

## APPENDIX B

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# Council Tax Support Scheme 2013 - Consultation

October 2012



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## APPENDIX B

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### CONTENTS

	Section	Page
1	<b>Introduction and methodology</b>	3
1.2	Methodology	3
2	<b>Executive summary</b>	4
2.1	Overall findings	4
3	<b>Detailed qualitative findings</b>	5
3.1	Background and aims of the discussion group	5
3.2	Views on the six key principles	6
3.3	How can the council make the required savings?	10
3.4	How can the council support local people to access employment?	12
4.	<b>Appendices</b>	14
4.1	Discussion group – detailed notes	14
4.2	Facilitators guide	20

# APPENDIX B

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## 1. Introduction and methodology

The Welfare reforms present challenges to many services delivered by the Council. One of the changes taking place in April 2013 is that council tax benefit, the means of supporting people on low incomes meet their council tax obligation, will be replaced with a new localised support scheme. In response to this, Luton Borough Council has developed a draft Council Tax Support (CTS) Scheme which outlines six key principles. This scheme will replace the existing Council Tax Benefit. Given the potential impact that this change will have on local residents of working age, the Council wanted to ensure meaningful consultation was carried out with residents before finalising the local scheme. This report provides findings of the consultation on the proposed Council Tax Support Scheme.

### 1.2 Methodology

Each local authority must carry out a consultation exercise concerning their draft scheme proposals and must define and publish its local Council Tax Support Scheme by 31 January 2013. Failure to do so will result in the government imposing a default scheme and the funding reduction will need to be met from other means including increasing council tax levels or reducing other service expenditure. In light of this, it has proved quite challenging to consult given the tight timescales and limited resources available, the approach agreed:

- **Focus groups** – a set of discussion groups with both council tax benefit claimants and non-claimants. The advantage of this method is that much more detailed information can be captured on each of the six key principles set out in the scheme and presents the opportunity to explore residents' views on employment and suggestions for making savings.
- **Online survey** – through an online survey on the council's website. The main advantage of this "democratic" principle – every resident of the borough can have their say. The main disadvantages of such surveys are relatively low response rates are often found, survey are not always representative.

The results summary of the online survey is attached as a separate report –  
**\*Council Tax Support Scheme – Online Survey Summary Results.**

This consultation aimed to provide qualitative information (non numerical, for example resident suggestions). A number of open ended questions were asked seeking the views of council tax claimants and non-claimants on the council tax support scheme, employment and suggestions for required savings.

# APPENDIX B

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## 2. Executive summary

### 2.1 Overall findings

Overall, there was support across the board for the draft council tax support scheme being proposed. Both claimants and non-claimants agreed with most of the principles being proposed. Although there were some differences in views in some of the areas (as one would expect) many of them converged to form the common themes identified above.

The main overall messages from the consultation with residents are:

- The vulnerable should be protected but there was broad agreement that everyone should make a small contribution towards their council tax.
- Concerns were expressed about the implications of keeping benefits payments at the same level and its impact on the wider savings required.
- There were concerns around the fairness of the burden being placed on those claiming benefit and the demands being placed on the wider tax payer.
- There was broad agreement that the empty property exemptions should be removed to encourage landlords and property developers to bring empty homes back into use within a reasonable time period.
- The council should play a wider role in supporting people back into work.
- residents had a number of ideas on how the council could make the savings required.

Some participants stated that they had not yet felt the affects of the austerity measures. The level of awareness amongst all the groups about the changes to council tax benefit was low as was awareness of the welfare changes and council savings to come. For this reason it was important the participants understood each principle and the session had an informal feel and was as much about information sharing as it was about capturing views.

There were differences not just between claimant and non-claimant groups but there was a degree of disparity within the claimant and non-claimant groups themselves and the most noticeable being non benefit claimants appeared to be more protective of principle 1 and protecting the vulnerable whereas claimants were more challenging of it.

There were no significant equalities issues highlighted in the findings.

