



WEST OXFORDSHIRE
DISTRICT COUNCIL

West Oxfordshire District Council
Council Tax Reduction Scheme 2014/2015
Consultation

Report

Prepared for:
West Oxfordshire 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 | 36% | 67% |
| | % disagree | 41% | 21% |
| To reduce the upper capital limit to £6,000 | % agree | 55% | 60% |
| | % disagree | 27% | 32% |
| To remove the second adult rebate | % agree | 34% | 65% |
| | % disagree | 35% | 24% |
| To treat child maintenance as income | % agree | 36% | 61% |
| | % disagree | 52% | 31% |
| To cap entitlement for properties in bands F, G and H | % agree | 56% | 70% |
| | % disagree | 21% | 17% |
| To extend entitlement to 13 weeks when a claimant moves into work | % agree | 65% | 53% |
| | % disagree | 16% | 31% |

1. Background

West Oxfordshire 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 West Oxfordshire this meant approximately £46,200.

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 West Oxfordshire.

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 West Oxfordshire 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.

2.3 Response rates

In total 246 responses were received (186 postal returns and 60 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

2.5 Definition of a 'person with disabilities'

People with disabilities are defined, by West Oxfordshire District Council, as persons in receipt of the following:

- Disability Premium,
- Enhanced Disability Premium,
- Severe Disability Premium,
- Disability Premium for Dependants,
- Enhanced Disability Premium for Dependants,
- Disability Earnings Disregard,
- Council Tax Disability Band Reduction,
- Employment Support Allowance (any rate).

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 three responses representing stakeholder organisations or other interested parties:

1. West Oxfordshire CAB
2. A WODC Welfare Officer
3. An “advice provider” (unnamed)

99 of the 246 consultation respondents (40%) claimed to be in receipt of a Council Tax Reduction. Of these 39 said they receive a full reduction and 59 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 | 246 | 100% |
| Responding as (Q1/Q2): | | |
| On own behalf | 237 | 97% |
| Carer | 1 | <0.5% |
| Voluntary organisation | 1 | <0.5% |
| Housing Association | - | - |
| Parish Council | - | - |
| Other | 5 | 2% |
| - family members | (3) | |
| - other organisations | (2) | |
| Not stated | 2 | 1% |
| Receipt of council tax reduction (Q4/Q4a): | | |
| Any reduction | 99 | 40% |
| - 100% Full reduction | 39 | 16% |
| - Partial reduction | 59 | 24% |
| Recipients in protected groups (Q4b): | | |
| Any protected group | 27 | 11% |
| - Pensioner | 15 | 6% |
| - Person with disabilities | 13 | 5% |
| - Recipient of War Widows Pension | - | - |
| - Recipient of War Disablement Pension | - | - |
| Recipients not in protected groups | 72 | 29% |

The demographic profile of reduction recipients responding to the consultation was relatively young (73% aged under 55) and female biased (74%). Four in ten recipients were lone parents (42%) while three in ten were single person households (31%). The profile of full council tax payers was significantly older (47% aged 55 and over), and predominantly married or co-habiting couples (66%).
 [Table 3.2]

