

Response to Consultation – Localising Support for Council Tax in England

Section 5 – Principals of the Scheme	
5a: Given the Governments firm commitment to protect pensioners, is maintaining the current system of criteria and allowances the best way to deliver this guarantee of support?	
	<p>The current system of criteria and allowances is complex but maintaining the system will ensure protection for pensioners. However, although pensioners will be protected under the new scheme, it will be at the expense of working age people.</p> <p>The consultation paper makes no mention of localising the current scheme of disregards and discounts but these could be incorporated into the scheme. Significant savings could be achieved by abolishing automatic discounts for particular categories and incorporating all support into one comprehensive means tested scheme. Savings could therefore be achieved from people more able to pay rather than just the most vulnerable in society.</p>
5b: What is the best way of balancing the protection of vulnerable groups with the need for local authority flexibility?	
	<p>There is no definition of a vulnerable group but a case could be made for any number of groups to be considered vulnerable eg, people with disabilities, people with dependant children or people with the minimum income level. If both pensioners and working age people receiving the passported benefits are to be protected, the savings will have to be made from others who have a low income but are less vulnerable. There will therefore be a significant impact on employed working age people who will have to have their benefits significantly reduced in order to meet the reduction in budget. This will give local authorities no opportunity to maintain work incentives and will in turn create a disincentive to work. Although the principle of the scheme is to allow local authorities to devise their own locally deliverable schemes, the more groups that are ultimately protected will result in local authorities having less flexibility to devise a workable local scheme as it will ultimately only apply to a small number of residents.</p>
Section 6 – Establishing Local Schemes	
6a: What, if any additional data and expertise will local authorities require to be able to forecast demand and take-up?	
	<p>Due to the 10% budget cut, there will be a disincentive to undertake any take-up work. Any increase in caseload will result in larger cuts to existing claimants.</p>
6b: What forms of external scrutiny, other than public consultation, might be desirable?	
	<p>Local authorities will need to submit their proposed scheme to some form of public scrutiny which may result in local interest groups lobbying MP's, Members etc.</p>
6c: Should there be any minimum requirements for consultation, for example, minimum time periods?	
	<p>No comment</p>
6d: Do you agree that councils should be able to change schemes from year to year? What if any restrictions, should be placed on their freedom to do this?	
	<p>Councils should be able to modify their scheme if changes in local demographics necessitate changes to the scheme. Any changes will be expensive to implement as publicity will be required, IT software changes will need to be made and training will</p>

need to undertaken. It is therefore unlikely that Councils will make major and regular changes to their scheme. Councils will therefore be placing their own financial restriction on changes without any restrictions imposed by the Government.

6e: How can the Government ensure that work incentives are supported, and in particular, that low earning households do not face high participation tax rates?

Localising support for Council Tax whilst protecting pensioners and other vulnerable groups will not protect low earning households from increases in tax rates as it will primarily be this group that will have their Council Tax Benefit reduced. Low earning households are better protected by keeping the current national scheme whereby people who need financial support receive it without authorities having to decide who is the most needy.

Section 7 – Joint Working

7a: Should billing authorities have default responsibility for defining and administering the schemes?

No comment

7b: What safeguards are needed to protect the interests of major precepting authorities in the design of the scheme, on the basis that they will be a key partner in managing financial risk?

No comment

7c: Should local precepting authorities (such as parish councils) be consulted as part of the preparation of the scheme? Should this extend to neighbouring authorities?

No comment

7d: Should it be possible for an authority (for example, a single billing authority, county council in a two-tier area) be responsible for the scheme in an area for which it is not a billing authority?

No comment

7e: Are there circumstances where Government should require an authority other than the billing authority to lead on either developing or administering a scheme?

No comment

Section 8 – Managing Risk

8a: Should billing authorities normally share risks with major precepting authorities?

No comment

8b: Should other forms of risk sharing (for example between district councils) be possible?

No comment

8c: What administrative changes are required to enable risk sharing is used appropriately?

No comment
8d: What safeguards do you think are necessary to ensure that risk sharing is used appropriately?
No comment

Section 9 – Administrating Local Schemes

9a: In what aspects of administration would it be desirable for a consistent approach to be taken across all schemes?

A consistent approach across all schemes will be taking away the principle that schemes should be devised locally. The use of National Insurance Numbers is already established as a method of checking identity and allowing data sharing and this should be retained. However, as different data is likely to be held by different authorities, the usefulness of data sharing would be limited. If a consistent approach to local schemes is desired, there should be a national scheme as at present.

