

## Council Tax Reduction Scheme 2017-18

Cabinet	<b>17 November 2016</b>
Report Author	<b>Tim Willis, Director of Corporate Resources and Mark Emery, Acting Head of Customer Delivery, EK Services</b>
Portfolio Holder	<b>Cllr John Townend, Cabinet Member for Financial Services and Estates</b>
Status	<b>For Decision</b>
Classification:	<b>Unrestricted</b>
Key Decision	<b>Yes</b>
Reasons for Key	<b>Significant impact on communities</b>
Ward:	<b>All Wards</b>

### **Executive Summary:**

The existing Council Tax Reduction Scheme (referred to locally as the Council Tax Support Scheme (CTS)) has been in place since 1st April 2013 and has remained largely unchanged since that date. Reductions in the Revenue Support Grant have resulted in a significant shortfall in CTS funding. A new more affordable scheme from April 2017 has been subject to consultation. This report seeks approval for the final Thanet District Council Tax Reduction scheme taking into account the recent consultation exercise.

### **Recommendations:**

The recommendations are that the existing scheme is modified to reduce the level of expenditure within the scheme by £875k (of which Thanet's reduction would be £119k) and maintain alignment with the Housing Benefit rules whilst protecting the principles of the original scheme relating to protecting the most vulnerable where possible.

1. That the current minimum contribution towards their Council Tax made by recipients of Council Tax Support is increased from 5.5% to 10.0%;
2. That the maximum savings that a customer can have and still claim Council Tax Support is reduced from £16,000 to £6,000;
3. That a minimum income is used within the calculation for Self Employed Customers after 12 months of self-employment;
4. That the maximum level of Council Tax support is restricted to the equivalent of a Band D property charge;
5. That only the first two children in a family will be included in the calculation for children born after April 2017 (some exceptions will apply for adoptions and multiple births);
6. That the Family Premium is not included in the calculation of Council Tax Support for all new working age customers;
7. That the period for which a late claim can be backdated is reduced to one month;
8. That the period for which a customer can be absent from Great Britain and still claim Council Tax Support is reduced to 4 weeks (with some exclusions for certain occupations);

9. That the element of the work-related component of Employment and Support Allowance is not included in the Council Tax Support Calculation;
10. That TDC works towards an exceptional hardship scheme that will be introduced from April 2017 in order to provide a safety net for customers experiencing extreme difficulty paying their Council Tax;
11. That Cabinet notes the equalities impact as detailed in Annex 1.

## CORPORATE IMPLICATIONS

<b>Financial and Value for Money</b>	The Council Tax Reduction scheme is funded through the Revenue Support Grant. The scheme has not materially changed since inception, but the Revenue Support Grant will have reduced by approximately 30% by 2017-18. To leave the scheme un-reviewed will risk the financial stability of the authority and increase the cross-subsidisation of claimants from non-claimants. The CTS scheme in its current form would cost in excess of £400k more in 2017-18 than the RSG funding originally identified in 2013.								
<b>Legal</b>	Thanet District Council must approve its local CTRS at full Council by 31st January 2017. If it does not do this then it is forced to adopt the previous scheme (that is in force during 2016-17). The obvious disadvantage to this is continuing to pay previous levels of CTRS with an increasing funding gap. The financial impact is shared by Thanet District Council and the major preceptors pro-rata to their share of Council Tax receipts.								
<b>Corporate</b>	There is a risk to the provision of other services funded via the RSG should the affordability of the CTS Scheme not be reviewed.								
<b>Equalities Act 2010 &amp; Public Sector Equality Duty</b>	<p>Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy &amp; maternity. Only aim (i) of the Duty applies to Marriage &amp; civil partnership.</p> <table border="1" data-bbox="432 1458 1401 1697"> <tr> <td colspan="2">Please indicate which aim is relevant to the report.</td> </tr> <tr> <td>Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td> <td></td> </tr> <tr> <td>Advance equality of opportunity between people who share a protected characteristic and people who do not share it</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Foster good relations between people who share a protected characteristic and people who do not share it.</td> <td style="text-align: center;">✓</td> </tr> </table> <p><b>Reducing the maximum level of support for working age applicants from 95% to 90%</b></p> <p>This option will apply to all working age claimants regardless of their protected characteristics. The primary mitigating factor will be the introduction of an exceptional hardship fund (Option 13) which would be available to provide assistance for those adversely affected by the reduction to 90%.</p> <p><b>Reducing the maximum level of support for working age applicants</b></p>	Please indicate which aim is relevant to the report.		Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,		Advance equality of opportunity between people who share a protected characteristic and people who do not share it	✓	Foster good relations between people who share a protected characteristic and people who do not share it.	✓
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Foster good relations between people who share a protected characteristic and people who do not share it.	✓								

