

Peterborough City Council Council Tax Reduction Scheme 2019/20 Consultation Questionnaire

What is this about?

Peterborough City Council has a difficult financial situation to manage over the coming years and must make savings and increase income. Part of these savings could come from reducing the amount of financial help provided to residents on low incomes through the Council Tax Reduction Scheme.

In addition, the roll out of Universal Credit in the City has added a significant administrative burden on the Council which needs to be addressed.

What is Council Tax Reduction?

Council Tax Reduction is a discount for Council Tax, the level of discount is based on the income of the household. Currently the maximum discount is reduced by 30% for all working age households. In effect this means that any award of Council Tax Reduction is reduced by 30%. Pensioners can receive up to 100% support as their scheme is determined by Central Government.

Why is a change to the Council Tax Reduction scheme being considered?

Until April 2013 there was a national scheme called Council Tax Benefit. The Government made local Councils responsible for replacement schemes from 1 April 2013 and reduced funding to support the schemes. Since then, funding has further reduced year on year.

The continued roll out of Universal Credit, (Central Government's new benefit which replaces Income Support, Income Based Job Seeker's Allowance, Income Related Employment and Support Allowance, Housing Benefit for working age applicants and Tax Credits), with its constant changes in entitlement, means that many people fail to claim Council Tax Reduction or receive multiple Council Tax demands each year. This is leading to confusion for applicants, losses in entitlement, changes in Council Tax liability and a significant increase in the administration that has to be undertaken by the Council.

Who will these changes affect?

Working age households in the City who currently receive or will apply for Council Tax Reduction may be affected. Pension age households will **not** be affected as Central Government prescribe the scheme for them.

Are there any alternatives to changing the existing Council Tax Reduction scheme?

We have thought about other ways to make the spending cuts we need to make and maintain the current scheme's level of financial support. These have not been completely rejected and you are asked about them in the Questionnaire, but at the moment we do not think we should implement them for the reasons given below.

We have considered:

1 Increasing Council Tax

This would mean all Council Tax payers in the City paying towards the scheme. The decision to increase Council Tax may need to be made by voting in a local referendum; or

2 Reduce funding to other Council services

Keeping the current Council Tax Reduction scheme will mean less money available to deliver other Council services;

Questionnaire

Have Your Say on the Council Tax Reduction Scheme

Q1.
I have read the background information (above) about the Council Tax Reduction Scheme:

Yes No

This question must be answered before you can continue.

Paying for the Scheme

Q2.
Should the Council keep the current Council Tax Reduction scheme? (Should it continue to reduce Council Tax for applicants in the way and to the extent that it does at the moment?)

No Yes Don't know

Q3.
Please use the space below to make any comments you have on protecting the Council Tax Reduction Scheme from cuts.

Options to change the current Council Tax Reduction scheme

As explained in the background information, the Council is primarily consulting on proposals to change the existing Council Tax Reduction Scheme from 1st April 2019. These changes, if agreed, would reduce the cost of the scheme and make administration savings.

Your responses are a part of this consultation. Set out below are the proposals being considered:

- Amending the calculation in respect of the 30% reduction (**Option 1**);
- Limiting the maximum level of Council Tax Reduction to 69% from 2019 and reducing the level of support by 1% for each of the following two years (**Option 2**);
- Limiting the maximum level of Council Tax Reduction to 65% (**Option 3**);
- Limiting the maximum level of Council Tax Reduction to 60% (**Option 4**);
- Introducing a minimum Council Tax Reduction limit of £1 or £2 per week (**Option 5**);
- Restricting Council Tax Reduction to a Band C or Band D level (**Option 6**);
- Increasing the existing Non-Dependant Deductions (**Option 7**);
- Introducing a Minimum Income Floor for Self Employed applicants (**Option 8**);
- Removing Second Adult Reduction from the scheme (**Option 9**);
- Removing the Extended Payment Provision from the scheme (**Option 10**);
- Including Child Benefit as an income for all applicants (**Option 11**);
- Including Child Benefit as an income for applicants but excluding the payment for either the first or second child (**Option 12**);
- Reducing the maximum capital limit to £6,000 (**Option 13**); and
- Increase the Applicable Amounts in line with changes in Housing Benefit (**Option 14**).

Option 1 - Amending the calculation in respect of the 30% reduction

The Council currently reduces all Council Tax Reduction awards to working age applicants by 30%. In effect this means that the actual amount of any award is reduced by 30% at the end of the means test calculation.

This option would change the approach to the calculation by applying to 30% reduction before the means test was applied.

