

An Independent Review of the Department of Finance's Rate Rebate Scheme

New Policy Institute for Land and Property Services

June 2019

1. Introduction and summary.....	2
Aim and scope	2
Summary of key findings and recommendations.....	3
2. The Rate Rebate Scheme in context	5
Domestic rates and council tax	5
Rate rebate and council tax support (or reduction)	6
Funding and changes since 2013	6
New Rate Rebate Scheme for universal credit	7
Assessment and reassessment	8
3. Rate Rebate and other help with domestic rates: scale and impacts.....	9
Analysis of LPS statistics on expected and actual RR claims	9
4. Perspectives on the Rate Rebate Scheme	11
Awareness and understanding of the Rate Rebate scheme	11
Accessing and applying for Rate Rebate	13
Assessment of entitlement: principles and practical problems	15
5. Problems delivering CTR to those in receipt of UC experienced by GB LAs	18
Awareness and understanding of the Rate Rebate scheme	18
Accessing and applying for CTR.....	20
Assessment of entitlement: principles and practical problems	21
6. Assessment and recommendations	26
Assessment	26
Conclusions and recommendations	29

1. Introduction and summary

Aim and scope

- 1.1. The aim of this report is to provide Land and Property Services (LPS) with:
 - A description of the Rate Rebate Scheme (the Scheme, or RR) and the challenges it has faced since its introduction in September 2017;
 - A comparison of the Scheme with the council tax support/reduction schemes (CTS/CTR) for recipients of universal credit (UC) run by local authorities (LAs) in England, Wales and Scotland; and
 - An assessment of how well the Scheme is achieving its objectives.
- 1.2. As taxes which ultimately fall upon households as occupiers of dwellings, domestic rates in Northern Ireland and council tax in Great Britain are similar. But the way in which they operate, with liability for rates usually falling in the first instance on landlords rather than tenants, the two taxes are very different. This has implications for the operation of RR. The clarity of the council tax system makes it a good backdrop against which to present NI's system of domestic rates and to understand the challenges which the RR scheme faces.
- 1.3. The report has been compiled in the knowledge that a review of the Scheme by the Rating Policy Division (RPD) was due to commence in April 2019. Once the Assembly has returned, the report will also be an important part of the body of evidence provided to the incoming Minister, Committee and Executive. The RPD has been monitoring the policy since the start of the Scheme and has taken forward changes to date aimed at simplifying it.
- 1.4. The scope of the report is as follows. Chapter 2 describes the Scheme. Chapter 3 examines evidence on the take-up of RR by those who are in principle entitled to it. Chapter 4 presents and assesses a range of concerns about the Scheme raised during interviews. Chapter 5 describes a selection of CTS/CTR schemes in England, Wales and Scotland and the problems they face which may be relevant to the Scheme. Chapter 6 provides an overall assessment of the Scheme which supports the recommendations for consideration by the RPD's own review.
- 1.5. A variety of terms are used throughout but three in particular are important.
 - The focus of this report is on Rate Rebate (RR). Previous schemes of support, which are still active for many working-age and all pensioner households (there being no change in the situation of the latter) are referred to as 'rate relief'.

- The six social security benefits which Universal Credit (UC) replaces are known collectively as legacy benefits.
- Those claiming or receiving either UC or legacy benefits, or any form of help with rates are described as 'claimants' and sometimes as 'recipients'.

Summary of key findings and recommendations

- 1.6. In delivering the Scheme, LPS is grappling with challenges which are greater than, and distinctive from, those facing LAs delivering CTR in GB. They include the low visibility of both domestic rates and LPS itself, especially to tenants, as well as the size of the Scheme's projected client base (around double that for the CTR scheme of the largest English LA).
- 1.7. Meeting these challenges is made harder by the dependence on UC. There are good reasons for this dependence, but it is different from GB where nobody has to claim UC just to get CTR. Some LAs have one CTR scheme for those claiming UC and another for those who are not. Other LAs have a single CTR scheme to which benefit claimants and non-claimants apply. The Scheme's dependence on UC means that the merits of claiming RR can be tangled up in a better-off calculation. Although some recipients of legacy benefits would be better off under UC, some others are worse off. For them, claiming UC in order to obtain RR may not be worth it.
- 1.8. Our interviews with organisations who have an interest in the Scheme reveal gaps in knowledge about aspects of it. This is despite the outreach work that LPS has done. Such gaps are not a surprise for several reasons, including: the difficult context within which LPS is working; the confusing nature and origins of RR; and the absence of detailed, independent, documentation on the Scheme comparable to what is available for CTR in GB.
- 1.9. Our analysis shows that the actual number of claims under the Scheme to the end of February 2019 was 31 per cent of all UC claimants with a rates liability, compared with an expected 77 per cent. With a take-up rate this low, the Scheme cannot be said to be meeting its principal objective of supporting the vulnerable and helping make work pay. Evidence from GB suggests that some shortfall in take-up is the norm. There is also considerable uncertainty around these statistics, as much to do with the UC numbers as the RR ones.
- 1.10. The spread of the actual number of RR claims between the private rented, social rented and owner-occupied sectors is far from what was expected. On the basis of this evidence, the low take-up problem is much worse in the private rented and owner-occupied sectors than in the social rented sector.
- 1.11. One of the biggest problems that English LAs face in the move to UC is dealing with the volume of notifications received through the UC data share.

Having to check each notification to calculate the impact on a claimant's entitlement to CTR is an administrative burden which some LAs are struggling to cope with. Some LAs have found complete automation to be difficult, creating administrative strain in the move to monthly reassessment. A de minimis rule (in which small changes in CTR entitlement are ignored) is one response to this problem.

- 1.12. There is an appetite among those we spoke to in NI for changes to some aspects of the Scheme, especially the first assessment, the frequency of reassessment and the requirement for a separate application. LAs in GB have taken (or are considering) different courses of action on these matters but there is no sign that any one approach dominates. For example, some GB LAs do treat the UC 'tick-box' as an application for CTR but others do not, and all options have their detractors. A more frequent but still less than monthly reassessment would be better but would not completely eliminate anomalies.
- 1.13. Our overall judgement is that the low take-up of RR reflects weakness in the Scheme's operation which must be overcome if it is to meet its objectives. There are fair criticisms to be made of the Scheme's design, especially the first assessment, the frequency of reassessment and the need for a separate application. The experience of LAs in GB suggests that possible responses to these criticisms bring their own problems. Meeting the challenge arising from the availability of monthly UC data, beginning in July 2019, is critical. Our specific recommendations are as follows:
 - Prioritise raising the Scheme's take-up rate.
 - Design actions to raise take-up for each housing tenure separately.
 - Strengthen efforts to engage with stakeholders, especially potential partner organisations specific to each housing tenure.
 - Monitor take-up using reliable statistics on a housing sector-specific basis.
 - Consider an externally led review of the public documentation about the Scheme and the detailed language used.
 - Seek agreement with the Department for Communities about what the costs of a more frequent reassessment would be.
 - Confront the challenges arising from the monthly flow of UC data to the Scheme before making major changes to its design.
 - In revising the Scheme's design, set the goal as being to minimise the number of people receiving less support than they are entitled to.
 - Keep the interests of those who for whom the link to UC creates difficulties under review.

