

LANCASTER CITY COUNCIL
SEPTEMBER/OCTOBER 2012
COUNCIL TAX BENEFIT CONSULTATION

Report
20.11.2012

Analysis and report by
NWA Social Research

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1. KEY FINDINGS

MAKING THE SAVINGS: OPTIONS FOR LANCASTER'S COUNCIL TAX SUPPORT SCHEME

- 1.1 When asked which of the three models for a Council Tax Support Scheme they favoured, over half of all respondents (53.0%) favoured 'Model 1 - Apply a percentage deduction at the end of the calculation'. Smaller minorities of respondents favoured 'Model 2 - Limit the amount of Council Tax eligible for benefit' (13.3%), and 'Model 3 - Apply a standard flat rate reduction to the calculation' (10.4%). 16.4% gave 'don't know' responses, while 6.8% gave 'other' replies.
- 1.2 The majority of respondents (60.7%) believed that the new Council Tax Support Scheme should be calculated in the same way as Council Tax Benefit, while 13.9% disagreed that this should be the case, and a quarter (25.4%) gave 'don't know' responses.
- 1.3 Nearly two-thirds of all respondents (64.0%) stated that they think everyone of working age should pay something towards their Council Tax regardless of their financial circumstances, while 28.7% disagreed with this proposal, and 7.4% gave 'don't know' responses.
- 1.4 Of those respondents who said that everyone of working age should pay something towards their Council Tax regardless of their financial circumstances, 16.8% believed that the maximum percentage reduction that should be applied to any working age benefit claimant is '5%'. 17.0% of respondents felt that this maximum percentage should be '10%', around a quarter (26.4%) that it should be '18%', and 12.2% that this should be 'more than 18%'. (27.6% of respondents were 'not sure' what the maximum percentage reduction should be.)
- 1.5 Respondents who either didn't believe that everyone of working age should pay something towards their Council Tax regardless of their financial circumstances, or that a maximum percentage reduction of either 5% or 10% should be applied to any working age benefit claimants (and therefore consider that the Council should not make all of the £1.1m savings needed by reducing support to working age claimants), were then asked in which ways the Council should make additional savings. 30.9% of these respondents believed this should be done 'by stopping or reducing some Council services', and 29.3% that this should be done 'by increasing fees and charges for other Council services', while 13.5% believed these savings could be made 'by increasing Council Tax'. (26.3% gave 'other' responses.)

PROTECTION FOR VULNERABLE HOUSEHOLDS

- 1.6 Respondents were told that:

"The Council believes that the present scheme is the best and most practical way of recognising the particular needs of families, carers and people with disabilities, and proposes retaining this scheme."

When asked whether they agree or disagree with this proposal, three-quarters of all respondents (74.6%) stated that they 'agree', while 8.6% stated that they 'disagree' and 16.8% gave 'don't know' responses.

ENCOURAGING PEOPLE INTO WORK

- 1.7 The majority of all respondents (68.4%) said that the Council should keep existing financial incentives for a limited period for those of working age who start work or increase their hours in order to encourage people into work. 14.0% of respondents did not believe the Council should keep existing financial incentives for a limited period, and 17.6% gave 'don't know' responses.

HARDSHIP FUND

- 1.8 Over three-quarters of respondents (77.7%) agreed that the Council should set up a discretionary scheme to help claimants who suffer exceptional hardship as a result of changes to the Council Tax Benefit system in Lancaster. 12.3% disagreed with this proposal, while 10.0% gave 'don't know' responses.

2. INTRODUCTION

- 2.1 Under planned welfare reform, from April 2013, Council Tax Benefit will be abolished and instead all councils must develop a Council Tax Support scheme. The Government will be providing less money to administer this new scheme. The Council will be expected to have a scheme in place by 31st January 2013. The new scheme will be designed to meet the needs of the local area and Local Authorities are allowed to decide the rules for their own Council Tax Support Scheme. As a result there could be a risk that councils have very different schemes in place and so people could have varying experiences depending on where they live. Lancaster City Council are working closely with their neighbouring councils to try and ensure, where possible, they have similar rules.
- 2.2 The Government has outlined the changes the new scheme should include:
- **No change to the amount of help pensioners currently receive.** People who have reached the age for state pension credit will be assessed under a national scheme which will be decided by the Government. The national scheme is likely to be very similar to the current one.
 - The impact on the most vulnerable should be considered when councils design their new schemes.
 - The new scheme should encourage people to work and in particular should not act as a disincentive to working.
- 2.3 Everyone who is currently claiming Council Tax Benefit who is of working age is likely to be affected by the scheme. Pensioners will be protected and subject to a new national scheme, similar to the existing scheme.
- 2.4 Anyone who currently receives Council Tax Benefit will be assessed for the new Council Tax Support. It is likely that most people who qualify for Council Tax Benefit will get some Council Tax Support. Anyone liable for Council Tax may apply for Council Tax Support and will be assessed in the same way as current claimants moving from Council Tax Benefit.
- 2.5 Depending on how the new scheme is designed, it is likely that most working age people who qualify for Council Tax Support will have to pay more than they do now or they would have done under Council Tax Benefit. The outcome of this consultation will help to determine how much more people in different groups will have to pay. Pensioners will not have to pay more than they do now regardless.
- 2.6 Existing Council Tax discounts and exemptions such as the 25% single person's discount and the exemption for people who are severely mentally impaired and live on their own have not changed.
- 2.7 All residents of working age who were currently in receipt of Council Tax benefit and a random sample of the general population were included in the 16,000 postal survey which was posted out in late September. An on-line version of the questionnaire was also provided. The closing date for the survey was 26th October by which time 695 responses had been received.

3. MAKING THE SAVINGS: OPTIONS FOR LANCASTER'S COUNCIL TAX SUPPORT SCHEME

Question 1: *Overall, which option do you consider to be the best option for a Council Tax Support Scheme?*

Question 1a: *Please give your reasons for your preferred option.*

Question 2: *Do you think that the new Council Tax Support Scheme should be calculated in the same way as Council Tax Benefit?*

Question 3: *Do you think that everyone of working age should pay something towards their Council Tax, regardless of their financial circumstances?*

Question 3a: *If you answered "Yes" to Question 3, what do you think is the maximum % reduction that should be applied to any working age benefit claimants?*

Question 3b: *If you answered "No" to Question 3, or answered "5%" or "10%" to Question 3a, and you therefore consider that the Council should not make all of the £1.1million savings by reducing support to working age claimants, how else should it make savings?*

