



BEMBRIDGE PARISH COUNCIL

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Local Council Tax Support Scheme Consultation Report

The parish council have been asked to reply to the current consultation being carried out by IoW Council regarding proposed changes to the Local Council Tax Support Scheme.

Please read the attached 'Preceptors Letter' and 'LCTS Consultation Document' before agreeing responses to the following 10 questions:

1. Maintaining all aspects of the current scheme (including the current maximum level of support and the Exceptional Hardship Policy), except for aspects 2 – 7 below. 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 75 per cent of their council tax liability, meaning they have a minimum of 25 per cent to pay. Further details can be found above under 'Our current scheme' and on the council's website www.iow.gov.uk/lcts 6

The benefits of this are as follows: -

- 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.'
- Keeping the maximum level of support the same as it is currently, provides some stability to the council's financial position.

The drawbacks of this are as follows: -

- It does not provide additional support to 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.

- 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.

Question 1: Do you agree with maintaining all aspects of the current scheme, aside from aspects 2 – 7 below?

Yes (agree)

No (disagree)

Don't know

2. Replacing the current earnings disregards with one standard earnings disregard.

Currently, all claimants in remunerative work (those who work an average of 16 or more hours per week) have £25.00 per week disregarded from their income, as well as an additional disregard of £17.10 per week if they meet additional criteria depending on their circumstances. Claimants who currently receive Working Tax Credit will be migrating to Universal Credit instead, and the additional earnings disregard would no longer apply to them. This proposed change would mean that they would not lose the level of the earnings disregard during the migration process.

The benefits of this are as follows: -

- Claimants who migrate from Working Tax Credit to Universal Credit would not be negatively affected by the removal of the additional earnings disregard.
- Having one standard earnings disregard and removing the requirement for remunerative work supports all working households regardless of the number of hours they work per week.
- Having only one earnings disregard is easier to understand and administer.

The drawbacks of this are as follows: -

- There is a cost to the scheme of £38,000.
- Whilst this change protects all employed claimants, there are some claimants who will benefit from the change more than others (those who work less than 16 hours per week currently).

Question 2: Do you agree with replacing the current earnings disregards with one standard earnings disregard?

Yes (agree)

No (disagree)

Don't know

3. Removing the 'extended reductions' element of the scheme.

Currently, claimants in receipt of an existing legacy benefit such as Income Support, Job Seekers Allowance (income based) or Employment Support Allowance (income-related) who start work can have their Local Council Tax Support entitlement protected at the higher rate for a maximum of four weeks before their entitlement is affected by their income change. As these legacy benefits will no longer be in existence once all claimants have migrated to Universal Credit, it is proposed to remove these parts of the Local Council Tax Support scheme, as there is no such provision within Universal Credit regulations.

The benefits of this are as follows: -

- This replicates Universal Credit regulations which do not contain provision for any 'extended reduction' periods.
- Removing this element makes the Local Council Tax Support scheme easier to administer.
- There are currently very few claims eligible for the extended reduction, so the impact of the proposed change is considered negligible.

The drawbacks of this are as follows: -

- There are no drawbacks applicable to this change.

Question 3: Do you agree with removing the 'extended reductions' element of the scheme?

Yes (agree)

No (disagree)

Don't know

4. Removing the childcare costs and disregarding the childcare element of Universal Credit from the calculation of LCTS.

Currently, claimants who pay childcare costs and receive the childcare element of Universal Credit sometimes experience issues in how their claim is assessed. This is because the income they receive and the expenses they incur for childcare are being assessed in different periods which causes their LCTS entitlement to fluctuate drastically – sometimes enough to close their claim completely. This proposed change to the LCTS scheme will disregard any childcare income they receive through

Universal Credit and not take into account the expense they pay when calculating their entitlement.

The benefits of this are as follows: -

- Those claimants who have childcare elements included within their Universal Credit claim will be better protected from LCTS entitlement fluctuations which are occurring because of the way Universal Credit is assessed.
- Because the fluctuations would reduce, claimants would not have to fill in multiple application forms for LCTS which they currently do each time their claim is terminated because of this issue, and it promotes stability for those trying to work whilst maintaining a family.
- Implementing this change would make it easier for affected claimants to maintain their council tax instalments and regular payments.
- Because the childcare income and expenses will in effect offset each other, there is no cost to the council for this change.

The drawbacks of this are as follows: -

- Because this change is specific to Universal Credit claims, it means there are two different ways of assessing childcare costs under the LCTS scheme, so the administration is more complex. However, the benefits of this change are considered to outweigh the administration.

Question 4: Do you agree with removing the childcare costs and disregarding the childcare element of Universal Credit from the calculation of LCTS?

Yes (agree)

No (disagree)

Don't know

5. Disregarding Post Office Compensation scheme payments.

In May 2024, central government announced that postmasters affected by the Horizon IT scandal or related court judgments may be eligible for compensation payments. This proposed change to the LCTS scheme means that any of these payments would be disregarded as income and capital in the assessment of their entitlement.

The benefits of this are as follows: -

- LCTS entitlement will not be affected by these payments and claimants will not be negatively impacted.
- Disregarding this income aligns with other national benefit schemes.

The drawbacks of this are as follows: -

- There would be a cost to the scheme for this proposed change, however it is considered negligible.

Question 5 – Do you agree with disregarding Post Office Compensation scheme payments?

Yes (agree)

No (disagree)

Don't know

6. Disregarding Vaccine Damage payments.

Central government administer payments to those who are severely disabled as a result of vaccination against certain diseases. This proposed change to the LCTS scheme means that any of these payments would be disregarded as income and capital in the assessment of their entitlement.

The benefits of this are as follows: -

- LCTS entitlement will not be affected by these payments and claimants will not be negatively impacted.
- Disregarding this income aligns with other national benefit schemes.

The drawbacks of this are as follows: -

- There would be a cost to the scheme for this proposed change, however it is considered negligible.

Question 6 – Do you agree with disregarding Vaccine Damage payments?

Yes (agree)

No (disagree)

Don't know

7. Disregarding Infected Blood Inquiry payments.

In May 2024, central government announced a scheme to deliver financial compensation to victims of infected blood. This proposed change to the LCTS scheme means that any of these payments would be disregarded as income and capital in the assessment of their entitlement.

The benefits of this are as follows: -

- LCTS entitlement will not be affected by these payments and claimants will not be negatively impacted.
- Disregarding this income aligns with other national benefit schemes.

The drawbacks of this are as follows: -

- There would be a cost to the scheme for this proposed change, however it is considered negligible.

Question 7 – Do you agree with disregarding Infected Blood Inquiry payments?

Yes (agree)

No (disagree)

Don't know

The alternative to the proposed scheme being considered is to keep the scheme unchanged.

This will mean that none of the above proposed changes would be implemented, and the current scheme would continue for a further year.

Question 8 – Do you think that the scheme should continue unchanged as opposed to making the above proposed changes?

Yes (agree)

No (disagree)

Don't know

Question 9: If you disagree with the proposed scheme, if you would like the council to consider any other options (please state).

Question 10: If you have any further comments to make regarding the LCTS Scheme that you haven't had opportunity to raise elsewhere, (please state).