With regard to minimizing complexity for claimants who move between authorities, this will not be possible unless there is a national scheme that applies to all local authorities. Local authorities may work together to devise the same scheme in neighbouring authorities but this will be difficult as local needs vary between authorities.

The consultation recognizes that there will be an increase in the level of Council Tax write off's where relatively small balances payable by people on low incomes become uncollectable. In Epping Forest the increase in Council Tax for working age people will be 20%, the same as the level of Community Charge that had to be collected. Experience from that scheme shows that the collection rate falls, the cost of collection rises and the level of increased write off's impacts on the Council Tax base. The burden then falls on other Council Tax payers. As different authorities may choose to write off more debts than other authorities, this creates inequality.

9b: How should this consistency be achieved? Is it desirable to set this out in Regulations?

With different schemes in each authority, it could end up as a postcode lottery as to whether people would qualify for help with their Council Tax. From an administration point of view, there would have to be individual bespoke IT systems etc. plus the resources required to cover appeals, fraud etc. This will inflate administration costs and offer little scope for efficiencies. If the desire is to have consistency across council schemes, this will only be achieved by Regulations and contradicts the intention to allow authorities to devise their own schemes based upon local issues. The current timescales already appear unachievable without having to create further Regulations.

9c: How should local authorities be encouraged to use these approaches (run-ons, advance claims, retaining information stubs) to provide certainty for claimants?

Advance claims and retaining information on previous applications reduces administration and can speed up claim processing. However, run-ons add a complication to schemes not a simplification, and payments from a limited budget may then be made to people who are able to afford the full Council Tax as they are in well paid employment.

9d: Are there any other aspects of administration which could provide greater

certainty for claimants?
The greatest certainty would be provided by retaining a single national scheme.
9e: How should local authorities be encouraged to incorporate these features into the design of their schemes?
No comment
9f: Do you agree that local authorities should continue to be free to offer discretionary support for council tax, beyond the terms of the formal scheme?
If local authorities are to devise local schemes there should be no requirement for additional discretionary support.
9g: What, if any, circumstances merit transitional protection following changes to local schemes?
The various transitional protection schemes over the years have only complicated the benefit schemes for the public, the staff administering the schemes and the software suppliers. It is less complex when altering a scheme for it to be applied to everyone from a fixed date without having to apply transitional protection.
9h: Should arrangements for appeals be integrated with the new arrangements for council tax appeals?
This could be considered but appeals against billing deal with very different issues to a means tested benefit and there is concern that there may therefore be a lack of expertise.
9i: What <u>administrative</u> changes could be made to the current system of council tax support for pensioners to improve the way support is delivered (noting that factors determining the calculation of the award will be prescribed by central Government)?
No comment

Section 10 – Data Sharing

10a: What would be the minimum (core) information necessary to administer a local council tax benefit scheme?
Data sharing with the DWP is already in place and this must continue. The DWP have recently invested a lot of resource when developing ATLAS so it must be assumed that the intention has always been to continue with this data sharing. The Housing Benefit Matching Service has also proven to be invaluable to local authorities and should also continue.
10b: Why would a local authority need any information beyond this “core”, and what would that be?
The DWP data will only give information on state benefits and the local schemes may not be devised solely on people being in receipt of state benefits. With the intention that local schemes should not remove incentives to work, it must be assumed that it is expected that working people will still receive support and therefore earnings evidence will still be required in addition to other types of income and capital.
10c: Other than the Department for Work and Pensions, what possible sources of information are there that local authorities could use to establish claimants' circumstances?
Would you prefer to use raw data or data that has been interpreted in some way?

