

Appendix Two

Council Tax Reduction Consultation Documents

Below are the two main documents which will be used in the consultation on proposals to change the Council Tax Reduction scheme. The first is a background document which gives some context to the consultation. The second is a detailed list of questions to be asked in the consultation, together with the format of the answer. This document will be adapted so that it can be used on both the Council's e-Consult system, and made available in hard copy.

Background Document

In April 2013 the Council Tax Benefit Scheme was replaced by a new Council Tax Reduction Scheme. Council Tax Benefit had been funded by the Department for Work and Pensions and supported people on low incomes by reducing the amount of Council Tax they have to pay.

The Council Tax Reduction scheme is determined locally by District Councils rather than the Department of Work and Pensions. Although the Government initially provided funding for the scheme, the funding has reduced each year in line with the reduction in Revenue Support Grant provided to councils. From 2019 no funding will be provided for the scheme.

Unlike most other Councils, Oxford's Council Tax Reduction scheme has retained the same level of financial support as existed within the Council Tax Benefit scheme. Providing this level of support will cost the council £1.2m in the current year, and from 2019 will cost a minimum of £1.8m.

People can claim full Council Tax Reduction if they are on certain benefits. These include income based jobseekers allowance, income support, guarantee credit which is part of state pension credit and income related employment and support allowance. Others receive some Council Tax Reduction based on their income and other factors.

A separate national scheme is retained for people of pension age. Councils are only able to vary their schemes for people of working age.

Councils are required to review their schemes each year and decide if they want to make any changes. Before any changes can be implemented, they must be subject to public consultation.

Oxford City Council is proposing a number of changes to its existing scheme and so in line with Government guidance, we have a duty to consult you and provide you with the opportunity to tell us your views on the proposed changes to our Council Tax Reduction Scheme.

The Council is consulting on the following changes to its scheme for 2018/19:

- Introducing an income band scheme for Universal Credit customers
- Restricting the maximum level of support to that of a Band D property
- Removing the second adult reduction
- Reducing the capital limit from £16,000 to £6,000

- Restricting backdating of awards from six months to one month
- Introducing a minimum income floor for self-employed customers
- Restricting the period where support will be paid when someone is abroad
- Limiting the number of dependent children used in the calculation of support to two
- Removing the family premium
- Making no changes to the existing scheme
- Introducing a minimum charge of 30%
- Capping the overall cost of the scheme at current levels

In Oxford, 8,978 people currently receive Council Tax Support. The gross cost of the scheme is £10 million which is spread across the City Council (16.3%), Oxfordshire County Council (74.3%) and Thames Valley Police (9.4%), in accordance with the proportion of Council Tax which each organisation levies (which is shown in brackets).

Consultation Questions

1. I have read the background information about the Council Tax Reduction Scheme?

Answer: Yes/No/Don't know

OPTIONS PROPOSED BY THE COUNCIL TO CHANGE THE COUNCIL TAX REDUCTION SCHEME

Option 1 - Introduction of an Income Band Scheme for customers on Universal Credit

The existing Council Tax Reduction Scheme is based on the same principles as Housing Benefit. This means that Housing Benefit and Council Tax Reduction claims for the same customer can be assessed as part of a single process. However, as customer move to Universal Credit, there is an opportunity to simplify the Council Tax Reduction Scheme by using the information from the Universal Credit claim to determine the level of support.

It is proposed to introduce an income band scheme for new Universal Credit customers providing support as outlined below. Income would be based on that used to calculate Universal Credit (UC) entitlement. However, it would disregard income received in the UC system in relation to housing costs, for having children, for having limited capacity for work (through ill health or a disability) and having a caring responsibility. It also disregards income from all other benefits, including child benefit and personal independence payment. However, deductions would be made for any non-dependants in the property, in line with the current scheme. The proposed income bands are as follows:

Weekly Income Band	Percentage reduction in Council Tax Bill
£0 - £119.99	100%
£120 - £179.99	75%
£180 - £279.99	50%
£280 - £384.99	25%
Over £385	0%

The main difference between an income banded scheme and the existing scheme is the rate at which support is withdrawn. The current scheme reduces the amount of support received by 20p for each additional £1 of income. The proposed scheme reduces support by 25% at each band threshold. This creates winners and losers when compared to the current scheme. People at the lower end of an income band lose out compared to the current scheme, whereas people towards the top of an income band gain.

