



COUNCIL TAX REDUCTION CONSULTATION

TOWN COUNCIL MEETING

REPORT 86/15

12 OCTOBER 2015

The purpose of this paper is to provide Members with the recommendations of the Work Group it established at its September meeting to consider the changes to Council Tax discounts identified in the current consultation on them.

No. DETAIL

1) BACKGROUND

- a) Following its initial discussion at its meeting of 14 September of the consultation on the Isle of Wight Council's identified options for changes to its Council Tax Reduction Scheme launched on 7 September the Town Council resolved in Minute 118/15:
It was unanimously resolved that:
Councillors Jason Mack, Ed Gouge, Delian Backhouse-Fry, Harry Rees and Ken Knapman form a Working Group with the Clerk to consider the proposals in more detail and report back to the Town Council meeting of 12 October.
 - b) The Group met at 10am on Monday 5 October and the Briefing Paper provided for the meeting by the Clerk is attached to this Report.
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2) RECOMMENDATIONS

The Group unanimously recommends to the Town Council that:

- a) none of the options set out in the consultation be supported;
 - b) it informs the Isle of Wight Council that notwithstanding the seriousness of the its predicted Budget deficit for 2016/17, savings that affect only residents on low incomes are unacceptable; and
 - c) the Town Council's response be set out in a Report, in the form adopted for previous consultations, drafted by the Clerk to reflect the concerns expressed and submitted in advance of the consultation closure deadline of 7 November.
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VENTNOR TOWN COUNCIL

BRIEFING NOTE

COUNCIL TAX REDUCTION OPTIONS

5 OCTOBER 2015

1) CONTEXT

- a) As part of the IoWC's attempt to balance its 2016/17 Budget it is consulting on 9 options for reducing the cost of the discounts currently available to Council Tax payers on low income: it opened on 7 September and closes on 6 November.
- b) The consultation document states that it has a budget gap of £16M for the next financial year and the yearly savings from implementing the 9 options range from £3,300 (Option 2) to £1,080,000 (Option 2b).
- c) Any or all of the options could be adopted when the IoWC makes its decision at the full Council Meeting of 13 January 2016.
- d) The consultation is open to all residents and organisations including Town & Parish Councils.
- e) The VTC meeting of 14 September convened this Work Group to consider the implications in detail and make recommendations to its meeting of 12 October.

2) OPTIONS

- a) The Options and their impact are summarised in the table below; the full consultation document, with case studies, is available at [this link](#).

OPTION No.	DETAIL	IoWC SAVING (£PA)	CLAIMANTS AFFECTED	AVERAGE IMPACT (£PA)
1A	Increase minimum required to 25% (from 20%)	804,000	4,046	199
1B	Increase minimum required to 25% (from 20%)	1,080,000	4,046	227
2	Remove family premium for new claims	3,300	1,056	3
3	Reduce backdating to 4 weeks (from 6)	8,700	135	64
4	Assume minimum living wage for self employed earners	374,000	541	691
5	Remove blanket protection provided for certain claimants	356,000	2,972	120
6	Reduce the capital limit to £6,000 (from £16,000)	59,000	85	853
7	Take both DLA and PIP payments into account (disregarded)	206,000	729	283
8	Take Child Benefit into account (disregarded)	330,000	1,299	254
9A	Limit reductions to Council Tax Band B	169,000	934	181
9B	Limit reductions to Council Tax Band C	55,000	246	224

- b) These options can only be applied to residents on low incomes of working age: the government has excluded pensioners from any reductions in their entitlement to Local Council Tax Refund.
- c) I've used the 'average impact' to give an indication of the extent of the additional cost to residents qualifying for reductions in their Council Tax bills because, as the case studies illustrate, the qualification is means tested and so varies very substantially across individual instances.

3) CONSULTATION

- a) The consultation is in the usual survey form, providing tick boxes for 'Agree', 'Disagree' and 'Don't know' for each of the 11 Options

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- b) Each has a box for additional comments and the survey closes with 'Yes', 'No' and 'Don't Know' tick boxes for four alternative Options: 'Increase the level of council tax', 'Find saving by cutting other council services', 'Use the council's reserves (savings)' and 'Increasing income'; it also provides boxes for any other options that may be proposed and any other comments.

4) *CONSIDERATIONS*

- a) This is the only contribution to its Budget Gap the IoWC has proposed to date that specifically targets the low paid.
- b) Low income families will also have their incomes reduced by the tax credit changes the government currently plans to start at the same time – 1 April 2016 – as any of these Options that are adopted by the IoWC for its Council Tax Reduction Scheme.
- c) The Consultation document clearly states that the IoWC's projected Budget gap for 2016/17 is of the order of £16M: the evidence to date that this can be met is unconvincing.

5) *WORK GROUP TASK*

The Work Group is asked to consider the issues and recommend to the 12 October meeting of the Town Council whether it should make a corporate response to the consultation and, if so, what that response might be.
