

# COUNCIL TAX REDUCTION SCHEME & UNIVERSAL CREDIT CONSULTATION

## INTRODUCTION

The Council Tax Reduction Scheme (CTRS) was introduced in April 2013 as a replacement for Council Tax Benefit (CTB), a national scheme administered on behalf of the Department for Work and Pensions (DWP).

As part of its introduction, Central Government set out a number of key elements:

- The duty to create and consult on a local scheme for Working Age applicants was placed with Billing Authorities.
- Funding was initially reduced by the equivalent of 10%, with funding subsequently withdrawn altogether in line with the Revenue Support Grant.
- Persons of Pension Age, although allowed to apply for CTR, would be protected' from any reduction in support through regulations prescribed by Central Government.

Each year the scheme must be approved by Full Council before 31 January.

In amending the scheme for 2018/19 the intention is to mitigate the impact of Universal Credit on the administration of Council Tax Reduction and billing and collection of Council Tax.

Universal Credit has introduced fundamental changes to how the welfare system operates and replaces a number of existing benefits including income support, job seekers allowance, employment support allowance, working tax credits, child tax credits and housing benefit.

Council Tax Reduction is administered as a local discount, putting it outside of the welfare system and scope of Universal Credit.

The gradual roll out of Universal Credit has meant limited impact locally to date but that will change in August 2018 when the new system will be applied to all new claimants of the above benefits. The transfer of existing claimants onto the new system will be managed over a longer timeframe with full migration to Universal Credit not expected for all claimants until 2022 at the earliest.

A key difference in the way that Universal Credit operates is that it uses real time earnings information held by HMRC to calculate Universal Credit without the need for the customer to report earned income changes. The principle being that Universal Credit entitlement goes up and down each month in line with earnings so that claimants receive the right amount of help and are encouraged to do additional work when they can, without fear that the benefit will stop.

## METHODOLOGY

Maidstone Borough Council undertook a consultation between 18 August and 1 October 2017.

The survey was carried out online, with a direct email to approximately 8,000 customer who had consented to being contacted by email plus a direct email to Council Tax Reduction Scheme recipients where the email address was held (approximately 3,200) and was promoted on the Council's website, social media and in the local press and this was a one off mailing with no reminders. Paper copies were available on request, however no requests were received.

The survey was open to all Maidstone Borough residents aged 18 years and over.

It should also be noted that respondents from BME backgrounds are under-represented at 3.3% compared 5.9%<sup>1</sup> in the local area. Respondents in the 18 to 24 years and the 75 years and over groups are also under-represented at 1.3% and 6.2% respectively in the survey compared to 9.5% and 10.8%<sup>2</sup> in the local population. Therefore variances relating to these groups are not discussed in this report, they have been marked in the tables with an asterisk (\*).

A total of 773 people responded to the questionnaire, this report discusses unweighted results. Please note not every respondent answered every question therefore the total number of respondents refers to the number of respondents for the question being discussed not to the survey overall.

With a total of 773 responses to the survey, the overall results in this report are accurate to  $\pm 3\%$  at the 90% confidence level. This means that we can be 90% certain that the results are between  $\pm 3\%$  of the calculated response, so the 'true' response could be 3% above or below the figures reported (i.e. a 50% agreement rate could in reality lie within the range of 47% to 53%).

