



LOCALISING SUPPORT FOR COUNCIL TAX IN ENGLAND

CONSULTATION RESPONSE

The Association of North East Councils (ANEC) welcomes the opportunity to comment on the proposals to localise support for Council Tax in England.

This consultation response will focus directly on the questions that have been asked in relation to the document 'Localising Support for Council Tax in England' but will also comment on potential opportunities that could be missed by implementing the proposed changes in their current form.

The Association would like to highlight some fundamental concerns with the proposals in this consultation which will have a major impact in the North East for predominantly new or existing working age claimants who are not defined as 'vulnerable', who will bear the brunt of these proposals. It would also seem that there are no economies of scale for leaving Council Tax benefit outside of Universal Credit.

Fundamentally, it seems highly unlikely that schemes could be developed to allow a reduction in Council Tax support in excess of the 10% reduction that is proposed. In the North East local modelling has already shown that:

- **Pensioner caseloads in the region are between 38% and 51% (with most between 44% and 51%)**
- **Council Tax benefit for pensioners accounts for between 45% and 56% of the total Council Tax benefit awarded in the North East.**
- **The 10% reduction equates to a loss in excess of £27 million in the North East which will be added to the Council Tax bills of the working age claimants who are already on benefit.**

- Once ‘vulnerable’ groups have been identified a small group of working age claimants will have to pay for the full reduction which will result in losing up to 50% of their current benefit entitlement.
- Collection of Council Tax from working age claimants is already difficult and they are often in arrears. Councils will have to increase resources if they wish to collect this extra amount of Council Tax. This could lead to more Council Tax payers being taken to court and increased use of bailiffs. This in turn would create additional costs in the short term relating to prison sentences, and in the long term with regard to the social costs of rehabilitating people back into mainstream society.
- The Department for Communities and Local Government (DCLG) has asked councils to budget for reduced collection levels and an increase in write offs, meaning that Council Tax payers will have to fund the deficit or budget for further reductions in amounts spent on services.
- There is a potential unknown demand for existing pensioners who do not claim under the national scheme but who may claim under a local scheme which councils would have to fund. This amount is unknown but could be substantial.
- The North East has a high reliance on public sector jobs and because of the current and future job cuts in this area it is unlikely that benefit caseload will decrease. The Government states that councils can keep savings when, as they predict, people return to work in the near future. Furthermore, because of a low wage economy in the North East there is a high reliance on Council Tax benefit so caseloads are unlikely to decrease due to people returning to work.
- The Association believes it would be more favourable for any saving to be returned to central Government in exchange for a commitment that increases in caseload are funded by additional grant income.

Further concerns for local authorities in the North East with the consultation can be summarised as follows:

1. Lack of simplification

Instead of simplifying the process, this proposal will add to the complexity by introducing a new scheme with potentially multiple variations according to local circumstances. It will still mean that claimants have to claim both welfare benefit through Universal Credit and Council Tax benefit from local authorities. It is intended to be a local scheme, however, there will be significant regulation from central Government therefore reducing the flexibility available locally.

2. **Assumptions made in the consultation**

The consultation also appears to be based on the fundamental assumption that local authorities need an incentive to help get people back into work and that reducing levels of benefit offers the best mechanism to do so. This is a very simplistic view which does not fully acknowledge the complex reasons why people are not in work and the limits on local authorities in being able to address this matter. Some areas have difficulty in attracting investment due to location or other infrastructure issues, which in turn has an impact on the number of local job opportunities.

3. **Lack of detail**

The consultation also contains a lack of detailed information regarding fundamental parts of the scheme that need to be certain before any scheme could be modelled and developed more fully, for instance, funding arrangements for administration of the new schemes. This could add considerably to the costs faced by councils depending on how assessment for a new scheme will be carried out. A full definition for the terms 'pensioners' and 'vulnerable' will be required. The questions posed in the consultation do not fully address all of the issues that this proposal raises.

