

Isle of Wight Council Local Council Tax Support Scheme 2020/21

This consultation opens on 10 June 2019 and closes on 5 August 2019.

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 2020.

Please also note that the decisions arising out of this consultation may affect more than just the Local Council Tax Support Scheme.

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.

2020-21 Local Council Tax Support Scheme – Background Information to Consultation

Background to the 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.

The funding provided to local councils by the government to support the scheme has reduced each year.

Why is a change to the Local Council Tax Support Scheme being considered?

Our current scheme is complex and difficult for customers to understand.

We have to work out LCTS to the penny, so even small changes in someone's income may mean a recalculation and slight adjustment to the support we can provide.

If you pay your council tax on a monthly basis, then constant changes to your payment plan may increase the difficulties for you of budgeting on a fixed income.

In addition, the Department for Works and Pensions (DWP) has introduced Universal Credit to replace:

- Working Tax Credit;
- Child Tax Credit;
- Income based Job Seekers Allowance;
- Income related Employment and Support Allowance;
- Income Support;
- Housing Benefit.

Because the amount of Universal Credit customers may receive is reviewed each month by the DWP, this can affect the income total we use to work out your LCTS. It means the number of changes we must make to your LCTS is increasing, and as a result the scheme is becoming more costly to run.

Also, the traditional link between Housing Benefit (which will no longer be available to new working age claimants) and LCTS will not exist anymore and it is essential the scheme is changed to assist those affected. It is hoped this can be simplified for those in receipt and to help them with budgeting.

As government funding continues to decrease, we also 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 continuing our existing levels of protection for our most vulnerable residents on the Island, as well as those with the lowest income.

How much does the scheme cost?

There are currently 10,747 claimants in receipt of LCTS on the Island.

The gross cost of the scheme last year (2018/19) was £9.9 million.

For this year (2019/20) the cost is budgeted at £10.3 million, taking into account the increase in council tax from 1 April.

The current scheme requires all working age claimants to pay a minimum of 30 per cent of their council tax – which means a maximum of 70 per cent support may be provided.

The options for consideration

We are putting forward the following options for consultation.

- **Option 1** – Introduce an ‘income grid scheme’ for all working age applicants, to replace the current means testing approach. Examples of what this may look like can be seen under the detailed ‘Options’ in this document.
- **Option 2** – 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 (examples of what this may look like can be seen under the detailed ‘Options’ in this document):
 - **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-dependant deduction rates with a standard deduction of £2 per week for each non-dependant in a household.
- **Option 3** – Disregarding any payment made under the Infected Blood and Thalidomide Regulations in full as income or capital.

Who will this affect?

Pension age households will not be affected.

The introduction of an ‘income grid scheme’ will affect those working age households in receipt of LCTS.

Please refer to Appendix 1 of this document for case studies on how the proposed options might affect various households.

How much would the ‘income grid scheme’ approach save the council tax payer?

For 2020/21’s budget, the council has a projected revenue budget gap of some £4.5million, with a total saving required of £13.5 million for the period 2020/2023. Some potential savings could come from further reducing the amount of help provided by claimants of the LCTS Scheme by applying the options detailed in this consultation.

Based on estimates for an ‘income grid scheme’ with a maximum discount of 70 per cent:

- the cost of option 1 would give an estimated saving of £35,346.
- the cost of option 2 (including 2a, 2b and 2c) would give an estimated saving of £147,548
- The cost of option 3 would be a cost to the council, however this cannot be determined.

People with additional needs from disabilities

There are currently 3,397 cases of LCTS where the applicant, their partner or a child in the household is in receipt of one of the following benefits:

- Disability Living Allowance.
- Personal Independence Payment.
- Working Tax Credit with a disability element.
- Armed Forces Independence Payment.
- Registered Blind.

If we change to an 'income grid scheme', this group of people would still be protected at 70 per cent support towards their council tax.