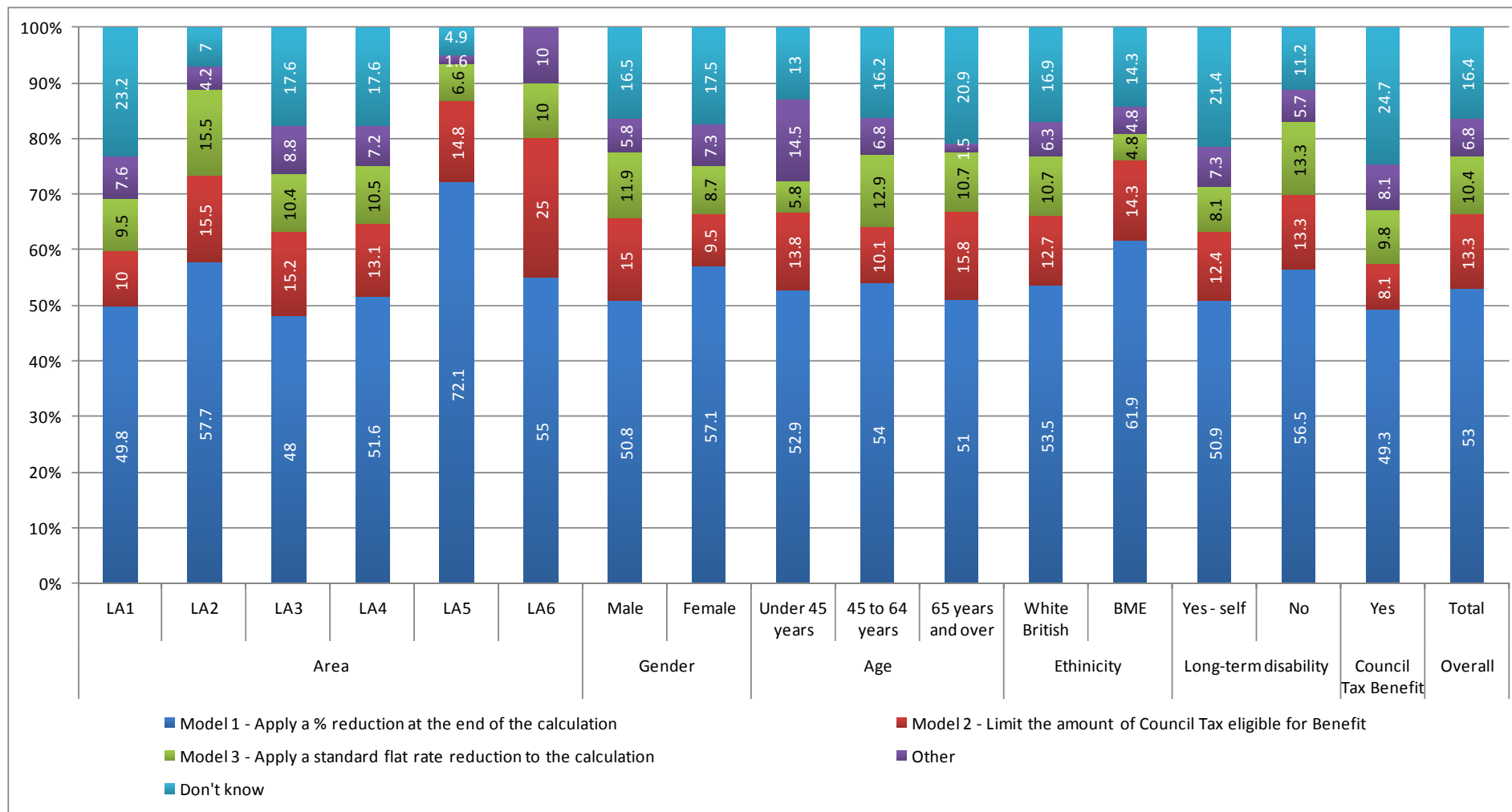
Appendix 3 - Pages 1 to 7

3.1 When respondents were asked which of the three models for a Council Tax Support Scheme they favoured, over half (53.0%) favoured 'Model 1 - Apply a percentage deduction at the end of the calculation'. This was followed by the 13.3% of respondents who favoured 'Model 2 - Limit the amount of Council Tax eligible for benefit' and the 10.4% who preferred 'Model 3 - Apply a standard flat rate reduction to the calculation'. (See chart overleaf). 16.4% gave 'don't know' responses, while 6.8% gave 'other' replies which are listed at Appendix 4. Females were more likely than males to favour 'Model 1' (57.1% compared to 50.8%), but less likely to favour 'Model 2' (9.5% compared to 15.0%) and 'Model 3' (8.7% compared to 11.9%). Respondents with parenting responsibilities were more likely than those without to favour 'Model 1' (57.2% compared to 51.5%) while those currently in receipt of Council Tax Benefit (24.7% 'don't know') as well as respondents who described themselves as 'disabled' (24.4% 'don't know') were most likely to give 'don't know' responses.

3.2 When asked to give reasons for their preferred option, the majority of respondents who gave reasons for selecting 'Model 1 - Apply a percentage deduction at the end of the calculation' stated that they believed this to be the 'fairest option' (62.8%), while a further 16.2% believed that this model 'takes into account vulnerable/those with low incomes/OAPs'. 7.5% stated that their 'personal circumstances' led them to select 'Model 1', while small minorities stated that they felt either that this model represents the 'least change' (4.3%), that it is 'easy to understand/implement' (3.6%), is the best option as it is the 'Council's preferred option' (3.2%) or that 'everyone should contribute' (2.4%).

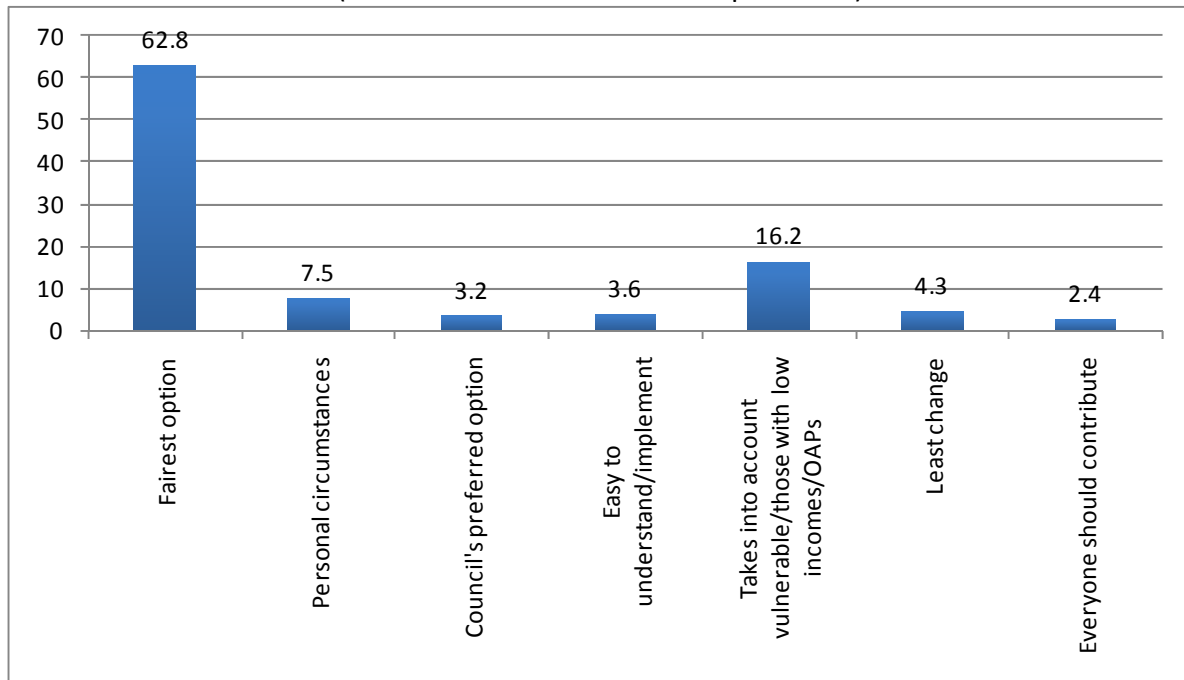
Overall, which option do you consider to be the best option for a Council Tax Support Scheme?

(Q1: % response – by sub-group and overall)



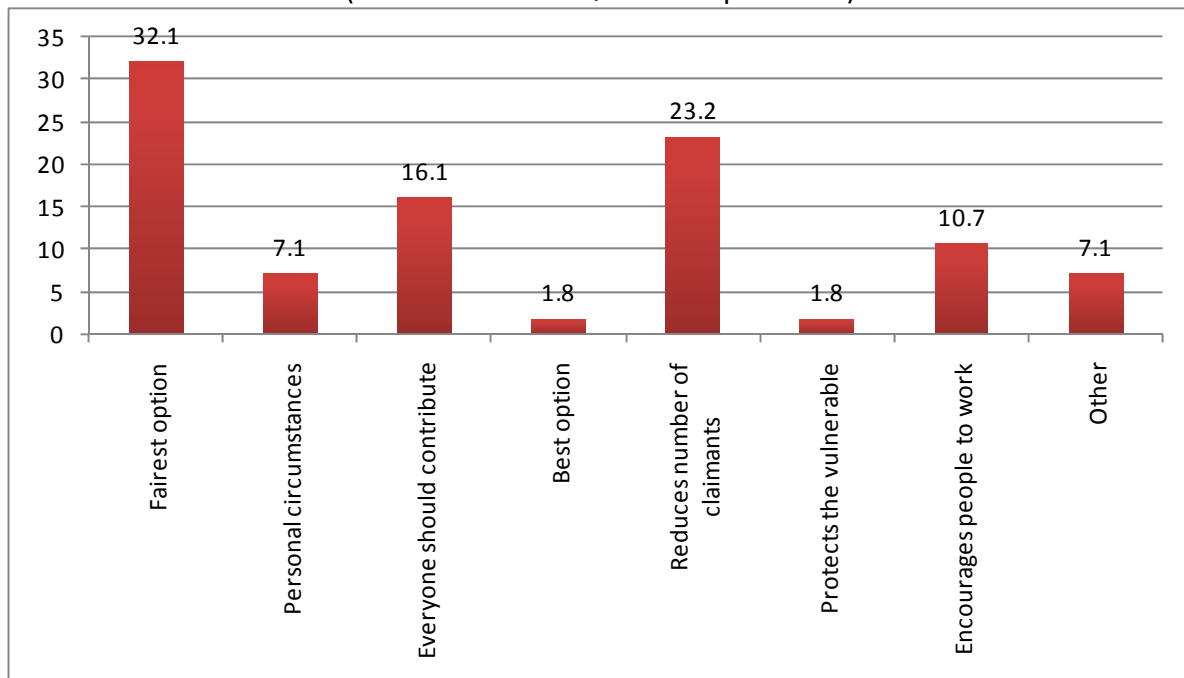
Q1a: Please give you reasons for your preferred option? Model 1

(% - "Model 1" at Q1 - 253 Respondents)



