

Preface

The following gives this Council's detailed responses to the questions posed in the consultation paper 'Localising support for council tax in England'. However, there are some points from our responses to which the Council wishes to make particular reference.

First, the Council has grave concerns over the timetable that is being proposed for the scheme of localised support. We firmly believe that to expect a scheme of localised support to be in operation by 1 April 2013 is wholly unrealistic bearing in mind, among other things, the IT issues involved; the desire that proposed local schemes should be subject to widespread consultation; the issues still to be resolved around the protection of vulnerable groups; and the details of any transitional protection scheme that might evolve.

Secondly, we believe that considerably more thought must be given to the funding arrangements. To impose a 10% reduction in funding, whilst protecting pensioners and other, as yet unspecified, vulnerable groups, will impose a far greater reduction in funding for those not in vulnerable groups. We appreciate that such reduction could, theoretically, be offset by either the promotion of economic growth or by efficiency savings. However, we consider that there are flaws in that logic. The extent to which economic growth can be influenced by individual councils is debateable. Although this Council does nothing to discourage growth, the growth will not occur if business does not have the confidence to create jobs because of the national/international economic environment. Although it is accepted that efficiency savings can usually be found, the more complex any new system of localised support, the less room there will be for administrative savings. Local government is already constrained in its ability to raise additional funds through council tax. Perhaps, it could be given more room for financial manoeuvre by the amendment of the council tax legislation to allow it more discretion as to the value of discounts and exemptions?

Thirdly, we would urge the Government to give attention to the impact of equality law on the ability of Councils to quickly amend schemes to take into account changing finances.

In summary, we are deeply concerned that the proposed localised schemes are in danger, based on the current timetable and the contents of the consultation paper, of failing from the start and causing severe financial hardship and distress to those who are (temporarily or permanently) among the most vulnerable in society. We believe that the new system could quickly fall into discredit and be branded a 'postcode lottery'; thereby doing no favours to either central or local government. The simplest way for the Government to have achieved its objective would have been to have cut benefit entitlements in the existing, national scheme by 10%.

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?**

In view of the Government's commitment, we believe that the current system is the best way to guarantee support. However, to do so will, in our opinion, greatly add to the administrative burden and costs of council tax support. By maintaining the current system of criteria and allowances, it seems likely that local authorities will have to maintain computerised databases to enable calculations of council tax support to be made. The maintenance of such systems will, to a great extent, negate any savings in administration that would accrue from vastly simplified local schemes of support that could be administered through council tax databases. We have considerable concerns over the increasing number of pensioners and the fact that it would appear that grant in respect of pensioners would not be adjusted to reflect the pensioner caseload.

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

We believe that central government must define those that it considers vulnerable, in order to avoid differences of definition and support to such groups between local authorities. We envisage that, if vulnerable groups are defined locally, we (and central government) could become embroiled in cases headlined by the media as part of a 'postcode lottery'. We also have concerns over the potential difficulties that might arise for local authorities in respect of the definition of vulnerable groups and the interface with equalities legislation. In particular, it would appear that authorities could become subject to constant challenge if their definitions of vulnerable groups had to change in order to reduce expenditure. It seems that each amendment would have to be subject to an in-depth equality impact assessment, thereby reducing local flexibility and the ability to react swiftly in response to budget demands.

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

As demand will be linked to the performance of the economy – nationally and locally – local authorities will have to have access to employment forecasts for their areas. There will also be a need to have detailed information as to the age of the local population in order to gauge demand from pensioners. As regards take-up, it would be helpful to have statistical data on all persons (including pensioners) who are in receipt of a national, state benefit where their level of income is such that they might qualify for a council tax rebate.

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

A level of input from an auditor or professional body might be desirable to ensure the robustness of a scheme within the parameters to be set by central government. However, we have concerns over the impact on timescales of such external scrutiny, particularly – as mentioned in our response to question 5b – if an authority needs to amend its scheme swiftly because of cost concerns. Furthermore, we see the requirement for external scrutiny as a diminution of the role of elected members. If there were to be a level of external scrutiny, such scrutiny would have to be consistent across the country, otherwise local authorities could be given conflicting messages regarding their schemes.

