

# Isle of Wight Council

## Local council tax support scheme 2024 to 2025

**This consultation opens on Monday 7 August 2023 and closes Monday 2 October 2023.**

Please take time to read the background information provided here to help with your responses.

We will consider what you tell us both carefully and fully.

The new scheme will start on 1 April 2024.

Please also note that the decisions arising out of this consultation may affect more than just the local council tax support scheme, any additional costs may need to be funded by reductions to council services.

We will consider the impact of the scheme each year and may consult again if we think more changes need to be made.

Thank you for your assistance.

## 2024 to 2025 local council tax support scheme - Background information to consultation

### What is this consultation about?

Each year the council must decide whether to change the local council tax support (LCTS) scheme for working age applicants in its area.

The changes will only affect working age claimants who currently receive LCTS or who may apply in the future.

The locally agreed changes we are consulting upon do not affect people of pension age. The LCTS rules for these claimants are set nationally by the government.

The LCTS scheme replaced the old council tax benefit scheme in 2013.

### Our current scheme

From April 2020, the LCTS scheme moved from a complex calculation to a simplified banded scheme. This was due to the impact of universal credit on claimants' council tax accounts and the number of bills they received in a year, as well as providing a more straight-forward scheme to understand.

The grid below shows the level of support applicable to a claimant, dependent on their household makeup and weekly income.

Band	Level of LCTS	Household				
		Couple with children	Couple with no children	Single parent with two or more children	Single parent with one child	Single person
1	70%	In receipt of a passported benefit				
2	70%	£0 to £290	£0 to £135	£0 to £245	£0 to £165	£0 to £85
3	60%	£290.01 to £340	£135.01 to £185	£245.01 to £295	£165.01 to £215	£85.01 to £135
4	40%	£340.01 to £390	£185.01 to £235	£295.01 to £345	£215.01 to £265	£135.01 to £185
5	20%	£390.01 to £440	£235.01 to £285	£345.01 to £395	£265.01 to £315	£185.01 to £235
6	0%	£440.01 or more	£285.01 or more	£395.01 or more	£315.01 or more	£235.01 or more

Claimants who have a total net weekly income less than that in band 2 will receive a discount of 70 per cent against their liability for council tax. This also applies to those applicants in receipt of the following benefits:

- Income support, employment support allowance (income related), job seekers allowance (income based) – **band 1 in receipt of a passported benefit.**

Other elements of the scheme include:

- Carer's allowance is treated as disregarded income.
- If a claimant or their partner is in work, £25 per week is deducted from their net weekly income.
- If a claimant, partner or their dependent child is in receipt of a disability-related benefit, £50 per week is deducted from their net weekly income.
- A standard charge of £2 per week is deducted from a claimant's weekly entitlement if they have a non-dependant adult in their household.
- Claimants with capital or savings in excess of £6,000 will not be entitled to any support.
- LCTS is limited to a level that would be no more than a band C property.
- When calculating income for people that are self-employed, we would continue to apply a 'minimum income'.

## How much does the current scheme cost?

There are currently 9,947 claimants in receipt of LCTS on the Island. This figure is currently fluctuating due to the current economic financial situation of residents, and the need for support to be provided to assist low-income families providing support in paying their council tax.

The gross cost of the scheme last year (2022 to 2023) was £10.2 million.

For this year (2023 to 2024) the cost is budgeted at £11.04 million, considering the increase in council tax from 1 April.

Estimated government funding towards the LCTS scheme during 2023 to 2024 was £5.5 million compared with the cost to the council of the scheme at £8.9 million, there is therefore a funding gap of £3.4 million.

In the council's budget approved in February 2023, there is a forecast revenue budget gap of £6 million for the three-year period between 2024 and 2025, to 2026 and 2027. It is anticipated that the impact of the COVID-19 pandemic will continue to be felt in the medium term and that there will be ongoing impacts on care services, some sources of income, and both council tax and business rates receipts. This, alongside the highest inflation rates in a decade, will also present a significant challenge for seeking to balance the budget.