Table 3.2: Sample profile – Demographic

| | <i>Reduction recipients</i> | | <i>Full Council Tax Payers</i> | |
|--------------------------------------|-----------------------------|------|--------------------------------|------|
| TOTAL | 99 | 100% | 138 | 100% |
| Gender: | | | | |
| Male | 25 | 25% | 56 | 41% |
| Female | 73 | 74% | 77 | 56% |
| Not stated | 1 | 1% | 5 | 4% |
| Age: | | | | |
| Under 18 | - | - | - | - |
| 18 to 24 | 6 | 6% | 2 | 1% |
| 25 to 34 | 18 | 18% | 10 | 7% |
| 35 to 44 | 18 | 18% | 24 | 17% |
| 45 to 54 | 30 | 30% | 35 | 25% |
| 55 to 59 | 8 | 8% | 13 | 9% |
| 60 to 64 | 1 | 1% | 14 | 10% |
| 65 to 74 | 7 | 7% | 25 | 18% |
| 75 or over | 11 | 11% | 13 | 9% |
| Not stated | - | - | 2 | 1% |
| Health problem or Disability: | | | | |
| Yes | 31 | 31% | 16 | 12% |
| No | 61 | 62% | 118 | 86% |
| Not stated | 7 | 7% | 4 | 3% |
| Ethnic group: | | | | |
| White British | 93 | 94% | 133 | 95% |
| Other white background | 2 | 2% | - | - |
| Other | 1 | 1% | 2 | 1% |
| Not stated | 3 | 3% | 3 | 2% |
| Household composition: | | | | |
| Single person | 31 | 31% | 30 | 22% |
| Lone parent | 42 | 42% | 9 | 7% |
| Couple with children | 16 | 16% | 58 | 42% |
| Couple with no children | 6 | 6% | 33 | 24% |
| Other | 2 | 2% | 4 | 3% |
| Not stated | 2 | 2% | 4 | 3% |

