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Council Tax Reduction Consultation

Background

The Council Tax Reduction (CTR) scheme provides help for Oxford residents on benefits or low incomes to pay their council tax. This help is provided as a reduction in the amount of Council Tax to pay. The reduction can be up to 100% of the Council Tax bill.

Since the end of national council tax benefit (CTB) in April 2013, councils have been responsible for drawing up their own schemes of support. Oxford is one of a small number of councils who have not reduced the overall level of financial support that was available before 2013, even though government funding for Council Tax support has reduced annually, and ended completely in 2019. Because of government cuts to funding and an increase in caseload due to the Covid-19 pandemic, our CTR scheme will cost us more than £1.7 million this year.

In Oxford, 8,563 people currently get help to pay their council tax. The amount of help they get depends on their income and their household, with people on some benefits not having to pay anything. 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 two changes to the CTR scheme for the current year. We are now proposing some additional amendments to the scheme for 2021/22, 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 below 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 our working age CTR scheme:

Consultation Questions

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

1. Are you responding on behalf of an organisation?

Yes

No

2. 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 began rolling this out to new benefit and tax credit claimants in Oxford in 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, which can change 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 - £139.99	100%
2	£140.00-£209.99	75%
3	£210.00-£306.99	50%
4	£307.00 - £407.99	25%
5	£408 and above	0%

The rationale for the figures above are as follows:

- £140 is 16 hours on the national minimum wage (NMW £8.72) rounded upwards
- £210 is 24 hours on the NMW rounded upwards
- £307 is 30 hours on the Oxford living wage(OLW £10.21), rounded upwards
- £408 is the Benefit Cap uprated by the September 2019 RPI figure

It is proposed that the bands are uprated for 2021/22 as in previous years as follows:

- Bands based on the NMW are uprated in accordance with the NMW rate for over 25's from April 2021
- Bands based on the OLW are uprated in accordance with the OLW rate from April 2021
- Band 5 is increased by the Retail Price Index measure of inflation as of September 2020

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.

We would like to know if you still agree with us using an Income Band Scheme for Universal Credit claimants.

Please could you answer the following questions in respect of the Income Band Scheme.

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

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- Yes
- No
- Don't know

4. Do you agree with the proposal for uprating the income bands from 2020/21?

- Yes
- No
- Don't know

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

We would like your views as to whether or not to introduce a banded income approach for working age claimants, the same as we currently do for UC claimants.

Currently the CTR scheme has a banded income approach for people who are in receipt of Universal Credit as detailed above. Other working age claims do not have a banded scheme and entitlement to CTR will change whenever income or families change.

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.

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

- Agree
- Disagree
- Don't know

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6. There are currently 63 Councils operating income banded schemes across the country. These all vary from the amount a claimant needs to pay, to household circumstances, to protecting certain claimants. Below are listed some of the options we could take forward. Please indicate below any preferences to be included in any revised scheme:

	Yes	No	Don't know
Using the same income bands as for Universal Credit claimants shown above			
If every CTR claimant was asked to pay something towards their Council Tax, please indicate how much you think the minimum amount should be:			
0%			
10%			
20%			
More than 20%			
Do you think we should place those on passported benefits (Income Support, Income-Based Jobseeker's Allowance, Income-Related Employment and Support Allowance and sometimes those on maximum Universal Credit with no other income) into the lowest income band?			
14 Local Authorities have one set of income bands for all households, as with our income banded scheme for UC claimants. Do you think we should adopt this approach for all claimants, not just those on UC?			
23 Local Authorities have four different sets of income bands and associated reduction percentages to cover four different household types; Single, Couple, Households with one child, Households with two or more children. Do you think we should adopt this approach?			
9 Local Authorities have six different sets of income bands and associated reduction percentages to cover six different household types; Single, Couple, Single with one child, Couple with one child, Single with two or more children, Couple with two or more children. Do you think we should adopt this approach?			
The approach to protected groups (usually those in receipt of certain disability benefits, carers or households with a child under a certain age) is usually to treat them differently outside of the income bands, ensuring they retain access to full/increased support. Do you think we should protect certain groups and retain a 100% CTR scheme?			
Rather than get claimants to pay a % of their Council Tax due, another approach is to get claimants to pay a certain amount towards their Council Tax. As such, claimants with the same income will pay the same contribution towards their council tax, even if their council tax liability differs. Do you agree with this approach?			
Some authorities have adopted a Council Tax Band 'cap', so if your property band is above the cap you only receive CTR up to that band cap limit (usually a Band D Council Tax). Would you like to see this approach introduced?			
To date one Local Authority has moved away from the traditional CTR as a benefit approach to what it actually is, a discount on your Council Tax bill. The way this works is by a simple online application form with trust placed on the claimant to provide the correct income details, and a decision made on the award straight away, using Income Bands. A review of income is then carried out at a later date. This approach means less administration, reducing costs. The Council is keen to consider this model. Do you agree that this model should be adopted?			

