

## Council Tax Reduction Consultation

### Background

The Council Tax Reduction (CTR) scheme provides support for Oxford residents on benefits or low incomes to pay their council tax.

Since the end of national council tax benefit (CTB) in April 2013, councils have been responsible for drawing up their own CTR schemes. Oxford is one of a small number of councils who have not reduced the overall level of financial support that existed under CTB rules, even though government funding for CTR has reduced every year since 2013, and will end completely in 2019. Because of government cuts to funding, our CTR scheme will cost us more than £1.3 million this year.

In Oxford, 8,543 people currently get help to pay their council tax through CTR. The amount of help they get depends on their income and their household, with people on some benefits getting 100% CTR support. These benefits include income-based Jobseeker's Allowance (JSA), Income Support (IS), Guarantee Credit and income-related Employment and Support Allowance (ESA). People in equivalent circumstances on Universal Credit(UC) will also get 100% CTR support.

The Council made a number of changes to the CTR scheme for the current financial year. We are now proposing some additional amendments to the scheme for 2019/20, and this means we have to ask you for your views on the changes we want to make.

Your CTR will not be affected by our proposals if you are pension age. Pensioners are still covered by a national scheme of support.

We are consulting you on the following changes we would like to make to CTR:

- Amending the income bands for people claiming UC, and who are subject to the income band scheme for their CTR
- Amending the minimum income floor for people who are self-employed

### Consultation Questions

Please either tick the box next to your answer, or write your response in the space provided.

1. Have you read the background information about the CTR Scheme?

Yes

No

Don't know

2. Are you responding on behalf of an organisation?

Yes

No

3. If you are responding on behalf of an organisation, please state which one?

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## CTR Scheme amendments

### Amendment of income bands for people claiming Universal Credit

Universal Credit is a single monthly payment which replaces a number of benefits and tax credits paid to working age people. The Department of Work and Pensions is rolling this out to new benefit and tax credit claimants in Oxford from October 2017.

UC is designed to allow people to vary their hours at work while still getting support for their living, housing and other costs. This can result in people receiving a different amount of UC each month. This could result in monthly changes to the amount of CTR that someone receives. As a result it could be difficult for people getting CTR to know how much council tax they need to pay themselves. The income band scheme makes it more likely that people will need to pay the same amount of Council Tax each month, with instalments only changing when income increases, or decreases, by enough to move them into the next band.

The income used to determine which band applies will be a claimant's UC basic allowance and any earnings from work, plus any unearned income. Deductions are then made for any non-dependants in the household. The income band scheme uses the following bandings to determine the amount of support provided:

Band	Weekly Income	Discount received
1	£0 - £125.99	100%
2	£126 - £187.99	75%
3	£188 - £290.99	50%
4	£291 - £384.99	25%
5	£385	0%

The rationale for the figures above are as follows:

- £126 is 16 hours on the national minimum wage (NMW) rounded upwards
- £188 is 24 hours on the NMW rounded upwards
- £291 is 30 hours on the Oxford living wage(OLW), rounded upwards
- £385 is the Benefit Cap

It is proposed that the bands are uprated as follows:

- Bands based on the NMW are uprated in accordance with the NMW rate for over 25's from April 2019
- Bands based on the OLW are uprated in accordance with the OLW rate from April 2019
- Band 5 is increased by the Retail Price Index measure of inflation as of September 2018

Uprating the bands in this way will ensure that no-one has to make more Council Tax as a result of getting a pay rise.

Please could you answer the following questions in respect of the income band scheme.

4. Do you agree with the principle of using income bands for deciding how much support people get in paying their Council Tax?

Yes

No

Don't know

5. Do you agree with the proposal for uprating the income bands from 2019/20?

Yes

No

Don't know

6. Please provide any comments you have on the income band scheme, and its proposed uprating.

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### **Using a minimum income for self-employed earners after one year's self-employment**

Universal Credit assumes that self-employed people earn a minimum income which is equivalent to 35 hours a week on the National Living Wage (NLW). This minimum income floor (MIF) was introduced into the Council's CTR scheme this year, for working age self-employed people. For people who have become self-employed within the last year, CTR is based on actual earnings. The MIF only applies after the first year of trading.

The Council introduced a MIF in order to provide some consistency in the way self-employed people are treated in the benefits system, reduce the amount of administration involved in dealing with self-employed CTR claims, and incentivise self-employed people to increase their hours of work where possible.

The MIF was criticised in a recent report of Parliament's Work & Pensions Select Committee. It raised concerns that people would be worse off as a result of being self-employed, and noted the unequal way in which employed and self-employed people were treated.

Self-employed people in Oxford have also raised concerns about the inclusion of a MIF in the Council's CTR scheme, highlighting the unequal treatment compared to employed people. The Council wishes to remedy this situation, and the options available to the Council include the following:

- Remove the MIF completely
- Reduce the level of the MIF
- Exempt some types of self-employment from the MIF
- Increase the period that new businesses are exempt from the MIF

The following questions will help inform the Council's approach.

7. Do you agree with the principle that the council should assume a minimum income level for CTR claimants who are self-employed once their business is established?

Yes

No

Don't know

8. The minimum income level for CTR claimants who are self-employed is currently 35 hours at the National Minimum Wage. What level should the minimum income level be set at?

35 hours at the NMW

30-35 hours at the NMW

24-30 hours at the NMW

16-24 hours at the NMW

Below 16 hours at the NMW

There should be no minimum Income level

9. There are practical limitations for increasing earnings from some type of self-employment (e.g. childminders). Should the Council exempt some types of self-employment from the MIF?

Yes

No

Don't know

10. If you answered Yes to Question 9, what kinds of self-employment should be exempted from the MIF?

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11. The Work & Pensions Select Committee recommended that the government increase the exemption from the MIF for new businesses, from one to three years. Should the Council also increase the exemption for new businesses from one to three years?

- Yes
- No
- Don't know

12. Please provide any comments you have on the minimum income floor.

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**Alternatives to reducing the amount of help provided by the CTR scheme**

Although the Council is not making proposals to reduce the support people can get under CTR, we would like your views on alternative approaches to funding the increasing costs of the Council's CTR scheme.

Do you think we should choose any of the following options when considering how to fund the CTR scheme? Please select one answer for each source of funding.

13. Increase the level of Council Tax

- Yes
- No
- Don't know

14. Find savings from cutting other council services

- Yes
- No
- Don't know

15. Increase fees and charges

- Yes
- No
- Don't know

16. Please use the space below if you would like us to consider any other options.

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

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**About you**

We ask these questions:

- to find out if different groups of people in Oxford have been able to take part in the consultation and to identify if any groups have been excluded. This means it is not about you as an individual – we want 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 – we want 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 linked to your responses.

18. Are you, or someone in your household, getting CTR now?

- Yes

No

Prefer not to say

19. What is your gender?

Male

Female

Transgender

Prefer not to say

20. What is your age?

16-18

45-59

19-24

60-74

25-44

75 or above

21. What is your ethnic group?

White British

Indian

White Irish

Pakistani

Other White

Bangladeshi

White and Black Caribbean

Other Asian

White and Black African

Caribbean

White and Asian

African

Other Mixed

Black Other

Other (Specify Below)

Chinese

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

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

Yes

No

Prefer not to say