

# Council Tax Reduction Scheme

Analysis of stakeholder consultation

September 2020

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THE ROYAL BOROUGH OF  
KENSINGTON  
AND CHELSEA

# Introduction

## Background

Council Tax Reduction helps residents on a low income to pay the Council Tax, by reducing their Council Tax bill. Until 2013, Council Tax Reduction was a national scheme, and the reductions that people could receive were set by central government. Since then, each council has had the responsibility to specify its own Council Tax Reduction scheme for working-age residents (the scheme for pensioners is still set by central government).

Since 2013, Kensington and Chelsea's working-age Council Tax Reduction scheme has been based on the “Default Scheme” - a relatively generous scheme which is equivalent to the old national scheme. But for some residents, this scheme does not work very well, so the Council is proposing to start a new scheme in April 2021.

## Methodology and report

A survey was developed to seek feedback from residents and stakeholders on a proposed banded income Council Tax Reduction Scheme. Those affected by the proposals were written to, or emailed, with details of the proposals and a feedback survey, the survey was available in both paper and online versions and also promoted via the Council's website. A total of 144 completed surveys were received by the closing date of 13 September 2020.

Where graphs are shown, percentage figures are used. Where percentages do not total a 100 per cent, this may be due to computer rounding, where respondents have chosen not to answer a question or where respondents have been able to select more than one answer.

## Appendices

Appendix one contains the data tables of the results, whilst appendix two details all the comments made by respondents in relation to the open questions in the survey. This is available as a separate document on request.

## Acknowledgements

The Council would like to thank all residents and stakeholders that took the time to feedback their views as part of this exercise.



# Results at a glance

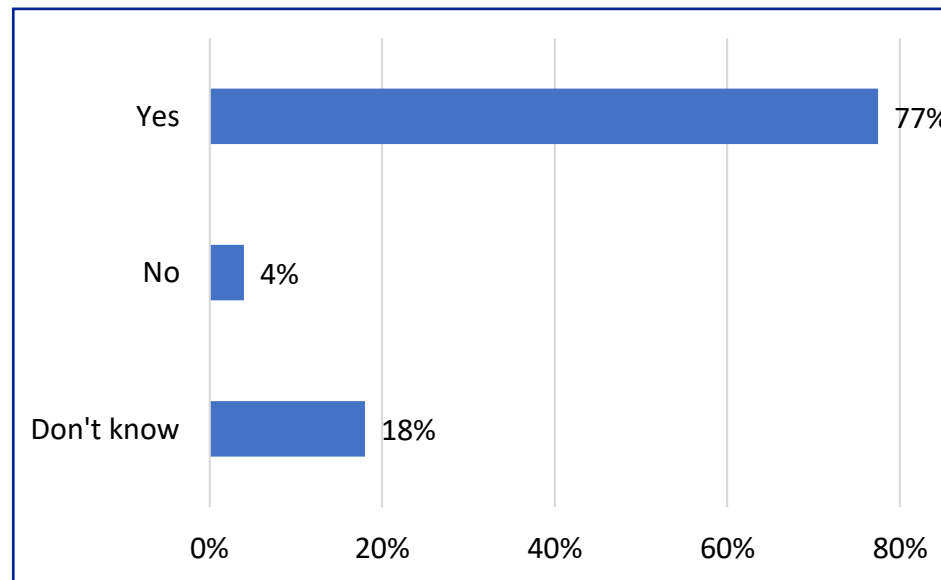
- **Addressing the issue of fluctuating Universal Credit on Council Tax:** Over three quarters (77 per cent) think the Council should actively address the issue for those with fluctuating Universal Credit, whilst only 4 per cent disagreed.
- **The proposed banded scheme:** Of those that think the council should address the issue, a large majority (84 per cent) think that the banded income scheme is the best way to address this, whilst only 6 per cent of respondents do not think this proposal is the best way to address the issue at hand.
- **What the Council should do:** Over two thirds (68 per cent) of respondents felt that the Council should introduce the banded income scheme for Universal Credit recipients in April 2021 to address the issue of fluctuating Universal Credit on council tax payments, whilst just under a third (32 per cent) of respondents felt the council should *'continue with the current scheme without any changes'*
- **Individual circumstances:** Nine out of ten (90 per cent) respondents were in receipt of **'council tax reduction'**; just under half of respondents (42 per cent) stated that they were in receipt of **'Universal Credit'**; a little under a fifth (19 per cent) of respondents stated that they were currently **'working'**; whilst only one per cent of respondents were **'of pension age'**.



