

CO-OPERATIVE & COMMUNITIES SCRUTINY COMMITTEES

Minutes of a meeting of the Co-operative & Communities Scrutiny Committee with Members of the Budget & Finance Scrutiny Committee held on Monday, 12th May 2014 at 6.00pm in Meeting Room 3, Darby House, Lawn Central, Telford TF3 4JA.

PRESENT: Councillors A. McClements (Chair) N. England, A. Jhawar, J. Pinter, J. Seymour, K. Tomlinson and co-optee J. Ellis.

Also attending: Members of the Budget & Finance Scrutiny Committee Cllrs. S. Reynolds (Chair), K. Austin, G. Reynolds, and co-optee R. Williams; Cllr. Hilda Rhodes, Cabinet Member Customer Services, Libraries & Transport; A. Astley, Assistant Director Customer & People Services; L. Higgins Benefits Service Delivery Manager; S. Jones, Scrutiny Officer.

CCSC-05 MINUTES

RESOLVED – that the minutes of the meetings of the Co-operative & Communities Scrutiny Committee held on 19th March 2014 be confirmed and signed by the Chairman.

CCSC-06 APOLOGIES FOR ABSENCE

Cllr. J. Thompson and Budget & Finance Scrutiny Committee Members Cllrs. N. Dugmore, R. Evans, K. Guy, C. Mollett and Co-optee F. Robinson.

CCSC-07 DECLARATIONS OF INTEREST

None

CCSC-08 WELFARE BENEFIT REFORMS

The Chair introduced the purpose of this item as being for the Co-operative & Communities and Budget & Finance Scrutiny Committees to receive a report on the full year impact of the welfare benefit reforms. An interim report had been presented to the joint committees on 3rd September 2013. A response supporting the retention of the Council Tax Support Scheme for 2014/15 had been submitted and had been referenced in the recommendations to Cabinet in December 2013 and subsequently agreed by Council. Since then, the Co-operative & Communities Scrutiny Committee had agreed two further issues around debt provision and benefit sanctions for the work programme.

The Chair welcomed the Assistant Director and Benefits Manager back to the committee and they gave a detailed presentation on the welfare benefit reforms one year on.

1. Housing Benefit Changes

1.1 Social Sector Size Criteria (Spare Room Subsidy / Bedroom Tax)

In addition to the information in the slides the following points were made:

- Late changes - the allowance for non-dependents serving in the armed forces only applied if they were on operations and not in barracks which means frequent changes in eligibility for some families; the allowance for disabled children had not been extended to disabled adults; all those qualifying for exemption because of the loophole in legislation had been contacted and notified.
- The case load had reduced by 39% between the first analysis in December 2012 and the introduction of the changes in April 2013. This was a higher rate of reduction than national and regional averages of around 28-32%. Supported accommodation was exempt; the properties which had been re-classified were Wrekin Housing Trust properties where WHT provided floating support.
- The overall amount paid out in housing benefit over the year had reduced by £1.7m as a result of the changes.
- Many tenants affected by the social sector size criteria had said they preferred to remain in their property and absorb the shortfall themselves.
- Housing benefit expenditure in the social rented sector had reduced in 2013/14 for the first time in years. Expenditure in the private rented sector had increased but not above the norm.
- The increase in conversions to HMOs to meet the demand for smaller properties meant landlords were able to attract more income but also meant there was an overall increase in the amount of housing benefit paid out. There could be issues with quality of accommodation and anti-social behaviour associated with HMOs.
- Common themes for appeals were the definition of a bedroom and the minimum size of a bedroom. A minimum size had not been set for housing benefit purposes and it was up to the landlord to decide the designation of a room not the benefit assessor. There had been some successes in Scotland on first tier appeal challenges on the definition of a bedroom where rooms were used for other purposes. The first tier decisions were being challenged by DWP in higher tribunals and the decisions made there will test the interpretation of the legislation and have an impact by setting precedents. The first challenge in Telford and Wrekin was due to go to tribunal in the next 2-3 weeks.
- RSLs had seen an increase in rent arrears amongst tenants affected by the change – all affected tenants had been offered help and some had chosen to stay in the property but were now sliding into arrears.

