

# Council Tax Support

## Consultation Findings

October 2012



THE LONDON BOROUGH  
[www.bromley.gov.uk](http://www.bromley.gov.uk)

## Introduction

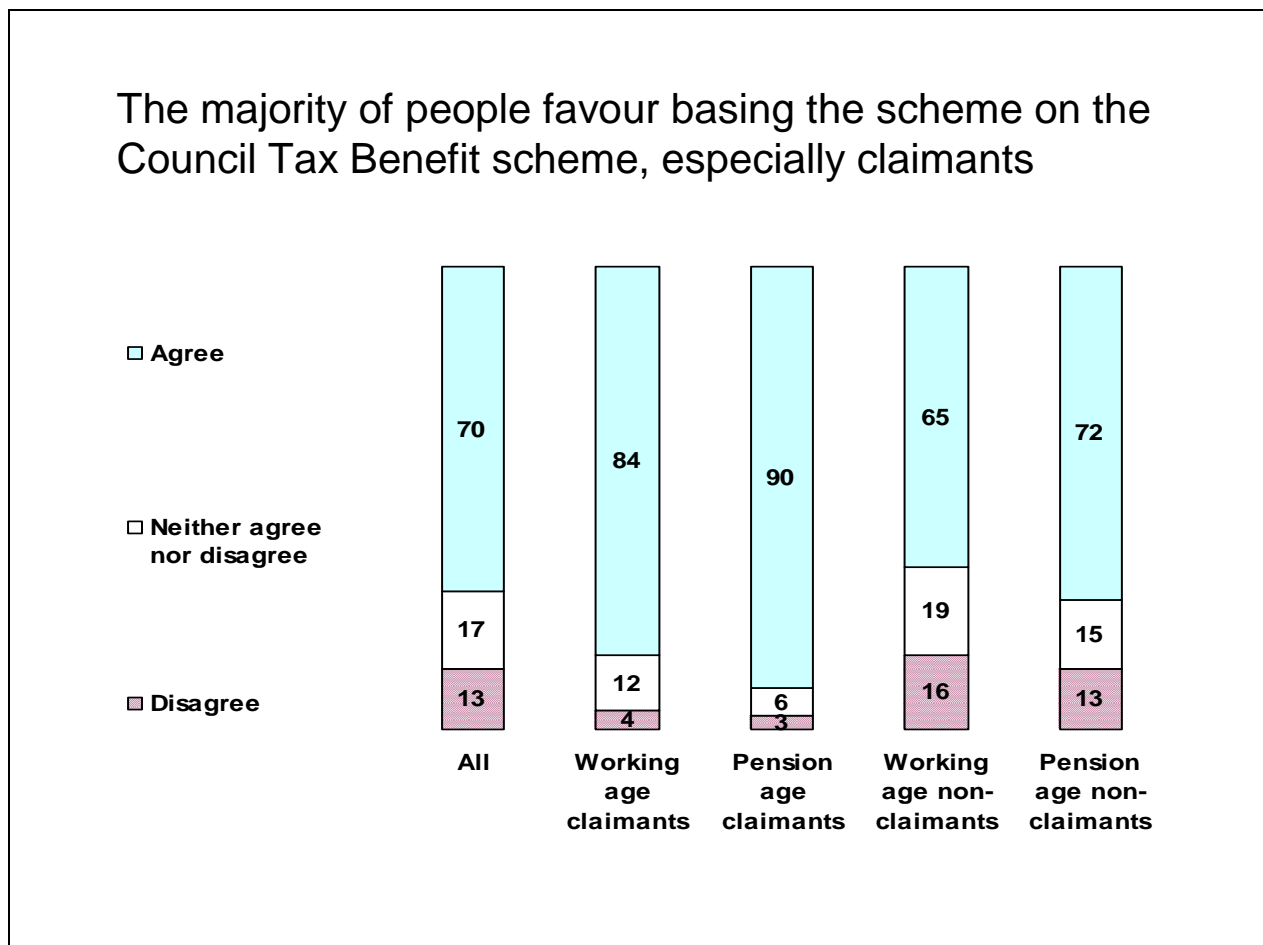
These are the main findings from the Council Tax Support consultation exercise. The report covers the feedback from stakeholders to the key principles of the proposed new scheme and possible adaptations to it, and includes comments received. Details of the consultation methodology and response rates are available at the end of the report.

NB: Some of the percentages in the charts add up to 99% or 101% due to rounding.

## Basing the scheme on the current Council Tax Benefit scheme

A key principle of the proposed scheme was that any change should be as predictable as possible for everyone affected. Therefore it was proposed that eligibility for Council Tax Support would continue to be calculated by comparing the income and savings of the person(s) claiming Support against the minimum amount of money the government says a claimant can live on. Bromley also proposes to maintain the current way in which Council Tax Benefit is calculated.

A clear majority of people favour the proposal to base the scheme on the current Council Tax Benefit scheme, and this is particularly so for claimants of both working and pension age.

