

Vale of White Horse District Council
Council Tax Reduction Scheme 2014/2015
Consultation

Report

Prepared for:
Vale of White Horse District Council

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Summary of agreement with proposed changes to the Council Tax Reduction Scheme for 2014/15

		Reduction recipients	Full Council Tax Payers
Proposal:			
To reduce the maximum entitlement to 91.5%	% agree	34%	67%
	% disagree	43%	22%
To reduce the upper capital limit to £6,000	% agree	49%	55%
	% disagree	34%	32%
To remove the second adult rebate	% agree	43%	63%
	% disagree	44%	24%
To treat child maintenance as income	% agree	35%	54%
	% disagree	59%	38%
To cap entitlement for properties in bands F, G and H	% agree	59%	76%
	% disagree	18%	14%
To extend entitlement to 13 weeks when a claimant moves into work	% agree	65%	60%
	% disagree	23%	27%

1. Background

Vale of White Horse District Council is required by law to have a scheme to help people on low incomes pay their council tax. For people of pensionable age there is a prescribed scheme to follow but for people of working age, subject to a few prescribed requirements, the council is free to design such a scheme as they see fit.

This requirement replaced the national council tax benefit scheme that had been in operation since 1993. The costs of the council tax benefit scheme were more or less met in full by the Government. For the new local schemes, however, the Government had reduced the amount of funding available by approximately ten per cent. For Vale of White Horse this meant approximately £59,000.

For the 2013/14 financial year the council's scheme for working age people is largely based on the previous national council tax benefit scheme. This has meant that, providing their circumstances have not changed, no residents have seen a reduction in the level of support they receive. The council funded this scheme through Government grants (which accounted for approximately 90 per cent of the costs) and increased council tax charges for empty properties and second homes.

The council took this approach because of several factors including:

- due to the lateness of legislation there was very little time to design and prepare robust schemes
- all of the Oxfordshire councils were working towards a common scheme
- there was additional Government transitional funding for councils who made no, or very little, cuts to entitlement

The scheme did, however, mean that there were no additional incentives for out of work residents to seek work, and the cut in Government funding was shouldered by council tax payers who were not claiming support. In view of this, the council is proposing that their scheme for 2014/15 will increase the incentive for residents to seek work but will generally have reduced support available. However, it is proposed that working age disabled claimants will be protected from these changes.

In August 2013, Alpha Research Ltd was commissioned to undertake a consultation on the proposed Council Tax Reduction Scheme for 2013/14 amongst residents and other stakeholder groups in the Vale of White Horse.

2. Methodology

A postal and online survey was carried out between 27 August and 18 October 2013.

2.1 Postal survey

A consultation questionnaire was sent to the following groups of residents:

1. A representative sample of 500 households selected at random from the Vale of White Horse District Council's database of council tax reduction claimants who may be affected by this change – i.e. excluding people of pensionable age and those with disabilities.
2. A representative sample 500 households selected from the council's database of those paying full council tax.

In each case the sample was selected at random from the database, following stratification by postcode to ensure geographic spread.

2.2 Online consultation

An online version of the same questionnaire was made available via the council's website. The online consultation was promoted via the website, press releases and other local publicity.

An email inviting participation in the consultation was sent to a range of stakeholders and interested parties, including registered housing providers, local Citizens Advice Bureaux, other welfare organisations, care organisations and parish councils.

Members of the Vale of White Horse citizen's panel were also invited to take part in the online consultation.

2.3 Response rates

In total 412 responses were received (159 postal returns and 253 online responses). The profile of response is detailed in section 3.

2.4 Analysis and reporting

This report highlights and comments on the key findings from the consultation. Full tabulations of the results have been provided under separate cover.

Throughout the report the results are reported separately for three key groups of respondents:

1. Those currently in receipt of any Council Tax Reduction (full or partial)
2. Full Council Tax Payers
3. Stakeholder groups / interested parties

3. Profile of respondents

The vast majority of respondents were individuals responding on their own behalf, or carers/ family members responding on behalf of an individual. [Table 3.1]

There were ten responses representing stakeholder organisations or other interested parties:

- Four Parish Councils
- Four Housing Associations
- Two voluntary organisations (South and Vale CAB, and Gingerbread the national charity working with and on behalf of single parents)

95 of the 412 consultation respondents (23%) claimed to be in receipt of a Council Tax Reduction. Of these 31 said they receive a full reduction and 61 claimed to receive a partial reduction. Around a quarter of reduction recipients responding were pensioners or people with disabilities, who are protected from the impact of the proposed scheme.