1.2 Discretionary Housing Payment (DHP)

In addition to the information in the slides the following points were made:

- Unallocated funds are returned to DHP so the budget was constantly monitored to ensure money is maximised in supporting local people.
- The majority of applications were made within the first 3-4 months of the welfare

benefit changes being introduced.

- The most frequent reason for applications was the social sector size criteria.
- The most frequent reason for DHP awards was to help with short-term rental costs for people under-occupying while they secured a smaller property.
- For disabled people with adaptations in many cases moving was not an option.
- Other reasons for awards included people currently under occupying but about to have a baby or parents who need rooms for children not living with them full time.
- Landlords in the social rented sector had been very proactive in supporting tenants and most applications were made by the social landlord on behalf of the tenant. This was helpful because over the year they had been able to identify tenants who were falling into arrears and DHP had been applied retrospectively to put tenants on the right footing to move ahead. DHP could also now be used to help pay deposits under certain criteria where it would enable the tenant to move to suitably sized accommodation which they could fully fund.
- Tenants in arrears had been trapped by not being able to register on Choose Your Home and following negotiation WHT had agreed to waive the restriction.
- Choose Your Home was being disbanded in June and there would no longer be a single waiting list or pool of stock. There was a need to be conscious that this did not become a barrier for tenants affected by needing to register on multiple lists.

1.3 Overall benefit cap

In addition to the information in the slides the following points were made:

- Only 2 of the households affected had been awarded DHP on a short-term basis and both had now ended.
- The national government think that the overall benefit cap is one of the main drivers for more people going into work. There were no local figures and this would need to be analysed.

At the end of these sections Members asked the following questions:

- Cllr. Seymour questioned why housing benefit cost more in the private rented sector than in the social rented sector when the bedroom cap had been around for some time in the private rented sector. The Benefits Manager explained that a bedroom calculation for housing benefit purposes had been introduced into the private rented sector in 2008. A tenant's need for bedrooms was assessed and capped and the amount of benefit agreed at the start of the year. Tenants in the private sector had not then been affected by the introduction of the social sector size criteria. Rent in the private sector was higher than for equivalent accommodation in the social rented sector, so a 3 bedroom property in the social sector could be cheaper than a 2 bedroom property in the private sector. A family moving from a 3 bed property in the social sector to a 2 bed property in the private sector could be paying more in rent even with the cap on rooms in the private sector. Cllr. Seymour asked in that case whether the answer was to increase the amount of stock of the right size in the social sector and the Benefits Manager said yes, but there was no direct cost to the Council although increases impact on the housing benefit bill nationally.

- Cllr. Tomlinson asked whether bedrooms for children away at university were exempt from the spare room subsidy. The Benefits Manager said that benefit could be paid for the additional bedroom if it was the student's intention to move back into the home as their primary property at the end of their study and for the most part benefit had continued to be paid for students' bedrooms. If the student has a permanent home elsewhere or lives with a partner the bedroom is no longer exempt and the spare room subsidy is removed. Cllr. Seymour wanted to know how we would know and the Benefits Manager agreed that it was almost impossible to police.
- Cllr. Tomlinson asked how many of the 2,204 households affected by the social sector size criteria had chosen to remain in their properties and absorb the extra cost. The Benefits Manager said around a third had said they would stay in the same property but some had fallen into arrears over time. They would need to re-survey the group to quantify exact numbers but it was important not to assume that all those affected wanted to move.
- Cllr. Tomlinson commented on the size of the caseload between 2011/12 and 2012/13 and the Benefits Manager said that this was at the height of the recession and when the changes had been introduced. Also from 2011 social landlords were able to charge 80% of market rent so increases in the private sector had driven rent increases in the social sector.
- Cllr. Tomlinson asked what costs the Council would incur as a result of legal challenges. The Benefits Manager said that the benefits appeal process was already well established and embedded and that all the costs were built into the benefit system. DWP steps in to defend all appeals although if a challenge went to a second tier appeal there could be some costs associated with legal experts. The Assistant Director said that from the Council's point of view, the question we have to ask ourselves is whether we have applied the legislation fairly. She could not comment on the specific case in Telford and Wrekin which was due to go to tribunal but said that the appeal could help to clarify the legislation. Cllr. Tomlinson asked whether DHP had been used to help the appellant. The Benefits Manager said it had been and the Assistant Director said they had been supported though other means but for the customer it was a point of principle.
- Cllr. Tomlinson asked if disabled people were under-occupying an adapted property and could not afford the extra cost whether the Council would have to fund adaptations to a smaller house to enable them to move. The Benefits Manager said that this had not happened so far because DHP was almost always awarded to people who needed a room for a person with a disability. If new grant funding was available, the costs of adapting a smaller property could be assessed, and in the long term there was no certainty about DHP funding but the Council would continue to assist with DHP year on year.
- Mr. Ellis commented that one of the government's reasons for the reforms was to rebalance overcrowding and under-occupancy in the housing market. He wanted

