

**AD HOC SCRUTINY PANEL**

A meeting of the Ad Hoc Scrutiny Panel was held on 4 April 2018.

**PRESENT:** Councillors Councillors J Sharrocks (Chair), J Hobson, L Lewis, J McGee, L McGloin, M Saunders and J A Walker.

**PRESENT AS OBSERVERS:** Councillor T Higgins.

**ALSO IN ATTENDANCE:** J Cain (press).

**OFFICERS:** M Barker, S Bonner and M Symmonds.

**APOLOGIES FOR ABSENCE** Councillor P Purvis..

**DECLARATIONS OF INTERESTS**

None were declared at the meeting.

1 **MINUTES - AD HOC SCRUTINY PANEL - 8 FEBRUARY 2018**

The minutes were accepted as a accurate record.

2 **COUNCIL BUDGET 2018-2019 AND PROPOSED SAVINGS - DRAFT FINAL REPORT**

The Democratic Services Officer presented the report to the panel and requested Councillors consider its conclusions and recommendations to ensure they were complete. The Chair commented she was satisfied with the report but an additional recommendation should be made to paragraph 18, specifically the third recommendation, which said 'all community buildings, particularly community hubs, must be used to their full potential.' The Chair wanted to add an example of how the community hubs could be used in this way by adding, with words to the effect, 'a roadshow type event with Ward Councillor's involvement in it.'

The Chair clarified that Councillors from the roadshow's host Ward, and from surrounding Wards, should also be involved. Having Councillors available in this way would be beneficial to residents in the event of queries about the budget process or other issues.

A Panel member queried how any feedback received at the roadshow sessions would be fed back into the processes, especially as some Councillors were not always supportive of the budget process. The Chair commented this should not be an issue as the process was consultative in nature.

It was commented that roadshows had previously been held but seemed to have stopped. It was advised that roadshows had previously visited different community Councils and been held in locations including Hemlington Library. Because of this it was confirmed future roadshow initiatives were possible. The Chair commented this precedent should be referred to in the amended report.

A Panel member commented such an initiative may be difficult in Wards without Community Hubs. It was also advised that, even by targeting Community Councils, the consultation process may not reach all residents of a particular area as Community Council attendance was usually predicated on residents experiencing a problem. The Chair commented this was one of the reasons the Council needed to utilise different methods of reaching residents, including social media. The Chair made reference to the other recommendations in the report including Councillors being issued with generic business cards and other publicity material that could signpost residents to relevant webpages.

It was also commented there were many ways in which Councillors could communicate the budget consultation process to residents. In light of this the Chair ordered the report's

recommendations, regarding publicity materials, should be amended to include how this could be distributed within Community Councils and Ward Surgeries.

A query was raised about the use of local media to advertise the budget consultation process. It was confirmed this issue had not been discussed during previous Panel meetings. It was also commented the local press would likely be keen to include the budget consultation process as a public announcement. It was agreed that an additional recommendation, namely that the consultation process be advertised in the local press, be added to the final report.

The Chair ordered that the amended final report be circulated to Councillors rather than be returned to a future meeting of the Panel. It was confirmed the report will be considered by OSB on the 8 May 2018.

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### **WELFARE REFORM - HOW IT IMPACTS ON COUNCIL TAX COLLECTION**

The Chair invited the Council's Benefit Manager and the Revenues and Benefits Support Services Manager from Kier Group to present their information to the panel and advised that the press were in attendance at the meeting.

The Council's Benefit Manager stated both officers worked together on the issue of Welfare Reform and collectively had a substantial amount of experience and knowledge. The Chair reminded the panel that Welfare Reform, and specifically Universal Credit, was not the primary focus of the Panel's investigation.

The Officers agreed they would highlight how Welfare Reform related to the impact on Council Tax collection. During their presentation the Officers made the following comments:

- The Welfare Reform bill introduced some of the biggest changes to welfare reform in sixty years.
- There were five major changes to Welfare Reform namely, the Welfare Benefits Cap, Under Occupancy, commonly known as the 'Bedroom Tax', replacement of Council Tax Benefit with Local Council Tax Support, the end of the Social Fund and the introduction of Universal Credit.
- With regard to the Welfare Benefits Cap; this equated to a limited income of £350 per week for a single person and £500 per week for couples in April 2013. This decreased from November 2016 to £257.69 per week for a single person, and £384.62 for a couple.
- An anonymised example was provided illustrating how some residents would need to pay the shortfall in Housing Benefit and it was noted that some families' Housing Benefit payments had been reduced to fifty pence.
- A panel member commented that the example did not include Council Tax contribution, and it was confirmed that payment toward Council Tax would still need to be found by the resident. From April 2018 the example resident would have to find a minimum of 15% of their Council Tax bill due to forthcoming changes in Council Tax Support.
- It was noted there was a marked increase in residents affected by the benefits cap since the changes of 2017. It was also noted that as of 16 March 2018 53 residents received fifty pence per week in Housing benefit.
- It was also noted that residents are entitled to a minimum of fifty pence per week in Housing Benefit as this will entitle them Universal Credit.
- The Officers commented the impact will be felt heavily by a small number of people.