**from 95% to 85%**

This option will apply to all working age claimants regardless of their protected characteristics. The primary mitigating factor will be the introduction of an exceptional hardship fund (Option 13) which would be available to provide assistance for those adversely affected by the reduction to 85%.

**Using a set income for self-employed earners after 1 year's self-employment**

This option will only apply to working age claimants who have been self-employed for more than a year. The concern that this option has the potential to stifle entrepreneurialism is mitigated by the fact that claimants will still have a year in which to determine whether or not their self-employment is viable and will be able to generate sufficient income for their needs.

Claimants with protected characteristics will benefit from the two-tiered income floor; one for part-time, one for full-time. This will mitigate against any potential impact on any claimants (including those with protected characteristics) that are deemed to be suitable for part-time self-employment due to disability, childcare, caring responsibilities etc. and would therefore be subject to the lower income floor than those who work full-time.

In addition to this the introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

**Reduce the capital limit from the existing £16,000 to £6,000**

This option will only apply to working age claimants who exceed the capital limit of £6,000 regardless of their protected characteristics. It is not expected to affect many claimants and those that would be affected are unlikely to suffer financial hardship.

The mitigating factor is that claimants with over £6,000 in capital will have the finances available to pay their council tax. At such point that any claimant affected has capital below £6,000 they would then be eligible to apply for CTS (providing that there is no evidence of intentional deprivation of capital).

In addition to this the introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

**Restrict the maximum level of Council tax support payable to the equivalent of a Band D property charge**

This option will only apply to working age claimants who live in band E-H properties. It will apply to these working age claimants regardless of their protected characteristics.

There is concern that this option is more likely to affect claimants with larger families. The introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

**Removing the Family Premium for all new working age applicants**

This option will only apply to new working age claimants who would have previously received the Family Premium. It will not affect existing working age claimants. It will apply to new working age claimants regardless of their protected characteristics. Single females and couples are more likely to be affected, as over 95% of those currently eligible for the Family Premium are in those groups.

The mitigating factor is that it will only affect new claimants who will not suffer financial hardship as a result of this. The reason for this is that they will not have received the Family Premium for it to be taken away. The only way that this will affect existing claimants is if they have a break in their claim.

#### **Reducing Backdating to 1 month**

This option will only apply to new working age claimants that apply for backdating or existing claimants that have a break in their claim and need to reclaim with backdating (the latter is an unlikely scenario due to existing claimants already being familiar with the process). It will apply to these working age claimants regardless of their protected characteristics.

Aligning the backdating period from six months to one month means the potential entitlement period changes, but there is no actual reduction in support to the claimant. The introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

#### **Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to 4 weeks**

This option will apply to all working age claimants who are temporarily absent from Great Britain for more than 4 weeks. A mitigating factor is that exemptions will apply in certain circumstances such as bereavements and for certain professions such as the armed forces.

It will apply to all working age claimants regardless of their protected characteristics however Government analysis has suggested that certain ethnicities such as Black/ British Black and Asian may be more likely to be affected by this option. The introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

#### **To remove the element of a Work Related Activity Component in the calculation of the current scheme for new Employment and Support Allowance applicants**

This option will only apply to working age claimants who are in receipt of ESA and receive the Work Related Activity Component. Households that include someone with a protected characteristic will be affected this policy if they receive this component. Overall, those groups who are more likely to be in receipt of affected benefits are more likely to see notional impacts from this option.