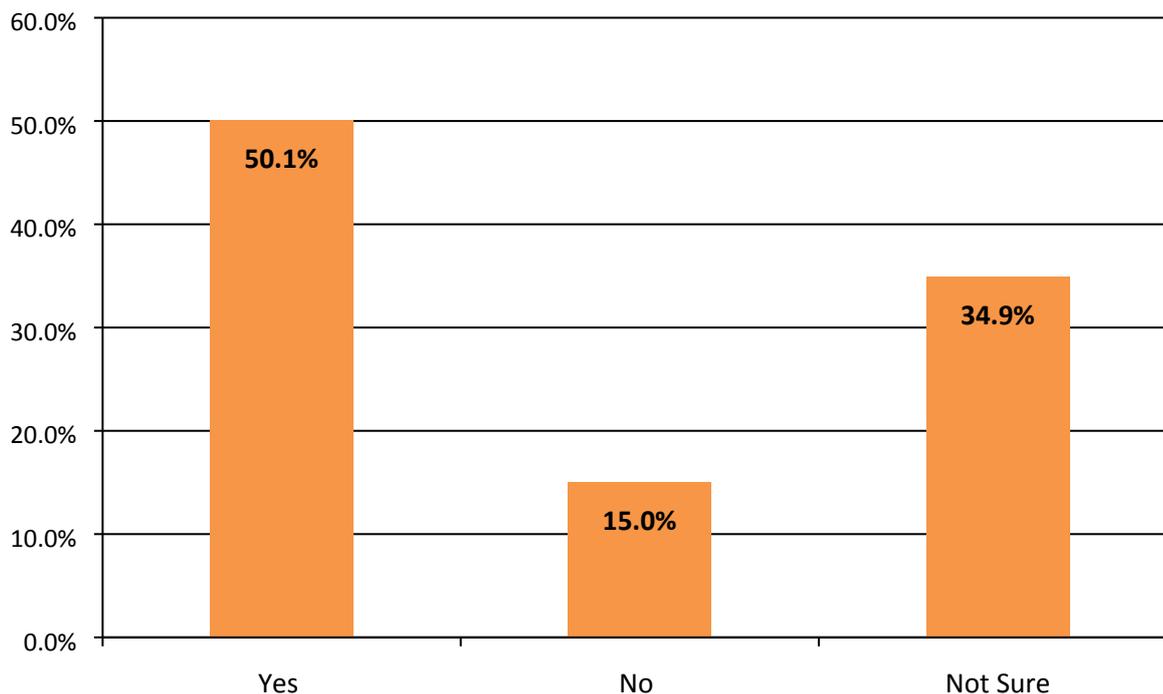
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<sup>1</sup> 2011 Census

<sup>2</sup> 2016 ONS Mid-year Population Estimates 128,823

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## OPTION 1 – FIXED ASSESSMENT PERIODS



Overall, half (50.1%) of all respondents were in favour of introducing a fixed tolerance. This was the most common response across all groups (excluding the 18 to 24 years group due under representation).

There is a 10.1% difference in the proportion in agreement with this option between men and women. Men were less likely than women to respond not sure with just one in five (20.1%) selecting this answer compared to 34.2% of women.

The data suggests that agreement with this option increased with age with those over 65 years having the greatest levels of agreement.

There are no significant variances between the proportion agreeing with this proposed change between respondents from white groups and those from BME groups.

There is a 12.9% difference in the proportion of respondents agreeing with introduction of fixed assessment period between those currently in receipt of council tax reduction and those who are not. Within these groups the proportion answering no are comparable at 16.8% and 17.2% respectively however there is a 13.3% difference in the proportion within these groups that were not sure, with over a third (35.2%) of council tax reduction receipts responding this way.

Proportion agreeing with proposed change	
<b>Age</b>	
- 18 to 24 years*	37.5
- 25 to 34 years	53.7
- 35 to 44 years	51.7
- 45 to 54 years	48.3
- 55 to 64 years	55.1
- 65 to 74 years	63.2
- 75 years and over*	66.7
<b>Gender</b>	
- Male	60.7
- Female	51.6
<b>Ethnicity</b>	
- White groups	55.8
- BME groups*	61.1
<b>Disability</b>	
- Yes	46.7
- No	58.6
<b>Household in receipt Council Tax Reduction</b>	
- Yes	47.5
- No	60.4

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### OPTION 1 – IF NO, WHAT ALTERNATIVE WOULD YOU SUGGEST?

There were 74 comments submitted in relation to the question– if no, is there an alternative you would proposed that could be classified.

The current proposal is for assessment period to be fixed every six months. Of these 23 there were eight who said the period should be reduced to three months, six that said it should annual, three said it should be every four months and six who said reassessment should be real-time or monthly. There were an additional six comments where the responders said that the six month period was fine but there would need to be a process for extreme circumstances such as death of a spouse.

