

Isle of Wight Council

Local Council Tax Support Scheme 2021/22

This consultation opens on 1 August 2020 and closes on 30 September 2020

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 2021.

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.

2021-22 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.

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 customers' 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 customer 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 disability benefit				
2	70%	in receipt of a passported benefit				
3	70%	£0.00 - £255.00	£0.00 - £120.00	£0.00 - £215.00	£0.00 - £145.00	£0.00 - £75.00
4	60%	£255.01 - £305.00	£120.01 - £170.00	£215.01 - £265.00	£145.01 - £195.00	£75.01 - £125.00
5	40%	£305.01 - £355.00	£170.01 - £220.00	£265.01 - £315.00	£195.01 - £245.00	£125.01 - £175.00
6	20%	£355.01 - £405.00	£220.01 - £270.00	£315.01 - £365.00	£245.01 - £295.00	£175.01 - £225.00
7	0%	£405.01 +	£270.01 +	£365.01 +	£295.01 +	£225.01 +

Customers who have a 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 also applies to those applicants in receipt of the following benefits:

- Disability Living Allowance, Personal Independence Payments, Employment Support Allowance support component or the disability element of Working Tax Credit – **disability benefits**
- Income Support, Employment Support Allowance (income related), Job Seekers Allowance (income based) – **passported benefits**

Other elements of the scheme include:

- Carers Allowance is treated as disregarded income
- If a customer or their partner is in work, £25 per week is deducted from their net weekly income

- A standard charge of £2 per week is deducted from a customer's weekly entitlement if they have a non-dependant adult in their household
- 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 people that are self-employed, we would continue to apply a 'minimum income'

How much does the current scheme cost?

There are currently 10610 claimants in receipt of LCTS on the Island. This figure is currently fluctuating due to the impact of Covid-19 on Island residents.

The gross cost of the scheme last year (2019/20) was £10.3 million.

For this year (2020/21) the cost is budgeted at £10.2 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.

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 following options for consultation.

- **Option 1** – Reduce the maximum level of support from 70 per cent to either 65 per cent or 60 per cent.
- **Option 2** – Remove the current blanket protection of claimants in receipt of a disability benefit, and give a potential income disregard of £50 per week
- **Option 3** – Remove the Carers Allowance disregard
- **Option 4** – Reduce the earnings disregard to £20 or £15 per week
- **Option 5** – Increase the Non-dependant Deduction rate to £4, £5, or £7.50 per week
- **Option 6** – Disregard the Housing Element of Universal Credit as income

How much would the proposed options save the council taxpayer and how many claimants would potentially be impacted?

In the council's four-year medium-term financial strategy approved in February 2020 there is a projected revenue budget gap of £3.5 million in 2021-22, with a total saving requirement of £10.5 million for the period up to 31 March 2024. However, the response to the Covid-19 pandemic is having a significant financial impact on the council and the extent to which this will require further savings to be made in 2021-22 and future budgets will be assessed over the coming months. Some potential savings could come from further reducing the amount of help provided by claimants of the LCTS Scheme by applying some of the options detailed in this consultation.

Based on estimates for the proposed options in conjunction with our current scheme, the costs and savings of each option are as follows.

There are currently 10610 claimants in receipt of Local Council Tax Support. 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):

Options		Amount	Cost/Saving to the scheme	Number of claims impacted by over £2 per week (positive/negative)
1 – Reduce the maximum level of support	65 per cent	336,124	Saving	0
	60 per cent	670,985		3673
2 – Remove the current blanket protection of claimants in receipt of a disability benefit	No income disregard	441,354	Saving	709
	£50 per week income disregard	293,644		544
3 – Remove the Carers Allowance disregard		26,186	Saving	*73
4 – Reduce the earnings disregard	£20 per week	7,758	Saving	*30
	£15 per week	19,578		*78
5 – Increase the Non-dependant Deduction rate	£4 per week	27,055	Saving	**210
	£5 per week	39,521		**210
	£7.50 per week	67,157		**212
6 – Disregard the housing element of Universal Credit as income		321,438	Cost	702

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

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

People with additional needs from disabilities

There are currently 3511 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.

If the proposed changes in Option 2 above were made, 2,648 people would still be protected at 70 per cent support towards their council tax, and others will have their entitlement change due to moving into the bands.

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

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 - Increasing the level of council tax to take into account any additional costs of the scheme.
- Alternative 3 - 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 2021/22.

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 consulting on six proposed options to change the existing LCTS Scheme from 1 April 2021 for working age claimants. Set out below are the proposals being considered, which may alter 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 – Reducing the maximum level of support from 70 per cent to 65 per cent or 60 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. Reducing the maximum level of support for all applicants to either 65 per cent or 60 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. The Council will assist those applicants who experience hardship, determined on a case by case basis. The Council will treat hardship claims sympathetically for any application made to the hardship fund which is funded by the Council.

