



SHEFFIELD CITY COUNCIL Cabinet Report

11

Report of: Director of Resources

Date: 28/09/11

Subject: Localising Support for Council Tax – Response to Government consultation paper

Author of Report: Allan Rainford / Jon West (37762)

Summary:

The Government has issued a consultation paper which sets out its proposals relating to the reform of the Council Tax Benefit system. There is to be a new local scheme of Council Tax support which is to be designed by each local authority. The new local scheme is to be in place by April 2013.

These reforms could have a significant impact on the City Council's benefit arrangements, with a reduction in grant of £4m per annum and additional implementation costs. It will also impact on claimants with some people likely to be required to make contributions towards the cost of Council Tax bills.

The consultation period ends on 14 October 2011.

Reasons for Recommendations:

Although there may be significant financial, legal and equalities implications for the Council should the Government's proposals be implemented, these cannot be properly assessed at this consultation stage and therefore this report does not make any specific recommendations about how the Council should implement the scheme. Consequently Members are asked to note the contents of the report and approve the responses to the Government's consultation.

Recommendations:

Members are asked to approve the responses to the Government's consultation paper

Background Papers: Report and Appendices

Category of Report: OPEN

Statutory and Council Policy Checklist

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| Financial Implications |
| NO |
| Legal Implications |
| NO |
| Equality of Opportunity Implications |
| NO |
| Tackling Health Inequalities Implications |
| NO |
| Human rights Implications |
| NO |
| Environmental and Sustainability implications |
| NO |
| Economic impact |
| NO |
| Community safety implications |
| NO |
| Human resources implications |
| NO |
| Property implications |
| NO |
| Area(s) affected |
| ALL |
| Relevant Cabinet Portfolio Leader |
| Cabinet Member for Finance |
| Relevant Scrutiny Committee if decision called in |
| Overview and Scrutiny Management Committee |
| Is the item a matter which is reserved for approval by the City Council? |
| NO |
| Press release |
| NO |

Localising Support for Council Tax – response to Consultation

Purpose of the Report

1. To consider the City Council's response to the consultation on Localising Support for Council Tax.

Background

2. The Welfare Reform Bill currently progressing through Parliament provides for the abolition of the current Council Tax Benefit (CTB) arrangements and proposes that these be replaced by 'Council Tax Support' schemes to be designed and administered by local authorities.
3. In July 2011 the Government issued a consultation paper "Localising Support for Council Tax in England". The consultation period ends on 14 October 2011. The paper sets out the Government's expectations about how local schemes could operate and proposes that local authorities will have their own 'Council Tax Support' schemes in place by April 2013.
4. The proposals set out in the consultation paper are part of a wider Government policy of decentralisation, aimed at giving local authorities increased financial autonomy and a greater stake in the economic future of their local area. A report on the other consultation document in this field – retention of business rate income – will be submitted to Cabinet in October.

Reasons for reform

5. The Government has expressed the purposes behind the proposals to be as follows:
 - They will give local authorities a greater stake in the economic future of their local areas.
 - Enabling decisions about support for council tax to be made locally is consistent with the drive towards increasing local financial accountability which are strengthened by the proposed referendums on council tax levels
 - Giving local authorities a financial stake in the provision of support for council tax will provide an incentive to get people back into work and support the Governments plans for Universal Credit.
 - Provide local authorities with the opportunity to reform the system of support for working age claimants, aligning it with the system of council tax discounts and exemptions and simplifying the system of criteria and allowances
 - The reforms will give local authorities a degree of control over how a 10% reduction in expenditure on benefits is achieved, allowing

councils to reflect local priorities in their schemes. The Comprehensive Spending Review included the planned intention to reduce spending on Council Tax benefit by 10% from 2013/14.

Present Council Tax benefit arrangements

6. The present Council Tax Benefit scheme is set at a national level on a means tested basis but is administered by local authorities. It provides local people with financial assistance towards the payment of Council Tax bills. The features of the current scheme in Sheffield are as follows:
 - The CTB caseload is around 60,000 - approximately 52% are people of working age and 48% are pensioners
 - Of the 52% classed as working age customers, 15% of these are currently in work.
 - 97% of working age customers and 92% of pension age customers reside in band A or band B properties
 - The City Council award around £46m in Council Tax Benefit per annum
 - In overall terms the subsidy provided by the Government is equal to CTB expenditure although there are special arrangements for overpaid CTB and claims from War Pensioners/Widows
 - The current costs of administration are approximately £4.5m per annum. The Government provided £4.5m in subsidy to Sheffield for its administration of Council Tax Benefit and Housing Benefit in 2011/12.