We also have 1,305 people in receipt of LCTS who provide care for at least 35 hours a week to someone who is ill or who has disabilities. These people all have an income of less than £123 a week. If we change the LCTS scheme to the option 2 'income grid scheme', these carers could get more council tax support.

What if we reduced the maximum LCTS support provided below the current 70 per cent?

If we reduced the maximum LCTS to 65 per cent or 60 per cent, this would give less help to ALL working age people.

This would mean 5,379 households currently getting LCTS would need to pay more towards their council tax bills from April 2020.

If we decreased the maximum to 65 per cent, the council could save £287,000 on its budget, and for 60 per cent the figure would be £602,000.

As such an approach would not be changing how we work out LCTS, but simply reducing the maximum percentage of support provided, customers could still find the scheme difficult to understand.

Potential impact on numbers of claimants from the options under consideration

The potential impact on the numbers of claimants from the options are summarised in the table below (please note that a combination of options doesn't necessarily equal the saving figures suggested for each of the individual options if they were to be combined):

<u>Option</u>	Number of claims negatively impacted by over £2 per week	Number of claims positively affected by over £2 per week
Option 1: Introducing an 'income grid scheme'	276	107
Option 2: Introducing an 'income grid scheme' (excluding the options below)	817	101
<u>Options based on Option 2 'income grid scheme'</u>	Number of claims better off	
Option 2a: Disregarding Carer's Allowance	52*	
Option 2b: Replacing the current earnings disregards with a standard disregard of £25 per week	612*	
Option 2c: Replacing the current Non-Dependant deduction rates with a standard deduction of £2 per week	101**	
Option 3: Disregarding any Infected Blood or Thalidomide payment as income or capital	Information unknown as is not available in current caseload	

*This figure does not include those cases which fall into Band 1 or Band 2 as this option does not impact these cases

**This figure does not include those cases which fall into Band 1 as this option does not impact these cases

Are there any alternatives to changing the existing Local Council Tax Support Scheme?

We have also looked at alternatives to the options under consideration.

The potential benefits and drawbacks of these are detailed in the 'Alternatives' section in this document:

In summary, the alternatives are as below:

- Alternative 1 - Keeping the scheme the same.
- Alternative 2 - Reducing the current scheme down to 60 per cent or 65 per cent.
- Alternative 3 - Increasing the level of council tax to take into account any additional costs of the scheme.
- Alternative 4 - Reduce funding available for other council services.

Having your say

The questionnaire (below) seeks your views and suggestions to help us design the scheme for 2020/21.

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/lcts

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.

I have read the background information about the Local Council Tax Support Scheme:

Yes No

This question must be answered before you can continue.

Options

As explained in the background information, the council is mainly consulting on three proposals to change the existing LCTS Scheme from 1 April 2020 for working age claimants. These options would accommodate the changes caused by Universal Credit, reduce the administration cost of the scheme and importantly make the scheme simpler.

Set out below are the proposals being considered, which may reduce the amount of support available for some people.

Please refer to Appendix 1 of this document for case studies on how the proposed options might affect various households.

Option 1 – The introduction of an ‘income grid scheme’ to replace the current scheme for all working age applicants

The current scheme for LCTS is largely based on the previous Council Tax Benefit Scheme which was assessed alongside Housing Benefit.

Housing Benefit for working age claimants is being phased out and while Housing Benefit was the main provider of housing support for working age persons, it was logical to maintain a LCTS scheme that mirrored the approach. Now that Universal Credit is being rolled out, it gives the council the opportunity to significantly simplify what is in effect a council tax discount.

It is proposed that a simplified ‘income grid scheme’ will be introduced as follows:

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	

The key principles of the scheme are as follows:

- 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;
- Income levels can vary in accordance with household size and customers still receive the same level of discount.
- 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:
 - Disability Living Allowance, Personal Independence Payments or Employment and Support Allowance support component – **disability benefits**
 - Income Support, Employment and Support Allowance (Income Related), Job Seekers Allowance (Income Based) – **passport benefits**

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.