A panel member commented the administrative costs of processing claims to the value of fifty pence per week would far exceed the amount of benefit paid out.

- With regard to Under Occupancy, also known as 'Bedroom Tax'; there was a reduction of 14% in benefit if there was one spare bedroom and a 25% reduction if there were two spare bedrooms.

- It was noted this change was brought in at the same time as other Welfare reforms.
- With regard to Council Tax changes; before 2013 Council Tax Benefit provided 100% support to residents and was centrally provided by Government.
- After 2013 Councils could determine their own Council Tax Support schemes and Middlesbrough adopted an 80% support scheme. This meant residents had to pay a minimum of 20% towards their Council Tax bill. From April 2018 this will change to an 85% scheme.
- For some residents the introduction of Council Tax Support was the first time they had paid Council Tax.
- This was one of the most significant reasons for a change in the rate of collection.
- With regard to the Social Fund and Community Support; the main difference between the pre and post 2013 schemes was the lack of paying cash to applicants, and instead distributing Utility Vouchers and pre-paid cards.
- It was confirmed the numbers of residents applying for crisis loans had decreased significantly.
- Middlesbrough operates a grant system, which was limited to set criteria, whereas other Council's operated a loan system and invoiced residents accordingly. However it was commented that the costs of administering such a system were quite prohibitive.
- There had been numerous actions carried out to try and mitigate the impact of Welfare Reforms including employing an officer who engaged with residents, face to face, to ensure they were claiming the benefits they were entitled to and encouraging them back to employment.
- It was confirmed this provision was no longer in place and while this was repeated it was not as effective.
- There had also been the introduction of Council Tax hardship provision since the introduction of Council Tax Support.
- The Discretionary Housing Payment budget, which was in place to assist those most in need and caught in the benefits cap, had increased substantially since 2013/14, but this was offset against large losses to other benefit provision.
- The Council Tax Support scheme had been altered to an 85% scheme from April 2018.
- The impact on Council Tax collection was demonstrated based on a random sample of 100 residents that were subject to Under Occupancy, Benefits Cap and Universal Credit. It showed those who paid their Council Tax in full decreased depending on their benefit. For example, 55 residents paid in full for those affected by Under Occupancy, 23 for those on the Benefits Cap and 25 for those on Universal Credit. Those in arrears with their Council Tax had increased depending on their benefit, for example 45 residents with Under Occupancy, 77 residents on the Benefits Cap and 75 on Universal Credit. When looking at In-Year arrears the amount owed doubled between the different benefit types, for example, £5,693 for those on Under Occupancy, £10,124.28 for those on the Benefits Cap and £19,062.62 for those on Universal Credit.

A panel member queried the numbers of people taken to court for non-payment of Council Tax. They also asked if it was the Council's decision and what benefits the Council would receive by taking non-payers to court. The Panel member commented that it would be extremely difficult to recover any money from those who were below the poverty line and could not see the benefit of this type of action.

The Officers confirmed that once a court summons is issued additional charges are applied to the account in addition to the outstanding debt. A Panel member commented that some of those facing difficulties around their ability to pay their Council Tax were also working and in receipt of some kind of benefit.

A query was raised about potential payment plans for those people who were taken to court. It was confirmed payment plans were an option.

The Benefit Manager confirmed that when recovery letters were sent to non-payers they were encouraged to contact Revenue Services to discuss their individual circumstances. It was noted that residents may be trying to pay charges for under occupancy as well as 15% toward their Council Tax.

The Benefit Manager confirmed that when a non-payer is summonsed to court their account would not have been to the Enforcement Agents at that stage and there were other options available before that step.

The Revenues and Benefits Support Services Manager for Kier Group provided an overview of Universal Credit and made the following comments:

- Middlesbrough was a 'live service site' and was open to single claimants. A full service would be going live in approximately October 2018. The delay was possibly because of a capacity issue as to Stockton Council were going live in July.
- From October all residents claiming various benefits will all be claiming Universal Credit.

A Panel member raised a concern that some residents may not be able to access the relevant IT provision to make claims digitally. The Revenues and Benefits Support Services Manager confirmed that relevant agencies dealing with Universal Credit claimants will be skilled-up to deal with this scenario and the DWP had a housebound service.

The Revenues and Benefits Support Services Manager also commented that Oldham's experience of Universal Credit had seen a great deal of support put in place and the digital issue was one that could be overcome. The Chair queried if, because of residents applying for Universal Credit online, some were being missed.

It was confirmed that as Universal Credit would be the main source of income for those on benefits not claiming for UC would result in no income. It was also confirmed that from experience of other areas there was no evidence any residents not claiming UC.

- Those individuals already on the 'live' service would need to make a new claim for Universal Credit when the full service goes live.
- Once residents made a claim they received an online account from which their UC is managed, including any correspondence via their 'journal'. It was noted that claimants would usually re-visit or maintain a dialogue with the organisation they originally made their claim through, for example the Job Centre or the Council.