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

No. Although we do not have an objection to consultation in principle, we believe that, if schemes are to be truly local, then it should be left to local authorities to determine the format of their consultation. To prescribe rigid requirements for consultation would undermine the role of elected members and run contrary to the government's localism agenda. Additionally, to introduce minimum time periods would diminish the ability of schemes to react quickly to changing conditions.

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?

Yes. No restrictions should be placed on councils because, as previously mentioned in response to earlier questions, restrictions would reduce flexibility.

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?

It appears that the government is seeking to introduce a scheme that is notionally local but de facto national. If the government wishes to ensure, at a micro level, that work incentives are supported, then it will have to have national criteria and provide the funding to support those criteria. Such criteria would further diminish the value of local schemes and the ability of councils to support work incentives through savings elsewhere.

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

Yes.

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?

Clearly the major precepting authorities will have strong views on this matter. As a billing authority, we would suggest that there should be a duty to consult the major precepting authorities or, perhaps, an independent body acting on behalf of both the billing authorities and major precepting authorities.

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?

Not formally, although we would encourage comment and feedback from them. There is a distinct danger that preparation of schemes could become totally unwieldy if all parish councils in a billing authority's area had to be consulted, in addition to major precepting authorities, the public, and some form of external scrutinising body.

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 but any pooling of funding must be optional.

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

Generally no but the government might wish to take a power to intervene if there had been a failure in administration.

Section 8:

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

Yes.

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

Yes.

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

Cost of council tax support rebates and the associated grant should be wholly accounted for within the Collection Fund; and cost of administration and associated administration grant wholly accounted for in the General Fund. Discretion to be given to the billing authority to amend precept payments, in consultation with the major precepting authorities, where there is a marked change in case load.

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

We believe that there must be a legislative structure in which a system should operate overseen by an independent, central body that could ensure a nationwide consistency of approach.

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

There must be consistency in respect of decisions reached on appeal in respect of factors, such as income and capital, where the definitions of those factors would be likely to affect all local schemes. We suggest that there should be a single, common claim route for all applicants, through a national portal, and a single, mandatory claim form (electronic and paper), for use by all local authorities, which would initiate an application to a local scheme. It would then be open to authorities to ask for supplementary information depending on the nature of their individual schemes. This would enable inter-authority data-matching and assist with the prevention and detection of fraud.

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

Consistency across schemes would be desirable to enable claimants to have an idea of their entitlement to support if they move between areas. Consistency would also facilitate joint administration and could reduce the scope for fraud. If there were consistency between schemes, enabling a degree of joint administration, it would, if the schemes could not be administered through council tax databases (see response to 5a above), enable the sharing of IT. That would produce significant savings. However, the more consistency there is, the less scope there is for individual councils to make savings. Greater consistency will leave less room for local discretion to create schemes to meet local needs. It seems that, with the Government's desire to achieve consistency; protect vulnerable groups; and protect pensioners but, simultaneously reduce costs, it would be best to stay with a national scheme but change the parameters (tapers etc) within the national scheme to reduce costs.

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

We agree that it would be reasonable to encourage local authorities to use these approaches but we would not wish to see them as compulsory, as that would inhibit local flexibility.

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

Fixed award periods.

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

We suggest that the encouragement should be through either increased funding or the ability to retain funding where caseload/expenditure has decreased.

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 but their ability to do so will, of necessity, be constrained by their overall financial position.

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

None. Transitional protection would impose a further degree of complexity on an already complex position.

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

No.

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)?

It seems contradictory to have what will be, for all intents and purposes, a national scheme for pensioners administered at a local level. That is the current position. It would be preferable to have pensioner claims handled at a national level. It is, of course, sensible for council tax support to be credited to the council tax account but we believe that it should be possible, from an IT perspective, for the council tax support for pensioners to be calculated

centrally by government and entitlement directed to the local authority for the credit of the individual pensioner's council tax account.

Section 10

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

We agree that it would be undesirable that an applicant should have to provide the same information to more than one body. However, if the local authority is to rely on information from the DWP, then it would seem that the logical conclusion is that the DWP should administer the scheme. However, that would then pose difficulties in respect of those applicants who do not claim a DWP/HMRC administered benefit. The question appears to presuppose a level of complexity in local schemes that some authorities might wish to avoid in designing their schemes in order for them to reduce costs.