On an individual basis an equal number of men and women are likely to be affected. The introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

#### **To limit the number of dependant children within the calculation for**

	<p><b>Council Tax Reduction to a maximum of two</b></p> <p>This option will only apply to new working age claimants who have more than two children or existing claimants only if they have a break in their claim and have to reclaim. Households that include someone with a protected characteristic will be affected by this policy if this applies to them.</p> <p>The introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.</p> <p><b>To introduce a scheme, in addition to Council Tax Reduction, to help applicants suffering exceptional hardship</b></p> <p>This option is the primary mitigating factor for all of the options that could have a financial impact on claimants to such an extent that one or more of the options causes exceptional hardship.</p>
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<b>CORPORATE PRIORITIES (tick those relevant)✓</b>	
A clean and welcoming Environment	
Promoting inward investment and job creation	
Supporting neighbourhoods	✓

<b>CORPORATE VALUES (tick those relevant)✓</b>	
Delivering value for money	✓
Supporting the Workforce	
Promoting open communications	✓

## 1.0 Introduction and Background

- 1.1 Council Tax Reduction (referred to locally as Council Tax Support) is a means tested locally defined Council Tax discount and replaced Council Tax Benefit in April 2013. The current Thanet District Council scheme closely mirrors the former Council Tax Benefit and is administered in a similar way (and often at the same time) as an award of Housing Benefit. In 2015-16 Thanet District Council awarded £13.9m in Council Tax Reduction on behalf of all precepting bodies. The cost to Thanet District Council of those awards was £1.9m.
- 1.2 Each local authority is required to set its own Council Tax Reduction scheme on an annual basis. The Thanet District Council working age schemes agreed since 2013 have been amongst the most generous in the country, recognising the outcome of the previous consultation where there was a consensus of protecting the most vulnerable in local society.
- 1.3 Each annual scheme must be agreed by Council by 31<sup>st</sup> January to come into effect from 1<sup>st</sup> April of that year. In the event that a new scheme is not agreed, the previous year's scheme will roll forward to the next year.
- 1.4 Whilst Council Tax Reduction is a local discount, the rules around pension age customers are defined and the local authority has no discretion to vary that element of the scheme. However the scheme for working age customers is not defined and the local authority has full discretion over the design and generosity (cost) of the scheme. This means that where there is a need to reduce scheme cost, that burden can only be borne by the working age recipients.
- 1.5 When Council Tax Benefit was abolished in 2013, responsibility for Council Tax Reduction was passed to Local Authorities. The funding for Council Tax Reduction was

added to the Revenue Support Grant (RSG), but was subject to an arbitrary 10% reduction from the previous amount paid under Council Tax Benefit. The amount included within the RSG has not been separately identified since 2013 and since then, central government has reduced the overall RSG by 30%, whilst expenditure on the CTS scheme has remained largely static.

- 1.6 Thanet District Council previously agreed to lessen the impact of the 10% funding cut in 2013 by increasing the amount of Council Tax it collected from the general population through the removal of some of discounts that were available at that time. This additional revenue reduced the amount that needed to be saved from the Council Tax Reduction scheme and for Thanet District Council, working age customers have been required to pay a minimum of 5.5% towards their Council Tax. This has not previously been reviewed despite the increasing funding shortfall.

## **2.0 The current situation and the need for review**

- 2.1 Council Tax Reduction for Thanet District Council is managed by EK Services (EKS) alongside the schemes for Canterbury City Council and Dover District Council. The existing scheme was developed jointly with the EK partner authorities and benefits from shared principles, modelling and methodology. The principles of the schemes are common across all the authorities in Kent, with the main exception that the three East Kent districts raised additional funding through the earlier removal of certain alternative discounts in order to have a lower CTS customer contribution rate.

