected cost after grant compared to CTS support will rise from £3.000 million to £3.448 million during 2018/19 (this is before any council tax increase is applied to 2018/19 tax base).
25. In considering how this shortfall should be met, consideration needs to be given to the overall financial position of the council.
26. Since 2012/13 the number of claimants and the cost of council tax support given have reduced by 23.4 per cent in terms of caseload and 21.5 per cent 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 £6 million (50 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

27. 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%	5,248	£1.04
1b. 70%	5,323	£2.06
Limit CTS to a maximum band C charge	57	£3.54
Set a minimum level of CTS at £2 per week	33	£0.87
Set a minimum level of CTS at £4 per week	66	£1.96
Non-Dependant deduction round to nearest £1	92	£0.32
Non-Dependant deduction round to nearest £2	114	£1.22
Bereavement Benefit changes(national welfare reform to disregard)	Unable to model this change	This is a beneficial change for the claimant

28. 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.
29. There will also be an added impact of any council tax increase. On the basis that there was an average council tax increase of 4.92 per cent in 2017/18 (including the police and town and parish council precepts), a similar increase in 2018/19 would result in the average council tax band D equivalent increasing from £1,695.45 to £1,778.87 and this would have a slight impact on the average weekly reductions indicated in the table above (once CTS calculations had been factored in).

30. 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.
 31. 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.
32. The equality impact assessment completed during 2017 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 2018/19 including the recommended changes.
 33. The government has determined that under the new CTS scheme arrangements that there can be no reduction for council tax support to pensioners.
 34. The overall profile of current council tax support claimants at 1 December 2017 was:
 - pensioners form 55 per cent in cost and 49 per cent in number of claims;
 - 71 per cent of working age claimants are passported cases (on income support/ job seekers' allowances) where they have automatic entitlement to council tax support;
 - 87 per cent of working age claimants are also in receipt of Housing Benefit;
 - 46 per cent of working age claimants have dependents;
 - there are currently some 5,719 working age claimants;
 - Females continue to make up a high proportion of the caseload at 63%;
 - only eight per cent of working age claimants are 18 to 25 years of age, but 69 per cent of those claimants have dependent children;
 - 51 per cent of working age claimants are over 45.
 - 21 per cent of total claimants (41 per cent of working age claimants) have some form of disability premium in their CTS calculation continuing to grant them additional living allowances within the scheme – some 3,497 claims of which working age are 2,350.
 - The CTS caseload has reduced by 418 self-employed cases since last year's changes to the minimum income floor calculations for self-employed claimants.
 35. 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 (5,719 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 to meet any shortfall between their CTS and council tax liability. This is a potential mitigation action where considered appropriate.

36. 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 to meet some of their household and other costs.
37. The one area where there may be a detrimental 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.
38. Based on the caseload at 30 November 2017 there would only be some 66 properties in total affected by the band restriction option. Included within this figure the majority (35) 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 (17) 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.
39. There are no claimants currently in a band D or H category that would be impacted as it currently stands within the caseload.
40. The total amount estimated to be raised from limiting to band C is £9,450 and actual collection is likely to be lower than this.
41. In terms of setting the minimum level of CTS to £2 per week this would affect just 33 claimants and would see estimated savings of just £1,350.
42. In terms of setting the minimum level of CTS to £4 per week this would affect just 66 claimants and would see estimated savings of just £5,850
43. Rounding the non-dependant deduction to the nearest £1 would affect 92 claimants and would see estimated savings of just £1,350.
44. Rounding the non-dependant deduction to the nearest £2 would affect 114 claimants and would see estimated savings of just £6,300.

COUNCIL TAX SUPPORT SCHEME POTENTIAL CHANGES

45. 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: A. 75% B. 70%	A -£282,000 B -£570,000
C. Limit CTS to a maximum band c charge	C -£10,500
D. Set a minimum level of CTS at £2 per week	D -£1,500
E. Set a minimum level of CTS at £4 per week	E -£6,500
F. Non-dependant deduction round to nearest £1	F -£1,500
G. Non-Dependant deduction round to nearest £2	G -£7,000
Bereavement Benefit changes(national welfare reform to disregard)	This option cannot be modelled
Total savings from reducing support (individual calculation totals) *	-£295,500 A+C+D+F -£306,000 A+C+E+G -£583,500 B+C+D+F -£594,000 B+C+E+G
Total savings through combining the options to achieve overall savings	£291,000 A+C+D+F £301,000 A+C+E+G £575,000 B+C+D+F £584,000 B+C+E+G
Provision for non –collection at 20 per cent	£58,200 £60,200 £115,000 £116,800
Net savings	£232,800 £240,800 £460,000 £467,200
Proportion relating to the police precept ten per cent and parish and town councils four per cent	+£32,592 or +£33,712 or +£64,400 or + £65,408
Net saving to Isle of Wight Council	-£200,208 or -£207,088 or -£395,600 or -£401,792

COUNCIL TAX RECOVERY

46. 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 since 2013 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 fail to engage and subsequently progress through the recovery cycle, require greater intervention to initiate a payment arrangement, attachment of earnings or attachment to benefit.
47. 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.
48. Overall 'in year' collection rates have not suffered to the extent which had been initially envisaged, and currently for 2017/18 collection is broadly at the same level as the 2016/17 levels at the same point in time.
49. An assumption is made that overall ultimate collection levels will remain broadly the same from working age claimants.

