

Welfare Reform Sub-Committee

Minutes of a meeting held on Monday 12 October 2015 at 6.00pm, The Kasen Room, East Northamptonshire House, Thrapston

Present:

Councillors: Andy Mercer (Chairman)
 Helen Harrison (Vice-Chairman)
 Richard Lewis
 Steven North
 Glenvil Greenwood-Smith

Officers: Sharn Matthews – Executive Director
 Glenn Hammons – Chief Finance Officer
 Lucy Hogston – Benefit Manager

1.0 APPOINTMENT OF CHAIRMAN AND VICE-CHAIRMAN

RESOLVED:

That Councillor Andy Mercer be appointed Chairman and Councillor Helen Harrison be appointed Vice-Chairman of the Sub-Committee for the year 2015-16.

2.0 MINUTES

2.1 The minutes of the meeting held on 6 October 2014 were approved as a correct record.

3.0 APOLOGIES FOR ABSENCE

3.1 There were no apologies for absence.

4.0 DECLARATIONS OF INTEREST

4.1 The following declarations of interest were made:

Councillor	Item	Nature of Interest	DPI	Other Interest
Andy Mercer	7 (Impact of Welfare Reform Changes)	See below		Yes

The Monitoring Officer reported that she had received a declaration of interest from Councillor Mercer prior to the meeting which should not be recorded in these minutes due to data protection issues. The Monitoring Officer agreed she would hold a file note to confirm the existence of the interest, but it would not be detailed in the record

of the meeting. She also advised that in her view this interest did not preclude participation in the discussion or vote on this item.

5.0 QUESTIONS UNDER PROCEDURE RULE 10.3

5.1 It was reported that no questions had been submitted under Procedure Rule 10.3.

6.0 IMPACT OF WELFARE REFORM CHANGES

- 6.1 The Sub Committee considered a report outlining the impacts associated with changes made to the benefits scheme from 1 April 2013, arising from the Welfare Reform Act 2012, and changes announced in the Chancellor of the Exchequer's Budget in July 2015 which will impact on the council as well as residents on low incomes in the district.
- 6.2 The national phased roll-out of the Benefit Cap started on 15 July 2013 with the implication that workless households would no longer receive more in benefits than the average earnings of a working household. During 2013/14 there were 19 families affected by the cap and 12 'capped' cases by the end of 2014/15. It was reported there were 14 'capped' cases at the time of writing the report.
- 6.3 From 1 April 2013, changes were made to the way that housing benefit was calculated for working age individuals living in accommodation let to them by a local authority, registered housing association or other registered provider of social housing. The effect of the change, known as the 'Spare Room Subsidy', was to restrict the size of property that housing benefit would pay for, based on who live in the property. On 1 April 2013, there were 585 individuals under-occupying and that figure had reduced to 442 at the time of the meeting.
- 6.4 It was noted that there had been a significant increase in the number of customers applying for Discretionary Housing Payments compared to the 33 applications made in 2012/13. In 2013/14, 178 applications were received, with 134 being successful and in 2014/15, 173 applications were made with 130 being successful. As of 1 September in the current financial year, 52 applications out of 66 had been successful. Members noted that 66% of the grant from the Department of Work and Pensions (DWP) had been spent in 2014/15 and the amount spent or committed for 2015/16 to date was £56,000. This represented 61% of the overall grant figure compared with 30% on the same date in 2014/15.
- 6.5 The sub-committee noted that Disability Living Allowance had been fully replaced by Personal Independence Payments (PIP) for people aged 16 to 24 from 10 June 2013 for new claims. 349 individuals in East Northamptonshire were reported as being in receipt of PIP and a further 1,126 currently in receipt of DLA would be contacted by the DWP to advise how to claim PIP from October 2015 onwards..
- 6.6 It was reported that the number of homelessness applications had not increased as a result of welfare reform. However, it was noted that there had been an increase in the number of individuals asking for housing advice and registering on the housing list with a view to finding alternative accommodation. It was noted that there had been a 9% reduction in Housing Benefit and Council Tax Support caseload in the two years from April 2013 to April 2015. There had not been a similar reduction in new claims or changes in circumstances notifications.

6.7 Reference was made to the introduction of Universal Credit, which will replace:

- Income-based Jobseeker's Allowance
- Income –related Employments and Support Allowance
- Income Support
- Working Tax Credit
- Child Tax Credit
- Housing Benefit

It was reported that Universal Credit had been introduced in East Northamptonshire on 5 October 2015 for new single Job Seekers Allowance claimants only. It was anticipated that couples and families would be included from April 2016 with the Government intending to fully implement Universal Credit by 2020.