Thirteen people commented said that there should not be any changes to the current scheme.

There were nine comments where people were concerned about how this change could cause financial hardship. One person was concerned that the overlap period could cause higher administrative costs.

In terms of the other options there were eight comments in support of option 2 and five comments in support of option 3.

There were nine comments that have been classified as general suggestions, however not all of the things that have been suggested will be feasible. Suggestions that could be considered included looking at technology to assist with the volume of the changes, putting the responsibility and tools in claimant's hands, using email only to communicate and using annual income. Other suggestions included giving everyone 100% council tax support, that everyone should pay the same dependent on their property size.

### OPTION 1 OTHER COMMENTS

There were 81 comments that were received in relation to option 1 that could be categorised.

There were two comments that were disapproving of option 1 and 11 comments that were supportive, saying that six months is a logical period to reassess and that it seems a good balance. There were four comments that said that to reduce administration cost further an annual review should be considered, two who said the reassessment period should be three months and two who said the changes should be applied immediately or for the following month.

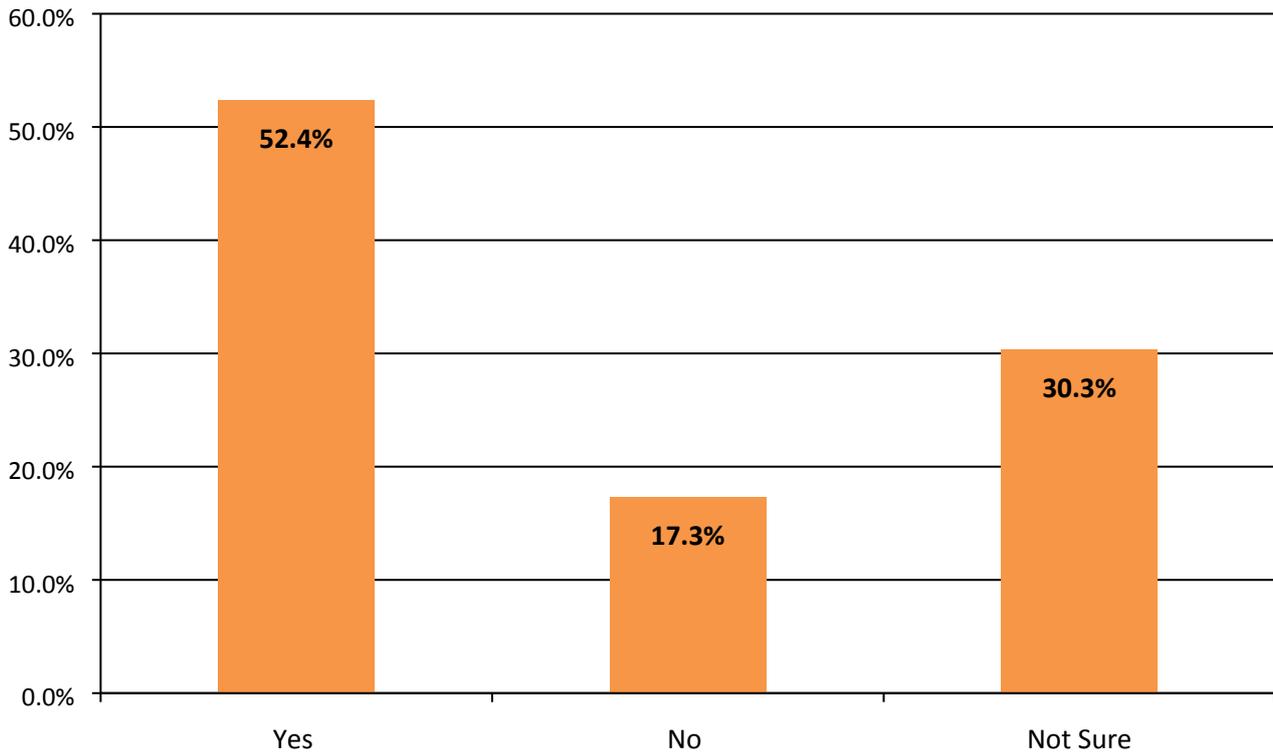
There were 17 comments where respondents raised concerns about people getting into financial difficulty; this was the most common theme of the comments. There were also nine comments where people were concerned about how changes would be implemented and how people would understand the change and three who said there should be a process for significant changes in circumstances. Seven comments stressed the need for the process to be simple.

