

## Draft Council Tax Support Scheme Consultation Findings January 2013

### Executive Summary

An eight week consultation on the District Council's Draft Council Tax Support scheme was completed on 21<sup>st</sup> November 2012. A survey (on-line and paper copy) was used as the main consultation method, seeking views on the key features of the proposed scheme. The consultation was widely publicised and people likely to be affected by the proposals were contacted for their views.

410 individual responses were received from those potentially affected / interested parties and a further 467 from members of the Derbyshire Dales Citizens' Panel. Five organisations also responded. The results have been analysed separately to provide clarity on which stakeholders said what.

The headline findings were:

- The majority of respondents agreed that the District Council should aim to keep the benefit reduction as low as possible
- Nearly three quarters of those not currently claiming Council Tax Benefit felt a 10% reduction in support was reasonable
- Working age claimants are split – 45% think its reasonable but 43% think its unreasonable (most commenting felt there should be no reduction at all)
- Working age claimants are particularly supportive of proposals to continue to ignore income from other benefits and allowances when calculating Council Tax support. Organisations responding were also supportive of this approach. Those not claiming benefits are much less supportive, many feeling that all income should be taken into account within the calculation
- Over two thirds of working age claimants felt that in addition to pensioners, other households should be fully protected. People with disabilities / those suffering long term illness and (although to a lesser extent) households with children were identified. The majority of those not claiming benefits didn't feel other groups warranted protection
- With the exception of second home owners, the majority of other respondents felt it was reasonable to charge full Council Tax on second homes and on properties empty for more than three months to help limit the reduction in support for working age claimants. Less than a third of second home owners thought this was reasonable
- Most of those responding, particularly working age claimants, agreed with proposals to increase the period of Council Tax support from four to eight weeks to provide a 'cushion' for those starting work
- The three main impacts of the proposals identified by working age claimants were:
  - a general increase in financial hardship
  - need to spend less on food, heating and other essentials
  - worry and anxiety about paying household bills
- Organisations consulted on the opportunity to apply for the Government's transition grant (limiting any reduction in support to 8.5%) universally supported take-up of the this grant.

## **1. Introduction**

As part of its welfare reform programme, the Government is to end Council Tax Benefit from 1 April 2013. In its place, councils must set up their own local Council Tax Support Scheme (CTSS), but with 10% less funding from Government.

To inform its thinking, the District Council consulted on its draft scheme during an eight week period between 26<sup>th</sup> September and 21<sup>st</sup> November 2012. This report summarises the main findings.

## **2. Scope of the Consultation**

The consultation covered the following:

- the future level of support for working age claimants (pensioners have been protected by Government)
- maintaining existing protections for vulnerable households
- meeting the funding gap by reducing current Council Tax discounts
- support to help people back into work
- the impact of the proposed changes on those households likely to be affected.

The consultation findings are structured around these headings. General comments were also invited on the draft scheme and are summarised at the end of the report.

## **3. Methodology**

A two staged consultation was undertaken. The first stage comprised a two week consultation with major precepting authorities (Derbyshire County Council, Derbyshire Fire and Rescue Service and the Police) on the five options being considered by the District Council. These responses were considered by the Council's Communities Committee and used to help determine the preferred option for further consultation.

The second stage comprised an eight week public consultation on the draft scheme (similar to other Derbyshire authorities). A range of methods were used to encourage views from different stakeholders and enable all those who wished to, to take part in the consultation. These included:

- On-line and paper survey (main method) – questionnaire attached as Annex 1
- Area Community Forums (3)
- 'Drop in' sessions at local venues (3)
- Attending community meetings organised by Voluntary and Community Sector partners (2)

Comments were also invited by phone, in writing, via email, Facebook and Twitter.

A communications plan was delivered to support the process. The consultation was promoted via dalesMATTERS (delivered to every household in the Dales), the District Council's website, press release, posters, leaflets and questionnaires placed in District Council and partner premises including: Derbyshire Dales CVS; Dales Housing; CAB; Rural Action Derbyshire; Job Centre Plus and local libraries, and via Facebook and Twitter. District Council Members were also informed of the start of the consultation and the different ways to take part.

To ensure those people most likely to be affected were aware of the consultation and had opportunity to influence the scheme design, a direct mailing was sent to all current working age claimants and second home owners. As shown in the next section, this ensured an adequate response was achieved from these groups. The drop in sessions in local community venues also provided the opportunity for more vulnerable groups, either unwilling or unable to complete the survey, to give their views in a more convenient and less formal way.