6.8 It was noted that the council would be required to provide the following services:

- Support to Universal Credit service centre staff around housing cost issues that may arise
- Support for customers to make a Universal Credit claim online
- Manual processing of Council Tax Support claims
- Support for claimants who require personal budgeting support to manage their Universal Credit payments
- Management information – monthly statistics of the number of customers helped

6.9 It was reported that two fraud officers transferred from the council to the DWP on 1 December 2014 as part of the establishment of a single, integrated fraud investigation service. The council retained one member of the Fraud Team as the following work remained with the local authority:

- the investigation of Local Council Tax Support Scheme fraud
- the amendment of Housing Benefit claims (subject to fraud)
- the calculation and recovery of any Housing Benefit overpayments
- the compilation of information and evidence, requested by the DWP from local authorities to support an investigation
- fraud hotlines/call handling to take reports of fraud or suspected fraud

RESOLVED:

That the report be received and noted.

7.0 COUNCIL TAX SUPPORT SCHEME 2016/17

7.1 The Sub-Committee considered options for public consultation in respect of the local Council Tax Support (CTS) Scheme for 2016/17, which was introduced under the Welfare Reform Act 2012.

7.2 The scheme adopted in the district in 2013/14 removed 'Second Adult Rebate' and made all working age claimants responsible for paying at least 8.5% of their council tax liability, with their CTS entitlement calculated against the remaining 91.5% of

liability. In 2014/15 and 2015/16, the scheme adopted made all working age customers responsible for paying at least 12.5% of their council tax liability.

- 7.3 Reference was made to the 10% reduction in government funding for CTS over the previous three years which had been offset, in part, by changes in the level of support for working age customers. At the time of writing the report, the Government had not released indicative figures for 2016/17, but an assumption had been made that funding would reduce by a further 10%. On that basis, financial modelling predicted a funding gap of circa £289,000 if the scheme remained unchanged.

The following options for meeting the funding gap were considered:

- Increasing Council Tax above 1.99%
- Reduce funding available for ENC services
- Use the Council's reserves

Councillors noted that increasing Council Tax over and above the existing 1.99% provision in the Medium Term Financial Strategy would require a local referendum to be held and it was noted that this was unlikely to succeed.

- 7.4 It was noted that proposed changes to Housing Benefit regulations announced in the Chancellor of the Exchequer's budget would need to be considered in relation to the council's CTS scheme for 2016/17.

- 7.5 The report detailed various options for a CTS scheme for 2016/17 onwards and the estimated financial effects. The options were based on the following assumptions:

- grant funding will continue to reduce by 10% per year
- CTS expenditure will stay the same
- CTS caseload will stay the same
- The Medium Term Financial Strategy anticipates that Council Tax will increase by 1.99% per year.
- Council Tax collection rates will stay the same
- Changes to Tax Credit awards are implemented from April 2016

- 7.6 The options considered were:

- Option 1 – Status Quo – No change to the percentage reduction in the current CTS scheme and amending the Regulations for changes announced in the Budget
- Option 2 – Breakeven – Increasing the percentage reduction in the CTS scheme and amending the Regulations for the changes announced in the budget
- Option 3 – Step change – Increasing the percentage reduction in the current CTS scheme using a planned two year, medium term, step change approach and amending the Regulations for the changes announced in the Budget
- Option 4 – Four year approach – Increasing the percentage reduction in the current CTS scheme at the same rate for the next four years and amending the Regulations for the changes announced in the Budget.

- 7.7 The report referred to the announcements within the Budget regarding welfare reform changes from April 2016 onwards and that a high proportion such changes would lead to a reduction in disposable income and could lead to customers defaulting on Council Tax payments. Members reviewed the number of reminders and summonses issued in each of the financial years from 2012/13 onwards.
- 7.8 It was noted that a period of public consultation would be required on any proposal to alter the existing CTS scheme, which would take place for a four week period from 26 October 2015 to 23 November 2015. An analysis of consultation responses would be presented to a meeting of the sub-committee on 7 January 2016, along with information from the Government's Spending Review and the Local Government Finance Settlement.
- 7.9 During the discussion, the position of individual who were paying the empty home premium whilst the home was being renovated which added an additional burden and might disincentivise improvements to properties. It was suggested that in such cases it could be argued that those pursuing economic growth would be penalised under the CTS scheme. Officers agreed to prepare a paper in respect of such circumstances and what could be done. Members also requested an update on the authority's level of spend on collecting Council Tax owed.
- 7.10 Members deliberated the options presented and a variety of views were expressed which took account of the financial position of the council, the implications for those who would be directly effected by any change to the CTS and the need to be fair to all local taxpayers. Having considered the implications of the options, it was proposed that the public be consulted on an amended version of Option 3, which effectively proposed an increase to 20% for the 2016/17 financial year only.

RESOLVED:

1. That a period of public consultation take place from 26 October 2015 until 23 November 2015 on a proposal to increase the percentage reduction in the Council Tax Support Scheme to 20% in 2016/17 as the preferred option.
2. That the Welfare Reform Sub-Committee meet again on 7 January 2016 to consider the analysis of the consultation responses and recommend a Council Tax Support Scheme for adoption by the Council at an extraordinary meeting on 25 January 2016.

(Reason – to deliver a Council Tax Support scheme for 2016/17 that meets all statutory requirements)

Chairman