2. The Rate Rebate Scheme in context

Domestic rates and council tax

- 2.1. Instead of paying council tax, as households in England, Wales and Scotland do, households in Northern Ireland pay domestic rates. The domestic rate has two parts to it, the regional rate and the district rate. The regional rate is set by the NI Executive (NIE) and is used to support central public services that are the responsibility of the NIE. The district rate is set by individual district councils and the revenue raised goes to the ratepayers' district council to fund local services in the council area.
- 2.2. To calculate the rate bill, the capital value of a domestic property is generally assessed by LPS on the basis of 2005 market prices. The capital value is multiplied by the district and the regional rates to give the amount of rates due on the property. The average rate bill in Northern Ireland in 2017 was £938,¹ more than one third lower than the average council tax bill in England.
- 2.3. Although domestic rates in NI occupy a similar place in the tax system to council tax in GB, there are some fundamental differences which are relevant to the challenge of creating a successful Rate Rebate Scheme in NI. Of the two taxes, council tax is much the more straightforward. In particular, almost every household in GB (houses in multiple occupation being the main exception) receives an annual council tax bill from its local council, pays council tax directly to that council and applies to the council for help in paying the bill (through council tax 'support' or 'rebate').
- 2.4. The position of owner occupiers in NI in relation to rates is the same as this, although their bill comes from, and is paid to, LPS. Help in meeting that bill is also obtained by applying to LPS. By contrast, the vast majority of tenants – we estimate around 90 per cent - do not receive a rates bill. Instead, the bill goes to the landlord who then in turn collects the rate from the tenant. This is the arrangement for all tenants in the social rented sector and those tenants in the private rented sector so long as their home is valued at less than £150,000 or, if valued above that, where the landlord has volunteered to continue to be liable for the rates and to collect a suitable amount from the tenant. Instead of a prior, direct relationship with their local council, those considering applying for Rate Rebate in NI must do so to a body (LPS) they may not have heard of to help pay for something (rates) they may not know

¹ <https://www.ninis2.nisra.gov.uk/public/PivotGrid.aspx?ds=9289&lh=73&yn=2004-2017&sk=10&sn=People%20and%20Places&yearfilter=>
<https://www.ninis2.nisra.gov.uk/public/PivotGrid.aspx?ds=9289&lh=73&yn=2004-2017&sk=10&sn=People%20and%20Places&yearfilter=>

they even pay. These are major differences and constitute a formidable obstacle in NI to the Rate Rebate Scheme.

Rate rebate and council tax support (or reduction)

- 2.5. Prior the introduction of UC, the system for helping low income tenants in NI with their rates was similar to that for helping low income households across GB with their council tax. In particular, a single application for housing benefit – made to the local authority in GB or the Housing Executive in NI – was sufficient to claim help with council tax and rent. Owner occupiers in GB claimed help with council tax from the LA while owner occupiers in NI claimed it, via housing benefit for rates, from LPS.²
- 2.6. The maximum rebate that a family can receive is their full rate liability. Families who were receiving a means-tested out-of-work benefit (Income Support, JSA, ESA or Pension Credit) were passported, so they qualified for a full rate rebate through HB. This accounted for more than 70 per cent of claimants.³ In 2013, around 20 per cent of households paid no rates and 5 per cent paid reduced rates which equated to over 220,000 households receiving help to pay their rates, with the average award being £500.⁴ The total cost of the scheme in 2012/13 was £120 million.⁵

Funding and changes since 2013

- 2.7. As the rates component of HB is the same in many respects to the pre-2013 system of council tax benefit (CTB), the costs of the scheme were met by the UK Government under the principle of ‘parity’.⁶ There is an additional rate relief scheme called ‘supplementary low-income rate relief’ (LIRR). This scheme offers additional support to low income households who do not receive the full rebate through the HB scheme or whose income is just above the level for eligibility for the HB scheme. The impact of this scheme is to reduce the taper rate from 20 per cent to 12 per cent.
- 2.8. This changed in April 2013 when CTB was abolished and devolved to LAs in England and the governments in Wales and Scotland. Funding was reduced by 10 per cent as part of this package of welfare reform and localisation. This

² Northern Ireland Executive (Jan 2013) Welfare Reform: Rate Rebate Replacement Arrangements: Preliminary Consolutions Paper.

³ Browne, J. and Roantree, B. (2013) [Universal Credit in Northern Ireland: what will its impact be, and what are the challenges?](#) IFS.

⁴ Northern Ireland Executive (Jan 2013) Welfare Reform: Rate Rebate Replacement Arrangements: Preliminary Consolutions Paper.

⁵ *ibid*

⁶ Browne, J. and Roantree, B. (2013) [Universal Credit in Northern Ireland: what will its impact be, and what are the challenges?](#) IFS.

funding reduction was also applied to the NI equivalent, with funding shifting in April 2013 from (demand led) Annually Managed Expenditure (AME) to the (fixed budget) Departmental Expenditure Limit (DEL), also known as the Block Grant. As a devolved matter, spending on rates support has to be considered alongside other priorities as part of the NI budget process. The NIE had agreed to cover the shortfall in funding up until the end of March 2016.

New Rate Rebate Scheme for universal credit

- 2.9. UC replaces six means tested benefits, of which one is Housing Benefit (HB). The rent element of HB was incorporated into UC (in line with the rest of the UK) but the rates element was not. It was removed from the social security system following decisions by the UK government and the NI Assembly under the parity principle. This meant that the Department of Finance (DoF) needed to design, legislate for and establish administrative arrangements for a new rate rebate replacement scheme to ensure rate support for working-age claimants was still possible.
- 2.10. In February 2016, NIE agreement was obtained allowing the DoF to bring forward the necessary legislation to provide for a new RR scheme to be introduced and piloted at the same time as the introduction of UC in NI. The Rate Relief Regulations (NI) 2017 subsequently came into operation on 27 September 2017 in conjunction with the phased introduction of UC in NI.
- 2.11. Rate relief continues to be paid as HB for those claiming a ‘legacy benefit’, whilst the new scheme has been introduced for those claiming UC. This approach avoided the need for an interim rate support scheme and was considered the most cost effective from an administration perspective.
- 2.12. The legacy benefit scheme applicants who were entitled to another income-related benefit⁷ were “passport” onto HB with automatic entitlement to full support with their rates (with a few exceptions). When UC is fully rolled out, the main passporting benefits (i.e. those social security benefits that will passport someone on to full rates support) will no longer exist.
- 2.13. UC will not only subsume these benefits and HB for rent but also tax credits. As a result, using it as a passport to full rate rebate would be too expensive. A new way needed to be found to allocate relief so as to protect those least able to pay rates, which adheres to the general principles of welfare reform. The loss of passporting does not mean the loss of full rate rebate: in particular, claimants with no earnings will continue to get full support.

⁷ Income Support; Income Based Jobseekers Allowance; Income-related Employment and Support Allowance and State Pension Credit (Guarantee Credit)

- 2.14. As UC only applies to working age claimants, the new scheme will only apply to this cohort for the foreseeable future. Rate relief for pensioners will continue to be paid as HB alongside the rent element for tenants and those in supported accommodation, and by LPS for pensioners who own their own property. New working-age claimants with severe disability premium (SDP), who are not allowed at the moment to claim UC, also remain on legacy benefits, and are entitled to help with rates under the legacy scheme.
- 2.15. The three principles that the DoF considered vital for the new scheme are to target those least able to pay rates in harmony with welfare reform principles, to simplify the rules, and provide value for money.
- 2.16. The crux of the scheme developed by the DoF is to 'piggy-back' the UC assessment, given that this will become the main welfare assistance provided by Government. Claimants can only qualify for the new RR scheme if they are entitled to UC. The information needed to determine RR entitlement is taken directly from UC and is calculated as follows:
- the household's UC maximum amount is the income threshold;
 - UC is taken into account as income;
 - half of the UC work allowance is allowed as an earnings disregard in RR;
 - anyone whose income (as assessed for UC but with the adjusted earnings disregard) exceeds the threshold has a taper applied to the excess.