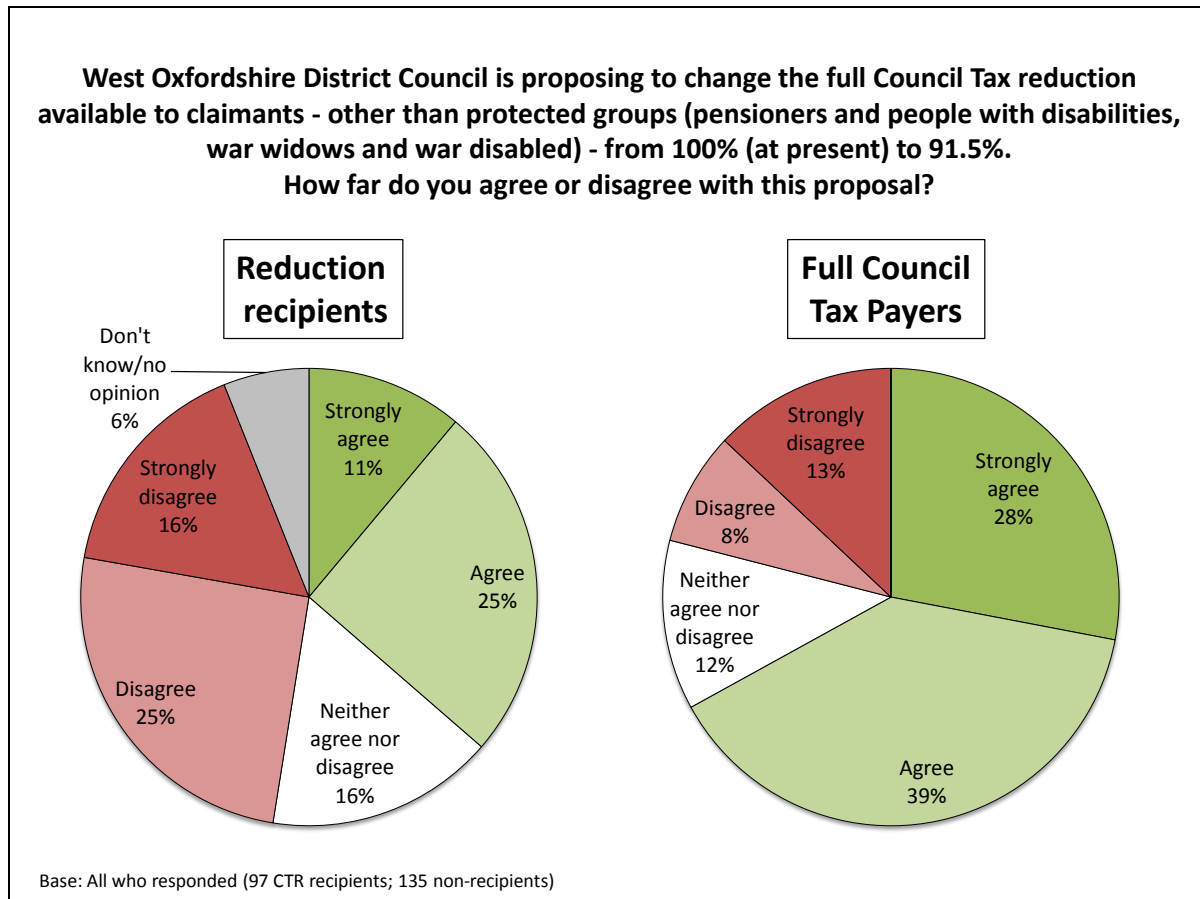
4. Key findings

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 over a quarter (28%) agreeing strongly. However, fewer than four in ten of those currently receiving a reduction (36%) agreed with the proposal and a similar proportion (41%) disagreed, with one in six recipients expressing strong disagreement (16%). One in five full council tax payers (21%) disagreed with the proposals, and one in eight (13%) strongly disagreed.

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



There were some significant variations in opinion between subgroups of respondents:

- While 41% of all reduction recipients disagreed with the proposal, there was significantly less disagreement (23%) amongst those recipients in the **protected groups** (pensioners and people with disabilities).
