

Mid Kent Services
Council Tax Reduction - Implications for the introduction of Full Service
Universal Credit
June 2017

Contents

1.0	Introduction and background.....	3
2.0	Analysis of Issues	4
	The reluctance of Universal Credit (UC) claimants to make a prompt claim for Council Tax Reduction (CTR)	4
	Universal Credit cases – accepting DWP information (data hub) as an intention to claim for CTR	4
	Universal Credit cases – accepting DWP information (data hub) as a claim for CTR	4
	Dealing with multiple changes to CTR cases through changes in Universal Credit.....	5
	Universal Credit cases – applying a fixed income period to avoid multiple changes	5
	Universal Credit cases – applying a tolerance to avoid multiple changes	6
	Universal Credit cases – not applying any changes received from the DWP	8

1.0 Introduction and background

- 1.1 Following discussions with the partnership, a request has been made to analyse the issues which are likely to occur within Council Tax Reduction with the implementation of Full Service Universal Credit (UC).
- 1.2 This briefing paper provides the following information as agreed:
 - a. Commentary on each of the issues experienced by authorities within Full Service areas including potential options to change to the CTR scheme ;
 - b. Whether the option requires consultation;
 - c. Where consultation is required, suggested wording to be used in the consultation process; and
 - d. Indications of the changes needed to the current Council Tax Reduction scheme documentation.
- 1.3 For clarity, the main issues fall in the following areas:
 - a. The reluctance of Universal Credit (UC) claimants to make a prompt claim for Council Tax Reduction (CTR);
 - b. The number of changes to Universal Credit cases received through the data hub requiring a change to Council Tax Reduction entitlement;
 - c. The changes in Council Tax Reduction resulting in changes to Council Tax liability, the re-calculation of instalments, delays and potential loss in recovery; and
 - d. The increased costs of administration through multiple changes (staff time), increase in documentation and postage etc.
- 1.4 The option shown address one or more of the issues identified in paragraph 1.3.

2.0 Analysis of Issues

The reluctance of Universal Credit (UC) claimants to make a prompt claim for Council Tax Reduction (CTR)

- 2.1 Universal Credit claimants are often slow or even reluctant to claim Council Tax Reduction. We have undertaken some analysis and it would appear that there is confusion in that they do not appear to understand, in a number of cases, that a separate claim is actually required. Poor information provided by the Department for Work and Pensions (DWP) is also often blamed.
- 2.2 The effect of this is that either no claim is made (resulting in a higher Council Tax liability or non-payment) or a delay in claiming again resulting in a higher than necessary Council Tax liability.

Universal Credit cases - accepting DWP information (data hub) as an intention to claim for CTR

Commentary	This option would allow each Council to accept any information received from the Secretary of State for DWP as an intention to claim, for Council Tax Reduction.
Consultation Required?	No - the current scheme allows for anything to be treated as an intention to claim or to accept information from DWP.
Changes to documentation	None required

Universal Credit cases - accepting DWP information (data hub) as a claim for CTR

Commentary	<p>This option would allow each Council to accept any information received from the Secretary of State for DWP as a claim, for Council Tax Reduction.</p> <p>The current scheme allows for claims to be received in writing which includes emails or electronic format and it could be argued that the option could be undertaken immediately without changing the scheme itself.</p> <p>The main advantage is that Council Tax Reduction could be processed automatically once information is received from the data hub and will maximise entitlement. It will also assist in the recovery of Council Tax and reduce administration.</p> <p>It could be argued that there may be an increase in scheme costs where a claim is automatically processed.</p>
Consultation Required?	No
Changes to documentation	The current documentation allows for this option. However, we would suggest that further wording is added to ensure clarity in these cases.

Dealing with multiple changes to CTR cases through changes in Universal Credit

- 2.3 From information obtained from the Full-Service UC sites, large volumes of changes in UC are received on a daily basis via the data hub. The amount of changes vary from authority to authority. The number of changes received ranges from **11** changes per annum **per case** to **32** changes per annum **per case**. Clearly not all changes are correct or have to be actioned although in all cases, work has to be undertaken to establish whether action should be taken to align CTR with the UC changes. In effect this could mean that a large number of UC cases would receive 12 Council Tax bills per annum with the corresponding confusion and administration costs.
- 2.4 It should be noted that there is no immediate likelihood that the accuracy of the data from DWP will be improved and in any event the data hub information does not necessarily agree with information held on CIS.
- 2.5 The following options have been taken, or are being considered by authorities to reduce the impact of these changes.