- Applicants who have total net weekly income levels above the levels shown in the grid will

receive no discount.

- e. Certain incomes will continue to be disregarded including Disability Living Allowance, Personal Independence Payments, Employment and Support Allowance support component, Child Benefit and Child Maintenance.
- f. Elements of the current LCTS scheme which will still be applicable within this option include:
 - working age customers 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 LCTS for people that are self-employed, we would continue to apply a 'minimum income'.

The benefits of doing this are as follows:

- It provides a simpler scheme, easily understood by all applicants.
- It will save significant increases in administration costs due to the introduction of Universal Credit.
- In addition these changes will be adjusted to the customer's council tax account monthly and can increase difficulties for the customer. The 'income grid scheme' therefore prevents multiple changes to monthly instalments and reduced confusion for the customer.
- Applicants in receipt of 'passported benefits' such as Income Support, Employment and Support Allowance (Income Related), Job Seekers Allowance (Income Based) and applicants in receipt of benefits such as Disability Living Allowance, Personal Independence Payments and Employment and Support Allowance support component will be protected.
- All applicants 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 doing this are as follows:

- While the council will look to protect applicants as far as possible, there will be winners and losers.
- Some larger households may receive less support.
- This scheme does not provide protection for any member of a claimant's household on Carer's Allowance.
- The scheme does not support applicants equally in employment, due to the variation of the earnings disregards applied. The existing three disregards will remain.
- This scheme does not apply a standard non-dependant deduction and the existing five disregards will remain.

Question 1: Do you agree with Option 1?

Yes (agree) No (disagree) Don't know

Option 2 – The introduction of an ‘income grid scheme’ with additional factors to replace the current scheme for working age claimants

The current scheme for LCTS is largely based on the previous Council Tax Benefit Scheme which was assessed alongside Housing Benefit.

Housing Benefit for working age claimants is being phased out and while Housing Benefit was the main provider of housing support for working age persons, it was logical to maintain a LCTS scheme that mirrored the approach. Now that Universal Credit is being rolled out, it gives the council the opportunity to significantly simplify what is in effect a council tax discount.

It is proposed that a simplified ‘income grid scheme’ with additional factors providing protection for specific household circumstances:

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

The key principles of the scheme are as follows:

- 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 their partner.
- Income levels can vary in accordance with household size and still receive the same level of discount.
- 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:
 - Disability Living Allowance, Personal Independence Payments or Employment and Support Allowance support component – **disability benefits**
 - Income Support, Employment and Support Allowance (Income Related), Job Seekers Allowance (Income Based) – **passport benefits**

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 6) based on their net weekly income.

- Applicants who have total net weekly income levels above the levels shown in the grid will receive no discount.
- Certain incomes will continue to be disregarded including Disability Living Allowance, Personal Independence Payments, Employment and Support Allowance support

component, Child Benefit and Child Maintenance.

- f. The option to treat Carer's Allowance received as disregarded income (**see Option 2a**).
- g. The option to remove the current earnings disregards (which vary depending on the circumstances of the applicant and the number of hours worked and monies they pay for childcare) and replace them with a standard disregard of £25 per week for all applicants (**see Option 2b**).
- h. The option to create a standard charge of £2 per week made for each non-dependant living with the applicant (**see Option 2c**).
- i. Elements of the current LCTS scheme which will still be applicable within this option include:
 - customers 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 LCTS for people that are self-employed, we would continue to apply a 'minimum income'.