- 2.2 Following the previous consultation, the CTS scheme at Thanet District Council was decided to be broadly based upon the previous Council Tax Benefit scheme rules with the following broad changes:

- Minimum 5.5% contribution towards the Council Tax charge for all working age recipients
- Removal of Second Adult Rebate.

- 2.3 The major preceptors have provided each authority with an additional £125k of funding to contribute towards the additional costs incurred during the recovery of Council Tax payable by CTS recipients. This funding has been used by EKS to fund a number of posts focused on Council Tax collection and compliance. Major preceptors are currently negotiating an equivalent scheme for the 2017-18 financial year.

- 2.4 The financial gap between scheme expenditure and RSG funding has been growing since 2013 and currently stands at over £400k per annum. Ongoing monitoring has highlighted the risk in continuing with the current arrangements without significant reform or identification of alternative funding streams.

- 2.5 The major preceptors across Kent agreed to fund consultancy to review the viability of the existing scheme and to recommend options for change, in order to increase the affordability of the scheme. Based upon the recommendations from that consultancy, Thanet District Council undertook public consultation to gain views on those options.

- 2.6 The consultation ran from 27<sup>th</sup> June to 16<sup>th</sup> September 2016 and the following activity was undertaken:

- Explanatory information and a survey were made available online.
- Explanatory 'You Tube' videos explained each option in further detail.

- All working age customers (9557) were sent a covering letter, paper information booklet and paper answer booklet with an invitation to complete either the form or complete an online survey.
- 5% of the remaining households (3334) were sent a covering letter inviting them to complete an online survey.
- Copies of the information booklet and answer booklet were available for pick up at Council face to face outlets.
- Four 'Drop In' sessions were held where members of the public could ask questions about the consultation.
- A statement was added to every Housing Benefit Notification letter and every CTS notification letter issued between 26<sup>th</sup> June and 14<sup>th</sup> September 2016 advising customers that the consultation was running.
- Community groups were invited to take part in the consultation
- The consultation was promoted in the Council's Twitter feed.
- The consultation was promoted on the Council's Facebook page.

### 3.0 Options

3.1 The council consulted on fourteen different options. Some of these related to direct alterations to the scheme. Others related to structural changes to keep the scheme closely aligned to the known changes to the Housing Benefit rules.

3.2 The options consulted on were:

- 1) Increase the minimum contribution working-age recipients will need to pay towards their council tax charge from 5.5% to 10%.
- 2) Increase the minimum contribution working-age recipients will need to pay towards their council tax charge from 5.5% to 15%.
- 3) Use a minimum set income for self-employed earners after one year.
- 4) Reduce the savings, capital and investment limit from £16,000 to £6,000
- 5) Introduce a standard weekly charge of £10 for all new claimants who have a non-dependant living in their property.
- 6) Restrict the maximum level of council tax support payable to the equivalent of an average Band D property charge.
- 7) Restrict the maximum level of council tax support payable to the equivalent of a Band C property charge.
- 8) Remove the family premium for all new working-age claimants.
- 9) Reduce backdating of new claims to one month.
- 10) Reduce the period for which a person can be absent from Great Britain and still receive council tax support to four weeks.
- 11) Remove the element of a Work Related Activity Component in the calculation of the current scheme for new Employment and Support Allowance applicants.
- 12) Limit the number of dependent children within the calculation for council tax support to a maximum of two.
- 13) Introduce a scheme, in addition to council tax support, to help applicants suffering exceptional hardship.
- 14) To take any Child Benefit paid to a claimant or partner into account in full in the calculation of Council Tax Support.

3.3 As well as seeking views on each of those options and leaving the scheme unchanged, residents were asked to identify their top four options. Residents were also invited to comment on the options or put forward their own ideas.

