

CANNOCK CHASE COUNCIL

CABINET

20TH OCTOBER 2011

REPORT OF THE HEAD FINANCIAL MANAGEMENT

RESPONSIBLE PORTFOLIO LEADER: LEADER OF THE COUNCIL

LOCALISING SUPPORT FOR COUNCIL TAX IN ENGLAND – CONSULTATION RESPONSE

KEY DECISION – NO

1. Purpose of Report

- 1.1 To update Members on the Government's proposals for Localising Support for Council Tax in England and to retrospectively approve this Council's Response to the Consultation

2. Recommendation(s)

- | | |
|-----|--|
| 2.1 | That the report on the proposed changes to Council Tax Benefit is noted |
| 2.2 | That the response of the Leader of the Council as set out in Annex 1 is retrospectively approved |

3. Summary

- 3.1 The Government announced in the 2010 Comprehensive Spending Review its plans to reduce expenditure on Council Tax benefits by 10% and localise support for those on low income from 2013-14.
- 3.2 The proposals form part of the Welfare Reform Bill. The Bill provides for the introduction of a 'Universal Credit' to replace a range of existing means-tested benefits and tax credits for people of working age, starting from 2013 and forms part of the Government's proposals for reforming welfare to improve work incentives, simplify the benefits system and tackle administrative complexity.
- 3.3 Support for Council Tax is expected to remain, outside the Universal Credit System, and although Council Tax Benefits will be abolished, a local "discount" scheme will be determined and administered by local authorities.
- 3.4 A consultation document outlining the proposals for Localisation of Council Tax Support was published by the Department for Communities and Local Government, in August 2011 and supported by a series of workshops during September to discuss the scheme. The closing date of 14 October 2011 for the Consultation however was very tight.
- 3.5 The Council's response (Annex 1) was submitted by the Head of Financial Management following discussions with the Leader of the Council and hence retrospective approval is required.

4. **Key Issues**

- 4.1 Council Tax Benefit is currently administered by the Council on behalf of the Department for Works and Pensions (DWP) and receives 100% reimbursement for benefits it pays together with an administrative subsidy.
- 4.2 The consultation document proposes that the current national benefit scheme is replaced by localised schemes of support, formulated on the following principles
- Local authorities to have a duty to run a scheme to provide support for council tax in their area.
 - For pensioners there should be no change in the current level of awards, as a result of this reform.
 - Local authorities should also consider ensuring support for other vulnerable groups.
 - Local schemes should support work incentives, and in particular avoid disincentives to move into work.
- 4.3 The scheme is intended to operate based upon a fixed, rather than demand lead, allocation or grant but reflecting the reduced expenditure on Council Tax Support of 10%.
- 4.4 The Council currently spends nearly £8 million on behalf of DWP on Council Tax Benefits and claimants can be broadly analysed as follows.

	Working Working	Age- Unemployed	Pensioners	Total
Number	1,647	3,198	4,611	9,456
Amount Paid	£1.3m	£2.5m	£4.0m	£7.8m

- 4.5 As can be shown from above a 10% reduction in funding will, due to the protection provided to pensioners, require a minimum reduction from other groups of 20%, and this may increase further as other vulnerable groups are prescribed.
- 4.6 The grant is effectively fixed from day one hence the Council will in future have to bear the risk of an ageing population and other increasing demands including take up of a new discount scheme and the impact of changes in unemployment.
- 4.7 The proposals do however suggest collaborative working with other Districts / County Council and due to variations in caseloads between districts a County level scheme would appear to be the only option
- 4.8 The proposals are based upon the current benefit being replaced by a Council Tax Discount and any scheme will need to be designed as part of determining the Council Tax base (by 31 January) and in advance of the Budget setting process (February/March)

4.9 The proposed timetable for implementation is as follows:-

Summer 2011	Consultation
Autumn /Winter 2011/12	Response to consultation and inclusion in Local Government Finance Bill
Spring/Summer 2012	Primary legislation passed /Secondary prepared Design/Consultation on Local Schemes
Autumn /Winter 2012/13	Schemes established /Claimants notified changes Budgets set

4.10 Regardless of the principles and complexity of the scheme, the timetable for implementation is both unrealistic and impractical. In particular legislation needs to be passed; the concept of pooling and joined administration discussed; the scheme designed and delivery systems put in place; and most importantly consultation undertaken with existing and potential claimants.