Table 3.1: Sample profile – Type of respondent

	<i>No. of respondents</i>	<i>% of respondents</i>
All respondents	412	100%
Responding as (Q1/Q2):		
On own behalf	395	96%
Housing Association	4	1%
Parish Council	4	1%
Carer	2	<0.5%
Voluntary organisation	2	<0.5%
Other	1	<0.5%
Not stated	3	1%
Receipt of council tax reduction (Q4/Q4a):		
Any reduction	95	23%
- 100% Full reduction	31	8%
- Partial reduction	61	15%
Recipients in protected groups (Q4b):		
Any protected group	28	7%
- Pensioner	21	5%
- Person with disabilities	9	2%
- Recipient of War Widows Pension	-	-
- Recipient of War Disablement Pension	-	-
Recipients not in protected groups	67	16%

The demographic profile of reduction recipients responding to the consultation was relatively young (61% aged under 55) and female biased (68%). Four in ten of those in receipt of a reduction were single person households (44%) while around a quarter were lone parents (27%). The profile of full council tax payers was significantly older (57% aged 55 and over), and predominantly married or co-habiting couples (77%). [Table 3.2]

Table 3.2: Sample profile – Demographic

	<i>Reduction recipients</i>		<i>Full Council Tax Payers</i>	
TOTAL	95	100%	299	100%
Gender:				
Male	29	31%	163	55%
Female	65	68%	130	43%
Not stated	1	1%	6	2%
Age:				
Under 18	-	-	-	-
18 to 24	3	3%	3	1%
25 to 34	11	12%	16	5%
35 to 44	17	18%	53	18%
45 to 54	27	28%	55	18%
55 to 59	5	5%	30	10%
60 to 64	6	6%	50	17%
65 to 74	13	14%	60	20%
75 or over	12	13%	31	10%
Not stated	1	-	2	1%
Health problem or Disability:				
Yes	30	32%	41	14%
No	64	67%	254	85%
Not stated	1	1%	4	1%
Ethnic group:				
White British	92	97%	265	89%
Other white background	3	2%	16	5%
Other	-	-	5	2%
Not stated	-	-	13	4%
Household composition:				
Single person	42	44%	41	14%
Lone parent	26	27%	16	5%
Couple with children	21	22%	132	44%
Couple with no children	4	4%	99	33%
Other	1	1%	3	1%
Not stated	1	1%	8	3%

