

DRAFT Communications and engagement plan

Changes to the Council's local council tax reduction scheme



Presented to: Finance and Management Committee

Date: 21 October 2021

Presented by: Elizabeth Barton, Head of Customer Services and James Taylor, Communications Manager at South Derbyshire District Council

1. Context

1. About the Council

South Derbyshire District Council is a second-tier local authority in Derbyshire. The Council is responsible for services including bin collections, street cleaning, maintaining award-winning parks and open spaces, environmental protection, housing, services for vulnerable tenants, customer services including revenues and benefits, economic development, markets, town centre events and tourism.

As the billing authority, the Council is responsible for the quick and efficient collection of Council Tax from its residents. The Council is also responsible for administering the Local Council Tax Reduction Scheme for residents of working age on low incomes who are eligible for reduction in their Council Tax payments.

2. About the local council tax reduction scheme

Since Council Tax was introduced in 1993, people on low incomes have been able to claim support to pay their Council Tax bills. Until 2013, this was through the nationally designed Council Tax Benefit Scheme.

On 1 April 2013, the Government transferred responsibility for Council Tax support to local councils. Since then, local councils have had a duty to design and deliver Local Council Tax Reduction Schemes (LCTRS) for working-age claimants.

Local Council Tax Reduction Schemes apply to working-age claimants only. Pension-age claimants receive support under the nationally prescribed scheme in line with The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations.

The Council's current LCTRS was launched in April 2013. It fundamentally mirrored the outgoing national Council Tax Benefit Scheme.

There are many variations of LCTRS across the country, ranging from more generous schemes that mirror the national scheme, through to those that aim to limit who is eligible and severely restrict the level of help given. Whilst the Council's current scheme is one of the more generous schemes, it is also one of the most complex to deliver for both customers and the Council.

Many councils have simplified their schemes to address changes brought about by welfare reform and Universal Credit, including introducing income-banded schemes for working age claimants. Such schemes are recognised to deliver more financial security/stability to customers, and to reduce the administrative burden on councils administering the schemes.

3. Why change the scheme?

The Council is keen to consider altering the current scheme for a number of reasons:

- The administration grant the Council receives from national government to deliver the scheme is reducing year-on-year.
- Despite this drop in funding, the cost of administering the scheme is not reducing. This is primarily due to inbuilt complexities in the current scheme – for example every time an applicant’s income changes, their case must be reassessed, and their award must be reprofiled.
- Universal Credit (UC) is undoubtedly a contributing factor to this, especially for claimants who are in employment. Claimants’ UC is recalculated every month which generates new files for the Council to process. For claimants receiving fluctuating wages, this means they receive a revised award every month and, as a consequence, a revised Council Tax bill, which is costly to administer and deliver.
- This reprofiling of payments creates a high level of uncertainty for both customers and the Council. Payments made by customers can be delayed because of the requirement to give 14 days’ notice, meaning customers do not have the opportunity to apportion their remaining Council Tax payments over as many instalments.
- In some circumstances the current scheme does not distribute support to the neediest residents, in that those with significant savings and with a working adult living in their home, could be awarded more support than people with no savings and on very low incomes.
- A removal of the baseline reduction could prevent people on very low incomes being chased for small amounts of debt, as well as reduce related debt recovery costs. Studies have shown that the collection of the baseline reduction of 8.5% and 10% is expensive, with recovery fees often exceeding the debt the customer originally owed (Institute of Fiscal Studies¹).
- Due to the complex nature of assessments, benefit assessor skills are required to process Local Council Tax Reduction Scheme (LCTRS) cases/changes.
- A simplified scheme will allow the possibilities of awards being automated, resulting in a prompt award of support, so meeting customers’ need for real-time changes to their bill according to changes in their circumstances.
- Above all, the cost of administering the scheme remains high, whilst customer satisfaction is reducing as customers are often confused by the nature and regularity of correspondence they receive and are less able to budget/manage their money based on fluctuating awards.
- Finally, it has been identified that the Council’s scheme is out of sync with changes to various national benefits made since the introduction of the scheme in 2013, such as the two-child limit introduced in 2017, and the mixed-age couple regulations introduced in 2019.