Principles to underpin “local support schemes”

7. The distinction between claimants of working age and those who are pensioners is important because the proposals do not affect claimants of pension age. Pensioners are to be protected and will not be required to return to work to meet their council tax bills. The Government will therefore prescribe specific criteria and parameters which the Council will need to provide for in its scheme in order to protect pensioners.
8. The proposals are intended to provide incentives for people to work whilst also allowing local authorities to consider support for vulnerable groups; whether the support for the latter is by national rules or a local scheme is yet to be determined. In order to incentivise people to work, the local scheme is to be aligned with the Universal Credit and “make work pay” by gradually withdrawing benefits as earned income increases.

9. The Government is inviting views on proposed national guidelines, guidance and model schemes for the design of local support schemes in order to ensure that they work effectively alongside the Universal Credit.

Establishing local schemes

10. With a new scheme being implemented from April 2013 this means that it will have to be designed and established by December 2012. Before implementation, the Council will be expected to consult with a wide range of stakeholders on the design of the local scheme.
11. The scheme should provide certainty to customers regarding the support that is available to them, therefore the government does not believe that local authorities should change or withdraw schemes or ration support part way through the year. It will therefore be essential that the Council design a scheme that either makes provision for an increase in take-up or demand, or one that limits the scope for any increase in demand.
12. There are a number of practical issues which the Council will need to consider before the implementation of a new scheme. These are set out below. It is important that these are planned carefully:
 - Sheffield's Council Tax Benefits service is currently outsourced to Capita – consideration needs to be given as to whether Capita should administer the new scheme given the wider context of Welfare Reform.
 - With the City Council expecting to receive less grant for council tax support, this means that the Council will have to make up this shortfall by collecting additional Council Tax income: potentially an extra £5m in Council Tax income that would previously have been met by Council Tax Benefit Subsidy. Collecting this 'extra' council tax will place additional burden on the Council Tax Collection Service's resources.
 - Where a new scheme results in an increase in the total level of Council Tax to be collected, this will also have a commercial impact on the contract the Council has with Capita, as performance targets are linked to the overall collection rate.
 - To compound matters, overall collection rates may be adversely impacted as taxpayers at the margins fail to meet higher payments.
 - Design and implementation of any local scheme will be heavily reliant on revised and updated software systems. The Council will therefore need to engage with suppliers as soon as possible.
13. The Government has recognised that the transition to a new scheme will need to take account of the other benefit reforms (particularly housing benefit) and that installing new systems and consulting with claimants will present a challenge. There is however a danger that a new system which involves collecting local taxation from those at the margins and placing an additional burden on local authorities, will repeat some of the

problems experienced with the introduction of the Community Charge/Poll Tax.

14. The Government intends that responsibility for investigating Council Tax Support fraud will lie with the Council. The responsibility for Housing Benefit Fraud investigations will be transferring to the Government's Single Fraud Investigation Service.

Potential impact of the reforms on individuals

15. If pensioners are protected (i.e. their Council Tax Support will be equal to the amount of CTB they would have received), then the 10% reduction in funding is likely to fall disproportionately on non-protected, working age customers.
16. Our initial analysis is that for Sheffield this will mean a 19% cut in support for working age customers. This will increase if the Council decides (or has to decide) to protect other vulnerable groups, such as those in receipt of long term disability benefits. Analysis is currently underway to understand the potential impact of protecting certain groups. For illustrative purposes, attached at Appendix 1 to this report is a table showing an initial analysis of the impact that applying certain types of protection may have on the City's taxpayers.
17. It is likely that some customers who currently receive CTB will not get any support in the future. If the City Council were to set a level of Council Tax that is above the level of support provided by the grant from Government for the costs of the local scheme, the difference will have to be met either by the Council (who will need to decide how those costs could be met) or involve an additional payment from some people who would not have paid under the previous scheme.
18. In designing a scheme for Sheffield, the City Council will need to consider which 'vulnerable' groups should be protected and how that protection will be applied.
19. It is also important to note that this is the first in a potential series of government policy changes whereby the Council will be obliged to make separate decisions on an individual's 'benefit' entitlement (for example, community care grants) at a time when corporately the Council is moving to a 'whole household' approach to service offers for its residents. It will be important, therefore, to ensure that any local scheme for Council Tax support aligns with such an approach.