## APPENDIX B

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### 3. Detailed qualitative findings – focus groups

#### 3.1 Background and aims of the discussion groups

A total of 5 focus groups were held at the town hall:

- Group 1: 7 claimants, 12.30-2pm Monday 17 September
- Group 2: 11 claimants, 2.30-4pm Monday 17 September
- Group 3: 9 non claimants, 1-2.30pm Monday 20 September
- Group 4: 8 claimants, 6.30-8pm Monday 20 September
- Group 5: 9 non claimants, 6-7.30pm Monday 26 September

The customer services team undertook the recruitment of participants to the focus groups. A total of 26 council tax benefit claimants and 18 non-claimants took part in the group discussions. Initially six focus groups had been planned, in accordance with best practice - three for each claimants and non-claimants to get a balanced view. One of the non-claimant groups had to be cancelled due to low take up. Participants were offered a £20 payment to cover expenses – this was optional and was administered by the Income Manager at the end each focus group.

Each delegate was provided with a copy of the six key principles and a general information sheet containing the background to the changes.

Participants were provided with an explanation of the draft council tax support scheme changes and the background to the changes by the Council's Income Manager, Clive Jones, at each of the five focus groups. Clive was on hand throughout the sessions to offer clarification of the scheme.

The Consultation and Engagement Team Manager - Peter Headland facilitated the discussions and a designated scribe captured feedback within the group discussion. Discussions were also recorded using a dictaphone (with permission of the participants).

## APPENDIX B

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### 3.2 Views on the six key principles

The focus group provided an opportunity to discuss with claimants and non-claimants in depth their views about the scheme. The facilitators guide (see appendix 4.2) was based on the main questions:

#### **Q1. What are your views on Luton's proposed local council tax support scheme?**

##### **Principle 1**

**Every existing council tax benefit claimant should receive a similar amount under the council tax support scheme**

This received mixed views and was probably the most debated out of all of the six principles.

Overall there was broad agreement amongst both claimants and non-claimants that it was important to protect the vulnerable but many participants felt that everybody should make a small contribution to protect services.

*"I think it is fair, all people should make a contribution" (claimant)*

*"Overall I think to be fair everyone should make a contribution" (non claimant)*

*"I agree with the principle but I also feel that everyone should pay something" (claimant)*

*"I agree because I get the benefit at the minute so its easy for me to agree, but if I had to I'd rather look at this principle again" (claimant)*

Many participants would like to see this principle reviewed:

*"I find principle 1 a bit weird . . . if I had to look at this project the first thing I would look at is the existing amount (being paid in council tax benefit) being slightly reduced" (claimant)*

*"I am supportive of this principle but do need to look at it" (claimant)*

*"This should be the first obvious place to look" to make savings (claimant)*

It would be in the interest of fairness if council tax benefit claimants of working age also made a small contribution:

## APPENDIX B

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*"We work, we pay, they should pay something from their benefits" (non claimant)*

*"We are working to pay their council tax (claimants) and ours" (non claimant)*

*"feels workers always get penalised" (non claimant)*

*"they just get it paid and don't know how painful it is for people who go to work" (non claimant)*

Most claimants were willing to make a small contribution from the benefits that they receive.

*"I'm a young mum with three kids and I'd pay . . . I don't want the cuts to affect child's schooling" (claimant)*

*"If not a lot, at least some type of contribution" (claimant)*

Each person's individual circumstances were to be considered when deciding on the amount of the contribution and this should be based on means testing.

The main concerns raised in relation to principle 1 were that not everybody would be able to afford to pay:

*"if you are already on a low income how can you afford to pay"" (claimant)*

*"if you are on benefits, the government gives you what it decides is enough for you to survive on . . . I mean survive . . . its not living, it's the lowest of the low" (claimant)*

*"is it a possible thing to do? Some people are on the poverty line" (non claimant)*

Also, concerns were expressed regarding the impact of the cuts in government funding on council services and how would the council cope with an increase of council tax claimants with the government cap on funding:

### **Principle 2**

#### **Rate of allowance and premiums to be frozen at 2012/2013**

Claimants expressed mixed views. Those who thought it was a fair principle had similar reasons to principle 1 but felt if this will help reduce the shortfall in funding from central government.