Assessment and reassessment

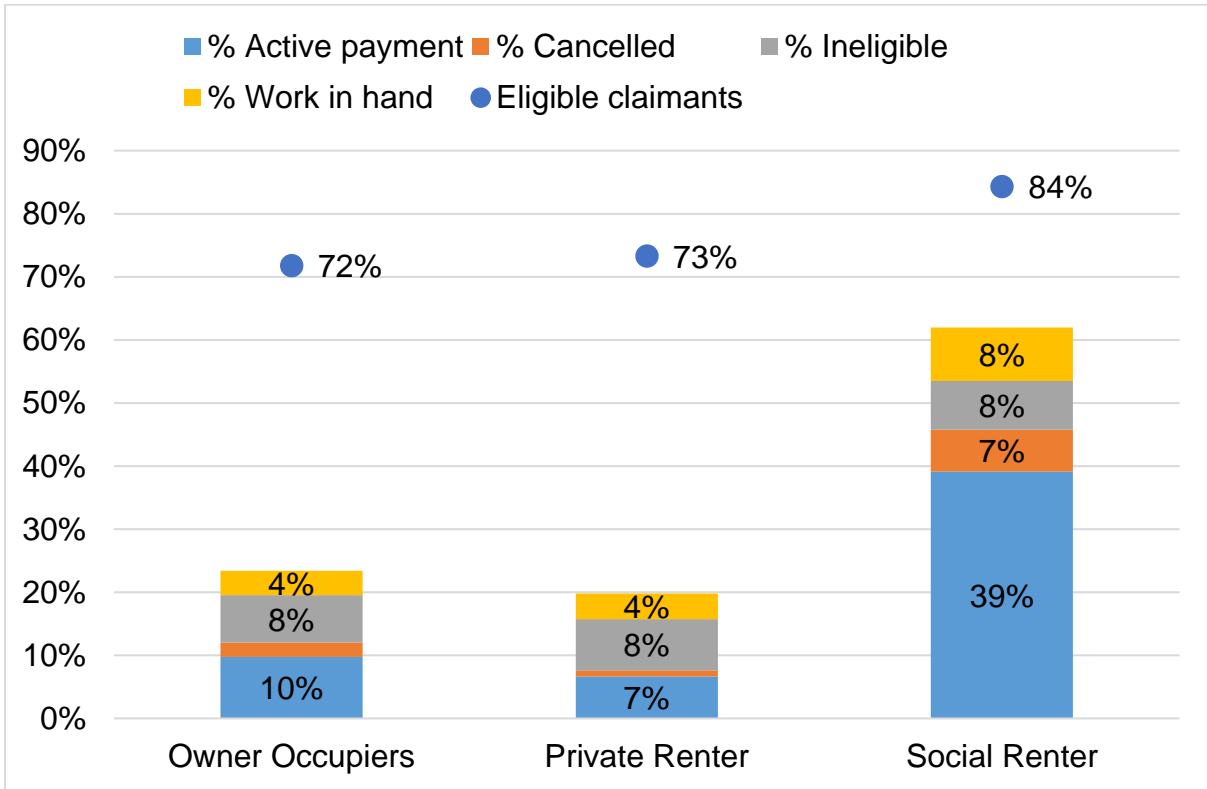
- 2.17. Those claiming RR must apply for both UC and RR. A claimant can tick a box on the UC application to express an interest in claiming RR. This triggers a data share but does not in itself constitute a claim. Two UC datasets are shared with the Scheme: an 'indicative' one, showing that the person has claimed UC; and a second one confirming their UC entitlement. RR is calculated on the basis of the first UC assessment of entitlement (the second part of the data-share). Although this is a separate calculation, it is not a separate means-test because the data for it is supplied by the UC system. By making the Scheme dependent on UC in this way, there is no need for LPS to collect, nor claimants submit, further information in order to assess RR entitlement.
- 2.18. Subject to certain conditions (including that the person continues to receive UC), the RR entitlement stands for a year. The annual reassessment is likewise forward-looking. Only if the data for the assessment period in question is subsequently found to have been wrong does the possibility of recovering over-payments of RR and refunding under-payments arise.

3. Rate Rebate and other help with domestic rates: scale and impacts

Analysis of LPS statistics on expected and actual RR claims

- 3.1. This chapter focuses on the take-up of RR. Take-up is measured by the numbers having made a claim for RR expressed as a proportion of all UC claimants who are estimated as having a liability for rates. The actual proportion (take-up rate) is compared with the forecast proportion. The starting point for this analysis is the January 2019 forecast of UC rollout in NI provided by LPS. This shows an estimated total on-flow to UC of 47,690 from September 2017 to February 2019 (combining actual numbers to November 2018 and forecasts for the next three months).
- 3.2. The Policy Simulation Model (PSM) looks at the proportion of UC claimants who are estimated as being liable for a rates bill (76 per cent overall) and the proportion of these estimated to be eligible to claim (77 per cent). The actual numbers of claims made for the RR scheme from September 2017 up to February 2019 is 11,312, compared with an estimated 27,752. Only 31 per cent of UC claimants with a rates liability have claimed RR, compared with an estimated 77 per cent.
- 3.3. Every bit as important as the overall low take-up rate are the differences between the three housing sectors. In the modelled tenure split for expected take-up of those claiming RR (from the PSM), 27 per cent are owner-occupiers, 37 per cent are private tenants and 36 per cent are social tenants. The actual tenure split for the number of claimants provided by LPS shows that 19 per cent are owner-occupiers, 22 per cent are private tenants and 59 per cent are social tenants. This means take-up which is low compared to what has been forecasted is particularly low for owner-occupiers and private tenants. The majority of those claiming RR are social tenants whereas according to the forecast, the split between private and social tenants should be equal with slightly fewer owner-occupier claimants.
- 3.4. Figure 3.1 breaks down the take-up figures for each tenure group between active, cancelled, ineligible and in-hand claims. In line with the above, the individual sector breakdowns show a greater problem of take-up in the private rented and owner-occupied sectors. The graph also shows the expected take-up rates. Although the social sector rate is some 10 percentage points above the other two (84 versus 72 and 73), it is beyond doubt on these figures that the problem of non-take-up is greater in the private rented and owner-occupied sectors than the social rented sector.

Figure 3.1: percentage of actual claims by outcome compared to the estimated eligible overall UC claimants liable to a rate bill.



Source: LPS predicted UC claims, LPS Policy Simulation Model for UC and actual claims number from LPS.

4. Perspectives on the Rate Rebate Scheme

- 4.1. This part of the report is based on face-to-face interviews conducted in Northern Ireland with:
- The Department of Communities (Assistant Director and Project Lead for UC and RR)
 - The Northern Ireland Housing Federation (Deputy Chief Executive)
 - Advice NI (Head of Policy and three colleagues)
 - Northern Ireland Local Government Association (Chief Executive and one colleague)
- 4.2. The content of those interviews is reported under three headings chosen to reflect what we were told in a compact way. The material under each heading is divided into two parts: first, the points that were made to us (presented in bullet points as reported speech in our words); and second, our observations on them. The intention is that this material can serve as an agenda of issues which LPS can draw from to address in its own review. Questions to us about the Scheme have not been included as there is no point in answering them in a report to LPS. The three headings are:
- awareness and understanding of the scheme;
 - accessing and applying for Rate Rebate; and
 - assessment of entitlement: principles and practice.

