Minutes of a meeting held on Thursday 29 June at 10am, in the Members Room, East Northamptonshire House, Thrapston

Present:

Councillors: Val Carter
Helen Harrison
Andy Mercer
Steven North (Leader of the Council)
Sarah Peacock

Officers: Lucy Hogston – Benefit Manager
Richard Hadden – Revenues Manager
Julia Smith – Head of Customer and Community Services
Michelle Drewery – Finance Manager

1.0 APPOINTMENT OF CHAIRMAN

RESOLVED:

That Councillor Andy Mercer be appointed Chairman of the Sub-Committee for the year 2017-18.

2.0 APPOINTMENT OF VICE-CHAIRMAN

RESOLVED:

That Councillor Helen Harrison be appointed Vice-Chairman of the Sub-Committee for the year 2017-18.

3.0 APOLOGIES FOR ABSENCE

3.1 Apologies for absence were received from Councillor Richard Lewis.

4.0 MINUTES

4.1 The minutes of the meeting held on 21 December 2016 were approved as a correct record.

5.0 DECLARATIONS OF INTEREST

<table>
<thead>
<tr>
<th>Councillor</th>
<th>Item</th>
<th>Nature of Interest</th>
<th>DPI</th>
<th>Other Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andy Mercer</td>
<td>Debt Recovery Process</td>
<td>Ran a business which provided consultancy to local authorities on debt recovery and was also operating a Direct Earnings Attachment for an employee</td>
<td></td>
<td>Yes</td>
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6.0 QUESTIONS UNDER PROCEDURE RULE 10.3

6.1 No questions had been submitted under Procedure Rule 10.3.

7.0 IMPACT OF WELFARE REFORM CHANGES

7.1 The Benefits Manager presented a report which provided Members with an update on the impacts associated with the changes made to the benefits scheme from April 2013.

7.2 The Benefit Cap was a key part of the Government’s commitment to full employment and was originally introduced in 2013. From 7 November 2016, the Benefit Cap was lowered from £26,000 per annum (£500 per week) to £20,000 per annum (£384.62 per week).

7.3 Currently there were 64 families in East Northamptonshire affected by the cap and the loss of benefit ranged from £2.00 to £164.27 per week. This was an increase of 52 cases since the lowering of the cap in November 2016.

7.4 A recent Judicial Review had ruled that the Benefit Cap was discriminatory to single parents with children under the age of two as they were unable to work the required 16 hours. The DWP would be appealing that decision. Officers would send details of the judgement to Members of the Sub-Committee.

7.5 Removal of the Spare Room Subsidy (RSRS) meant that there were restrictions on the size of property Housing Benefit would pay for, based on who lived in the property. If someone was considered as under-occupying their property, a percentage reduction would apply to their eligible rent and service charges.

7.6 In November 2016, the Supreme Court held that the RSRS size criteria unlawfully discriminated against disabled adults who were unable to share a bedroom because of their disabilities and disabled children who required a non-resident overnight carer. The changes as a result of that judgement came into force on 1 April 2017. The Sub-Committee noted with concern that reinstatement of the benefit was only backdated to 1 April 2017 and not to when the benefit was removed.

7.7 In 2016/17, there were 418 cases of under-occupancy in East Northamptonshire, which was a reduction 167 cases from when the RSRS was introduced in 2013. There were various reasons for the reduction, such as moving to smaller properties, moving in with relatives or starting work and coming off benefits.

7.8 It was noted that whilst ENC shared financial services with Corby, their revenues and benefits software was different to ENC. The Sub-Committee suggested that the Finance Sub-Committee might want to consider this issue as there may be efficiencies which could be achieved if both councils had the same system.

7.9 Discretionary Housing Payments (DHP) had been available since 2001 and the DWP provided an annual grant to each local authority. The current allocation to ENC was £171,884. The payments were to support customers who faced a shortfall in rent because of changes to Local Housing Allowance, RSRS, Benefit Cap and Universal Credit. There had been a significant increase in the number of customers applying for DHP, with 279 applying last year compared to the 33 applications made in 2012/13. The majority of applications received were from customers affected by RSRS. It was anticipated that the number of DHP applications would increase when Universal Credit (UC) Full Service rolled out across the district. In 2016/17, nine DHP applications had been received from UC customers, which was high in relation to the number of UC customers in the district.
7.10 The Benefits Manager highlighted that a number of families with children in care were currently being supported with DHP as they needed to maintain their homes as a requirement for their children being returned to them. The Sub-Committee requested that a further report on this issue be brought to the next meeting with a view to changing the relevant policy to formalise this arrangement.