Reducing the maximum level of support available is a simple change to the scheme which is easily understood. The Council is conscious that any minimum payment must be affordable given the household's circumstances. All applicants would be able to apply for additional support on a case by case basis where they experience exceptional hardship.

The benefits of this are:

- it is a simple alteration to the scheme which is easy to understand;
- It is fair because everyone pays towards their Council Tax; and
- It delivers savings to the Council.

The drawback of doing this is:

- ~~All working age households receiving Council Tax Reduction will be required to make a minimum payment as at present; and~~
- Households will receive less support.

Q4.

Do you agree with this change to the scheme?

Yes No Don't know

Q5.

If you disagree with this change, what alternative would you propose?

Option 2 - Limiting the maximum level of Council Tax Reduction to 69% from 1st April 2019 and then by a further 1% each year until the maximum level of Council Tax Reduction is 67%

This option is similar to Option 1 but it would require all working age applicants to pay a minimum payment of 31% from 1st April 2019. With this option the level of support would continue to reduce by 1% for each of the following two years until the maximum level of support is 67%.

This would mean that all working age applicants would pay at least; 31% of their Council Tax bill from 1st April 2019; 32% of their Council Tax bill from 1st April 2020; and 33% of their Council Tax bill from 1st April 2021.

Reducing the maximum level of support available is a simple change to the scheme which is easily understood. The Council is conscious that any minimum payment must be affordable given the household's circumstances. All applicants would be able to apply for additional support on a case by case basis where they experience exceptional hardship.

The benefits of this are:

- it is a simple alteration to the scheme which is easy to understand;
- It is fair because everyone would be required to make a minimum payment albeit at an increased level;
- It will 'phase in' the reduction in support over a number of years: and
- It will deliver savings each year to the Council.

The drawback of doing this is:

- All working age households receiving Council Tax Reduction will be required to pay more; and
- The level of support would be reduced year on year.

Q6.

Do you agree with this change to the scheme?

Yes No Don't know

Q7.

If you disagree with this change, what alternative would you propose?

Option 3 - Limiting the maximum level of Council Tax Reduction to 65%

This option would require all working age applicants to pay a minimum of 35% towards their Council Tax. This is an increase on the current scheme and would require all Council Tax applicants to pay an additional amount towards their Council Tax.

Reducing the maximum level of support available is a simple change to the scheme which is easily understood. The Council is conscious that any minimum payment must be affordable given the household's circumstances. All applicants would be able to apply for additional support on a case by case basis where they experience exceptional hardship.

The benefits of this are:

- it is a simple alteration to the scheme which is easy to understand;
- it would deliver savings to the Council; and
- It is fair because everyone shares the increase.

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The drawback of doing this is:

- All working age households receiving Council Tax Reduction will be required to pay more.

Q8.

Do you agree with this change to the scheme?

Yes No Don't know

Q9.

If you disagree with this option, what alternative would you propose?

Option 4 - Limiting the maximum level of Council Tax Reduction to 60%

This option would require all working age applicants to pay a minimum of 40% towards their Council Tax. This is an increase on the current scheme and would require all Council Tax applicants to pay an additional amount towards their Council Tax.

Reducing the maximum level of support available is a simple change to the scheme which is easily understood. The Council is conscious that any minimum payment must be affordable given the household's circumstances. All applicants would be able to apply for additional support on a case by case basis where they experience exceptional hardship.

The benefits of this are:

- it is a simple alteration to the scheme which is easy to understand;
- it would deliver savings to the Council; and
- It is fair because everyone shares the increase.

The drawback of doing this is:

- All working age households receiving Council Tax Reduction will be required to pay more.

Q10.

Do you agree with this change to the scheme?

Yes No Don't know

Q11.

If you disagree with this option, what alternative would you propose?

Option 5 - To set a minimum level of Council Tax Reduction at £1 or £2 per week

Currently, the scheme will grant Council Tax Reduction from 1p per week per applicant. This is administratively inefficient and costly given the need to notify all applicants. The Council is proposing to increase the minimum level of Council Tax Reduction to either £1 per week or £2 per week. Where an applicant would receive less than the minimum amount, no amount of Council Tax Reduction will be granted.

The benefit of this is:

- It reduces administration costs; and
- The change will not affect any applicants on the lowest incomes or where they currently receive more than the set minimum.

The drawbacks of this are:

- If any applicant would have received less than the minimum amount per week, no Council Tax Reduction will be granted.

Q12.

Do you agree with the principle that the minimum level of Council Tax Reduction payable should be £1 per week?