Key stakeholder organisations were contacted for their views including: the CAB; Housing Associations; Derbyshire County Council Welfare Rights / Adult Care / Multi Agency Teams; NHS Derbyshire County; Derbyshire Dales CVS; Derbyshire Coalition for Independent Living and other advice and support agencies working with households potentially affected.

Details of the consultation were also sent to countywide representative bodies including: the Learning Disabilities Partnership Board; 3D Voluntary and Community Sector Infrastructure Consortium; Derbyshire Financial Inclusion Partnership and Derbyshire and Nottinghamshire Chamber of Commerce for circulation to their members.

To provide a view from the 'general population', the CTSS survey questions were also sent to members of the Derbyshire Dales Citizens' Panel.

#### 4. Response

The large majority responded to the consultation via the self completion survey. 410 questionnaires were received by the deadline (70 on-line) from individuals likely to be directly affected by the proposals i.e. claimants and second home owners, and other individuals with an interest in the consultation. To provide clarity on 'who said what', the responses from these different groups have been analysed separately. Although these results have then been brought together for completeness, it is important to note the deliberate targeting of particular groups to provide an adequate sample for analysis.

467 completed questionnaires were received from members of the Citizens' Panel. These results have again been shown separately to enable comparison alongside those from stakeholder groups affected.

**Table 1: Analysis of survey responses**

	Questionnaires returned	Response Rate
Directly affected / interested parties:		
- Working Age Claimants	155	8%
- Non-claimants / Council Tax Payers	114	/
- 2nd Home owners	141	15%
Citizens' Panel	467	47%
Total	877	/

*N.B. 8% of Panel members responding receive Council Tax Benefit and 3% are second home owners.*

The make-up of survey respondents was as follows:

**Table 2: Profile of survey respondents (%)**

	Gender		Age						Disability		Race	
	M	F	<25	25-34	35-44	45-54	55-64	65+	Y	N	White British	Other
Working Age Claimants	35	65	2	12	22	35	29	0	54	46	97	3
Non-claimants / Council Tax Payers	55	45	0	6	12	27	31	25	18	82	95	5
2nd Home owners	70	30	0	0	2	18	36	43	9	91	98	2
All directly affected / interested parties	53	47	1	6	12	27	32	22	28	72	97	3
Citizens' Panel	49	51	0.2	1	6	14	29	49	9	91	96	4

*N.B. Based on those completing equalities monitoring (figures rounded to nearest %)*

Points to note:

- Only 8% of current working age claimants responded to the consultation
- The high proportion of claimants declaring a disability and female claimants responding
- The very low response from younger claimants
- Nearly half of Citizens' Panel respondents were aged 65 or over.

The household composition of survey respondents was as follows:

**Table 3: Household composition of survey respondents (%)**

	Couple with children	Couple no children	Lone parent	Household with disabled person	Household with someone working	Household with carer	Other (e.g. single or pensioner)
Working Age Claimants	10	4	19	31	13	8	16
Non-claimants / Council Tax Payers	21	30	2	11	14	5	19
2nd Home owners	14	42	1	7	12	4	20
All directly affected / interested parties	13	22	10	19	13	6	18
Citizens' Panel	14	42	5	8	18	3	9

*N.B. Based on those completing equalities monitoring. Household composition may cover more than one group (figures rounded to nearest %)*

Points to note:

- The high proportion of claimant households with a disabled person and lone parent households responding

Two separate written responses were also received from second home owners. These have been added to the open comments received.

Five responses were received from local organisations, primarily voluntary and community sector bodies and housing organisations. These have been analysed separately and added to the relevant section of the report as appropriate.

Issues raised at Area Community Forums were mainly associated with clarifying specific details of the draft scheme or how individuals may be affected. The drop-in sessions and community meetings were not well attended and, whilst used to highlight the consultation process, did not provide useable results to inform the consultation itself.