There were 14 other comments that were too broad to be categorised. These included general comments about universal credit such as one commentator who said they had heard bad things about the people who receive it and another who said it should be a one stop shop with one payment and one notification process. There are also comments in this group from people regarding council tax reduction generally including ones around how much they pay and outlining personal circumstances.

There were also eight questions; these were about how the option would work in practice or what it would mean for that responder.

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## OPTION 2 – TOLERANCES



Overall, just over half (52.4%) of all respondents were in favour of introducing a fixed tolerance. This was the most common response across all groups (excluding the 18 to 24 years group due under representation).

There are no significant variances between the difference age groups or between men and women in the proportions agreeing with this change. However, two groups have greater proportions of respondents that said they were not sure when compared to the overall result. These groups were 24 to 34 years at 38.3% and 75 years and over at 36.1%.

There is a difference of 8.7% between the proportion agreeing with this change between those who are in receipt of council tax reduction and those who are not. The proportion responding no are comparable however one in three (33.2%) respondents receiving council tax reduction were not sure about this change compared to just over one in five (22.3%) for respondents that do not receive council tax reduction.

Proportion agreeing with proposed change	
<b>Age</b>	
- 18 to 24 years*	37.5
- 25 to 34 years	49.4
- 35 to 44 years	53.8
- 45 to 54 years	55.9
- 55 to 64 years	54.7
- 65 to 74 years	54.6
- 75 years and over*	50.0
<b>Gender</b>	
- Male	55.9
- Female	52.7
<b>Ethnicity</b>	
- White groups	53.8
- BME groups*	61.1
<b>Disability</b>	
- Yes	53.2
- No	55.2
<b>Household in receipt Council Tax Reduction</b>	
- Yes	48.8
- No	57.5

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### OPTION 2 – IF NO, IS THERE AN ALTERNATIVE YOU WOULD SUGGEST

There were 70 comments submitted in relation to the question – if no, is there an alternative you would proposed that could be classified.

Five commenters said that there should be no change to the current system, while there were 14 comments in support of option 1, two in support of option 2 and two in support of option 3.

There were three comments that were concerned that the costs for introducing and running option 2 would outweigh any benefits and three comments were the responder was concerned about people getting into financial difficulty.

There were eighteen responders that made suggestions, ten of these related to the proposed tolerance level, with just one saying the proposed £3 is too high, with the rest saying it is too low, some say at least £5 and some that it should be percentage. Other suggestions included making the most of technology, getting everyone to report their changes online and cutting council tax for everyone.

There were 19 general comments these included statements from people about their own circumstances as well as general comments in relation fairness and council tax reduction: three commenters said everyone should pay the same.

### OPTION 2 OTHER COMMENTS

There were 72 comments that were received in relation to option 2 that could be categorised.

There were six comments in support of this option and one in support of option 1. There were ten responders that were sceptical about the efficiency savings that this approach would produce. Seven commenters had concerns about financial hardship and a further seven comments expressed confusion about how this option would work.

There were four comments specifically about the tolerance level: all four said that the proposed level of £3 is too low.