Yes No Don't know

Q13.

Do you agree with the principle that the minimum level of Council Tax Reduction payable should be £2 per week?

Yes No Don't know

Q14.

If you disagree with BOTH of the two options (minimum levels), what alternative would you propose?

Option 6 - To restrict the maximum level of Council Tax Reduction payable to the equivalent of a Band C or a Band D charge

The current Council Tax Reduction scheme uses the full amount of the Council Tax charge irrespective of the band of the property. There are eight Council Tax Bands A to H with Band D being the national average. The Council is considering limiting the level of reduction that can be awarded where the applicant lives in a property which is above a 'set' banding level. A decision has yet to be made, but the Council is considering implementing either a Band C restriction or a Band D restriction.

It is proposed that, whatever limit is chosen, where an applicant lives in a property which is in a higher Council Tax band then the Council Tax Reduction will be calculated on the basis of the maximum banding level. It will not affect applicants who live in a property either at, or in a lower Council Tax band.

The benefit of this is:

- It can be seen as a fairer method of providing support with those claimants living in higher banded properties and receiving Council Tax Reduction having to pay more;
- It will deliver some savings to the Council; and
- It is administratively straightforward.

The drawbacks of this are:

- All working age claimants living in premises with a Council Tax band higher than the restricted level (Band C or Band D, whichever is chosen), will have their Council Tax Reduction restricted; and
- Reductions in awards may affect families living in larger homes.

Q15.

Do you agree with the principle that the maximum level of Council Tax Reduction payable should be restricted to a maximum of a BAND D charge?

Yes No Don't know

Q16.

Do you agree with the principle that the maximum level of Council Tax Reduction payable should be restricted to a maximum of a BAND C charge?

Yes No Don't know

Q17.
If you disagree with BOTH of the two options (banding restrictions), what alternative would you propose?

Option 7 - Increasing the existing Non-Dependant Deductions

Within the current scheme, a deduction is made from Council Tax Reduction for people other than the applicant's partner or dependants who are 18 years old or over (Non-Dependants) and reside in the household. Non-Dependants are expected to contribute towards the payment of the Council Tax. At present, where deductions are made, the weekly deductions range from £3.90 to £11.90 per week according to the Non-Dependant's circumstance and their weekly income. The Council is considering increasing the deductions in line with the prescribed council tax support regulations for 2019/20 and for some higher earners increasing the deduction by either 50% or 100%.

The benefit of this is:

- It is easy to administer; and
- The change would deliver savings to the Council.

The drawbacks of this are:

- Where household have Non-Dependants, the level of Council Tax Reduction may reduce.

The current level of deductions are as follows:

Criteria	Non- Dependants who are in receipt of Income Support/ Jobseeker's Allowance (Income Based) / Employment & Support Allowance (Income Related) or Universal Credit and have no earned income	Non-Dependants who are over 18 and not in remunerative work	Non-Dependants who are over 18 in remunerative work and earning less than £202.85 per week	Non-Dependants who are over 18 in remunerative work and earning at least £202.85 to £351.64 per week.	Non-Dependants who are over 18 in remunerative work and earning at least £351.65 to £436.89 per week.	Non-Dependants who are over 18 in remunerative work and earning £436.90 per week or more.
Deduction per week	Nil	£3.90	£3.90	£7.90	£9.95	£11.90

An example of the increase is shown in the table below. Please note these are based on the current level of Non-Dependant deductions. These will increase for 2019/20. If the Council was to increase the Non-Dependant Deductions for higher earners only would be:

Criteria	Non- Dependants who are in receipt of Income	Non- Dependants	Non-Dependants who are over 18 in remunerative work and earning less than £202.85 per week	Non-Dependants who are over 18 in remunerative work and earning at least £202.85 to £351.64 per week.	Non-Dependants who are over 18 in remunerative work and earning at least £351.65 to £436.89 per week.	Non-Dependants who are over 18 in remunerative work and earning £436.90 per week or more.
	Support/ Jobseeker's Allowance (Income Based) / Employment & Support Allowance (Income Related) or Universal Credit and have no earned income	who are over 18 and not in remunerative work				
Deduction per week	Nil	£3.90 (no change)	£3.90 (no change)	£11.85 (50% increase)	£19.90 (100% increase)	£23.80 (100% increase)

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Q18.

Do you agree that the Non-Dependant Deductions should be increased for higher earners in line with the percentages shown in the table above?

Yes No Don't know

Q19.

If you disagree with this option, what alternative would you propose?