4. **Protection**

The general principles of the proposed scheme are that pensioners will be protected as they are understandably not expected to seek work. However there are other vulnerable groups who may also be protected. The consultation is silent on the definition but it is assumed they may include:

- Disabled claimants
- Families with children
- Carers
- Women who are pregnant

However there are other groups who may be equally financially vulnerable who, as a result of that protection, will have the increased financial burden passed on to them on the basis that they are expected to move back into work. **The proposed changes will have a disproportionate detrimental impact on some of the most vulnerable members of society. The Association would like the Government to confirm whether an Equality Impact Assessment of the proposed changes has been undertaken and, if so, whether this is available to councils as part of this consultation.**

- In the North East, pensioner caseload varies across councils at between 38% and 51% (with most between 44% and 51%). This accounts for between 45% and 56% of the cost of Council Tax benefit paid in this part of the country. When other 'vulnerable' groups are added to the protection it is feasible that up to 70% of the cost of the scheme could be protected and that the 10% cut will have to be shared between only 30% of the caseload. This will have a significant impact on

those claimants and also for local authorities who will have to collect the reduction through Council Tax.

5. Timescales

Local authorities have demonstrated a strong track record of implementing changes. Examples include changing from General Rates to Community Charge and National Non Domestic Rates, along with the transfer from Community Charge to Council Tax. In benefits, there was seamless adaption to the Performance Standards and Key Lines of Enquiry, as well as introduction of Local Housing Allowance. Prior to Local Housing Allowance being introduced a 3 year pilot exercise was carried out to assess the impact of the changes. With Council Tax rebate there is no pilot and a scheme is expected to be designed, modelled, budgeted for, consulted upon and implemented by April 2013.

The timescale for implementing such a scheme with these potential financial risks is extremely tight. In areas where there is an appetite for joint working there will be insufficient time to establish any relationship as primary legislation is not planned to be passed until the summer of 2012, which would only leave around 6 months for detailed implementation. If primary legislation was instead made available by December 2011 it would give more time for the scheme to be developed.

The timescale is also very tight for getting an IT system in place. IT suppliers have already indicated that they need a minimum of 12 months to bring in any changes. To achieve this legislation must be brought in by the end of December 2011. However if all authorities opted for their own scheme, software suppliers would not be able to cope with the demand and implementation of 1st April 2013 would not be met. In reality existing systems would still need to interface together and would need parameters to be amended depending on the type of scheme introduced.

Development cannot start with any great certainty until model schemes have been published and that is not scheduled until early 2012. It would appear that the timescales available are not sufficient to fully develop a system to administer schemes.

A more realistic timescale would be to delay implementation until April 2014.

6. Job creation

While local authorities and private sector partners in the North East are working together to attract investment to re-balance the economy, there continues to be a challenging employment market, Some areas experience difficulty doing so due to location or other infrastructure factors. Other areas have issues where their communities have to travel to work and as a result need additional support.

7. Loss of income

It is calculated that the 10% reduction in Council Tax benefit spend in the North East will be in excess of £27 million. This would need to be collected in additional Council Tax from some residents who would have to pay Council Tax for the first time. This is in addition to other welfare reforms which will result in claimants facing other cuts to their benefit, leading to significant reductions in household income.

8. Council Tax collection difficulties

The 10% reduction in Council Tax benefit cost will be passed on to existing working age claimants who are not defined as 'vulnerable'. All local authorities have difficulty collecting Council Tax from residents on minimal levels of income. There are similarities with the Community Charge where full rebate was removed for poorer residents and local authorities had to collect from people who had never had to pay before. Evidence shows that arrears levels are highest where residents are on minimal levels of income. The current proposals will result in an increase in Council Tax payers being taken to court and more use of bailiff powers to collect outstanding Council Tax. A potential solution to this problem would be to legislate to allow recovery powers for Council Tax to be expanded to other welfare benefits so that arrears can be deducted at source.

9. Funding of the scheme

The current scheme in place for Council Tax benefit is demand led and funded through a specific grant. The new proposal is a major change for local authorities and will lead to two risks, one with regard to demand and one relating to collection of additional Council Tax. Forecasting techniques will be required to ensure that there is contingency built into the calculations for increased take up and demand.