Timetable for implementation

20. The immediate deadline is that for responding to the Consultation Paper: i.e. 14 October 2011. The Consultation Paper contains 45 questions relating to the principles of the scheme, the arrangements for establishing local schemes, joint working, managing risk, administering local schemes, data sharing, funding administrative costs and

implementation issues. Proposed responses to these questions are set out in Appendix 2.

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| Autumn/winter 2011/12 | <ul style="list-style-type: none"> ▪ Government publishes a response to the consultation. ▪ Introduction of Local Government Finance Bill (included provisions for localisation of council tax support). ▪ Central and local government begin working on model schemes. |
| Spring 2012 | <ul style="list-style-type: none"> ▪ Primary legislation in passage through Parliament. ▪ Government preparing and publishing draft secondary legislation |
| Summer 2012 | <ul style="list-style-type: none"> ▪ Primary legislation passed. ▪ Secondary legislation prepared. ▪ Local authorities designing and consulting on local schemes. |
| Autumn/winter 2012/13 | <ul style="list-style-type: none"> ▪ Local authorities establishing local schemes – putting place systems, notifying claimants of changes. ▪ Local authorities setting budgets. |
| Spring 2013 | <ul style="list-style-type: none"> ▪ Local schemes in operation. |

21. A detailed plan of action will be developed once the Government's response to consultation and clear parameters for local schemes have been issued. In the meantime, officers will continue to engage with the DCLG, local authorities and other partners to prepare for the initial design of our local scheme, whilst also undertaking further detailed analysis and financial modelling in order to understand the varying demands that different local schemes may place on the Council and its taxpayers.

Financial implications

22. The overall headline message is that the grant allocated to local authorities to fund local support for Council Tax will be 10% less than their expenditure on Council Tax Benefit, as announced in the Comprehensive Spending Review. For Sheffield this is likely to amount to approximately £4.5m.
23. The Government will introduce a new grant to local authorities to help with the costs of administering the new local schemes. How this will be allocated is yet to be confirmed but the consultation paper clearly

intimates that assistance for administration will be less than the current grant for CTB administration.

24. The grant allocation however will be fixed which limits the Council's ability to respond to changes in demand for council tax support. This will also discourage any take-up initiatives that the Council may wish to undertake as part of its Financial Inclusion agenda.
25. There is the potential however for the costs of the local scheme to be less than the existing one: The Government is promoting this reform as an opportunity for local authorities to design a scheme that is easier to understand, and easier and cheaper to administer than CTB.
26. The implementation of a new scheme will involve additional expenditure being incurred by the Council. As yet these cannot be determined. However the Government is encouraging councils to enter into joint working arrangements with other authorities to design and administer their schemes as a way of mitigating costs.
27. Within the consultation, the Government seems to assume that any financial risk will be shared with major precepting authorities (in Sheffield this would be the Police and Fire Authorities). However, it is currently unclear how this would work in practice and will be explored with Government in the consultation exercise.
28. Similarly, the methodology for funding for the scheme's payments of support is still to be determined creating further uncertainty for the Council. Additionally, the impact of a 10% shortfall in funding will clearly impact on collection rates particularly if, as appears unavoidable, the extra burden will fall on those taxpayers who are among the most financially vulnerable in the city.
29. The Government's consultation paper makes reference to local authorities having the ability to top up the support grant they are awarded. However, this idea lacks clarity and is something that needs to be explored through the consultation process.
30. Further analysis will be conducted to understand the indirect financial consequences of these proposals, particularly on overpayments, where the subsidy arrangements under the CTB scheme benefit the local authority in the region of £250k per annum.

Recommendations

It is recommended that Members:

- Note the contents of this report and
- Approve the responses to the Government's consultation paper

Appendix 1. Current Council Tax Benefit (CTB) awards comparison with potential Local Council Tax Support scheme awards.