3.4 Residents were advised that three further options had been considered but were not likely to be suitable in the long term. Comments were sought on these options. They were:

- **Increase the levels of Council Tax** – This was not considered viable because Thanet District Council is already planning to increase its Council Tax by the amounts allowed without triggering a local referendum. To increase Council Tax further in order to supplement the CTS scheme would require a district wide referendum for which TDC would be liable to bear the cost. This cost would outweigh any likely increase in revenue that would be raised by such a move
- **Reduce funding on other Council services** – This activity is already ongoing with each service that Thanet DC delivers being subject to budget restrictions
- **Use Council reserves** – This was not considered to be a viable approach because it does not address the structural issues caused by a lack of underfunding within the scheme. Additionally, TDC has very low levels of useable reserves.

3.5 Some 970 responses were received from the consultation, representing a 7.5% return rate of the invitation to give views. Residents were asked whether they agreed with, and were invited to add comments for, each option. All comments were captured and collated. The highest number of responses were from existing Council Tax Support customers, with their responses forming 86% of the total.

3.6 The numeric results from the consultation are shown below. The % in agreement is the % of respondents who indicated that they did agree, compared with the number that didn't agree. It excludes any respondent who selected 'do not know' or did not provide a response. A full numerical breakdown and all comments made during the consultation are available on request.



Option Number	Question	Estimated impact on expenditure	Number in Agreement	% In Agreement	Recommend inclusion?
	The Council should keep the current Council Tax Support Scheme	Growth would be through CT increases	538	78%	No
1	Increase the minimum contribution working age recipients will need to pay towards their Council Tax charge from 5.5% to 10%	£394k	247	32%	Yes
2	Increase the minimum contribution working age recipients will need to pay towards their Council Tax charge from 5.5% to 15%	£810k	108	14%	No
3	Use a minimum set income for self-employed earners after one year	£397k*	337	54%	Yes
4	Reduce the savings, capital and investment limit from £16,000 to £6,000	£48k	399	51%	Yes
5	Introduce a standard weekly charge of £10 for all claimants who have a non-dependant living in their property	£164k	323	43%	No
6	Restrict the maximum level of Council tax support payable to the equivalent of a band D property charge	£36k	298	48%	Yes
7	Restrict the maximum level of Council tax support payable to the equivalent of a band C property charge	£112k	197	33%	No
8	Remove the Family Premium for all new working age claimants	None – this will avoid future costs with new claimants	232	37%	Yes

9	Reduce backdating of new claims to one month	None – this will avoid future costs	453	58%	Yes
10	Reduce the period for which a person can be absent from Great Britain and still receive Council Tax Support to four weeks	None – this will avoid future costs	618	78%	Yes
11	Remove the element of a Work Related Component in the calculation of the current scheme for new Employment and Support Allowance applicants	None – this will avoid future costs	316	54%	Yes
12	Limit the number of dependant children within the calculation of Council Tax support to a maximum of two	None – this will avoid future costs	472	61%	Yes
13	Introduce a scheme, in addition to Council tax support, to help applicants suffering exceptional hardship	Budget to be decided	705	87%	Yes
14	To take Child Benefit or Child Maintenance paid to the claimant or partner into account in full in the calculation of Council tax support	£498k	392	51%	No

\*£397k is a maximum figure for self employed customers and assumes no change in employment status for those affected customers.

- 3.7 Residents were asked whether the Council should keep the existing scheme unchanged. Of the respondents that expressed an opinion, 78% considered that the scheme should remain unchanged. Although there was strong support for this option, this would only be achievable on a long term basis through the redirection of funding from other services or the raising of Council Tax, with the latter triggering a district wide referendum on raising the level of Council Tax. The cost of holding a referendum would fall to the district and would be disproportionate to the additional income that would be raised should the general public support the move. It is therefore **not** recommended to take this option forward.
- 3.8 Residents were asked about Option 1 – Whether every customer’s minimum contribution towards their Council Tax should increase from 5.5% to 10%. Of the 775 respondents that expressed an opinion, 32% (247) agreed with this option. This approach, whilst not the most popular, is widely accepted as the fairest way to reduce funding with all working age households impacted by the same percentage and no

community group unfairly disadvantaged. Analysis of the 247 responses revealed that there was a favourable response from 21% of the respondents in receipt of CTS, and a 61% favourable response from customers not in receipt of CTS. There was greater support for this option than Option 2 (increasing the minimum contribution to 15%) and it **is** recommended that this is taken forward in conjunction with other options as part of a package of savings.