The Councils Response

4.11 The Councils response is attached and consists of General Comments on the scheme together with a technical response to the questions as contained in the Consultation Document.

4.12 The key issues as outlined in the response include:-

- The Council opposes the localisation of Council Tax Benefits.
- Any scheme should be based upon eligibility rather than resources.
- Government prescription of eligibility criteria should be specifically funded.
- Account needs to be taken of the individual circumstances of each authority, including the levels of unemployment, and the capacity to create new jobs.
- The scheme does not give the Council an opportunity to consider varying the rate of other Council Tax reductions, such as 25% single person discounts.
- The combined impact of the 2010 Comprehensive Spending Review; Business Rates Retention; Localising of Council Tax Reform; New Homes Bonus and Welfare Reform should be considered and evaluated as one.
- The localisation of Council Tax Support can only take place if the acute needs of the Council are recognised.
- The timetable to be delayed to ensure a full evaluation of the implications and risks involved with the proposals and to enable proper and full consultation.

REPORT INDEX

Contribution to Council Priorities	Section 1
Financial Implications	Section 2
Human Resource Implications	Section 3
Legal Implications	Section 4
Section 17 (Crime Prevention) Implications	Section 5
Human Rights Act Implications	Section 6
Data Protection Act Implications	Section 7
Risk Management Implications	Section 8
Equality and Diversity Implications	Section 9
List of Background Papers	Section 10
Annexes to the Report i.e. copies of correspondence, plans etc.	Annex 1, 2, 3 etc
Report Author Details:	

Section 1

Contribution to Council Priorities

Section 2

Financial Implications

There are no Direct Financial implications arising from the response to the Consultation

The Financial Implications of the consultation have been referred to throughout the report and can be summarised as follows:-

Government support for Council Tax will under the proposals change from a full reimbursement basis to a fixed grant allocation.

The grant will be subject to a 10% reduction as compared with current levels which are approximately £8.0m.

The proposals indicate that a localised scheme will operate via discounts and the Council Tax Base and hence the risks as detailed below may be shared with other major precepting authorities.

Section 3

Human Resource Implications

There are no direct Human resource implications arising from the consultation response however the wider Welfare Reform Bill and Universal Credits issue will have implications for staffing and will be subject to further reports.

Section 4

Legal Implications

There are no legal implications arising directly from this report.

Section 5

Section 17 (Crime Prevention) Implications

Section 6

Human Rights Act Implications

.

Section 7

Data Protection Act Implications

.

Section 8

Risk Management Implications

The nature of the scheme creates a number of risks for the Council.

The proposal involves Council Tax Benefit which is currently fully funded by DWP being replaced by a fixed sum allocation/grant from DCLG.

The Council will therefore need to bear the cost of additional take up of the scheme including increased demand from its ageing population and increases in eligibility arising from increased unemployment etc.

Nationally Council Tax Benefit has increased by 16% in the last two years whereas Cannock Chase has seen a 20% increase from 2008-09 to 2010-11.

The Council may be able to partly mitigate this, if the proposal that the discount is operated through the Council Tax Base and Collection Fund, with the major precepting authorities being liable in accordance with their respective Council Tax proportions.

Nevertheless the Council will initially bear the cash flow implications i.e. reduced Council Tax income until the Collection Fund is partly reimbursed through the recovery of deficits. It is intended that the scheme can not be withdrawn or amended during the year but can be reviewed annually.

The 10% reduction in funding is likely to result in additional payments to be collected in relation to Council Tax of £780,000.

The reduction is however likely to be in excess of 20% for relevant existing recipients arising from the protection of Pensioners.

A risk therefore exists that the Council will incur additional costs in recovering Council Tax from household exposed to the reduction but cannot afford to pay with arrears and write offs increasing.

The timetable for implementation will create a major risk to the Council however the major risk of implementation is that the scheme will need to be designed before the budget is set. A council tax base is required to be set by 31 January whereas a budget is not set until February/March. Although this is not insurmountable the fundamental issue is that the scheme will need to be designed; negotiated with partners; developed as a system before the amount of funding is known either from a Government Grant basis or from a local authority budget setting process.

A minimum 12 month lead in period is required from the determination of support from Government and the new Business Rates model before a scheme is implemented.