For illustration only.

| | Current CTB Expenditure | No. of CTB Claims | Current average weekly award | Local scheme average weekly award <i>Pensioners protected</i> | Local scheme average weekly award <i>Pensioners & Working Age Non Earners protected</i> |
|--|-------------------------|-------------------|------------------------------|--|--|
| Working Age Non Earners | £2.4m | 3,546 | £13.00 | £10.50 | £13.00 |
| Working Age In work | £2.8m | 4,742 | £11.50 | £9.25 | £8.00 |
| Working Age Passported (e.g. Income Support) | £18.7m | 23,262 | £15.50 | £12.50 | £11.00 |
| Pensioners Savings Credit | £4.2m | 5,781 | £14.00 | £14.00 | £14.00 |
| Pensioners State Pension | £2.4 | 4,180 | £11.00 | £11.00 | £11.00 |
| Pensioners Guarantee Credit | £15.6m | 18,795 | £16.00 | £16.00 | £16.00 |

APPENDIX 2

PROPOSED RESPONSES TO CONSULTATION QUESTIONS

| Localising Support for Council Tax in England | |
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| Question: | Proposed response: |
| | |
| Section 5: Principles of the scheme | |
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| <i>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?</i> | <p>One advantage of keeping the current system is that there would be no negative affect on pensioners who currently receive CTB, and this group would continue to receive support via a system that they are used to. However this system is difficult and costly to administer, and has been criticised for being a barrier to claiming. If the same system was not replicated for working age customers, local authorities would have to administer 2 systems which would increase complexity and cost.</p> <p>If pensioners were to be protected so none were worse off but the process was changed, for example by categorising them based on income type or bands, and then awarding a flat rate discount, some pensioners may be better off than they are under the current system. This would increase the financial risk to the local authority as this potential increase in support would be difficult to quantify.</p> |
| <i>5b. What is the best way of balancing the protection of vulnerable groups with the need for local authority flexibility?</i> | <p>By keeping the national definition of vulnerable groups to a minimum and allow local authorities to make this decision.</p> <p>However, if Government decides to define a set of vulnerable groups, local authorities could argue, (and lobby) for, Government to provide the financial support for these nationally defined groups in the form of a "new" discount which funded via RSG in addition to, and not through, the council tax support grant. This would allow the Council to make local decisions to support groups not included in the national definition through the council tax support grant.</p> |

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| | Politically, however, members may prefer it if vulnerable groups were determined nationally. |
| Section 6: Establishing local schemes | |
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| 6a. What, if any, additional data and expertise will local authorities require to be able to forecast demand and take-up? | <p>Some of the data will be dependant upon the 'vulnerable' groups that have yet to be determined. However our initial thoughts are that we will need to be able to access data on:</p> <p>Pensioner trends and age demographics Working Age trends Employment forecasts Council Tax increase guidelines New homes data</p> |
| | |
| 6b. What forms of external scrutiny, other than public consultation, might be desirable? | <p>It is envisaged that any public consultation will at the very least align with the Council's Corporate Consultation process. This includes consultation with Community Assemblies and organisations representing the City's Voluntary Community and Faith sectors. It is also envisaged that the final design of the scheme will be subject to internal and possibly external audit.</p> |
| | |
| 6c. Should there be any minimum requirements for consultation, for example, minimum time periods? | <p>This should mirror the Council's corporate process. The current time scales for designing and implementing a new system of Council Tax support will place a lot of pressure on the time allowed for any consultation.</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>Local authorities should have the freedom to be able to change a scheme to best suit any changing needs of the authority.</p> <p>We would not envisage any major structural changes to the system, as these would create several issues, including :</p> <ul style="list-style-type: none"> Lack of transparency for customers, Uncertainty over financial forecasting, IT system costs, Complaints. Council Tax collection and recovery issues |
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| <p>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?</p> | <ul style="list-style-type: none"> • Customers moving into work could be guaranteed the same level of in work support as they received whilst out of work, for a set period. This would assist in managing the initial financial challenges that moving into work presents. • The taper at which benefits are reduced could be adjusted to assist those who move off benefit into paid employment. • Earnings disregards could be increased. • Increases in earnings could be disregarded (similar to tax credits) • Support for non earning working age customers who are expected to increase their income by moving into employment could be reduced to act as an incentive to obtaining employment. Any saving could be used to support low earning customers. However, this could impact on Council Tax collection and Recovery • Government to consider incentivising grant ‘bonus’ payments to local authorities based on working age customers going into work. |
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| Section 7: Joint working | |
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| <p>7a. Should billing authorities have default responsibility for defining and administering the schemes?</p> | <p>Yes.</p> |
| | |
| <p>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?</p> | <p>Clarification is required regarding the underlying assumption that major precepting authorities would be willing to participate in the management of any financial risk to the authority.</p> |
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| <p>7c. : Should local precepting authorities (such as parish councils) be consulted as part of the preparation of the scheme? Should this extend to neighbouring</p> | <p>Yes, but only in so far as they would be a group included in the wider public consultation on the design of the scheme.</p> |