## Why is a change to the local council tax support scheme being considered?

Decisions about changes to the scheme need to be considered alongside the wider challenges being faced by local authorities.

As government funding continues to decrease, we need to strike a balance between a revised scheme that is fair and affordable for those who receive support, and also for all our residents who receive council services. However, we remain committed to providing the maximum level of support for those with the lowest income.

## The options for consideration

We are putting forward the proposed scheme below for consultation, along with some alternative options. The potential benefits and drawbacks of these are detailed within the questionnaire:

- The proposed scheme – Keep the scheme as it is currently.
- Alternatives to the proposed scheme:
  - Alternative 1 – Increasing the maximum level of LCTS from 70 per cent to 75 per cent.
  - Alternative 2 – Reducing the maximum level of LCTS from 70 per cent to 65 per cent.

There are currently 9,947 claimants in receipt of local council tax support, and 5,369 of these are of working age who would be affected by any changes to the scheme.

**Please refer to appendix 1 of this document for case studies on how the proposed scheme and its alternatives might affect various households.**

## Exceptional hardship fund

All LCTS claimants continue to be able to apply for additional support on a case-by-case basis where they experience exceptional hardship via the exceptional hardship fund. This fund is made available to claimants each financial year regardless of any changes which are made to the LCTS scheme.

## Having your say

The questionnaire (below) seeks your views and suggestions to help us design the scheme for 2024 to 2025.

We would like the consultation to be as wide as possible and invite responses from all interested parties, including LCTS claimants and potential claimants, council taxpayers, other residents, businesses, town and parish councils, the voluntary sector and advocates and representative groups.

We will also be consulting with the police and crime commissioner who is a statutory consultee and with other support agencies about the proposed options.

There is an online questionnaire. To provide your response, please visit [www.iow.gov.uk/LCTSconsultation](http://www.iow.gov.uk/LCTSconsultation)

PDF versions of the questionnaire are available on request, to be returned to Revenues and Benefits, PO Box 238, Newport, Isle of Wight PO30 9FP.

# Questionnaire

## Have your say on the Local Council Tax Support Scheme

The council is very keen that you have all the information you need to provide informed answers and choices. The background information explains the scheme itself and how the scheme is currently funded. It explains why we are proposing these changes.

Please confirm that you have read the background information about the Local Council Tax Support Scheme.

### 1 I have read the background information about the local council tax support scheme:

This question must be answered before continuing.

Yes

No

## Proposed scheme

As explained in the background information, the council is consulting on a proposed scheme from 1 April 2024 for working age claimants. Set out below is the proposed scheme being considered.

### Proposed scheme– keeping the scheme the same as it is currently.

The council currently assesses an applicant's entitlement to LCTS using an income banded scheme which is based on who lives in the household, the money coming in, and the council tax charge for the property the person lives in. The current maximum support which can be given to an applicant is 70 per cent of their council tax liability, meaning they have a minimum of 30 per cent to pay. Further details can be found above under **Our current scheme**.

#### The benefits of this are:

- recipients of LCTS will receive the same level of support as they receive currently;
- the scheme is simple and easy to understand;
- all applicants still in receipt of LCTS would be able to apply for additional support on a case-by-case basis where they experience exceptional hardship to the 'Exceptional Hardship Fund.'

#### The drawbacks of this are:

- If council tax is increased but the level of LCTS remains the same, there is a larger gap in the level of support, meaning claimants will still need to find more to pay towards their council tax.

### 2 Do you agree with the proposed scheme?

Yes (agree)

No (disagree)

Don't know

# Alternatives to the proposed local council tax support scheme

## Alternative 1 – Increasing the maximum level of LCTS to 75 per cent

The council currently requires all working age claimants to make a minimum payment of 30 per cent towards their council tax, therefore a person can claim a maximum of 70 per cent LCTS. Increasing the maximum level of support for all claimants to 75 per cent is a simple change to the scheme which is easily understood. The council is conscious that any minimum payment must be affordable given household circumstances, and given the current national financial picture, acknowledges that more support could be offered through the LCTS scheme, subject to the council's overall finances.