There is no clarity as to which year's expenditure the 10% reduction will be calculated from and, with caseload increasing, this could be a higher amount depending on the baseline year used. It has also not been made clear whether expenditure will be measured as gross or net. There is no detail as to whether the 10% reduction will be a crude cut or if any weighting or consideration will be given to caseload characteristics such as those councils with a significantly higher caseload of pensioners.

Council Tax benefit is one area where nationally it is stated that there is under claiming. If this is the case there may be unknown additional entitlement to any new scheme without the facility available to quantify. This could leave authorities exposed to significant additional financial risk.

The consultation states that it does not intend that the new scheme would put additional pressure on local authority finances, however, it is silent as to what level of administrative support will be given or whether there will be any funding of set up costs. It can be assumed that administrative funding would reduce

considerably with housing benefit moving to Universal Credit and the Single Fraud Investigation Service being set up, although following the publication of the recent options paper for the Single Fraud Service this may change again.

10. Future proofing of the scheme

All authorities have seen a rise in caseload over recent years as a result of take up campaigns and the tightening in the economy. Forecasting future demand is difficult but the result of not assessing future demand would result in financial pressure on the General Fund and increase the financial risk.

While certainty helps the planning process, this scheme is such that volatility in demand will require regular review to assess the impact of changes. It is likely that Council Tax levels will have to be increased to subsidise the loss of collection and any increase in take up. Depending upon the levels of increase required councils may need to hold a referendum to get the increase sanctioned.

11. Fairness and equality of the scheme

Under a new scheme pensioners will be protected so that they do not experience a negative impact. However, other 'vulnerable' groups will also receive protection. Detailed guidance needs to be given so that additional modelling can be done to assess the impact on each individual council.

Under the proposed scheme, unless local authorities can find alternative ways to fund the 10% cut it will be funded by a reduction in the amount of support that is currently provided to working age residents. To some this will potentially mean that they will have to pay Council Tax where they had not done so before.

The wider the classification of a vulnerable group the less flexibility there is in the caseload to spread the reduction, resulting in potentially high reductions for some.

Under any new scheme the saving that is required to be made will be met from working age claimants who will already be facing challenges due to the other significant welfare reform changes. The choice will be to either reduce all benefit awards by the same proportion, or alternatively remove benefit from certain groups. This means that particularly vulnerable groups, for example those with disabilities or children, can be protected from the cuts.

Option to make the proposed scheme work

An additional option that is available to help make this scheme work would be to take the opportunity to include in the localisation of Council Tax support a review of the current discounts and exemptions for Council Tax. This legislation is almost 20 years old and it seems against the spirit of the reform not to consider as it would allow choice and potentially simplification. Though legislation is separate from Council Tax benefit there is no reason not to include them in the new scheme.

A substantial amount of money could be raised by abolishing automatic discounts and wrapping all support into one comprehensive means tested scheme. The largest discount is the reduction for single persons regardless of income level. Means testing of single person discount could result in two or three times the Government's savings target.

Consultation paper response

5. Principles of the scheme

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?

The commitment of protecting pensioners would seem to fit with the idea that they are not expected to work and consequently need protecting at existing levels. However, there are pensioners that will have a level of income that is higher than that of other claimants dependent on benefit.

Clearer guidance is also required for the term 'pensioner'. There is concern that with an ageing population and any 'new' pensioners requiring the same level of protection, the impact for councils to fund this increasing protection leaves less room for flexibility.

Whilst protecting pensioners is understandable as discussed above, from an equality and diversity perspective pensioners and other 'vulnerable' groups will be treated more favourably than other groups.

Depending on the characteristics of each individual caseload this can have a significant disproportionate impact of the 10% reduction and reduces some of the flexibility intended from the proposals. In the North East between 45% and 56% of the budget would go to protecting existing pensioners.

Using the current scheme to guarantee support for pensioners would enable a uniform national approach and involve all authorities and in effect having 2 schemes in operation even after housing benefit claims have transferred to Universal Credit. To support this central Government would have to issue and control the individual amendments of the current scheme in relation to applicable amounts, disregards, pensioner income and whether local authorities be able to question a pensioners income.