to know the position in Telford and Wrekin, whether there were any concrete figures on the shortfall of one bedroom properties or evidence of a surplus of larger properties created by people downsizing. The Benefits Manager said nationally there was some evidence of large properties sitting empty but this was not the case in the borough. There was as much demand for family homes as smaller and single units. Mr. Ellis said there should be concrete numbers to feed into the Local Plan Shaping Places which had just been released for consultation on housing development site allocations and the figures needed to be fed into the plans. The Assistant Director assured Mr. Ellis that this had been done and they had given a presentation to the senior management team so they were aware of the challenges from a revenues and benefits perspective and the need for certain types of properties to serve customers. The challenge was also to get this over to the RSLs. Telford & Wrekin as a “Business Winning, Business Supporting” Council was also exploring the option of buying into the social rented sector and it was felt that the climate was such that there was potential for the Council to invest in this area. Mr. Ellis said he was pleased to hear this and asked if HMOs were being considered to fulfil the demand for smaller properties. The Benefits Manager said Revenues & Benefits had requested more one bed-roomed properties and the Assistant Director said they were more likely to develop self-contained units and this was one of the business opportunities being explored by the Council. Mr. Ellis requested that the Committee be kept updated on progress.

- Cllr. S. Reynolds asked about the exemption of bedrooms for foster children between placements. The Benefits Manager said the exemption applied when a foster child was living in the home and for 52 weeks between placements.
- Cllr. S. Reynolds asked whether the short-term DHP awards made while people looked for smaller accommodation were time limited. The Benefits Manager said the majority of awards were made for 3-6 months depending on individual circumstances and what and when changes could be made to the household budget. People could be assisted short term while they made changes to their budget for example by cancelling satellite/cable television contracts or downgrading mobile phone contracts. If there were genuinely no other savings options they could be assisted for longer.
- Cllr. S. Reynolds asked if people were actively encouraged to move from the social sector to the private sector to get a smaller property. The Benefits Manager said people were signposted to all options but they were conscious that it could be a big leap for tenants who have rented the same property in the social sector for many years so they were not pushed or forced.
- Cllr. England asked if data could be profiled at ward level. The Assistant Director said data was not broken down by ward and it would take a lot of time and work to disaggregate but it could be provided. It was agreed that Cllr. England would e-mail details of what he would find useful after the meeting.

