

Local Council Tax Support scheme Consultation Report

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INTRODUCTION

This report presents the findings of the consultation on proposals to update the Council Tax Reduction Scheme (CTRS). The CTRS helps people on low incomes to pay their Council Tax.

The consultation sought feedback on the proposed changes to the CTRS, which would come into effect in April 2018.

BACKGROUND

Under the current scheme, a Hackney resident liable for Council Tax could get up to 100% of the charge paid through the scheme if they are a pensioner, or up to 85% of the charge paid if they are a working age household (i.e. the Council Tax Bill Payer is under pension credit age).

Around 32,000 residents receive the benefit via a means test and it costs around £25.5million a year to deliver.

The scheme has remained unchanged since it was introduced in 2013 and is now out of date. It no longer aligns with other means-tested benefits, meaning the current scheme has become less beneficial for working households in comparison to non-working households.

The cost of the scheme is predicted to rise by £500,000 in 2018/19, with further increases expected in 2019/20.

A consultation on the proposed changes, which would come into force April 2018, invites feedback on the Council's preferred option. This includes increasing the minimum contribution all working age CTRS claimants pay from 15 per cent to 20 per cent of their total Council Tax liability.

Proposed changes to the CTRS:

- Increase the minimum contribution which all working age CTRS claimants have to pay from 15% to 20% of their Council Tax liability, regardless of income and circumstance.
- Introduce a means test to CTRS claimants in receipt of Universal Credit so they will receive the same entitlement as other non-Universal Credit claimants with the same income.
- Update the cost of living parameters and other related cost comparators to bring them into line with the 2018 Council Tax Reduction Default Scheme.

CONSULTATION APPROACH

The public consultation ran from 29 August to 6 November 2017.

The consultation featured on the home page of the Council's consultation and engagement platform, <https://consultation.hackney.gov.uk/> for a significant part of the consultation period. This included:

- A summary of the consultation proposals, including a consultation questionnaire
- An online version of the consultation questionnaire.

The consultation was publicised with an article in issue 411¹ (page 3) edition of Hackney Today, the Council's newspaper that is sent to all resident and business addresses in the borough.

A press release was also sent to local media and ethnic press. This led to coverage in two local newspapers – the Hackney Citizen and the Hackney Gazette.

¹ <https://www.hackney.gov.uk/hackney-today-archive#2017>

The consultation was also promoted via the Council's social media channels and via the Council's newsletters:

- Woodberry Down newsletter
- Kings Crescent newsletter
- Colville Estate newsletter
- Hackney Matters newsletter, sent to members of the Council's online citizens' panel
- E-newsletters sent to Hackney residents who've registered to receive e-newsletters
- The Council's social media channels

An email containing the consultation information was sent to the Hackney Community Voluntary Service (HCVS) network including the Community Empowerment Network (CEN) for inclusion in their respective newsletters.

Consultees who had any queries about the consultation could telephone or email the Benefits service.

A letter promoting the consultation was sent to a variety of community groups.

SUMMARY OF RESULTS

The public consultation received **153** responses in total via the online and paper completion surveys. The majority of responses were received via online completions, with just a small proportion received via paper completions.

Included in these responses there were representations from:

- The Greater London Authority (GLA)
- Hackney Advice Forum
- Zacchaeus 2000 Trust²
- Toynbee Hall
- Family Mosaic HA

Interpretation of the data

Percentages in a particular chart will not always add up to 100%. This may be due to rounding, or because each respondent is allowed to give more than one answer to the question. Differences between sub-groups will not always be statistically significant. We need to exercise appropriate caution where a small group of self-selecting respondents has been analysed.

The questionnaire consisted of 14 questions, inclusive of the equalities monitoring questions.

² A petition against the CTRS proposals was received from Zacchaeus 2000 Trust. This has been alluded to in the report.

EXECUTIVE SUMMARY

The majority of the respondents to the self-completion questionnaire were very unsupportive of the proposed changes to the Council Tax Reduction Scheme.

The majority of respondents, **81.15% (124)**, disagreed/**strongly disagreed** with the Council's preferred option of updating the current scheme and increasing the minimum contribution required from working age recipients from 15% to 20%.

The majority of respondents that strongly disagreed and disagreed with the proposal indicated that they were responsible for the council tax bill.

A great proportion of respondents to the consultation felt that the proposals were unfairly targeting CTRS claimants, who are already experiencing financial constraints. Respondents alluded to the fact that the financial burden should be shared across the borough through, for instance, an increase in Council Tax rates and increase parking charges.

A great proportion of respondents felt that the Council should be exploring other options to raise the monetary shortfall rather than implementing the CTRS proposals. Some suggestions included increasing Council Tax levels so that more affluent residents can share the financial burden.