This proposed scheme would see the maximum level of support be increased to 75 per cent for all working age applicants. The percentage of support provided to claimants would then change depending on their household makeup and income, as demonstrated in the table below:

Band	Level of LCTS	Household				
		Couple with children	Couple with no children	Single parent with two or more children	Single parent with one child	Single person
1	75%	In receipt of a passported benefit				
2	75%	£0 to £290	£0 to £135	£0 to £245	£0 to £165	£0 to £85
3	65%	£290.01 to £340	£135.01 to £185	£245.01 to £295	£165.01 to £215	£85.01 to £135
4	45%	£340.01 to £390	£185.01 to £235	£295.01 to £345	£215.01 to £265	£135.01 to £185
5	25%	£390.01 to £440	£235.01 to £285	£345.01 to £395	£265.01 to £315	£185.01 to £235
6	0%	£440.01 or more	£285.01 or more	£395.01 or more	£315.01 or more	£235.01 or more

### The benefits of this are as follows:

- It is fair because everyone is required to pay the same minimum amount. The actual amount they are required to pay will be based on their income.
- It is a simple alteration to the scheme.
- It supports claimants, considering other financial pressures such as the cost-of-living crisis and rising energy costs.

### The drawbacks of this are as follows:

- The estimated cost to the council is £366,469 and will result in an equivalent value of cuts to council services.

### 3 Do you agree with increasing the maximum level of support to 75 per cent?

Yes (agree)

No (disagree)

Don't know

## Alternative 2 – Reducing the maximum level of LCTS to 65 per cent

As government funding continues to decrease, the council requires future savings to be found to assist with the projected revenue budget gap. Reducing the maximum level of LCTS could provide the council with a saving. Any money saved would be used to avoid cuts to other council services. This option would see the maximum level of support decreased to 65 per cent for all working age claimants. The percentage of support provided to claimants would then change depending on their household makeup and income, as demonstrated in the table below:

Band	Level of LCTS	Household				
		Couple with children	Couple with no children	Single parent with two or more children	Single parent with one child	Single person
1	65%	In receipt of a passported benefit				
2	65%	£0 to £290	£0 to £135	£0 to £245	£0 to £165	£0 to £85
3	55%	£290.01 to £340	£135.01 to £185	£245.01 to £295	£165.01 to £215	£85.01 to £135
4	35%	£340.01 to £390	£185.01 to £235	£295.01 to £345	£215.01 to £265	£135.01 to £185
5	15%	£390.01 to £440	£235.01 to £285	£345.01 to £395	£265.01 to £315	£185.01 to £235
6	0%	£440.01 or more	£285.01 or more	£395.01 or more	£315.01 or more	£235.01 or more

### The benefits of this are as follows:

- It is fair because everyone is required to pay the same minimum amount. The actual amount they are required to pay will be based on their income.
- It is a simple alteration to the scheme.
- It would provide savings of £366,469 for the council to contribute towards the £6m budget gap, avoiding cuts to council services.

### The drawbacks of this are as follows:

- It does not support claimants, considering other financial pressures such as the cost-of-living crisis and rising energy costs.
- If claimants have trouble in making high council tax payments, the administration of council tax recovery could increase and affect recovery rates.

