

# Appendix 1

## Consultation on changes to the Council Tax Reduction Scheme

This document collates the responses to the Council Tax Reduction (CTR) Scheme consultation carried out between 30<sup>th</sup> September 2019 and 12<sup>th</sup> November 2019. 36 completed responses were received to the consultation. 1 response was from an organisation. 35 responses were from individuals. Responses have been received from CTR claimants (20) and non CTR claimants (12) with 4 preferring not to say.

The responses to the proposals for change are shown below. There continues to be strong support for continuing to use income bandings and for the method of uprating the bandings used in the income band scheme. There was also strong support for the small changes proposed to the start date of the change and for keeping a UC claim open.

Comments are collated at the end of the document, together with the Council's responses where required.

### Income band scheme for households in receipt of Universal Credit

To what extent do you agree or disagree with the principle of using income bands for deciding how much support people get in paying their Council Tax?

- Strongly Agree 10
- Agree 16
- Disagree 2
- Strongly Disagree 4
- Unsure 4

To what extent do you agree or disagree with the proposal to uprate the income bands from 2020/21?

- Strongly Agree 7
- Agree 14
- Disagree 5
- Strongly Disagree 3
- Unsure 7

### Income band scheme for households not in receipt of Universal Credit

To what extent do you agree or disagree with applying a banded scheme to all working age CTR claims?

- Strongly Agree 8
- Agree 16
- Disagree 2
- Strongly Disagree 1
- Unsure 9

### **Effective date of a change**

To what extent do you agree or disagree that we should amend the effective date for a change that affects CTR to the date of the change and not the following Monday?

- Strongly Agree 8
- Agree 11
- Disagree 3
- Strongly Disagree 0
- Unsure 14

### **Leaving a claim open when Universal Credit is in place**

To what extent do you agree or disagree that the Council should leave a claim open for 6 months whilst there is a UC claim in place?

- Strongly Agree 8
- Agree 18
- Disagree 2
- Strongly Disagree 2
- Unsure 6

As some of the proposals in the consultation may slightly affect the support people receive, the Council was required to consult on alternatives to making these changes. This included increasing the level of Council Tax, finding savings by cutting other Council services and increasing fees and charges. The responses to these proposals were as follows.

### **Increase the level of Council Tax- if this is possible within the Government determined Council Tax cap?**

- Strongly Agree 2
- Agree 5
- Disagree 10
- Strongly Disagree 12
- Unsure 7

### **Find savings from cutting other Council services?**

- Strongly Agree 10
- Agree 6
- Disagree 8
- Strongly Disagree 4
- Unsure 8

## Increase fees and charges for some Council services?

- Strongly Agree 2
- Agree 13
- Disagree 7
- Strongly Disagree 4
- Unsure 10

## Comments and Council responses

### The income band scheme and its proposed uprating

1. This scheme seems the most practical and logical method to use. The up-rating is also a logical extension of the current levels.

Response: Noted

2. On the previous benefit system my family would have been helped out with 100% council tax covered, we have one carer in the family and I earn on average £400, as we have a disabled child the benefit cap doesn't affect our universal credit payment and as such we are seen as on enough to pay 25%.

Response:

The Council does consider disability when devising its scheme but at present the Council doesn't exclude all disability incomes when calculating entitlement to CTR. Disability incomes that the Council currently exclude for UC claimants are: Disability Living Allowance, Personal Independence Payment and Attendance Allowance (for applicant and/or partner). The Council will consider the impact of the incomes that it continues to include in future schemes.

3. I'm really not sure what you are doing. I'm on universal credit and I don't work because of my husband's disabilities so not sure how this would affect me personally.

Response:

Noted. This a statement specific to the individual's circumstances.

4. If you put an explanation of what this means in real terms it would be easier to have an opinion. Does it mean that people whose income increases will go into the next band and hence have less benefit?

Response: That may happen, however with the banding scheme it means that until your income increases to a level that puts you into a higher band, your entitlement won't change. So small changes in income that would have meant a change to your entitlement will be ignored. The other benefit to this is that you will only get a revised Council Tax bill when your income places you into a

different band, which allows you more certainty of your instalment amounts month on month.

5. "UC has so many loopholes as it is and its claimants have to suffer as a result leaving them worse off. This scheme will make it worse and should not be a rushed decision."

Response:

The aim of CTR is to reduce liability for Council Tax for those on low incomes. The Council is working on a scheme which is fair to all and consults in order to hear the views of those who wish to respond. As part of this consultation the Council is already looking towards the 2021/2022 scheme to give officers as much time as possible to create a balanced approach to future CTR schemes.