Q1a: Please give you reasons for your preferred option? Model 2

(% - "Model 2" at Q1 - 56 Respondents)

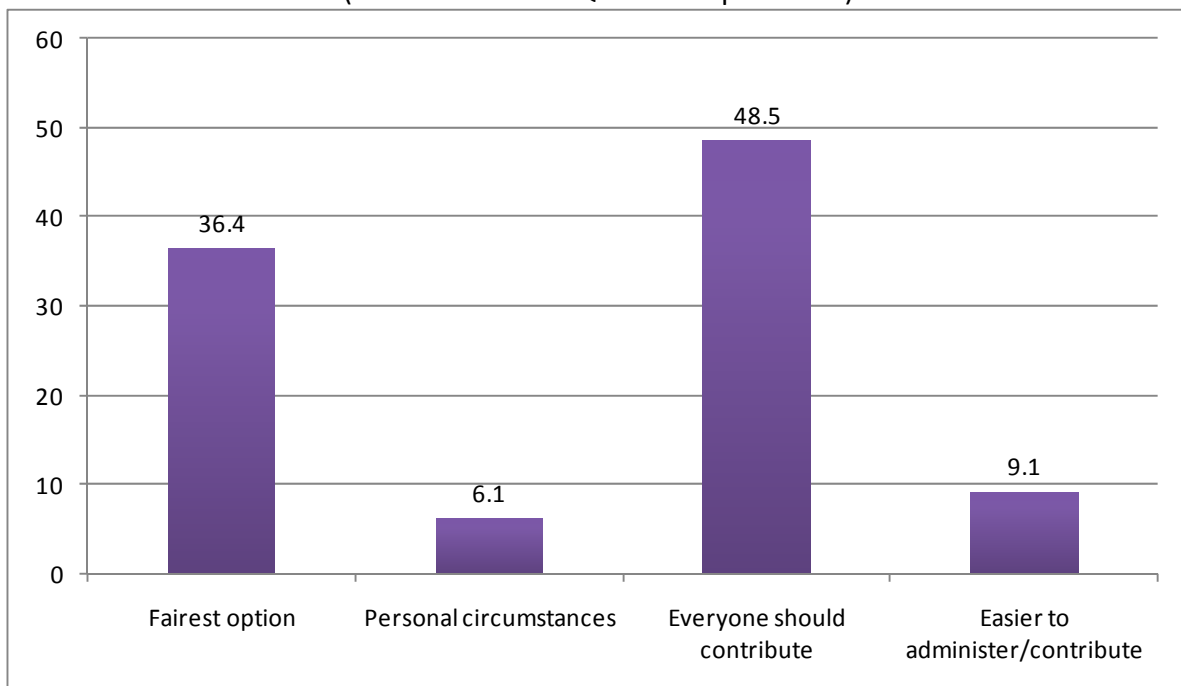


3.3 Of those respondents who gave reasons for selecting 'Model 2 - Limit the amount of Council Tax eligible for benefit', a total of 55.3% stated either that they felt this to be the 'fairest option' (32.1%) or that it would be beneficial because it 'reduced the number of claimants' (23.2%). 26.8% stated that 'Model 2' was their preferred option either because

'everyone should contribute' (16.1%) or that the model 'encourages people to work' (10.7%), while individual respondents felt it either was the 'best option' (1.8%) or that it 'protects the vulnerable' (1.8%). Four respondents (7.1% of those who selected 'Model 2' and gave reasons for doing so) gave 'other' responses which are listed at Appendix X.

3.4 Of those respondents who selected 'Model 3 - Apply a standard flat rate reduction to the calculation' and gave reasons for doing so, 48.5% stated that they preferred 'Model 3' because 'everyone should contribute' while 36.4% felt that this was the 'fairest option'. 9.1% felt the model was 'easier to administer/calculate' and 6.1% stated that their 'personal circumstances' led them in to selecting 'Model 3' as their preferred option for a 'Council Tax Support Scheme'.

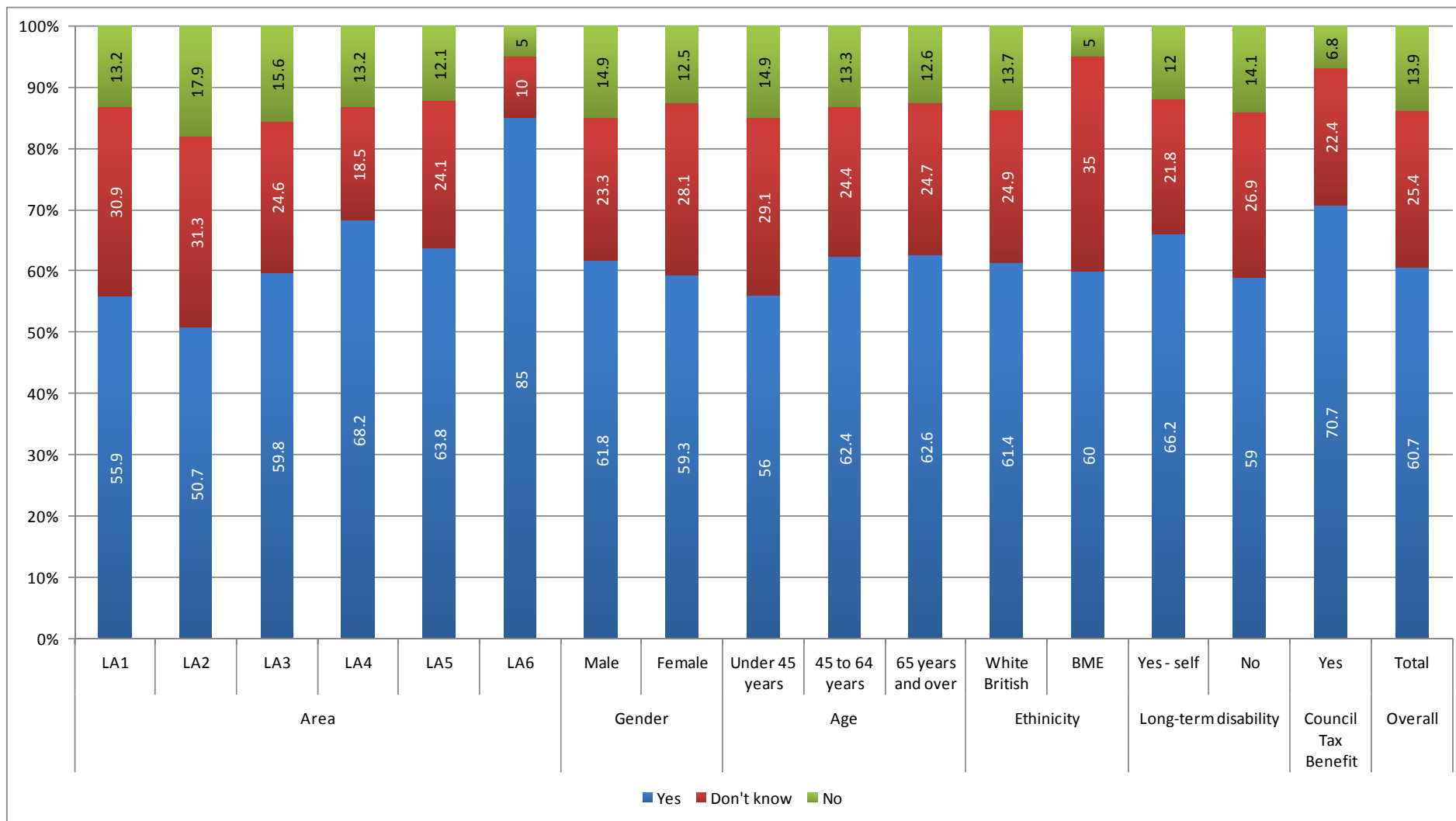
Q1a: Please give you reasons for your preferred option? Model 3
 (% - "Model 3" at Q1 - 33 Respondents)



3.5 The majority of respondents (60.7%), (as illustrated overleaf), believed that the new Council Tax Support Scheme should be calculated in the same way as Council Tax Benefit, while 13.9% disagreed that this should be the case and a quarter (25.4%) gave 'don't know' responses. Respondents who were currently in receipt of Council Tax Benefit (70.7% 'yes'), those who had previously been in receipt of Council Tax Benefit (68.2%), those who have parenting responsibilities (66.9%), and those who regularly provide unpaid support caring for someone (68.1%) were all more likely than the overall sample to think that the new Council Tax Support Scheme should be calculated in the same way as Council Tax Benefit.