## 5. Main Findings

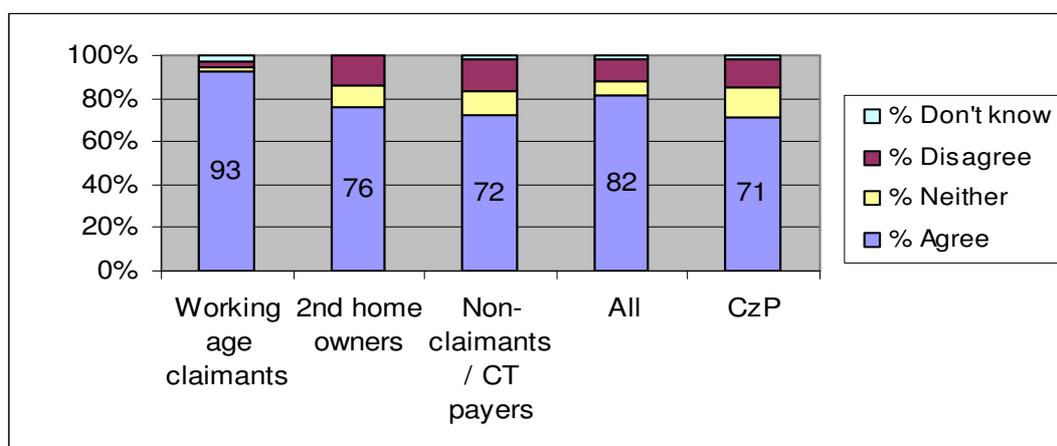
Each section describes the proposed feature of the scheme followed by a summary of the main findings from the consultation.

Points to note:

- *The 'All' column in the graphs represents the combined views of those directly affected / interested parties (see previous caveat)*
- *All figures are rounded to the nearest %.*

### 5.1 Level of support for working age claimants

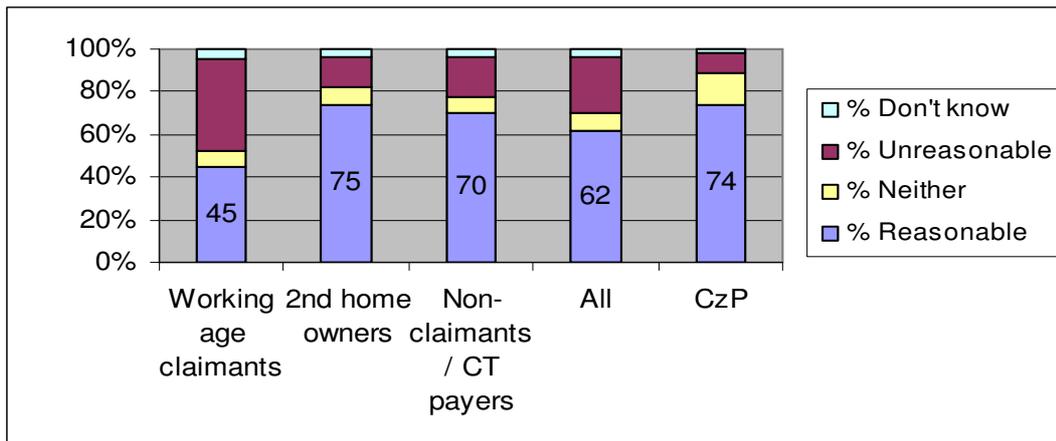
The majority of respondents agreed that the District Council should aim to keep the reduction in benefit as low as possible to protect vulnerable households.



Working age claimants were particularly supportive with 93% agreeing with this approach. 76% of second home owners also agreed, as did 71% of the Citizens' Panel. Those organisations responding also supported this approach.

With regard to the proposal to reduce the amount all working age claimants receive by 10%, the majority of second home owners (75%) and non-claimants / Council Tax payers (70%) feel this approach is reasonable. Just under three quarters of the Citizens' Panel also felt this approach was reasonable.

Working age claimants are split – 45% feel it is reasonable and 43% unreasonable (25% very unreasonable). Although (in the circumstances) a 10% reduction was felt reasonable by a number of claimants, it would still impact on their household budget (see section 5.5).



Respondents who felt a 10% reduction was unreasonable were asked to indicate what percentage reduction they felt was reasonable and why?

The most common response was a zero % reduction (42 respondents) followed by a maximum of 5% (13 respondents). The main reasons given were:

- those currently claiming benefit are already struggling to pay their household bills
- the combined affect along with other benefit cuts
- the increase in the cost of living.

*“Working age claimants are already feeling the squeeze as council services are having to be cut along with the impact of the VAT increase and the cuts to Working Tax Credits. I am already going to be penalised by a 14% reduction in Housing Benefit next April for having a second bedroom” (current claimant).*

Some felt there should be a distinction between those claiming benefit who are unable to work and those claiming but are able to work - *“I think it is fairer to increase Council Tax for those able to pay and keep benefits as they are for the least able who are also in the process of losing many other benefits”*. Others felt it should be considered on a case by case basis.