Section 9

Equality and Diversity Implications

There are no direct implications arising from the response to the consultation.

The government will however be required to complete a full impact assessment, as the issue of providing 'blanket' protection to certain parts of the community (in this case pensioners) to the detriment of others, could be seen as being discriminatory.

Section 10

List of Background Papers

DCLG consultation document "Localising Support for Council Tax in England"

Annexes to the Report

Annex 1 Covering Response

Annex 2 Detailed Comments

Report Author Details

Bob Kean – Head of Financial Management

LOCALISATION OF COUNCIL TAX BENEFIT - CONSULTATION

RESPONSE FROM CANNOCK CHASE COUNCIL

Cannock Chase Council opposes the Localisation of Council Tax Benefit as outlined in the Consultation Document.

The consultation document forms part of a wider review of Local Government finance but together with the Business Rates Retention consultation paper is resource driven rather than need and demand lead.

The proposal refers to supporting incentives to get people to work but is to be delivered by reducing the amount of funding available to claimants by 10% and passing the risk to local authorities.

It is considered that a benefit system should be based upon openness and transparency; and applied in a consistent and equitable manner. Furthermore it and should be based upon eligibility and not on the resources available to deliver a scheme.

The objectives to reinforce local control over council tax and control in how a 10 percent reduction in expenditure is implemented does not enable Councils to balance local priorities and their own financial circumstances when the scheme:-

- **Has largely been prescribed by the Government**
- **Seeks to protect pensioners another groups at the expense of other claimants**
- **Protects other discounts and exemptions**
- **Replaces demand lead funding with a fixed cash amount**

It appears to this Council that the 10% cut was clearly determined as part of the 2010 Spending Review and the scheme designed at a later date.

The scheme is quite clearly misleading since based upon the protection of Pensioners only, who represent approximately 50% of this Councils claimants, a minimum 20% reduction in other claimants will be required to deliver the overall reduction of 10%. This % will increase further as other vulnerable groups are identified and the treatment of existing claimants in low paid employment will be a quandary for each council when balancing an incentive to work and determining entitlement to a discount.

Regardless of the opposition to the principles of the scheme; this council considers that the timescale for implementation is both unrealistic and impractical. In particular Legislation needs to be passed; the concept of pooling and joined administration discussed; the scheme designed and delivery systems put in place; and most importantly consultation undertaken with existing and potential claimants.

It is considered that a local scheme can only be determined or designed as part of the budget making process which re-allocates resources to priority areas. To achieve this Council will need to know the total level of resources at its disposal including Business Rates, New Homes Bonus, Fees and Charges and the level of Council Tax Discount grant available before it can commence the process.

However the proposed Council Tax Discount will be required to be set as part of the Council Tax Base which is determined in advance of the Budget process for each authority. A budget set in February cannot enable a scheme to be implemented in April.

District Councils under the variety of Government proposals will be exposed to a great level of risk from volatility in business rates and fluctuations in demand for Council Tax Discounts. In essence there is direct correlation between the two as:-

- The failure of a key industry will increase unemployment and demand for services but reduce resources;
- A failing economy will increase eligibility to Council Tax discounts and costs.
- An ageing population will increase the amount of Council Tax Discounts and increase the reduction in discounts for unprotected groups.

It is considered that the abolition of Council Tax Benefit and its replacement with a Discount does not simplify existing criteria and allowances and does not provide an incentive to return to work. Furthermore it is argued that dependant upon the design of the scheme a discount is a right which does not relate to welfare benefits as reflected by the Single Person Discount scheme.

In essence the current proposals mean that a person who is more able to pay is protected whereas the vulnerable suffer.

Account also needs to be taken of the individual circumstances of each authority, including the levels of unemployment, and the capacity to create new jobs and **Cannock Chase Council has particularly acute problems** as demonstrated below:-