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| authorities? | |
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| 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? | Yes, as it may be advantageous to some authorities. |
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| 7e: Are there circumstances where Government should require an authority other than the billing authority to lead on either developing or administering a scheme? | Where a local authority is failing, it may be appropriate for another authority to be tasked with administering the scheme. |
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| Section 8: Managing Risk | |
| 8a: Should billing authorities normally share risks with major precepting authorities? | Please see response to 7 b |
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| 8b: Should other forms of risk sharing (for example, between district councils) be possible? | Yes this should be possible for those authorities who wish to pursue this |
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| 8c: What administrative changes are required to enable risk sharing to happen? | Please see response to 7 b |
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| 8d: What safeguards do you think are necessary to ensure that risk sharing is used appropriately? | Please see response to 7 b |
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| Section 9: Administering Local Schemes | |
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| 9a: In what aspects of administration would it be desirable for a consistent approach to be taken across all schemes? | <p>Nationally there should be a set tariff income from capital.</p> <p>National rules on the eligibility for people from abroad.</p> <p>Standardised form of ID such as a NINO (however, the level of verification should be decided by the local authority).</p> |

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| | The concept of Non dependants, as currently applied to CTB, should be retained |
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| 9b: How should this consistency be achieved? Is it desirable to set this out in Regulations? | As per our answers to 9a, these should be set out in Regulations. |
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| 9c: Should local authorities be encouraged to use these approaches (run-ons, advance claims, retaining information stubs) to provide certainty for claimants? | Yes, but dependent on the nature of the scheme. |
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| 9d: Are there any other aspects of administration which could provide greater certainty for claimants? | Tolerances for changes to income and capital. Provide local authorities with the ability to backdate claims, with the backdating criteria to be set locally |
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| 9e: How should local authorities be encouraged to incorporate these features into the design of their schemes? | Encourage local authorities by giving them the freedom to add to the grant allocation, and the ability to carry forward any under-spend. |
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| 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? | Yes, via section 13a. However, clarification is required as to whether or not Government intends for DHPs continue to have a role to play in providing assistance to customers who are experiencing a shortfall between the support for Council Tax (CTB) and their council tax liability. |
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| 9g: What, if any, circumstances merit transitional protection following changes to local schemes? | We would be reluctant to offer transitional protections due to the complexity of administering them. However, it should be left to the LA to decide if changes warrant any transitional protection for certain affected groups. |
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| 9h: Should arrangements for appeals be integrated with the new arrangements for council tax appeals? | Possibly – dependant upon the nature of the scheme. However, we have concerns that an independent body would be capable or have the capacity to deal with appeals from different LA's that operate different schemes? |

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| 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)? | <p>For non pension credit cases, allow PDCS to provide all the information required to enable the local authority to award Council Tax support without requiring the pensioner to make a separate claim with the authority.</p> <p>However, this does leave the authority open to increased financial risk, as there could be an increase in take-up from pensioners.</p> |
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| Section 10: Data Sharing | |
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| 10a: What would be the minimum (core) information necessary to administer a local council tax benefit scheme? | This is dependant upon the nature of the scheme that is going to be put in place. The more raw data that is available to the local authority the greater scope the authority has to develop its own scheme. |
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| 10b: Why would a local authority need any information beyond this "core", and what would that be? | As above. |
| | |
| 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? | <p>The customer, HMRC, employers, the local authorities own records.</p> <p>With regards the raw data, it is dependant upon the nature of the scheme. However, from an administration perspective, interpreted data would be advantageous, but this could have implications when dealing with requests for review/appeals.</p> |
| | |
| 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? | <p>This will be determined by the type of scheme but could include:</p> <p>Pensioners – pensioner guaranteed credit, pensioner savings credit, and standard pensioners.</p> <p>Vulnerable customers</p> <p>Working age economically inactive</p> |

