



Decision Report

ISLE OF WIGHT COUNCIL

DECISION UNDER DELEGATED POWERS

Title	COUNCIL TAX SUPPORT FUND SCHEME – ALLOCATION OF REMAINING FUNDS
Report of	DEPUTY LEADER CABINET MEMBER FOR HOUSING AND FINANCE

Executive Summary

1. This report is being brought to the Deputy Leader Cabinet Member for Housing and Finance to make a decision on how to spend the remainder of the Council Tax Support Fund received from central government.
2. The outcome of the recommendation below will ensure that the funding is spent to assist residents with their council tax liability during the financial year 2023/24, as directed by central government.

Recommendation

3. It is recommended that the Deputy Leader Cabinet Member for Housing and Finance makes the delegated decision to allocate the remaining funds from the Council Tax Support Grant to be spent on supporting those residents who apply for additional support due to severe financial hardship (Option 1)

Background

4. At Autumn Statement in 2022, the government announced its intention to increase referendum principles to 3 per cent for core council tax and up to 2 per cent for the Adult Social Care precept.
5. Recognising the impact of rising bills, the government announced the Council Tax Support Fund grant scheme as it recognised that council tax increases set by local authorities may mean some individuals may struggle to make council tax payments.

6. The expectation is that local authorities use their grant allocation to fund further reduction in the council tax liability of individuals receiving Local Council Tax Support (LCTS) on 1 April 2023 with an outstanding liability, by up to £25.
7. Local authorities are able to use remaining funds to determine their own local approach as they see fit to support vulnerable households with council tax bills.
8. The Isle of Wight Council decided to use remaining funds to reduce the council tax liability of those newly in receipt of LCTS after 1 April 2023 by up to £25.
9. In order to ensure the funding is utilised fully within the 2023/24 financial year, the Isle of Wight Council delegated the decision to the cabinet member on 9 February 2023 to determine how best to spend it. This decision was to be made later in the financial year once there was an indication of how much funding was remaining and how the Revenues system may be able to distribute further funds.

Corporate Priorities and Strategic Context

Provision of affordable housing for Island Residents

10. Whilst not directly relating to the provision of affordable housing, this scheme assists with the payment of council tax, a housing-related expense, for eligible residents in receipt of LCTS and therefore contributes towards the affordability of their housing.
11. The recommended approach (Option 1) enables additional support to be provided to those residents experiencing exceptional financial hardship with a targeted approach.

Responding to climate change and enhancing the biosphere

12. This scheme does not impact on climate change or the biosphere.

Economic Recovery and Reducing Poverty

13. The council intends to take full advantage of powers within legislation to provide additional support to Island residents and reduce poverty. This scheme provides additional financial support to eligible residents in receipt of LCTS who may be vulnerable and are on low incomes to assist with the pressure of council tax increases. Whilst Option 2 would apply a blanket approach of offering a small amount to each claimant, Option 1 would assist the council in providing more targeted support to those experiencing exceptional financial hardship this year.

Impact on Young People and Future Generations

14. The provisions of this scheme do not directly impact young people, however there may be young people or children in the eligible households. The scheme will assist in supporting economically vulnerable households with payment of their council tax.

Corporate Aims

15. This scheme supports the corporate aim to '*Provide greater support to those on low incomes, including through the local council tax support scheme.*' Residents in receipt of LCTS are considered to be 'low-income households' and include those with vulnerabilities.

Consultation and Engagement

16. There is no requirement for any consultation on this decision relating to the scheme.

Financial / Budget Implications

17. The funding allocation for the Isle of Wight Council's scheme is £265,261 for the financial year 2023/24.
18. After carrying out the first part of the scheme, as agreed by Full Council, up to £25 has been applied to the council tax accounts for those residents in receipt of LCTS on or after 1 April 2023.
19. Based on the expenditure so far, it is predicted that this part of the scheme will cost around £200,000 to complete.
20. Therefore, in order to ensure that the fund is allocated to vulnerable residents within the financial year 2023/24 as required by government, a decision is required as to how to spend the remaining £65,000.
21. Option 1, as detailed below, would ensure that the remaining balance of the funding is utilised in full.
22. Option 2, as detailed below, would mean that around 7450 claimants who have already received £25, will receive a maximum of £8.70 each as further assistance towards their council tax liability for 2023/24.