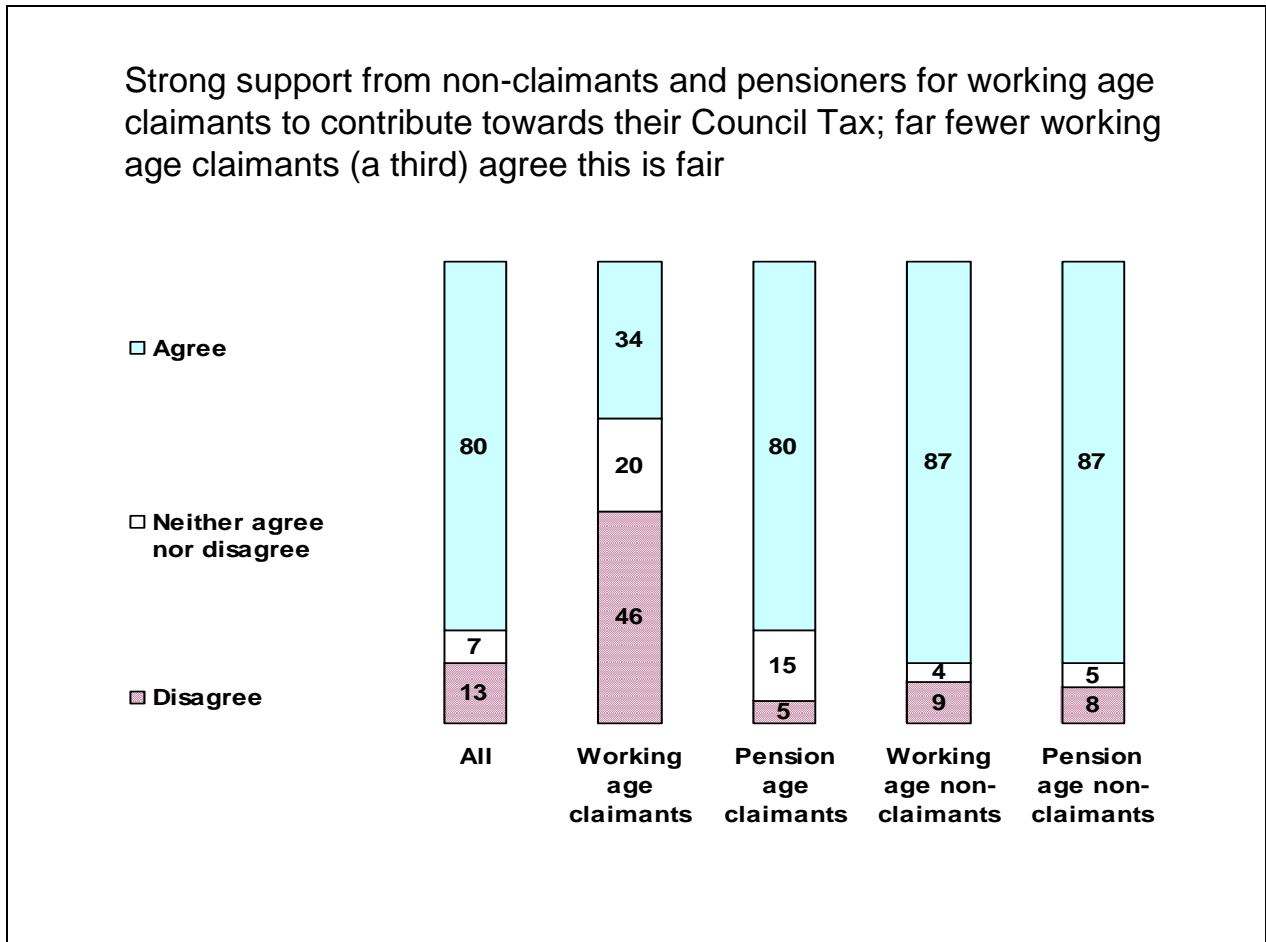


The online survey responses endorse this approach.

## Everyone should pay something

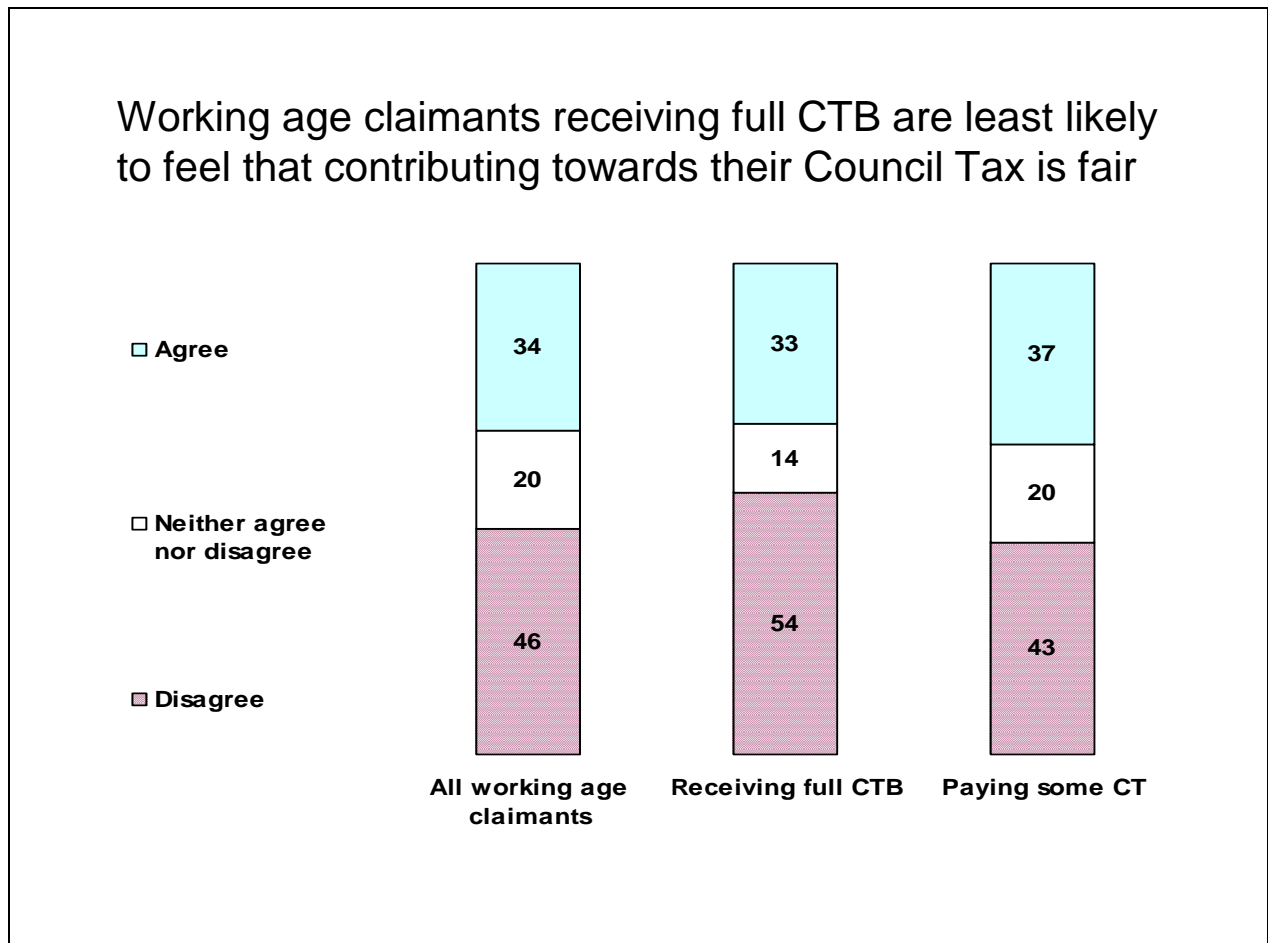
It was proposed that all claimants of working age pay at least 25% of their Council Tax bill, with the existing benefit calculations applying to the remaining 75%.