The benefits of doing this are as follows:

- It provides a simpler scheme, easily understood by all applicants.
- It will save significant increases in administration costs due to the introduction of Universal Credit.
- In addition, these changes will be adjusted to the customer's council tax account monthly and can increase difficulties for the customer. The 'income grid scheme' therefore prevents multiple changes to monthly instalments and reduced confusion for the customer.
- Applicants in receipt of 'passport benefits' such as Income Support, Employment and Support Allowance (Income Related), Job Seekers Allowance (Income Based) and applicants in receipt of benefits such as Disability Living Allowance, Personal Independence Payments and Employment and Support Allowance support component will be protected.
- It may provide more support to applicants in receipt of Carer's Allowance who are looking after an ill or disabled person.
- The standard disregard of £25 is more generous to all earners on a low income.
- All applicants still in receipt of LCTS and affected by changes 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 doing this are as follows:

- While the council will look to protect applicants as far as possible, there will be winners and losers.
- Some larger households may receive less support.

Question 2: Do you agree with Option 2?

Yes (agree) No (disagree) Don't know

Option 2a – Disregarding Carer’s Allowance which is currently taken into account as income

Where applicants (or their partner if they have one) receive Carer’s Allowance for looking after a person who is ill or disabled, the Carer’s Allowance payment they receive is currently taken into account as income for LCTS. This is partially offset by an award of Carer’s Premium within the current scheme. With the move to an ‘income grid scheme’, the use of premiums will end. The council feels that it is fair, in these cases, to fully disregard any payment of Carer’s Allowance received.

The benefits of doing this are as follows:

- It will make administration of the scheme simpler.
- It may be more generous to applicants who receive Carer’s Allowance and are looking after a person who is ill or disabled.
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are as follows:

- There will be a small increase in scheme costs.

Question 3: Do you agree with the Option 2a?

- Yes (agree) No (disagree) Don't know

Option 2b – Removing the current earnings disregards and replacing them with a standard £25 disregard irrespective of a person’s circumstances

Where applicants (or their partner if they have one) have earnings and work over 16 hours per week, an earnings disregard is applied depending on their individual circumstances. The current standard disregards (only one is awarded) are £5 per week for a single person, £10 per week for a couple, £20 per week if they meet certain conditions such as disablement or part time special employments, or £25 for a lone parent. If they work additional hours, in some circumstances they may receive an additional £17.10 disregard per week. In addition, if child care is paid for above the central government allowances, further disregards can be made against earnings for monies paid out.

This change to the scheme would introduce a standard single disregard of £25 for the applicant (and their partner if they have one) as well as any additional disregards made.

The benefits of doing this are as follows:

- It will make the administration of the scheme simpler.
- It may be more generous to some applicants on low incomes and encourage work – this is particularly relevant to single persons and couples with no children. (It should be noted that applicants with dependents will be allowed a higher level of income within the grid scheme proposed.)
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are as follows:

- There will be a small increase to scheme costs.

Question 4: Do you agree with Option 2b?

- Yes (agree) No (disagree) Don't know

Option 2c – Removing the current Non-Dependant Deduction rates and replacing them with a standard deduction of £2 per week for each non-dependant in the household

Currently where an applicant (and their partner if they have one) has other adults living with them such as adult sons, daughters, elderly relatives or another person over the age of 18, their LCTS may be reduced. Any charge made is called a Non-dependant Deduction. In theory, the applicant should look to recoup this deduction from those adults. The current charges for Non-dependant Deductions vary from nil deduction up to £12.10 per week, depending on the income of the non-dependant. Any applicant (or their partner if they have one) receiving Disability Living Allowance or Personal Independence Payments will continue to be exempt from any non-dependant deductions being made from their support.

This change to the scheme would introduce a standard deduction of £2 per week for each non-dependant in the household, regardless of their income.

The benefits of doing this are as follows:

- It will make the administration of the scheme simpler.
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are as follows:

- There will be an overall cost to the scheme with a standard deduction of £2 per week.

Question 5: Do you agree with Option 2c?

- Yes (agree) No (disagree) Don't know

Question 6: Of the two 'income grid schemes' provided, which is your preferred option?