Awareness and understanding of the Rate Rebate scheme

Claimants awareness of RR and the need actively to claim it

- 4.3. How aware are potential claimants that they need to make a separate application to the new RR scheme rather than – as under rate relief – the application being part of the application for HB?
- We were told (in more than one interview) that this had not been made clear to potential claimants from the start of the Scheme. Even when people had been told, they did not necessarily grasp the point.
 - The Scheme is a significant shift for tenants, particularly for anyone who has not realised they were paying rates in the first place. The fact that rate bills go to the landlord was identified as an issue: social sector tenants who make a single rent/rate payment could reasonably not appreciate the distinction. If the landlord gets the rates bill and the tenancy agreement isn't clear, a private sector tenant could also reasonably believe that the

landlord pays the rates. As well as communicating how to claim RR, it was also necessary to educate people about the need to claim.

- 4.4. We do not think these observations are surprising. LPS has been engaged in outreach work (a point acknowledged by interviewees) since the beginning. Information on the Scheme is available on NI Direct. It is a major challenge to secure public awareness of a new and separate way of applying for help to pay for something that some do not even know they are paying at all. Real communication requires engagement by both sides: it is not just about people being told about the scheme but about understanding that it applies to them.

Local council and councillor awareness of RR

- 4.5. LPS collects rates on behalf of local councils; councils have direct dealings with landlords; local councillors hear about the problems of those they represent. How well-informed about RR are councils and councillors?
- LAs are now hearing about the complexity of the scheme. Besides their interest as rates beneficiaries, they are involved in landlord registration and licensing of HMOs. 18 months since the start of the Scheme, the impression is that neither staff nor elected members know or understand very much about RR. This includes the principles behind the rebate. Councils' knowledge of the domestic side of rating is less than other aspects.
 - A 2016 pamphlet describing welfare changes did mention the scheme but gave no details. Distributed to all 462 elected members, a refresh, this time with RR details, would be valuable soon after the May elections.⁸
- 4.6. Following the reorganisation of NI local government in 2015, LAs are looking to expand their role. Although we understand that the value of outstanding debt at year-end does not impact until such times as the debt is deemed irrecoverable and written-off, LAs do have a direct interest, even if remote, in the Scheme working well. With their local knowledge, LAs are a partner we think LPS should consider working with. Since the Scheme is a consequence of welfare reform (whether RR is strictly a welfare benefit itself or not), details of it logically belong in publications like the 2016 pamphlet.

⁸ Northern Ireland Executive (2016), *Elected Representatives Guide to Welfare Changes*

Accessing and applying for Rate Rebate

The separate application

- 4.7. The need to apply first for UC – and within that application to tick the box expressing interest in claiming RR – and then to apply separately for RR was described to us a double hurdle:
- A lot of clients helped with UC aren't aware that they have to make a separate application for RR. It is in their interest for this to be clearer, for example, by being on the 'to do' list which is part of the online UC process.
 - DFC has signposted the need for a separate claim in a number of places. Staff have been trained to explain and include RR in the portfolio of benefits.
 - The question at the end of the UC form asking if the applicant has applied for RR may lead the applicant to think that by ticking this box, they have applied. At one time, one couldn't apply for RR without a fully completed and approved UC claim.
 - Landlords have to engage to an extent that wasn't necessary with legacy benefits. They may be sitting with tenants for more than 30 minutes. The UC form is stressful: tenants can forget about or ignore RR or think they can correct the form two weeks later, but that's not possible.
- 4.8. We understand that details of the separate application process and its signposting have been, and remain, under review (for example, if claims for UC and RR can be made simultaneously or if UC must precede RR). Claimants actively in the process of making a claim are likely to be especially receptive to better information. We note the burden in the background for the Scheme created by the administrative challenges around UC.

Difficulties completing the RR application

- 4.9. We were told of difficulties in completing the RR form. This includes the possibility of entering the correct information in the wrong format, and of not having some of the information that is required. For example:
- the scope for error in the numbering of flats as well as 'st' for street and 'ave' for avenue being causes for rejection;
 - claimants not knowing their tenancy reference (ID) number;
 - a duplicate application or a landlord failing to complete a certificate of occupation possibly causing an application to be deemed ineligible;
 - new properties not having a property reference number.

4.10. In response, these are detailed points which seem to us usually to be specific to particular housing tenures. For example, the tenancy ID point only applies to social rented tenants while the others mainly apply in practice for private sector tenants (although figure 3.1 indicates that ineligible applications take a similar share of UC applications across all three tenures).

UC as a pre-requisite to claiming RR

4.11. The need for a valid UC award lengthens and complicates the process of claiming RR. Examples mentioned to us included:

- A recipient of IS who experiences a relationship breakdown may thereby acquire an entitlement to help with rates. Why shouldn't they be able to claim legacy rate relief?
- More generally, why shouldn't a recipient of legacy benefits be able to claim legacy rates relief? The scheme still exists (although is not usually open to new working-age claimants).
- Someone receiving contribution-based benefits may not be able to access support if, after applying for UC, they receive a null award.
- A potential RR claimant has to make a better-off calculation to see what happens if they claim UC as they may get less UC than legacy.

4.12. There are three issues here. First, if their circumstances change, a recipient of legacy benefits is now required – by the rules of UC – to apply for UC. This requirement, which applies to the first example above, is nothing to do with RR. This raises the question of whether there really are any recipients of legacy benefits who, though entitled to help with rates at the moment, are not getting it. Tenants receiving help with their rent will not be in that position because their application for HB (for rent) would have automatically triggered rate relief. But owner-occupiers could be, as could tenants if their rent is low (meaning no support had been sought from HB). For such people, the need to claim UC in order to claim RR does make the process more onerous.

4.13. Second, by making UC a pre-requisite for RR, it is not just about entitlement to help with rates but whether the RR award is worth more than any loss incurred in moving onto UC from legacy. As a new IFS reports confirms,⁹ UC and legacy benefits deliver different levels of support. Across the UK, millions are affected. Working households who get help with their rent from HB tend to be better off under UC. Those who may be worse off under UC include: those whose only means-tested support under the legacy system comes from tax credits; those with savings; the low-earning self-employed; couples where one

⁹ Brewer, M. and others (2019), *Universal credit and its impact on household incomes: the long and the short of it*, IFS: <https://www.ifs.org.uk/publications/14083>

is above and one below the state pension age; and some claimants of disability benefits. For these groups, the question about whether they will be better off with RR and UC is a real one. Owner-occupiers are especially likely to be in this situation but so too will tenants if their rent is low.

- 4.14. Third, someone receiving contribution-based benefits must make a better-off calculation of a different kind. Even if the UC award is worth more (by just a few pennies a week) than the contribution-based benefit, the more stringent conditions attached to the receipt of the means-tested UC themselves constitute a cost which must be considered when deciding whether to apply for help with rates.

