

**WEST OXFORDSHIRE DISTRICT COUNCIL**

**FINANCE AND MANAGEMENT OVERVIEW AND SCRUTINY COMMITTEE:**  
**WEDNESDAY 28 NOVEMBER 2018**

**COUNCIL TAX SUPPORT SCHEME FOR 2019/20**

**REPORT OF THE GROUP MANAGER FOR CUSTOMER SERVICES**

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**1. PURPOSE**

To present the results of the public consultation on proposals for revising the current Council Tax Support scheme with effect from 1 April 2019, and give the Committee the opportunity to submit comments to Cabinet on the recommendations below.

**2. RECOMMENDATIONS**

- (a) That Council be recommended to amend the current Council Tax Support scheme in relation to Working Age claimants for 2019/20, including any uprating, as follows:
- i) Introducing a banded scheme which would see a simple flat rate percentage discount awarded, depending on a person's total weekly 'net' income as follows:

Household weekly net income	% council tax support available
£0 - £125.99	100%
£126 - £187.99	75%
£188 - £290.99	50%
£291 - £384.99	25%
£385 +	0%

- ii) Ignoring all child maintenance payments when calculating weekly income.
- (b) That it be recommended to Council that those defined as disabled (see [Appendix C](#), page 11) and those in receipt of War Widows Pension and/or War Disablement Pension, be protected from all the above changes.

**3. BACKGROUND**

- 3.1. With effect from 1 April 2013, the previous support in relation to Council Tax Liability (Council Tax Benefit) was abolished for working age claimants and replaced with a provision for Billing Authorities to create their own local 'Council Tax Support' (CTS) scheme. These local schemes would no longer be covered by Benefits legislation but would become local Council Tax Discounts; with Pension age claimants being protected under a prescribed scheme that mirrors the previous Council Tax Benefit scheme.
- 3.2. The Government's stated policy intentions were:
- To incentivise work - making work pay, while protecting those that cannot work;
  - To allow Local Authorities the flexibility to design schemes that meet local needs and conditions; and
  - To reduce the overall expenditure on support for Council Tax by 10%.

- 3.3. The funding arrangements changed in 2013 from 100% benefit subsidy, to a grant based on 90% of the previous scheme (Council Tax Benefit) expenditure.
- 3.4. In parallel with the localisation of CTS, reforms to certain classes of Council Tax exemption and discount (related to 'empty homes') meant that the Council also had local discretion to change the level of exemption/discount awarded. The Council decided to reduce the Class A exemption (unoccupied and undergoing major repair) from 100% to 50% for twelve months and the Class C exemption (unoccupied and unfurnished) from 100% to 25% for six months. Additionally, with effect from 1 April 2013, the Council decided to remove the 10% discount previously applied in respect of Second Homes. These changes meant potential increases in tax income that covered the CTS grant reduction losses for all precepting authorities.
- 3.5. Further changes were made in 2014 and a new Local Scheme was introduced which required a minimum of 8.5% of Council Tax charge for working age customers, excluding the protected groups.
- 3.6. Councils are required to review their schemes each year and decide if they want to make any changes. Before any changes can be implemented, they must be subject to public consultation. In August 2018 officers liaised with Cabinet Members on the question of carrying out consultation on the proposed changes.
- 3.7. These proposals are detailed at [Appendix A](#) (starting on page 5) and the consultation results are summarised at [Appendix B](#), (starting on page 6); with the full public consultation report attached at [Appendix C](#) (starting on page 7). The purpose of this report is to provide information on each of the proposals, and an analysis of the consultation exercise, so that the Cabinet can recommend to the Council a Local Council Tax Support Scheme, to take effect from 1 April 2019.
- 3.8. Under the new benefit (Universal Credit) scheme claimants will receive calendar monthly payments encompassing their qualifying benefits. This does not include CTS which remains an administrative function of the Local Authority.
- 3.9. Research is areas where Universal Credit has already rolled out has identified trends in three key areas:
  - a) Low take up of customers in receipt of Universal Credit apply for CTS. This is through a lack of understanding by Universal Credit claimants that the payment does not include an amount towards their council tax liability
  - b) Large numbers of changes in circumstances received by Councils via data transfers from the Department for Work and Pensions. Approximately 40% of Universal Credit cases will have an adjustment each month (as detailed below)
  - c) Collection difficulties with multiple demand notices being issued (as detailed below)
- 3.10. National trends have demonstrated that on average Universal Credit customers receive at least eight change notifications in a year. Within the existing scheme each change to income would produce a new demand notice for the customer; amending their instalments on a regular basis and making it difficult to collect via Direct Debit due to rules around the administration.
- 3.11. The impact on residents due to multiple changes for those customers in receipt of Universal Credit would result in a knock on effect of multiple changes to their

CTS award. Using the existing scheme, which is a calculation on tapered income, any small change to income can amend the CTS award.