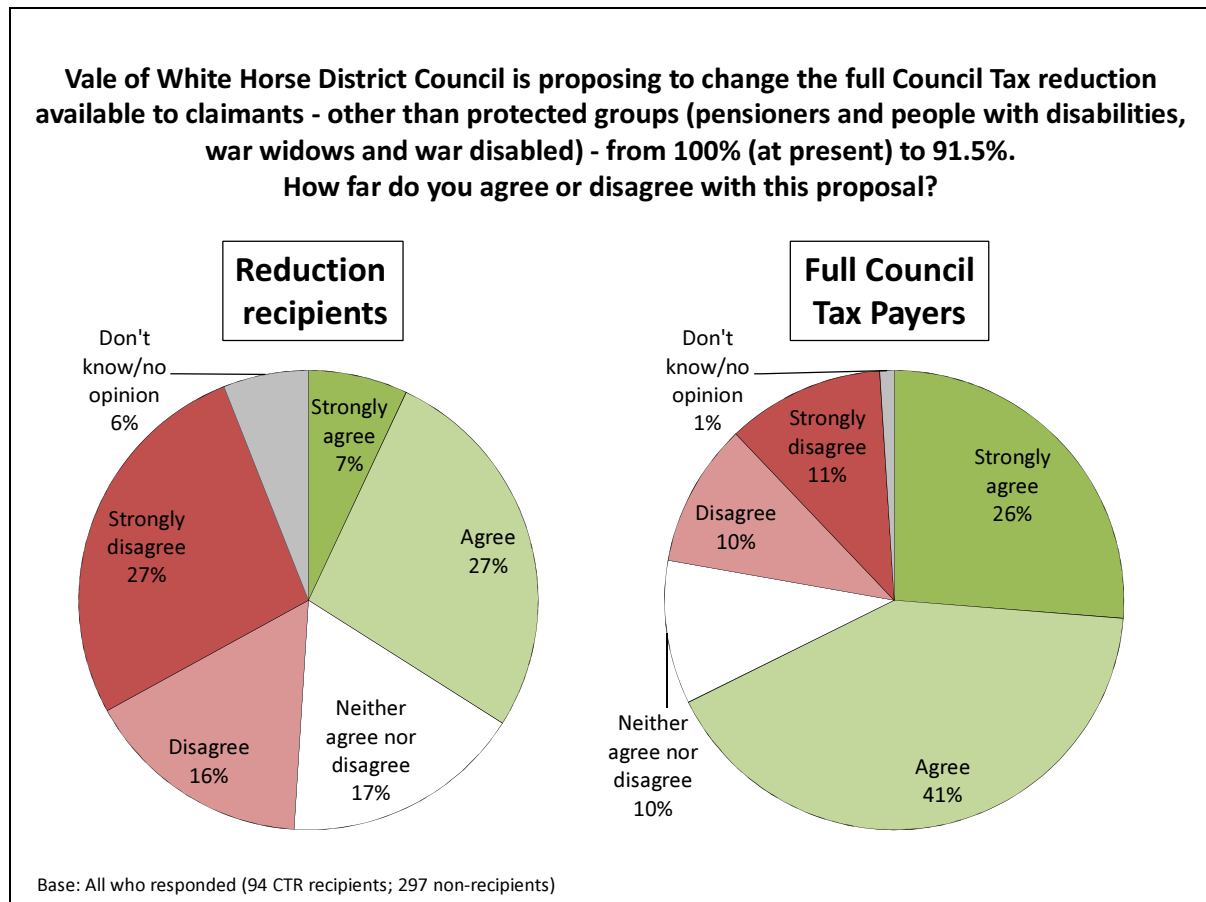
4. Key findings

4.1 Proposal to reduce the maximum entitlement to a Council Tax reduction from 100% to 91.5%

Respondents were presented with details of the council’s proposals to reduce the maximum entitlement to a council tax reduction from 100% to 91.5%. They were given an explanation of the rationale for the proposals and two examples of how the changes might affect individual households. Respondents were then asked to what extent they agreed or disagreed with the proposal to reduce maximum entitlement to 91.5%. [Chart 4.1]

Agreement was significantly lower amongst those currently in receipt of a reduction than amongst full council tax payers. Two thirds of full council tax payers (67%) agreed with the proposal, with around a quarter (26%) agreeing strongly. However, only around a third of those currently receiving a reduction (34%) agreed with the proposal and slightly more (43%) disagreed, with a quarter of current recipients expressing strong disagreement (27%). One in five full council tax payers (22%) disagreed with the proposals, and around one in ten (11%) strongly disagreed.

Chart 4.1: Agreement with proposal to reduce the maximum entitlement to a Council Tax reduction from 100% to 91.5%



Respondents were given the opportunity to mention anything they thought the council should take into account when considering the proposed change. The issues most commonly raised for consideration were as follows:

- While there was some agreement with the principle that every resident should contribute something toward their council tax, a number of respondents expressed concern that the proposals appear to put an **additional burden on low income households** and could cause **undue financial hardship** for some households who are already struggling.
- Some felt the proposals gave insufficient consideration to the issue of **ability to pay** and felt that the scheme should take more account of the household's income (and in some cases outgoings), and/or make more allowance for individual circumstances.
- There was also some concern that those who would be expected to pay more under the proposed scheme may not be able to find the money to do so, resulting in **debt and defaults on payments**, which would in turn increase the administrative burden on the council in recovering arrears.
- It was felt important that the proposed scheme **should not penalise working people**, and there was concern about the **impact on single parent families**. Some respondents expressed sympathy with the single working mother described in Example B and worried that single mothers would struggle to afford the additional council tax payments which could in turn have a direct impact on their children. In particular, several were unhappy about the move to treat child maintenance payments as income (see also Section 4.4).
- There was somewhat more acceptance of the scenario described in Example A (a single man seeking work) since the increase in contributions was considered more affordable.
- However, not all respondents agreed that the proposals would be an **effective incentive to work**, several noting the difficulties of finding work in the current economic climate.

Of the ten stakeholder groups responding, two agreed with the proposal and three disagreed. The others either stated that they "neither agree nor disagree" or offered no opinion. Comments from stakeholder organisations included the following:

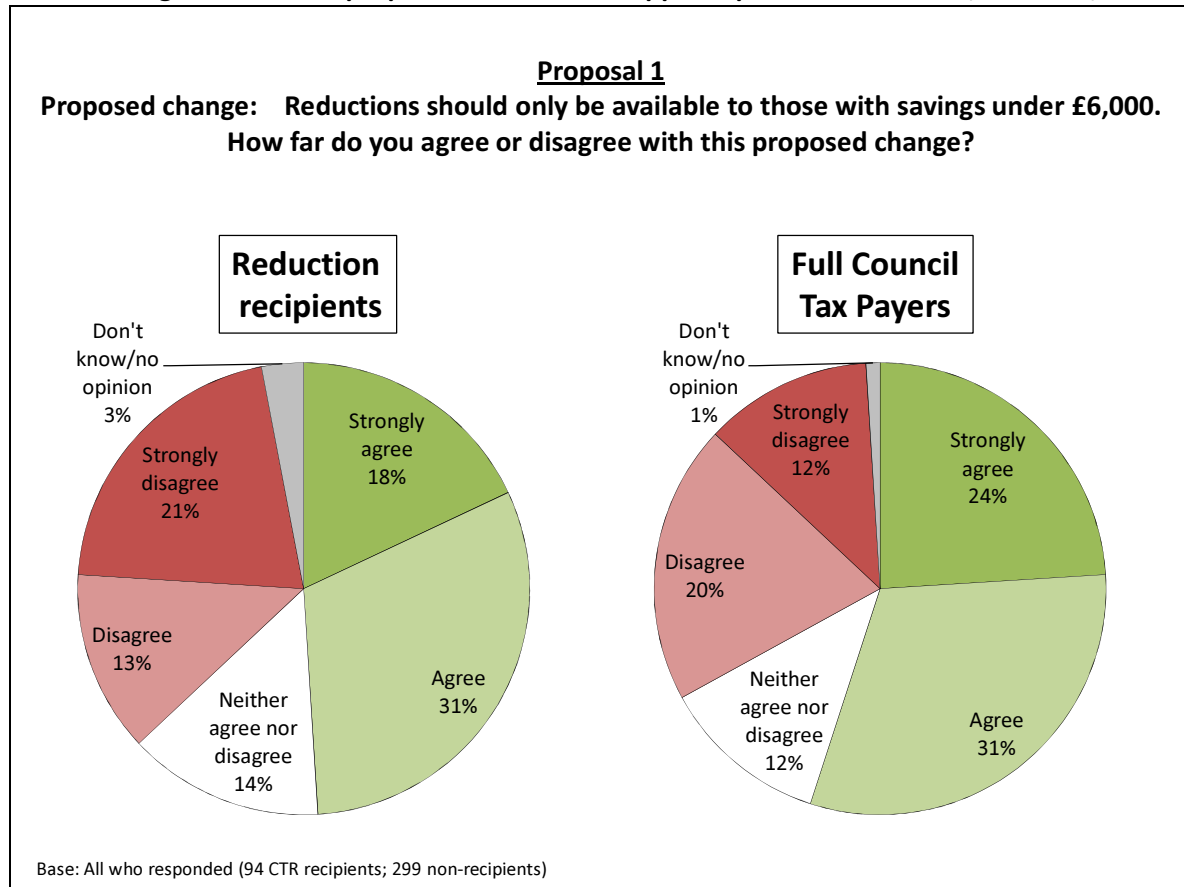
- Oxfordshire South and Vale Citizens Advice Bureau expressed a concern that the proposed change will add to the existing stress of households on a limited budget who are faced with a rising cost of living. The point was made that means tested benefits are intended only to be sufficient to cover basic needs. It was therefore felt unreasonable to expect people to pay a proportion of council tax from this income and may lead to increased arrears and consequent enforcement action.
- One parish council expressed the view that the proposal appears to hit hard those disadvantaged people who are trying to work out of their situation.
- Another parish council suggested that additional consideration should be given to individual circumstances and the benefits received by claimants.