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7. Please provide any comments you have on creating an income band scheme for all claimants, based on the options detailed above.

We would like your views on only awarding CTR up to a maximum of 75% of Council Tax due where there is at least one non-dependant in the household, the principle being that if the claimant was the only resident aged 18 or over then a 25% reduction would apply to the Council Tax charge. We would recommend to maintain the exemptions from non-dependant deductions currently within the scheme where there are people;

- ✓ **Who are registered blind or where there is a disability premium in place in the applicable amount. This would ensure that the Council are still protecting disabled people locally from financial hardship under the scheme.**
- ✓ **In receipt of Pension Credit (both Savings and Guaranteed), thus protecting the elderly.**
- ✓ **Under 25 and in receipt of a DWP benefit with no earned income**
- ✓ **Participating in a Government approved apprenticeship**
- ✓ **In prison**
- ✓ **Is a full time Student**

8. Do you think we should restrict the CTR award to 75% where there is at least one non-dependant in the household?

- Yes
- No
- Don't know

Currently there is a threshold of £16,000 savings that a claimant and partner can be in possession of to allow CTR entitlement. A tariff income is applied to a claim on the ratio of a £1 for every £250 of savings over £6,000 until the £16,000 threshold is met. The basis of this is that people should use their savings to make payments towards their living expenses. We would like your views on whether to reduce the current £16,000 capital limit. We would also like your views on how much the Capital limit should be.

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9. Do you think we should reduce the current £16,000 capital limit?

- Yes
- No
- Don't know

If yes, how much should it be reduced to?

- £6,000
- £8,000
- £10,000
- £12,000
- £14,000

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

As some of the options proposed may reduce the level of support people can get under CTR for the financial year 2021/22, 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.

10. Increase the level of Council Tax

- Yes
- No
- Don't know

11. Find savings from cutting other council services

- Yes
- No
- Don't know

12. Increase fees and charges

- Yes
- No
-

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Don't know

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

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

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.

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

Yes

No

Prefer not to say

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16. What is your gender?

- Male
- Female
- Transgender
- Prefer not to say

17. What is your age?

- | | | | |
|-------|--------------------------|-------------|--------------------------|
| 16-18 | <input type="checkbox"/> | 45-59 | <input type="checkbox"/> |
| 19-24 | <input type="checkbox"/> | 60-74 | <input type="checkbox"/> |
| 25-44 | <input type="checkbox"/> | 75 or above | <input type="checkbox"/> |

18. What is your ethnic group?

- | | |
|--|--------------------------------------|
| <input type="checkbox"/> White British | <input type="checkbox"/> Indian |
| <input type="checkbox"/> White Irish | <input type="checkbox"/> Pakistani |
| <input type="checkbox"/> Other White | <input type="checkbox"/> Bangladeshi |
| <input type="checkbox"/> White and Black Caribbean | <input type="checkbox"/> Other Asian |
| <input type="checkbox"/> White and Black African | <input type="checkbox"/> Caribbean |
| <input type="checkbox"/> White and Asian | <input type="checkbox"/> African |
| <input type="checkbox"/> Other Mixed | <input type="checkbox"/> Black Other |
| <input type="checkbox"/> Other (Specify Below) | <input type="checkbox"/> Chinese |

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

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

- Yes

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No

Prefer not to say

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