# Addressing the problem of fluctuating Universal Credit

When asked whether the Council is right to try and address the problem for people with fluctuating Universal Credit and the impact this has on council tax payments.

- The majority of respondents (77 per cent) think that the Council should address the issue for those with fluctuating Universal Credit.
- A very small minority (four per cent) of respondents don't think the Council should address this issue
- Just under a fifth (18 per cent) don't know whether the Council are right to address the issue of fluctuation Universal Credit on council tax payments.



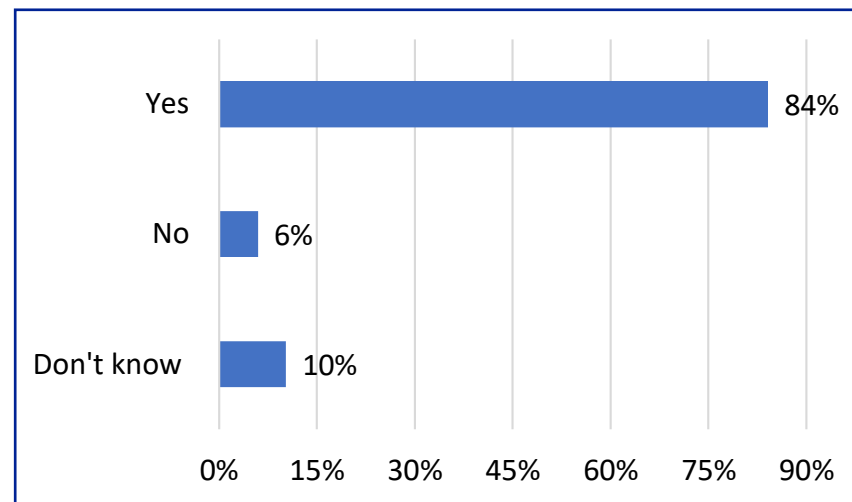
**Base: All responses (144)**



# Addressing the problem of fluctuating Universal Credit

Of the 77 per cent who said 'Yes' to the previous question, below are the responses when asked whether they felt the proposed banded income scheme was the best way to do this.

- The majority of respondents (84 per cent) felt that the proposed banded income scheme was the best way to address the issue of fluctuating Universal Credit on council tax payments.
- A small minority (6 per cent) of respondents don't think the proposed banded scheme is the right way to address this issue.
- A total of 10 per cent of respondents don't know whether the banded income scheme is the right way to address the issue.



**Base: Those who responded 'Yes' to Q1 (104)**

There were a total of 13 comments from those who responded '**No**' or '**Don't know**' – these have been themed in the table to the left. All comments can be seen overleaf.

Theme	Comments
Concerns of inaccurate banding	6
Fluctuating income causing issues with council tax calculations	5
Resident's struggling to pay council tax	5
Don't know enough about the banded scheme	1



# Comments on why the banded scheme is not the way to address the issue

*I am living on my own and I feel that this amount is too much for me to pay.*

*I don't know enough about the banded scheme.*

*All the bands should be banned as they're not based on any facts or elements about the property. It is not a fair way to do it this way.*

*What about people not on UC? As the current way is very biased (as depends on size of house, all pay same).*

*It needs to be conducted in a suitable way that considers some people on UC are not able to work or struggling to find work. Setting out bands can be useful so long as they are fair and justified.*

*I don't have access to the internet/WiFi at home. I will consider applying online in the future if I have any change of circumstances.*



*Where is the incentive to take odd hours work of just a few hours work when the cost of CT goes up and down - it is no incentive at all. Just set earning levels give financial incentive. No incentive.*

*As UC changes and more so now in this pandemic where wages have decreased.*

*Because it is a headache when you do overtime for 2-3 months the extra amount you have to pay changes drastically.*

*At the end of the financial year, make a calculation of your actual earnings - like every other system does.*

*Because the size of somebody's property/area or band does not denote whether they are financially capable of paying council tax*