Reducing the maximum level of support to 65 per cent

This option would see the maximum level of support be reduced to 65 per cent for all working age applicants. The percentage of support provided to customers would then change depending on their household makeup and 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	65%	in receipt of a disability benefit				
2	65%	in receipt of a passported benefit				
3	65%	£0.00 - £255.00	£0.00 - £120.00	£0.00 - £215.00	£0.00 - £145.00	£0.00 - £75.00
4	55%	£255.01 - £305.00	£120.01 - £170.00	£215.01 - £265.00	£145.01 - £195.00	£75.01 - £125.00

5	35%	£305.01 - £355.00	£170.01 - £220.00	£265.01 - £315.00	£195.01 - £245.00	£125.01 - £175.00
6	15%	£355.01 - £405.00	£220.01 - £270.00	£315.01 - £365.00	£245.01 - £295.00	£175.01 - £225.00
7	0%	£405.01 +	£270.01 +	£365.01 +	£295.01 +	£225.01 +

Reducing the maximum level of support to 60 per cent

This option would see the maximum level of support be reduced to 60 per cent for all working age applicants. The percentage of support provided to customers would then change depending on their household makeup and income.

		HOUSEHOLD				
Band	Level of LCTS	Couple with children	Couple with no children	Single parent with two or more children	Single parent with one child	Single person
1	60%	in receipt of a disability benefit				
2	60%	in receipt of a passported benefit				
3	60%	£0.00 - £255.00	£0.00 - £120.00	£0.00 - £215.00	£0.00 - £145.00	£0.00 - £75.00
4	50%	£255.01 - £305.00	£120.01 - £170.00	£215.01 - £265.00	£145.01 - £195.00	£75.01 - £125.00
5	30%	£305.01 - £355.00	£170.01 - £220.00	£265.01 - £315.00	£195.01 - £245.00	£125.01 - £175.00
6	10%	£355.01 - £405.00	£220.01 - £270.00	£315.01 - £365.00	£245.01 - £295.00	£175.01 - £225.00
7	0%	£405.01 +	£270.01 +	£365.01 +	£295.01 +	£225.01 +

The benefits of doing this are as follows:

- It potentially could provide a high level of savings required in one option.
- It is a simple alteration to the scheme which everyone understands and simplifies administration
- 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.
- 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:

- All working age residents currently benefiting from support would have to pay more towards their council tax than they currently do.
- Where claimants are on a low income, it may be that the level of increase, through a small percentage, may make payment more difficult and may lead to an increased number of hardship claims.
- This change may increase the administration of council tax recovery
- Some larger households may receive less support.

Question 1: Do you agree with reducing the maximum level of support?

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

Question 2: If Yes, do you think the maximum level of support should be reduced to 65% or 60%?

- 65 per cent
- 60 per cent

Option 2 – Remove the current blanket protection of claimants in receipt of a disability benefit, and give a potential income disregard of £50 per week

Currently, any claim where the customer, their partner or dependent child receives one of the disability benefits below, would fall into a separate band within the current scheme, and therefore receive a blanket protection of the maximum 70 per cent support, irrespective of their other income. This proposed option would mean that by removing this band, claimants would fall into one of the other five income bands within our scheme.

However, if a person also receives income support, jobseekers' allowance (income based) or Employment and Support Allowance (income related) they will continue to be protected at 70% under the passported benefit band.

The disability benefits included are:

- Disability Living Allowance.
- Personal Independence Payment.
- Working Tax Credit with a disability element.
- Armed Forces Independence Payment.
- Employment Support Allowance support component

		HOUSEHOLD				
Band	Level of LCTS	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%	£0.00 - £255.00	£0.00 - £120.00	£0.00 - £215.00	£0.00 - £145.00	£0.00 - £75.00
3	60%	£255.01 - £305.00	£120.01 - £170.00	£215.01 - £265.00	£145.01 - £195.00	£75.01 - £125.00
4	40%	£305.01 - £355.00	£170.01 - £220.00	£265.01 - £315.00	£195.01 - £245.00	£125.01 - £175.00
5	20%	£355.01 - £405.00	£220.01 - £270.00	£315.01 - £365.00	£245.01 - £295.00	£175.01 - £225.00
6	0%	£405.01 +	£270.01 +	£365.01 +	£295.01 +	£225.01 +

As some of these customers receive additional income due to their disability, it is possible to provide these cases with an additional income disregard of £50 per week, which would be offset against their total weekly income. The amount of Disability Living Allowance and Personal Independence Payments would continue to be treated as disregarded income.