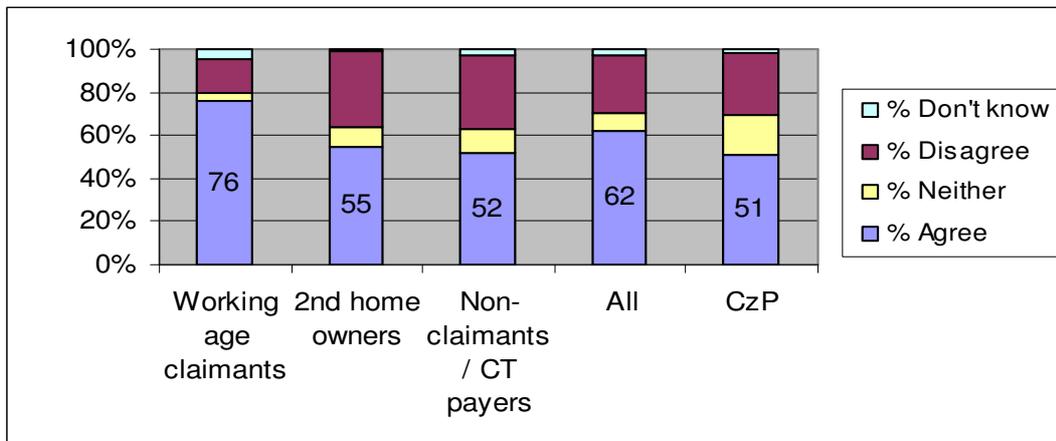
The most common response amongst Citizens’ Panel respondents was also zero %, although some Panel members and second home owners felt the reduction should be higher than 10% (although this is a minority view).

Organisations responding felt a 10% reduction was reasonable although the CAB felt this would depend on a claimant’s circumstances and cited the need for discretionary support to deal with cases of hardship.

## 5.2 Maintaining existing protections for vulnerable households

Currently, income from other benefits and allowances such as Disability Living Allowance, Child Benefit, child maintenance payments and contributions to childcare costs is ignored when the level of benefit someone can receive is worked out. War Widows, War Widowers and War Disablement pensions are also ignored. Under the proposed scheme, these rules would not change - income from these benefits and allowances would continue to be ignored when calculating support.

Over three quarters of working age claimants support this proposal. Second home owners and non-claimants are less supportive (55% and 52% respectively agree) as are residents on the Citizens' Panel (51% agree).



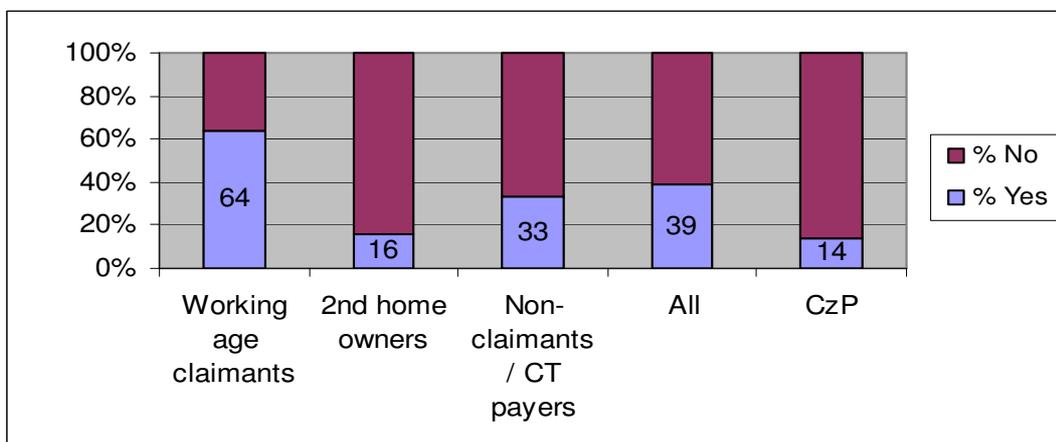
All organisations responding supported this approach, the CAB commenting that: “... it is very important to continue to protect vulnerable households as the existing scheme does by ignoring income from other benefits and allowances...”

Those individuals who commented tended to disagree. The most common response (31 respondents) was that all income should be included within the calculation as this provides a truer reflection of household income and “puts everyone on a level playing field” (some specifically identified including child benefit and maintenance payments within the calculation).