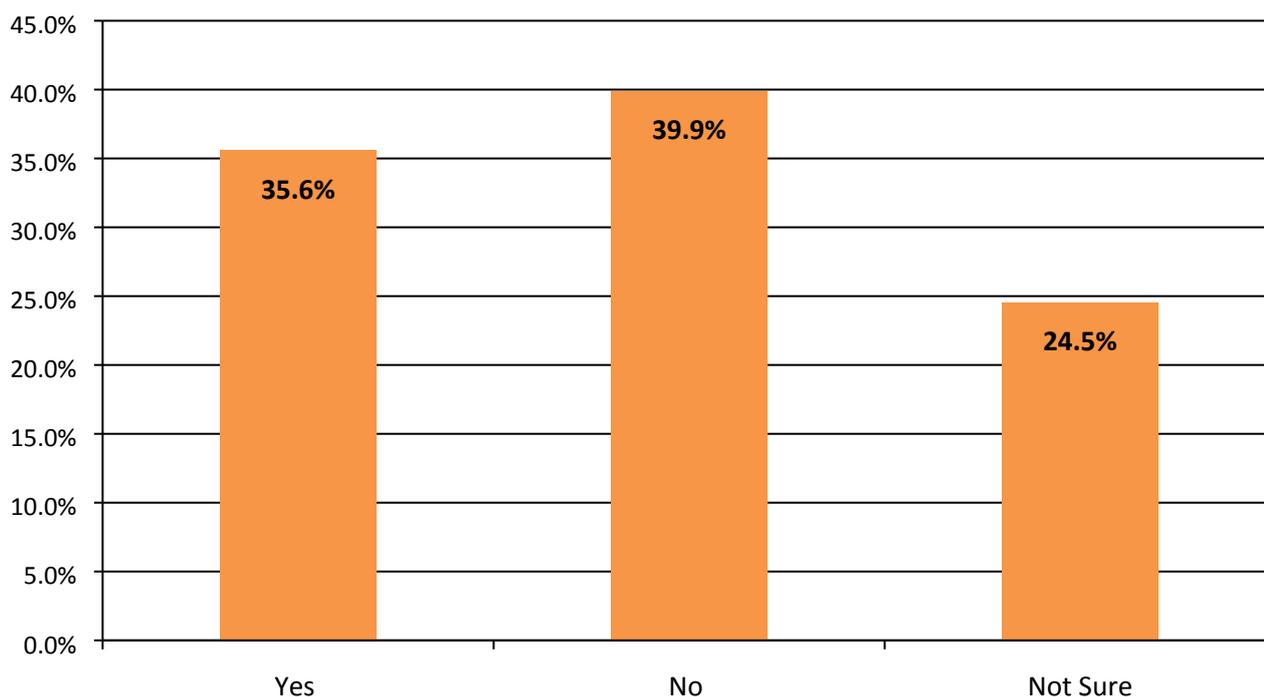
Five comments have been classified as suggestions, they include reviewing tolerance levels annually, only making adjustments in awards at the end of the year and having a cap for on the tolerances to avoid the need for large overpayments to be made or clawed back.

There were 27 general comments, of which four were negative in relation to option 2: saying all changes should be taken into account as they are received and concerns that some may get more than they are entitled to. A further four general comments were positive about option 2. There were 19 neutral general comments these included statements from people about their own circumstances as well as comments in relation fairness and council tax.

There were also five queries from people asking how the scheme would work in practice and eligibility for council tax reduction generally.

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## OPTION 3 – NOT ACTIONING DWP NOTIFIED CHANGES



Just over one in three respondents were in favour not actioning changes Department of Work & Pensions (DWP) changes. The most common response was no, this was the most common response across most groups apart from the 18 to 24 years and the 75 years and over groups (both of these groups are under-represented).

Out of the groups where the number of respondents is broadly representative the 65 to 74 years group had the greatest proportion agreeing with this change at 38.8%. The 55 to 64 years group had the greatest proportion who responded no at 47.8% and those in receipt of CTR and those with a disability had the greatest proportions that were not sure at 27.0%.

While there are no significant variances across the groups in the proportion that agreed with this change there were some variances in the proportion selecting the answers no across the groups. The 45 to 54 years and the 55 to 64 years had greater levels of people responding no than the overall response at 45.8% and 47.8% respectively. Respondents not in receipt of council tax reduction also had the greater proportion responding no than the overall result at 46.8%.