4.2 Proposal to reduce the upper capital limit from £16,000 to £6,000

Respondents were asked to give their views on the proposal to reduce the maximum amount of capital a person can have before being excluded from the council tax reduction scheme from £16,000 to £6,000. [Chart 4.2]

On this proposal agreement was at a similar level amongst full council tax payers and those in receipt of a reduction, with around half of each group agreeing with the reduction in the capital limit (55% of full council tax payers; 49% of reduction recipients). Similarly around a third of respondents in each group disagreed with the proposal (32% of full council tax payers; 34% of reduction recipients).

Chart 4.2: Agreement with proposal to reduce the upper capital limit from £16,000 to £6,000



97 respondents provided additional comments relating to this proposal:

- Some of those who agreed with the proposal felt that a person with savings of £6000 or more **should not be considered in need of support** to pay their council tax, and that to provide support in these circumstances could be deemed unfair on those paying full council tax who may have no savings.

- However several of those who opposed the proposed change suggested that it would **penalise those who had been prudent** and might **discourage people from saving** for their future
- A number of respondents (both those receiving a reduction and those paying full council tax) felt that **the reduction in the limit should be smaller**, £10,000 being commonly suggested.

Of the ten stakeholder groups responding, five supported the proposed reduction in the capital limit and two opposed it. No supporting comments on this proposal were provided by stakeholders.

4.3 Proposal to remove the second adult rebate

Respondents were asked to give their views on the proposal to remove the second adult rebate which allows a single person who lives with another adult who is on a low income to receive up to 25% reduction on their council tax, regardless of their own income. [Chart 4.3]