Option 1

Option 2 (including Options 2a, 2b and 2c)

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

Currently under Housing Benefit regulations, any payment made to a person through Infected Blood schemes run by the NHS Business Services Authority, the Eileen Trust, the Macfarlane Trust, MFET Ltd, the Skipton Fund, the Caxton Foundation and the Thalidomide Health Grant are fully disregarded as income and or capital.

The proposed change to the Local Council Tax Support Scheme would introduce a disregard in full of all such payments as income and or capital.

The benefits of doing this are as follows:

- The Local Council Tax Support Scheme will mirror the rules for Department for Work and Pensions benefits.
- It will make the administration of the scheme simpler.
- It will provide some protection to a claimant (or their partner if they have one) who is receiving such payment.

The drawbacks of doing this are as follows:

- There may be a small increase in scheme costs although this is thought to be negligible.

Question 7: Do you agree with Option 3?

Yes (agree) No (disagree) Don't know

Alternatives to adopting an 'income grid' Local Council Tax Support Scheme

If the council does not make any changes to the scheme, it will be administratively more complex, and will cost taxpayers more through an increase in the council tax.

If this happens, we may need to find savings from other services to help meet the increase in costs. The proposed options will deliver administrative savings. However, there are other alternatives for your consideration detailed below.

Alternative 1 – Keeping the scheme the same as it is currently

The council currently assesses an applicant's entitlement to LCTS using a similar means-tested assessment as for Housing Benefit. This assessment is based on who lives in the household, the money coming in, and the council tax charge for the property the person lives in. If you work, we will ignore (disregard) some of your earnings when we work out your income. 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.

The benefits of this are as follows:

- Recipients of LCTS will receive the same level of support as they receive currently

The drawbacks of this are as follows:

- It maintains a complex scheme which is difficult to understand.
- It may cause significant increases in administration costs due to the introduction of Universal Credit as entitlement can change on a monthly basis.
- Applicants may receive multiple council tax demands during the year and this may cause multiple changes to monthly instalments.
- The cost of the scheme will increase, therefore possibly impacting on other services.

Question 8: Do you agree with Alternative 1?

- Yes (agree) No (disagree) Don't know

Alternative 2 – Reducing the maximum level of support to 60 per cent or 65 per cent

Currently the council requires all working age claimants to make a minimum payment of 30 per cent towards their council tax, therefore a person can only qualify for a maximum of 70 per cent LCTS. Reducing the maximum level of support for all applicants to either 60 per cent or 65 per cent is a simple change to the scheme. The council is aware that any minimum payment must be affordable given a household's circumstances. The council would be able to assist those applicants who experience hardship on a case by case basis.

This alternative would make a saving of £286,512 for reducing the maximum support to 65 per

cent, or a saving of £601,793 for reducing the maximum support to 60 per cent.

The benefits of doing this are as follows:

- It could potentially provide a high level of savings.
- 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 and capital using the current means test assessment.

The drawbacks of doing this are as follows:

- It maintains a complex scheme which is difficult to understand.
- For customers that pay their council tax on a monthly basis, constant changes to their payment plan can increase difficulties of budgeting on a fixed income and create confusion.
- It may cause significant increases in administration costs due to the introduction of Universal Credit.
- All working age residents currently benefiting from LCTS will have to pay more towards their council tax than they do currently.
- Where claimants are on a low income it may be that the level of payment is high in comparison to their income, irrespective of their ability to pay.
- It may increase administration in council tax recovery.

Question 9: Do you agree with Alternative 2?

Yes (agree) No (disagree) Don't know

Alternative 3 – Increasing the level of council tax

In forecasting the council's budget position and revenue budget gap of some £4.5 million for 2020/21 it is assumed that there will be a council tax increase of 2.99 per cent. Any increase above this level is likely to require a public referendum as under current regulations the council is not free to set its council tax at five per cent or above without one.

The benefits of doing this are as follows:

- An increase in revenue for the council which is shared with police and other preceptors.
- Retaining the necessary financial resilience by following the council's Medium-Term Financial Strategy in making savings.