Proportion agreeing with proposed change	
<b>Age</b>	
- 18 to 24 years*	25.0
- 25 to 34 years	34.1
- 35 to 44 years	37.5
- 45 to 54 years	36.4
- 55 to 64 years	31.6
- 65 to 74 years	38.8
- 75 years and over*	45.7
<b>Gender</b>	
- Male	37.8
- Female	35.3
<b>Ethnicity</b>	
- White groups	35.2
- BME groups*	42.1
<b>Disability</b>	
- Yes	35.0
- No	36.0
<b>Household in receipt Council Tax Reduction</b>	
- Yes	37.7
- No	35.1

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### OPTION 3– IF NO, IS THERE AN ALTERNATIVE YOU WOULD SUGGEST

There were 126 comments submitted in relation to the question – if no, is there an alternative you would proposed that could be classified. Fifteen comments were supportive of option 1 and ten were supportive of option 2. Five commenters said they preferred either of the two other options. Thirteen people said that the current processes should not change.

There were 32 comments where people were concerned that this approach could be open to abuse or neglect with some saying people will delay informing the Council when there has been a change unless it is to their advantage and that people don't always remember to inform the council both of these could lead to financial consequences for the customer. There were three commenters who had concerns about people getting in to debt or suffering financial hardship as a result of this approach. There were seven commenters who said the Council should be using the DWP data to calculate entitlement and ten expressed concerns about how easy to understand this approach with vulnerable people being a particular concern.

There were nine comments that have been classified as suggestions, five of these related to combining together elements of the proposed options. There were four queries, one of which queried why there is no technical solution to automatically apply changes.

There were 16 general comments which included personal issues, comments on fairness and general dissatisfaction with council tax.

### OPTION 3 OTHER COMMENTS

There were 98 comments that were received in relation to option 3 that could be categorised. There were two comments that expressed support for option 3, one for option 2, one who suggested a combination of options 2 and option 3 and one who said keep it as it currently is.

Seventeen comments were regarding the onus on the recipient to inform the council of changes to their circumstances, with people either being positive about recipients having responsibility for informing the council of changes or concerned that this option may not work due to people not being honest about changes that impact on their benefit award. Some of these comments as well as the general comments highlighted concerns that this approach could result in a greater administrative cost to the council due to increased overpayments and introduction of penalties for delays in notification of changes.

A further 18 comments were concerned about this system being open to abuse or neglect and ten commenters were concerned about the impact on vulnerable people. Seven people were confused about what this option would involve and seven said that the process for informing should be simple and easy, there were a couple of general comments where people mentioned difficulties in getting through the department currently to inform of changes. Two commenters were concerned about customers getting into debt.

There were three suggestions which included putting fines on hold while the change is being implemented, using any savings generated to combat fraud and ensuring that communications contain contact details for people who are not sure about the change and its impact on their household.

Of the 23 general comments several remarked on personal situations and experiences and some express dissatisfaction with council tax overall. Other comments in this section say that this scheme would need to be monitored and that this option has more disadvantages than the other options. Two say the assessment should only be once a year.

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## DEMOGRAPHICS

Council Tax Recipient		
Yes	41.2%	247
No	55.8%	334
Unsure	3.0%	18
<b>Grand Total</b>	<b>100.0%</b>	<b>599</b>

Gender		
Male	40.1%	240
Female	58.4%	350
In another way	1.5%	9
<b>Grand Total</b>	<b>100.0%</b>	<b>599</b>

Ethnicity		
White Groups	95.9%	564
BME Groups	3.2%	19
Other	0.9%	5
<b>Grand Total</b>	<b>100.0%</b>	<b>588</b>

Disability		
Yes	23.4%	139
No	72.0%	427
Prefer not to say	4.6%	27
<b>Grand Total</b>	<b>100.0%</b>	<b>593</b>

Age		
18 to 24 years	1.3%	8
25 to 34 years	13.6%	82
35 to 44 years	20.0%	120
45 to 54 years	19.8%	119
55 to 64 years	22.8%	137
65 to 74 years	16.3%	98
75 years and over	6.2%	37
<b>Grand Total</b>	<b>100.00%</b>	<b>601</b>