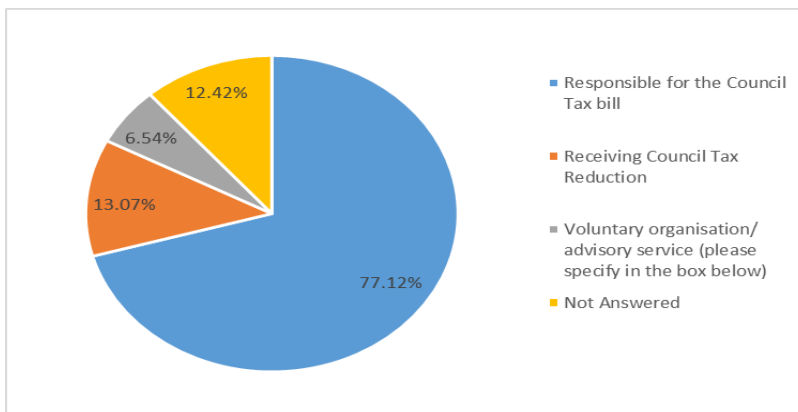
Profile of respondents

- 77.12% (118) of respondents indicated that they were responsible for the Council Tax Bill, 13.07%(20) indicated that they received Council Tax Reduction and 6.54%(10) are representatives of voluntary organisations/ advisory service.
- 26.8% (41) of respondents were full time workers followed by families with one or two dependent children 20.92% (32), 15.69 % (24) identified themselves as a single person and pensioner respectively.
- 50.7 % (50) of the respondents were female compared to males 48.3% (68).
- 25% (35) of respondents were aged 45 – 54 and 25%(35) were aged 55 – 64. 13 respondents skipped this question.
- 88.8%(119) of respondents don't provide support caring for someone, whilst, 11.2%(15) indicated that they have caring responsibilities.
- 83.3% (115) of respondents have a disability, whilst 16.7 % (23) said they didn't have a disability.
- 77.10% (101) of the respondents gave their ethnicity as White British; the second largest group was other ethnic group 9.2% (12).
- 58.4% (66) of respondents said they are 'Atheist / no religious belief, followed by 'Christian' 24.8% (28).
- 85% (102) of the respondents said they were heterosexual, followed by 10.8% (13) who said they were a Gay man.

OVERALL RESULTS ANALYSIS

Respondent profile

Which best represents you (pick more than one if applicable)



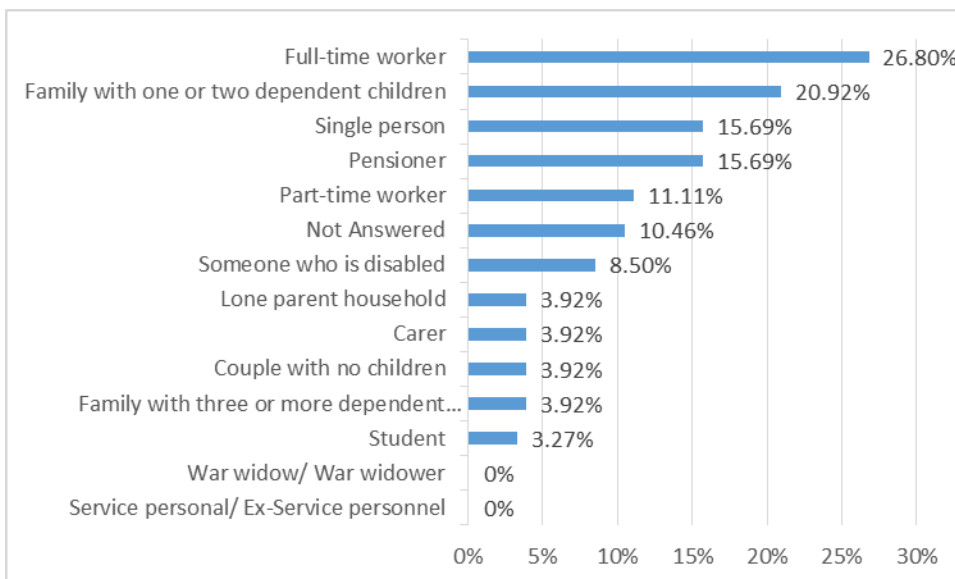
As the graph 1 shows, the majority of respondents 77.12% (118) indicated that they were responsible for the Council Tax Bill, 13.07%(20) indicated that they received Council Tax Reduction and 6.54%(10) are representatives of voluntary organisations/ advisory service. 19 respondents skipped this question.