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| | <p>Working age economically active (looking for work)</p> <p>Customers in work</p> <p>Categories should also reflect the composition of the household</p> |
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| 10e: How would potentially fraudulent claims be investigated if local authorities did not have access to the raw data? | This depends upon the nature of the scheme; it may be that some customers claim direct with the local authority and in these cases, the local authority would hold the raw data. |
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| 10f: What powers would local authorities need in order to be able to investigate suspected fraud in council tax support? | Equivalent legislation and we would still require RIPA and authorised officer powers. |
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| 10g: In what ways could the Single Fraud Investigation Service support the work of local authorities in investigating fraud? | Joint investigations and information sharing. SFIS could be empowered to be the sole investigator of fraud involving UC and PC where council tax support is also in payment. |
| | |
| 10h: If local authorities investigate possible fraudulent claims for council tax support, to what information, in what form would they need access? | We would require access to the same information, and in the same way, that we currently require. |
| | |
| 10i: What penalties should be imposed for fraudulent claims, should they apply nationally, and should they relate to the penalties imposed for benefit fraud? | Although nationally recognised sanctions should be retained for prosecutable offences, scope should be included for certain penalties to be set locally. Consideration should be given to aligning the penalties for discount fraud with the penalties for council tax support fraud. |
| | |
| 10j: Should all attempts by an individual to commit fraud be taken into account in the imposition of penalties? | For repeat offenders, there should be a similar system to the current two strikes system. |
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| Section 11: Funding | |
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| <p>11a: Apart from the allocation of central government funding, should additional constraints be placed on the funding councils can devote to their schemes?</p> | <p>No, this should be down to the local authority to determine.</p> |
| <p>11b: Should the schemes be run unchanged over several years or be adjusted annually to reflect changes in need?</p> | <p>It is our understanding that this is in relation to funding; i.e. should we know in advance for a number of years, or on a year by year basis? If that is the case, leaving the grant allocation unchanged for several years, from the perspective of managing the service, would allow us to more effectively adjust the support over time. It would also align with our forward budget planning process.</p> |
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| <p>Section 12: Administrative Costs</p> | |
| | |
| <p>12a: What can be done to help local authorities minimise administration costs?</p> | <p>Allow LA's the greatest level of flexibility to design their own schemes. However, it is extremely important that LA's should be free to make use of other systems and other sources of data, including DWP and HMRC data, to ease the burden of administration for themselves and their customers.</p> <p>Other options could include removing decision making in respect of Pensioners from the LA. This gives 2 options for assessment and payment:</p> <p>Council tax support assessed by PCDS and paid as part of pension credit (PC) and State Retirement Pension (SRP). This would align support for Council Tax with the proposals for paying Housing Support as a Housing Credit. This would simplify the process for customers avoid duplication of info gathering and remove the admin burden from LA's. However, this is not a preferred approach as it raises the significant risk of adversely impacting on Council Tax Collection rates and increased cost of collection, particularly where elderly vulnerable customers are concerned.</p> <p>Council tax support for pensioners to take the form of a discount and to be assessed by</p> |

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| | PCDS as part of PC or SRP decision making. Decisions notified to the LA by PCDS. As the LA's would administer the support as a Council Tax discount, the support would be funded through the RSG and calculated as part of the CTB return as per the current discount scheme. In effect this would mean Government committing to fully funding the protection it intends to afford pensioners, in turn meaning any cut in funding for a local working age scheme would be nearer the actual 10% envisaged under current proposals and not inflated due to pensioner protection. |
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| 12b: How could joint working be encouraged or incentivised? | Through the awarding of set up costs by central government to reduce the burden on local authorities when entering into joint working. |
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| Section 13: Transitional and implementation | |
| | |
| 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? | Yes, a one-off introduction is preferable, however, the current time scales are extremely challenging and may jeopardise successful transition. |
| | |
| 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? | This is dependant upon the nature of the local scheme. |
| | |
| 13c: What can Government do to help local authorities in the transition? | See 13a |
| | |
| 13d: If new or amended IT systems are needed what steps could Government take to shorten the period for design and procurement? | Consideration needs to be given not only to the development of new systems but also the probability that lengthy data migration exercises will be required from one system to another. |