The benefits of doing this are as follows:

- It potentially could provide a high level of savings within one option.
- Many of the current claimants in receipt of a disability benefit would fall into Band 1 of the above proposed grid and continue to receive blanket protection at the same level as they currently do.
- 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 some applicants who receive less support. However, the proposed option to provide the additional income disregard of £50 per week would partially reduce this impact.

Question 3: Do you agree with removing the blanket protection of claimants in receipt of a disability benefit?

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

Question 4: If Yes, do you agree with disregarding £50 per week of the household income for these claimants?

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

Option 3 – Removing the Carers Allowance disregard

Currently, where applicants (or their partner if they have one) receive Carers Allowance for looking after a person who is ill or disabled, is classed as a disregarded income for LCTS. This proposed option would mean that this disregard is removed, and the amount of Carers Allowance would be taken into account when calculating an applicant's total weekly income.

The benefits of doing this are as follows:

- It could provide a saving to the scheme
- The change is simple and administratively easy to incorporate within the scheme.
- 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:

- Customers who receive this income would no longer benefit from the disregard and may reduce the amount of support they receive

Question 5: Do you agree with removing the Carers Allowance disregard?

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

Option 4 – Reducing the current earnings disregard level to £20 or £15 per week

Currently where applicants (or their partner if they have one) have earnings, an earnings disregard of £25 per week is deducted from their total weekly income. This proposed option would reduce this disregard to £20 or £15 per week. If they work additional hours, in some circumstances they may receive an additional £17.10 disregard per week. Also, if childcare is paid for above the central government allowances, further disregards can be made against earnings for monies paid out.

The benefits of doing this are as follows:

- The change is simple and administratively easy to incorporate within the scheme.
- The change could provide a saving to the scheme
- 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:

- All applicants currently earning may receive less support.

Question 6: Do you agree with reducing the current earnings disregard level?

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

Question 7: If Yes, which disregard do you think should apply?

- £20 per week
 £15 per week

Option 5 – Increase the Non-dependant Deduction rate to £4, £5 or £7.50 per week

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 charge for a Non-dependant Deduction is £2 per week. 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 increase the standard deduction to either £4, £5 or £7.50 per week for each non-dependant in the household, regardless of their income.

The benefits of doing this are as follows:

- The change could provide a saving to the scheme
- The change is simple and administratively easy to incorporate within the scheme.
- 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:

- All applicants, who do not receive a disability benefit, with one or more non-dependant in their household will receive less support.

Question 8: Do you agree with increasing the level of Non-dependant Deduction?

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

Question 9: If Yes, which Non-dependant Deduction should apply?

- £4 per week
 £5 per week
 £7.50 per week

Option 6 – Disregard the housing element of Universal Credit as income

Currently, a customer in receipt of Universal Credit, has their level of LCTS calculated on the full amount of their Universal Credit award. The proposed change would remove the housing element of Universal Credit from this calculation. This change, would, in effect, replicate the situation for those applicants who receive Housing Benefit whereby any amount of Housing Benefit received is disregarded in the calculation of their LCTS entitlement.

The benefits of doing this are as follows:

- The change will replicate the Housing Benefit rules in its treatment of the housing element of Universal Credit, making it fairer for all customers.
- Some applicants will receive more support as a result of this change.

The drawbacks of doing this are as follows:

- There will be an increased cost to the scheme to implement this change

Question 10: Do you agree with disregarding the housing element of Universal Credit as income?

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

Alternatives to the proposed changes to the Local Council Tax Support Scheme

Alternative 1 – 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 as follows:

- Recipients of LCTS will receive the same level of support as they receive currently
- The scheme is simple and easy to understand

The drawbacks of this are as follows:

- It does not produce any savings and could increase costs, therefore possibly impacting on other services
- Applicants in receipt of the housing element of Universal Credit will continue to be disadvantaged as this amount is treated as their income.

Question 11: Do you agree with Alternative 1?

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

Alternative 2 – Increasing the level of council tax

In forecasting the council's budget position and revenue budget gap of some £3.5m million for 2021/22 it is assumed that there will be a council tax increase of 1.99 per cent. Any increase above five per cent 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 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. Putting it beyond five per cent 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 12: Do you agree with Alternative 2?

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

Alternative 3 – Find savings from reducing or cutting other council services

The council faces a projected revenue budget gap of £3.5 million in 2021/22 with the likelihood of further savings being required as a result of the Covid-19 pandemic. The council's ability to make savings 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 LCTS changes.

Question 13: Do you agree with Alternative 3?

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

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 3 is the least. Please enter a number in each box.

Keep the scheme the same as it is currently

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).

Question 16: 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.

Question 17:

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

Yes No Don't know/Not sure

Question 18:

Gender

Male Female Transgender

Question 19:

Age

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

Question 20:

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 21:

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 30 September 2020. This is because of the timescales involved and the legal requirement that the council adopts any amended scheme by 11 March 2021 at the latest, if it is to take effect from 1 April 2021.