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

We do not feel that we are yet in a position to answer this question. To be able to do so, we would need to know more detail regarding the parameters within which councils will have discretion and the funding available. Inevitably, we believe that the aspiration for what local schemes will be able to deliver will be constrained by available funding.

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?

HMRC

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?

Currently, there appears to be scope for each local authority to have a local scheme with different characteristics. Therefore each local authority might require different data-sets, which have been tailored to their own needs. We would therefore suggest that the DWP data should be structured in such a way that raw data can be easily combined, upon request, into information to meet the criteria of the categories determined by each local authority for its local scheme. We appreciate that this is the reverse of what is proposed in the consultation paper but, if each local authority wishes to create a truly local scheme, it should not be constrained by data that has already been interpreted in some way and, as a consequence, does not quite fit the needs of the authority.

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

The basis of how this was awarded will determine any investigative action. Is the discount to be awarded upon application or passported by virtue of being in receipt of a guaranteed pension credit or by a means test? If by application then the validity of the claim would require verification before being awarded and would only need to be investigated if the person's circumstances change. Would the passporting benefit provider notify the Council of any change that would remove eligibility to the discount? Clearly if the person was not entitled to the primary benefit then the investigating body would be required to contact the Council to calculate any overpayment to be considered with their investigation. It would be inefficient to do two separate investigations.

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

This clearly depends on how the support is awarded as the Council would require access to the data that proved entitlement in the first place. Would the current gateways remain supported by new Acts similar to the Social Security Fraud Act or would access end up being by the Data Protection Act where information supply is less accessible?

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

Assuming that the SFIS would be investigating the circumstances that passport a person to the Council Tax support then they would need to seek details of any resultant overpayment of CT support. The method of allocation of the support will determine the level of investigation required. Is it the intention for a LA to identify potential fraud and make a referral to the SFIS or for the LA to investigate any alleged fraud and resolve it with access to SFIS information? Will LA's still have access to central government systems similar to the DWP systems at present? **If it is the intention for LA to continue** investigation of fraudulent support then what resources will remain when SFIS is created? How will investigation be funded? Will there still be a percentage of the administrative grant paid to LA's for fraud and detection or will this be another hidden cut?

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

This depends on what triggers entitlement to the support. If it is means tested then access to the data that this assessment is made upon and if it is the result of a pension credit then a gateway to the HMRC to verify entitlement. Similar powers of investigation contained in the Social Security Fraud Act would enable these investigations to take place. If not the Data Protection Act powers only would severely impact on the ability to investigate.

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

As the support scheme is a replacement for the current benefit scheme then similar penalties would be appropriate. Will the LA's still be able to invoke penalties or would action be taken through the SFIS? Would local cases still be publicised if not handled locally? If not, this would decrease the warning message given to other potential offenders.

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

The test of public interest should be applied and all cases treated on their own merit. You would need to determine if the attempt was a genuine mistake or a dishonest attempt before determining any outcome.

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?

No.

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

Councils must have the ability to adjust annually if necessary.

Section 12:

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

1. Do not introduce a scheme of transitional protection.
2. Place responsibility for calculation of pensioner entitlement with central government.
3. Design a framework for local schemes so that no separate IT for the calculation of council tax support is required and the requirement for specialist (more costly) staff is minimised.

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

By:

1. Allowing local authorities to retain any savings accrued through joint working and other efficiencies;
2. Enabling schemes to be kept as simple as possible, thereby permitting joint procurement of IT and reducing the skills-set required for staff administering schemes;

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?

We agree.

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 answer to this question must depend on the framework for local schemes that central government establishes. There are too many possible permutations at the moment to be able to formulate a reply.

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

1. Provide some financial assurance in support of local schemes.
2. Provide start-up and development funding.
3. Provide financial incentives for local authorities to incorporate certain factors, e.g. protection for vulnerable groups, into their local schemes.
4. Delay implementation until Universal Credit has been bedded in.

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

1. Provide a national on-line database.
2. Provide funding to software providers.
3. Minimise variables within the scheme.

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

To fully answer this question, we would need to know how long before 1 April 2013 it is suggested that applications could be submitted. There is probably a case for allowing some applications to be submitted before that date but not others.

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

There should be a single switchover to a new scheme. However, any rights that the claimant has based on the start-date of the claim should be preserved.