Option 8 - Introducing a Minimum Income Floor for Self-Employed applicants.

In order to align Council Tax Reduction with Universal Credit, the Council proposes to use a minimum level of income for those applicants who are self-employed. This would be in line with the National Living Wage for 35 hours worked per week. Any income above this amount would be taken into account based on the actual amount earned. The income would not apply for a designated start-up period of one year from the start of the business.

The benefits of this are:

- The treatment of income for self-employed claimants for Council Tax Reduction will be brought broadly into line with Universal Credit;
- It should encourage self-employed working age applicants to run a viable business and to expand their business; and
- It would deliver some savings to the Council.

The drawback of this is:

- Where a working age applicant is self-employed and continues to run a business where their income is below the national living wage level, the Council will assume they earn at least the minimum level (based on a 35-hour week, regardless of the hours they work).

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Q20.

Do you agree with the principle that applicants who are self-employed for more than one year should have a minimum income floor applied to their claim?

Yes No Don't know

Q21.

If you disagree, what alternative would you propose?

Option 9 - Removing Second Adult Reduction from the scheme

The current Council Tax Reduction scheme can grant a reduction up to 25% in certain cases where the income of a 'second adult' (not the applicant's partner) who resides with the applicant is unemployed or has a low income. The reduction is not based on the applicant's or their partner's income but is purely based on the income of the 'second adult'.

The benefit of this is:

- It removes an element of the current scheme where the reduction bears no relationship to the income of the applicant or their partner (if they have one);
- It is administratively simple; and
- It will deliver some savings to the Council.

The drawback of this is:

- A very small number of people who currently receive Second Adult Reduction will receive less support.

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Q22.

Do you agree with the removal of Second Adult Reduction?

Yes No Don't know

Q23.

If you disagree, what alternative would you propose?

Option 10 - Removing the Extended Payment Provision from the scheme

In the current scheme, certain applicants may receive Extended Payments. These are made for the first four weeks from when the applicant or their partner either start work or increase their hours or earnings and have been on defined benefits for more than 26 weeks. Extended Payments do not apply to any applicant who is receiving Universal Credit and who goes into work or increases their hours or earnings. In view of this, it is the Council's intention to remove the Extended Payment Provision from the scheme altogether.

The benefit of this is:

- It is administratively simple and reduces administration costs;
- It will be fairer to applicants in receipt of Universal Credit; and
- It will deliver some savings to the Council.

The drawbacks of this are:

- If any applicant was on any legacy benefit and would have received an Extended Payment, no reduction will be given.

Q24.

Do you agree that the Extended Payment Provision should be removed from the scheme?

Yes No Don't know

Q25.

If you disagree, what alternative would you propose?

Option 11 - To take any Child Benefit paid to an applicant or partner into account in full in the calculation of Council Tax Reduction

Currently any payments of Child Benefit paid to either an applicant or their partner do not count when working out their income for Council Tax Reduction. This proposal would allow the Council to include any Child Benefit received in the calculation of Council Tax Reduction.

The benefit of this is:

- It is administratively straightforward to do;
- It will deliver savings to the Council; and
- Some families receive relatively high levels of Child Benefit which is not taken into account when calculating their entitlement

The drawback of this is:

- Some families will receive less Council Tax Reduction.

Q26.

Do you agree with the principle that any Child Benefit paid to the applicant or partner should be counted in full rather than ignored when assessing Council Tax Reduction?

Yes No Don't know

Q27.

If you disagree, what alternative would you propose?

Option 12 - Including Child Benefit as an income for all applicants but excluding the payment for either the first or second child

This option is similar to Option 10 but would allow some tolerance in the approach. If adopted, then the Council would include Child Benefit as an income when calculating Council Tax Reduction but would ignore either the Child Benefit received for the first child, or the first and second child.

The benefit of this is:

- It is simple to administer;
- It will deliver some savings to the Council; and
- It will not affect all families (depending on their size and the number of Child Benefit payments taken into account).

The drawbacks of this are:

- It may reduce support for some larger families.

Q28.

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Do you agree with the principle that Child Benefit paid to the applicant or partner EXCLUDING THE PAYMENT FOR THE FIRST CHILD, should be counted rather than ignored when assessing Council Tax Reduction?

Yes No Don't know

Q29.

Do you agree with the principle that Child Benefit paid to the applicant or partner EXCLUDING THE PAYMENT FOR THE FIRST AND SECOND CHILD, should be counted rather than ignored when assessing Council Tax Reduction?

Yes No Don't know

Q30.