Graph 1: Base (153)

Responses to the 'other' section of the questionnaire included:

- Toynbee Hall
- Family Mosaic HA
- Zacchaeus 2000 Trust (Z2K)
- London Fields Labour party
- Child Poverty Action Group

Are you:



The majority of respondents 26.8%(41) were full time workers followed by families with one or two dependent children 20.92%(32). 15.69%(24) identified themselves as a single person and pensioner respectively.

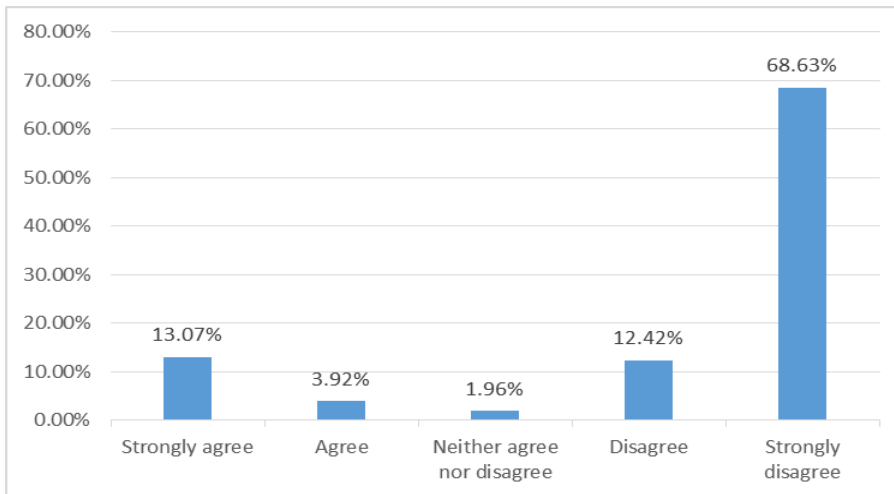
Graph 2: Base (153)

Some respondents included information in the 'other' box – describing themselves as: (provided verbatim)

- parent one dependent child, one at university
- single mam with 18yrs old son
- Voluntary organisation
- over pension age but not yet claiming it
- Charity worker
- On ESA
- Hackney Citizens

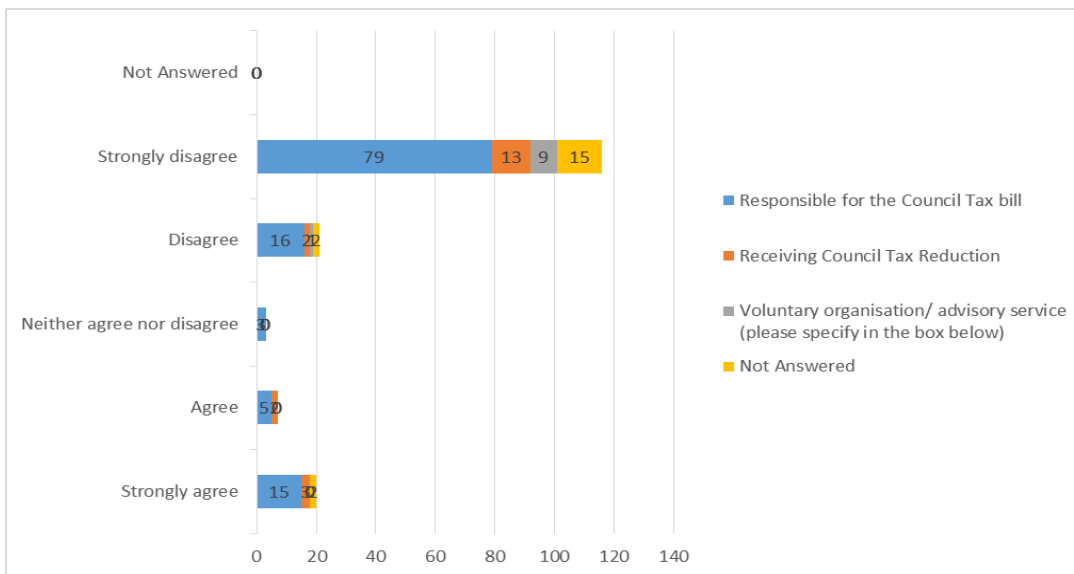
About the proposals

Q1 To what extent do you agree or disagree with the Council's preferred option of updating the current scheme and increasing the minimum contribution required from working age recipients from 15% to 20%



The majority of respondents, **81.15%** (124), disagreed/**strongly disagreed** with the Council's preferred option of updating the current scheme and increasing the minimum contribution required from working age recipients from 15% to 20%.