7.11 During 2016/17, 135 homeless applications had been made with 59 being accepted. The reasons for homelessness varied and did not appear to be as a direct result of welfare reforms. The largest reason for homelessness was the loss of rented accommodation through the termination of Assured Shorthold Tenancy. Members commented that this was due to a number of landlords leaving the market and selling their property due to less favourable changes to the tax system.

7.12 There continued to be a reduction in the Housing Benefit/Council Tax Support caseload with 5129 cases at 1 April 2017 compared to 6218 cases in 2013.

7.13 The Universal Credit ‘Live Service’ rolled out in East Northamptonshire on 5 October 2015 and was for new single Job Seekers Allowance claimants only. The UC ‘Full Service’, which included couples and families, continued to be rolled out. ENC residents were served by five Job Centres and the roll out schedule was:

<table>
<thead>
<tr>
<th>Job Centre</th>
<th>Roll out date</th>
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<tbody>
<tr>
<td>Corby</td>
<td>February 2017</td>
</tr>
<tr>
<td>Peterborough</td>
<td>November 2017</td>
</tr>
<tr>
<td>Rushden</td>
<td>February 2018</td>
</tr>
<tr>
<td>Kettering</td>
<td>June 2018</td>
</tr>
<tr>
<td>Wellingborough</td>
<td>August 2018</td>
</tr>
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</table>

7.14 It was noted that a number of UC customers had debt issues due to the changes. Community Law acted on our behalf to help with these issues but officers were having to deal with some difficult cases. Although the numbers were relatively small, the process involved for those few cases was disproportionally staff intensive. Officers would continue to monitor the impact on staff.

7.15 ENC was required to provide management information to the DWP on the number of customers helped and the Benefit Manager would send a summary of this information to Sub-Committee members for information.

7.16 In response to Members questions, officers explained what assistance was given to customers in the interim period to help them before they went on UC. They could apply for a short term advance and this was deducted from their first UC payment. Members discussed the possibility of developing a pool for short term loans or grants to help customers in the interim period and officers would raise this at a county level.

7.17 ENC’s current level of Council Tax Support (CTS) was 80%, which left a Council Tax liability of 20%. The ‘in year’ collection rate for working age CTS claimants in 2016/17 was 79.6% which was an increase of 0.2% on the previous year. In 2016/17, 2,120 reminders were sent to working age CTS claimants, with 1,237 summonses being issued. Although the overall number of reminders and summonses was reducing, the percentage attributable to working age CTS claimants was increasing.

7.18 New burdens funding of £22,293 was received in April 2017 to assist with the ongoing administration costs of the existing Welfare Reform changes. A further £18,690 had been provided by the DWP to deliver UC support services. In response to a question from
Members, officers confirmed that the new burdens funding could be used to administer any future grant scheme.

RESOLVED

That the report be noted.

8.0 DEBT RECOVERY PROCESS

8.1 The Benefits Manager presented a report which provided an overview of the debt recovery processes for overpaid Housing Benefit and Council Tax arrears.

8.2 The Revenues and Benefits Service (RBS) had a statutory duty to collect monies owing and sought to use the most cost effective methods of recovery whilst fully meeting its statutory requirements. RBS followed the following enforcement principles:

- Our action will be proportionate, allowing for a balance to be struck between the potential loss of income to the council and the cost of compliance
- Our approach will be consistent, taking a similar approach in similar circumstances to achieve similar ends; this needs to be maintained, whilst at the same time taking into account the specific circumstances of each case
- Our actions will be transparent; helping people to understand what is expected of them and what they should expect from the council. It also means explaining clearly the reasons for taking any recovery/enforcement action.
- Additionally our intention will be to be firm but fair and our manner will be courteous.

8.3 RBS was committed to assisting customers to pay their council tax bills and HB overpayments and that support included:

- Providing customers with timely and accurate bills, decision notices and invoices
- Providing customers with assistance to make affordable payment arrangements based on their financial and household circumstances
- Offering a range of payment options, dates and frequencies when payments can be made
- Signposting customers to debt and benefits advice

8.4 RBS also took a proactive role in ensuring that no one paid more than they were legally required to by promoting the take up of benefits, Council Tax Support, discounts and exemptions. Those who had difficulty in paying were actively encouraged to contact the Council as early as possible through information on bills, leaflets and the website.