Pensioners and non-claimants are very clearly in favour, but only a third of working age claimants feel it is fair that they should make a contribution of this magnitude towards their Council Tax.



The overall response online is more divided, reflecting the fact that approximately half of those responding were Council Tax Benefit claimants. On balance though, the number agreeing with the premise outweighs the number disagreeing.

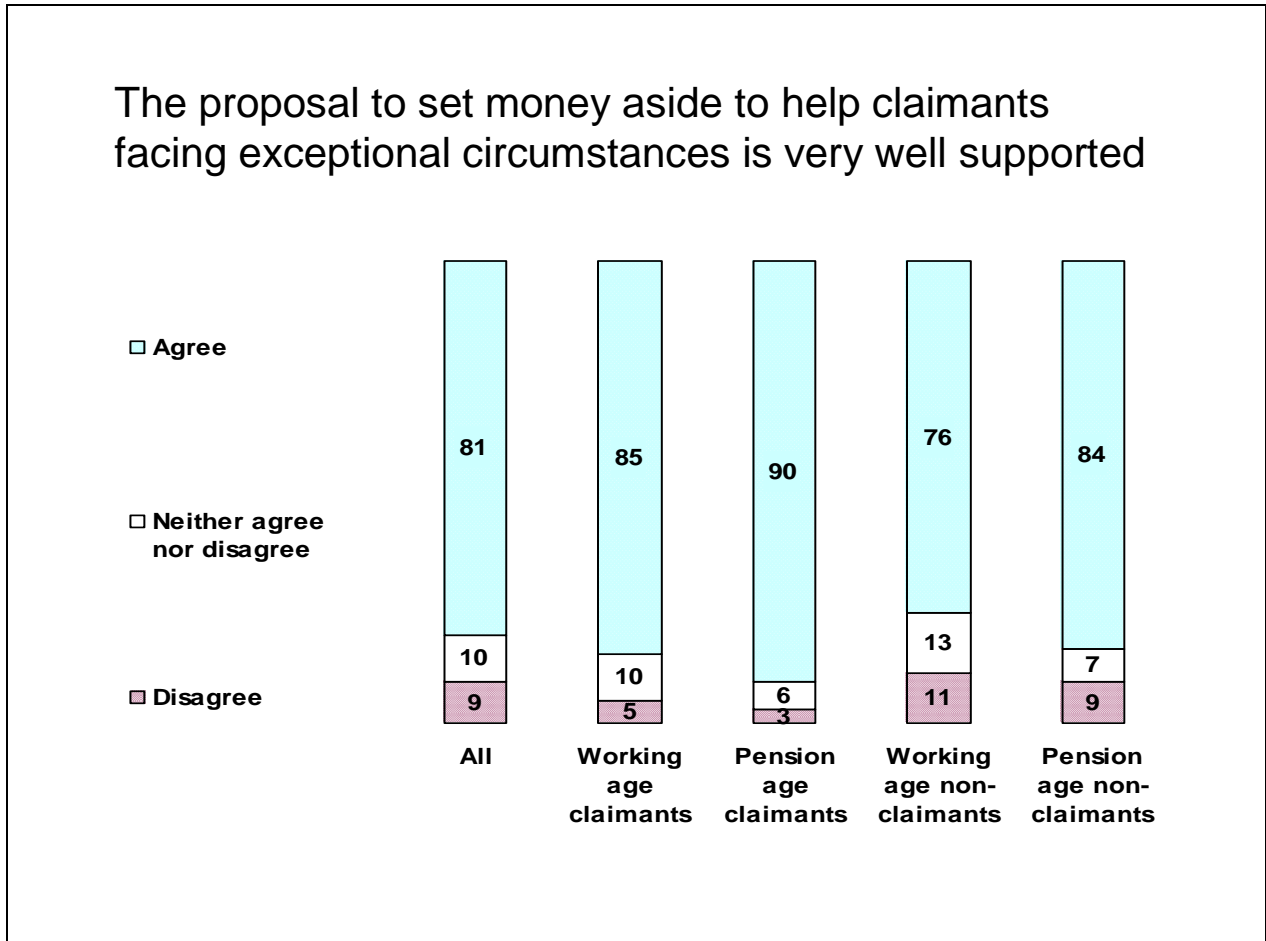
Among working age claimants, those receiving full Council Tax Benefit are somewhat more likely to feel it is unfair that they should have to make this level of contribution (54%), compared with 43% of those who currently pay some of their Council Tax.



## Further assistance in exceptional circumstances

The Council proposed to give further assistance to those facing exceptional hardship or circumstances.

This proposal is very well supported, both by claimants and non-claimants (though supported particularly enthusiastically by claimants and pensioners).