- However, more than half of **lone parents** in receipt of a reduction expressed disagreement with the proposal (56%).
- Those receiving a **full reduction** in their council tax were significantly less likely to agree with the proposal than those receiving a partial reduction (23% and 46% respectively agreed).
- Amongst both reduction recipients and full council tax payers, **older respondents** (aged 65 and over) were significantly more likely to agree and significantly less likely to disagree with the proposal than younger respondents.

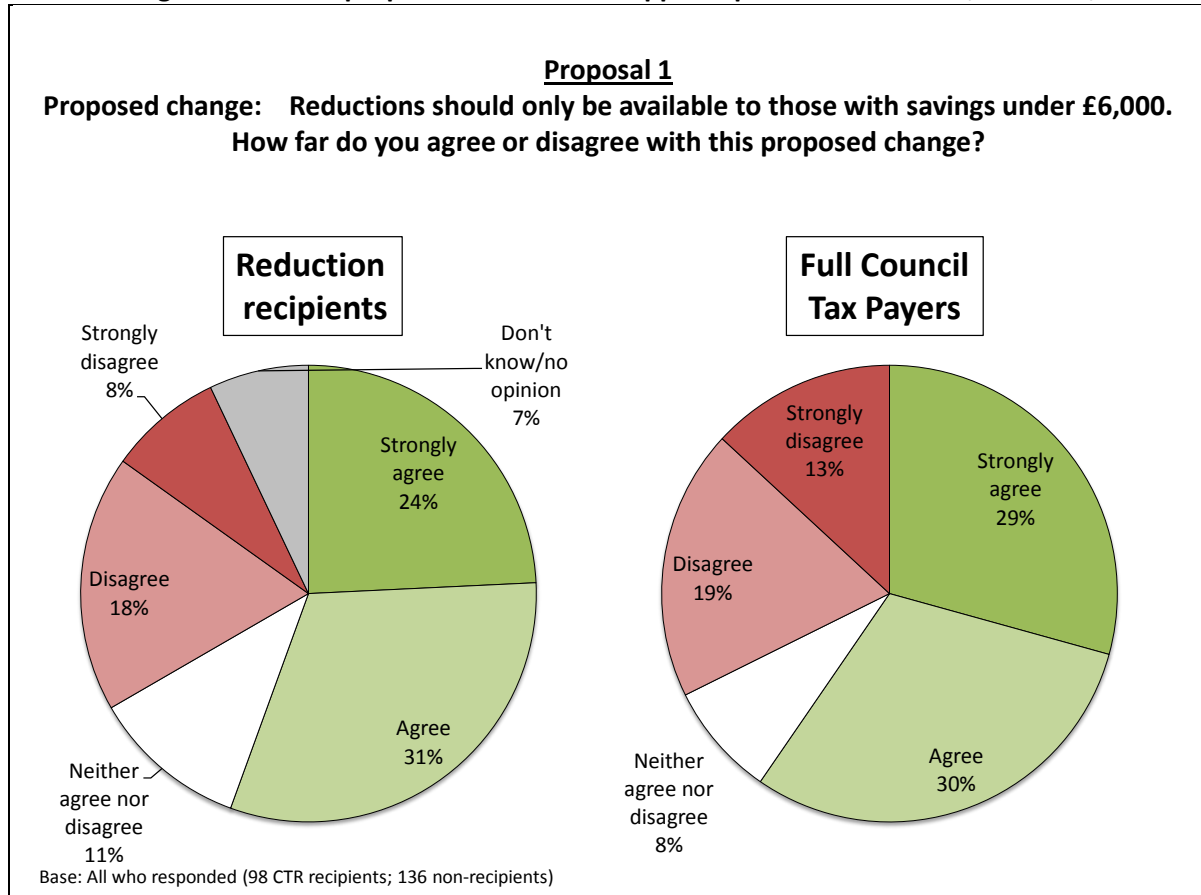
Respondents were given the opportunity to mention anything they thought the council should take into account when considering the proposed change. Around a third of respondents (80) made a comment. The issues most commonly raised for consideration were as follows:

- While there was some agreement with the principle that every resident should contribute something toward their council tax, a number of respondents (particularly those receiving a reduction) expressed concern that the proposal could put additional **pressure on households who are already struggling financially**, due to the current economic climate, changes in other benefits, increased cost of living and reduced work opportunities.
- 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.
- In particular, there was considerable concern about the impact on **single parent families**. Some respondents expressed sympathy with the single working mother described in Example B and concern that single mothers would struggle to afford the additional council tax payments which could in turn have a direct impact on their children. 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.

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. On this proposal agreement was at a similar level amongst full council tax payers (60% agreed) and those in receipt of a reduction (55% agreed). Around three in ten respondents disagreed with the proposal (32% of full council tax payers; 27% of reduction recipients). [Chart 4.2]

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



This proposal was less favoured by older respondents, both amongst full council tax payers and those receiving a reduction. Respondents aged 45 and over were more likely than younger respondents to disagree with a reduction in the capital limit. Around four in ten reduction recipients aged 45 and over (39%) and a similar proportion (36%) of full council tax payers in this age group disagreed with the proposal.

64 respondents provided additional comments relating to this proposal:

- Several respondents (particularly those receiving a reduction) felt that a person with savings of £6000 or more **should not be considered in need of support** to pay their council tax.

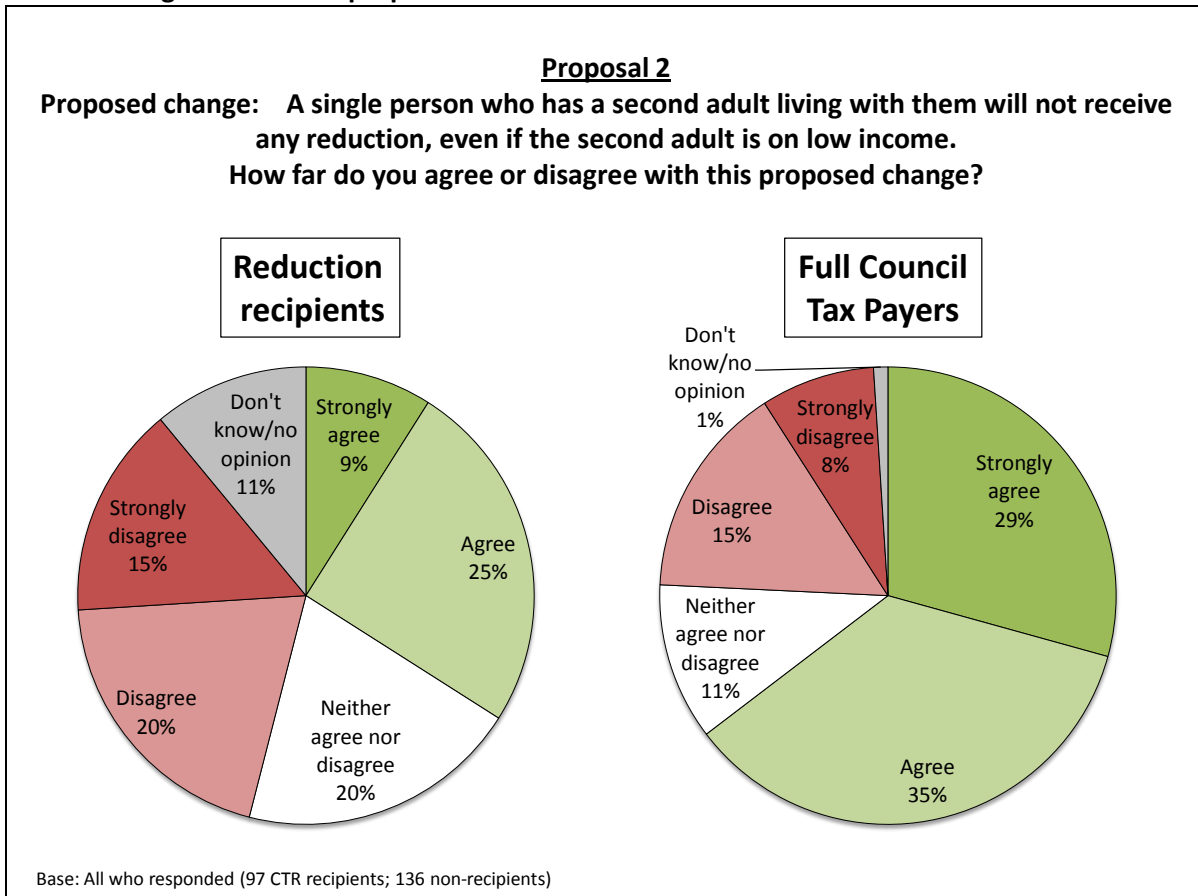
- However others (particularly full council tax payers) felt that the proposed change would **penalise those who had been prudent** and might **discourage people from saving** for their future. Some felt that consideration should be given to what the savings may have been intended for (e.g. a deposit on a house or saving for old age).
- 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.

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]

Those receiving a council tax reduction were split in their opinions regarding the second adult rebate. Around a third (35%) agreed with the proposal to remove the rebate, while a similar proportion (34%) disagreed. Around three in ten reduction recipients were unsure or gave no opinion on the proposal. Agreement was significantly higher amongst the full council tax payers responding, of whom almost two thirds (63%) agreed, and less than a quarter (23%) disagreed.

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



The proposal to remove the second adult rebate was particularly opposed by female respondents in receipt of a reduction, and lone parents.

44 respondents provided additional comments relating to this proposal:

- Several respondents felt that **the income of the single person 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.**
- In particular, 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.**

All three stakeholder organisations responding to the consultation disagreed with this proposal, with the following comments:

1. A 25% increase for the single person is too great if the second adult is on a low income.
2. (Single person's/total household) income should be considered.
3. Suggestion that the 25% reduction should be retained but for a limited time (e.g. 26 weeks)