8.5 Housing Benefit overpayments arose where claimants were paid benefit to which they were not entitled and were caused by a number of reasons, such as:

- Claimant error
- Local authority error and administrative delay
- Fraud

8.6 There were currently 1,908 invoices with a balance outstanding which equated to a value of £1,472,012.98. Of these, 1,387 invoices were not on payment plans, equating to £895,490.21. The DWP recommended that 70% of HB overpayments were recovered within three years of the debt being raised. As at 31 March 2017, the Council was achieving 73.25%.
8.7  The Revenues section was responsible for the collection of council tax and there was a legal duty to seek to recover all outstanding debts. In 2016/17, a council tax net debit of £48.9m was raised and an in year collection rate of 98.09% was achieved. There were currently 5,212 accounts in arrears, which totalled £1,587,251.53. Of these, 4,297 were not on payment plans, equating to £1,290,303.75.

8.8  Officers had made enquiries with the other authorities about their level of arrears and only Daventry (£2.5m) and Wellingborough (£6m) had responded. The Finance Manager suggested that this could be raised with the Chief Finance Officers Group to try and facilitate that information. Members also suggested that it may be useful to see how the other authorities allocated payments, was it to the current year’s account or did it go towards clearing the arrears.

8.9  Members raised their concern at the level of debt and at the number of customers not on payment plans. Officers confirmed that the main obstacle was that customers did not engage with the Council. Payment plans were able to be set up at all stages of the process and the number of direct debits for Council Tax was now over 75%.

8.10 The Sub-Committee noted the risks on the risk register which related to HB overpayments and Council Tax. It was suggested that a specific risk of reputational damage should be included on the risk register. The Finance Manager would raise this at the relevant risk review meeting.

8.11 During 2016/17, the Welland Internal Audit Consortium had carried out an audit on Local Taxation for which ‘Substantial Assurance’ was received. The audit testing concluded that key controls operating in relation to calculation of tax liabilities, billing, recovery and enforcement, income collection and refunds were robust and operating effectively in practice. Testing of a sample of cases in arrears confirmed that all relevant recovery stages had been consistently applied in an accurate and timely manner. An audit on HB overpayments has been requested for the 2017/18 audit plan.

8.12 At the meeting of the Finance Sub-Committee on 5 April 2017, it was recommended that a review of the debt process should be carried out by the Governance and Audit Committee. The scope of the review was yet to be agreed. However, it was anticipated it would cover the following:

- Comparison to other local authorities debt position in terms out outstanding debt and debt recovery
- Identifying gaps in the debt recovery process
- Recommendations to improve efficiency in the process so that payment is recovered more expediently

The Sub-Committee suggested that the review should also cover social and equalities impacts.

8.13 In response to Members questions about feedback from customers on the quality of advice from groups to which they are signposted to, the Head of Customer and Community Services advised that Community Law were now regularly asked about customer insight and she would ask the Community Partnerships Manager to also review the other providers as well.

8.14 The Sub-Committee considered the recovery guidance documents for both Housing Benefit and Council Tax and made the following observations:
Housing Benefit Recovery Guidelines

- Para 7.1 – include check for credits on other systems and if customer agreeable use those credits to pay off other debts.
- Para 14 – add note that we will not breach the Data Protection Act.
- Para 16.2, 2nd bullet – extend to include administrative receivership.

Council Tax Recovery Guidelines

- Para 4.3.3 – final reminder must include warning that next stage could be summons to Magistrates Court. Remove mention of summons from earlier reminders. Final reminders to include full contact details of all the organisations that could help them.
- Para 4.4 – consider the production of summons at the Summons Production Centre Para 4.6 – make clearer that it was East Northamptonshire Council’s Members’ Allowances
- Para 4.8 - the use of committal to prison as the first choice of action was not supported by all members. There was a need to review/investigate if it was financially appropriate to commit someone to prison, for example the size of the debt.

8.15 The Head of Customer and Community Services confirmed that as the documents were only guidelines, officers could make the suggested changes. However, following the debt management review they were likely to come back as policies and would therefore be required to be formally approved.

RESOLVED

That the report be noted.

9.0 COUNCIL TAX SUPPORT SCHEME 2018/19 – GENERAL DISCUSSION

9.1 The Benefits Manager reminded the Sub-Committee that Council had agreed that the CTS Scheme would be reviewed during the year and it was planned to start that review earlier this year. As there were still some uncertainties around local government funding, it was not expected that there would be any radical changes to the Scheme.

9.2 A banded income scheme was being developed but that would be more complicated and would need a rewrite of the Scheme. The costs were not yet known and no councils were using this type of scheme.

9.3 Members indicated that they felt that the current level of 20% was about right.

10.0 REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES

Community Law – Councillor Marika Hillson

A report was received from Councillor Marika Hillson, the former Council appointed representative on Community Law.

RESOLVED:

That the report on Community Law be noted.

Chairman