Graph 3: Base (153)



As graph 4 shows, the majority of respondents that disagreed and strongly disagreed with the proposal indicated that they were responsible for the council tax bill.

Graph 4: Base (153)

Q1 (a) Please provide additional comments to support your response?

Respondents to Q1 were provided with the opportunity to provide additional comments in support of their response. 119 respondents provided additional comments.

The following themes emerged when analysing the comments of those respondents that strongly agreed/ agreed with the Council's preferred option of updating the current scheme and increasing the minimum contribution required from working age recipients from 15% to 20%.

Document Number: 18933772

Document Name: CTRS Consultation Report November 2017 Document Number: 18850945

Document Name: CTRS Consultation Report 2017

Themes	Response count
Fair that everyone should make a contribution/ too many benefit claimants/ working people already paying too much council tax/ support for scheme	8
Higher contribution rate	2
Will help protect services	2

Quotes: (provided verbatim)

“People get enough benefits already. If you're working age, you should be working and contributing to society”.

“Should consider higher contribution rate and lowering minimum income”.

“Fully agree - the council needs to save some money. Council tax is already too expensive”.

“Fairest option for all and will continue to guarantee other services that everyone in the borough shares.”

The following themes emerged when analysing the comments of those respondents that **disagreed/ strongly disagreed** with the Council's preferred option of updating the current scheme and increasing the minimum contribution required from working age recipients from 15% to 20%.

Themes	Response count
Regressive tax/Financial burden will lead to poverty and debt/ unfair proposal targeting the poor and vulnerable residents	59
Variety of suggested changes - Lower contribution level/ other groups to exempt e.g. disabled residents.	14
Proposal is indicative of a Conservative Policy/ Not a Labour Policy of supporting the vulnerable.	8
Not enough to pay for essentials - heating, water bills, food etc	8
Overall council tax increase to spread the burden	5
Bailiffs/ Court fees likely to rise as residents' falls into arrears/debt.	3
Higher than other London Boroughs - e.g. Camden	3
Proposals not taking into account the impact and problems regarding the	3

Quotes: Provided verbatim

“If you have proof of very low income, then asking for 5% means it will be taken from food or heating. I haven’t used heating for the last 5 years to pay for other costs including the minimum charge I now pay and increase in food costs so all I have left is taking any increase from my food bill”.

“During 5 years as a carer for an elderly resident I have lived on £82 per week - after paying bedroom tax, water rates and council tax. That £82 has to cover food, electricity and gas, clothes, insurances and travel expenses to and from the person I care for. To make me pay even £1 per week more in council tax would be a severe problem”.

“Disabled working age recipients should be exempt from this minimum contribution. Disabled people have much higher living costs than non-disabled people, and they will struggle in poverty if they are required to pay the increased contribution”.

“Working age recipients who are on a lower income level (but are not below the bracket for exemption) already face incredibly financial pressures from exorbitant rents and agency fees. Increasing the contribution by 15% to 20% will add to these financial pressures. This is a regressive tax that disproportionately impacts low income and struggling residents harder”.

“I believe this is both punitive to low-income households and a false economy. Research from the New Policy Institute has found that councils that have raised the min liability for CT to 20% or more for working age people have seen both the amount of tax arrears and the amount of admin and court fees (from attempts to recoup) increase by the largest amount since 2013”.

“Disabled residents claiming PIP or DLA and on a low income should be fully exempt. Working age recipients who have no disabilities should have a higher contribution required”.

“Those that need that contribution to be minimal cannot see an increase when central government is cutting all it can... a labour council should defend the welfare of the most vulnerable!”

“This targets the very poorest people in the Borough. The brunt of the Council's shortfall in funding should be borne by those better able to pay”.

Q2 Do you have any other comments on how you think the Council Tax Reduction scheme should be set out and paid for?

When these comments were analysed by looking at the respondents **that agreed/strongly agreed** with the proposals (Q1), the following themes emerged:

Themes	Response count
Disagree with support being provide/ more support should be provided to enable them to work	2
Shouldn't be paid for by cutting services	2
More support should be provided to support the disadvantaged	2

Quotes: provided verbatim

"I think everyone capable of working should just contribute the full amount to council tax. We all use the schools, roads and parks. From what I've seen and experienced, means tests just drive the black/cash economy and don't create 'fairness'".

"As a working age person I believe that our community should contribute to support those who are more disadvantaged than I".

"The scheme should not be paid for by making simply cutting services or making those who pay a lot of tax pay more".

The following themes emerged when analysing the comments by looking at the respondents that **strongly disagreed/ disagreed** with the proposals (Q1).