Assessment of entitlement: principles and practical problems

Problems arising from when and how often claims are assessed

- 4.15. Questions about how exactly the first assessment is done is a special case of the general question about when and how often assessment takes place.
- The use of the first UC assessment as the basis for the annual RR award was seen as a source of possible unfairness because there is a higher risk that this period is unrepresentative (e.g. because it is more likely to include holiday pay and/or redundancy pay).
 - A view which had been expressed in response to a previous consultation is that that UC and RR should be in step. This may be more important than in GB given the high proportion of people in NI in seasonal employment with fluctuating earnings across the year.
 - Those working 16 to 20 hours per work can be subject to widely fluctuating UC awards, both over time and compared with their award under legacy benefits.
 - An annual assessment means that the recent significant increase in the work allowance (in April) won't help those in the middle of an RR award.
 - If it looks like the RR award would differ depending on exactly when an application is made, welfare advisers can struggle to explain why.
 - More frequent assessments would create an administrative burden for social landlords who infer things from what they see happening to HB/UC and RR. But more frequent assessments would be fairer: a social landlord wants the assessment right since the long-term implications of having something based on out-of-date information, up to and including eviction, is costly.

- If someone gets a job and comes off UC they must inform LPS, and RR will end, but if their income falls, their RR is unchanged. The burden of risk falls on the (now even poorer) claimant.
- 4.16. There are clearly many views about the assessment question – when and how often – but the policy choice involves trade-offs. In broad terms, these are about fairness and cost, both in administering the Scheme and managing its consequences. Our view on such trade-offs is influenced by two beliefs. The first is that scale matters: a decision on more frequent reassessment has to be informed by a knowledge of the range of variation in the RR amount that would be involved. The second is that the good running of the Scheme as a whole remains paramount. Having tied the Scheme to UC, anything other than monthly reassessment will inevitably leave some anomalies. As a result, it is important to be clear about exactly what a change is expected to achieve.
- 4.17. We have also noted several points to do with the data transfer from UC to the Scheme where there are disagreements between LPS and DFC. These include: whether the data that is shared is the same as what GB LAs receive for CTR; whether one role of the clerical template is to plug this data gap; how far the new interface will help with this. Such disagreements take on real importance when the frequency of reassessment is being considered. The question of how the data transfer process would change if the reassessment frequency were to be increased is, we think, a well-grounded one to which evidence can be brought to bear. That makes it good one for examination by the two departments together with a view to reaching a shared view.

System flexibility

- 4.18. Some comments made to us were about the perceived inflexibility of the RR Scheme. These included some comparisons with UC. For example:
- UC says it is testing and learning, implying that it is going to change as it goes. By contrast, the RR Scheme seems fixed at a point in time.
 - While strictly against the principle of ‘client responsibility’, DFC has relaxed some of its rules, for example, its original stance that the claim had to be online. This has given way to allowing phone applications and not just (as it was at the start) in exceptional cases. More access channels (paper, telephone) are needed for RR: digital-only couldn’t be helpful.
 - Away from UC, there has been an improvement since the portal was introduced and LPS has engaged with social landlords to address quirks. For example, if there was a portal query, there is a specific person in LPS to engage with. Things have got better, but it is still quite clunky.

- There is a question here about aims: is it to simplify (for the claimant) or to deliver with a minimum set of resources? For example, if there is information that is needed contained on the bill sent to the landlord, that could be found if the application was being made by telephone.
- 4.19. As we understand it, some of these comments (for example, regarding telephone-only applications) have either never been right or are at least out-of-date. Yet, right or not, they are a reminder that changes can only be considered improvements if they are known about (communication) and are perceived to work well (implementation).

5. Problems delivering CTR to those in receipt of UC experienced by GB LAs

5.1. This part of the report is based on three telephone interviews conducted with:

- The Scottish Government (Head of Policy, Council Tax Reduction scheme)
- The Welsh Government (Head of Council Tax Policy)
- An English metropolitan district (Lead technical specialist)

It is also based on an interactive webinar with three English LAs, including:

- A London borough (Operational team leader)
- Two district councils (Head of benefit services/ benefits manager)

5.2. The material from those interviews and the webinar is reported below, after having been edited and re-organised according to the same subject selection as was used in chapter four. The three main headings (with further subdivisions) are:

- awareness and understanding of the scheme;
- accessing and applying for Rate Rebate; and
- assessment of entitlement: principles and practice.

Awareness and understanding of the Rate Rebate scheme

Claimants awareness of CTR schemes and how to claim

5.3. In Scotland, Wales and England council tax and council tax reduction (or support) are more straightforward than the rates system in NI. This is because every household receives a bill from the council, pays council tax directly to the council and applies to the council for CTR. Council tax bills contain details about how to contact the LA, and information about CTR.

5.4. Despite this, some English LAs have reported that take-up of CTR in general (not just among UC claimants) has been lower than expected. One reason for this could be that previously claimants who were tenants (both private and social sector) applied for HB and CTR at the same time. It is possible that claimants did not make the distinction between the two benefits. To understand if awareness of CTR schemes had been affected by the introduction of UC, we asked LAs if there had been a fall in their caseload or a drop in the number of new claims for CTR.

- One of the interviewees reported that their caseload had fallen since the introduction of the UC live service and said that one of the reasons for this

was indeed a lack of awareness of CTR, because previously CTR and HB were part of a joint application.

- Other LAs hadn't noticed a fall in the number of claimants although they had only had UC full service since the end of 2018. These authorities had also not yet noticed a drop in the number of new claimants.
- In one LA, although they had not done any research yet looking at declining take-up, early indications were that people were not immediately claiming CTR, so they were examining the possibility of changing their backdating rules from April 2020, to extend these up from one month, as they thought this short time period may become problematic.
- In Wales, where there is a locally administered national CTR scheme, there has also been a fall in the caseload. Whilst some of this fall can be attributed to an increase in the number of people in work, the fall is larger than expected and some of this is attributed to fewer people claiming CTR because it is now a separate claim from housing benefit.¹⁰ The Welsh government is concerned that an increasing number of people who are entitled to CTR are not claiming it and have commissioned a large-scale study to look at barriers to claiming CTR and the impact of UC on council tax and rent arrears.¹¹

Job centre and DWP awareness and messaging around CTR

5.5. All of the LAs mentioned working with the DWP and/or their local job centres when discussing up-take and new claimants. In the UC application form, there is a section where a claimant can say they intend to apply for CTR which then means that the DWP will share their data with the relevant LA.

- The LAs who had not noticed a large fall in their caseload felt that this was partly because they had good relationships with their local job centres who were proactively encouraging claimants to apply for CTR, or making people aware that they could inform the LA of their wish to apply through the UC application form. This relationship with, and the co-operation of, job centres and the DWP more widely, was important, as they can increase the awareness of CTR and the application process for new UC claimants in a way the LAs cannot.
- There could also be serious consequences if the council tax section of the UC form was not correctly filled in because no information about the claimant would be shared with the LA and in some cases, they had not

¹⁰ Conversation with Welsh Local Government

¹¹ Policy in Practice (2019) [A data led investigation into the impact of UC in Wales](#). Policy in Practice.

become aware of a potential CTR claimant until the matter had reached the summons stage.