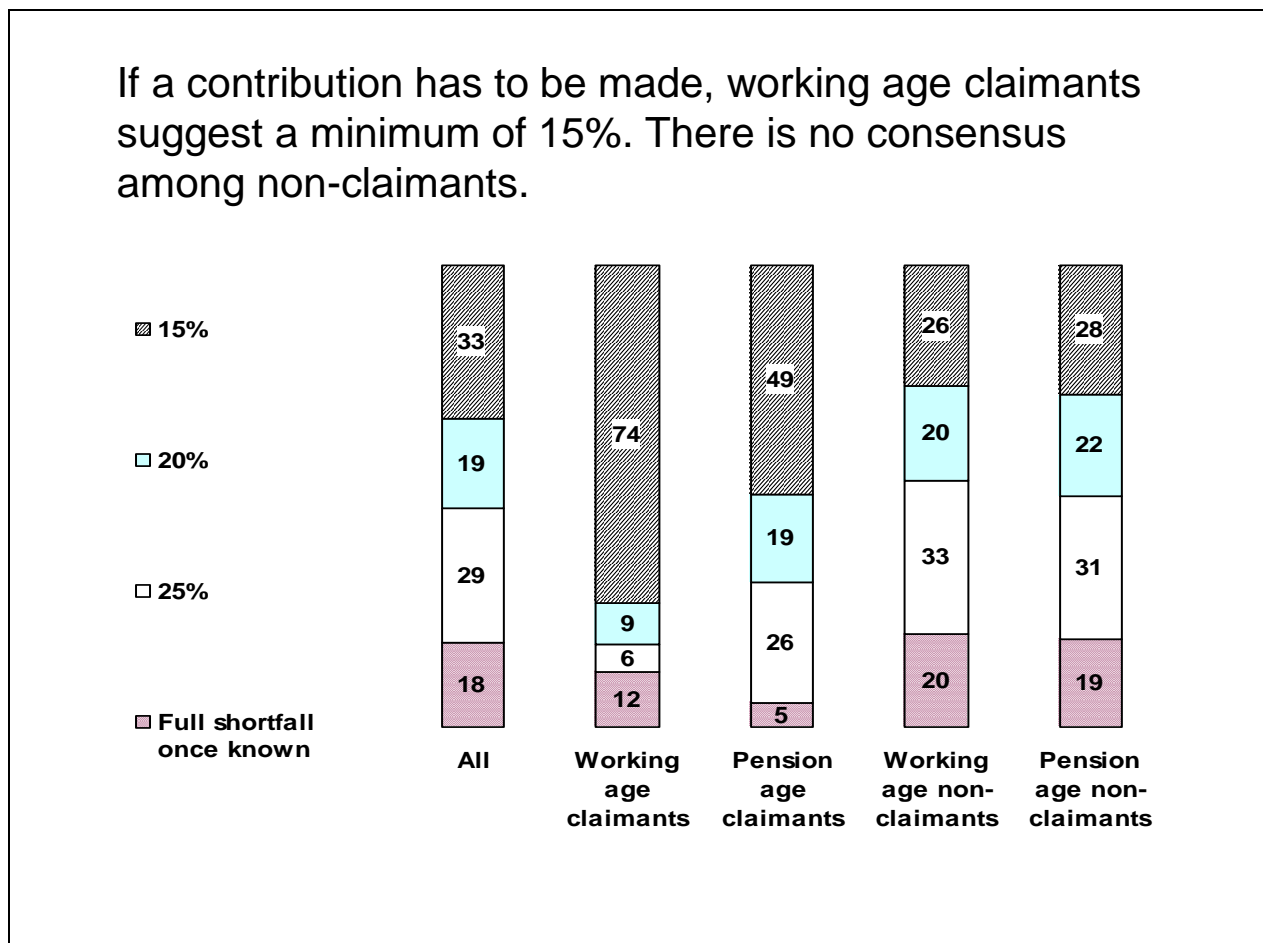


Those responding online are equally supportive.

## The minimum amount a household should contribute

While the scheme proposed at least 25% contribution, survey participants were asked to select the minimum amount they believed a household should pay towards their council tax. This question was asked with the proviso that any benefit expenditure incurred in excess of the government grant would result in less money being available for other Council services. To provide context, the amount that each option would generate towards the shortfall in funding was shown (15% equating to £1.95m, 20% to £2.59m and 25% to £3.27m).

A substantial majority of working age claimants chose the 15% level of contribution, and pension age claimants were also more supportive of this option than the higher ones. The opinions of non-claimants spanned the whole range of options, with no clear view emerging. While a third of them selected the 25% option, half chose the smaller contributions of either 15% or 20%.