Themes	Response count
Increase council tax to level required without a referendum/ Raise council tax for those able to pay/ Council tax raise should not apply to those receiving council tax support	24
Spread cost more fairly to all able to pay/ those unable to pay shouldn't	23
Council cost cutting/ Other money raising ideas	10
Hardship to most vulnerable	10
Charge for empty properties/ 2nd homes	3
Proposals would cause hardship for CTRS claimants/ Likelihood of increase in use of Bailiffs to chase payments	3
100% discount of the council tax should be proposed	7
Negative effects on immigrants who don't qualify for council tax support	2
Reference to other Local Authority Schemes as examples – e.g. Camden model	2

"I know it's difficult but if the 5% can be spread as fairly as possible across all levels of income, say 1% to all levels?"

"Labour should be helping people not making life harder. Hackney is now a borough of the haves and have nots with the have nots being forced to go without".

"Hackney council should not increase the min liability, as it will cause hardship to the most vulnerable. It may also cost the council more than it saves in admin & court costs".

"The council tax should be raised across the board which would leave more room for giving those who need it the full reduction".

"Ideally with 100% paid for by council tax reduction scheme, but I understand this not feasible"

“Council Tax will need to rise by an appropriate amount to cover this benefit as it currently stands for those who cannot afford to pay in full”.

“The sum involved is negligible when it comes to any reduction in Government grants which result from the Council Tax rise necessary to cover this”.

“We believe it would be fairer to have a small rise in Council Tax across the board as this would be progressive and equitable and defensible when discussing policies with residents. As there are many more people paying the full council tax rate than those who are entitled to a reduction, this would also mean a smaller overall rise, we would expect not enough to have to trigger a local referendum, which we agree would be an unnecessary expense. We would not support any reduction in funding for social care”.

Q3 Please provide any comments on the other options that the Council considered, but disregarded, as a means of funding the current CTRS.

When these comments were analysed by looking at the respondents that **strongly agreed/ agreed** with the proposals (Q1), the following themes emerged:

Themes	Response count
Other suggestions for raising the funds - paying more for non-statutory services	3
Shouldn't use reserves as not sustainable long term	3

Quotes: provided verbatim

“Increasing the amount you can charge on empty homes and using that money to fund CTRS”

It should not be paid for by simply cutting services, raiding reserves or increasing Council Tax “further. These changes are fair and balanced.”

Using reserves is not sustainable. Cutting services is not the answer. Buy some more property”.

“Should not use reserves...Improve audit of non-dependants and self-employed.”

When these comments were analysed by looking at the respondents that **strongly disagreed/ disagreed** with the proposals (Q1), the following themes emerged:-

Themes	Response count
Increase council tax for those that don't need support with paying their council tax	15
Suggested ways to raise the money to convert the shortfall/ other cost cutting suggestions	15
Querying other options considered/ more info required/ learning from other Councils e.g. Camden Council	10
Unfairly targeting vulnerable residents- unemployed, disabled, poor/more support should be provided not less	3

Quotes: provided verbatim

“I ask the Council to reconsider its view that the current level of benefit should not be maintained or made more generous. Instead to consider covering any additional costs with other fundraising measures (for example rethinking empty property relief and penalty charges) and as a last resort to implement the necessary small rise in Council Tax to cover the cost of the benefit.”

“I am of working age, working full time on an average (and yes! I struggle sometimes) income, I know that not all people would agree with me, but I do believe in the welfare system - that it is there to protect and keep safe the people who need it. But I would never then want pensioners to have to foot the bill. As I said before I would pay more towards my CT if it meant reducing the negative impact (far greater than would effect me) on others”.

“The consultation document offers the option of raising car parking charges, but gives no indication of how much would be raised by putting for example 10p per hour on the charge. It would be helpful to know this, and this could be an alternative way of raising the necessary funds”.

“The scheme should be cross-funded by increases in other charges eg parking”

Written responses to the consultation

Two written responses were received from:

- Greater London Authority (GLA)
- Chair of Hackney Advice Forum, the network of local independent advice providing community and VCS organisations.

A petition with 384 signatures against the proposals was also received from Zacchaeus 2000 Trust (Z2K).

Hackney Advice Forum.

A written response was received from the Chair of the Hackney Advice Forum, responding on behalf of a network of local community organisations providing advice and advocacy services to Hackney residents.

- The response indicated an understanding of the Council’s rationale for making changes to make it fairer for working and non-working households.
- Recognised the need to update and improve the CTRS scheme – as a result of financial pressures and to make it fairer for working and non-working households.

However, a significant proportion of the response highlighted concerns and opposition to the proposals.

