

Summary Sheet

Committee Name and Date of Committee Meeting

Overview and Scrutiny Management Board – 12 December 2018

Report Title

Council Tax Support and the Impact of Universal Credit

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

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Ward(s) Affected

All

Summary

Universal Credit (UC) is being introduced nationally to replace 6 key benefits for customers and following a number of delays was fully rolled out in Rotherham on the 11th July 2018.

Universal Credit includes Housing Benefit (HB) but does not include local Council Tax Support (CTS) for which residents are required to apply directly to the Council. There is a concern, supported by anecdotal evidence from other councils and a few reports published on the subject, that following the introduction of UC there was a risk that there could be a decline in CTS applications. This was due to the CTS application becoming an additional and separate process to the UC application which is made directly to The Department for Works and Pensions (DWP).

Where the decline in CTS applications is as a result of a genuine reduction in the level of support required, for example when it is the result of an economic upturn, it will have a positive impact to the Council's budget with Council Tax income increasing. However, if the decline is a result of those who would be entitled to support failing to claim, it will result in an increase in Council Tax arrears together with the costs of collection and for UC claimants an increase in personal debt levels.

The Revenues and Benefits Service have therefore introduced a number of actions to encourage those potentially entitled to CTS to apply.

Recommendations

That the report be shared with all Elected Members and all relevant Departments of the Council in order that where appropriate their constituents and service users be encouraged to apply for Council Tax Support where they are either in receipt of or are applying for Universal Credit.

List of Appendices Included

None

Background Papers

Waiting for Credit: The delivery of Universal Credit, Citizens Advice Bureau, 2015
[http://www.boltoncab.co.uk/Global/Waiting%20for%20Credit%20PDF%20final%20\(03\)%20Nov%202015.pdf](http://www.boltoncab.co.uk/Global/Waiting%20for%20Credit%20PDF%20final%20(03)%20Nov%202015.pdf)

Three years on: An independent review of Local Council Tax Support Schemes, Ollerenshaw, 2016
<https://www.gov.uk/government/publications/local-council-tax-support-schemes-an-independent-review>

Universal Credit and debt, Citizens Advice Bureau, 2017
<https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/debt-and-money-policy-research/universal-credit-and-debt/>

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Council Tax Support and the Impact of Universal Credit

1. Recommendations

- 1.1 That the report be shared with all Elected Members and all relevant Departments of the Council in order that where appropriate their constituents and service users be encouraged to apply for Council Tax Support where they are either in receipt of or are applying for Universal Credit.

2. Background

- 2.1 Universal Credit (UC) is being introduced nationally to replace 6 key benefits for customers and following a number of delays was fully rolled out in Rotherham on the 11th July 2018. Some areas of Rotherham in specific postcodes had previously rolled out where they are covered by the Barnsley, Doncaster & Worksop Job Centres although this is a relatively small number of cases when compared with the total caseload.
- 2.2 Universal Credit includes Housing Benefit (HB) but does not include local Council Tax Support (CTS) for which residents are required to apply directly to the Council.
- 2.3 There has been a general consensus nationally that for many claimants the driver for completing an application form was primarily to receive help towards their rent via HB and that the assessment of CTS was a subsidiary of that due to it being a joint form and assessment process.
- 2.4 There was therefore a concern that following the introduction of UC there was a risk that there could be a decline in CTS applications due to it becoming an additional and separate process to the UC application which is made directly to The Department for Works and Pensions (DWP).

Information supporting a decline in CTS applications

- 2.5 In 2016 an independent report, commissioned by DCLG, was undertaken by Eric Ollerenshaw in respect of CTS. Whilst the report concluded that help with Council Tax should remain a local scheme administered by the Council, it did acknowledge that experience showed that lower numbers claimed CTS when in receipt of UC.

The report stated the following;

Research by the Citizens Advice across 16 offices found that individuals were not always aware they can claim CTS, given there were different claims systems for UC and CTS. Their report on Universal Credit suggests that, because there is no passporting (where individuals on certain benefits would automatically receive CTS), many individuals on UC do not know about the availability of CTS. The report states that: There was also a lot of confusion about Council Tax Reduction [CTS] – approximately a third of the sample of those who would be likely to be eligible for CTR [CTS] (about 70% of all respondents) had either applied for it late or were unaware that they were likely to be eligible.