- **It is within the top quartile of overall deprivation**
- Over a third of the Districts areas are rated in the 20% most deprived localities for Education, Skills and Training
- **15 Lower Support Output Areas are in the 20% most deprived localities for Employment**
- 9 Areas have similar levels of income deprivation
- **The Council has a higher proportion of benefit claimants at both Staffordshire and National level with Incapacity Benefit and Job Seekers Allowance being the two main claims.**
- **Levels of Incapacity Benefit Claimants across the District have remained consistently above the National and Regional averages**
- Incapacity Benefit is the most prevalent form of benefit claim in the District,
- **Cannock Chase was ranked 293rd, from a total of 324 Council areas; within the fourth quartile of rating for Economic Resilience**
- In the Business theme index, which assessed factors such as business density, business start-ups, and employment sectors, the District was ranked 316th,
- Cannock Chase continues to face a number of health inequalities which have a significant impact on the overall prosperity of the District and its communities
- **The District has an ageing population, with the over 65 population predicted to increase by almost 40% by 2030**

The above statistics illustrates the susceptibility of the Cannock Chase area to further economic upheaval and indicate that low earnings, a lack of professional occupations

and high levels of employment in vulnerable sectors, places the District at considerable risk during the continued economic downturn and Government spending review.

This is exacerbated by the District's history as a former coal mining area. Research by the IDEa and Coalfield Regeneration Trust into such areas identified that the older population suffers from ill health caused by former employment, whilst the younger population is affected by poor employment opportunities and low expectations.

The Council continues to strive and work with partners to deliver both economic growth and ensure that the vulnerable are aware of and receive the benefits to which they are entitled. The latter becomes invalid under the proposals.

It is therefore believed that the localisation of Council tax Support can only take place if the acute needs of the Council are recognised and resources are provided rather than attempting to make the Council totally reliant upon diminishing resources.

The review and associated papers are purely focussed on **Resources** with little or no regard to **Need**. There appears to be no joined up thinking and the Council firmly believes that:-

The combined impact of the 2010 Comprehensive Spending Review; Business Rates Retention ; Localising of Council Tax Reform; New Homes Bonus and Welfare Reform should be considered and evaluated as one.

In addition this evaluation should be undertaken from Needs/ Protection and Incentive basis rather than a predetermined reduction in one specific element of Local Government Finance.

The Council opposes any further reductions in the level of local authority spending. However top slicing the £500m savings earmarked from the Localisation of Council Tax Benefit from the overall Local government settlement would provide the necessary protection for benefit claimants and avoid the administrative and legislative complexities of the proposed system.

In summary the Council fundamentally opposes the Localisation of Council Tax support.

However if the scheme is implemented the Council would wish to see as a minimum:-

- **The timetable to be delayed to ensure a full evaluation of the implications and risks involved with the proposals and to enable proper and full consultation.**
- **A minimum 12 month lead in time exists between the setting of a budget and the implementation of Council Tax Discounts.**
- **The prescribed element of any local scheme is supported by direct government funding on a cost reimbursement basis.**
- **The Council is free to determine a local scheme including reviewing all discounts and exemptions.**
- **The risk is shared in accordance with precepting authorities Council Tax percentages.**

LOCALISATION OF COUNCIL TAX BENEFIT - CONSULTATION

RESPONSE FROM CANNOCK CHASE COUNCIL TO CONSULTATION QUESTIONS

Section 5:

5a: Given the Government's firm commitment to protect pensioners, is maintaining the Current system of criteria and allowances the best way to deliver this guarantee of support?

There is a clear intention that some groups will be protected and will receive their current level of support. This would appear to increase the burden upon the 'un-protected' groups if an overall reduction of 10% must be achieved.

In Cannock Chase the effect of protecting pensioners, will mean that a minimum 20% reduction will need to be found from working age claimants, if an overall reduction of 10% is to be achieved. This makes the concept of rewarding claimants who return to work far more difficult than it would otherwise be. Particularly whereby a fair proportion of current claimants are already in work but in low paid employment

Funding arrangements ought to be such that, wherever the local authority is required, by regulation, to protect a claimants entitlement, government subsidy will cover the cost of that award in full.

- Does the Government intend to protect the entitlement of ALL pensioners or just certain groups e.g. those on "state pension" only.

Maintaining the current set of criteria and allowances in the calculation of future council tax support would appear to be wholly inappropriate. This would require the current level of complexity of systems and expertise to be maintained by billing authorities indefinitely, which is contrary to the overall aim to clarify and simplify the scheme.

Discretion should exist to review all aspects of Council Tax Discounts and exemptions in order than affordability is taken into account.

However it is clear that the best way of protecting pensioners is to maintain the current scheme.

5b: What is the best way of balancing the protection of vulnerable groups with the need for local authority flexibility?

