



COUNCIL TAX SUPPORT SCHEME CONSULTATION

TOWN COUNCIL MEETING

REPORT 58/19

8 JULY 2019

The purpose of this paper is to ask Members to determine the Town Council's response to the current consultation on proposals for further changes to the Local Council Tax Support Scheme (LCTS).

No. DETAIL

1) BACKGROUND

- As part of the Isle of Wight Council's attempt to balance its 2020/21 Budget it is consulting on three options for reducing the cost of the discounts currently available to Council Tax payers on low income: it opened on 10 June and closes on 5 August.
- The consultation document states that it has a budget gap of £4.5M for the next financial year and needs to achieve savings totalling £13.5M over the 2020/23 period.
- The consultation is open to all residents and organisations including Town & Parish Councils.
- There are currently 10,747 of the Island's residents in receipt of LCTS.

2) OPTIONS

- The Options are summarised in the table below; the full consultation document, with case studies, is available [here](#).

Option	Description	Saving
1	An 'income grid scheme' for all working age claimants to replace current means testing approach	£35,346
2	An 'income grid scheme' for all working age claimants to replace current means testing approach but with the addition of 2a, 2b & 2c	
2a	Disregarding Carers' Allowance which is currently including as income	£147,548
2b	Replacing current disregards with a standard £25 disregard irrespective of personal circumstances	
2c	Replacing current non-dependant rates with a standard deduction of £2 per week for each	
3	Disregarding any payments made under the Infected Blood and Thalidomide Regulations in full as income or capital	n/a

- 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.
- The background information for the consultation states: *These options would accommodate the changes caused by Universal Credit, reduce the administration cost of the scheme and importantly make the scheme simpler*
- The new scheme will start from 1 April 2020.

3) THE INCOME GRID SCHEME

Band	Level of Local council tax support	Couple with no children	Couple with children	Single parent with two or more children	Single parent with one child	Single person
1	70%	in receipt of a disability benefit				
2	70%	in receipt of a passported benefit				
3	70%	£0.00 - £160.00	£0.00 - £295.00	£0.00 - £250.00	£0.00 - £185.00	£0.00 - £115.00
4	65%	£160.01 - £210.00	£295.01 - £345.00	£250.01 - £300.00	£185.01 - £235.00	£115.01 - £165.00
5	60%	£210.01 - £260.00	£345.01 - £395.00	£300.01 - £350.00	£235.01 - £285.00	£165.01 - £215.00
6	50%	£260.01 - £310.00	£395.01 - £445.00	£350.01 - £400.00	£285.01 - £335.00	£215.01 - £265.00
7	40%	£310.01 - £360.00	£445.01 - £495.00	£400.01 - £450.00	£335.01 - £385.00	£265.01 - £315.00
8	30%	£360.01 - £410.00	£495.01 - £545.00	£450.01 - £500.00	£385.01 - £435.00	£315.01 - £365.00

- a) This is the proposed income grid scheme for Option 1.
- b) The level of discount (shown in the grid) will be based on the total net weekly income (determined by the council) of the applicant and any partner;
- c) Applicants who have total net weekly income less than that in Band 3 will receive a discount of 70 per cent against their liability for council tax. This will also apply to those applicants in receipt of the following benefits:
- o Disability Living Allowance, Personal Independence Payments or Employment and Support Allowance support component – disability benefits
 - o Income Support, Employment and Support Allowance (Income Related), Job Seekers Allowance (Income Based) – passported benefits
- d) Where applicants are not in receipt of those benefits and their income is above the levels specified in Band 3, LCTS shall be awarded at the appropriate level (Bands 4 to 8) based on their net weekly income.
- e) The proposed income grid scheme for Option 2 is:

Band	Level of Local council tax support	Couple with no children	Couple with children	Single parent with two or more children	Single parent with one child	Single person
1	70%	in receipt of a disability benefit				
2	70%	in receipt of a passported benefit				
3	70%	£0.00 - £115.00	£0.00 - £250.00	£0.00 - £210.00	£0.00 - £140.00	£0.00 - £75.00
4	60%	£115.01 - £165.00	£250.01 - £300.00	£210.01 - £260.00	£140.01 - £190.00	£75.01 - £125.00
5	40%	£165.01 - £215.00	£300.01 - £350.00	£260.01 - £310.00	£190.01 - £240.00	£125.01 - £175.00
6	20%	£215.01 - £265.00	£350.01 - £400.00	£310.01 - £360.00	£240.01 - £290.00	£175.01 - £225.00

- f) The basis is the same as for Option 1.

4) RECOMMENDATION

The Town Council is recommended to determine if it wishes to enter a corporate response to the consultation and, if so, what that should be.