There are approximately 2,968 working-age claimants of LCTRS which costs approximately £3 million per annum to deliver, not including administration costs. This cost is accounted for in the Collection Fund, whilst the administration costs (net of Government Grant) are accounted for in the General Fund.

¹ <https://www.ifs.org.uk/publications/13827>

4. About the proposed changes

At its meeting on 26 August 2021, the Council's Finance and Management Committee agreed to consider potential models to amend the local council tax reduction scheme that aim to deliver the following:

- **Benefits for residents** include fairer distribution of support to the most financially vulnerable residents, less paperwork and confusion, more financial stability, and greater customer satisfaction.
- **Benefits for the Council** include more streamlined administration, less debt recovery carried out with vulnerable residents, update of the scheme in line with changes introduced by welfare reform and Universal Credit (UC).

Since then, two potential models have been created:

The first is a banded scheme (Model 1) and the second is simplified scheme based on the current taper (Model 2). Each scheme includes:

- The removal or replacement of the baseline reduction, so those on the lowest incomes would no longer need to pay 8.5% or 10% towards their Council Tax.
- The removal of Second Adult Rebate.
- The simplification of Non-Dependent Deduction.
- The treating of Universal Credit Claims as a claim for Council Tax Support.
- The introduction of a minimum award.

The key difference between the two models is that Model 1 is a banded scheme and Model 2 features the existing taper. Both are based on excess income, so retain the same calculation of income and applicable amounts, with no change to earnings disregards, disregarded income or capital amounts. This means that no claimants are advantaged or disadvantaged by the change in the method of calculation, until the final element where the taper or band is applied.

These models and proposed changes are explained in a consultation booklet – see Appendix 6.

5. Consultation aims and overview

The aims of the communications and engagement plan are:

- To outline the proposed changes to the Council Tax Reduction Scheme – explaining this in plain English.
- To allow current claimants to test how the potential changes would directly impact their award through the use of an online modelling tool.
- To allow residents who do not currently claim to understand the scheme, the financial impact of the proposed changes and give their views.
- To seek community partner input into the proposed changes and their support in engaging their membership in giving views.
- To seek Elected Member input into the proposed changes and their support in engaging their constituents in giving views.
- To seek the views of staff to ensure they understand the proposed changes and have chance to give their views, particularly in key teams such as housing, revenues, customer services and benefits.

The consultation activity will focus on four key areas:

- Current claimants
- Local residents/potential claimants
- Elected members
- Community partners
- Precepting authorities.
- Staff

6. Proposed customer consultation

Audience	Notes
Current claimants	The consultation will particularly target the 2,968 working-age claimants who currently receive Council Tax Support.
Local residents/potential claimants	The consultation will also be promoted more widely to enable people who may at one point become a claimant to comment, as well as residents who have a view on how local public funds should be best invested.
Elected Members	Elected members will be consulted – both to ensure they feel confident explaining the proposed changes to their constituents, as well as to seek their views on which elements of the proposed changes they support/are concerned about, if any.
Community partners	Community partners will be consulted – both to ensure they feel confident explaining the proposed changes to their memberships, as well as to seek their views on which elements of the proposed changes they support/are concerned about, if any.
Precepting authorities	Precepting authorities will share the additional cost of any amendment to the scheme. As such all precepting authorities will be contacted to seek their views on the amendments.
Staff	Staff will be consulted – to ensure they understand the changes, but can also raise any concerns.

6.1. Current claimants

All current claimants will receive a letter to inform them of the consultation and how to give their views. This will be written in plain English and will encourage them to get involved trialling the online modelling tool, as well as submitting their responses via an online survey.

Current claimants will be able to:

- Request a call back from a benefits team member to run through the proposed changes and support them giving their views.
- Book an appointment on one of three dates (depending on take up, more dates will be added) - Wednesday 27 October, Friday 3 December, and Friday 7 January during which they will be met by a benefits team member who will run through the proposed changes and support them giving their views.
- Use the online modelling tool or receive a personalised calculation via a call back if they can't go online.
- Request a paper copy of the consultation booklet/survey (Appendix 6) is sent to them if they can't go online.
- Give their views online, or by email/post if they can't go online.

