

Clerk to the Council

Via Email

From

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Dear Clerk

Council Tax Reduction Scheme Consultation

For next year's budget (2020/21) the council currently has a projected revenue budget gap of some £4.5m. It needs to consider how it will deal with this and whether the current council tax reduction (CTR) scheme is affordable and should be protected from changes. The current expenditure of the CTR scheme for 2019/20 is at approximately £10.3m.

In 2020/21 the Isle of Wight Council will keep approximately 86% of the Council Tax that it collects. The Police and Crime Commissioner will keep approximately 10% and Town and Parish Councils will keep approximately 4%. The Council Tax Reduction Scheme affects the amount that is due to be collected and so impacts on the finances for delivering services for the Police and Crime Commissioner, Isle of Wight Council and Town and Parish Councils.

It follows that reducing the cost of the scheme (and so increasing the amount of Council Tax collected) will benefit the Precepting Authorities in the same proportion as the split of Council Tax.

The options of the Council Tax Reduction scheme being considered and to be agreed by the council are as follows:

Option 1 - Banded Scheme. Introduce an 'income grid scheme' for all working age applicants, to replace the current means testing approach

Option 2 - Banded Scheme. Introduce an 'income grid scheme' for all working age applicants, to replace the current means testing approach, but with the addition of the following options

Option 2a Disregarding Carer's Allowance which is currently taken into account as income in the calculation

Option 2b Replacing the three current earnings disregards with a standard £25 disregard, irrespective of a person's circumstances

Option 2c Replacing the five current non-dependent deduction rates with a standard deduction of £2 per week for each non-dependent in a household.

Option 3 - Disregarding any payment made under the Infected Blood and Thalidomide Regulations in full as income or capital

I have also enclosed a copy of the consultation document which provides more information on the options and potential impact to working age claimants.

Those claimants of pensionable age (approximately 50% of current caseload) are protected (the government determine the pensioner CTR scheme) and any local scheme cannot include reductions in support given to them. The options proposed will affect working age claimants who currently receive CTR or who may apply in the future as part of any local scheme provision.

The final scheme design for the council will be notified to you as the major precepting authority once public consultation has been completed and considered by the Isle of Wight Full Council Meeting on 20 November 2019, where a final decision on the scheme for 2020/21/19 will be made.

I would welcome any initial views that your town or parish council have that can be included in the final report.

In particular what are your views on:-

1. The options that should be considered in developing a local scheme
2. The volatility of the council tax base and council tax yield in future years.

In order for me to include any initial views you have in the report to Full Council I would need them by 5 August 2019 if possible. If you feel a telephone conversation or a meeting would help, then I am happy to arrange this with the lead officer overseeing the consultation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Metcalfe', with a long horizontal flourish underneath.

John Metcalfe
Chief Executive