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

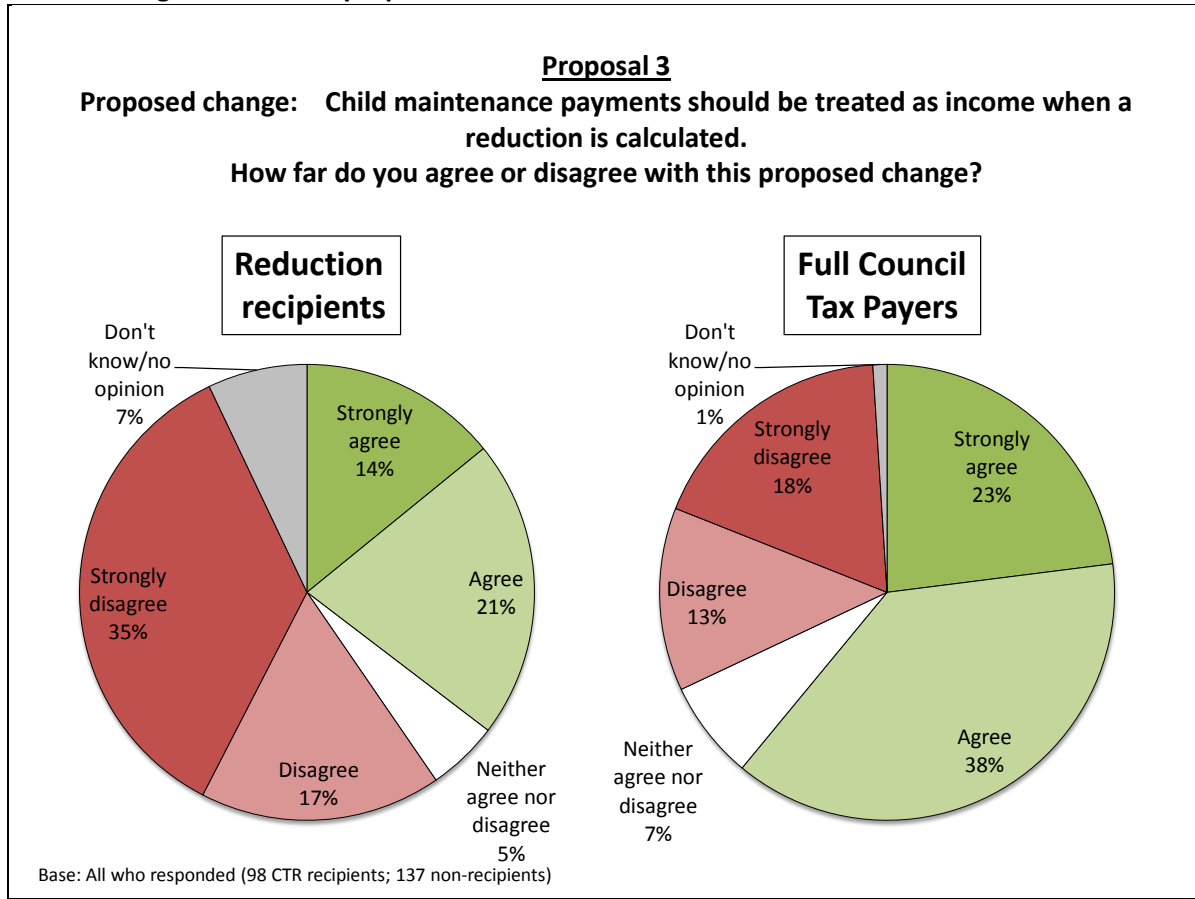
Opinions were divided regarding the proposal to class child maintenance payments as income when a reduction in council tax is calculated, with those currently in receipt of a reduction more likely to oppose the proposal and full council tax payers more likely to support it. [Chart 4.4]

While around a third (36%) of those in receipt of a council tax reduction agreed with the proposal, more than half (52%) disagreed, one in three (35%) expressing strong disagreement. Agreement was significantly higher amongst full council tax payers, of whom six in ten (61%) agreed, and three in ten (31%) disagreed.

Three quarters (76%) of lone parents in receipt of a reduction opposed the proposal to treat child maintenance as income.

The three stakeholder responses were in agreement with this proposal.

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



62 respondents provided additional comments relating to this proposal:

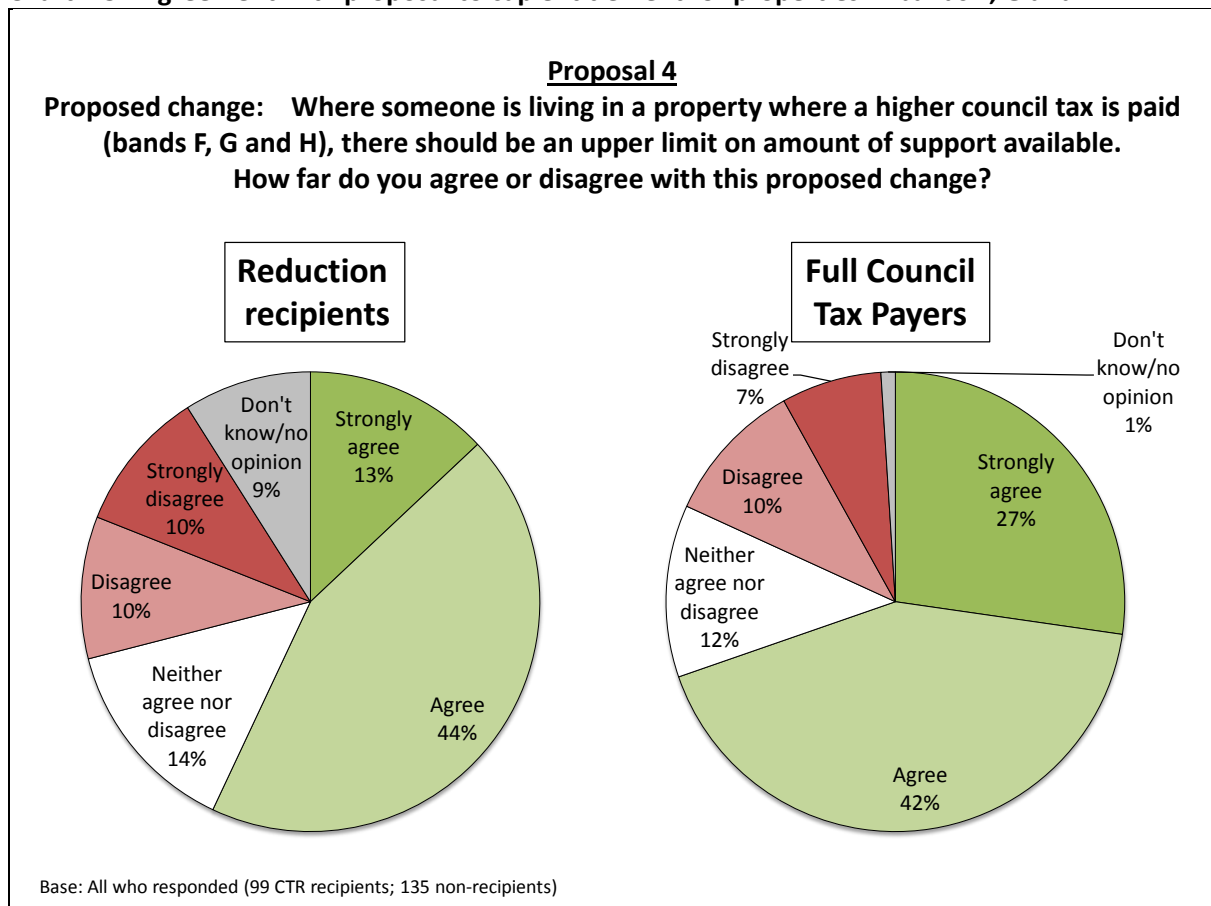
- Most commonly (representing around half of all comments made by both groups) residents commented that child maintenance payments are **intended for the support of the child**, and not intended for use in the payment of household bills.
- Many took the view that by classing these payments as income, 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.

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]

Seven in ten full council tax payers (70%) and nearly six in ten of those currently in receipt of a reduction (56%) agreed with this proposal. Full council tax payers were particularly likely to agree strongly (27%). The level of disagreement was similar across the two groups; around one in six full council tax payers (17%) and one in five reduction recipients (21%) disagreed.

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



41 respondents provided additional comments 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 larger families on low incomes and those who have “fallen on hard times”).
- A number of respondents commented that properties in **all bands should be treated equally** as regards tax reductions.