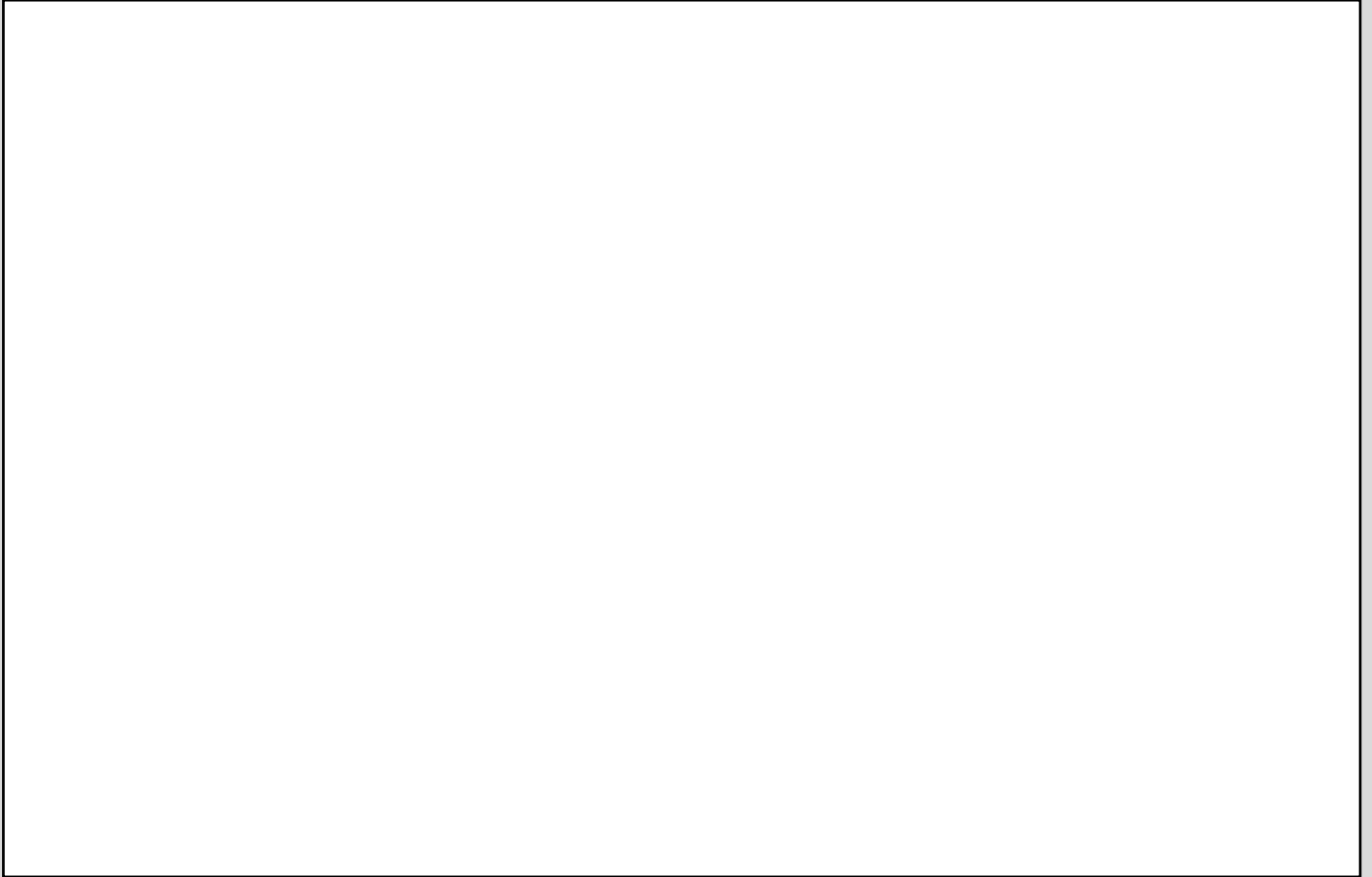
## 4 Do you agree with reducing the maximum level of support to 65 per cent?

Yes (agree)