The degree of prescription as detailed above and in the consultation together with the volatility of increasing demand falling on a local authority automatically reduces local authority flexibility. This is particularly acute as a result of the impact of the CSR on District Councils.

Subject to localisation of Council Tax being introduced Billing Authorities must be free to design their own scheme, based on local priorities, with any 'top-up' to entitlement that is necessary as a direct effect of regulations and protection, being funded centrally.

On that basis, the Government could issue specific regulations on the groups that are to be protected and level of protection to be afforded.

Section 6:

6a: What, if any, additional data and expertise will local authorities require to be able to forecast demand and take-up?

This is not a local issue as such but a national issue. Expenditure on Council Tax Benefit has increased by 16% over the last two years and is likely to continue to grow and the government need such data and expertise to forecast demand and take up and ensure any scheme is properly resourced.

This should not be a local decision.

In relation to local authorities the data and expertise will be dependant upon the design of the scheme and the amount of prescription by Government. Current data available for HB & CTB claims may be sufficient to assess the initial impact of a local scheme and gauge take up however the scheme offers no incentive to promote additional take up- even where there is a desperate need to raise awareness and take up.

The impact of the volatile economic situation cannot be determined however the demand arising from an ageing population must be taken into account and reflected in funding.

The District has an ageing population, with the over 65 population predicted to increase by almost 40% by 2030 this needs to be analysed into short term growth and supported fully by Government funding.

Any additional demand will not be subject to funding as at present but will require a reduction to the discount offered to existing claimants.

6b: What forms of external scrutiny, other than public consultation, might be desirable?

If the scheme is to be truly localised, then central prescription of the required external scrutiny should be kept to a minimum. Local Authorities should be allowed to use their own policies and procedures to determine the consultation and scrutiny to be carried out.

6c: Should there be any minimum requirements for consultation, for example, minimum time periods?

Any scheme will need not only consultation but effective communication to ensure

- Knowledge of how the scheme works
- Eligibility criteria
- Design of Plain English Claim forms
- Notification of award

As above, Local Authorities should be allowed to use their own policies and procedures to determine the consultation and scrutiny to be carried out. However the timescales proposed offer no adequate notice for consultation with the Discounts being determined in advance of budget setting and in advance of known resources.

As a minimum a 12 month notice period is required with implementation no sooner than April 2014.

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?

Other aspects of local authority finance require that schemes can be changed at the expiry of at least one-year's notice, ending on 31st March. Provided local authorities are given at least this much notice of any changes to their funding, this notice period would seem to balance the local authority's need to be flexible in times of changing priorities with the claimants' need for certainty.

Changes should however in exceptional circumstances since a benefit system should be based upon openness and transparency; should be applied in a consistent and equitable manner and should be based upon eligibility rather than resources available to deliver a scheme.

Any changes will not only be time consuming but costly to administer.

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?

The prescribing of protected parties in terms of pensioners and vulnerable groups automatically means that low earning households will have to share a greater proportion of the Council Tax Benefit reduction

Low earning households can only be effectively protected by the existing scheme or by additional specific funding being provided by the Government

Government may wish to make specific regulations and funding compelling authorities to include certain features, of national importance, in their schemes e.g. 'run-ons', specific earnings disregards, preferential tapers in respect of claimants returning to work.

Section 7:

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

Default responsibility for defining a scheme should ultimately be determined by the owner of the scheme in terms of its funding. A national or prescribed scheme best fits with Billing authorities as at present. However if a uniform county wide scheme is determined then design of the scheme should rest at that pooled level.

In terms of administration the data, systems, knowledge and expertise needed to implement these schemes currently exist within billing authorities. Any move to transfer this responsibility for administration to other agencies, such as first tier authorities, will add delay to the implementation process. Additionally links between Council Tax Support and Council Tax administration, collection and recovery will be lost if a third party takes responsibility for the reduction scheme. Furthermore, the principle has long since been established that second tier authorities are best placed to accommodate local variations in priorities.

It is possible that billing authorities will work with neighbouring councils to design a Countywide scheme wherever possible to reduce administration costs. Collection of Council Tax will remain with local authorities and so they need to make the reduction at source, and provide the claimant with a net bill.

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?