An alternative approach would be to use bands of discounts dependent on income brackets with longer award periods especially for pensioners who have few changes in circumstances with passporting arrangements in place linking to Department for Work and Pensions and Her Majesty's Revenue and Customs.

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

The more protection that is applied to vulnerable groups when combined to the protection for pensioners, the less flexibility and support left for the remainder of the caseload. A more detailed description of 'vulnerable' is required and it would be helpful if this was national guidance to ensure consistency between local authorities, avoiding postcode lotteries and potential population migration between local authorities. There is no mention of protecting children which is a requirement under the Child Poverty legislation.

Once again though depending on the number of cases in the caseload this could have a significant disproportionate impact on the 10% reduction and reduces some of the flexibility intended from the proposals. In addition, when defining vulnerable groups other factors should be taken into consideration, for example ability to pay.

The consultation paper is silent on dependants. Currently benefit is reduced where there are non-dependants living in the property who are expected to contribute to housing costs. There is no guidance as to whether this is the intention of a new scheme or whether each local authority would have to decide locally.

6. Establishing local schemes

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

The benefits databases that are currently used to administer Council Tax benefit contain enough data to help forecast demand from existing caseload. However, there is no measure in place of those who currently work and who do not qualify but may well qualify when reaching the qualifying threshold. It is unlikely that local authorities will have proactive take up campaigns as this will lead to an increase on the demand on the reduced fund.

Local authorities will need to have information with regard to predicted changes to the employment market to help determine additional demand. Whilst this can be done through local knowledge, often this is as a result of national policy and the current austerity measures will have a potential significant impact for areas with an imbalance towards the public sector, including the North East.

Enhanced access to systems that allow cross matching of data, for example DWP (CIS)/ HMRC, Pension Service would support a more targeted approach and reduce the likelihood of fraud entering the system.

<p>6b: What forms of external scrutiny, other than public consultation, might be desirable?</p>
<p>Council members from each individual authority will need to be involved in consultation as they will have to sign off any scheme. Precepting authorities will also have to be consulted as they will potentially share the financial risk of the scheme.</p> <p>Individual Equality Impact Assessments will need to be carried out on any scheme.</p> <p>Citizens Advice and Financial Inclusion Groups would also need to be consulted at a local level. Engagement with Institute of Revenues Rating and Valuations and Chartered Institute of Public Finance and Accountancy would be helpful.</p> <p>Timescales are very tight to enable constructive consultation to be carried out as any changes would be contentious.</p>
<p>6c: Should there be any minimum requirements for consultation, for example, minimum time periods?</p>
<p>There should be a minimum time period for consultation to ensure that all interested parties have an opportunity to assess and consider the impacts of a new scheme. Further guidance as to who should be consulted should also be given. A realistic minimum time period for consultation would be 3 months.</p> <p>Given the implementation date of April 2013 and the requirements of having a scheme modelled, costed and designed (the Government is not proposing to publishing any model schemes until early 2012) any time period for consultation will be extremely limited.</p>
<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>
<p>Councils should be able to change schemes from year to year to enable them to budget more accurately and react to changes in the economic climate, jobs market and local priorities. Obviously, changes would need to be consulted upon in advance. This would create added bureaucracy but is necessary to help protect against unmanageable levels of demand and financial risk.</p> <p>There would be inbuilt restrictions to changing the scheme emanating from designing a revised scheme or amending parameters in the existing scheme, communicating and consulting on it in advance of the Council Tax setting process.</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?

Low earning households should not face additional disincentives or high marginal tax rates. There should be a higher level of earning disregard or lower taper for withdrawal of benefit (including Universal Credit). There is scope for some local authorities to develop schemes to do this but for others demographic factors (pensioner numbers, high numbers of unemployed) may limit it. The Government may also be able to provide help with the provision of transitional financial protection for the more deprived areas and recognise the timelines required in getting the long term unemployed back to work.

7. Joint working

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

Billing Authorities should have default responsibility for defining and administering the scheme as they will be the ones who have to manage the cut or fund shortfall and manage financial risk. This could be done in close consultation with precepting authorities.

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?