It is additionally proposed that any changes in circumstances resulting in a change to the amount of support will only be applied to the Council Tax bill at the start of the following calendar month.

The impacts of this are:

- This scheme is simpler and quicker to administer than the existing Council Tax Reduction Scheme
 - The Council will be administering three different schemes, compared to two currently
 - Few Council Tax bills will be issued to people who have regular changes in their income
 - People at the lower end of an income band lose out compared to the current scheme, whereas people towards the top of an income band gain. However those losing out, can significantly increase their earnings without losing any support
2. Do you agree with the principle of introducing an income band scheme for Universal Credit customers?
Answer: Yes/No/Don't know
 3. Do you agree with the proposed income bands?
Answer: Yes/No/Don't know
 4. Your comments on Option 1
Answer: Free text

Option 2 - To restrict the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge

The current Council Tax Reduction Scheme uses the full amount of Council Tax charge irrespective of the band of the property. There are eight Council Tax Bands A to H with Band D being the national average. It is proposed that where an applicant lives in a property which is Band E, F, G or H then the Council Tax Reduction will be calculated on the basis of a Band D charge.

The impacts of this are:

- It can be seen as a fairer method of providing support with those claimants living in higher banded properties and receiving Council Tax Reduction having to pay more
- All working age claimants living in premises with a Council Tax band of higher than Band D will have their Council Tax Reduction restricted
- Reductions in awards may affect families living in larger homes

5. Do you agree with the principle that the maximum level of Council Tax Reduction payable should be restricted to a maximum of a Band D charge?
Answer: Yes/No/Don't know
6. Your comments on Option 5
Answer: Free text

Option 3 - To Remove Second Adult Reduction from the scheme

The current Council Tax Reduction Scheme can grant a reduction up to 25% in certain cases where the income of a 'second adult' (not the applicant's partner) who resides with the applicant is unemployed or has a low income.

- It removes an element of the current scheme where the reduction bears no relationship to the income of the claimant
 - A small number of people who currently receive Second Adult Reduction will receive less support
7. Do you agree with the removal of Second Adult Reduction?
Answer: Yes/No/Don't know
 8. Your comments on Option 5
Answer: Free text

Option 4 - Reduce the capital limit from the existing £16,000 to £6,000

At present, residents with savings, capital and investments of more than £16,000 are not entitled to any Council Tax Reduction. Under the proposed change; this limit would be reduced to £6,000.

The impacts of this are:

- Only those working age residents with at least £6000 in savings will be affected.
 - There is a low risk to causing any hardship
 - Where a working age resident has in excess of £6,000 in savings, no reduction whatsoever will be payable
9. Do you agree with principle that the capital limit should be reduced to £6000?
Answer: Yes/No/Don't know
 10. Your comments on Option 5
Answer: Free text

Option 5 – Limit Backdating to one month

Currently claims for Council Tax Reduction from working age claimants can be backdated for up to 6 months where an applicant shows they could not claim at an earlier time. Central Government has reduced the period for Housing Benefit claims to 1 month. It is proposed that the Council's Council Tax Reduction Scheme be aligned with the changes for Housing Benefit.

The impacts of this are:

- It is a simple alteration to the Scheme which is easy to understand when claiming Housing Benefit and Council Tax Reduction.
- New working age residents may see a reduction in the amount of support they received if they are unable to claim on time.