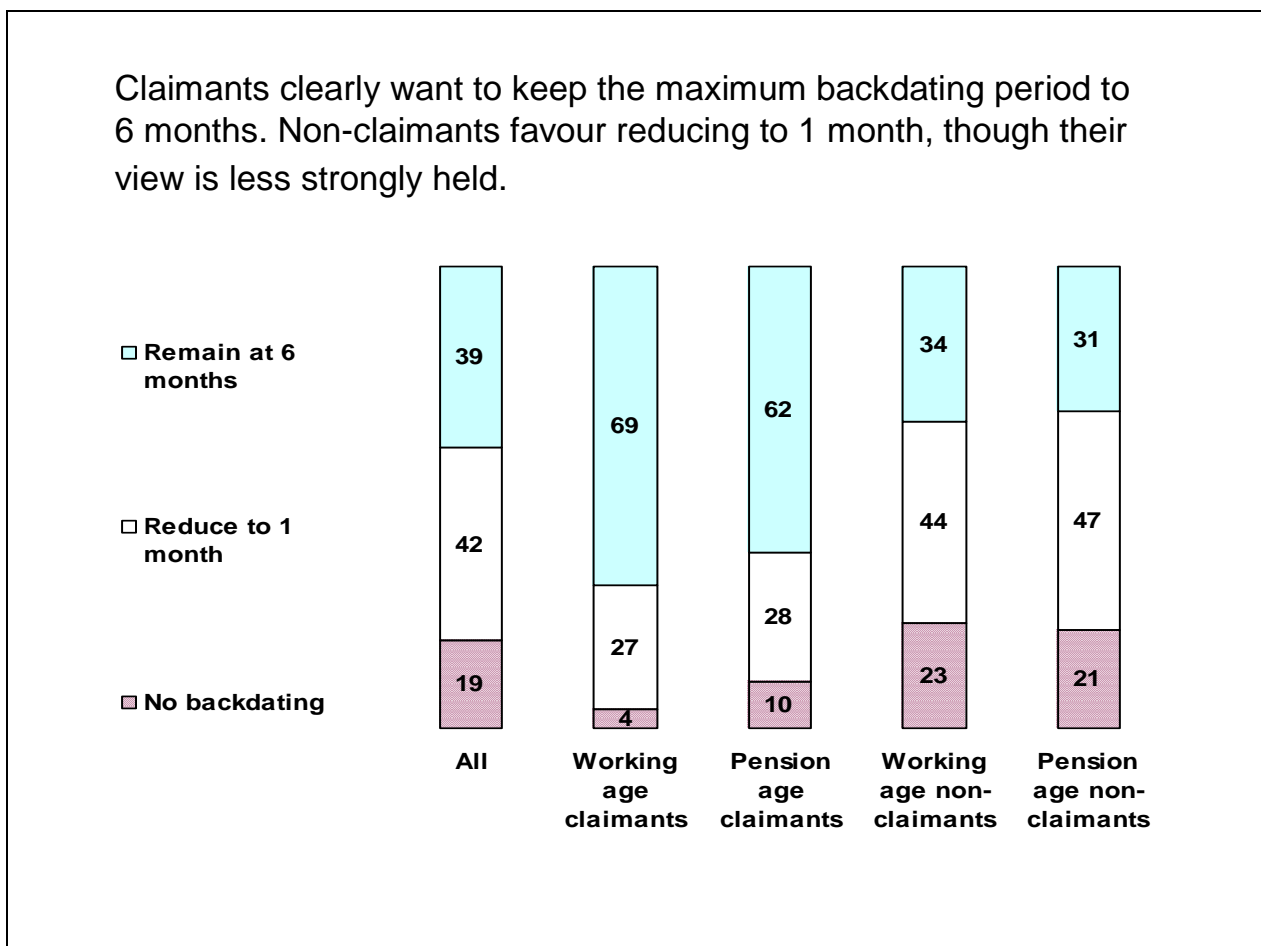


The online feedback generally favoured the 15% contribution.

## Backdating

Several possible adaptations to the scheme were put forward so that stakeholders could comment. Each option was accompanied by an estimate of the amount that would be generated, to give real context to the question. One of adaptations cited was a reduction in the period for which backdated benefit could be granted. Under the current Council Tax Benefit arrangements, working age claimants can request that any Benefit be backdated for a period of up to 6 months. This is awarded subject to set 'good cause' criteria. The options put forward were no backdating (resulting in additional income of £60k), a reduction to one month (£30k), or keeping the existing six month period.

Both working age and pension age claimants favour retaining the six month limit. Non-claimants were more likely to select the one month option, with a third of them wanting to keep the existing limit. The least favoured option among all groups is no backdating.

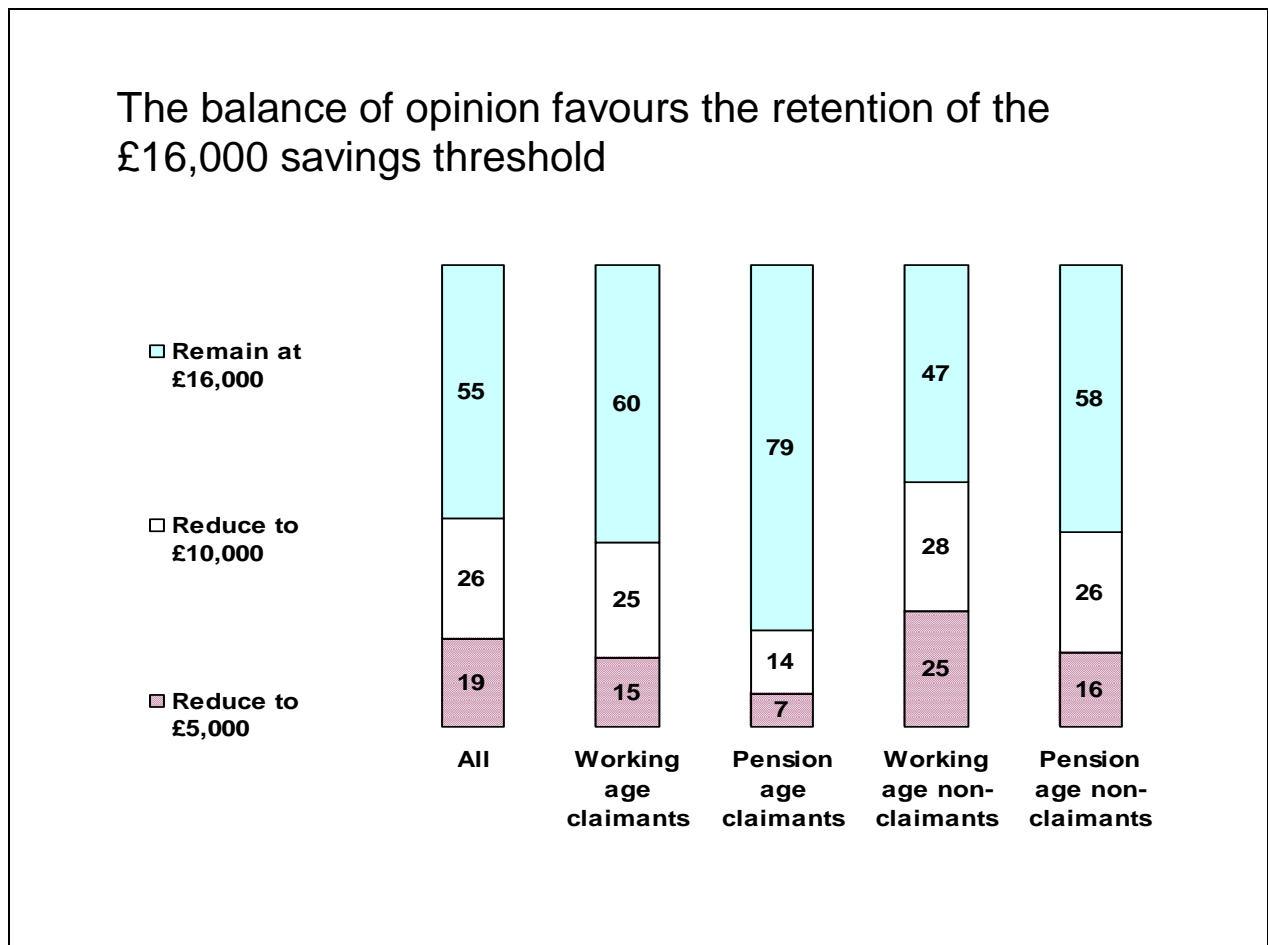


No backdating is also the least favoured option online; on balance the preference is to retain the current six month limit.

## The £16,000 capital savings threshold

Currently those with any savings or capital above £16,000 are ineligible to claim Council Tax Benefit. Survey participants were asked whether they thought it would be better to retain this level, or to reduce it. Reducing the threshold to £10,000 would generate £40k, and to £5,000 would generate £160k.