- A key element will be determined by how Government Grant will be allocated and early notification is required from DCLG/ DWP
- Precepting authorities should in addition be an active stakeholder in the consultation process.
- Council Tax Bases will need consultation and early notification once determined
- And subject to the Scheme being incorporated in the collection fund quarterly monitoring and notification of material changes will be required
- As stated above a minimum 12 months notice is required

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?

This point would be addressed in the Billing Authority's consultation policy. Local preceptors would not have a financial risk associated with the new scheme, but may be able to contribute in their capacity as representatives of local residents.

The scheme refers to mitigating the impact of residents moving from one authority to another with different schemes and suggests joined up schemes and hence consultation with neighbouring authorities will be required but will make the process more complex and time consuming.

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?

Regulations should permit this, at the billing authority's discretion. The advantages of joint working and shared service, must be facilitated by the regulations.

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

The principle of Government imposing solutions upon billing authorities appears to be contrary to the concept of a localised scheme.

Section 8:

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

The risk as in the past should be borne by the Government based upon take up.

Subject to the above not happening district Councils cannot bear the risk and it must be shared.

Nothing in the regulations must prevent or hinder this. This will be a matter for individual authorities to decide upon.

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

In accordance with equality and diversity requirements the scheme should operate at the highest level possible and risk should be managed via a national/Second tier then via pooling arrangements..

8c: What administrative changes are required to enable risk sharing to happen?

8d: What safeguards do you think are necessary to ensure that risk sharing is used appropriately?

Section 9:

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

A consistent approach all schemes is considered essential and this can only be provided in its present format via a national scheme.

Any other approach would require a range of standards to be put in place such as

- Define a few key performance indicators, at a national level, for ease of comparison
 - Processing times
 - Take up (numbers) as a % of taxbase
 - Take up (amount) as % of collectable debit
 - Overpayment collection rates
 - Appeal processing (number & time taken)
 - Amount of reduction paid, as % of initial estimate/subsidy allocation.
- Recoverability of overpayments
 - When an overpayment is or is not recoverable (definition of local authority error).
- Availability of fixed penalties for failing to declare changes or making false statements.
- Allow access to records that would otherwise be prohibited, by DPA where reasonably required for the administration of the scheme.
 - Any info held by any Council
 - DWP & Benefit records
 - HMRC records to verify earnings.
 - Continue to provide HBMS & ATLAS notifications.

Government may wish to make specific regulations compelling authorities to include certain features, of national importance, in their schemes e.g. 'run-ons', specific earnings disregards, preferential tapers in respect of claimants returning to work.

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

All of the above would best be dealt with a single set of consolidating regulations, at the outset of the scheme however this will negate the localisation approach and hence the current scheme of benefits should be maintained

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

All of the points at 9c would appear to be examples of good practice. Government should therefore encourage billing authorities to consider them, but should avoid being over prescriptive, if the concept of localisation is not to be diluted.

'Run-ons' would seem to epitomise the basic principle of the scheme, to encourage claimants to return to work. It would therefore appear entirely appropriate for billing authorities to be encouraged to include these incentives in their schemes.

Claimants should be allowed to submit a claim for reduction in advance of becoming liable for Council Tax, provided they have all of the necessary information available, and so nothing in the regulations should prevent this. This will give the claimant certainty of his liability and enable the council to issue just one Council Tax bill, showing the reduction from the outset.

Retaining 'information stubs' and facilitating 'rapid reclaims' are clearly examples of good practice and billing authorities should be allowed and encouraged to include these features into their schemes.

9d: Are there any other aspects of administration which could provide greater certainty for claimants?

Greater certainty would be provided by maintaining the current scheme.

The areas that claimants will require most certainty and clarity about in a new scheme each of which will incur additional costs and increase administration will be;

- **Knowledge of how the Scheme Works** – This will involve additional publicity at national and local level
- **Will they qualify and if so, for how much?** – Publicity material, advanced claims and 'on-line' calculators are essential.
- **Complex Claims -Forms and Claims process.** – Many Housing and Council tax benefits claimants find the process of claiming HB/CTB difficult, with the information required difficult to provide.
- **Notifications of Award.** –
- **Ability to Guarantee Benefit Periods.** -

9e: How should local authorities be encouraged to incorporate these features into the design of their schemes?

Government will need to make implementation grant available, to support the transition from CTB to the new scheme. Implementation of schemes of this magnitude should include pilot schemes however the current timetable provides insufficient time to ensure changes are tried and trusted.