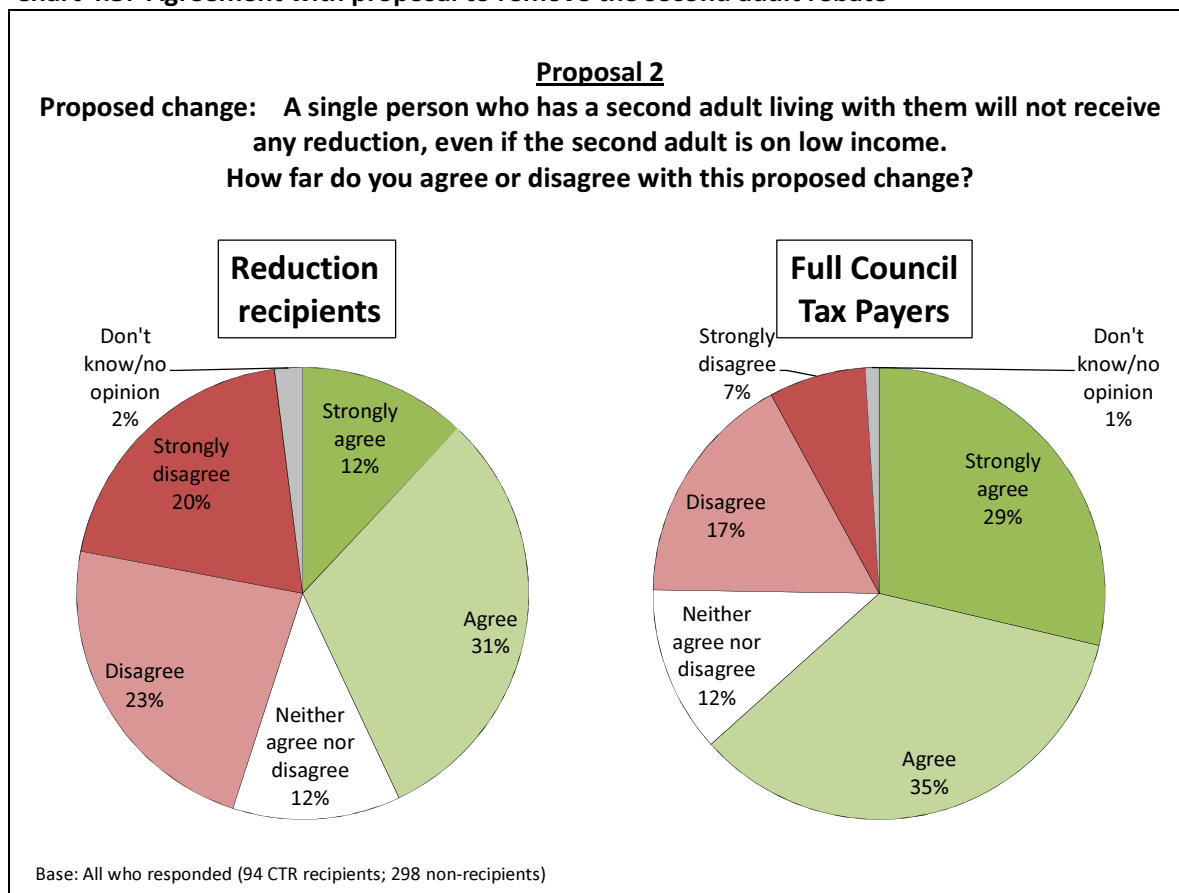
Agreement with this proposal was significantly higher amongst full council tax payers than amongst those in receipt of a reduction. Almost two thirds (63%) of full council tax payers agreed with the proposed removal of the second adult rebate, while around a quarter (24%) disagreed. Those in receipt of a council tax reduction were more split in their opinions. Around four in ten recipients (43%) agreed with the proposal, while a similar proportion (44%) disagreed.

Those recipients who are not protected from the changes displayed particular opposition to the proposal (51% disagreed) and two thirds (65%) of lone parents receiving a reduction said they opposed this change.

84 respondents provided additional comments relating to this proposal:

- Many of the comments suggested that **the income of the single person and/or the total household income should be taken into account**.
- While some respondents felt that where there were two incomes in the household, no support should be offered, others expressed the view that if both people in the household were on a low income then **some support may still be needed**.
- A number of respondents expressed reservations about how this proposal may **impact on a single parent living with an adult son or daughter** who may be on a very low income and find it difficult to contribute to household bills.
- There was some confusion at this question, with a number of respondents feeling that this **proposal needed further clarification**.

Chart 4.3: Agreement with proposal to remove the second adult rebate



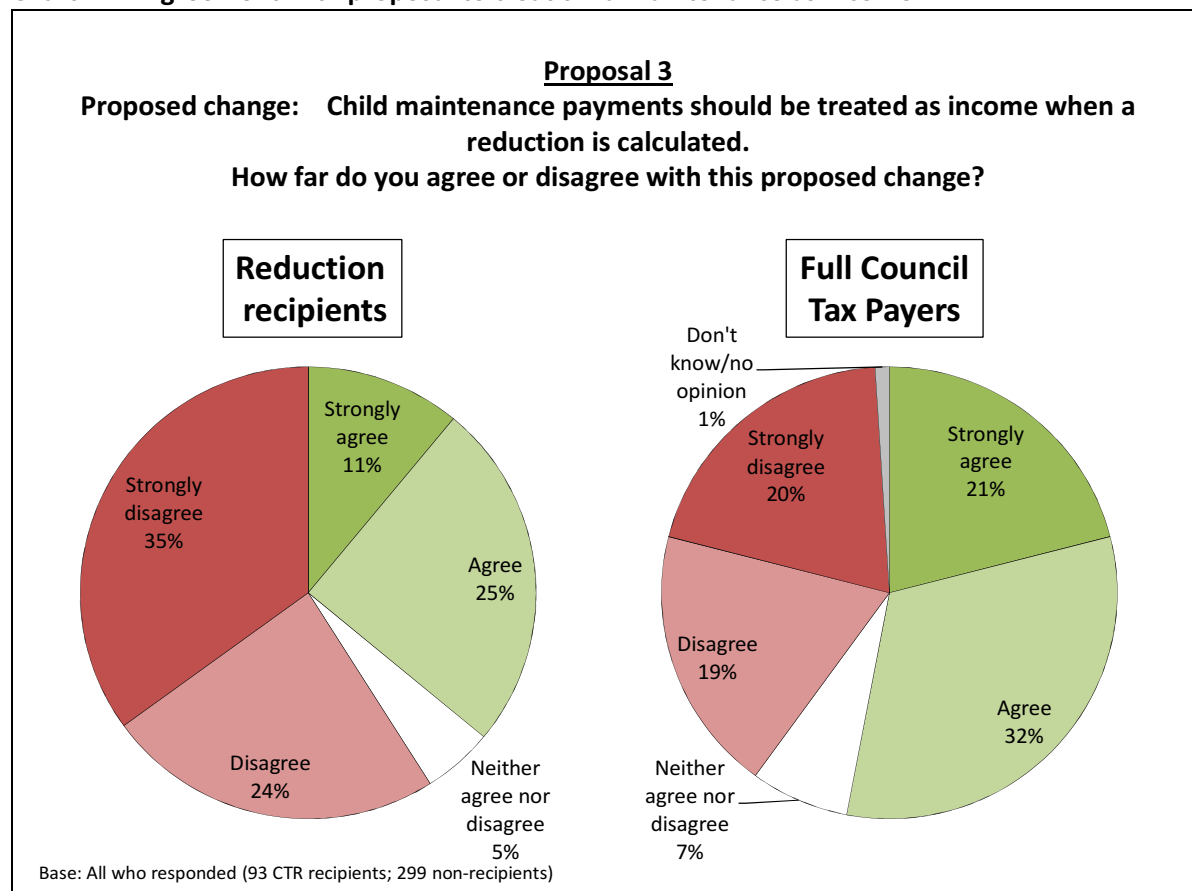
Of the ten stakeholder groups responding, four agreed with the proposal and two disagreed. The others either stated that they “neither agree nor disagree” or offered no opinion. There were two comments made by stakeholders:

1. One parish council felt that exceptions for carers should be considered.
2. Another parish council felt that the removal of the rebate should be dependent on income.

4.4 Proposal to treat child maintenance as income rather than disregarding it

Opinions were divided regarding the proposal to class child maintenance payments as income when a reduction in council tax is calculated, with full council tax payers more likely to support the proposal and those currently in receipt of a reduction more likely to oppose it. [Chart 4.4]

Chart 4.4: Agreement with proposal to treat child maintenance as income



While around a third (35%) of council tax reduction recipients agreed with the proposal, almost six in ten (59%) disagreed, a third (35%) expressing strong disagreement. Agreement was significantly higher amongst full council tax payers, of whom more than half (54%) agreed. However, even amongst full council tax payers, more than a third (38%) of respondents opposed the proposed change in the calculation of council tax reductions.

Lone parents were particularly opposed to the idea of classifying child maintenance payments as income for the purposes of calculating a council tax reduction. Eight in ten lone parents in receipt of a reduction opposed the proposal (81%), as did six in ten lone parents not currently receiving a reduction (63%).

Over 100 respondents provided additional comments relating to this proposal:

- Most commonly residents commented that child maintenance payments are **intended for the support of the child**, and not intended for use in the payment of household bills.
- Many took the view that by classing these payments as income, some portion of the maintenance payment would need to be redirected to cover the payment of additional council tax, and there were concerns that **children would be directly affected** as a result.

- Concerns were also expressed that maintenance payments may be an **unreliable source of income**, as payments are not always received regularly and on time.

Of the ten stakeholder groups responding, four agreed with the proposal and four disagreed. Two of these organisations raised issues concerning the practical considerations of this change in policy:

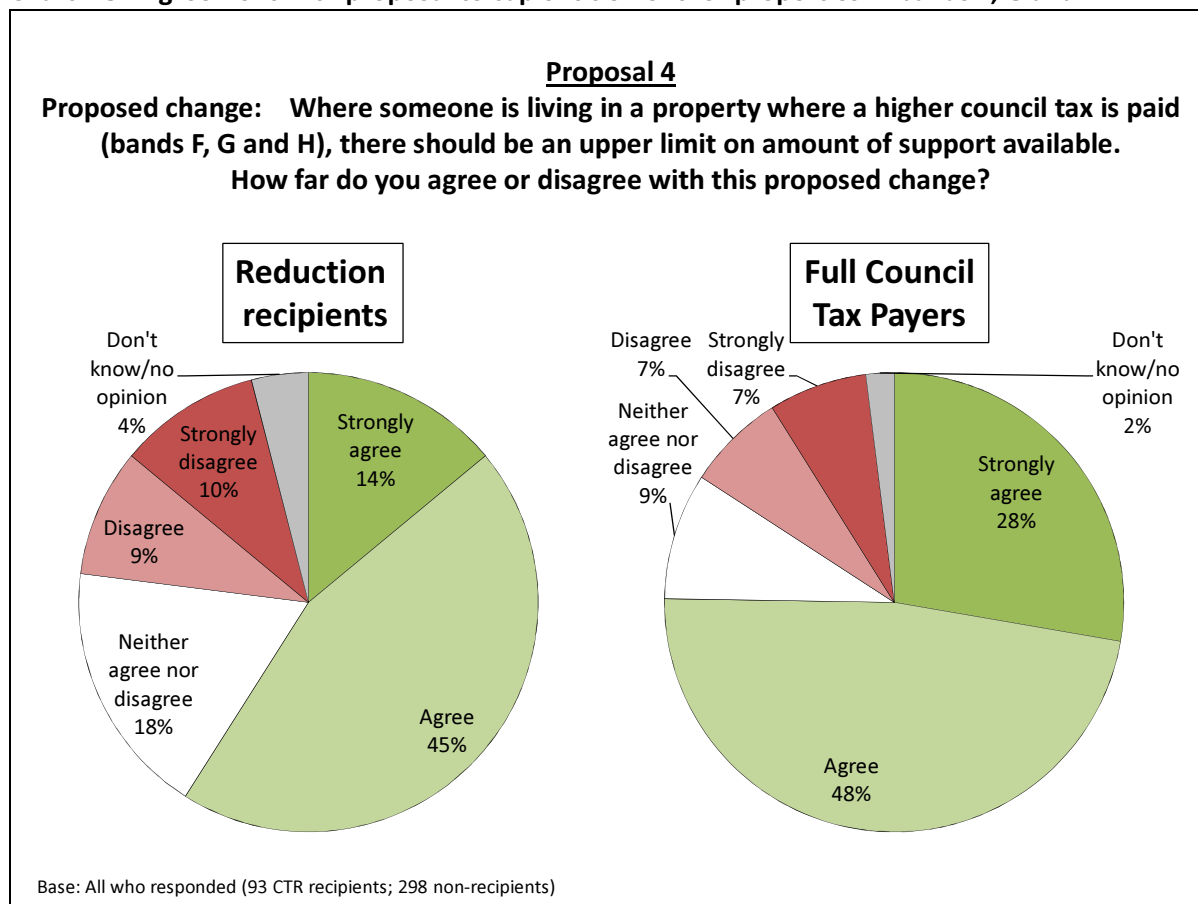
1. Gingerbread (the national charity working with and on behalf of single parents) expressed strong disagreement with the proposal and made the following comment:
“Child maintenance is the parental contribution from one separated parent to the other for the financial support of a child. The council's proposal will mean that children in single parent families in the Vale of White Horse District will lose a fifth of this money intended for their upkeep. Gingerbread believes there are strong practical, as well as policy-related, reasons why child maintenance should be left out of the calculation of council tax support.”
2. Oxfordshire South and Vale Citizens Advice Bureau commented:
“Whilst we understand the principle of this, we do not see how it will be organised in practice, as maintenance payments are made in a variety of different ways, both formal and informal. Maintenance payments are ignored for other benefits purposes which means that there is no established method for verifying them.”

4.5 Proposal to cap entitlement for properties in bands F, G and H

Respondents were asked to give their views on the proposal to put an upper limit on the amount of support available to residents living in properties in a higher council tax band (bands F, G and H). The entitlement would be capped to band E level. [Chart 4.5]

This proposed change received considerable support. Three quarters of full council tax payers (76%) and six in ten of those currently in receipt of a reduction (59%) agreed with the proposal to cap entitlement for properties in higher bands. Full council tax payers were particularly likely to agree strongly with the proposal (28%). The level of disagreement was similar across the two groups; 14% of full council tax payers and 18% of reduction recipients disagreed with the proposed cap.

Chart 4.5: Agreement with proposal to cap entitlement for properties in bands F, G and H



There were a number of comments made relating to this proposal:

- Some of those who agreed with the proposal felt that residents living in these bands were **unlikely to need the same level of support** as those in lower banded properties, or **should consider moving** to a lower banded property if they could not afford their council tax payments.
- However, several respondents felt that **individual circumstances** should be taken into account, and that more consideration should be given to **ability to pay** and the **reasons for occupying a higher banded property** (e.g. concerns for those who have “fallen on hard times” and may need temporary support).
- A number of respondents felt that properties in **all bands should be treated equally** as regards tax reductions.