- In Wales, as is the case in England if the claimant does not tick the relevant box in their UC form indicating that they intend to claim CTR, the data is not received by LAs from the DWP. They have also worked on this with the DWP and the message has gone out to all job centres to make it clear to claimants how to fill in the UC form if they wish to claim CTR. If the claimant fails to do this, as in England, the claimant would need to make a separate application for CTR or fall into arrears (at which point they come to the attention of the LA).
- Although most new benefit applications are now handled through job centres and the DWP, LAs still have opportunities when they can publicise their CTR scheme to residents. One way is through the information provided on the council tax bills sent out to all households liable. Another is when a resident contacts the LA wanting to claim HB. They would be directed to UC but also asked if they would like to complete a CTR application.
- If a tenant who was previously claiming HB is moved onto UC and, for whatever reason, does not indicate that they would like to claim CTR, the LA will not send on their UC information. However, they will receive a HB stop notice to let them know this claimant has been transferred to UC. The LA would then expect to receive a separate CTR application. If they did not, they could contact the claimant as they would still have their information from their previous claim.

Accessing and applying for CTR

How a claim is processed

- 5.6. There are three routes by which working-age claimants of CTR in Scotland, Wales and England can apply for support: through the legacy benefit system (whereas previously, passporting means that claimants are entitled to full CTR), through UC; or directly to LAs. When a claimant expresses an interest in claiming CTR on the UC application form, this is treated as indicating that information from UC should be transferred from the DWP to LAs.
- 5.7. Currently, in Scotland, regulations are open as to how each LA responds to receiving this information about a claimant, so that LAs tend to fall into one of three groups:
- Those who take this as a claim for CTR and process it using the data they have received from the UC system.

- Those who send a letter telling the claimant that unless they contact the LA telling them not to, they will treat this as a claim and process their application.
 - Those who send out a letter seeking more information and, by inference, formal confirmation that the claimant wishes to apply for CTR.
- 5.8. The situation is similar in Wales with some LAs receiving the information and processing a claim and some contacting the claimant. There is also variation amongst English LAs, with two of the LAs having decided to take the UC application with the CTR section completed, as the start of a new claim. This meant that if those entitled to CTR filled in their UC form correctly there was no reason for them not to receive the CTR that they were entitled to.

Assessment of entitlement: principles and practical problems

- 5.9. A number of practical problems about the ways in which UC and CTR interact have come to light since the introduction of UC in England. This section sets out the problems and then the LAs' views on how relevant these were in their own experience.

Artificial variation in earnings under UC's assessment system

- 5.10. People who are paid on exactly the same date every month, such as the last day of the month, will always receive the same amount of UC every month. For anyone paid in a different way, for instance, on the last Friday of the month, or weekly, the amounts paid will vary depending on the number of payment dates in the month. This is not an issue about earnings variability, although that can be an issue in itself. Rather, the problem is about people who have steady earnings but whose employers pay their wages at a frequency that doesn't fit with UC's assessment system. This has the effect of creating variations in earnings (as measured for UC/CTR) as an artefact of UC's measurement period. As there is no averaging provision in UC, this creates automatically generated variations in reported earnings from month to month for everyone paid weekly, even when their actual earnings are constant. The potential problem facing LAs is that if income for CTR is determined by the UC assessment then these flaws also affect CTR.
- 5.11. A judicial review case was brought by solicitor Leigh Day and Child Poverty Action Group against the DWP regarding the issue of twice monthly payments. The court found that the way the DWP has been assessing income from employment through its UC work assessment periods was unlawful and that wages are to be allocated to the month in which they were earned, rather than to the assessment period in which they were received. The DWP must

now comply with the regulations as correctly interpreted.¹² However, as yet it is unclear how the DWP will respond and whether they will move to a form of earnings averaging or not.

- The LAs that we spoke to had not found this to be a significant issue yet. One found that they had had an issue around Christmas when many people were paid earlier on in December than usual but otherwise it was currently not a big problem. They did, however, note that they had been live less than a year, so most of the claimants on UC were either in very low paid work or out of work so they were less likely to be affected by this issue. This meant that when their caseload changes to include a higher proportion of working UC claimants, especially those with higher pay, this could become an issue.
- Another LA said that although it was not an issue yet, they were looking at changing their scheme to be able to respond to the earnings issue.

Number of notifications from the DWP's UC Data Share (UCDS)

5.12. English LAs have experienced problems with the administration system used by the DWP to provide them with UC data and the number of change of circumstance notifications they receive. The LAs we spoke to were all in agreement that one of their biggest problems with the move to UC was the volume of the change of circumstances notifications and having to manage the change to the new IT system – UCDS.

5.13. Wolverhampton's consultation on changes to their scheme made the following comment that sums up the problem:

"If we do nothing, there would be a significant increase in workload from recalculating council tax support every time UC changes... Every change in income or circumstance of any member of the household triggers a reassessment of council tax support, regardless of whether it leads to a change in entitlement. Any change in entitlement, regardless of how small, triggers a revised council tax bill and potentially resetting of recovery action."

5.14. Some of these notifications were, as described above, artificial earning variations which could have an impact on the CTR award, but many were notifications of change in income or circumstance of the households which had no effect on the CTR award of the household. Because there was no way to distinguish between these change of circumstances notifications and

¹² CPAG (2019) <http://cpag.org.uk/content/high-court-finds-dwp-unlawful-universal-credit-assessments> CPAG

notifications which would change the CTR award LAs were having to change their schemes in response to this.

- 5.15. One LA had not been able to automate their response to the data received by UC yet and so each one was being individually checked. Two others found this to be a problem, but they had partially automated the response to the notification, which had helped, although one was still checking the automated response to make sure they were happy with it. The outcome of this was that the UCDS system was creating a large number of change of circumstances notifications and it was taking LAs longer to process these than they would like.
- 5.16. DWP has recognised this issue and insists that the problem of redundant change of circumstances notifications being sent out will be dealt with through a software change. However, the LAs we spoke to had not noticed a change to the system. DWP is currently sending a change of circumstances notification through for every claimant where there is a change in the UC award.
- One LA went full service in October 2018 and since then each month the number of change of circumstances notifications has increased. The latest month was 2,500 and their total caseload was 15,000. As they were expecting this number to keep growing as their UC caseload increases, automating the process was really important or they would not have the staff levels to deal with the notifications. They were expecting staff levels to fall with UC, but the reverse has actually happened as they are currently having a person reviewing each notification.
 - Another LA told us they had a CTR UC caseload of 1,640 in February, and in that month, they received 1,040 notifications which they then needed to process.
- 5.17. Even with partial automation, the data received from UC may not be enough to calculate the correct award amount. It is dependent on the LAs' regulations, but examples include cases where claimants have non-dependants or certain types of unearned income. The information about them may not be complete and claimants need to be contacted.

Burden of administration costs

- 5.18. While it was hoped that the “opportunity to use the UC data/assessment of income would result in simplification of the assessment”, and therefore a fall in administration costs, this has not been the case. In general, the effect of the roll-out of UC on CTR schemes is that administration costs have become a more significant burden than was the case under legacy benefits. There are two reasons for this.

- 5.19. The first is that because HB and CTR are no longer co-administered, arithmetically it is bound to be the case that administration costs become a higher proportion of the total. In other words, because the value of Council Tax is substantially lower than the cost of rent, fixed administration costs are spread over a lower benefit spend and so rise as a percentage. In effect, an unintended consequence of UC is that it has left help with Council Tax orphaned, no longer able to 'piggy-back' on HB administration costs. The second reason is that, unless a way is found to minimise the burden of the large volume of change of circumstances notifications, administration costs will remain high.
- The LAs we spoke to all said that the cost of administering CTR had not fallen with the introduction of UC. Administration costs were the same as before because they had the same number of staff processing cases even though their HB caseload had fallen. They hadn't achieved the staff savings which they hoped they would through the move to UC. Although one participant did mention that it was possible that LAs who went full service a few years ago may have restructured, for them it was too early to say.
 - One noted that separate claims for CTR without HB were not going to be cost effective especially with the continuous changes, which is why automation was so important.
 - All the LAs were either introducing changes to schemes for April 2019 or deciding which changes to make in April 2020 to deal with these problems. They would be losing their HB administration subsidy grant in the coming years and needed to make their schemes less administratively burdensome.