*"I think people on benefits should pay a small amount towards it because they do get a lot (in benefits)" (claimant)*

*"every little helps" (claimant)*

## APPENDIX B

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Non claimants felt this was a fair principle. They made comparisons to working people:

*“seems feasible” (non claimant)*

*“There are lots of people who have not had a pay rise for years and years” (non claimants)*

*“A lot of people have had pay decreases” (non claimant)*

Concerns were again about if they would be able to afford to contribute and this principle would mean they would have to pay more later.

*“Where will the extra money come from (to contribute) if benefits have not changed?” (claimant)*

### Principle 3

#### Removal of second adult rebate scheme for working age claimants

Again, mixed views from both claimants and non-claimants especially in situations where home owners are supporting an unemployed dependant of working age that are residing at the property. There is a view that they should make a contribution from their job seekers allowance:

*“No matter how little money you are getting you can’t expect to live for free” (claimant)*

In contrast, those parents are already making a contribution towards their living costs and should be entitled to the discount.

Concerns were raised that removal of the discount may lead to break up of households and encourage the second adult to move out and apply for their own council accommodation which would lead to far higher costs to the council.

*“pushing families over the brink” (claimant)*

Also, there was a view that a dependant with a disability residing within the household should be eligible for the discount.

It was felt that this was a fair principle in the case of high scale earners.

### Principle 4

#### Removal of empty property council tax exemptions from April 2013



## APPENDIX B

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***\*\*A significant number of claimants did state they were less affected, if not at all, by changes proposed to principles 4, 5 and 6.***

There was a feel that changes to principles 4, 5 and 6 would most impact on landlords and property developers

There was some debate about the fairness of this principle. Claimants were less in favour of removing the exemption (compared to non claimants) they felt whilst the property is empty and no services are being used it would be unfair to charge council tax on the property.

*"I don't think these principles (4, 5 and 6) are fair as no services are being used . the properties are empty" (claimant)*

*" . . .but there is no one living in them" (claimant)*

In contrast, many participants agreed that owners of the property should pay council tax on these empty properties.

*"I think it's good . . . they are still sitting on collateral" (non claimant)*

*"I think its fair, collect the money from them its their house" (claimant)*

This would encourage landlords' to bring empty properties back into use addressing the shortage of housing in Luton.

*"will stop landlords from being so picky" (claimant)*

It may also discourage landlords and property developers from carrying out structural work to properties but this was refuted by some with a view that it is a fair principle and that landlords and property developers profit from the property so can afford to pay.

There was a view that the discount period should be removed for empty/repossessed properties owned by the banks. It may even make banks more reluctant to repossess properties so quickly.

Landlords should be offered a reasonable period of grace to get their properties back on to the market and removal of the exemption could discourage landlords from investing in properties in Luton – *"government are taking away a small business opportunity (from landlords)" (non claimant).*

*"as a landlord you want to let your property as soon as possible but you should be given a couple of months" (non claimants)*

### Principle 5

## APPENDIX B

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### Removal of second home discount from 1 April 2013

It was agreed that this was a fair principle. No concerns were expressed.

#### Principle 6

#### Empty home premium from 1 April 2013

The consensus was that this was a fair principle. Many participants were unaware that homeowners did not have to pay council tax on their empty home for two years and agreed that two years was long enough (if not too long for some) to get properties back on to the market.

*“disgusting” if you are not paying council tax for two years (non claimant)*

*“no reason to keep it (property) empty for two years” (claimant)*

*“two years is a reasonable time to do something with your property” (non claimant)*

Again it was felt that charging an empty home premium of 50% may encourage landlords and property developers to bring empty homes back on to the market / into use.