The Chair queried how a claimant was able to access their journals if they did not have access to the appropriate IT equipment or mobile phones. It was confirmed that when claimants go the DWP for job seeker interviews, which were usually fortnightly, they were also directed and supported to use the IT facilities in the DWP offices.

A Panel member commented that this kind of access would be limited to office hours, and could be detrimental to those that already worked. The panel requested that the opening times of the DWP offices should be circulated to members.

The officers confirmed there was an interactive map that showed residents where their closest computer was and if there was support to do this. It was noted the map was being updated in preparation for full service. It was also queried how those without computers would be able to view the map. Experiences in Oldham had shown when claimants approached the Council they were shown the interactive map before they left.

The officers confirmed that how a claimant's first step to claiming UC was undertaken was difficult to assess. However, it was surmised that most claimants would visit or make contact with a DWP office whereby they would be introduced to the relevant IT facilities.

A panel member queried if, should a claimant not answer their journals or text message prompts, their benefits ceased immediately. It was confirmed this was not be the case as there were a number of steps for the cessation of benefits.

It was confirmed that Councillors would receive a separate presentation on this issue.

- An issue with the introduction of UC was a delay in payment to UC claimants, however there were a number of support packages in place that could support claimants with their financial positions.
- With regard to Council Tax, it was commented that there were claimants of UC that were either unwilling or unable to pay their Council Tax. A concern was that some claimants did not claim Council Tax reduction. Prior to 2013, if a resident claimed Housing Benefit, Council Tax Benefit would be automatically applied. However, with UC only Housing Benefit was provided with claimants having to contribute toward their Council Tax liability.
- Some customers did not want to claim Council Tax reduction and this was worrying as it was free help. One of the main initiatives going forward for the benefits team was to engage with UC claimants and inform them about possible Council Tax reduction as early as possible. One example of this was to place staff members from the Benefits Service into the Job Centre.

A Panel member queried if benefits could be back dated and it was confirmed that Council Tax benefit could be back-dated for 1 month, whereas previously it was 6 months. The officers commented the impact for residents whose Council Tax liability was summonsed to court would be compounded as this would be beyond the 1 month back-date.

A Panel member queried how long it was before a resident was taken to court for non-payment of Council tax. A recovery time-table was not provided, however this information was supplied at the Panel's meeting of the 8 February 2018.

- Claimants would now need to budget on a monthly basis, rather than a weekly or fortnightly basis, meaning their expenditure outlook will seem different to them.
- It was described how claimants would need to look at monthly budgeting and ensure that Council Tax payments were not neglected ahead of other commitments.
- Another issue was that when wages change, this affects a claimants UC entitlements and such changes could happen on a monthly basis. In the event of wage changes, Council Tax bills would also need to be recalculated on a monthly basis which would result in changes to claimant's contributions to their Council Tax Bill. Reporting changes in income would be done automatically through the tax office.
- Changes like this would likely increase the number of enquiries made to the customer Contact Centre because of changes to circumstances.
- It was suggested that a potential change to the current method of administering changes in circumstances could be made to the Council Tax reduction scheme, to level out some of these changes. For example, a number of Council's have already done this, including Newcastle Council. Newcastle had created bands of income and therefore, provided a claimant remains within a certain band of income, their benefits allowance would not change, making it easier to administer.
- An opposing view to this approach was that a banded scheme may not entitle some claimants to a greater amount of benefit whereas in a real time calculation may enable this. There were also 25 Councils ahead of Middlesbrough in terms of UC so would be able to see what the effects of a banded scheme would be.

The Chair queried how much of an increase in Council Tax cases being taken to court there would be. The officer was unsure about this but in terms of claimants applying for Council Tax reduction these had gone down by up to 400 in the last year, however there was no way to tell if this was due to Universal Credit claimants not claiming Council Tax reduction or if this was due to those people finding work.

- There had been improvements made to the UC process, including the removal of the 7 day waiting period; the advice telephone line moving to a free service rather than

national rate; an overlap of 2 weeks between Housing Benefit and Universal Credit; and that 18-21 year olds can claim the Housing element.

It was queried if Oldham had employed any initiatives to assist with behavioural change of its customers, for example the way in which correspondence was written.

It was confirmed that there were many examples of ways in which initiatives had been used in Oldham and would all be suggested for use in Middlesbrough. Examples included Council Tax bills containing reminders about claiming Council Tax reduction; improvements to messages on websites and messages from partner organisations.

It was stated that Thirteen Group would help the Council promote the message of Council tax reduction in due course. Again, where the Council knew UC claimants were not claiming Council Tax Reduction but should be, a telephone claim was undertaken whereby the Council called the claimant and completed the digital online form.

A panel member queried how much Council Tax arrears were owed to the Council and it was confirmed that this was provided previously but could be provided again if requested.

It was also queried if there were specific staff in place to try and recover outstanding debt within revenue services and it was confirmed this was a service provided by Kier.

**ORDERED: The benefits manager to circulate the detail of how many residents are affected by the benefits cap.**

**ORDERED: A Panel member commented that this kind of access would be limited to office hours, and could be detrimental to those that already worked. The panel requested that the opening times of the DWP offices should be circulated to members.**