- 3.12. Regular changing of instalments can make it difficult for a customer to use Direct Debit as a payment method, due to the lead in times that the Council needs to advise the customer of a change before taking payment. Multiple demand notices can also be confusing for residents to keep up with.
- 3.13. Regular changes can also provide the customer with difficulties in budgeting as they would not have a more consistent monthly Council Tax instalment plan. This can lead to difficulties in paying which leads to further action and potential costs to vulnerable residents.
- 3.14. The following paragraphs explore the issues around each of the proposed changes. A more detailed explanation for each proposal is included in [Appendix A](#). It should be noted that, in relation to any scheme changes, there is an overarching proposal that people with disabilities (for the detailed definition of 'people with disabilities' see [paragraph 3](#) of [Appendix C](#)) and those in receipt of War Widows and/or War Disablement Pension, would remain protected in the same way that Pension Age claimants are (i.e. No change). The proposals are as follows:-

#### **Introducing an Income Band Scheme**

- 3.15. There was overall support for this change from CTS non-recipients and recipients, with overall responses to the consultation showing that 63.64% agreed with the change and 29.75% disagreed.

#### **Disregarding Child Maintenance payments**

- 3.16. There was support for this change with overall responses to the consultation showing that 48.33% agreed with the change and 43.33% disagreed.

#### **Timeline**

- 3.17. The Council is legally required to have its scheme finalised by 11 March 2019 and must have conducted a public consultation, and had its scheme approved by the Council before that deadline. Therefore the key milestones are as follows:-
  - August 2018 - direction from Cabinet Members on the scheme principles on which consultation should take place (**achieved**);
  - September to November 2018 - public consultation period (**achieved**);
  - 12 December 2018 - consideration by the Cabinet of consultation results and approval of scheme (**the reason for this report**);
  - January 2018 - Council approval;
  - 11 March 2019 - publish scheme and application process;
  - 1 April 2019 – new scheme effective date.

### **4. ALTERNATIVES/OPTIONS**

The criteria for the Council Tax Support scheme are at the Council's discretion and, therefore, various alternatives and options are open to the Council.

### **5. FINANCIAL IMPLICATIONS**

- 5.1. The Council administers a Council Tax Support (CTS) scheme with an annual expenditure of £4.84 million. For 2013/14, the coalition government reduced the level of funding for the local scheme by 10%; effectively creating a grant reduction of £483,984 pa across all of the precepting authorities.

- 5.2. With effect from 2013/14 the scheme was funded through Formula Grant rather than direct subsidy and consequently the government has transferred the risk (and therefore the cost) of increased take up within the scheme to the local taxpayer from the national taxpayer. Any increase in cost will lead to a reduced tax-base and therefore reduced income to the precepting bodies.
- 5.3. As part of the four year settlement it is known that Formula Grant (RSG) is being phased out and, as a consequence funding for CTS falls to local taxpayers solely.
- 5.4. The proposed changes marginally decrease the cost of the Local CTS Scheme. This will be reflected in a small increase in the council tax base and council tax income recognised in the collection fund. The additional income will be spread proportionately across the major precepting authorities (Oxfordshire County Council, Thames Valley Police and Crime Commissioner and West Oxfordshire District Council). By making these proposed changes, based on the current year's tax-base it is estimated that it will increase our total tax base by around 23 band D properties generating just over £41,008 of savings to the precepting bodies of which just under £2,136 relates to West Oxfordshire District Council.

## **6. RISKS**

There are three key risks to consider:

- That the benefit caseload increases significantly, resulting in expenditure exceeding the levels estimated within this report,
- That the development of a Council Tax Support scheme that reduces benefit expenditure, without being supported by robust principles and consultation, could be open to legal challenge on equalities grounds,
- That administration, collection and recovery costs (including the cost of write-offs) could increase as a result of creating additional, and relatively small, liabilities.