*“good idea” to bring homes back into use (non claimant)*

### 3.3 How can the council make the required savings?

Two clear themes emerged:

- **Target benefit fraud.**

This was emotive for both claimants and non benefit claimants and it was an area they felt quite strongly about. Participants spoke openly and honestly on this matter. There was a clear message there is a need to crack down on fraudulent claims as the benefit system is being abused by some. They felt that it is the council's responsibility to investigate benefit fraud and this is an area that could generate significant savings in a short time period. More money should be invested in the council's fraud department and/or they should have more resources available so they can carry out more investigations:

*“More money to catch out benefit fraud . . . you'll get a massive return” (claimant)*

*“ I used to work in the job centre . . . you only have to sit there for two weeks to clearly see what was going on in Luton” (claimant)*

*“could save a lot of money in a short amount of time” (claimant)*

## APPENDIX B

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*"In a place like Luton it needs to be enforced because you can make savings"  
(claimant)*

*"Benefit fraud . . . I know quite a bit . . . and its unfair . . . I have to pay for it too"  
(claimant)*

*"I work and I know people cheating the system and it hurts me . . . its unfair".  
(claimant)*

Concerns were also raised by a landlord about the level of fraud with people claiming council tax benefit and housing benefit.

This question also identified there were issues around fairness to those claiming benefit and to the tax payer:

*"should make cuts here too claimants entitlement should be reduced. They should make some contribution as cutting services will impact on everyone" (non claimants)*

There was a view that the government should reduce the amount of benefits claimants received and most surprisingly this view was held fairly strongly amongst a significant number of council tax benefit claimants:

*"I think the government are giving out too much money to people that don't need the money, they choose to go on benefits . . . they are wasting money" (claimant)*

*"giving out money for no reason" (claimant)*

*"my family all work, my brothers, my dad . . . I am the only one in my family on benefits . . . they always get angry with me for being on benefits but I do agree people on benefits get so much more than people that work" (claimant)*

*"People who work have to pay out of their wages; I get everything paid through benefits" (claimant)*

- **More enforcement**

One group identified fly tipping to be a real issue and had recently observed a increase in fly tipping in their area and felt this was possible an area that required greater enforcement and there should be higher penalty fines for non compliance which would in turn increase council revenue. Dog fouling was also mentioned as another area for greater enforcement.

Other suggestions included:

- Work with local people to make services more efficient
- Invest in Luton to make it more attractive to working people to increase the council tax revenue for Luton

## APPENDIX B

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- Get the administration right – there was an issue about the council making overpayments in benefits and this puts residents in financial difficulties.
- People on benefits should get more involved in local community projects.
- Stop commissioning consultants on inflated rates
- Ensure council departments are more efficient and better management overall
- Investigate cash in hand jobs.

### **3.4 How can the council support local people to access employment?**

Participants did feel the council should have an active role to support people back to work.

The key issues identified were:

- **State of the current job market**

There was a concern about the lack of jobs, there were lots of job cuts and no jobs to go to.

*“you can’t unless you are going to magic up jobs” (non claimant)*

*“I want to go back to work . . . but trying to find work is hard” (claimant)*

- **Tackling the long term unemployed**

A number of participants considered that reducing benefits will encourage people back to work:

*“if you reduce it (benefit) it will encourage people back to work” (non claimant)*

*“ . . . there is more money in unemployment” (claimant)*

*“getting people out of a rut” (claimant)*

Suggestions on how this could be achieved:

- More training schemes and facilities for young people – there is a shortage of skilled manual trade workers such as plumbers, builders, electricians etc
- Better advertising and signposting of jobs available
- Develop local community schemes and encourage unemployed to get involved to build their skills
- Would like to see more apprenticeship opportunities including for over 25s
- Council to encourage employers to implement equal opportunities policies more effectively

## APPENDIX B

- Support with childcare
- Invest in Luton's business market to develop a job market/increase employment opportunities
- Support with travel costs to attend interviews