- 2.6 Anecdotal information from other Councils who have moved to full UC has supported this concern with many experiencing problems with a reduction in CTS take up. A Council local to Rotherham advised that they had seen a reduction of 2,000 in their CTS caseload following the move onto UC of 4,000 claims in 2017. There have, however, not been any national studies of the impact of UC on CTS claim levels and it is often difficult to attribute the reason for a failure to claim to one particular cause.

Importance of UC claimants applying for CTS

- 2.7 It is important for those on UC to receive the CTS that they are entitled to as this helps;
- Assist UC claimants in managing their finances and reduces personal debt problems.
 - Stops Council Tax arrears accruing.
 - Reduces the burden on the Council of collecting large Council Tax balances from those with the lowest incomes, who realistically have little chance of maintaining the required payments.
- 2.8 The CAB issued a further report in respect of UC in September 2017 which concluded that its evidence showed the following;
- UC claimants are more likely to have debt problems than those on legacy benefits
 - A quarter (26%) of the people they help with UC also needed help with debt compared to 19% of those on legacy benefits
 - More than 2 in 5 (41%) of debt clients on UC have no spare income to pay creditors compared to a third (33%) on legacy benefits

Rotherham experience

- 2.9 Prior to being rolled out in Rotherham in July 2018 only a relatively low number of Rotherham residents were claiming UC however the CTS caseload had significantly decreased by 1,886 from April 2017 to July 2018. In the three months following the roll out the caseload has decreased by a further 541. This fall will have been impacted by a number of factors including a move of some claimants onto UC;
- A general change in the economy with more people moving into work and no longer qualifying
 - An increase in the state pension credit age resulting in lower numbers of pension age applicants claiming CTS
 - Changes to Rotherham's CTS scheme which came into effect in April 2018
- 2.10 It is difficult to assess accurately the degree to which those on UC not claiming CTS has been responsible for the decline in caseload particularly as not all claimants groups were affected prior to roll out. Since December 2015 only a small client group (single job seekers) have been compelled to apply for UC regardless of where they lived and other household groups in certain areas of Rotherham being introduced in the past six months (those covered by Barnsley/Doncaster and Worksop Job Centres).

2.11 Prior to UC roll out Rotherham had 1,016 UC applicants on CTS, however, it is considered that a significant proportion of these were on CTS at the time they moved to UC and as such their claim has continued without the need for a new application.

The UC Application process

2.12 As part of the UC online claim, administered by the DWP, the claimant is asked whether they are already in receipt of CTS or wish to claim CTS. If the answer to this question is “Yes” the DWP will supply certain information to the Councils Benefits Team. If the answer is “No” the Council will be unaware of the UC application or the claimants financial circumstances.

2.13 Where someone is already in receipt of CTS the data the Benefits Team already have together with the information provided by the DWP is sufficient to re-assess CTS entitlement.

2.14 However, where an applicant is not currently in receipt of CTS additional information is required in order to assess CTS entitlement and the claimant is therefore invited to apply by Rotherham’s Benefits Team. An analysis of 30 cases where invites to apply were sent in February/March 2018 has been conducted which showed the following;

- 8 applications (27%) were returned
- 22 applications (73%) were not returned
- Of the 22 not returned there was a high possibility based on the available information that 3 would qualify for some CTS entitlement
- The remaining 19 had earnings and it is difficult to ascertain whether or not they would have been entitled to CTS without the form and accompanying proofs, such as payslips

The above figures may also be distorted by the fact that the predominant claimant of UC in Rotherham up to recent times has been single job seekers who are more inclined to be in and out of work and may choose to not claim during short periods of unemployment.

2.15 From the 11/07/2018 all of Rotherham is a UC full service area and therefore all different types of household, with a few exceptions, are now required to apply for UC when making a new claim for support.