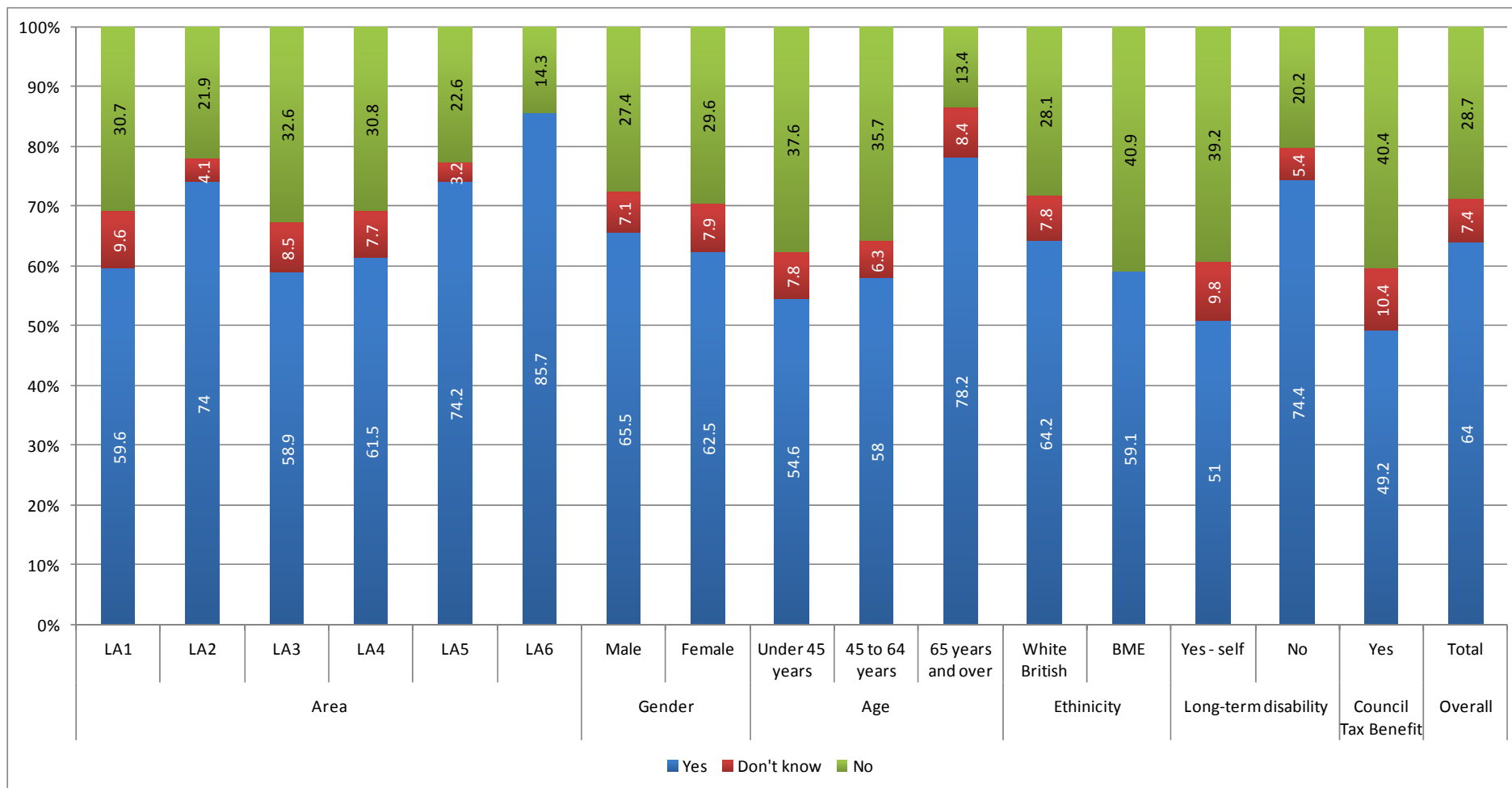
Do you think that the new Council Tax Support Scheme should be calculated in the same way as Council Tax Benefit?

(Q2: % response – by sub-group and overall)



Do you think that everyone of working age should pay something towards their Council Tax, regardless of their financial circumstances?

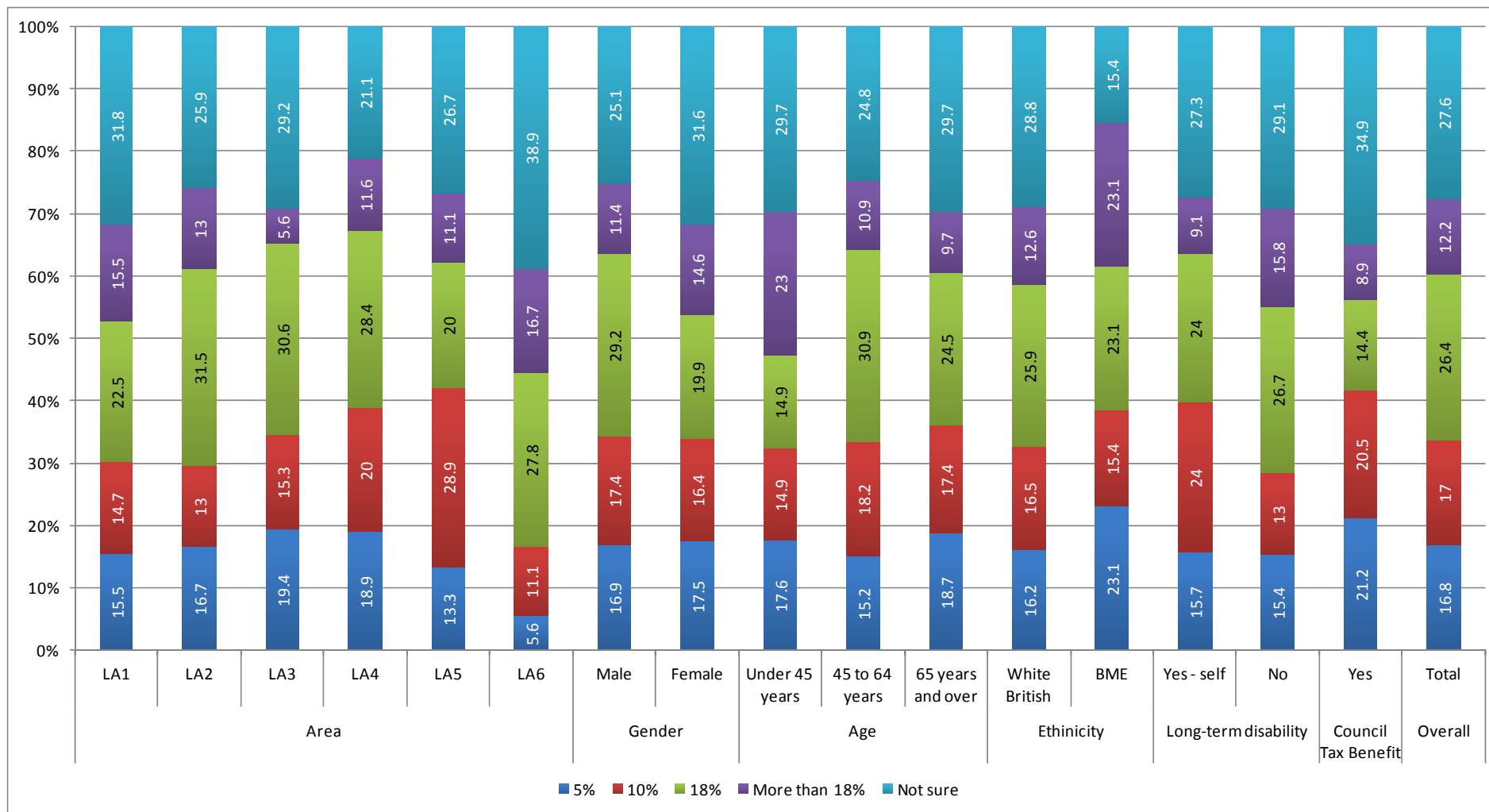
(Q3: % response – by subgroup and overall)



- 3.6 Nearly two-thirds of all respondents (64.0%), (as illustrated on the previous page), stated that they think that everyone of working age should pay something towards their Council Tax regardless of their financial circumstances, rising to 78.2% of respondents aged 65 and over. 28.7% of all respondents disagreed with this proposal (rising to 37.6% of respondents under the age of 45, and 35.7% of those aged 45 to 64), while 7.4% gave 'don't know' responses. Respondents with a long-term disability or health problem were less likely than those without to believe that everyone of working age should pay something towards their Council Tax regardless of their financial circumstances (51.0% compared to 74.4%), as were single respondents in comparison to those who are married (53.9% compared to 75.2%), and respondents who regularly provide unpaid support caring for someone when compared to those who do not (55.9% compared to 65.4%).
- 3.7 Of those respondents who believed that 'everyone of working age should pay something towards their Council Tax regardless of their financial circumstances', 16.8% believed that the maximum percentage reduction that should be applied to any working age benefit claimant is '5%', (rising to 21.4% of those who regularly provide unpaid support caring for someone). 17.0% of respondents felt this maximum percentage should be '10%', around a quarter (26.4%) that it should be '18%' and 12.2% that this should be 'more than 18%'. (See chart overleaf). 27.6% of respondents who believed that everyone of working age should pay something towards their Council Tax regardless of their financial circumstances were 'not sure' what the maximum percentage reduction should be, rising to 34.9% of those currently in receipt of Council Tax Benefit and 34.0% of those who have previously received Council Tax Benefit.
- 3.8 Respondents who either didn't believe that everyone of working age should pay something towards their Council Tax regardless of their financial circumstances or that a maximum percentage reduction of either 5% or 10% should be applied to any working age benefit claimants (and therefore consider that the Council should not make all of the £1.1m savings needed by reducing support to working age claimants) were then asked in which ways the Council should make additional savings. Nearly a third of these respondents (30.9%) believed this should be done 'by stopping or reducing some Council services' - rising to 38.5% of respondents under the age of 45, 40.0% of those with parenting responsibilities, and 40.4% of respondents who regularly provide unpaid support caring for someone. 29.3% of respondents felt that this should be done 'by increasing fees and charges for other Council services', (rising to 37.1% of pensioners, and 42.9% of those over the age of 65), while 13.5% believed these savings could be made 'by increasing Council Tax'. (See chart - page after next). 26.3% gave 'other' responses which are listed at Appendix 4.