- Concern that the proposed changes take into account the budgetary constraints the Council is facing, whilst disregarding the financial impact the proposals would have on recipients of Council Tax Support. There is reference to the cumulative impact of such proposals – as recipients of Council Tax Support are already impacted by other welfare reforms. There was a view that the Council is proposing to provide more of a financial burden to very vulnerable residents who are already marginalised and struggling financially.
- The response stated that feedback from front line advice and advocacy organisations working in Hackney with diverse equality groups shows that there is a need for improved financial and welfare support for communities – including in relation to Council tax. It was noted that the proposals would put additional financial burden on those most in need of support.

- The response questioned how fair and equitable the proposals are. It was noted that the proposals are likely to tax both the employed and the unemployed individuals and families on low incomes. There was also a reference to the fact that those residents with disabilities likely to be disproportionately affected as their spending is likely to be higher due to their disability.
- The response stated that the proposals take into account the administrative and financial needs of Hackney Council, taking into account the impact the proposals have on residents, particularly those in receipt of Council Tax support.
- The response also criticised the fact that no consideration had been given to structured statutory and VCS support. Hackney's most vulnerable residents are likely to need all the proposed welfare changes – including transition into Universal Credit.
- Overall, the response felt that the proposals should:

“..take into account the economic realities of the borough with attention to entrenched and ongoing welfare needs, deprivation, significant unemployment and the particulars of the CTRS claimants including their varying essential costs such as high rents, increasing living costs and equality specifics”.

Greater London Authority (GLA)

A formal written response was received from the GLA.

The bullet points below summarise some aspects of the GLA's response to the consultation³.

- The GLA response acknowledges the fact that the determination of the CTRS schemes are the responsibilities for each local authority under the provisions of the Local Government Finance Act 2012.
- The response noted that the scheme developed should take into account local circumstances by understanding the impact on working age claimants, particularly vulnerable groups.

Framing and Publicising Proposals

- The GLA concurs with the general broad principles set by Government and states that the Council should pay heed to them when implementing the final scheme.

The 2018-19 Scheme

The GLA's response supports the proposals to update the scheme, taking into account the implementation of Universal Credit.

The GLA response encourages the Council to: ***“consider how the changes may impact vulnerable groups who may be adversely affected by other changes to the benefits system (which the GLA recognises is often out of your Council's control)”.***

The GLA supports the Council's proposals to update the scheme to take account of the ongoing implementation of Universal Credit. CTRS claimants should not be treated differently depending on whether or not they are part of the Universal Credit cohort.

The response acknowledges that the proposal to increase the minimum contribution to 20% brings Hackney's scheme in line with the average level for London boroughs that require a minimum contribution from CTRS claimants.

The response notes that the Council is providing a discretionary hardship scheme to provide additional support for those in need.

The GLA endorses the Council's proposals, however notes that:

³ The GLA letter has been provided to the service to provide a formal response to the issues raised.

“...the proposed changes should be considered in the whole. If one proposed change results in greater savings for the Council that could be used to reduce the need to apply other proposals, then we would encourage the Council to consider doing this as it would help to reduce the financial burden on individuals and families in Hackney who see their Council Tax Support entitlement reduced.”

The GLA stated that before finalising the CTRS scheme the Council should:

“... Re-examine the challenges which they will face in collecting relatively small sums of money from claimants on low incomes, who may not be able to pay by direct debit or other automatic payment mechanisms, based on their experiences in the first five years of the localised system. In some cases, the administrative costs of enforcing such payments may outweigh the cost saved by reducing support.”

Financial Implications of the Proposed 2018-19 Scheme

The GLA response noted that they would need additional information from the Council to enable them to calculate their share of cost of the scheme proposed by Hackney.

- An updated forecast total cost for the proposed CTRS scheme based on its forecast of the 2017-18 case load.

Technical Reforms to Council Tax

The GLA response noted that they would need to be informed of any changes to discount policies to enable the GLA to assess the potential impact of the Mayor’s funding and tax base for 2018-19 and future years.

Setting the Council Tax Base for 2018-19 and Assumptions in Relation to Collection Rates

The GLA response states that:

“The Council will need to make a judgement as to the forecast collection rates from those claimants and council taxpayers affected by any changes to council tax support, taking into account the experience in the first five years of the council tax support arrangements”.