The drawbacks of doing this are as follows:

- Increasing the level of council tax would not resolve any of the issues caused by Universal Credit and LCTS changes.
- This could lead to more people not being able to afford their council tax and therefore increase the amount of support we need to provide, meaning the scheme would cost even more.
- Our budget already includes council tax rises and putting it beyond these amounts would require a referendum which would be expensive to run (in the order of £150,000) and people would be unlikely to vote for this.

Question 10: Do you agree with Alternative 3?

Yes (agree) No (disagree) Don't know

Alternative 4 – Find savings from reducing or cutting other council services

The council faces a projected revenue budget gap of some £4.5 million in 2020/21. The council will need to make savings, and the ability to do so while meeting its statutory duties is becoming more and more difficult.

The benefits of doing this are as follows:

- The LCTS Scheme funds may remain the same, maintaining the level of support to applicants.

The drawbacks of doing this are as follows:

- Other council services such as adult and children’s social care may be impacted because of cost savings in their areas which could affect the protection of the most vulnerable members of our community.
- Reducing funding available for other council services would not resolve any of the issues caused by Universal Credit and LCTS changes.

Question 11: Do you agree with Alternative 4?

- Yes (agree) No (disagree) Don't know

Question 12: Should the council keep the current LCTS Scheme? (Should it continue to reduce council tax for eligible claimants in the way and to the extent that it does at the moment?)

- No Yes Don't know

Question 13: If yes, how would we meet the administration costs this would create as a result?

Question 14: If the council was to choose these alternative options to make savings, what would be your order of preference? Please rank in order of preference where 1 is the option that you would most prefer and 4 is the least. Please enter a number in each box.

Keep the scheme the same as it is currently

Reduce the maximum level of support to 60/65%

Increase the level of council tax

Reduce funding available for other council services

Question 15: If you disagree with the options detailed above, please use the space below if you would like the council to consider any other options (please state).

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.

Question 16:

Are you, or someone in your household, getting Local Council Tax Support at this time?

Yes No Don't know/Not sure

Question 17:

Gender

Male Female Transgender

Question 18:

Age

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

Question 19:

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/Not sure

Question 20:

Ethnic origin: I would describe my ethnic origin as:

White or White British

British Irish Any other White background

Multiple heritage

White & Black African White & Black Caribbean White & Asian Any other multi heritage background

Asian or Asian British

Pakistani Indian Bangladeshi Any other Asian background

Black or Black British

African Caribbean Any other Black background

Chinese or Chinese British

Chinese

Gypsy or traveller

Traveller: gypsy/Romany Traveller of Irish origin Other traveller background

Other ethnic group

Other – please specify below:

Next steps....

The consultation closes on 5 August 2019. This is because of the timescales involved and the legal requirement that the council adopts any amended scheme by 31 January 2020 at the latest, if it is to take effect from 1 April 2020.

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 2020/21 scheme.

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

The new scheme will start on **1 April 2020**. The council will consider the impact of the scheme annually and consult again if it thinks further changes need to be made.

Appendix 1

Please see the case studies below showing how the proposed options might affect various households.

(Please note that in the case studies for Options 2a, 2b and 2c, the figures provided are applicable only to that specific option.)

Case study in receipt of a Passported Benefit under Option 1 or Option 2:

(Passported Benefits include Income Support, Job Seekers Allowance (income based) or Employment and Support Allowance (income related))

Mr Blue lives alone in a Band A property and gets Job Seekers Allowance of £73.10 per week.

He currently gets an annual discount of £678.29 (70 per cent) through Local Council Tax Support. This means he pays £290.70 per year for his council tax.

Under the 'income grid' scheme, he would receive a discount of 70 per cent, meaning he would have the same level of council tax to pay as he currently does.

Case study under Option 1:

Mr and Mrs Lime live in a Band B property with five children. They receive Working Tax Credit of £69.89 and Child Tax Credit of £224.74 per week, and Mr Grey earns £157.56 per week and Child Benefit of £75.50 per week which is disregarded.