If you disagree with BOTH of the proposals, what alternative would you propose?

Option 13 - Reducing the maximum capital limit from the existing £16,000 to £6,000

At present, residents with savings, capital and investments of more than £16,000 are not entitled to any Council Tax Reduction. Under the proposed change, this limit would be reduced to £6,000.

The benefits of this are:

- Only those working age residents with at least £6,000 in savings will be affected;
- There is a low risk to causing any hardship; and
- It would deliver some savings to the Council.

The drawback of this is:

- Where a working age resident has in excess of £6,000 in savings, no reduction whatsoever will be payable.

Q31.

Do you agree with the principle that the capital limit should be reduced to £6,000?

Yes No Don't know

Q32.

If you disagree, what alternative would you propose?

Option 14 - Increasing the Applicable Amounts and applying other annual upratings in the scheme in line with those in Housing Benefit and the prescribed Council Tax Support regulations.

The current scheme uses Applicable Amounts (personal allowances, dependant's additions and premiums) and other variables to determine the 'needs' of the applicant's household.

These are identical to the ones used in Housing Benefit or the prescribed council tax support regulations for pensioners. This option would maintain the scheme's Applicable Amounts in line with any changes in Housing Benefit or the prescribed council tax support regulations (for example, non-dependant deductions in option 7).

The benefits of this are:

- This would allow the Council Tax Reduction scheme to be aligned with Housing Benefit; and
- In some cases this may increase the level of Council Tax Reduction paid.

The drawback of this is:

- None

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Q33.

Do you agree with this change to the scheme?

Yes No Don't know

Q34.

If you disagree, what alternative would you propose?

Alternatives to reducing the amount of help provided by the Council Tax Reduction Scheme

If the Council keeps the current scheme, we will need to find savings from other services to help meet the expected reduction in Government funding. The proposals set out in this consultation could deliver savings. The alternatives are set out in the background information.

Q35.

Do you think we should choose any of the following options rather than the proposed changes to the Council Tax Reduction Scheme? Please select one answer for each source of funding.

Q35.1.

Increase the level of Council Tax

Yes No Don't know

Q35.2.

Find savings from cutting other Council Services

Yes No Don't know

Q36.

If the Council were to choose these other options to make savings, what would be your order of preference? Please rank in order of preference by writing a number from 1 or 2 in the boxes below, where 1 is the option that you would most prefer and 2 is the least.

Increase the level of Council Tax

Reduce funding available for other Council Services

Q37.

Please use this space to make any other comments on the scheme.

Q38.

Please use the space below if you would like the Council to consider any other options (please state).

Q39.

If you have any further comments or questions to make regarding the Council Tax Reduction scheme that you haven't had opportunity to raise elsewhere please use the space below.

We ask these questions:

1. To find out if different groups of people in the Council's population have been able to take part in the consultation and identify if any groups have been excluded. This means it is not about you as an individual but to find out if people with similar characteristics have had their say.
2. To find out if different groups of people feel differently about the options and proposals in comparison to each other and all respondents. This means it is not about you as an individual but to find out if people with similar characteristics have answered in the same way or not.

This information is completely confidential and anonymous. Your personal information will not be passed on to anyone and your personal details will not be reported alongside your responses.

Q40.

Are you, or someone in your household, getting a Council Tax Reduction at this time?

Yes No Don't know/Not sure

Q41.

What is your sex?

Male Female Prefer not to say

Q42.

Age

18-24 25-34 35-44 45-54 55-64 65-74 75-84 85+ Prefer not to say

Q43.

Disability: Are your day to day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

Yes No Don't know/Not sure Prefer not to say

Q44.

Ethnic Origin: What is your ethnic group?

Prefer not to say

White

British Irish Gypsy or Irish Traveller Any other White background

Mixed/Multiple ethnic groups

White & Black African White & Black Caribbean White & Asian Any other multi mixed background

Asian or Asian British

Pakistani Indian Bangladeshi Chinese Any other Asian background

Black/African/Caribbean/Black British

African Caribbean Any other Black background

Other Ethnic Group

Arab Other - please specify below:

Next steps....

Thank you for completing the questionnaire.

You may submit further evidence, ideas or comments by email to: @peterborough.gov.uk

The consultation closes on 13 January 2019.

We will listen carefully to what residents tell us and take the responses into consideration when making a final decision on the 2019/20 scheme.

Following the decision, the full results from the consultation will be available on the Council's website.

The new scheme will start on **1 April 2019**. The Council will consider the impact of the scheme annually and consult again if it thinks further changes need to be made.

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