Those commenting from the Citizens' Panel supported the view that all income from benefits should be considered within the calculation (32 respondents). This would provide a “more complete picture of disposable income”.

One second home owner commented: “I'd like a clearer distinction between genuinely vulnerable households and others who accept little responsibility to change their circumstances, even when they have the ability to do so.”

Alongside pensioners, the survey also asked whether any other households should be fully protected from the changes and not have their support reduced?



64% of working age claimants felt other households should be protected. However, most second home owners, non-claimants and Panel members disagreed.

The most common response from those who felt others should be protected was households with a disabled person / suffering long term illness (68 respondents) where there is “...*little or no scope to increase earnings*”. This was followed by households with children (32 respondents) (particularly lone parent households). Similar groups were identified by those commenting on the Citizens’ Panel. The main reasons given were that these households:

- have additional costs to meet on limited / fixed budgets
- are unable to / have less chance to work.

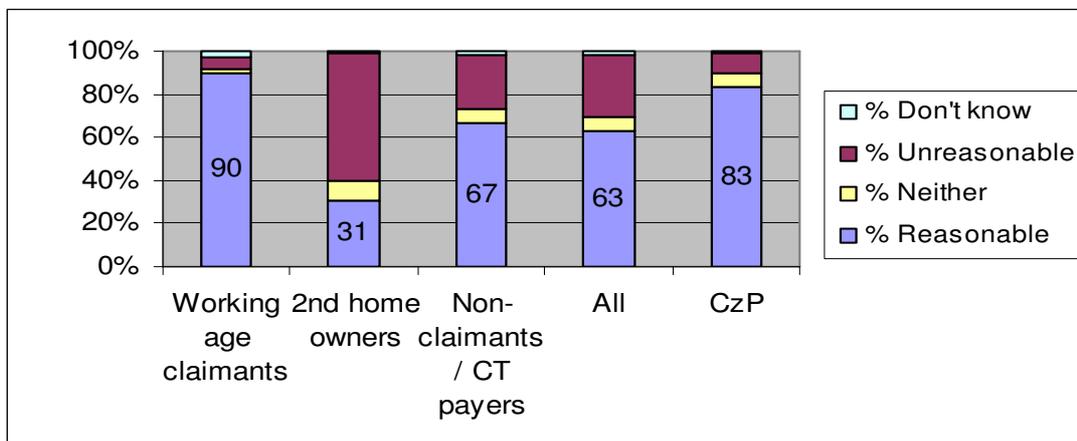
A small number identified lowest income working households as requiring protection.

Two organisations felt specific groups should be protected i.e. people with disabilities and the under 25s.

### 5.3 Meeting the funding gap by reducing current Council Tax discounts

Views were sought on potentially charging full Council Tax on second homes and on properties that are empty for more than three months to help limit the reduction in support for working age claimants and meet the gap in Government funding for the scheme.

Working age claimants were particularly supportive of this proposal (90% felt it was reasonable) compared to 31% of second home owners who felt it was reasonable and 59% who felt it was unreasonable. 83% of Citizens’ Panel members felt this was a reasonable approach.



The majority of second home owners commenting made the point that second homes “*place less demand on council services*” and therefore should not have to pay full Council Tax (45 respondents). A number also commented that second homes (often used as holiday lets) contribute to the local economy and therefore shouldn’t be penalised (20 respondents).

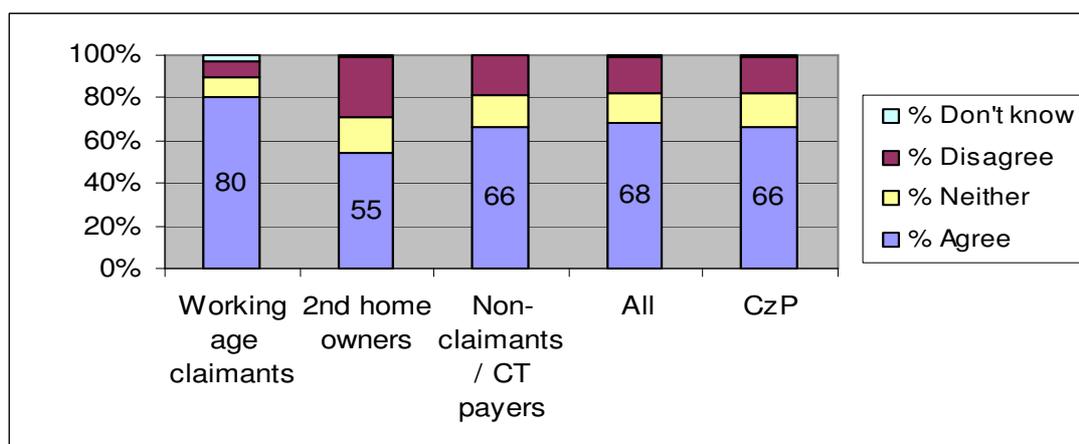
The majority of residents held the opposite view. Claimants in particular felt strongly that “*If people can afford a second home they can afford to pay full Council Tax*”. This view was generally supported by members of the Citizens’ Panel. Other reasons identified included the shortage of affordable housing in the area.