Principles in Scotland

- 5.20. The telephone interview in Scotland was with a representative of the Scottish Government rather than those implementing schemes in Scottish LAs. This meant that the discussion focused less on the practical problems caused by UC and more on the principles of their scheme and how they were going to change the national scheme in response to the introduction of UC.
- In Scotland they have a single scheme for all claimants, which works as previously for those on legacy benefits and treats UC claimants in an interim way. Now that UC is fully rolled out and those on legacy benefits will begin to be migrated on to UC, the political imperative is to ensure that moving to UC does not cause people to receive less CTR than when claiming a legacy benefit. Currently, about 70 per cent would get the same amount, 25 per cent would get less and 5 per cent would get more.

- They are currently redesigning the assessment formula in the scheme so that in as many cases as possible, those claiming UC will have the same amount of CTR as they would have had on legacy benefits. Except in a few cases, they have found that this is possible – at least within a small margin. Redesigning the assessment formulae to replicate the legacy system for those claiming UC has been a complicated task, requiring analysts, policy and legal specialists to review the regulations and line up UC allowances and premiums with legacy applicable amounts and income. They intend to roll out the new national scheme from April 2020.
- As part of this, the Scottish government looked into the possibility of using a banded scheme. While superficially attractive, the problem with them is that as soon as needs are taken into account (for example, children in the household), the system becomes very jagged indeed, with a whole series of cliff edges. After careful review, this option was not taken.

Principles in Wales

5.21. As in Scotland, the telephone interview in Wales was with a representative of the Welsh Government rather than LA employees.

- In Wales, they have a single scheme for all claimants which is close to CTB. They have chosen not to introduce a minimum payment and they have uprated their scheme so that the value of the rebate has not fallen.
- LAs in Wales have not been as affected by the move to UC as local authorities in England have been because the number of UC claimants in Wales is still fairly small. In 2017/18, just 3.4 per cent of the households receiving CTR were claiming UC.¹³
- As the Welsh government is aware of the problems that LAs in England have experienced, they are in the process of reviewing the impact of these on Welsh LAs. They know they will need to start thinking about how to respond to these and which changes to make to their CTR scheme. As it is a national scheme, LAs cannot make their own decisions about how to respond to particular problems linked to UC. The government will need to change the CTR regulations which means developing proposals for a new scheme and then consulting on these.

¹³ Welsh Government (2018) [Council Tax Reduction Scheme: Annual Report 2017-18](#). Welsh government.

6. Assessment and recommendations

- 6.1. The final chapter of this report offers our assessment of how well the Scheme is achieving its objectives. As well as our considered view of what we have heard, seen and learned about the Scheme, this assessment also includes a series of recommendations, designed to inform LPS's 18-month review of the Scheme.

Assessment

Distinctive challenges

- 6.2. In delivering the Scheme, LPS is grappling with challenges which are greater than, and different from, those facing LAs who are delivering CTR. They are:
- The low visibility of both domestic rates and LPS itself. Most tenant households neither receive a rates bill, pay rates separately nor have any direct relationship with LPS. By contrast, every household in GB gets a council tax bill from their local council, pays council tax directly to that council and applies to the council for CTR.
 - The novelty of LPS being responsible for rate rebate for tenants. While the specifics of a CTR scheme may change as a result of revising it for UC, it is the same council department (with the same institutional memory) which is delivering old and new CTR schemes alike.
 - The size of the Scheme's client base. Birmingham, the biggest English LA by far (with some 82,000 working-age CTR recipients), has a population barely more than half that of NI.

Effects arising from the alignment with UC

- 6.3. Meeting these challenges is made harder by the alignment with UC. The reasons for tying the Scheme to UC were to avoid UC claimants being subject to a separate means-test for RR and to keep administrative costs down. By contrast, some LAs run one CTR scheme for UC claimants and another scheme for other working-age claimants. Other LAs run a single scheme for UC, legacy and non-benefit claimants. The alignment with UC means that:
- LPS is dependent on DFC to a greater extent than any LA is on the DWP.
 - Tied to UC yet – given the attention UC now commands – overshadowed by it, the Scheme struggles for public recognition.
 - The merits of making a claim for RR can be tangled up in a better-off calculation, because while some people are better off with UC than with legacy benefits, others are worse off.

Low awareness of, and misunderstanding about, the Scheme

6.4. Our interviews with organisations who have an interest in the Scheme reveals gaps in knowledge about aspects of it – even among those who can be expected to be well informed. This is despite the outreach work that LPS has, and continues to, put in to promote awareness of the Scheme, via forums and meetings from before September 2017, as well as via NI Direct. Without an indication of what the level of knowledge would have been without this outreach work, it is impossible to measure its effectiveness. But that there are such gaps in knowledge is not a surprise, for several reasons:

- The difficult context within which LPS is working, which is due (as noted above) to the lack of visibility of both rates and LPS to tenants, as well as the shadow cast by UC which inevitably attracts most of the attention.
- The confusing nature of RR itself: something that is not, strictly speaking a benefit, but which used to be administered as part of one, via a single application, but which now requires a separate application.
- The absence of detailed documentation on the Scheme comparable with the 48 pages devoted to CTR in the Council Tax Handbook for GB, published by the Child Poverty Action Group.¹⁴

The low take-up of RR

6.5. Our analysis shows that the actual number of claims under the Scheme to date is 31 per cent of the number of UC claimants who are expected to have a rates liability. This compares with a forecast take-up rate of 77 per cent. With a take-up rate this low, the Scheme cannot be said to be meeting its principal objective of supporting the vulnerable and helping make work pay. However, there are three caveats:

- Evidence from GB suggests that take-up below what was forecast is the norm: some of the problem may not be specific to NI.
- The correctness of the forecast take-up rate is subject to uncertainty, including to do with UC itself rather than just RR.
- The spread of the actual number of RR claims between housing tenures (private rented, social rented, owner-occupied) is far removed from the forecast spread. If the forecast spread is correct, the problem of low take-up is far more pronounced in the private rented and owner-occupied sectors than the social rented sector.

¹⁴ <https://www.shop.cpag.org.uk/council-tax-handbook-12th-edition> The publicity for this book says it is aimed at 'taxpayers, advice agency staff, housing and consumer advisers, lawyers [and] local authority administrators.'

- 6.6. A further concern regarding the low take-up is what its impact might be on future budgets. If next year's budget is unduly influenced by the low take-up this year, trying to raise take-up to meet the Scheme's primary objective could come into conflict with its second objective, to remain within budgetary limits.