- 3.9 Residents were asked about Option 2 – Whether every customer’s minimum contribution towards their Council Tax should increase from 5.5% to 15%. Of the respondents that expressed an opinion, 14% agreed with this option. Whilst this would reduce scheme expenditure significantly, there was little support for this approach. It would also have a greater impact on the Council Tax collection rate as greater amounts would need to be collected from all working age claimants. It is therefore **not** recommended to take this option forward.
- 3.10 Residents were asked about Option 3 – Whether every self-employed customer should be treated as having a minimum set income after 12 months. Of the respondents that expressed an opinion, 54% agreed with this option. Whilst there was strong support for this approach, there is a need to consider the balance between supporting developing businesses and the potential for stifling entrepreneurs within the district. However it is considered that the ‘grace’ period of 12 months does give time for a business to become more established and the proposed income is based on the national minimum wage. This would also complement the approach taken to Self Employed income taken within Universal Credit. It **is** therefore recommended that this is taken forward in conjunction with other options as part of a package of savings.
- 3.11 Residents were asked about Option 4 – Whether the maximum level of savings and investments a customer could hold whilst still receiving Council Tax Support should reduce from £16,000 to £6,000. Of the respondents that expressed an opinion, 51% agreed with this option. It was generally felt that customers with access to capital over £6,000 should not receive assistance from the other tax payers. It **is** therefore recommended that this is taken forward in conjunction with other options as part of a package of savings.
- 3.12 Residents were asked about Option 5 – Whether there should be a reduction in Council Tax Support of £10 per week for each non dependant in the property. Of the respondents that expressed an opinion, 43% agreed with this option. However, there is a risk with this approach that some vulnerable households with more than one non-dependant would have all of their assistance removed. This option may also lead to greater incidences of non-dependants being forced to leave their homes and a corresponding increase in use of Housing Options resource, which would outweigh the savings this option would generate. It is therefore **not** recommended to take this option forward.
- 3.13 Residents were asked about Option 6 – Whether the maximum amount of Council Tax Support payable would be restricted to the equivalent of a Band D property. Of the respondents that expressed an opinion, 48% agreed with this option. The feeling from respondents was that residents in larger properties should downsize. This is difficult to achieve where there is little money to support such a move as many recipients may be capital rich and cash poor; however on balance and considering the consultation responses, it **is** recommended to take this option forward.
- 3.14 Residents were asked about Option 7 – Whether the maximum amount of Council Tax Support payable would be restricted to the equivalent of a Band C property. Of the respondents that expressed an opinion, 33% agreed with this option. This would impact

significantly on recipients who were previously able to support themselves and for whom downsizing is problematic. This would have an impact on a larger number of households than option 6 and is supported by fewer respondents. It is therefore **not** recommended to take this option forward.