Collection Fund and Precept Payments

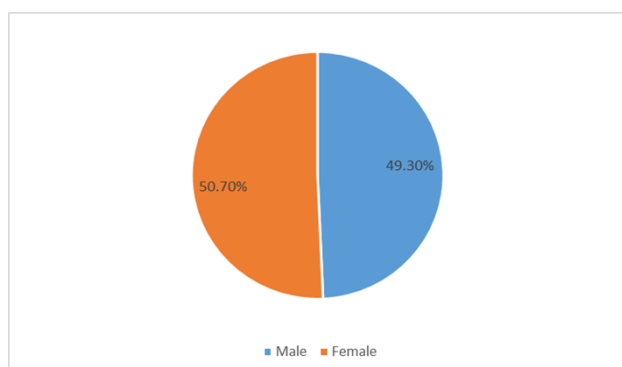
The GLA response states that:

“By 23 January 2018 the Council is required to notify the GLA of its forecast collection fund surplus or deficit for 2016-17, which will reflect the cumulative impact of the first five years of the localisation of council tax support. The GLA would encourage the Council to provide it with this information as soon as it is available”.

PROFILE OF RESPONDENTS

Are you:

Gender analysis

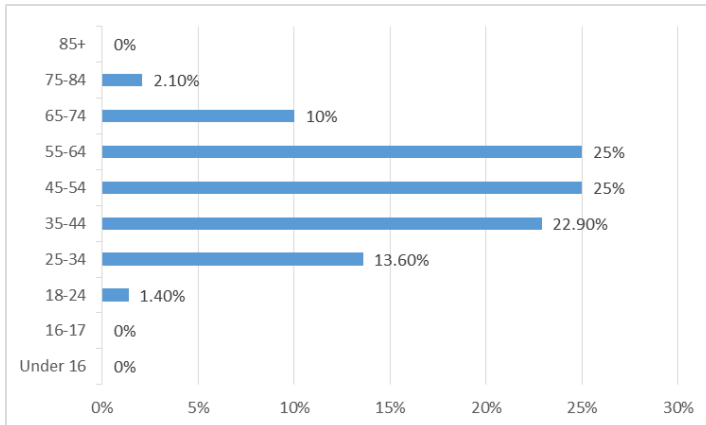


As shown in the graph, 50.7 % (50) of the respondents were female compared to males 48.3% (68). The proportion of male and female respondents is comparable to that of the borough

as a whole⁴. 15 respondents skipped this question.

Graph 5: Base (138)

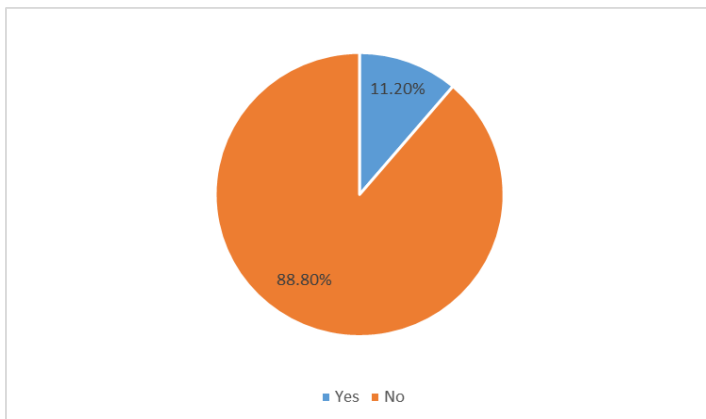
Age analysis:



As the graph shows, the majority of respondents 25%(35) were aged 45 – 54 and 25%(35) were aged 55 – 64. 13 respondents skipped this question.

Graph 6: Base (140)

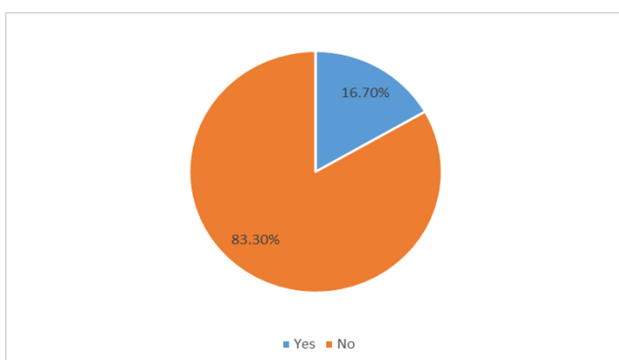
Caring responsibilities:



As the graph shows, the majority of respondents 88.80%(119) don't provide support caring for someone, whilst, 11.2%(15) indicated that they have caring responsibilities. 19 respondents skipped this question.