The balance of opinion supports retaining the current limit, although almost half of households would be prepared to see it reduced. Working age non-claimants were the least wedded to the existing threshold, but even so the £16,000 option was the one most frequently chosen.



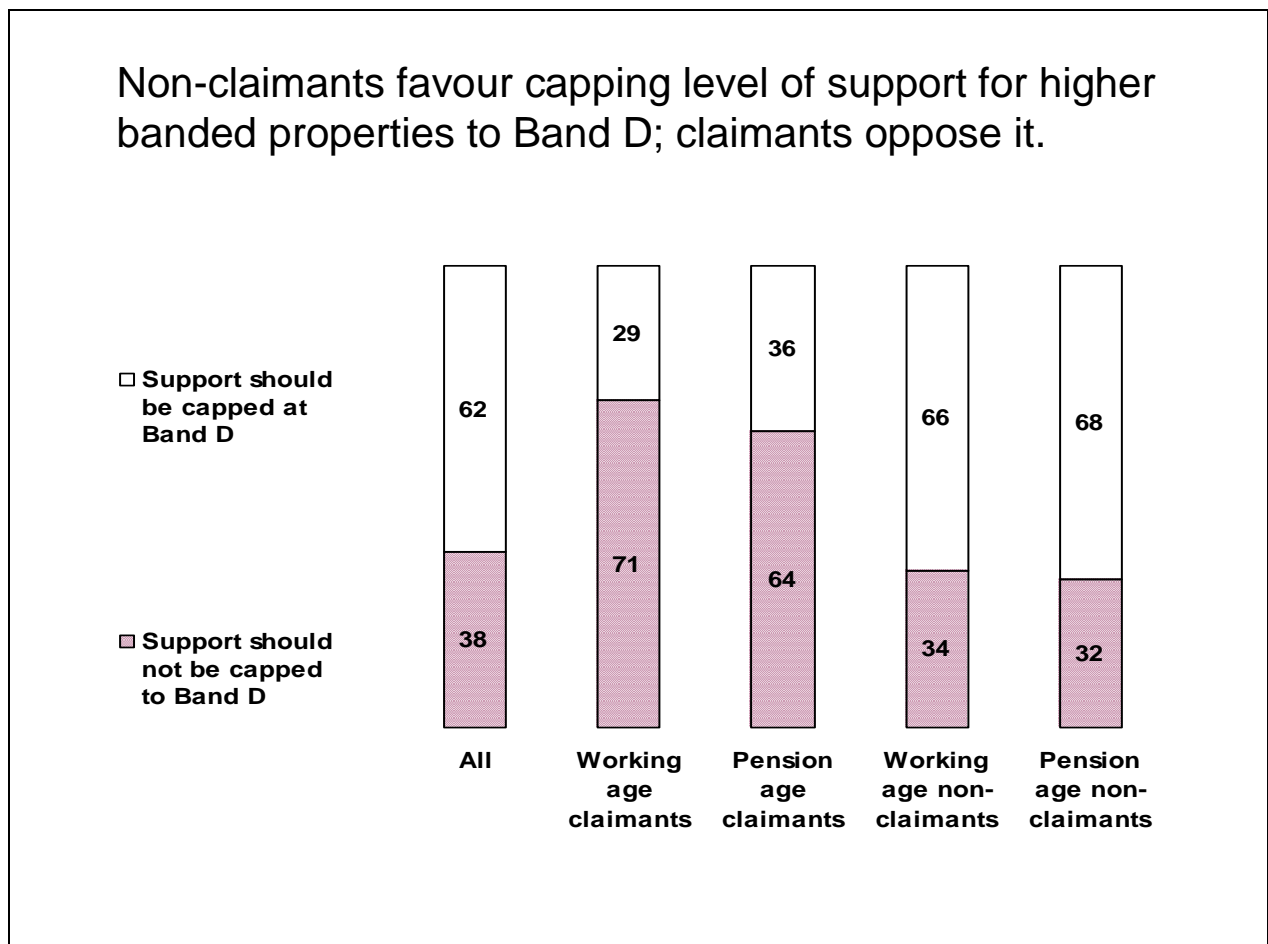
Those responding online were also divided as to whether the limit should remain or be reduced, but they too were most likely to select the £16,000 option.



## Limiting the amount of support according to property band

A possible adaptation could be to limit the amount of support to Band 'D' level (so that, for instance, someone in a Band 'F' property could only claim as though they lived in a Band 'D' property). This option would generate approximately £400k.

Claimants are against capping, but non-claimants broadly support it.