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### 4. Appendices

#### 4.1 Claimants views

##### AGREED WITH . . .

##### Principle 1

**Residents agreed vulnerable need to be protected but they felt that this principle needed reviewing.**

- Everyone should make a contribution
- The amount to be determined by means testing according to individual circumstances
- Residents would be prepared to make some form of a contribution from their benefits
- It was important to them that council service are protected
- It is easy to agree with this principle as a claimant
- Make cuts to benefits

##### Principle 2

**Fair principle but not ideal**

- Similar feedback to principle 1
- It is good to protect the vulnerable but everyone should make a contribution
- There is more money in benefits than working
- Everyone needs to pay to protect services

##### Principle 3

**Again, claimants agreed this was a fair principle**

- If the dependant is receiving job seekers they should make a contribution to the home owner towards council tax
- Claimants felt they would be able to afford to make some payment from their benefit

\*All three claimants groups agreed that they were less impacted/affected by principles 4, 5 and 6.

##### Principle 4

Mixed views, claimants debated the fairness of this principle.

- It would be unfair to remove this exemption and charge if there is no one living at the property and no services are being used
- It is a fair principle – they should pay it is their house
- It will encourage landlords to bring properties back on to the market/let properties rather than leave them empty

## APPENDIX B

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- Bring properties back on to the market will help address shortage of housing in Luton

### Principle 5

All groups agreed this is a fair principle

- If you can afford two homes you can afford to pay the council tax on it

### Principle 6

All groups agreed this is a fair principle

- 2 years is too long and there is no reason to keep the property empty for this long
- Will encourage landlords to bring properties back on to the market – sale or to let
- They can afford to pay council tax on the property

## HAD CONCERNS ABOUT . . .

### Principle 1

- Not everyone can afford to pay
- The amount collected is disproportionate to large families/households
- How will the council cope with an increase in claimants with the government cap on funding

### Principle 2

- Where will the extra money come from to cover the shortfall?
- If the rate of inflation increases then existing claimants will have to pay more later

### Principle 3

- May lead to break up of households
- It could encourage the second adult to apply for their own council accommodation, put elderly parents in care/residential homes etc. which would increase the burden on existing council services
- Council tenants may start sub-letting council properties

### Principle 4

- High private rental

### Principle 5

- In the event of a house fire insurance cover was a concern – some discretion should be applied

## SUGGESTIONS FOR SAVINGS . . .

## APPENDIX B

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- Invest more resources to investigate benefit fraud/fraudulent claims
- Work with local residents to improve services and make them more efficient
- Invest in Luton – develop infrastructure to attract more working people into Luton
- Generate revenue through increase in enforcement and fines i.e. dog fouling, fly tipping with an increase in fines

### VIEWS ON GETTING BACK INTO EMPLOYMENT . . .

- It is hard to find jobs - create jobs by investing in Luton and its business market
- Pressure on claimants from the job centre to get a job
- There's more money in unemployment
- Better advertising / sign posting of jobs
- Support with travel costs to attend interviews
- Target long term unemployed
- Develop local community schemes
- More training opportunities and facilities – apprenticeships for young people, trades/manual labour – plumbers, electricians, decorators etc.
- Equal opportunities for all



## APPENDIX B

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### 4.2 Non claimants

#### AGREED WITH . . .

##### Principle 1

Again agree that the vulnerable should be offered some degree of protection but feel everyone should make a contribution of some kind

- In the interest of fairness everybody should make a contribution
- Charge people on long term benefits
- Residents living in higher bands should not be entitled to council tax support
- Working people have to pay

##### Principle 2

There was agreement that this was a fair principle

- *“There are lots of working people who have not had a pay rise for years and years”.*
- *“a lot of people have had pay decreases”*

##### Principle 3

There were mixed views expressed

- If the homeowner is a high earner then they should pay
- It will contribute to savings required

##### Principle 4

Again mixed views but the residents did agree that the discount should be removed for the banks.