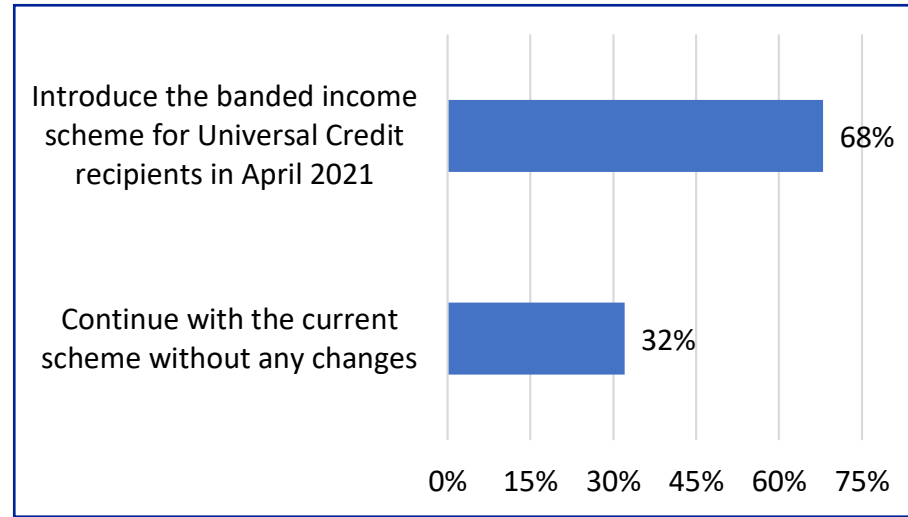
*Because people have low income.*



# Overall, what should the Council do?

Respondents were asked what they felt, overall, the Council should do to try and address the issue of fluctuating Universal Credit.

- Over two thirds (68 per cent) of respondents felt that the Council should **'introduce the banded income scheme for Universal Credit recipients in April 2021'** to address the issue of fluctuating Universal Credit on council tax payments.
- Just under a third (32 per cent) of respondents felt the Council should **'continue with the current scheme without any changes'**



**Base: All responses (128)**

Respondents were asked if they had any further comments about the proposals. The table is a thematic breakdown of the 36 comments made by respondents.

Examples of comments made can be seen overleaf.

Theme	Comments
More flexibility around income fluctuation	11
Consider special exemptions	11
Lack of knowledge about the scheme	9
Agreement with the scheme	8
Better communication needed with the council	6
Other	6



# Other comments on the proposals

*I am very glad you are addressing this. I receive UC and if I earn £200 one month - I receive a revised bill which is then negated the following month when I earn zero.*

*This band scheme does not allow for fractured employment or self-employed people with fluctuating incomes. I assume those would be based on submitting regular accounts which would create additional overwhelm when already trying to get back into the early days of re-employment*

*When people have a living wage not a minimum wage - then start the banding - anything less is free, otherwise people are not incentivised.*

*63p is deducted for every £1 I earn, which leaves me with no more than £317.82 (Universal Credit) a month. I then have to pay 'working-age council tax' out of my £317.82(UC). It's not fair I have to pay to work!*



*Do not understand it at all, so cannot comment. I don't like change very much, as it means anxiety for me.*

*Again I am not to sure, if the banded scheme leaves people worse off then no. It just needs to be fair and a reasonable adjustment because this government and councils are so greedy and very quick to dismiss people who are generally suffering!!*

*If it is a better system for solo parents - then I'm all for it. Every pound helps to survive.*

*I think too many different proposals doesn't help neither the council employee nor the resident. The more proposals, the more confusion, wasting time, money and efforts, plus resources.*