11. Do you agree with option 5?

Answer: Yes/No/Don't know

12. Your comments on Option 5

Answer: Free text

Option 6 - Using a set income for self-employed earners after 1 year's self-employment

In order to align Council Tax Reduction with Universal Credit, the Council proposes to use a minimum level of income for those who are self-employed. This would be in line with the National Living Wage for 35 hours worked per week. Any income above this amount would be taken into account based on the actual amount earned. The income would not apply for a designated start-up period of one year from the start of the business. Variations would apply to part-time workers.

The impacts of this are:

- The treatment of income for self-employed claimants for Council Tax Reduction will be brought broadly into line with Universal Credit.
- It should encourage self-employed working age applicants to expand their business
- Where a working age claimant is self-employed and continues to run a business where their income is below the minimum living wage level, the Council will assume they earn at least the minimum level (based on a 35-hour week, regardless of the hours they work).

13. Do you agree with the principle that claimants who are self-employed for more than one year should have a minimum income floor applied to their claim?

Answer: Yes/No/Don't know

14. Your comments on Option 6

Answer: Free text

Option 7 - Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to 4 weeks

Within the current scheme, applicants can be temporarily absent from their homes for up to 13 weeks without it affecting the Council Tax Reduction. This replicated the rule within Housing Benefit. Housing Benefit has been changed so that if a person is absent from Great Britain for a period of more than 4 weeks, their benefit will cease. It is proposed that the Council's Council Tax Reduction Scheme is amended to reflect the changes in Housing Benefit. There will be exceptions for members of the armed forces and certain other occupations.

The impacts of this are:

- The treatment of temporary absence will be brought into line with Housing Benefit
- There are exceptions for certain occupations.
- If a person is absent from Great Britain for a period which is likely to exceed 4 weeks, their Council Tax Reduction will cease from when they leave the Country. They will need to re-apply on return

15. Do you agree with the change to the temporary absence rule?

Answer: Yes/No/Don't know

16. Your comments on Option 6

Answer: Free text

Option 8 - To limit the number of dependent children within the calculation for Council Tax Reduction to a maximum of two

Within the current scheme, claimants who have children are awarded a dependant's addition of £66.90 per child within their applicable amounts. This means that for each child, and additional £66.90 of income can be earned without any reduction in support. There is no limit to the number of dependant's additions that can be awarded. From April 2017 Central Government limited dependant's additions in Universal Credit, Housing Benefit and Tax Credits to a maximum of two.

It is proposed that the Council's Council Tax Reduction Scheme is amended to reflect the changes in Housing Benefit and Central Government Benefits. This will only affect households who have a third or subsequent child on or after 1 April 2017.

There will be exceptions where: there are multiple births after 1 April 2017 (and the household is not already at their maximum of two dependants within the calculation); adopted children or where households merge.

The impacts of this are:

- Council Tax Reduction will be brought into line with Housing Benefit, Universal Credit and Tax Credits
- It is simple and administratively easy
- Claimants who have a third or subsequent child after 1 April 2018 (and are not excepted from the rules) may receive less Council Tax reduction than a claimant who has more children born before 1 April 2018

17. Do you agree with the change to the temporary absence rule?

Answer: Yes/No/Don't know

18. Your comments on Option 8

Answer: Free text

Option 9 - Family premium

The removal of family premium from 1 April 2018 for new claims will bring the Council Tax Reduction Scheme in line with Housing Benefit. The family premium is part of how we assess the 'needs' of any applicant which is compared with their income.

Family Premium is normally given when an applicant has at least one dependent child living with them. Removing the family premium will mean that when we assess a claimant's needs it would not include the family premium (currently £17.45 per week). This change would not affect those on Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance.