- Cllr. G. Reynolds asked whether an overall saving had been made nationally from the removal of the spare room subsidy or whether savings had been outweighed by increases to the DHP budget. The Benefits Manager said there had been national impact studies which showed there had been an overall saving but less than anticipated. The Assistant Director said the Joseph Rowntree Foundation had done some work on the impact of the reform and a copy of the report would be circulated to the committee after the meeting.
- Cllr. G. Reynolds asked how potential national policy changes which may arise from a change of government are factored into long-term planning. The Assistant Director said there was only ever certainty of confirmed grant allocations but in terms of the longer term plans for investment in the housing market, it would take time for any changes to work through the system and there would continue to be a demand for one bedroom properties from younger people.
- Cllr. Seymour asked whether any of the appeals were from adults with disabilities who needed a room to store equipment so the room was not being used as a bedroom. The Benefits Manager said under the current interpretation of the legislation the room would be classed as a bedroom – even if it was being used to store equipment for a disabled child – but these issues were being challenged through appeals. Cllr. Seymour asked if the appeals were only in Scotland and the Benefits Manager said they were happening across the country. The Assistant Director said that they receive daily briefings and any changes in legislation resulting from the appeals would be reported back to the committees.
- Mr. Ellis asked who decides whether a room is counted as a bedroom or not. The Benefits Manager said it was decided by the landlord – if they deemed a room to be a storage room it would not count for benefit purposes. In the private rented sector it was not so much of a problem because as discussed earlier in the meeting the housing benefit calculation was agreed up front so people in the private rented sector were not penalised for having extra bedrooms. In the social sector the amount of benefit was dependent on the number of bedrooms which is determined by the landlord. There was some evidence that appeals by tenants on the grounds that a room was used as a study or for storage and should not be counted as a bedroom were being upheld by first tier tribunals.
- The Chair gave an example of a parent who needed rooms for children to stay in during access periods who had been distressed by the removal of the subsidy for the rooms. The Assistant Director said that this was one of the challenges but DHP is paid in cases where there is a safeguarding issue.
- The Chair asked if there was a correlation between tenants in arrears and use of food banks. The Assistant Director said there was not enough intelligence as yet to link the two things. The Benefits Manager said that the social landlords refer tenants in arrears to the CAB so they can be linked in and there had been a huge increase in the use of the food banks.

- The Chair asked questions on behalf of Ms. Robinson (co-optee) who had sent apologies but wanted questions to be asked in her absence. Ms. Robinson wanted to know about fraud investigation and recovery work carried out by the Council, whether the Council pays housing benefit directly to landlords where tenants are not paying their rent or possibly de-frauding benefit and whether there has been a reduction in the number of private landlords renting properties to benefit claimants as a result of the benefit changes leading to a loss of available housing in the private rented sector. The Benefits Manager said that they had seen the opposite in the private sector with landlords responding to the benefit changes by buying up properties and attracting more benefit claimants and more were getting direct payments than they used to. The Assistant Director said that detailed information about fraud had not been prepared for this meeting but could be brought to a future meeting. Mr. Ellis commented on the fact that rent increases in the private sector had pushed up rent in the social sector and that one drives the other.
- Cllr. Tomlinson asked whether there had been any cases of people in arrears declaring themselves bankrupt so their arrears were written off and the Benefits Manager said he was not aware of any cases where someone had declared themselves bankrupt because of the welfare changes.

2. Council Tax Support

In addition to the information in the slides the following points were made:

- The burden of the reduction in funding had fallen mainly on working age non-protected customers and single people on JSA with no other income or tax credits had found it most difficult to absorb the changes.
- Collection rates were slightly below target but the overall amount collected was up by £4m.
- Members were reminded that the Council Tax Support scheme was funded from Council money and not DWP money.
- The scheme would be reviewed and changes would require full public consultation.

At the end of this section Members asked the following questions:

- Cllr. Seymour asked what was meant by “non-passported” recipients. The Benefits Manager explained that people in receipt of other benefits (pension credit, income support, income based JSA and ESA) have already been assessed and have an automatic entitlement to Council Tax Support so the Council does not need to assess them for changes in circumstance – they are “passported” recipients. “Non-passported” recipients are those not in receipt of these benefits who do not have an automatic entitlement who are assessed by the Council for changes which affect how much they receive. The results of the Council Tax discount amnesty still had to be analysed but it was estimated £50-60k worth of changes had come forward. There was a new focus on Council Tax Support and Single Person’s Discount fraud investigation. Fraud work had traditionally focused on housing benefit because the amount of money involved was much

higher, but had been re-focused on Council Tax Support because although lower value, recovery directly benefits the Council.