Precepting authorities should be involved in consultation over the design of the scheme so that they can understand the financial risks and share their views.

Local agreements could involve capping the risk at an agreed figure.

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?

Local precepting authorities should be consulted as part of the preparation of the scheme so that they can understand the financial risks and share their views.

Neighbouring authorities will always communicate with each other and the consultation refers to working together and adopting schemes to reflect this. They would not necessarily need to be consulted about an individual scheme, but sharing arrangements would need to be in place to enable awareness of potential conflicts between schemes that could result in population shift from one area to another which would impact on demand.

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?

This should only happen if there was a mechanism in place to enable the actual billing authorities to be involved in the set up of the scheme and able to be represented as part of that process.

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

If a scheme was designed which was not fit for purpose or if an authority failed to design and consult on a scheme there may be a need for alternative arrangements to be put in place.

8. Managing risk

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

The risk of less Council Tax being collected must be shared between billing and precepting authorities. There could be a capping or contingency regime in place to account for normal variations.

The Government must recognise that where significant issues arise (for example a major employer closes) then local authority capability of funding a sudden increase in demand is limited. A central contingency fund operated by central Government for authorities affected by sudden high impact events would enable authorities to respond to this circumstance.

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

Due to the financial pressure that authorities are under, any risk sharing arrangement provide resilience to sudden demand change. However, in 2 tier areas the lower tier districts may be prepared to share the financial risk.

The timeline to allow this to happen is short. Risk sharing arrangement would need to be modelled and thought through.

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

Resources would need to be pooled across any authorities who were prepared to

share risk. Budgetary arrangements would also need to be in place to regularly monitor spends. Financial planning arrangements should be joined up prior to the design stage.

The appeals process would need to be agreed.

A legally binding agreement would be required for any risk sharing

Precepting authorities would need to have arrangements so that they were able to reimburse billing authorities in year to avoid prolonged financial risk.

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

A legally binding agreement would be required for any risk sharing model. A financial liability cap could be introduced to a shared fund which could provide a feasible contingency. There would need to be transparency.

Risk sharing schemes need to account for the fact that a situation could exist in one area and impact on all involved in the sharing model, leaving all unable to cover potential increase in cost.

9. Administering local schemes

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

Any prescription from the Government reduces flexibility for local authorities and goes against the ethos of localisation.

However, vulnerable groups need to be defined to ensure a consistent approach and to prevent disparity and inequality between different authority's schemes. Data sharing arrangements including HMRC and UC should also be consistent. Socio-economic and demographic data would help with forecasting demand increases.

Additional funding should be made available in the grant allocation to take into consideration areas with high pensioner and vulnerable group protection, where there is less flexibility for the remainder of the caseload.

A common appeals framework would be required for a consistent approach

<p>9b: How should this consistency be achieved? Is it desirable to set this out in Regulations?</p>
<p>The most consistent way is to legislate or to provide detailed guidance. The more regulations the less flexibility that is available and the more 'national' it becomes.</p>
<p>9c: Should local authorities be encouraged to use these approaches (run-ons, advance claims, retaining information stubs) to provide certainty for claimants?</p>
<p>There should be transitional protection in place to help long term unemployed claimants back into the workplace. Run ons will also be important as the other welfare reforms will mean changes for many claimants outside of this scheme (this though will be an administrative burden and additional requirement of an IT system to be able to administer this). The financial impact of any runs ons would need to be considered as an impact on the cost of the scheme.</p> <p>Advance claims will offer greater security for individuals and retaining information stubs will simplify the process and reduce the administrative burden.</p> <p>Clarification needs to given as to whether DCLG will fund the cost of these approaches.</p>
<p>9d: Are there any other aspects of administration which could provide greater certainty for claimants?</p>
<p>Longer award periods and closer links with Universal Credit with passporting arrangements would aid understanding and give greater clarity.</p> <p>A simplified application and verification process which provides immediate decision on claims would be helpful, along with a simplified process for the administration of changes of circumstance and simpler notification of the amount of Council Tax payable. All of this could also reduce customer contact.</p> <p>Clear guidance for claimants should be produced. A national campaign publicising the change from a national to individual or regional schemes should be undertaken to make claimants aware in advance. This should not be left to individual authorities.</p>
<p>9e: How should local authorities be encouraged to incorporate these features into the design of their schemes?</p>
<p>Guidance should be issued or the model schemes that are to be published in the new year should have the features built in. A commitment to funding from DCLG would also encourage local authorities.</p>

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?