Legal Implications

23. Local authorities are expected to deliver this scheme using their powers under s13A(1)(c) of the Local Government Finance Act 1992.
24. The grant is being funded by central government under s31 of the Local Government Act 2003.

Equality and Diversity

25. An Equality Impact Assessment was carried out when the decision was made by Full Council. It showed that there is no impact to any of the protected characteristics based on the scheme. This decision on how to distribute the remaining funds would also have no impact on any particular protected characteristics.

Options

26. Option 1 – that the Deputy Leader Cabinet Member for Housing and Finance makes the delegated decision to allocate the remaining funds from the Council Tax Support Grant to be spent on supporting those residents who apply for additional support due to severe financial hardship.
27. Option 2 – that the Deputy Leader Cabinet Member for Housing and Finance makes the delegated decision to allocate the remaining funds from the Council Tax Support grant equally between those residents who have already received a payment of £25.
28. Option 3 – that the Deputy Leader Cabinet Member for Housing and Finance makes the delegated decision not to allocate the remaining funds.

Risk Management

29. There is no risk to the council's finances as the scheme is fully funded, and the above options would ensure that the scheme does not overspend.
30. Option 2 has a system-based risk in that it requires thorough testing, which is difficult to fit in with annual billing priorities. This requires system down-time which is not recommended when the service is preparing for annual billing.
31. Option 2 poses a risk to some claimants as in order to implement this, we would have to set a cutoff point of 31 January 2024, meaning that new claimants throughout February and March 2024 will not receive the original £25, as per the scheme's original intentions.
32. There is a risk that Option 2 poses a financial implication on the council's cost of postage because revised council tax bills would be sent to residents advising them of this payment. Given the payment to each resident is so low (around £8.70), this could be considered as not cost-effective.
33. Option 2 has a further risk that the recalculation and production of council tax bills could cause confusion to residents, who will be receiving their annual bills around the same time.
34. Given the time constraints, a decision must be made on this by no later than 12th February 2024 to enable the funds to be allocated within the financial year of 2023/24.
35. Option 3 has a potential reputational risk if the council decides not to allocate the funding from government to those vulnerable residents who could benefit from financial support.

Evaluation

36. Option 1 is being recommended as it enables the remaining funding to be allocated to those residents who are experiencing exceptional financial hardship and will

assist them towards their council tax liability for the financial year 2023/24 as per central government guidance. It also provides a targeted approach, rather than allocating only a small amount to every claimant, as per Option 2. Given the short time frame to spend the remainder of the funding, it can be allocated within this financial year, as required.

37. Whilst Option 2 would also meet the requirements of the scheme by supporting those residents on low incomes, it would only assist them with an additional amount of around £8.70, which is not considered of significant benefit. Producing council tax bills for over 7000 residents for this amount may not be considered cost-effective. It would also mean that some new claimants to the scheme will miss out on the original £25 which goes against the incentive of the scheme.
38. Option 3 is not recommended because not allocating the funding would go against government's intentions for the scheme and would not align with the council's corporate priorities of providing support those residents on low incomes, which comes with a reputational risk.

Appendices Attached

39. Appendix 1 – IOW Council Tax Support Fund policy

Background Information

40. <https://www.gov.uk/government/publications/council-tax-support-fund-guidance/council-tax-support-fund-guidance>
(Link to the guidance provided by central government on the administration of the scheme and funding allocations for local authorities.)
41. <https://iow.moderngov.co.uk/ieDecisionDetails.aspx?ID=505>
(Link to the cabinet decision made to adopt the scheme to delegate authority to agree further details of the discretionary scheme)

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