Of the five organisations that commented, four felt it was reasonable to charge full Council Tax on second homes and on properties that are empty for more than three months.

With regard to empty properties, a small number felt that only allowing three months before charging full Council Tax was too short a time period e.g. if the owners were trying to sell the property.

#### 5.4 Support to help people back into work

Participants were asked for their views on increasing the period of Council Tax support from four to eight weeks after a claimant starts work so that a person’s support is not immediately reduced on finding a job.



The majority of those responding agreed with this proposal, particularly working age claimants (80%). Two thirds of Citizens’ Panel members also supported this approach. Second home owners were least supportive (55%).

All organisations responding were supportive of this approach. The CAB felt it would be useful to have a sliding scale between four and eight weeks depending on a client’s circumstances with the savings used to support cases of severe hardship.

#### 5.5 Impact of the changes on those households likely to be affected

Current working age claimants were asked to identify the three main ways the proposed changes would affect their household (set out in full in Annex 2). The most common issues identified were:

1. Increase in financial hardship / will struggle to pay / get into debt / will reduce living standards (59 respondents)
2. Spend less on food, heating and other essentials (48 respondents) (people will have to make choices)
3. Worry and anxiety about paying household bills (16 respondents).

Other concerns identified by claimants were:

- finding money from a fixed low income when unable to work or on the minimum wage
- increased social isolation (particularly the disabled)
- paying the rent

- having to cut back on children's activities
- the cumulative impact of other welfare reforms.

Although approximately half didn't identify specific impacts from the proposed changes, a small number of disabled claimants also commented that the time they receive from their support worker may have to reduce. Disabled households also highlighted specific concerns over the impact of Government changes to Disability Living Allowance (an issue also raised by Derbyshire Coalition for Inclusive Living) and Housing Benefit.

## 5.6 General comments received

Just over a third of individuals potentially affected / interested parties responding to the consultation provided comments on the proposals (set out in full in Annex 3). The main comments were as follows:

- Claimants will find it harder to make ends meet / will experience increased financial hardship / on a fixed income and unable to pay (23 respondents)
- Second home owners use less council services and should not lose their full discount to help subsidise those claiming benefit (18 respondents)
- Cut backs should not be targeted at those most in need (18 respondents) – several expressed concern at the Government's overall approach to welfare reform
- Given the circumstances the proposals seem reasonable (18 respondents).

Two of the five organisations responding provided general comments. East Midlands Housing's representative commented that "*Proposals to date have been very fair and the lowest I have come across in the East Midlands*". The CAB commented that "*Generally the CAB support the proposals and feel that Derbyshire Dales District Council demonstrate that they are making changes in a fair, transparent and accountable way...*"

## 6. Government Transition Grant

Midway through the consultation process the Government announced funding would be made available to councils (billing and major precepting authorities) who designed their local scheme to ensure that:

- those entitled to 100% support under current Council Tax Benefit arrangements pay no more than 8.5% of their Council Tax bill
- the taper rate does not increase above 25% (currently 20%)
- there is no sharp reduction in support for those entering work.

This proposal was discussed at the District Council's EIA Stakeholder Day on 3<sup>rd</sup> December 2012 and partner organisations universally supported take-up of this grant.

## 7. Conclusion

Whilst some features of the proposed scheme are generally supported by all stakeholder groups, as anticipated, those likely to be directly affected i.e. claimants with regard to a 10% reduction in support and second home owners with regard to potential changes to Council Tax discounts are less supportive.

The potential impacts of the proposed reduction in support on low income households should also be noted, supporting the case for a discretionary fund to help those facing severe hardship.