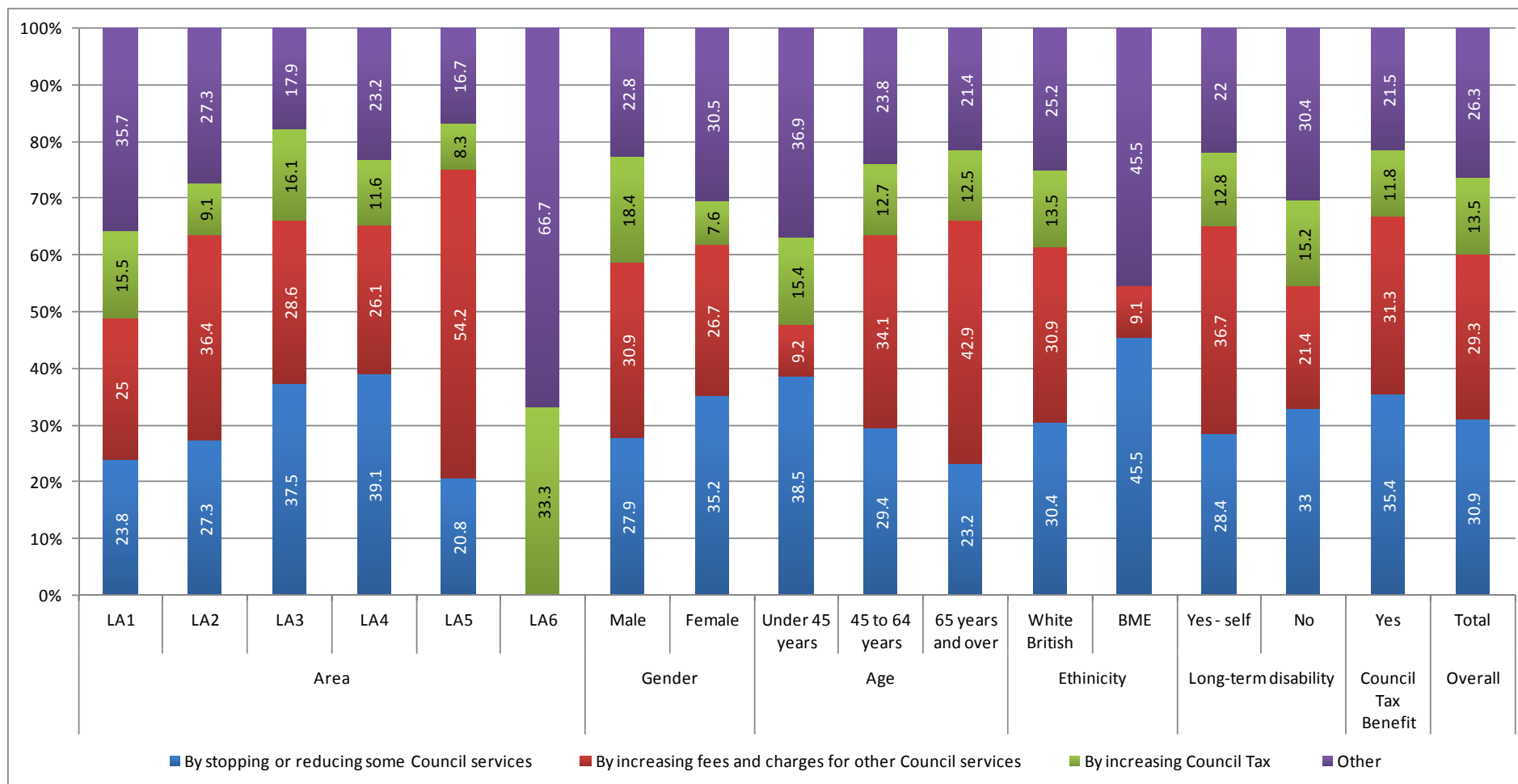
What do you think is the maximum % reduction that should be applied to any working age benefit claimants?

(Q3a: % response – those who answered ‘yes’ at Q3 – overall 417 respondents)



If you answered “No” to Question 3, or answered “5%” or “10%” to Question 3a, and you therefore consider that the Council should not make all of the £1.1million savings by reducing support to working age claimants, how else should it make savings?

(Q3b: % response – 259 respondents overall)



4. PROTECTION FOR VULNERABLE HOUSEHOLDS

Question 4: *The Council believes the present scheme is the best and most practical way of recognising the particular needs of families, carers and people with disabilities, and proposes retaining this scheme. Do you agree or disagree with this proposal?*

Question 5: *If you answered "Disagree", how, if at all, do you think the Council should take into account the needs of these households?*

Appendix 3 – Page 8

4.1 Respondents were informed that:

“The rules for Council Tax Benefit, Housing Benefit and Department for Work and Pensions means tested benefits have a scheme that take into account the make-up of the claimant’s household, including responsibility for children, caring responsibilities and varying degrees of ill health and disability. Also some types of income related to children or disability are not included when assessing a claimant’s income.”

They were then told that

"The Council believes that the present scheme is the best and most practical way of recognising the particular needs of families, carers and people with disabilities, and proposes retaining this scheme."

When asked whether they agree or disagree with this proposal, three-quarters of all respondents (74.6%) stated that they 'agree', rising to 82.2% of respondents who described themselves as 'disabled'. 8.6% of all respondents stated that they 'disagree' with the proposal (rising to 14.3% of respondents in either full or part-time employment), and 16.8% gave 'don't know' responses. (See chart – page after next.)

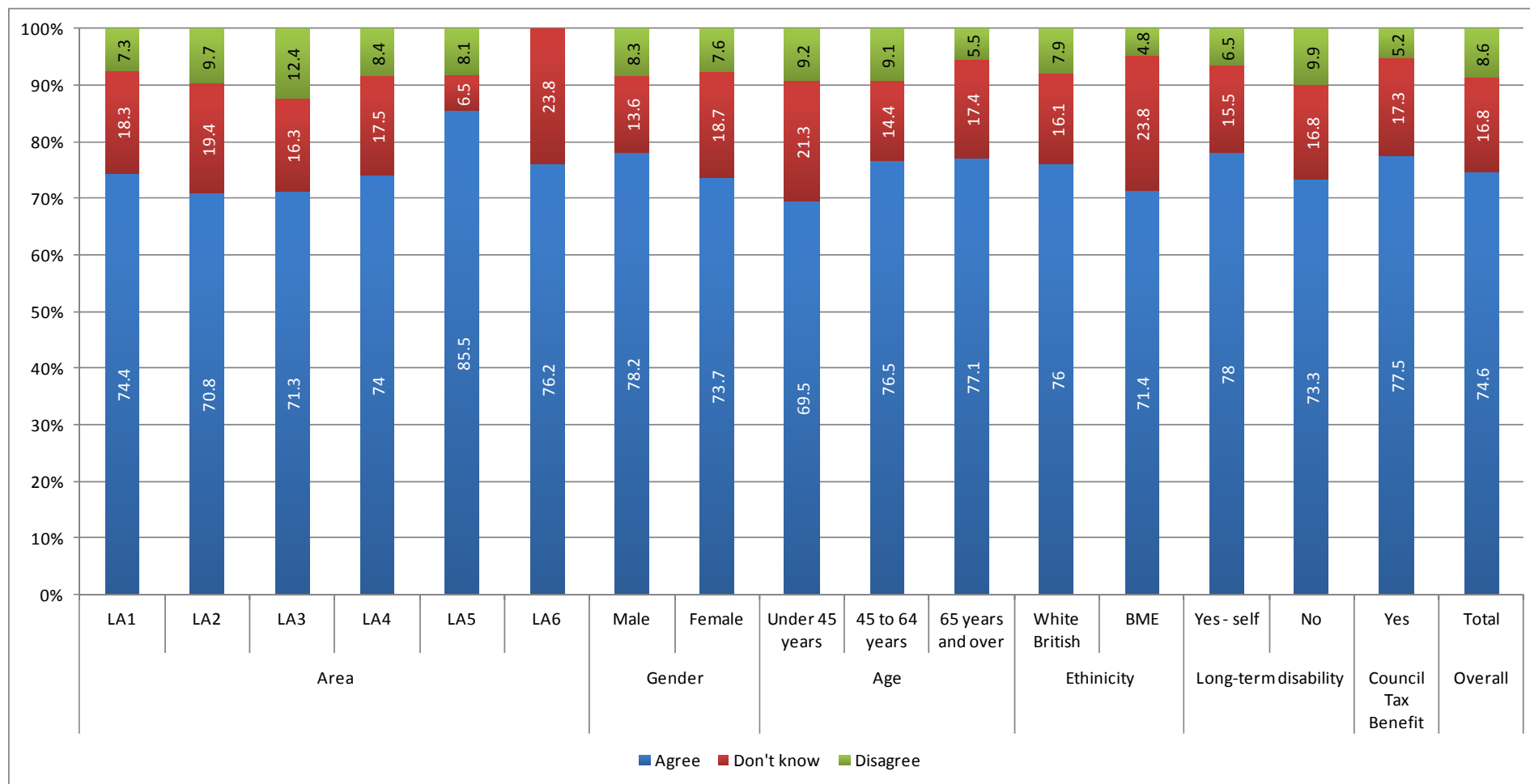
4.2 Of the 57 respondents who disagreed with the proposal at Question 4, 52 (91.2%) gave suggestions as to how, if at all, the Council should take into account the needs of families, carers and people with disabilities - these are listed verbatim at Appendix 4 and included:

- *By discrete means testing.*
- *By using the funds already available more efficiently.*
- *Council Tax should be based on % of assets earnings and benefits, benefits should be treated for tax in the way as earnings.*
- *Disregard children - don't encourage people to have more children to get more benefits.*
- *Far too many shirkers and not enough workers.*
- *If a household has children or disabled people then other benefits take account of this. Council Tax Benefit should be calculated the same for everyone that claims.*
- *Majority of people on benefits are financially better off than us on low income.*

- *Nobody should be given preferential rates due to ill health, children or caring responsibilities.*
- *Only the first 2 children should be taken into account. Other children not at all.*
- *Other types of income should be taken into account when assessing a claimant's income.*
- *People claiming multiple child benefit should have that classed in as income.*
- *People who work all their lives and save are penalised despite the fact that they are disabled or carers because they have saved.*
- *Reduce wages of all Council officials. Top officials pay should not be more than average pay of the area.*
- *Some people on £26k - £30k on benefits and pay no tax or rates. Many families with children are struggling to make ends meet and pay tax and some rates. The disabled should pay a % of rates to make it fair for all and not just treat it as their 'right'.*

The Council believes the present scheme is the best and most practical way of recognising the particular needs of families, carers and people with disabilities, and proposes retaining this scheme. Do you agree or disagree with this proposal?

(Q4: % response – by sub-group and overall)



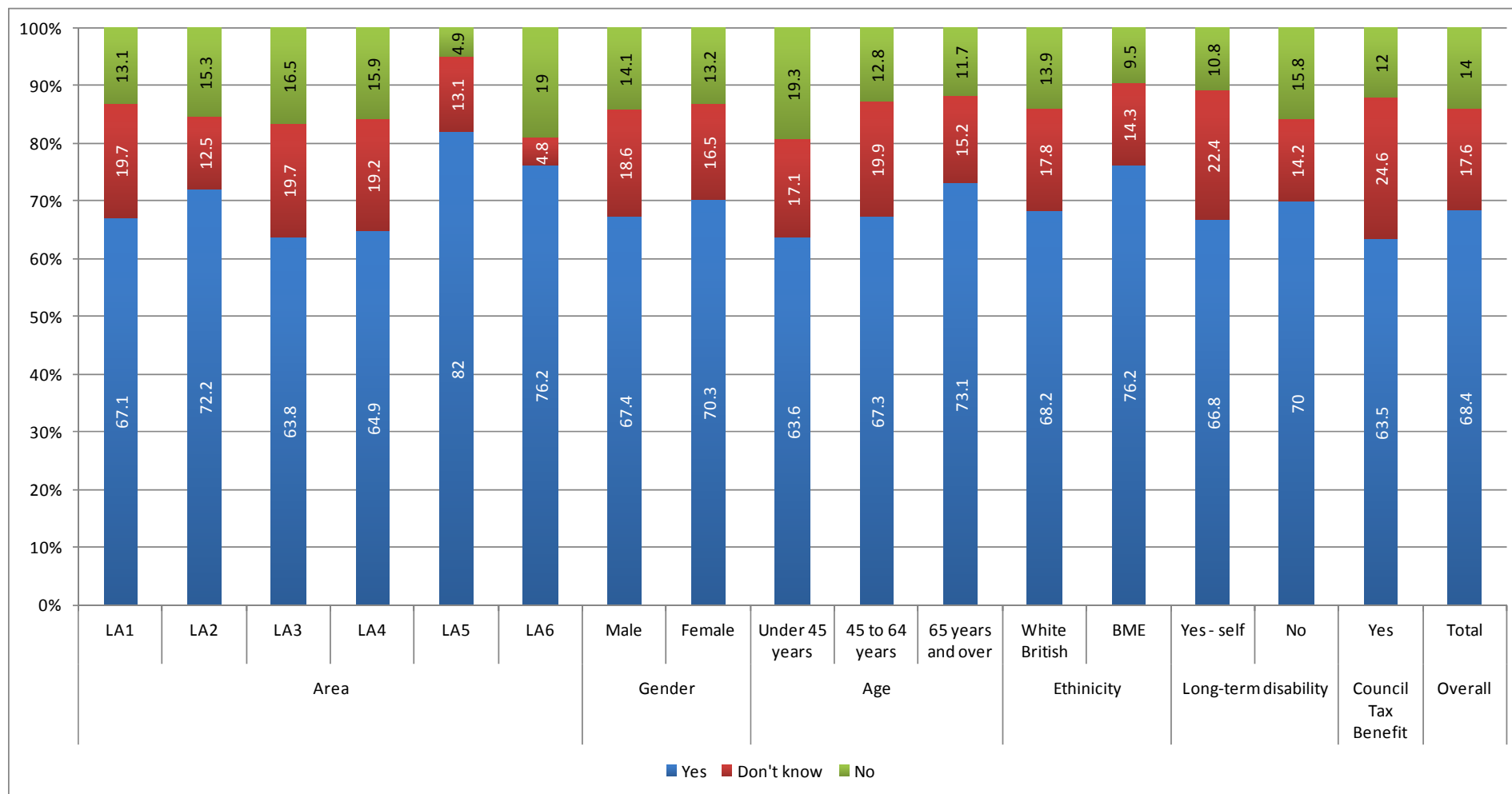
5. ENCOURAGING PEOPLE INTO WORK

Question 6: *To encourage people into work do you think that the Council should keep existing financial incentives for a limited period for those of working age who start work or increase their hours?*

Appendix 3 – Page 9

- 5.1 The majority of all respondents (68.4%) believed that the Council should keep existing financial incentives for a limited period for those of working age who start work or increase their hours in order to encourage people into work, (rising to 74.9% of respondents in full or part-time employment). Respondents who described themselves as 'disabled' were less likely than those in full or part-time employment (64.8% compared to 74.9%) to believe that existing financial incentives should be retained for a limited period. (See chart overleaf.)
- 5.2 14.0% of all respondents did not believe the Council should keep existing financial incentives for a limited period, with this belief being lower amongst respondents with a long-term disability or health problem when compared to those without (10.8% compared to 15.8%). 17.6% gave 'don't know' responses, rising to a quarter (25.0%) of respondents who described themselves as 'disabled', 24.6% of respondents currently in receipt of Council Tax Benefit, and 23.7% of those who have received Council Tax Benefit previously.