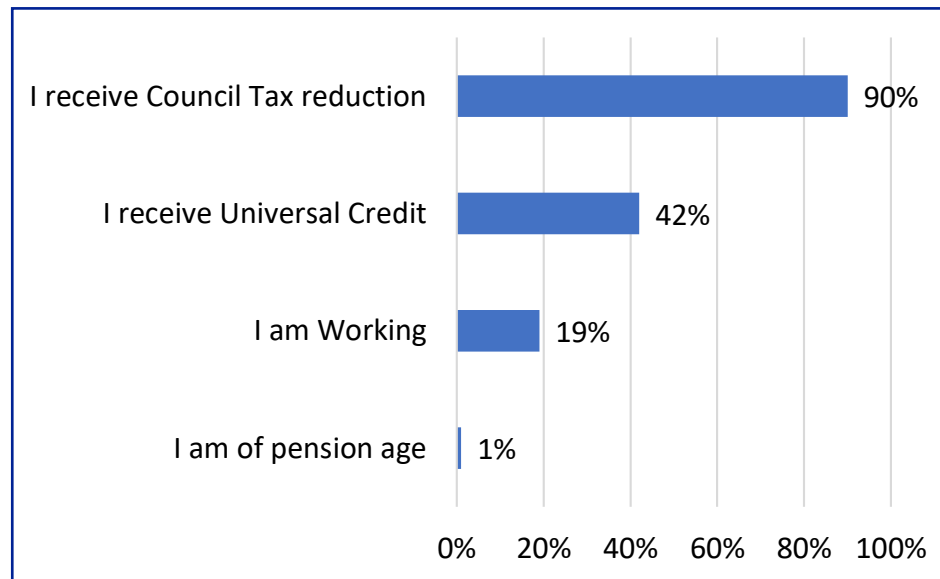




# Individual circumstances

Respondents were asked to **select all** of the options that applied to their individual circumstances:

- Nine out of ten (90 per cent) of respondents were in receipt of '**council tax reduction**'
- Just under half of respondents (42 per cent) stated that they were in receipt of '**Universal Credit**'
- A little under a fifth (19 per cent) of respondents stated that they were currently '**working**'
- Only one per cent of respondents were '**of pension age**'

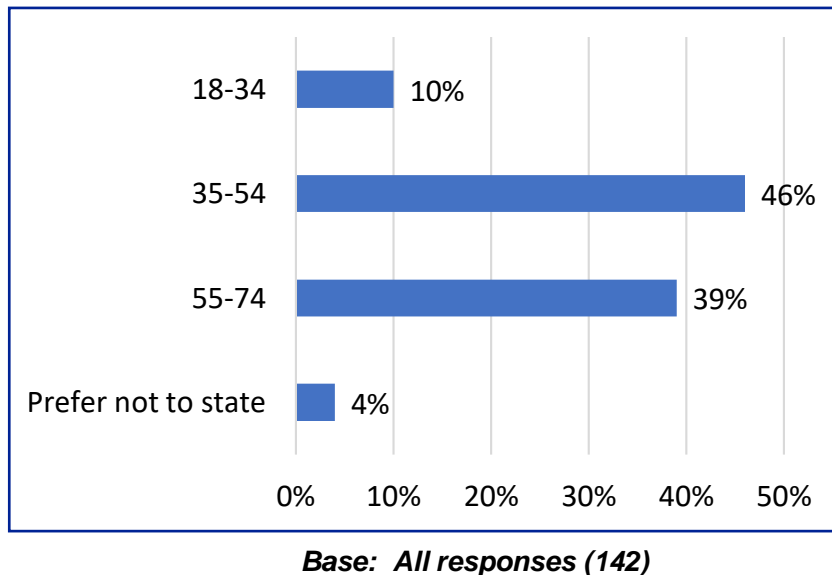
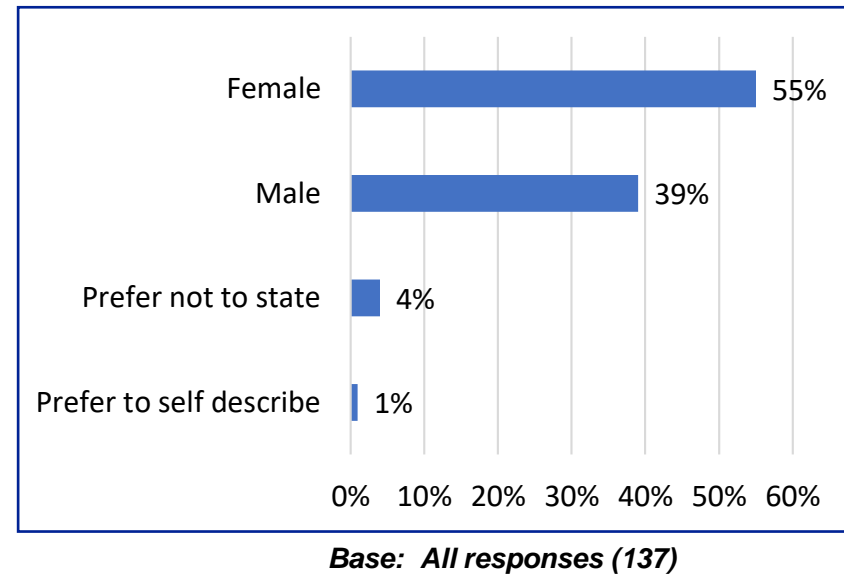