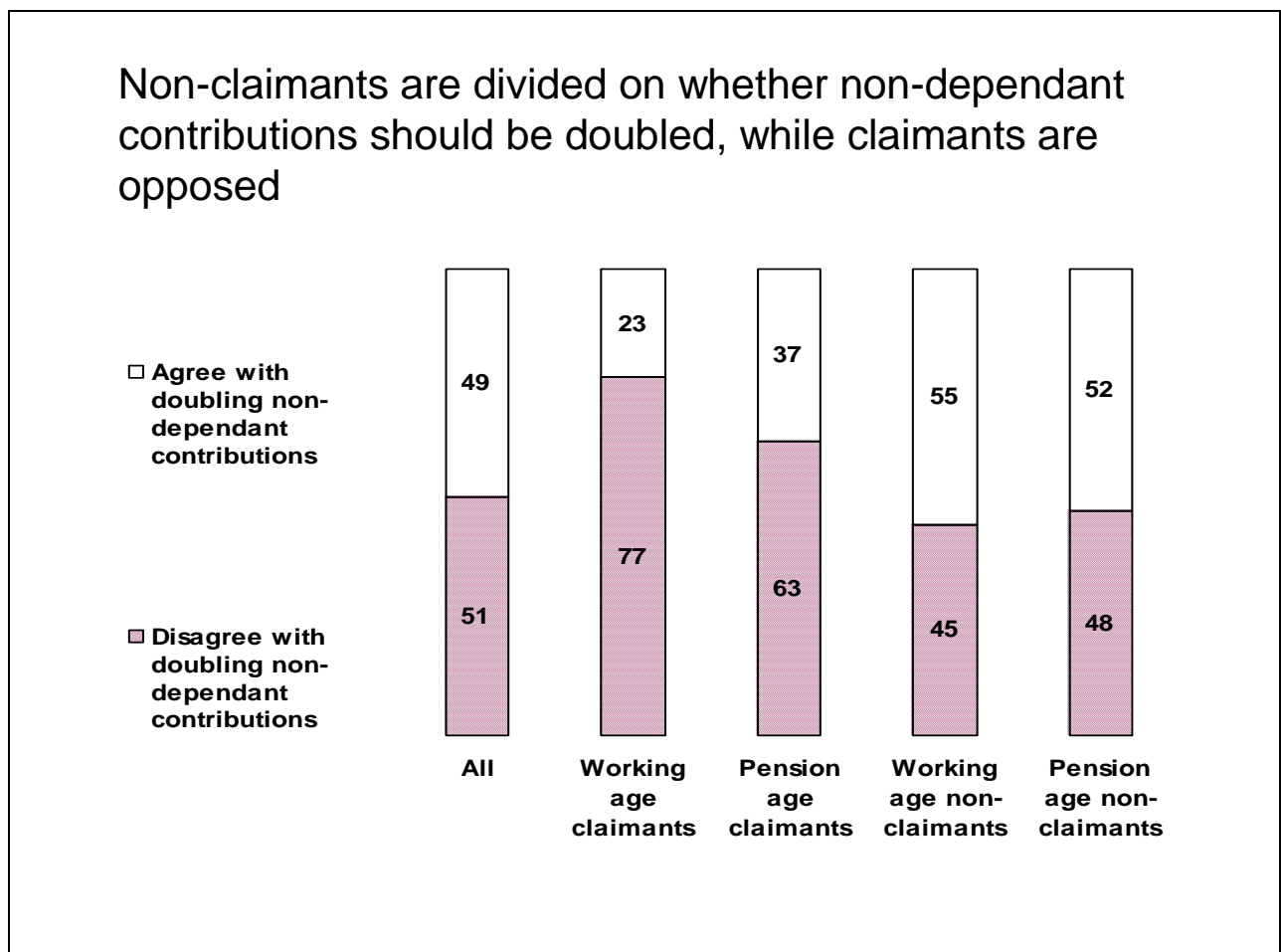
The online feedback was divided on this issue.

## Non-dependants

After a claimant's own eligibility is calculated, the amount of Council Tax Benefit currently awarded is reduced to take account of an expected contribution towards the Council Tax bill from any other adults in the household, for example an adult son or daughter aged over 18. The amount of reduction in benefit entitlement is in line with the number of non dependants and the amount of income they receive.

Doubling the level of non-dependant deductions compared with the current Council Tax scheme would generate an estimated £160k.

Claimants, particularly of working age, are against this idea. Non-claimants are divided on the issue (the difference between those agreeing and disagreeing is not statistically significant).

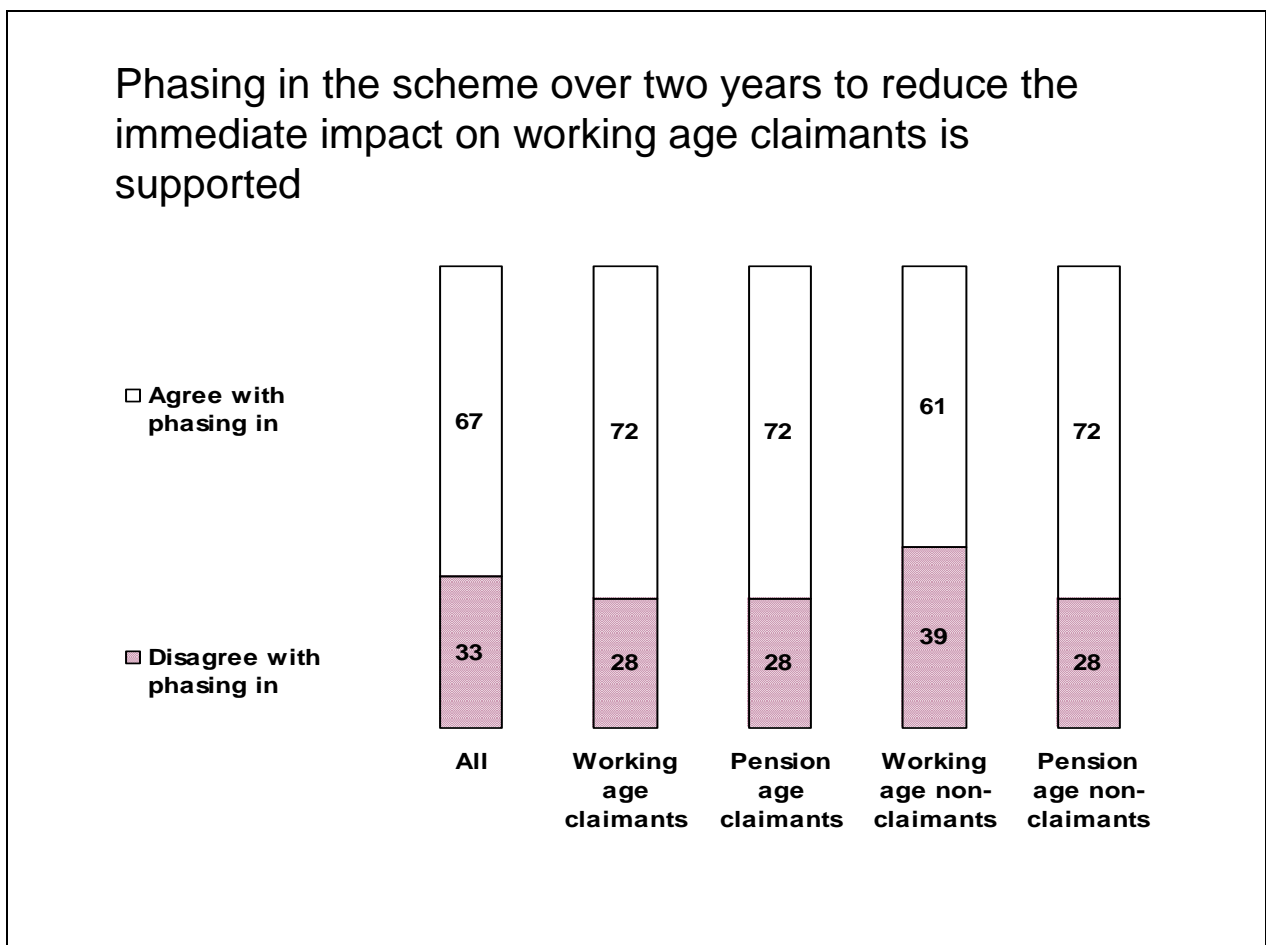


The opinions of those responding online were also divided.