To encourage people into work do you think that the Council should keep existing financial incentives for a limited period for those of working age who start work or increase their hours?
 (Q6: % response – by sub-group and overall)



6. HARDSHIP FUND

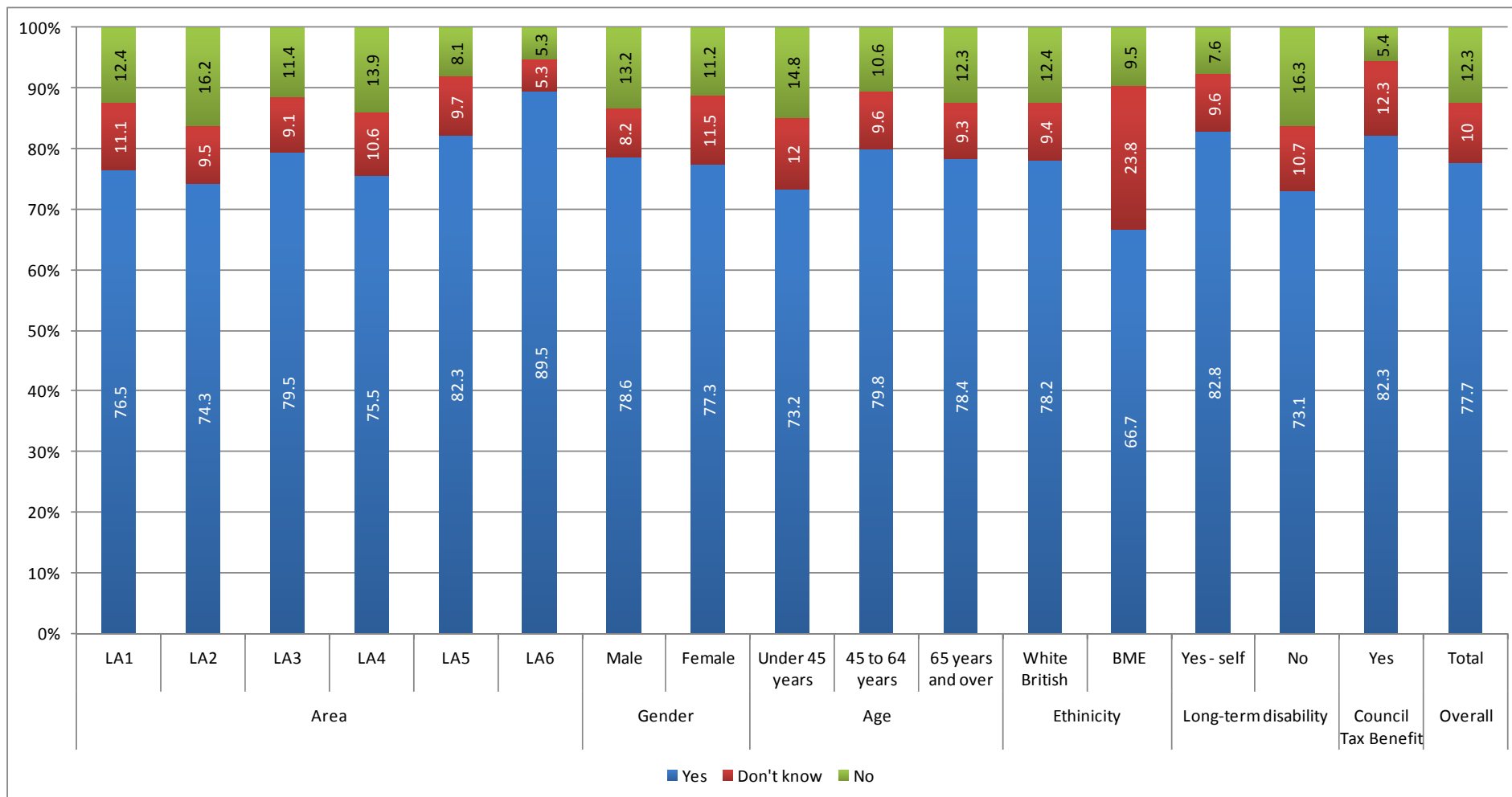
Question 7: *Do you agree that the Council should set up a discretionary scheme to help claimants who suffer exceptional hardship as a result of these changes?*

Question 8: *Is there anything else you think the Council should consider in setting up a new Council Tax Support Scheme?*

Appendix 3 – Page 10

- 6.1 Over three-quarters of all respondents (77.7%) agreed that the Council should set up a discretionary scheme to help claimants who suffer exceptional hardship as a result of changes to the Council Tax Benefit system in Lancaster. Respondents who reported having a long-term disability or health problem were more likely than those without to agree with the prospect of a discretionary scheme (82.8% compared to 73.1%). (See chart overleaf.)
- 6.2 12.3% of all respondents disagreed with this proposal, falling to 5.4% of respondents in receipt of Council Tax Benefit, and to 7.3% of those who have previously received Council Tax Benefit. One-in-ten respondents (10.0%) gave 'don't know' responses, rising to 23.8% of respondents from BME backgrounds.
- 6.3 At Question 8 respondents were asked if there was anything else they think the Council should consider in setting up a new Council Tax Support Scheme, and 175 respondents (25.2% of the overall sample) made comments at this point - these are listed verbatim at Appendix 4.

Do you agree that the Council should set up a discretionary scheme to help claimants who suffer exceptional hardship as a result of these changes? (Q7: % response – by sub-group and overall)



7. ABOUT YOU (MONITORING INFORMATION)

Question A: *Does your name appear on the Council Tax Bill for your household?*

Question B: *What is the postcode for the property?*

Question C: *Does your household receive Council Tax Benefit?*

Question D: *Have you ever received Council Tax Benefit?*

Question E: *Are you male or female?*

Question F: *How old are you?*

Question G: *Which of the following best describes your ethnic group?*

Question H: *Do you have a long-term physical, mental health or health condition or disability?*

Question I: *Which of the following best describes you?*

Question J: *Your marital status.*

Question K: *Do you have parenting responsibilities?*

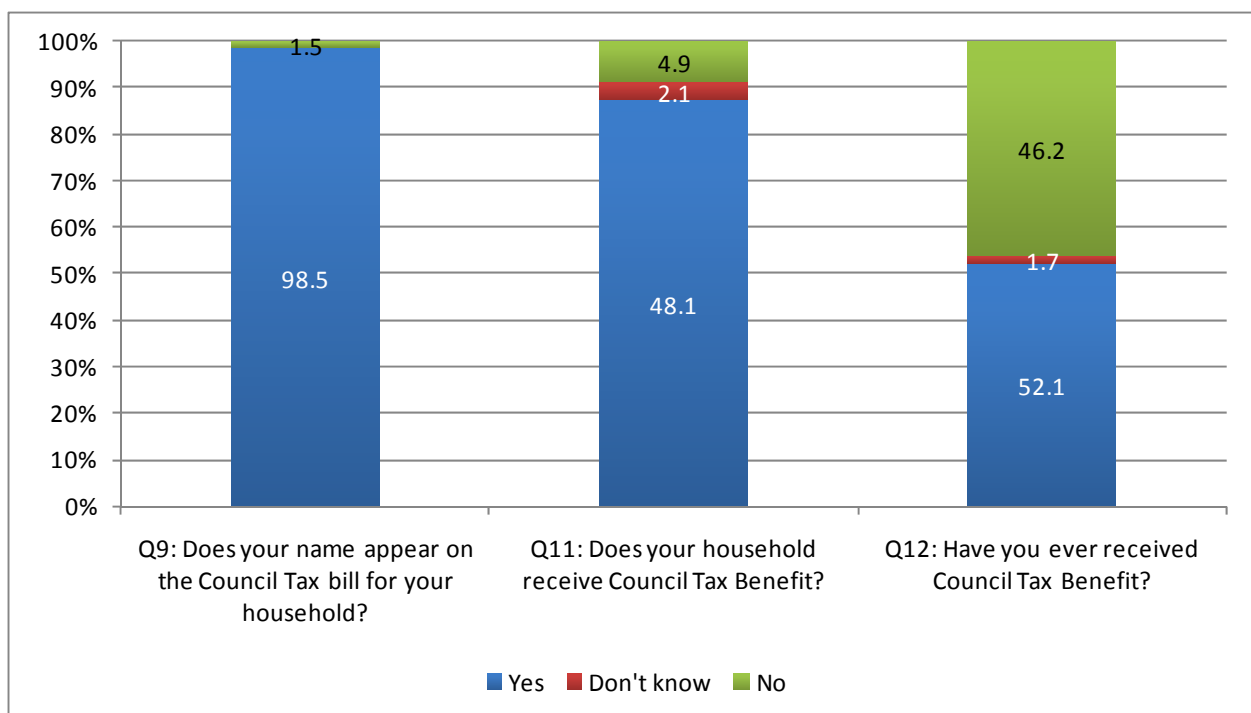
Question L: *Do you regularly provide unpaid support caring for someone?*

Appendix 3 - Pages 11 to 22

- 7.1 98.5% of all respondents stated that their name appears on the Council Tax bill for their household, remaining at around this level for all sub-groups. 1.5% stated that their name does not appear on the Council Tax bill.

Q9(A): Does your name appear on the Council Tax bill for your household? / Q11(C): Does your household receive Council Tax Benefit? / Q12(D): Have you ever received Council Tax Benefit?