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?

This appears totally contrary to the concept of local schemes which by their nature must include discretionary powers. The proposals however intends to specify mandatory requirements and these should be kept to a minimum if a localised scheme is to be implemented.

In particular all Council Tax reductions, discounts, exemptions etc, should be at the discretion of local authorities with the opportunity to vary the rate of current discounts. In times of austerity and in view of the need to reduce the CTB bill by 10%, some authorities may wish to reduce or remove the 25% discount currently paid to single residents, and/or some other households, which are not means tested.

9g: What, if any, circumstances merit transitional protection following changes to local schemes?

Some form of transitional protection should be available to claimants who will suffer significant losses, as a result of:

- Implementation of the new scheme in 2013
- Subsequent changes to a local authority's scheme after 2013.

Transitional schemes by their nature are complex and confusing and the need for transitional arrangements supports that the current scheme should be retained

9h: Should arrangements for appeals be integrated with the new arrangements for council tax appeals?

An increase in the number of appeals is envisaged with appeals now likely to cover points of fact or points of law but also Billing Authority policy. The potential for different authorities having different policies is likely to increase the appeals based upon equality and diversity.

9i: What administrative 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)?

There is currently duplication in the scheme for "pass ported" cases in that claimants are issued award notifications from both the Pension Service and Billing Authority". If Pension Service will continue to certify the amount of Council Tax Reduction payable, they should be able to issue the award notification.

Section 10**10a: What would be the minimum (core) information necessary to administer a local council tax benefit scheme?**

It is envisaged that the information currently used and shared in a CTB calculation will continue to be relevant;

- Type and amount of income
- Type and amount of capital
- Household composition, including ages and relationship of occupants

Information from Universal Credit (UC) should be available to local authorities for use in the administration of council tax benefit. The rules relating to changes of circumstances should be the same for both UC and CTB so that a change in UC should automatically trigger a recalculation of CTB.

The problem is timing as UC will not start until Oct 2013 so will the information local authorities need be available in time? It would be better if the local scheme started on or after this date.

10b: Why would a local authority need any information beyond this “core”, and what would that be?

This requirement could occur in two ways:

- If a particular authority’s scheme included factors other than income and capital.
- In the case of claimants afforded ‘protection’ of their CTB entitlement by the regulations – in which case billing authorities would expect some form of ‘pass porting’ of this entitlement.

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?

Detail response not provided at this stage since it is dependant on the level of prescription and the nature of the local scheme

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?

Categories suggest some form of prescription rather than a locally determined scheme..

10e: How would potentially fraudulent claims be investigated if local authorities did not have access to the raw data?

If the Single Fraud Investigation Service is to be created, as proposed, Government should consider the relationship between the local authority and the Single Fraud Investigation Service.

CTB represents a significant expenditure (approximately £9m in Cannock Chase) and so the local authority will be especially keen to ensure that it is allocated fairly and that the gateways to the scheme are prevented. Robust procedures will need to be put in place to prevent fraud and error entering the system and the local authority would expect to retain responsibility for that function.

10f: What powers would local authorities need in order to be able to investigate suspected fraud in council tax support?

If local authorities are required to investigate and prosecute fraud, they will require that all of their current powers are retained. *However the degree prosecution can be undertaken on a discretionary scheme will need to be determined*

If the authority’s responsibility is restricted to the prevention of fraud, then we would need

- Clear access to SFIS to make referrals when appropriate
- Access to DWP and HMRC records, to verify claims
- Retention of HBMS and ATLAS notifications
- Powers to impose penalties for low-value fraud or failure to declare changes. A decision would be required as to whether such penalties are fixed or variable according to the value of the overpayment.
- As much data-matching to external sources that Government can reasonably provide.

10g: In what ways could the Single Fraud Investigation Service support the work of local authorities in investigating fraud?

As per 10e above.

Government must decide how the responsibility for investigating fraudulent claims for CT support is shared between the local authority and the Single Fraud Investigation Service. SFIS will need to be willing and able to work jointly with LA's on those cases involving multiple benefits although the level of priority given to such cases by SFIS must be questioned..

10h: If local authorities investigate possible fraudulent claims for council tax support, to what information, in what form would they need access?