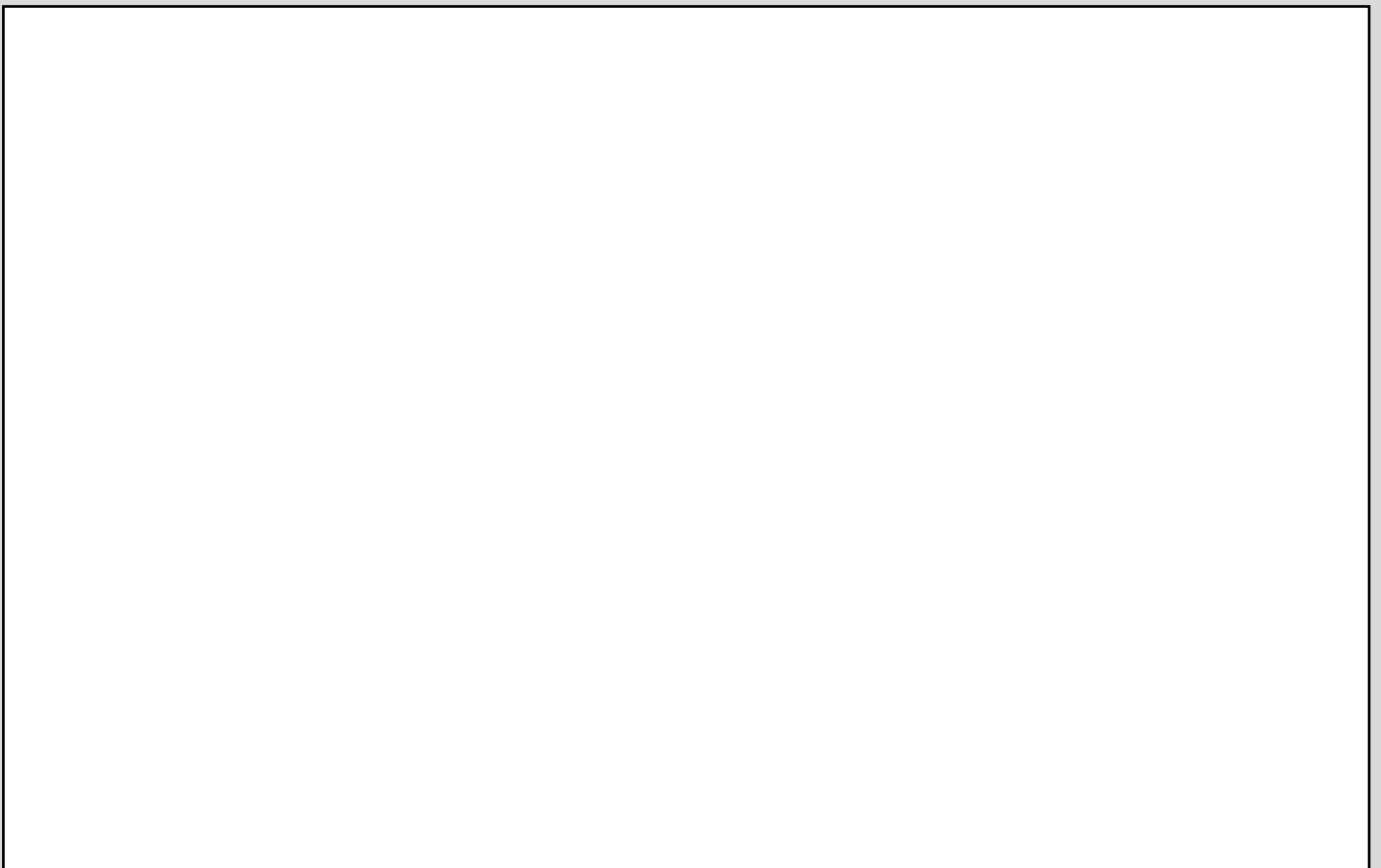
No (disagree)

Don't know

**5 If you disagree with the proposed scheme and or the alternatives detailed above, please use the space below if you would like the council to consider any other options (please state).**



**6 If you have any further comments to make regarding the LCTS Scheme that you haven't had opportunity to raise elsewhere, please use the space below.**



# About you

We ask these questions for the following reasons:

- 1 To find out if different groups of people in the Isle of Wight population have been able to take part in the consultation and identify if any groups have been excluded. This means it is not about you as an individual but to find out if people with similar characteristics have had their say.
- 2 To find out if different groups of people feel differently about the options and proposals in comparison to each other and all respondents. This means it is not about you as an individual but to find out if people with similar characteristics have answered in the same way or not.

This information is completely confidential and anonymous. Your personal information will not be passed on to anyone and your personal details will not be reported alongside your responses.

## 7 Are you, or someone in your household, getting local council tax support at this time? (If no, please go to question 9).

- Yes  No  Don't know or not sure

## 8 If the maximum level of local council tax support was increased to 75 per cent, do you feel this would make your council tax payments more affordable?