6.2. Local residents/potential claimants

Local residents will not be directly contacted. They will be alerted to the proposed changes via:

- Social media (facebook and twitter) campaigns.
- Press release on the council's website and in local press.
- Via community partners.
- Via Elected Members.
- Housing tenants will also receive a text message to alert them to the consultation.

Local residents will be able to:

- Request a call back from a benefits team member to run through the proposed changes and support them giving their views.
- Book an appointment on one of three dates (depending on take up, more dates will be added) - Thursday 4 November, Friday 3 December, and Friday 7 January during which they will be met by a benefits team member who will run through the proposed changes and support them giving their views.
- Request a paper copy of the consultation booklet/survey (Appendix 6) is sent to them if they can't go online.
- Give their views online, or by email/post if they can't go online.

6.3. Proposed community group consultation

Working through the Equality, Diversity and Inclusion (EDI) Steering Group and membership, the Council will seek the views of community groups to ensure that their views are considered in relation to the proposed changes.

A presentation will be made to the EDI Steering Group, and further to this the Council will work with community groups to seek their views on the proposed changes, as well as their support to share the consultation with their membership.

6.4. Elected Member consultation

Elected members will be invited to one of two MS Teams presentations about the proposed scheme. The dates for these will be confirmed after the Finance & Management Committee on 21 October.

Elected members will also be emailed to inform them of the consultation and how to give their views. This will be written in plain English and will encourage them to submit their responses via an online survey, as well as to share the consultation with their constituents (as appropriate).

Elected members will be able to:

- Request a call back from a benefits team member to run through the proposed changes and support them giving their views.
- Request a paper copy of the consultation booklet/survey (Appendix 6) is sent to them if they can't go online.
- Give their views online, or by email/post if they can't go online.

6.5. Proposed precepting authority consultation, including parish councils

Precepting authorities will be written to formally to seek their views on the consultation as part of the legislative process.

Parish Councils will be invited to send one representative to one of two MS Teams presentations about the proposed scheme. The dates for these will be confirmed after the Finance & Management Committee on 21 October.

Parish Councils will also be emailed to inform them of the consultation and how to give their views. This will be written in plain English and will encourage them to submit their responses via an online survey, as well as to share the consultation with their constituents (as appropriate).

Parish Councils will be able to:

- Request a call back from a benefits team member to run through the proposed changes and support them giving their views.
- Request a paper copy of the consultation booklet/survey (Appendix 6) is sent to them if they can't go online.
- Give their views online, or by email/post if they can't go online.

7. Timeline

In line with legislative requirements, the consultation period will last for 12 weeks:

- The online consultation will run from 22 October 2021 – 14 January 2022, with social media, press releases, letters to claimants and invites to various audiences being issued no later than mid-November 2021.
- An interim report will be presented to Finance & Management Committee on 13 January.
- The final proposed scheme will be presented to Finance & Management Committee on 10 February, and if approved, to Full Council on 23 February for adoption.
- The new scheme, if approved, will apply to Council Tax bills from April 2022.

8. Objectives

By the end of the 12-week consultation period, data will be produced to show:

- Whether current claimants support the changes and which model they prefer.
- Whether wider residents, Elected Members, community partners, staff and precepting authorities support the changes and which model they prefer.
- Any areas of concern raised by any audience.
- Whether any key community groups will be negatively impacted by the proposed changes and what could be done to address this.
- Whether any wards/parishes will be negatively impacted by the proposed changes and what could be done to address this.

8. Budgets

The costs of the consultation will be met from within existing budgets, including design of the consultation booklet, the costs of postage and print.

It is possible there may be a cost involved in seeking the support to run the community partner consultation and this will also be met from within existing budgets.

9. Conclusion

The twelve-week consultation period, coupled with direct communications with community partners, Parish Councils and Elected Members will provide adequate time and opportunity to engage and seek the views of both those residents who are directly affected and those who have a view on how public funds should be invested.

Historically councils tend to get very little response to such consultations, so this plan outlines how the Council aims to make the changes as easy to understand as possible, as well as seek the views of as many audiences as possible to ensure the final proposed scheme is cognisant of any issues and aims to benefit as many people as possible.

ENDS