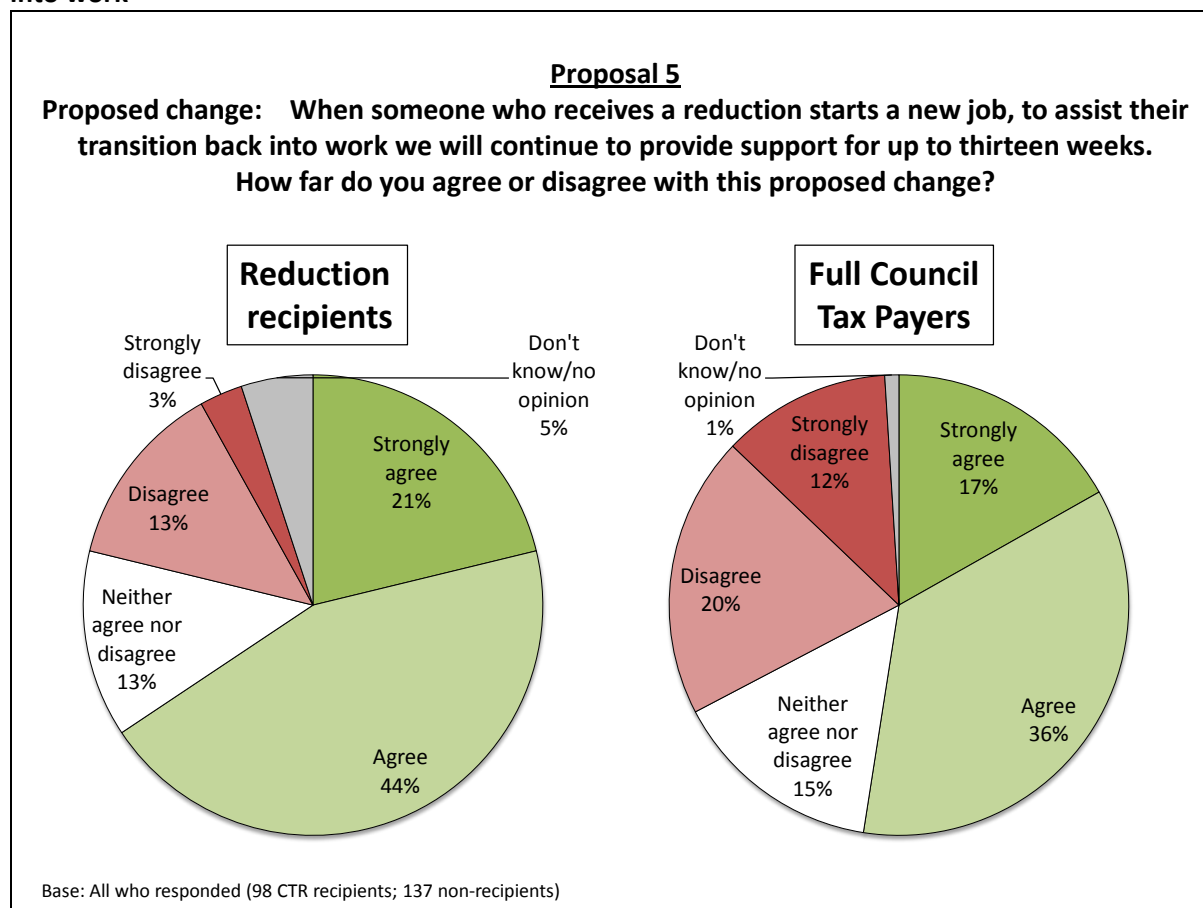
Two of the three stakeholder organisations opposed the proposal; the other neither agreed nor disagreed. Two felt that individual circumstances should be taken into consideration, while one felt that all bands should be treated equally.

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]

Just over half (53%) of those paying full council tax agreed with the proposed extension, and around two thirds (65%) of those receiving a reduction agreed. Full council tax payers were significantly more likely than those receiving a reduction to disagree with the proposal (31% and 16% respectively) and one in eight full council tax payers disagreed strongly (12%).

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



60 respondents provided additional comments relating to this proposal:

- Some of those who agreed with the proposal noted 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 felt that the **extension 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.

Two of the three stakeholder responses supported the proposal; the other opposed it on the grounds that they felt an extension of 8 weeks would be sufficient.

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. 48 respondents provided comments.

There were few common themes, although a few issues were raised by a number of respondents:

- An appreciation of the need to meet the funding gap.
- Concern that the proposed scheme may put undue pressure on low income families and individuals, who may not be able to meet the additional payments.
- A desire for additional flexibility within the scheme to accommodate individual circumstances and avoid undue hardship.