Local authorities will have to take the cost of providing discretionary support into consideration when modelling the cost of a scheme. The ability to continue to provide discretionary support will be individual to each authority although the disregard for war pensions will be difficult to reduce or end and most local authorities would want to continue with the current support they give.

There is an assumption that some level of discretionary housing payments will continue to be supported by central Government.

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

Transitional protection should apply to protect claimants who already have a live claim from the switch from the national scheme to a local scheme. This will impact on the working age claimants who could be given a sliding scale of protection until everyone with the same circumstances receives the same level of support. Transitional protection should be fully funded by central Government to ensure that local authorities can use their own grant to provide as wide a support as possible.

9h: Should arrangements for appeals be integrated with the new arrangements for Council Tax appeals?

It is dependent upon what exact issue is being appealed. If there are 400 schemes then this would be impossible. It could work if the correct level of expertise was available. This could also reduce administrative overheads.

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)?

The consultation document suggests that a localised scheme would operate as a discount to make qualification as simple as possible. However, there will have to be a means test at some stage of the process to establish different levels of support.

A simpler application process, changes of circumstance process and longer award period would help to provide some certainty.

Funding arrangements that take into consideration the percentage of pensioners and vulnerable people in the caseload to determine the grant amount would help local authorities.

Council Tax benefit take up by pensioners is reported as being low due to numerous barriers. However, a local scheme and resultant publicity could result in unknown demand for support under a local scheme therefore reducing even further the limited flexibility that will be left.

Additional funding for support could be raised if changes to single person discount were made to limit awards on the grounds of income or banding.

10. Data sharing

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

The minimum information would be access to CIS that is available already to remain in place to provide data regarding benefit in payment, access to pensioner data from the pension service and additional access to earnings data from HMRC to enable assessment to be made for employed claimants.

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

It is difficult to identify at this early stage and until more detail about the model schemes is known.

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?

Data regarding earnings from HMRC and pensioners date of births from the pension service would help to establish claimants’ circumstances.

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?

Defining characteristics would be:

Pensioners (including disabled pensioners)
Disabled working age and vulnerable (severely disabled receiving high rate DLA care and/or mobility, or Employment Support Allowance (ESA) claimants in a support group)
Disabled receiving ESA in a work related activity group
Working age claimants who are not disabled

<p>10e: How would potentially fraudulent claims be investigated if local authorities did not have access to the raw data?</p>
<p>Authorities would need to have access to the same data that they currently have. In addition information with regard to Universal Credit, household composition, employment details and bank accounts would be required.</p> <p>Following the release of the future options paper, investigation could be undertaken by current local authority staff under the SFIS policies and procedures but use the flexibility to investigate Council Tax rebate cases.</p>
<p>10f: What powers would local authorities need in order to be able to investigate suspected fraud in Council Tax support?</p>
<p>The Authorised Officer powers that are currently in place would need to remain. Further comment is dependent on the result of the options paper consultation and therefore cannot be made at this stage.</p>
<p>10g: In what ways could the Single Fraud Investigation Service support the work of local authorities in investigating fraud?</p>
<p>It is difficult to answer fully until the results of the recent options paper are known but, under option 1, if local authorities were available to our investigators then the flexibility of looking at cases of Council Tax rebate would prevail. Unless DWP were willing to cover the costs, administration funding would need to be given to help toward the cost.</p>
<p>10h: If local authorities investigate possible fraudulent claims for Council Tax support, to what information, in what form would they need access?</p>
<p>Local authorities would require application forms or details and statements provided in support of customer claims, as well as household composition and income information. This could be in the form of electronic version or access to systems.</p>
<p>10i: What penalties should be imposed for fraudulent claims, should they apply nationally, and should they relate to the penalties imposed for benefit fraud?</p>
<p>As the system will be a local system with any losses affecting local authorities individually then they should be free to determine their own penalties within national parameters. This will also require legislation.</p> <p>If penalties are to be applied nationally and are similar to the current Council Tax penalties then the amounts need to be reviewed as the amount of £70 is not a significant penalty.</p>

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

Yes as this works well under the current scheme. There will need to be a database or process in place to track this nationally.