## Phasing in the scheme

Participants in the survey were asked for their views on the idea of phasing in the scheme over a period of two years, given the financial impact the change will have on working age households currently receiving assistance with their Council Tax. They were reminded that until the proposed scheme was fully implemented, less money would be available for other Council services.

Taking this into account, the majority of claimants and non-claimants alike support phasing in the scheme.



The online survey echoes this view.

## Comments received

Everyone who participated in the consultation was asked to comment on whether they felt that the proposed changes will affect particular individuals or groups more than others. Just over a quarter of the respondents to the postal questionnaire chose to comment. The main themes to emerge were:

- People with disabilities/vulnerable people/pensioners will be most affected (mentioned by 25% of those making any comment)
- People on low incomes should not be punished (11%)
- All types of households will be affected (10%)
- Need a system fair to all/system needs a big shake up/check all claims (8%)
- People on benefits will struggle (7%)
- Families/one parent families will struggle (5%)

People were also given the opportunity to make any further comments about the proposals, and about one in five did so. The main themes were:

- Everyone should pay something (11%)
- These changes will cause much greater hardship (7%)
- Tax the high earners (5%)

In the online survey responses to these questions included:

- Particularly affected or most in need of help are low income families/low income families not on income support/families with young children receiving full Council Tax Benefit/young single unemployed/those with severe disabilities who cannot work/the elderly/vulnerable people/those in private rented accommodation who cannot get social housing
- An apparently small amount of money is a lot when you do not have any/any reduction will make lives very difficult especially as cost of living is rising/will push people into poverty, debt and despair
- People on higher income should pay more/means test single occupants/increase Council Tax
- The administration of the Council Tax Benefit scheme could be made quicker/more cost efficient by doing more by email/online rather than by paper/post
- Reduce senior staff pay

The main themes to emerge from consultation with representative organisations were:

- Claimants, especially those on full Council Tax Benefit, are already struggling/receiving handouts from food banks/burden on the poorest is disproportionately high/changes will exacerbate stress and hardship/increase in homelessness and debt/possible demonstrations as happened over poll tax
- Enforcement and recovery – cost of collecting likely to outweigh amount Council hopes to raise/extra court costs/difficulty in getting money from those without bank accounts/part time workers who change jobs frequently will be time consuming to deal with
- People on benefits think they will be unaffected/need to publicise the changes more widely eg at job centre

A response was also received from the GLA to Bromley's proposed scheme. In summary this made the following points:

- The determination of Council tax Support schemes is a local matter, and should be specific to local circumstances.
- The GLA suggests the Council consider the challenges in collecting relatively small sums of money from claimants on low incomes who cannot pay by direct debit or other automatic methods. Given the low awareness of the changes there is a significant risk that collection rates will be lower for councils in the first year of the new system.
- The additional revenues from the technical reforms could be used to reduce the amount to be recovered from working age claimants.
- The GLA and London authorities should work towards a consensus on how instalment payments to the GLA may be varied to take account of lower than expected collection rates or higher than expected demand for Council Tax Support.

The following section provides an account of the consultation methodology and survey response rates.

## **Consultation Methodology**

The postal questionnaires were sent to 8,000 Bromley households. 4,000 of these were sent to working age claimants as they are the group most affected by the proposals, and a robust sample of these was required. The other 4,000 were sent to other groups (working age non-claimants and pensioners) as it was felt that they should also be given the opportunity to respond to an issue of such importance, and that even if they are not directly affected, their views should be taken into account. Within these groups, samples were selected on a random basis in order to attain as representative a result as possible.

The Council's website featured an online survey throughout the consultation period which contained questions mirroring the postal questionnaire. The online survey was widely promoted through a borough wide poster and leaflet campaign, and offered the opportunity to anyone to express their views. The views of these additional respondents are important, but they are self selecting, and they have therefore not been added together with the postal respondents and are instead shown separately.

The consultation exercise also intended to engage with as many interested stakeholders - including hard to reach groups - as possible. Bromley arranged a number of sessions for local voluntary and welfare organisations to provide a briefing on the new Council Tax Support arrangements and to provide a forum for feedback into the process.

The Council also made available a dedicated phone number and email address.

## **Response Rates**

Despite the publicity the response rate from working age claimants to the postal questionnaire was lower (at 11%) than from those who will be unaffected (15%). This disparity has also been reported by other councils undertaking surveys as part of their consultation on this issue.

In total enough questionnaires were received back to allow us to analyse the views of each of these groups: working age claimants, pension age claimants, working age non-claimants and pension age non-claimants.

If these sub groups were added together they would not give an accurate reflection of the views of Bromley households, due to the high proportion of working age claimants in the sample. Therefore, to give us the best of both worlds, the data for 'all households' has been statistically weighted to correct for this, and therefore to be a more accurate reflection of what Bromley residents eligible to pay Council Tax think.

Replies were received from all age groups from age 18 upwards, though most, as might be expected, were from those aged 30 and over. As is the case with postal surveys generally the response rate was higher among pensioners.

The responses represent a wide range of views, including those of families with children, single parents, single person households, couples with no children and households with full or part time workers. They also cover households that include someone who is disabled, and this includes various forms of impairment (physical, sensory, mental, learning and long-term health conditions). In keeping with the profile of the borough, the majority of the feedback came from white British residents, with responses also received from a variety of other ethnicities.

The online survey replicated the postal survey as far as possible. As other councils have found, response to the online survey has been low (35 responses despite the publicity and despite appearing on the front page of the website for much of the time). A very few comments from members of the public were also received by email or post, and these have been merged in with the online survey comments.

The findings of the online survey and feedback by email are reported here for completeness, but it should be remembered that the findings of the postal questionnaire will be much more robust and reliable.

Comments made by representative organisations, and also by the Greater London Authority, are identified separately.