In many cases it is only the claimant who can tell authorities of their circumstances. This is likely to need a person to therefore make two applications, one to the local authority and one to the DWP for their Universal Credit claim.
10d: If the information were to be used to place the applicants into categories, how many categories should there be and what would be the defining characteristics of each?
No comment
10e: How would potentially fraudulent claims be investigated if local authorities did not have access to the raw data?
It is proposed that Benefit Investigation staff will move to the Single Fraud Investigation Service from April 2013 and therefore local authorities will no longer have the expertise. However, the Single Fraud Investigation Service are unlikely to be willing to investigate potentially fraudulent claims as there will be a different set of rules for every local authority. The responsibility must therefore lie with the local authority although the investigation expertise that has been built up over the years will have already been taken away from each authority. The existing powers of access to various sources of information would need to be maintained.
10f: What powers would local authorities need in order to be able to investigate suspected fraud in council tax support?
Local schemes would not necessarily enable local authorities to undertake any prosecution work unless the offence was serious enough that the Fraud Act could apply. A local scheme would not be backed up by legislation and therefore a prosecutable offence could not be committed. However, even if there was legislation for each individual scheme, a person could be prosecuted for an offence in one authority yet it may not be considered an offence in a neighbouring authority.
10g: In what ways could the Single Fraud Investigation Service support the work of local authorities in investigating fraud?
If local authorities could not retain their existing powers, they would need to rely on the Single Fraud Investigation Service to carry out checks and supply information. However there is a concern that requests for information for a local scheme would not be given a high priority by SFIS. In addition, as offences cannot be investigated under the Social Security legislation, it is unlikely that SFIS will supply any information to local authorities.
10h: If local authorities investigate possible fraudulent claims for council tax support, to what information, in what form would they need access?
Local authorities should be allowed to retain their existing powers and access to existing data sources such as Experian.
10i: What penalties should be imposed for fraudulent claims, should they apply nationally, and should they relate to the penalties imposed for benefit fraud?
The imposition of penalties will be reliant on legislation being in place making any abuse of the local schemes an offence. Abuse of a local scheme supporting Council Tax is still taking money from the public purse and therefore there should be a system of national penalties. Localising penalties will create a postcode lottery as to whether a person is penalised for committing fraud and will send the wrong message to the public.
10j: Should all attempts by an individual to commit fraud be taken into account in the

imposition of penalties?

More than one attempt to commit fraud shows an intent that a person will continue to make further attempts unless they are penalised. All attempts should therefore be taken into account when imposing penalties. A system of 'two strikes and you're out' could be adopted when devising local schemes.

Section 11 - Funding

11a: Apart from the allocation of central government funding, should additional constraints be placed on the funding councils can devote to their schemes?

Local authorities will find it difficult to fund a local scheme for working age people within a restricted budget. If it is to be a scheme of localised support, further constraints should not be placed on authorities.

The Paper is silent on how year to year increases in the level of grant will be planned and managed and the relationship between increases in Council Tax Benefit Grant and the overall regime of Council Tax capping. It is possible that Councils will be in the strange position of having to raise Council Tax simply to raise enough additional resources to pay for Council Tax Benefit .

11b: Should the schemes be run unchanged over several years or be adjusted annually to reflect changes in need?

If it is to be a local scheme, authorities should have the ability to change their scheme based upon changes in local need. If there are increases in Council Tax without an increase in the Government funding, authorities will be forced to change their schemes.

Section 12 – Administrative Costs

12a: What can be done to help local authorities minimise administration costs?

Introducing the new Council Tax Benefit system from 1st April 2013 is a challenging and probably undeliverable target. Implementing a new system to replace Council Tax Benefit will involve the procurement of new IT systems or significant adaptations to existing systems. Given the timetable for decisions, with primary legislation and secondary legislation not due until 2012, there will be insufficient time to organise and publicise the administration of the scheme as well as develop and procure new IT systems in time for an April 2013 implementation.

The development of individual IT systems for each authority whilst still retaining the existing IT systems for pensioners will significantly increase costs to local authorities. The uncertainty as to what will happen to benefit staff is also an issue to be considered. The staff at present do not know whether they will remain with local authorities or moved to the DWP for Universal Credit or to the Single Fraud Investigation Service.

12b: How could joint working be encouraged or incentivised?

No comment

Section 13 – Transitional & Implementation Issues

13a: Do you agree that a one-off introduction is preferable? If not, how would you move to a new localised system while managing the funding reduction?

No comment

13b: What information would local authorities need to retain about current recipients / applicants of council tax benefit in order to determine their entitlement to council tax support?
No comment
13c: What can Government do to help local authorities in the transition?
No comment
13d: If new or amended IT systems are needed what steps could Government take to shorten the period for design and procurement?
New and amended IT systems will definitely be required but the timescales to develop and procure these is already too tight. The timetable for introduction of the replacement Council Tax Benefit scheme should be reconsidered.
13e: Should applications, if submitted prior 1 April 2012, be treated as if submitted under the new system?
If applications are accepted prior to April 2012, the data held may be incorrect and out of date if there have been un-notified changes in circumstances.
13f: How should rights accrued under the previous system be treated?
No comment