## **7. REASONS**

Having reviewed the current scheme and taken into account the outcome of the public consultation exercise, these proposals provide a fair and robust scheme that meets with the statute and the Council's obligations.

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Date: 12 November 2018.

Background Papers:  
None

### Background Information for Consultation Proposals

The following table explains the proposed changes, provides the reasoning of the proposal and an estimated potential expenditure reduction (based on the Districts 6% portion of the collection fund):

#	Area of Change	Explanation	Reason for Proposal	Total Estimated Expenditure Reduction/ increase	Reduction/ increase for WODC based on 6%	Estimated No of Affected Claims
1	Amend scheme to Income Bands and introduce a 100% discount for those on a 'net' weekly income of below £125.99	A simple flat rate percentage discount will be awarded depending on what income band a person's total weekly net income falls into.	Those customers' that are on minimum income will receive a higher percentage of support. The scheme will less confusing for council tax payers in receipt of CTS, particularly those in receipt of UC.	-£57,964	-£4,077	886
2	Child Maintenance Payments	Disregard in full any child maintenance payments received when calculating the net weekly income		+£16,872	+£1,012	122
<b>Total saving:</b>				<b>£41,092</b>	<b>£3,065</b>	

**Appendix B – Summary of Public Consultation Responses**

The following table summarises the responses from the public consultation. There were a total of 121 responses to the public consultation; 8 of those were in response to postal surveys issued and 113 were on-line responses via the link on the website. The consultation ran for a period of 8 weeks (from 10 September 2018 to 9 November 2018). Of the total 121 respondents 39 indicated that they were currently in receipt of Council Tax Support (2 receiving full, 100% Council Tax Support and 37 receiving partial Council Tax Support) and 69 indicated that they were not in receipt of any Council Tax Support. I was answering on behalf of an organisation.

Statement within Consultation Survey	Overall Consultation Responses			Therefore, the majority views are:
	Agree	Neither	Disagree	Overall
We're considering introducing income bands so that we can apply a flat rate percentage discount to each banding	63.64%	6.61%	29.75%	Agree
To calculate a person's weekly income we currently include all child maintenance payments received. Do you think this income should be excluded when we calculate a person's weekly income?	48.33%	8.33%	43.33%	Agree

West Oxfordshire District Council  
Council Tax Reduction Scheme 2019/20  
Consultation  
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Report

**Contents**

- 1. Background..... 10
- 2. Methodology ..... 10
  - 2.1 Postal survey ..... 10
  - 2.2 Online consultation ..... 11
  - 2.3 Response rates ..... 11
  - 2.4 Analysis and reporting..... 11
- 3. Profile of respondents..... 11-13
- 4. Full details of proposals ..... 15-17
- 5. Other comments ..... 18



**Summary of agreement with proposed changes to the Council Tax Reduction Scheme for 2019/20**

<b>Proposal:</b>		
<b>To introduce income bands so that we can apply a flat rate percentage discount to each banding</b>	<b>% agree</b>	<b>63.64%</b>
	<b>% disagree</b>	<b>29.75%</b>
<b>To disregard in full child maintenance payments</b>	<b>% agree</b>	<b>48.33%</b>
	<b>% disagree</b>	<b>43.33%</b>

## **I. 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.

Following public consultation in 2013 and 2016 and full Council approval its CTS scheme for working age claimants was amended for 2014/15 and 2017/18 as follows:

- I. That the entitlement be reduced to 91.5%,
- II. That the maximum capital limit be reduced to £6,000 and the first £3,000 be disregarded for the purposes of calculating the tariff income,
- III. That the Second Adult Rebate entitlement be removed,
- IV. That Maintenance payments be treated as earned income,
- V. That Support be calculated using a maximum liability of Band E,
- VI. That extended payments are increased from four to thirteen weeks,
- VII. That those defined as disabled and those in receipt of War Widows Pension and/or War Disablement Pension be protected from all the above changes.
- VIII. The Removal of the Family premium
- IX. The reduction in backdating to one month
- X. Reduce the period for which a person can be absent from Great Britain to 4 weeks
- XI. Limit the number of dependent children to a maximum of two (with exemptions)
- XII. Reduce the number of weeks for extended reduction to 4 weeks
- XIII. Disregard in full child Maintenance for those in receipt of Universal Credit

These amendments will still apply to the CTS scheme for 2019/20; however, there are amendments to IV (maintenance payments which are being proposed within the report.