- Access to DWP and HMRC records, to verify claims
- Retention of HBMS and ATLAS notifications
- Powers to impose penalties for low-value fraud or failure to declare changes. A decision would be required as to whether such penalties are fixed or variable according to the value of the overpayment.
- As much data-matching to external sources that Government can reasonably provide

10i: What penalties should be imposed for fraudulent claims, should they apply nationally, and should they relate to the penalties imposed for benefit fraud?

A standard scheme should apply to all benefits and discounts and is not unique to a local discount scheme.

10j: Should all attempts by an individual to commit fraud be taken into account in the imposition of penalties?

The penalty scheme should provide that several penalties (or higher penalties) for separate offences or repeat offences. Regulations should provide for alternative courses of action in respect of repeat or serious offenders. This would include criminal prosecutions, where appropriate.

Section 11:

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

The scheme should be funded in its entirety by Central Government .

If a local scheme is implemented there should be no additional constraints on the funding devoted to the scheme.

The current reductions in core funding for local authorities acts as a key constraint in its own right..

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

Amendments to the scheme should be in exceptional circumstances only and even then separate funding should be made available from the government to deal with such situations.

Nevertheless in accordance with the consultation proposals regular updating of the local schemes, subject to appropriate notice, will be required to enable authorities to reflect changing needs and priorities but to reduce discounts etc in line with demand and available resources.

Similarly if Government intends to vary the scheme relating to its funding of the CT Support scheme, local authorities must be given sufficient notice to enable them to make any necessary amendments to their local award schemes.

Section 12:

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

The timescale for introduction of the scheme is prohibitive and is likely to increase admin costs and substantially increase IT changeover costs .

Admin costs can further be reduced by :-

- Avoid 'over-prescription' and maximise local discretion
- Facilitate and encourage joint working between authorities
- Consider whether the responsibility to investigate and prosecute fraud, should sit with the local authority or the SFIS.

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

Joint working is only possible under existing arrangements or whereby a standard scheme is adopted across a number of authorities.

Section 13:

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?

Government should give consideration to the consequences of a full implementation in 2013. A phased implementation would be preferable.

- Phasing would permit a 'piloting' of the scheme by early adopters.
- Collaborative working arrangements are more likely to be created if a greater lead time is allowed.
- Case studies and good practice could be publicised and adopted more readily.
- Claimants would have more notice of changes in their entitlement.

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?

The Council would expect to use its CTB records, in the first instance to create initial awards of Council Tax Support. However the use of out of date / irrelevant information for a localised scheme could generate overpayments and potentially “Fraudulent “ cases. There would be an ongoing process of intervention/review of awards using a risk-based approach according to the nature of the claimant type.

Regulations must permit the use of CTB information in this process.

The Council expects to retain its HB&CTB data for a reasonable period of time, following the cessation of those schemes. We would then expect to destroy data in accordance with our own policies and procedures.

13c: What can Government do to help local authorities in the transition?

- **Government must meet the cost of transition.**
- **Government should re-consider the appropriateness of the proposed timetable, both from the point of view of practitioners, needing to implement the scheme and of claimants requiring reasonable notice of reductions in entitlement.**
- **We do not believe that a safe implementation can be achieved in time for April 2013 both in practical terms and due to the timescales for Universal Credit. A more sensible solution to achieve the £500m saving would be to top slice the saving from the overall Local Government Finance settlement of if specific to Council Tax to vary discounts, and change specific exemptions from April 2013. This would allow a more joined up approach for Council Tax Rebate reform from April 2014. Specific changes on CTB could then be achieved and recycled to provide work incentives.**

13d: If new or amended IT systems are needed what steps could Government take to shorten the period for design and procurement?

A localised scheme by its nature immediately creates barriers for design and procurement and will undoubtedly increase the costs of administration due to the unrealistic timetable proposed.

- **Government must clearly discuss these issues with IT suppliers.**
- **Clearly, the more discretion that Government gives to local authorities, the more complex the computer systems will need to be.**

13e: Should applications, if submitted prior 1 April 2013, be treated as if submitted under the new system?

Pragmatically yes however such data is out of date and not valid.

13f: How should rights accrued under the previous system be treated?

Rights of appeal against CTB awards should remain in place. Existing appeals will then be followed to conclusion.

Government should retain the current absolute time limit of 13 months after which the local authority is not obliged to consider CTB appeals.