Lessons from English local authorities/ practical considerations

- 6.7. The discussions with English LAs revealed that one of the largest problems they are having with the move to UC is dealing with the volume of notifications received through the UC data share. Having to check each notification to calculate the impact on a claimant's entitlement to CTR is an administrative burden that LAs are struggling to cope with. The NI Scheme has not had this problem because it assesses entitlement annually. We are aware that LPS is in the process of reviewing this, with a view to moving to a more frequent assessment period. From what we understand this is partly dependent on the capability of IT systems. Considering the lessons from English LAs, there are some particular points for consideration:
- English LAs have, in some cases, found complete automation to be difficult. Making sure this is possible or assessing the amount of automation before moving to monthly reviews could avoid administrative strain, especially as the number of claimants increases.
 - English LAs have found that one of the problems with generating monthly bills which fluctuate is that their recovery process is reset each month. This means that it can be a full year before a claimant begins to pay council tax, meaning that the amount they owe has built up considerably.
- 6.8. There are two main changes that LAs are making to their schemes to avoid these problems: introducing a De Minimis rule or moving to a banded scheme.
- A banded scheme works by changing the CTR entitlement (or not) according to whether income or earnings crosses a threshold (or not). There is no consensus across GB LAs as to whether banded schemes really represent the looked-for sweet spot between simplicity (of calculating entitlement) and the unfairness of cliff edges.
 - A De Minimis rule means that if the change in the amount of UC causes a small change in the CTR entitlement (for example, less than £3) that change is not implemented. A De Minimis rule cannot be introduced on all the IT systems which English LAs are using. If LPS consider that they might want to explore this possibility, IT capability needs to be considered early on.

Possible modifications to the Scheme

6.9. There is an appetite among those we spoke to in NI for changes to some aspects of the Scheme – especially the first assessment, the frequency of reassessment and the extent to which a separate application is required. Yet while different LAs in GB have taken (or are considering taking) different courses of action on some of these matters, there is no sign that any one approach dominates or that there is a clear majority opinion which it could be said that the Scheme is out of line with. In particular:

- Some GB LAs do treat the UC ‘tick-box’ as an application for CTR with no further action required: to that extent, with the appropriate regulations, a separate application may not strictly be necessary. But others do not do that: all options are seen by some as having disadvantages.
- The volume of the change of circumstances notifications generated is adding to the workload of English LAs and therefore, to cost. The Scheme would be vulnerable to this with more frequent assessment. Minimising or avoiding these costs is a high priority for many GB LAs.
- A more frequent but still less than monthly reassessment would be better but would not completely eliminate anomalies.

Conclusions and recommendations

6.10. In summary, the low take-up of RR reflects weakness in the Scheme’s operation which must be overcome if it is to meet its objectives. There are fair criticisms to be made of the Scheme’s design, especially the first assessment, the frequency of reassessment and the need for a separate application. The experience of LAs in GB suggests that possible responses to these criticisms bring their own problems. Meeting the challenge arising from the availability of monthly UC data, beginning in July 2019, is critical. Based on this conclusion, we make nine recommendations to the internal review, divided into three groups, which themselves are in decreasing order of importance:

- recommendations 1 to 5 regarding increasing take-up;
- recommendations 6 and 7 regarding managing the flow of data from UC;
- recommendations 8 and 9 regarding improvements to the Scheme’s design.

6.11. ***Recommendation 1: the priority for the review and period following should be to increase the Scheme’s take-up rate.*** There are four reasons for picking this as the priority. First, the current take-up rate is very low. Second, increasing the rate would be an unambiguous improvement in line with the principal objectives set for the Scheme. Third, while better statistics

are needed (see recommendation 4), the success measure for such an objective is clear. Fourth, the potential number of who would benefit is many times the number who would gain from, say, a more accurate assessment of their RR entitlement.¹⁵

- 6.12. **Recommendation 2: actions to raise the Scheme take-up rate should be designed for each housing tenure separately.** Even allowing for a margin of error due to the incompleteness of the UC statistics, it is likely that RR take-up is much lower in both the private rented and owner-occupied sectors than in the social rented sector. In such a situation, low take-up should be approached as a problem with sector-specific characteristics and responses. They include different demographics, different past engagement with the social security system, different (more/less direct) relationships with LPS and different potential intermediary organisations.
- 6.13. **Recommendation 3: one focus for re-engagement should be on partner organisations who are specific to different housing sectors.** The role played by, and the interests of, social landlords must be part of the reason why take-up of RR in the social rented sector is higher. The question is whether partner organisations can be found with insights and interests in the other sectors too. Besides the Landlords Association (LANI), LAs may have a role to play with individual private landlords as well as having a direct interest in an effective RR Scheme. LPS itself has direct links to owner-occupiers. With ‘take-up campaigns’ for owner-occupiers being a priority for advice agencies, there may be potential for collaboration here around a shared goal.
- 6.14. **Recommendation 4: take-up must be monitored using reliable statistics on a housing sector-specific basis.** As a minimum, regular statistics are required on the numbers of new RR claimants and caseload, by housing tenure, and on the numbers of UC claimants and caseload on the same basis. This information is essential to establishing the take-up rate as a priority. Since LPS has the RR data itself, the key is the data on UC.
- 6.15. **Recommendation 5: consider an externally led review of the public documentation about the Scheme and the detailed language used.** The extent of misunderstanding about the Scheme reflects, at least in part, both the confusing nature of RR itself and the scale of the change that the Scheme represents. Even though few, the inevitable exceptions add to this. Public documentation about the Scheme needs to be examined from the point of view of the target audience: what they think they are being told, what they find

¹⁵ The back-of-the-envelope calculation here assumes that only one third of RR recipients (10 per cent of all UC claimants) have less than full entitlement and that at most, half of them would gain from a more accurate assessment (whether first assessment or more frequent reassessment). That five per cent of all UC recipients compares with the 46 per cent who should be, but are not, claiming RR in the first place.

confusing, what they think they want to know and how they want to find it. Using this mirror, LPS should also be able to judge how well it is doing in communicating the information that it needs to get over.

- 6.16. **Recommendation 6: seek agreement with DFC about what the costs of a more frequent reassessment would be.** LPS and the UC team in DFC appear to disagree about whether and where an increased assessment frequency would add to administrative costs. In principle, disagreements like this should be resolvable to the point where any remaining differences are both narrow and well-defined. As well as providing an essential input into the decision about reassessment frequency, a joint investigation of what a higher assessment frequency would mean would be valuable in its own right.
- 6.17. **Recommendation 7: confront the challenges arising from the monthly flow of UC data to the Scheme before making major changes to its design.** The experience of LAs in GB shows that coping with the flow of data coming from the UCDS is a major challenge. While the Scheme's annual reassessment may shield it from the worst of these effects, there may still be a need to check that there has been no change to the data for the period when the assessment was made. Making the transition to the new data flow is the second priority (after raising take-up) and should be seen as a pre-requisite to any enhancements to the design. If securing read-only access to UCDS will improve this transition, LPS should work with DFC to achieve this.
- 6.18. **Recommendation 8: in reviewing the Scheme, the goal should be to minimise the number of people receiving less support than they are entitled to.** In principle, more frequent reassessment means that those whose entitlement has changed have less long to wait for their proper level of support. In practice, the experience of English LAs shows that delivering this automatically for all claimants is likely to be difficult. Consideration should therefore be given to whether there are other ways to trigger reassessment for those people whose current award falls significantly short of their entitlement.
- 6.19. **Recommendation 9: keep the interests of those for whom the link to UC creates difficulties under review.** As well as those currently unable to apply for UC, it must be acknowledged that there are people for whom applying for UC either adds complexity (and conditionality) or requires a better-off calculation because UC provides less support than legacy benefits. In making UC a requirement, the Scheme is unique since no GB LA imposes such a condition on their CTR claimants. LPS should keep the question of whether the Scheme is the best way to serve the interests of this group under review, especially if the Scheme's uniqueness in this regard persists in 2020/21 and beyond.