## **2. METHODOLOGY**

A postal and online survey was carried out between 10 September 2018 and 9 November 2018.

### **2.1 Postal survey**

A consultation questionnaire was sent to the following groups:

- I. All major precepting authorities

2. Cottsway Housing Association
3. Citizens Advice Bureau

## **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.

## **2.3 Response rates**

In total 121 responses were received (8 postal returns and 113 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.

## **3. 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).
- Personal Independent Payments (PIP)

### **3.1 PROFILE OF RESPONDENTS**

The majority of respondents were individuals responding on their own behalf. [Table 3.1]

39 of the 121 consultation respondents (35.77%) claimed to be in receipt of a Council Tax Reduction. Of these 2 said they receive a full reduction and 37 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>
<b>All respondents</b>		<i>100%</i>
<b>Responding as:</b>		
On own behalf		<i>95.33%</i>
On behalf of someone else		<i>-</i>
A landlord		<i>1.83%</i>
Voluntary organisation		<i>-</i>
Housing Association		<i>1.83%</i>
Parish Council		<i>-</i>
Other		<i>1.01%</i>
- family members		
- other organisations		
Not stated		<i>-</i>
<b>Receipt of council tax reduction:</b>		
Any reduction		
- 100% Full reduction		<i>1.83%</i>
- Partial reduction		<i>33.94%</i>
<b>Recipients in protected groups :</b>		
Any protected group		
- Pensioner		<i>15.60%</i>
- Person with disabilities		<i>12.84%</i>
- Recipient of War Widows Pension		<i>-</i>
- Recipient of War Disablement Pension		<i>-</i>
-Recipients not in protected groups		<i>73.39%</i>

The demographic profile of reduction recipients responding to the consultation was relatively mixed (46.22% aged under 45, 39.62% aged 46 – 65 years and 14.15% aged 66 or over)

**Table 3.2: Sample profile – Demographic**

	<i>recipients</i>
<b>TOTAL</b>	<i>100%</i>
<b>Age:</b>	
Under 18	<i>0.94%</i>
19 to 25	<i>0.94%</i>
26 to 45	<i>44.34%</i>
46 to 65	<i>39.62%</i>
66 and over	<i>14.15%</i>
<b>Health problem or Disability:</b>	
Yes	<i>12.84%</i>
No	<i>87.16%</i>
Not stated	<i>-</i>
<b>Household composition:</b>	
Single person	<i>13.21%</i>
Lone parent	<i>23.58%</i>
Couple with children	<i>27.36%</i>
Couple	<i>30.19%</i>
Other	<i>5.66%</i>
Not stated	<i>-</i>

## **4. FULL DETAIL OF PROPOSALS**

### **Proposed change number 1:**

Amend scheme to Income Bands and introduce a 100% discount.

Income bands will allow people to vary their hours at work without losing support. The new scheme will also give applicants more certainty about how much council tax they need to pay, and will result in fewer council tax bills if their income fluctuates within the same band.

#### **The benefit of this is:**

- It supports those on the lowest income by giving 100% council tax support discount

#### **The drawbacks of doing this are:**

- Those working age residents in the higher income bands may see a reduction in the amount of support they receive

### **Proposed change number 2:**

Disregard in full child maintenance payments.

Currently claims for Council Tax Reduction from working age claimants who are not in receipt of Universal Credit but receive child maintenance have this payment included as other income within their CTS assessment.

#### **The benefit of this is:**

- It brings the scheme in-line with all other welfare benefits by disregarding this income.
- The council will be meeting its responsibilities for mitigating child poverty
- Customers in receipt of Child Maintenance will see an increase in the amount of support they receive

#### **The drawback of this is:**

- Those residents receiving the same level of income of those in receipt of Child Maintenance may be worse off

## **5. Other comments**

Within the consultation respondents were asked if they had any other comments about the proposed changes to the scheme.

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

- For those people who receive a high amount of child maintenance to be disregarded concerns were raised that it would be unfair on middle earning
- Support to disregard child maintenance as a good way for single parents to provide for their families
- Concerns were raised as to why people was on low incomes
- Concerns by some that using a flat rate assumes people are equal
- Concerns on hard working people and introducing another income based taxation system
- An appreciation of the need to reduce funding