6. I think there should be consideration for outgoings as well. Many middle income people live hand to mouth and it's those who struggle more

Response:

The Local Government Finance Act states that every Council's scheme has to take into account the income of the 'claimant' when calculating entitlement to CTR. Whilst people have many expenses within the household, the Council cannot take these into account as it is for the claimant themselves to manage their financial affairs.

7. "People should not get a CTR for working part-time. They should increase their hours. People will deliberately work the 'right' number of hours to get the highest reduction possible. I'm having to work full-time in a job I hate, so why can't other people. I'm paying an extortionate council tax, I don't get any help, and I don't have any money left at the end of the month, so why should I pay more and other people less?"

Response:

Noted

8. I think, it's better to consider the price of the rent of the property before using the band scheme.

Response:

The current scheme for Universal Credit claimant does take into consideration the amount of rent payable, and it is not proposed to change our CTR scheme with regards to starting to include the rent, however this comment is noted and will be added to the review of the 2021/2022 CTR scheme.

9. Banding is not a progressive form of means test and such approach is not used in the social security system. It creates significant change in support provided for claimants at the margins of the income bands if there is a small change in their income. It generates issue of defining income as demonstrated by previous amendments the Council has had to make to its banded scheme.

Response:

Under the Local Government Finance Act CTR is no longer a benefit, but a discount. Whilst the Council agrees that this does not match the approach of the Social Security legislation, this is our local CTR scheme.

### **Creating an Income Band Scheme for all claimants**

10. That can be done based on the total amount of expenses that each family has monthly

Response:

Please see reply to point 6 above.

11. I receive UC, so this does appear to be a sensible approach.

Response: Noted

### **Alternatives to reducing the amount of help provided by the CTR Scheme**

12. I think of many cuts that can be made with the housing services. Send one person to do a repair not 2 to look at it and then 2 different to complete the repair. You should save a fortune sending the correct person. Or maybe sending a surveyor once a year to assess repairs and actually get them done with the right person with the correct skill set.

Response:

Noted. This has been passed to the Housing Department for their consideration.

### **Other comments on the CTR Scheme**

13. I have a discount but still very high value.

Response:

Noted

14. The Council must amend the definition of 'Universal Credit other income' in Class F para. 2 to exclude any overpayment of a 'legacy benefits' recovered as 'other income' within UC under UC (TP) Reg. 10 'Treatment of overpayments'.

This provision means that an overpayment of a 'legacy benefit' will be recovered twice, firstly by a reduction in UC that would otherwise be payable and, secondly, by a possible reduction in LCTR which would otherwise be awarded. This is because UC (TP) Reg. 10 treats an overpayment as an 'income' in the calculation of UC entitlement when, of course, it is the opposite.

Such method of overpayment recovery shows on a claimants UC payment statement as 'other income'. As such recovery will normally happen in the first (and any subsequent if required) UC 'assessment period' the claimant faces a 'double whammy' of reduced income at the start of an award of UC and reduced

LCTR. This method of overpayment recovery is not uncommon, therefore, the number of LCTR claimants on UC affected by this 'double whammy' is likely to be significant.

An addition definition of disregarded income should be added to para. 4:

"Any overpayment recovery made by the SSWP under UC (TP) Reg. 10 as 'other income' shall be disregarded.

The Council does not appear to be using LGFA s13A (1) (c) to mitigate the impact of the definition of 'UC other income' that applies within its scheme.

The Council would suggest this issue (and previous issues with the drafting of the scheme) illustrate the problems with (a) a banded scheme (b) attempting to define a LCTR scheme by reference to social security legislation.

Response:

Noted. The Council will be amending the scheme for 20/21 as is aware of this.

Question 9

A full service UC claim does not remain 'active' for 6 months after an award ends (as was the case with live service UC). A claimant may be able to make what DWP describe as a 'UC rapid reclaim' within that period. UC Reg. 21(3C) merely provides that on a new claim within 6 months a claimant retains the same 'assessment period' as applied to the previous claim. The Council will need to consider if the position with a full service UC claim ending has any practical impact on this otherwise positive proposal.

Response:

Noted. Our intention is to mirror the assessment period on UC.

15. The City Council are to be congratulated for retaining 100% council tax support for those wholly reliant on income-based benefits. Oxford is a very unequal city and this is one way in which the most deprived can be supported by those in the higher income brackets.

Response:

Noted