(% - Overall - 667/674/639 Respondents)

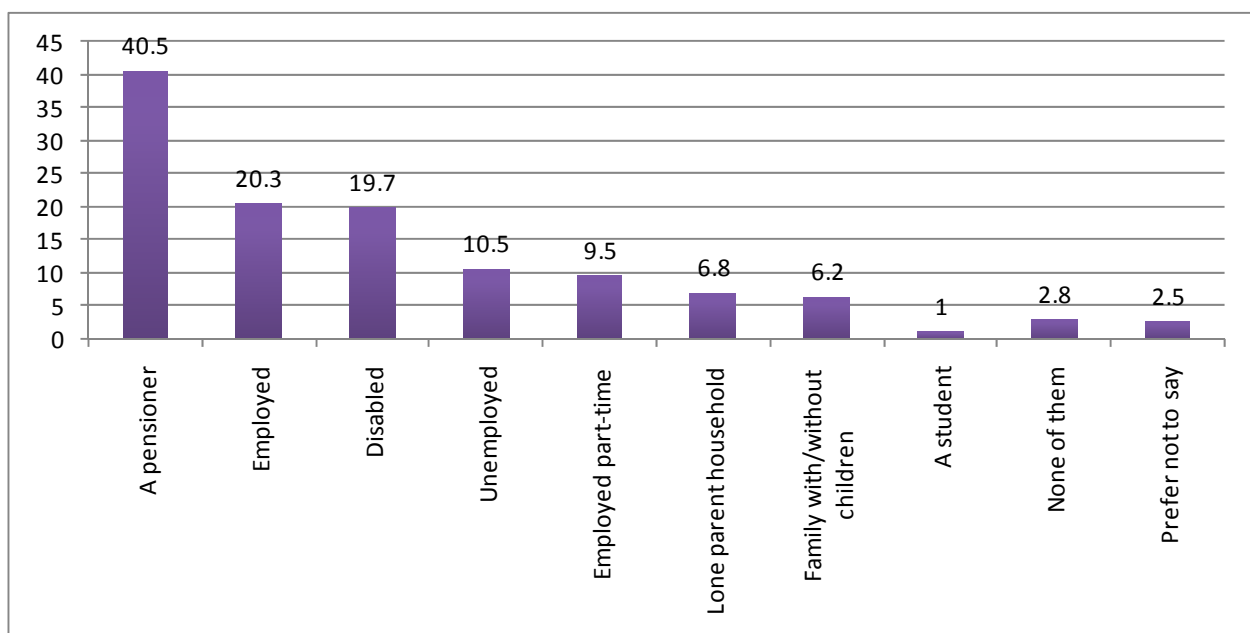


- 7.2 The majority of respondents (76.3%) stated that the postcode for their property was in either the LA1 (32.9%), LA3 (20.0%) or LA4 (23.4%) postcode areas while a further 20.5% gave either LA2 (11.1%) or LA5 (9.4%) postcodes. The remaining 3.2% gave LA6 postcodes.

- 7.3 48.1% of all respondents stated that they are currently in receipt of Council Tax Benefit, rising to 69.2% of respondents with a long-term disability or health problem, 60.2% of those in LA3, and 84.8% of respondents who described themselves as 'disabled'. Respondents in full or part-time employment (25.0% 'yes') were least likely to state that they are currently in receipt of Council Tax Benefit, while single respondents were more likely than those who are married to state that they are in receipt of such benefit (68.9% compared to 26.8%), as were females in comparison to males (53.0% compared to 43.6%). Half of all respondents (49.9%) stated that they receive no such benefit while 2.1% gave 'don't know' responses.
- 7.4 52.1% of all respondents stated that they have received Council Tax Benefit in the past, rising to 85.0% of respondents who described themselves as 'disabled'. Females were more likely than males to state that they had ever been in receipt of Council Tax Benefit (57.9% compared to 46.5%), as were respondents with a long-term disability or health problem in comparison to those without (72.0% compared to 37.7%) and single respondents in comparison to those who are married (71.7% compared to 31.8%). 46.2% of respondents stated that they had not previously been in receipt of Council Tax Benefit (rising to 60.4% of respondents in full or part-time employment and 60.8% of pensioners), while 1.7% gave 'don't know' responses.
- 7.5 52.2% of respondents were male and 44.6% were female, while 3.3% preferred not to state their gender. The majority of respondents (76.4%) were over the age of 45 (43.9% '45 to 64' + 32.5% '65 years and over') and 21.2% were under this age (0.0% 'under 18' + 0.9% '18 to 24' + 20.3% '25 to 44'). 2.4% preferred not to state their age.
- 7.6 The majority of respondents (94.1%) were from 'White British' backgrounds, while 0.3% were 'Asian or Asian British', 0.6% gave 'mixed/multiple ethnic groups', 0.3% were 'Black/African/Caribbean/Black British', and 2.1% gave 'other' ethnic groups. 2.7% preferred not to state their ethnic background.

Q17(G): Which of the following best describes you?

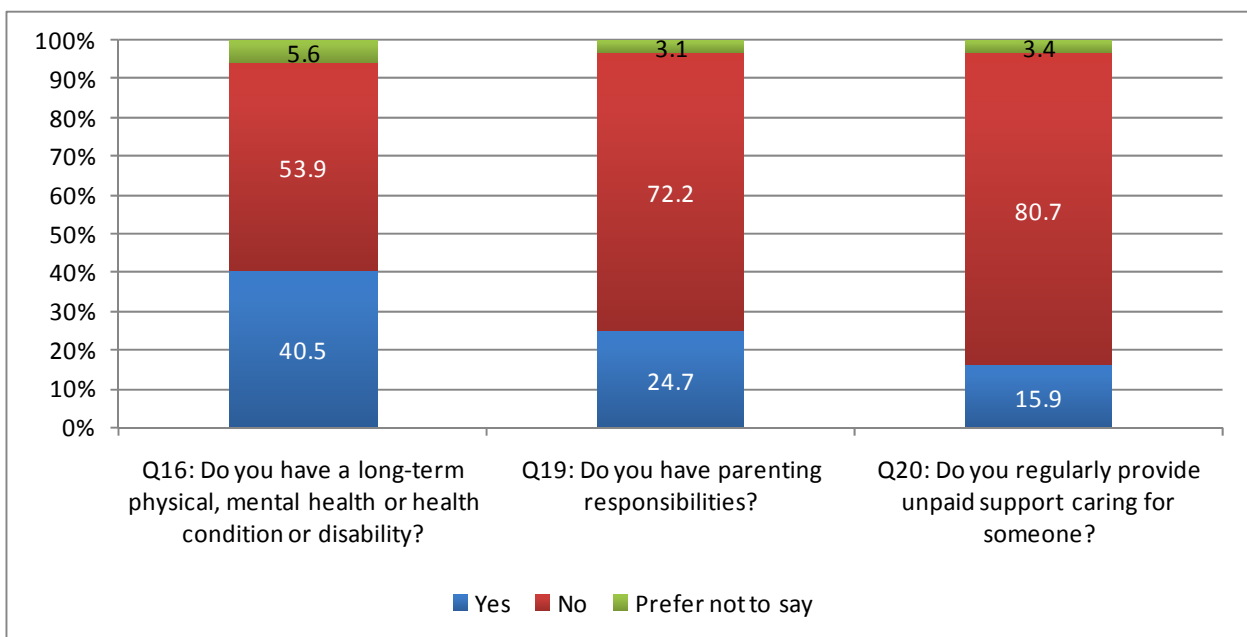
(% - Overall - 674 Respondents)



- 7.7 The major group of respondents described themselves as 'a pensioner' (40.5%), this was followed by 'employed' (20.3%), 'disabled' (19.7%), 'unemployed' (10.5%), 'employed part-time' (9.5%), 'lone parent household' (6.8%), and 'family with/without children' (6.2%). Just 1.0% described themselves as 'a student', while 2.8% stated that 'none' of the descriptions fitted, and 2.5% preferred not to say.
- 7.8 46.2% of respondents described themselves as 'single' while a further 44.5% were 'married'. 3.1% were in a 'civil partnership' and 1.9% stated that they were widowed. 4.2% preferred not to say.

Q16(F): Do you have a long-term physical, mental health or health condition of disability? / Q19(K): Do you have parenting responsibilities? / Q20(L): Do you regularly provide unpaid support caring for someone?

(% - Overall - 644/673/668 Respondents)



- 7.9 40.5% of all respondents stated that they have a long-term physical, mental health or health condition or disability, while 53.9% did not, and 5.6% preferred not to say.
- 7.10 24.7% stated that they have parenting responsibilities, while 72.2% did not, and 3.1% preferred not to say. 15.9% of the overall sample stated that they regularly provide unpaid support caring for someone, while 80.7% did not, and 3.4% preferred not to say.