Actions to maximise appropriate CTS applications

2.16 The Revenues and Benefits Service are encouraging those potentially entitled to CTS to apply by various methods.

- Ensuring that the Council’s website benefit pages are clear that claims for Housing Benefit can no longer be made with the exception of the exempted groups (specified accommodation and those with 3 or more children) and that instead claims for UC should be made directly to the DWP and claims for CTS should be made directly to the Council.

- Promoting CTS on other appropriate Council Tax documentation such as the Frequently Asked Questions.
- Where the Benefits Team issue an invite to apply following the DWP data share this is considered to be the intention to claim CTS, and if the form is returned within one month of the invite then the date which is used as the start date of CTS will be the date of the DWP data share.
- Developing automated reminders where there is no response to the initial invite to apply.
- Where good cause is shown for a delay in an application for CTS the Benefits Team will utilise the 6 month backdating rules which exist in the Council's CTS scheme.
- Ensuring that other teams within the Revenues and Benefits Service, who are responsible for the billing and collection of Council Tax, are aware of the need to encourage CTS applications where appropriate. This will form part of their everyday work where they will promote take up of all discounts and exemptions, particularly when dealing with Council Tax arrears. Where they come across a case for which it appears CTS may be appropriate they will issue advice and direct customers to further assistance on the Councils web site.
- The need for applicants to apply for CTS has been highlighted as part of the Councils Universal Credit working group which covers other Council areas including the Housing Department who regularly sign tenants up for new tenancies and work with existing tenants.
- Following the on-line UC claim, each applicant is required to attend the local Job Centre to finalise their claim. Agreement is being sought with the Job Centre Partnership manager to issue a pocket sized card to the claimant during this meeting promoting CTS and explaining how to apply.

3. Key Issues

- 3.1 To promote the need to make a CTS application to UC claimants where appropriate.

4. Options considered and recommended proposal

- 4.1 A number of options were considered to encourage those potentially entitled to CTS to apply and those options considered appropriate have been introduced as outlined above.

5. Consultation

- 5.1 None

6. Timetable and Accountability for Implementing this Decision

- 6.1 Universal Credit (UC) is being introduced to replace 6 key benefits for customers and following a number of delays was fully rolled out in Rotherham on the 11th July 2018. Some areas of Rotherham in specific postcodes had previously rolled out where they are covered by the Barnsley, Doncaster & Worksop Job Centres.

7. Financial and Procurement Implications

- 7.1 A decline in CTS applications will reduce the cost of the scheme and deliver a cost saving for the Council and its preceptors.
- 7.2 Where the decline in applications is as a result of a genuine reduction in the level of support required, for example when it is the result of an economic upturn, it will have a positive impact to the Council's budget with Council Tax income increasing. If however the decline is a result of those who would be entitled to support failing to claim it will result in an increase in Council Tax arrears together with the costs of collection and an increase in personal debt levels.

8. Legal Implications

- 8.1 No direct implications from this report

9. Human Resources Implications

- 9.1 No direct implications from this report

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 A decline in CTS applications from those entitled to support, particularly vulnerable adults, could lead to a subsequent increase in Council Tax bills for those affected which may increase the numbers of families with children in financial difficulties.

11. Equalities and Human Rights Implications

- 11.1 No direct implications from this report

12. Implications for Partners and Other Directorates

- 12.1 A decline in CTS applications from those entitled to support could lead to a subsequent increase in Council Tax bills for those affected which may increase the numbers engaging with advice agencies in respect of financial difficulties.

13. Risks and Mitigation

- 13.1 A decline in CTS applications from those who would be entitled to support will result in an increase in Council Tax arrears together with the costs of collection and an increase in personal debt levels.

13.2 In order to mitigate this actions have been put into place in order to maximise applications from who may be entitled to support.

14. Accountable Officer(s)

Approvals Obtained from:-

	Named Officer	Date
Strategic Director of Finance & Customer Services	Judith Badger	29 th November 2018
Assistant Director of Legal Services	Dermot Pearson	29 th November 2018
Head of Procurement (if appropriate)	N/A	
Head of Human Resources (if appropriate)	N/A	

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This report is published on the Council's website or can be found at:-

<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories=>