- Yes  No  Don't know or not sure

## 9 Please tell us your age.

- 16 to 20  21 to 30  31 to 40  41 to 50  
 51 to 60  61 to 70  71 to 80  Over 80

## 10 What is your marital status?

- Single  Separated  Divorced  
 Co-habiting  Married  Civil Partnership  
 Widowed  Prefer not to say  Other – please specify.

## 11 Disability: do you consider yourself to have a disability?

The Disability Discrimination Act defines a disabled person as someone who has a physical or mental impairment that has a substantial and long-term adverse effect on his or her ability to carry out normal day-to-day activities. Long term means for the last 12 months or for the next 12 months.

- Yes  No  Don't know or not sure



## Next steps

The consultation closes on Monday 2 October 2023. This is because of the timescales involved and the legal requirement that the council adopts any amended scheme by January 2024 at the latest if it is to take effect from 1 April 2024.

We will listen carefully to what residents tell us. The consultation results will be considered alongside other evidence and information at the Full Council meeting to make the final decision on the 2024/25 scheme.

Following the decision, the full results will be available on the council's website.

The new scheme will start on 1 April 2024. The council will consider the impact of the scheme annually and consult again if it thinks further changes need to be made.

Thank you for taking part in this survey. Your responses are important to us and will help us plan and develop further service delivery.

Please post your survey **to arrive with us no later than Monday 2 October 2023** to:

**Revenues and Benefits,  
PO Box 238,  
Newport,  
Isle of Wight  
PO30 9FP**

# Appendix 1

Please see the case studies below showing how the proposed scheme and the alternatives might affect various households. These changes are irrespective of any general council tax increases.

## Mr. Blue

Mr. Blue lives alone in a band A property and gets universal credit of £77.29 per week once his housing costs are deducted under the scheme.

He currently gets an annual discount of £811.05 (70 per cent) through LCTS. This means he pays £347.59 per year for his council tax. Under the proposed scheme, this would remain the same.

Under alternative 1, if the maximum support level was increased to 75 per cent, he would pay £289.66 per year. This is £57.93 per year less than he currently pays.

## Miss Brown

Miss Brown lives alone in a band B property. Miss Brown has earnings of £174.71 per week.

She currently gets an annual discount of £539.16 through LCTS. This means she pays £808.73 per year for her council tax. Under the proposed scheme, this would remain the same.

Under alternative 2, if the maximum support level was decreased to 65 per cent, she would pay £876. This is £67.27 per year more than she currently pays.

## Ms. Green

Ms. Green is a single person, living with one non-dependant in her band B property. She has earnings of £105.21 per week. She also receives carers allowance of £69.70 per week, which is disregarded as income under the scheme. As she has a non-dependant, a weekly deduction of £2 is taken from her LCTS.

She currently gets an annual discount of £1,112.26 through LCTS. This means she pays £629.88 per year for her council tax. Under the proposed scheme, this would remain the same.

Under alternative 1, if the maximum support level was increased to 75 per cent, she would pay £543.15. This is £86.73 per year less than she currently pays.

## Mr. Black

Mr. Black lives in a band A property with four dependent children. He receives child benefit of £65.15 per week which is fully disregarded, universal credit of £241.48 per week, and his housing costs are disregarded from this under the scheme. He also receives personal independence payments of £128.65 which are disregarded under the scheme.

He currently gets an annual discount of £808.84 through LCTS. This means he pays £346.65 per year for his council tax.

Under alternative 2, if the maximum support level was decreased to 65 per cent, he would pay £404.42. This is £57.77 per year more than he currently pays.

## **Mr. and Mrs. Orange**

Mr. and Mrs. Orange are a couple living in a band B property with two children. They receive £217 per week universal credit, and their housing costs are disregarded under the scheme.

They currently get an annual discount of £1219.71 through LCTS. This means they pay £522.73 per year for their council tax. Under the proposed scheme, this would remain the same.

Under alternative 1, if the maximum level of support increased to 75 per cent, they would pay £435.61. This is £87.12 per year less than they currently pay.