- 3.15 Residents were asked about Option 8 – Whether the family premium should not be used in the calculation of Council Tax Support for all new customers (to maintain alignment with the Housing Benefit calculations). Of the respondents that expressed an opinion, 37% agreed with this option. There was lower support for this option but many of the respondents were referring to a reduction in ongoing payments. The removal of the family premium is a change that will be taking place within the Housing Benefit rules from April 2017 and this proposal is one of those that have been made to maintain the alignment between Council Tax Support and the Housing Benefit rules. Existing customers will be protected from these changes, and to remove the premium in one benefit but allow it in Council Tax Support is likely to result in significant confusion and ongoing contact from worried customers which will increase rather than decrease the cost to the authority of providing the service. It **is** therefore recommended that this is taken forward in conjunction with other options as part of a package of savings.
- 3.16 Residents were asked about Option 9 – Whether the period of backdating allowed be reduced to one month. Of the respondents that expressed an opinion, 58% agreed with this option. This option was presented to maintain the alignment between Council Tax Support and the Housing Benefit rules. It received strong support from respondents. It **is** therefore recommended that this is taken forward in conjunction with other options as part of a package of savings.
- 3.17 Residents were asked about Option 10 – Whether the period for which a customer can be absent from Great Britain and still receive CTS be reduced to four weeks (to maintain alignment with the Housing Benefit calculations). Of the respondents that expressed an opinion, 78% agreed with this option. This option was presented to maintain the alignment between Council Tax Support and the Housing Benefit rules. It received very strong support from respondents. It **is** therefore recommended that this is taken forward in conjunction with other options as part of a package of savings.
- 3.18 Residents were asked about Option 11 – Whether the element of the Work Related component of Employment & Support Allowance should be removed from new applicants (to maintain alignment with the Housing Benefit calculations). Of the respondents that expressed an opinion, 54% agreed with this option. This option was presented to maintain the alignment between Council Tax Support and the Housing Benefit rules. It received support from respondents and would not have any impact on existing customers. It **is** therefore recommended that this is taken forward in conjunction with other options as part of a package of savings.
- 3.19 Residents were asked about Option 12 – Whether the number of dependants used in the calculation of CTS should be restricted to two (to maintain alignment with the Housing Benefit calculations). Of the respondents that expressed an opinion, 61% agreed with this option. This option was presented to maintain the alignment between Council Tax Support and the Housing Benefit rules. It received strong support from respondents. Existing customers would be protected and exemptions would apply for adoptions and multiple births. It **is** therefore recommended that this is taken forward in conjunction with other options as part of a package of savings.
- 3.20 Residents were asked about Option 13 – Whether the Council should introduce an exceptional hardship fund to help customers impacted by restrictions to CTS. Of the respondents that expressed an opinion, 87% agreed with this option. There was very

strong support for this option and it **is** therefore recommended that this is taken forward to help reduce the impact of the recommended options for the most vulnerable customers experiencing extreme hardship.

3.21 Residents were asked about Option 14 – Whether Child Benefit and Child Maintenance should be included as income in the calculation of the CTS award. Of the respondents that expressed an opinion, 51% agreed with this option. There was strong support for this, but there was concern that this approach would result in increased child poverty. As this is contrary to stated Council intentions, it is therefore **not** recommended to take this option forward.

3.22 When looking at the recommended options as part of a package of changes, options 8, 9, 10, 11 and 12 do not generate specific savings but as part of the alignment with the changes to Housing Benefit will result in an avoidance of additional scheme costs for new claimants after 1<sup>st</sup> April 2017. Existing customers will not be affected by these changes while they remain continuously entitled to Council Tax Support.

3.23 Options 1, 3, 4 and 6 when modelled together would impact on existing customers and would reduce scheme expenditure by approximately £875k. This reduction in expenditure is made directly by increasing the Council Tax payable of those affected and therefore is shared between all the preceptors on the established pro-rata basis. Thanet's pro rata share of the council tax is currently 13.67% and on this basis, Thanet's expenditure would decrease by around £119k.

3.24 Option 13 would provide the necessary safety net for customers disproportionately affected by increases in Council Tax payable and will have an as yet unknown cost.

#### 4.0 Next Steps

4.1 It is recommended that Cabinet note the Equalities Impact Assessment in Annex 1 and approve the combination of options 1, 3, 4, 6, 8, 9, 10, 11, 12 and 13 detailed above in the new Council Tax Support scheme and refer to full Council.

Contact Officer:	Mark Emery – Acting Head of Customer Delivery, EK Services
Reporting to:	Tim Willis – Director of Corporate Resources

#### Annex List

Annex 1	Equalities Impact Assessment
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#### Background Papers

Title	Details of where to access copy
None	N/A

#### Corporate Consultation

<b>Finance</b>	Tim Willis, Director of Corporate Resources
<b>Legal</b>	Tim Howes, Director of Corporate Governance