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| <p>13e: Should applications, if submitted prior 1 April 2013, be treated as if submitted under the new system?</p> | <p>There are two possible interpretations to this question:</p> <p><i>Should existing claims, where there will be eligibility to support under the new system of support be automatically transferred to the new system of support?</i></p> <p>Yes.</p> <p><i>Or, if a claim for CTB is received in March 2013, should this be treated as a claim for both CTB and the new system of support for Council Tax costs?</i></p> <p>Yes.</p> |
| <p>13f: How should rights accrued under the previous system be treated?</p> | <p>We believe that anyone claiming CTB for a period prior to April 2013 should retain any rights, e.g. appeal rights, backdating etc as per current CTB regulations.</p> |
| | <p><u>Further Comments</u></p> <p><i>Topping up the grant</i> We are pleased to note that the government acknowledges that LA's may wish to establish schemes where the total value of planned rebates offered exceeds the value of the grant they receive from central government. We strongly believe that LAs should be able to do so, at a level wholly determined by the individual LA.</p> <p><i>Localisation</i> We are not convinced that the policy intention of 'localisation' is adequately realised by the government's proposals, particularly as the imposition of rules to protect certain groups will severely restrict the Council's scope for offering a fully localised scheme that allows it to decide the best way of meeting the needs of all of its residents. Also, following on from the point above, a fully localised scheme requires that the LA is empowered to resource it to the levels that it decides are required.</p> |

Discounts and exemptions

Closely linked to the above, we believe that consideration should be given to including the localisation (and funding) of the current system of Council Tax discounts and disregards in the new scheme. A substantial amount of money could be raised by abolishing automatic discounts for particular categories and including all support into one comprehensive scheme based on locally defined criteria aimed at protecting the most vulnerable. In particular, about one third of households in Sheffield receive a 25% single person discount regardless of their ability to pay. Initial analysis suggests that, even after taking into account its interaction with Council Tax Benefit, abolition of the single person's discount would enable the Council to ensure that its most vulnerable residents are protected while, at the same time, give it greater scope in its design of scheme.

Wider implications for the council's budget

We are concerned that little analysis appears to have been conducted on the 'knock on' effects that the change in scheme and 10% reduction in funding may have on other Council services and budgets and the potential impact on customers who, through receiving council tax benefit have their entitlement to other areas of support and funding passported, and who may lose such access if support for council tax is withdrawn. We would ask therefore, that the government provides LA's support in undertaking this analysis and gives consideration to developing compensatory arrangements where local budgets are adversely affected.

Overpayment subsidy

Related to the above point, further analysis is required in respect of overpayments. The current system of subsidy funding for Council Tax Benefit overpayments rewards local authorities for minimising certain types of overpayment and for successful recovery. Under the current arrangements, like many other LAs, Sheffield gains financially, however there is no equivalent provision under the new scheme.

Current 'local schemes'

There is no reference in the consultation to local schemes currently operated by LA's e.g. war widows' pensions. Currently SCC chooses to disregard certain income types (war disablement pensions, war widow's pension, and war widowers' pension) in full, even though DWP only disregard 25% of these income types. This currently has subsidy implications for the Council and we would need to consider if this type of support would continue under a new scheme, given the overall financial pressure the 10% cut provides.

Non dependants

Consultation makes no reference to other household members. (non dependants) If Council Tax support is awarded without including the income from these groups in the calculation of support, then the amount paid out would increase from the amount paid under CTB (£440K PA) and it could also lead to Council Tax collection and recovery issues (increased costs lower collection more work) as taxpayers switch liability in order to maximise financial gain from any system of Council Tax support.

Timescales

Taking account the complex issues that have to be considered when designing a new scheme, together with those practical steps (such as ensuring ICT systems are in place), that need to be taken, we believe that the April 2013 deadline for implementing the new scheme is extremely challenging and may jeopardise its successful implementation. In addition, we believe that as the timescales do not align with those for the implementation of wider welfare reforms, the option for implementing a model based on 'qualifying' social security benefits, such as Universal Credit, is prohibited.