- The discount should remain the same as it is for landlords
- It's a fair principle as property developers profit from the property so they can afford and should pay the council tax
- May encourage landlords to let properties quicker
- Banks may be more reluctant to repossess

##### Principle 5

This is a reasonable principle.

- If the property is unoccupied then owners should pay the council tax on it

##### Principle 6

Agree with this principle

- 2 years is long enough
- Reduce the discount to period
- Will bring properties back on the market
- Will encourage the owners to sell rather than leave the properties empty

## APPENDIX B

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- May help reduce the councils housing waiting list

### HAD CONCERNS ABOUT . . .

#### Principle 1

- What will be the impact of cuts on services
- How will the council manage a rise in claimants
- How will people on the poverty line afford to pay

#### Principle 3

- My encourage break up of households
- Second adult maybe contributing to the household

#### Principle 4

- Landlords should be given some time to make repairs before getting properties back on to the market
- Property developers take advantage of this discount and its removal may mean they may not be able to continue with the development(s)
- Some landlords are abusing the discount
- This principle may discourage landlords from investing in Luton
- My prevent home owners carrying out structural work for home improvements on their property

### SUGGESTIONS FOR SAVINGS . . .

- LBC fraud department could recover money by investigating benefit fraud
- Concerns about level of fraud
- Free school meals entitlement
- Stop commissioning consultants on inflated rates
- More efficiencies and better management within council departments

### VIEWS ON GETTING BACK INTO EMPLOYMENT . . .

- More training schemes
- Better advertising / sign posting of jobs
- Need to manufacture
- Reduce benefits – this will encourage people back into jobs
- Generations of people who have never worked and never will unless you cut their benefits
- Make people go out and look for jobs
- More support from job centre
- No jobs to go to
- A lot of empty shops – encourage business enterprise

## APPENDIX B

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- Age discrimination

## **APPENDIX B**

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### **CTS Scheme 2012: Facilitators Guide – September 2012**

#### **Introductions – both yourself and group to introduce themselves**

- Discussion will last about 1 hour and 15 minutes on the topic of local council tax support.
- If you have any questions or queries, feel free to speak with Clive Jones after the discussion.
- All information given/comments made will be kept completely confidential and will be used anonymously to develop the new local council tax support scheme. Again, you can speak to Clive Jones about the scheme after the discussion.
- Hope you feel comfortable enough to share your views and in turn respect other people's views by keeping what is said confidential within the room.
- Please only one person speak at a time
- Are you happy with the discussion being recorded?

**\*\*Reassure group that no final decisions have been made yet and there is the ability to influence all the principles listed.**

## APPENDIX B

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### Ice-breaker (5 minutes):

- Facilitator to choose

### Clive's introduction/background on local council tax – current position and proposals for support scheme (10 minutes)

#### Q1. What are your views on the Luton's proposed local council tax support scheme? (20 minutes)

- *Go through each principle: Do you feel we've got the principles right? - What do you agree / disagree with? Are they fair?*
- *Which ones are priorities for you – why?*
- *Concerns?*
- *Other options – Q4*

#### Q2. Our initial consultation findings suggest that there is disagreement with principle 1 – what are your views on this? (15 minutes)

- *Issues about fairness*
- *How would this impact on claimants and non claimants i.e. concern about increase to tax payer, reduction in council services?*
- *How does this relate to the government's principle to get people into work*

**The Government is giving the council less money to pay for the new local council tax support scheme so we will have to save approximately £2.5M over the next few years to fund the scheme.**

#### Q3. How should the council make the required savings? (10 minutes)

- *How can we increase/maximise the council tax revenue in Luton?- collection of council tax, employment, local businesses etc*
- *Impact on council run services, local residents etc*
- *Suggestions for savings and/or income generation?*

#### Q4. What can the council do to support local people to access employment? (10 minutes)

- *Role of the council*
- *Suggestions?*

#### Q5. Are there any other options you would like the council to consider? (5 minutes)

- *Suggestions/options for making savings?*

**End of discussion – any further questions? Thank you**