**Base: All responses (144)**



# Respondents

- Just over half (55 per cent) of respondents were **'Female'**
- A total of 39 per cent of respondents were **'Male'**
- A total of four per cent of respondents stated that they **'Prefer not to state'** their sex
- A total of one per cent of respondents stated that they **'Prefer to self-describe'** their sex



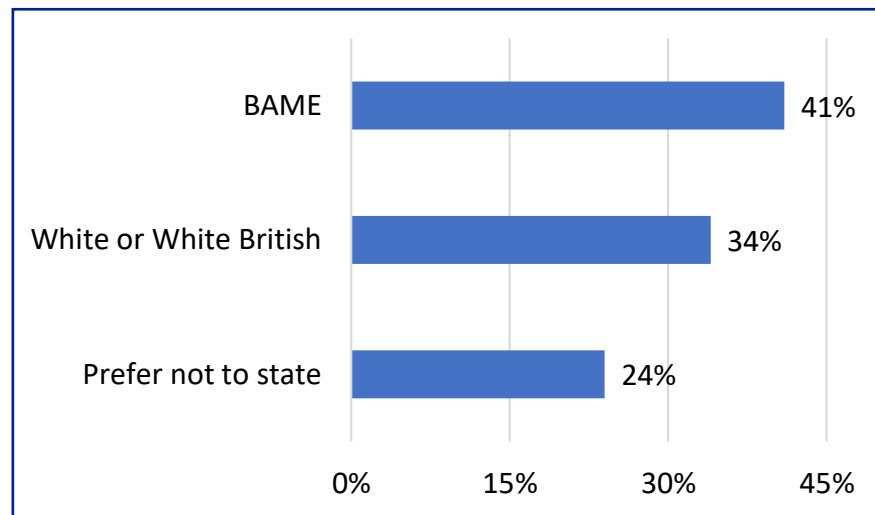
- A total of 10 per cent of respondents were aged **'18 to 34'**
- Just under half (46 per cent) of respondents were aged between **'35-54'**
- A total of 39 per cent of respondents were aged **'55-74'**
- A small number (four per cent) of respondents stated that they **'Prefer not to state'** their age
- There were no respondents who were aged **'75+'**



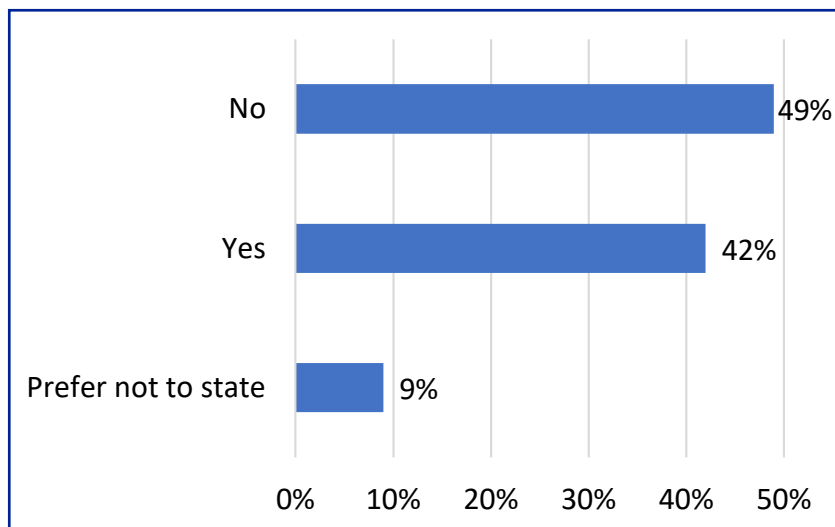
# Respondents

Respondents were asked to describe their **ethnic origin**.

- Just over 40 per cent of respondents were from a **'BAME'** background, including: *Black or Black British, Asian or Asian British, Mixed/multiple ethnic groups, and Any other ethnic group*
- Just over a third (34 per cent) of respondents were **'White or White British'**



**Base: All responses (128)**



**Base: All responses (138)**

Respondents were asked whether they had any long-term illness, health problems or disability which limits daily activities.

- Just under half (49 per cent) of respondents said that they did not have a long-term illness, health problem or disability.
- A total of 42 per cent of respondents stated that they did have a long-term illness, health problem or disability.