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 2021/22 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 2021**. 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, the figures provided are applicable only to that specific option.)

Option 1 – Reduce the maximum level of support to 65 per cent or 60 per cent

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

He currently gets an annual discount of £704.16 (70 per cent) through LCTS. This means he pays £301.77 per year for his council tax.

Under Option 1, if the maximum support level was reduced to 65 per cent, he would pay £352.08 per year. This is £50.31 per year more than he currently pays.

Under Option 1, If the maximum support level was reduced to 60 per cent, he would pay £402.37 per year. This is £100.60 per year more than he currently pays.

Option 2 – Remove the current blanket protection of claimants in receipt of a disability benefit

Mr. Yellow lives alone in a Band A property. He receives Employment and Support Allowance (income related) (ESAir) 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 £684.71 through LCTS. This means he pays £293.44 per year for his council tax.

Under this option, 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.

Option 2 – Remove the current blanket protection of claimants in receipt of a disability benefit

Mr. and Mrs. Red live in a Band C property. Mr. Red receives a private pension of £6.00 per week and State Pension of £177.50 per week. He also receives Personal Independence Payment daily living component of £89.15 per week and mobility component of £62.25 per week, which are both disregarded as income.

Mrs. Red receives £67.25 per week Carers Allowance which is disregarded as income under our current scheme, and Universal Credit of £24.31 per week.

They currently get an annual discount of £1188.06 per year through LCTS, meaning that they pay £509.17 per year for their council tax.

Under this option, they would get a discount of £678.89 per year, meaning that they would pay £1018.34 per year for their council tax. This is £509.17 per year more than they currently pay.

Option 2 – Remove the current blanket protection of claimants in receipt of a disability benefit, and give a potential income disregard of £50 per week

Mr. and Mrs. Red receive the same income as above, however under this option, they would have a £50 per week disregard applied to their income.

This means that under this option, they would get £1018.34 per year through LCTS. They would pay £678.89 per year for their council tax. This is £169.72 per year more than they currently pay.

Option 3 – Remove the Carers Allowance disregard

Miss Orange is a single person living in a Band B property. She receives Carers Allowance of £67.25 per week which is disregarded in full under our current scheme, and Universal Credit of £151.57 per week.

She currently gets an annual discount of £386.57 through LCTS. This means she pays £579.86 per year for her council tax.

Under this option, she would get an annual discount of £193.29, meaning she would have to pay £773.14 per year for her council tax. This is £193.28 more than she currently pays.

Option 4 – Reduce the earnings disregard to £20 or £15 per week

Mr. and Mrs. Brown live in a Band B property. Mrs. Brown has earnings of £140.04 per week. Mr. Brown has no income.

They currently get an annual discount of £1070.53 through LCTS. This means they pay £457.38 per year for their council tax.

Under Option 4, if the earnings disregard was reduced to £20 or £15 per week, they would get an annual discount of £916.75, meaning they would have to pay £611.16 per year for their council tax. This is £153.78 more than they currently pay. This is because both disregards would result in their income falling within the same band.

Option 5 – Increase the Non-dependant Deduction to £4, £5 or £7.50 per week

Ms. Green is a single person, living with two non-dependants in her Band B property. She receives Universal Credit of £162.81 per week. As she has two non-dependants, a weekly deduction of £4 is taken from her LCTS.

She currently gets an annual discount of £397.50 through LCTS. This means she pays £1117.69 per year for her council tax.

Under this option, if the Non-dependant Deduction was increased to £4 per week, she would get an annual discount of £188.97 through LCTS, meaning that she would pay £1326.22 per year for her council tax. This is £208.53 more than she currently pays.

Under this option, if the Non-dependant Deduction was increased to £5 per week, she would get an annual discount of £84.68 through LCTS, meaning that she would pay £1430.51 per year for her council tax. This is £312.82 more than she currently pays.

Under this option, if the Non-dependant Deduction was increased to £7.50 per week, she would not get any annual discount through LCTS, meaning she would pay £1515.19 for her council tax.

Case Study: Option 6 – Disregard the housing element of Universal Credit as income

Mr. and Mrs. Black live in a Band A property with three dependent children. They receive Child Benefit of £48.95 per week which is fully disregarded, and Universal Credit of £305.40 per week. Within their Universal Credit amount, £84.34 per week is assigned as the housing element to assist with their rent.

They currently get an annual discount of £536.50 through LCTS. This means they pay £804.74 per year for their council tax.

Under Option 6, they would get an annual discount of £938.87 through LCTS, meaning they would pay £402.37 per year for their council tax. This is £402.37 less than they currently pay.