FINANCIAL / BUDGET IMPLICATIONS

50. The Local Government Finance Settlement announced on 15 December 2016 set out the council's SFA position. This indicates that for 2018/19 the council will face a reduction in SFA of 7.3 per cent or £3.182 million. On a pro rata basis this means an effective cut in the funding that the council receives for local council tax support of £0.448 million in 2018/19. This report sets out options for a local council tax support scheme that on estimated caseloads and costs would achieve potential gross savings of £0.584 million. The amount attributable to the Isle of Wight Council budget is reduced by the 20 per cent non-collection allowance and reduced by a further 14 per cent as the amount attributable to the police and town and parish councils to £0.402 million.
51. 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.
52. 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

53. The council will need to set a lawful and balanced budget and council tax level for 2018/19 at the Full Council meeting on 28 February 2018.
54. The Local Government Finance Act 1992 (as amended) stipulates that for each financial year, each billing authority must consider whether to revise its scheme, or to replace it with another scheme. The authority must make any revision to its scheme no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect.
55. 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.
56. 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.
57. 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.
58. The framework within which billing authorities must devise their council tax reduction schemes is contained in section 13A of the Local Government Act 1992 (as amended).

EQUALITY AND DIVERSITY

59. 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.
60. 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.
61. 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.

62. 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

63. There are three main options to consider:

- A. To agree a local scheme that is the same as the existing scheme, currently in place for 2017/18 and meet the net cost after SFA estimated at £3.448 million in 2018/19, an increase of £0.448 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 adopt the LCTS policy as per appendix 4. Thereby implementing a local scheme that varies different elements of the existing scheme so that savings can be made thus reducing the net cost of the scheme to the council in 2018/19 to include:
 - i. To retain a CTS reduction scheme for working age council tax payers that is deemed affordable.
 - ii. Agree to the maximum level of CTS being reduced from 80 per cent to 70 per cent of a person's council tax liability.
 - iii. Not to agree to the maximum level of CTS being reduced from 80 per cent to 75 per cent of a person's council tax liability.
 - iv. Agree to limit CTS to a maximum council tax band C charge.
 - v. Not to agree to set a minimum level of CTS at either £2 or £4 per week.
 - vi. Not to agree to round up non-dependant deduction levels to either the nearest £1 or £2.
 - vii. Mirror the amendment to the Housing Benefit national scheme (bereavement benefit changes where payments are disregarded).
 - viii. 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.
 - ix. Or members could decide to vary the elements included within option C.

RISK MANAGEMENT

64. 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 2018/19.
65. 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.
66. 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 2018/19.
67. 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

68. 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 2018//19 is £3.448 million.
69. 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.
70. Option B is as follows:
 - (i) To retain a CTS reduction scheme for working age council tax payers.
 - (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 either £2 or £4 per week.
 - (v) Not to round up non-dependant deduction levels to either the nearest £1 or £2.
 - (vi) Mirror amendments to the Housing Benefit national scheme (bereavement benefit changes where payments are disregarded).

- (vii) 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 B continues to provide the current level of support to those that are on low incomes, maintains a number of elements the same as the existing scheme to avoid potential 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.
72. 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 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.
73. 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 recognises there may be instances where individual circumstances require some additional support through genuine hardship in accordance with the funds policy as per Appendix 4a.
74. Option B in the context of the council's financial position and the provisional Local Government Finance Settlement is considered unaffordable.
75. 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 affordable.
 - (ii) Agree to the maximum level of CTS being reduced from 80 per cent to 70 per cent of a person's council tax liability.
 - (iii) Not to agree to the maximum level of CTS being reduced from 80 per cent to 75 per cent of a person's council tax liability.
 - (iv) Agree to limit CTS to a maximum council tax band C charge.
 - (v) Not to agree to set a minimum level of CTS at either £2 or £4 per week.
 - (vi) Not to agree to round up non-dependant deduction levels to either the nearest £1 or £2.
 - (vii) Mirror the amendment to the Housing Benefit national scheme (bereavement benefit changes where payments are disregarded).
 - (viii) 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.

76. By applying option C as set out in appendix 4, this will reduce the CTS scheme costs by approximately £572,470 gross before the police precept and town and parish council precept of approximately 14 per cent. If members decided on a variation to option C then this would change the amount of reduction to the CTS scheme by the approximate amounts indicated in the table set out within paragraph 45 of this report.
77. Option C 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 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.
78. Option C would enable the council to achieve additional savings to partially offset the further 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 C as set out in paragraph 75 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 2018/19 be adopted as set out from a combination of changes contained in option C of the report and the CTS scheme policy as set out in Appendix 4 as follows:
 - (i) To retain a CTS reduction scheme for working age council tax payers that is deemed affordable.
 - (ii) Agree to the maximum level of CTS being reduced from 80 per cent to 70 per cent of a person's council tax liability.
 - (iii) Agree to limit CTS to a maximum council tax band C charge.

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| <ul style="list-style-type: none">(iv) Mirror the amendment to the Housing Benefit national scheme (bereavement benefit changes where payments are disregarded).(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. |
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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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