11. Funding

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

The cash limited grant that is proposed will place a major constraint and financial risk on the local authorities ability to run an effective and fair scheme. The scheme is intended to be local which should leave local authorities free to manage their own finances and have their own scheme. Too many constraints take away the ethos of localism.

The consultation paper is silent on future grant allocation limits

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

An annual review approach should be carried out as any new scheme will be subject to potentially unforeseen pressures. An annual review will be able to look at initial demand and cost to allow for tailoring to potential changing circumstances.

12. Administrative costs

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

Administration costs can be minimised by allowing and providing the following:

- Data sharing and passporting arrangements
- Links to Universal Credit
- Collaborative working
- Longer award periods
- Access to CIS, HMRC, demographic and socio economic data
- Shared administration arrangements, although this could be difficult to implement
- Sharing software costs
- Simpler process
- Simpler notification letters meaning less reduced customer contact

A national scheme would avoid the need for significant cost for design, modelling, consultation, IT development as well as ongoing support of the systems.

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

Joint working could be encouraged or incentivised by making funding available to local authorities. There may well be an appetite for joint working in this area but the timescales of this proposal are such that those approaches may be overlooked as a result of trying to get a scheme in place by April 2013.

Joint working may not be appropriate for all larger authorities. It may be more appropriate in 2 tier areas.

13. Transitional and implementation issues

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

It is agreed that a one off introduction would be the fairest, although transitional arrangements will be required for claimants who will lose out.

Two separate schemes will be in place until all housing benefit claims move over to Universal Credit in 2017, and when this change is made there will be 3 schemes at the same time with the obvious reduction in funding.

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?

There is a need to retain all information that we currently do until more information regarding the design of a new scheme has been produced. The idea is to simplify the process, but the assessment criteria will determine the depth of information required.

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

In order to help local authorities the Government could reconsider the very tight timescale for introduction. It could also publish the model schemes and more detailed guidance as soon as possible, including criteria for vulnerable groups, data sharing and passporting arrangements. The Government should also meet all of the local authority costs in moving to a new scheme.

Funding should be provided to enable local authorities with high pensioner and

<p>potentially vulnerable claimants to support the remaining cases in their caseload.</p> <p>The Government should provide transitional financial protection to phase in a new scheme over a period of time, which is suggested to be 5 years.</p>
<p>13d: If new or amended IT systems are needed what steps could Government take to shorten the period for design and procurement?</p>
<p>Any new scheme can only be run on new or amended IT systems. All interface with the Council Tax system and will need amendments to process the new scheme.</p> <p>Consultation with IT suppliers should be happening now as some suppliers feel the timescales for this are too tight.</p>
<p>13e: Should applications, if submitted prior 1 April 2013, be treated as if submitted under the new system?</p>
<p>Applications submitted prior to 1/4/13 should be treated under the new scheme if they are advance claims. If they are not they should be treated under the current scheme.</p>
<p>13f: How should rights accrued under the previous system be treated?</p>
<p>Consideration needs to be given to the following options:</p> <ul style="list-style-type: none"> • All claimants being moved to the new scheme by notifying all customers of their new entitlement • Introduce transitional protection rules instead mainly for working age who do not have the same protection as pensioners • Retain current benefit entitlement until there is a change in circumstances whereby the new scheme would then be applied. However this could encourage working age customers not to report changes as they would be worse off under the new scheme.

The Association of North East Councils is the representative body for local government in the North East. It encompasses the 12 local authorities in the North East, including Northumberland, Tyne and Wear, Durham and the Tees Valley, on issues of concern to them and the communities they serve.

It is a cross - Party organisation, with all of its Members democratically elected and accountable politicians.

The Association would be pleased to discuss any of the issues raised in its response to the consultation.