They currently get an annual discount of £743.07 through Local Council Tax Support. This means they pay £697.04 per year for their council tax.

Under the 'income grid scheme' Option 1, they would get an annual discount of £416.62, meaning they would have to pay £1023.49 per year for their council tax. This is £326.45 more than they currently pay.

Case study in receipt of a Disability Benefit under Option 1 or Option 2:

(Disability Benefits include Disability Living Allowance, Personal Independence Payments or Employment and Support Allowance support component)

Mr Yellow lives alone in a Band A property. He receives Employment and Support Allowance (income related) of £128.45 per week. He also receives Personal Independence Payment daily living component of £87.65 per week and mobility component of £23.20 per week which are disregarded as income.

He currently gets an annual discount of £657.97 through Local Council Tax Support. This means he pays £281.99 per year for his council tax.

Under the 'income grid scheme', he would receive a discount of 70 per cent, meaning he would have the same level of council tax to pay as he currently does.

Case study under Option 1:

Mr Purple lives in a Band A property with one child. He receives £259.59 Universal Credit per week and Child Benefit of £20.70 per week which is disregarded.

He currently gets an annual discount of £678.29 through Local Council Tax Support. This means he pays £290.70 per year for his council tax.

Under the 'income grid scheme' Option 1, he would get an annual discount of £581.39, meaning he would have to pay £387.60 per year for his council tax. This is £96.90 more than he currently pays.

**Case study under Option 2a
Disregarding Carers Allowance:**

Mrs Orange is a single person with two non-dependants living with her in a Band B property. She receives earnings of £128.00 per week and Carer's Allowance of £66.15 per week.

She currently gets an annual discount of £143.02 through Local Council Tax Support. This means she pays £1319.14 per year for her council tax.

Case study under Option 2:

Mr Pink lives in a Band A property with two children. He gets Universal Credit of £237.18 per week which includes help toward his rental liability, and Child Benefit of £34.40 per week which is disregarded.

He currently gets an annual discount of £679.25 through Local Council Tax Support. This means he pays £291.11 per year for his council tax.

Under the 'income grid scheme' Option 2, he would get an annual discount of £581.91, meaning he would have to pay £388.45 per year for his council tax.

**Case study under Option 2b
Standardised earnings disregard:**

Mr and Mrs Brown live in a Band B. Mrs Brown has earnings of £136.15 per week. Mr Brown has no income.

They currently get an annual discount of £917.96 through Local Council Tax Support. This means they pay £550.19 per year for their council tax.

Under the 'income grid scheme' Option 2b, they would get an annual discount of £1027.74, meaning they would have to pay £440.41 per year for their council tax. This is £109.78 less than they currently pay.

**Case study under Option 2c
Standardised Non-Dep Deduction £2:**

Ms Green is a single parent with one child. She earns £145.97 per week and receives Child Tax Credit of £64.12 per week, and Child Benefit of £20.70 per week which is disregarded.

She also has a non-dependant, who also has a dependant child, living with her in her Band B property. Her non-dependant earns £40.21 per week and receives Universal Credit of £111.56 per week, meaning a weekly deduction of £4 is taken from her Local Council Tax Support.

She currently gets an annual discount of £584.80 through Local Council Tax Support. This means she pays £918.92 per year for her council tax.

Under the 'income grid scheme' Option 2c, she would get an annual discount of £656.48, meaning that she would pay £847.24 per year for their council tax. This is £71.68 less than she currently pays.

Case study under Option 2:

Mr and Mrs Red live in a Band D property with seven children and a non-dependant. They receive £332.04 Child Tax Credit per week and Child Benefit of £102.90 per week which is disregarded.

They currently get an annual discount of £996.72 through Local Council Tax Support, as their maximum support is capped at the level of a Band C property. This means they pay £941.27 per year for their council tax.