Excerpt from Executive Report
Local Council Tax Support Scheme for 2020-21

5. Reviewing Future Options for LCTS

5.1 The government has designed UC to take advantage of a wealth of electronic data returns and automation. As a result, the DWP calculates UC awards on an ongoing basis and they increase or decrease each month in response to changes in income and other factors. This contrasts with the benefits UC replaces where entitlement typically only changed when the claimant advised the DWP of a change of circumstance.

5.2 We take income from UC into account when assessing entitlement to LCTS. We anticipate that monthly changes in entitlement will reduce Council Tax collection rates, frustrate LCTS claimants, and increase administrative costs. An increasing number of Councils are looking at alternative models for their LCTS schemes as a result.

5.3 The New Policy Institute reported in 2018 that around five authorities had moved to a banded income scheme. We know that due to the impact of monthly changes in UC others have changed or are considering changing their schemes. Typically a banded scheme:

- States that a claimant will receive an award of £x if their income falls in a certain income band, and £y for a different band. This means that there is tolerance for fluctuations in income.
- Includes rules to reflect different household expenditures linked to household composition (eg single, couple, children) and needs (eg disability, carers).
- Includes transitional protection for anyone losing out as a result of the change in entitlement from a previous scheme.

5.4 Although we have been dealing with LCTS for UC claims since 24 October 2018, it is still relatively early days and we have not identified any significant trends. As at 4 July 2019 we had 244 claims with a UC income on them. These numbers will increase with time.

5.5 Local Council Tax Schemes are complex to ensure that everyone is treated consistently and, if necessary, that the scheme is robust and resilient to challenge in Court. Our current scheme runs to 136 pages of rules, and is based on the Council Tax Benefit that preceded it in 2012.

5.6 Officers have concluded that, in the light of UC and the time that has elapsed since 2013 a more fundamental review of our LCTS scheme is necessary. Given the scale of the work required (research, modelling, consultation and rule writing), we cannot accomplish this within a single year, and is therefore running alongside the annual reviews. The review will include consideration of a banded income scheme.