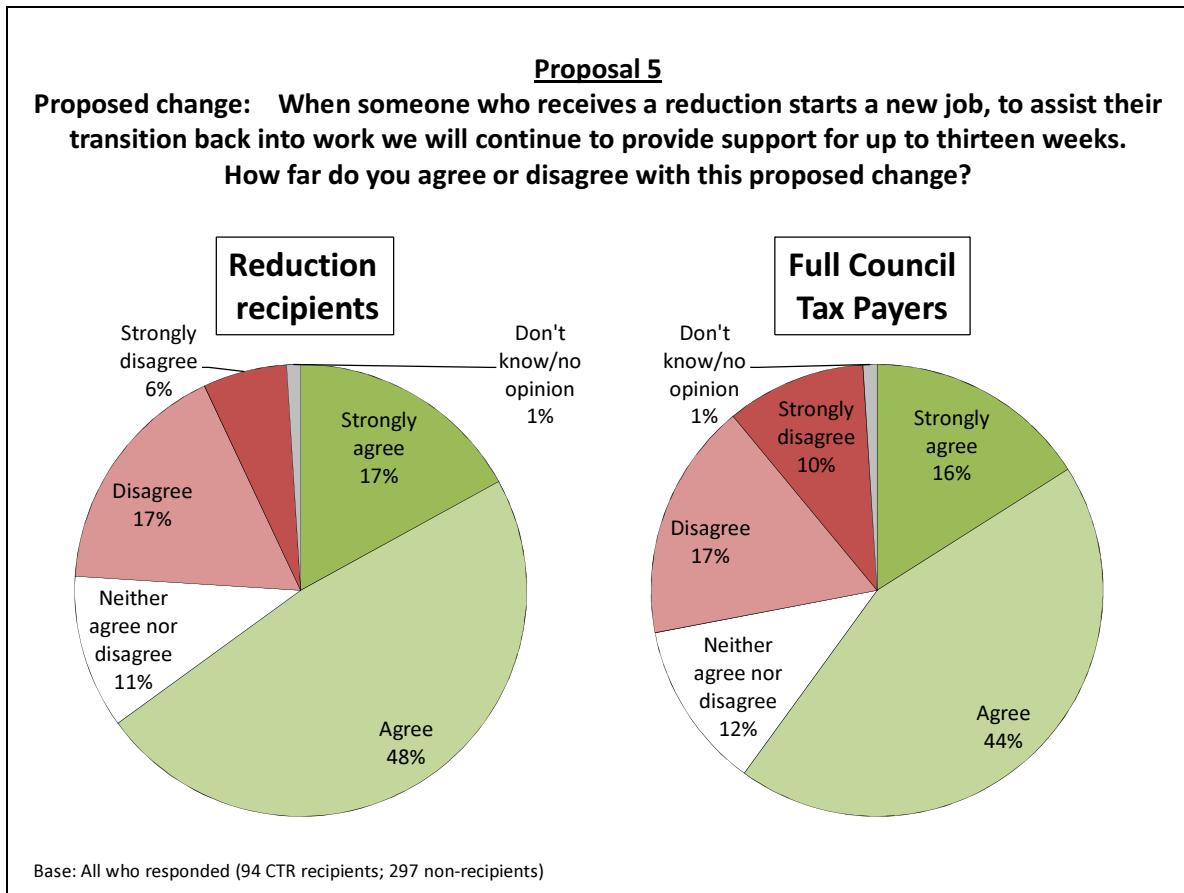
Of the ten stakeholder groups responding, four supported the proposed cap for properties in bands F, G and H, and one (Grove Parish Council) opposed it. No supporting comments on this proposal were provided by stakeholders.

4.6 Proposal to extend “run-on” entitlement when a claimant moves into work from four weeks to thirteen weeks

Views were sought on the proposal to continue to provide support for up to 13 weeks (extended from the current four weeks) when someone in receipt of a reduction starts work. [Chart 4.5]

Three in five (60%) of those paying full council tax agreed with the proposed extension, and a similar proportion (65%) of those receiving a reduction agreed. Around a quarter of each group opposed the proposed extension (27% of full council tax payers; 23% of reduction recipients).

Chart 4.6: Agreement with proposal to extend entitlement to 13 weeks when a claimant moves into work



93 respondents provided additional comments relating to this proposal:

- Some of those who agreed with the proposal felt that the extension would provide a **good incentive to return to work**, and would give the claimant **more time to adjust** to their new financial situation.

- Several of those who opposed the proposal could not understand the reasons for the extension or felt that it was **unnecessary**, given that in most cases the claimant would be paid within four weeks of starting work.
- A number of respondents suggested that the **increase was too great**, preferring an extension of around 8 weeks.

Of the ten stakeholder groups responding, four supported the proposed cap for properties in bands F, G and H, and one (Grove Parish Council) opposed it. Oxfordshire South and Vale Citizens Advice Bureau agreed with the proposal but felt that the results of the change should be monitored to establish the impact it has on helping people back to work.

4.7 Other comments

At the end of the consultation respondents were asked if they had any other comments about the proposed changes to the scheme. 73 respondents provided comments.

There were few common themes. However, a significant proportion of the comments expressed concern that the proposals place a disproportionate burden on the poor and those receiving benefits, who may not be able to afford any increase in their council tax payments. Some stated that they would prefer that the impact of the government cuts is spread more evenly across all income groups based on ability to pay (e.g. through some form of local income tax or other means tested scheme) or is funded by increasing council tax for higher income groups.

A number of issues were raised by the stakeholder groups consulted:

1. Gingerbread (the national charity working with and on behalf of single parents) raised concerns about the impact of the proposed scheme on single parents when viewed in conjunction with other tax and benefit changes:
“Children in single parent families are twice as likely to be living in poverty compared to children in couple families. Child maintenance from a separated parent is an important protective factor for children, at a time when central government tax and benefit changes have disproportionately hit those raising children alone. The council's proposals come at a time when central government is about to introduce a 4% charge on child maintenance collected through the new Child Maintenance Service. Thus separated parents in the Vale of White Horse who are trying to do the best for their children will find that both central and local government want a share of the money intended for their child.”
2. One parish council expressed a concern that there is potential for the changes to hit domestic violence sufferers, single parents and carers, and suggested that these groups should be afforded the same protection rights as pensioners.

3. A local housing association also raised an issue regarding the protection of certain groups from the impact of the changes, suggesting that it is counter-intuitive to protect those with a disability premium (and therefore additional income) while placing proportionately greater impact on young people looking for work.
4. The Oxfordshire South and Vale Citizens Advice Bureau expressed an appreciation of the difficult decisions the council is having to make and vowed to monitor the impact of the changes on their clients.