The impacts of this are:

- It brings the Council Tax Reduction Scheme in line with Housing Benefit changes proposed by Central Government;
- New working age residents may see a reduction in the amount of support they received.
- Some households with children will pay more

19. Do you agree with the change to the temporary absence rule?

Answer: Yes/No/Don't know

20. Your comments on Option 6

Answer: Free text

Option 10 - Minimum Charge of 30%

The Council currently provides 100% support for approximately 4,000 households through the current Council Tax Reduction Scheme. This proposal would see all households charged 30% of the total of their Council Tax bill, before any support from the Council Tax Reduction Scheme is applied. Reducing the maximum level of support available is a simple change to the scheme which is easily understood.

The impacts of this are:

- It is a simple alteration to the scheme which is easy to understand.
- The increased cost is shared by everyone.
- All working age households receiving Council Tax Reduction will be required to pay more with a risk of some households being pushed into poverty
- It may be difficult and costly to collect the additional Council Tax from households on a low income

21. Do you agree with the principle that all households should contribute something towards the cost of Council services in Oxford?

Answer: Yes/No/Don't know

22. Do you agree with the proposal to introduce a minimum Council Tax charge of 30% for all households?

Answer: Yes/No/Don't know

23. Your comments on Option 10

Answer: Free text

Option 11 – Cap the cost of the Scheme to that of the current year

In order to prevent the cost of the Council Tax Reduction Scheme increasing each year in line with increases in Council Tax, the Council could cap the cost of support. In order to do this, the Council would need to predict the increase in the cost of the

scheme for the following year, and introduce proposals to limit the increase, similar to those outlined above.

The impacts of this are:

- The Council stops incurring additional costs from the Council Tax Reduction Scheme
- The Council would have to consult annually on changes to the scheme
- Many working age people currently receiving support would see their support reduced

24. Do you agree with the proposal to cap the cost of the Council Tax Reduction Scheme?

Answer: Yes/No/Don't know

25. Your comments on Option 11

Answer: Free text

Option 12 – Make no changes to the existing Scheme

The Council does not have to make any changes to the Council Tax Reduction Scheme. However, if Council Tax bills increase by 4.5% each year (as they did this year), the cost to the Council of the Scheme will rise from £1.2m to £4m in four years.

The impacts of this are:

- The Council would have to make cuts, find other savings or increase fees and charges to pay for the scheme.
- Existing recipients of support from the Council Tax Reduction Scheme would continue to receive the same level of support
- The Council would lose an opportunity to simplify the Scheme

26. Do you agree with the proposal to cap the cost of the Council Tax Reduction Scheme?

Answer: Yes/No/Don't know

27. Your comments on Option 11

Answer: Free text

ALTERNATIVES TO REDUCING THE AMOUNT OF HELP PROVIDED BY THE COUNCIL TAX REDUCTION SCHEME

Where councils bring forward proposals that could reduce the support an individual receives, they are also required to consult on alternative proposals to reducing this support.

Do you think we should choose any of the following options rather than the proposed changes to the Council Tax Reduction Scheme? Please select one answer for each source of funding.

28. Increase the level of Council Tax

Answer: Yes/No/Don't Know

29. Find savings from cutting other council services

Answer: Yes/No/Don't know

30. Increase fees and charges

Answer: Yes/No/Don't know

31. Please use the space below if you would like the Council to consider any other options.

Answer: Free text

32. Please use this space to make other comments on the scheme

Answer: Free text

About You

We ask these questions:

- To find out if different groups of people in the Council's 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.
- 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.

33. Are you, or someone in your household, getting a Council Tax Reduction at this time?

Answer: Yes/No/Prefer not to say

34. What is your gender?

Answer: Male/Female/Transgender/Prefer not to say

35. What is your age?

Answer: 16-18, 19-24, 25-44, 45-59, 60-74, 75 or above

36. What is your ethnic group?

Answer: White British/White Irish/Other White/White and Black Caribbean/White and Black African/White and Asian/Other Mixed/Indian/Pakistani/Bangladeshi/Other Asian/Carribbean/African/Black other/Chinese/Other (Specify below)

37. If other, please enter details in the space below

Answer: Free text

38. Do you consider yourself to have a disability or life limiting illness?

Answer: Yes/No

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