Universal Credit cases - applying a fixed income period to avoid multiple changes

<p>Commentary</p>	<p>This option will allow each authority to set 'assessment periods' during which any changes in universal credit entitlement will not be actioned. Each authority will need to decide what changes or exceptions (if any) would trigger a change and also the period for which this would last.</p> <p>Traditionally fixed periods of this sort have been 6 months (previously used within Family Credit). Decisions will also need to be made as to whether this will apply just to Universal Credit cases or to the caseload generally.</p> <p>The fixed period approach cannot be made to the pension age CTR scheme which is prescribed by Central Government.</p>
<p>Consultation Required?</p>	<p>Yes</p>
<p>Suggested Consultation wording</p>	<p>Fixed Period Assessments</p> <p>This option will enable the authority to calculate or recalculate a person's entitlement to Council Tax Reduction every xxx months. Currently, every change to a person's income or capital will potentially generate a change in their Council Tax Reduction leading to changes in their Council Tax instalments.</p> <p>By fixing the assessment period, this will avoid multiple changes, be less confusing, avoid the constant recalculations of Council Tax instalments and will aid administration.</p>

	<p>The benefit of this is:</p> <ul style="list-style-type: none"> • It is a clear and simple change to the current scheme; • It is administratively simple and will potentially make administrative savings; and • It may benefit some applicants as changes that may decrease Council Tax Reduction for a person would not be taken into account until the new assessment period. <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • It may disadvantage some applicants as changes that may increase Council Tax Reduction for a person would not be taken into account until the new assessment period. <p>Do you agree with this change to the scheme? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know</p> <p>If you disagree what alternative would you propose?</p>
<p>Changes to documentation</p>	<p>We would need to agree with each authority the exact wording in the working age scheme to ensure that it achieves the required outcomes. We assume that this would not be a blanket policy and that there would need to be certain 'triggers' that would allow for further assessment prior to the end of the existing assessment period.</p>

Universal Credit cases - applying a tolerance to avoid multiple changes

<p>Commentary</p>	<p>The option would continue with the existing scheme operated by each Council but significantly changes which would increase or decrease entitlement below an agreed level would not effect any change to the award of Council Tax Reduction. Each Council would need to decide the following:</p> <ol style="list-style-type: none"> What level of change (£) would not be actioned; Whether the tolerance would apply to both increases in entitlement and decreases in entitlement equally; Whether changes should be 'accumulated' and then actioned when all changes 'add up' to more than the tolerance level; and <p>Whether the tolerance should apply to all applicants irrespective of the income / benefits they receive.</p>
--------------------------	--

	The tolerance approach cannot be made to the pension age CTR scheme which is prescribed by Central Government.
Consultation Required?	Yes
Suggested Consultation wording	<p>Tolerances</p> <p>This option will enable the authority only to recalculate a person’s entitlement to Council Tax Reduction where the change would result in an alteration of entitlement of greater than / less than £xx. Currently, every change to a person’s income or capital will potentially generate a change in their Council Tax Reduction leading to changes in their Council Tax instalments.</p> <p>By fixing a tolerance level, this will avoid multiple changes, be less confusing, avoid the constant recalculations of Council Tax instalments and will aid administration.</p> <p>The benefit of this is:</p> <ul style="list-style-type: none"> • It is a clear and simple change to the current scheme; • It is administratively simple and will potentially make administrative savings; and • It may benefit some applicants as changes that may decrease Council Tax Reduction for a person would not be taken into account. <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • It may disadvantage some applicants as changes that may increase Council Tax Reduction for a person would not be taken into account due to the tolerance. <p>Do you agree with this change to the scheme?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know</p> <p>If you disagree what alternative would you propose?</p>
Changes to documentation	We would need to agree with each authority the exact wording in the working age scheme to ensure that it achieves the required outcomes. We assume that this would not be a blanket policy and that there would need to be certain 'triggers' that would allow for further assessment despite the tolerance level being set.

Universal Credit cases - not applying any changes received from the DWP

<p>Commentary</p>	<p>The option would continue with the existing scheme operated by each Council but changes in UC notified by the DWP would not be actioned automatically. Changes would only be actioned if reported by the applicant.</p> <p>The result of this approach would be to significantly reduce the number of changes undertaken but it would place the onus on the applicant to notify each Council of changes (this is already a duty imposed under the existing schemes). Each Council would need to decide the following:</p> <ol style="list-style-type: none"> a. How it would deal with changes notified by the applicant that are beneficial in nature (this is particularly relevant with effective dates); b. How it would deal with changes notified by the applicant that are non- beneficial in nature (this is particularly relevant with effective dates); and c. Whether non-reported changes should be subject to a penalty <p>This approach cannot be made to the pension age CTR scheme which is prescribed by Central Government.</p>
<p>Consultation Required?</p>	<p>Yes</p>
<p>Suggested Consultation wording</p>	<p>Not actioning DWP notified changes</p> <p>This option will mean that the Council would only action changes to Council Tax Reduction where notified by the applicant. Currently, every change reported to the Council by the Department for Work and Pensions that would potentially generate a change in their Council Tax Reduction is actioned.</p> <p>This approach places additional emphasis on the applicant reporting changes. It should be noted that this is already a duty under the current scheme.</p> <p>The benefit of this is:</p> <ul style="list-style-type: none"> • It is a clear and simple change to the current scheme and will avoid the use of incorrect data sent through by the DWP • It is administratively simple and will potentially make administrative savings; and • It may benefit some applicants as only correct changes will be actioned

	<p>The drawbacks of doing this are:</p> <ul style="list-style-type: none">• It may disadvantage some applicants as changes not reported, albeit that they may increase Council Tax Reduction would not be actioned.• The failure to notify any changes may result in loss of Council Tax Reduction and the imposition of penalties for late notification. <p>Do you agree with this change to the scheme?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know</p> <p>If you disagree what alternative would you propose?</p>
Changes to documentation	This is a simple change in the document. Replacing the word 'shall' with 'may'.