Graph 7: Base (134)

Disability analysis:

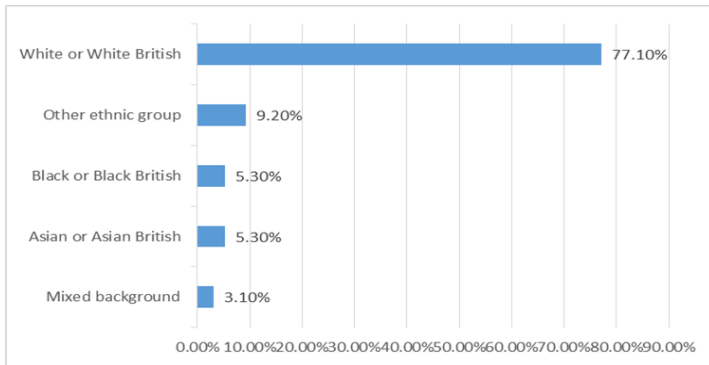


As the graph shows, the majority of respondents, 83.3%(115) answered 'yes' to having a disability, whilst 16.7%(23) said they didn't have a disability. 15 respondents skipped this question.

Graph 8: Base (138)

Ethnicity analysis

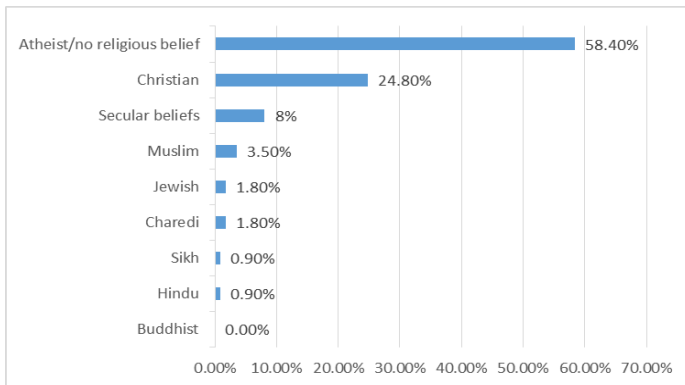
⁴ Around 50% of Hackney's population is Male and 50% is Female. (Hackney's Population, Borough Profile, Office of National Statistics Mid-year Population Estimates, June 2017). <https://www.hackney.gov.uk/population>



As the graph shows, 77.10% (101) of the respondents gave their ethnicity as White British; the second largest group was other ethnic group 9.2% (12). 10 respondents skipped this question.

Graph 9: Base (131)

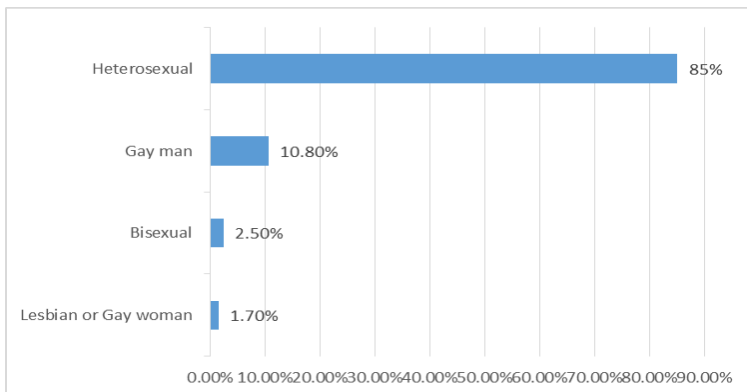
Religion analysis



As the graph shows, the highest proportion of respondents 58.4% (66) said they 'Atheist / no religious belief, followed by 'Christian' 24.8% (28). 40 respondents skipped this question.

Graph 10: Base (113)

Sexuality analysis



As the graph shows, 85% (102) of the respondents said they were heterosexual, followed by 10.8% (13) stating that they were a Gay man. 33 respondents skipped this question.

Graph 11: Base (120)

CONCLUSION

The majority of the respondents to the self-completion questionnaire were very unsupportive of the proposed changes to the Council Tax Reduction Scheme.

The majority of respondents, **81.15% (124)**, **disagreed/strongly disagreed** with the Council's preferred option of updating the current scheme and increasing the minimum contribution required from working age recipients from 15% to 20%.

The majority of respondents that disagreed and strongly disagreed with the proposal indicated that they were responsible for the council tax bill.

A great proportion of respondents to the consultation felt that the proposals were unfairly targeting CTRS claimants, who are already experiencing financial constraints. Respondents alluded to the fact that the financial burden should be shared across the borough through for instance an increase in Council Tax rates, increase parking charged.

There was a feeling that the Council should be exploring other options to raising the monetary shortfall rather than implementing the CTRS proposals. Some suggestions included increasing Council Tax levels so that more affluent residents can share the financial burden.

The comments alluded to the fact that the proposals were very regressive, targeting the poor and vulnerable, least able to afford the additional payments.

The results of the consultation in addition to other information will be considered and the draft Local Council Tax Reduction Scheme will be reviewed in the light of the feedback received. If the draft scheme is approved, the implementation will be in place in April 2018.