- Mr. Ellis asked about the redesign of the CTS scheme and whether the committee would be consulted. The Assistant Director confirmed that the working group had been reconvened to review the scheme and scrutiny would be consulted on any proposed changes. The Benefits Manager said that legislation required a 12 week public consultation on any changes to the scheme and changes would need to be agreed by full Council by 31st January 2015.
- Cllr. S. Reynolds noted the 42% increase in the number of summonses issued compared to the same period in the previous year. She wanted to know what amount had to be outstanding to trigger a summons and whether summonses were viable for very small amounts. The Assistant Director said that debt was pursued through letters and phone calls before being escalated to a summons. A summons was usually issued when debt accumulated to about £70 which depending on the amount involved could take several months. The approach could be considered as part of the review of the scheme but was in line with other authorities.
- The Chair asked if the Council Tax discount amnesty was a one-off or if it would be repeated and the Assistant Director said they would analyse the results and review expenditure to establish if there was a net saving to the Council. If it had been successful they would consider another amnesty for next year. The Benefits Manager said one group who had come forward were pensioners who had not previously reported changes to private pensions.

3. Local Crisis and Resettlement Assistance

In addition to the information in the slides the following points were made:

- The announcement of the withdrawal of funding from April 2015 had not been anticipated and was a challenge - £100k had been earmarked for a scheme for 3 years and proposals would be put to Cabinet in October.
- The LGA continued to lobby government on behalf of local authorities and scrutiny would be kept up to date with any changes and would be involved in any proposals pre-Cabinet.
- They were seeing an increase in the length of benefit sanctions from 4 weeks to 3 months. The reasons appeared unfair from the customer point of view. 70% of cases had appeals outstanding. Decisions were rarely reversed and if they were it took weeks to reinstate the benefit. The CAB had said that the number one reason for people seeking help was benefit sanctions. Under new rules some people could be required to sign-on daily which was anticipated would increase the level of sanctions.

At the end of this section Members asked the following questions:

- Cllr. Seymour noted that one of the explanations given by customers for benefit sanction was that they had been attending a job interview they had arranged

themselves and she commented that the person could have informed the Jobcentre about the interview. She asked whether DWP had been asked for their views on the benefit sanctions. The Benefits Manager said they had not asked for information on an individual case level but had not seen decisions reversed. Locally the Jobcentre Plus manager had accepted that the regime had become more stringent and easier for sanctions to be imposed and that DWP's strategy was to make claiming benefit as challenging as possible to force people into action, and in this respect DWP may claim that it was working. The Assistant Director said that the welfare reforms were all about making work pay. They would share the data with DWP and ask them for a response and report back. There was a risk of people who have their benefit sanctioned falling back on the Council and this issue required high level discussion and would be raised at Local Strategic Partnership level. The Chair asked whether scrutiny could help and the Assistant Director said a letter from the committee to support lobbying could be helpful. Cllr. Tomlinson said she could understand the logic of sanctions but was concerned about the impact on people who were genuinely trying to find work and on adults with learning disabilities. Her church had done a lot to support people via the Food Bank in Dawley and she would support scrutiny support for lobbying. The Chair agreed that scrutiny should support lobbying. Mr. Ellis commented that DWP seemed target driven and not solution driven.

- Mr. Ellis asked whether any surplus from this year's Local Crisis Assistance funding could be rolled forward to next year and the Assistant Director replied that it was within the Council's gift to roll forward.
- Mr. Ellis asked whether the DWP member of staff seconded to the Council could be used to exert influence back on DWP. The Assistant Director explained that the secondment had been made for 12 months as part of the targeted work to tackle youth unemployment and would then return to DWP. Mr. Ellis asked whether the secondment had made a constructive difference and the AD assured him that they had.
- In light of the withdrawal of Local Crisis and Resettlement Assistance funding Mr, Ellis asked whether there was any risk to DHP funding which had been increased this year. The AD said that there were no guarantees and that was why they could only plan 12 months ahead with certainty and Mr. Ellis pointed out there was uncertainty about the funding because of the election.

4. Future changes and challenges

The main future challenge was Universal Credit (UC). UC had been rolled out in small parts to a small number of people in pilot areas – between 20,000-30,000 - and had not replaced housing benefit yet. The national roll-out had been pushed back to 2017-2019. A proposal had been discussed nationally to stop all benefits to under 25s. From July all housing benefit fraud investigation units would merge into a single unit under DWP to look at fraud across the system. The authority would retain investigation of Council Tax Support fraud.

- Mr. Ellis asked how centralised or local the new fraud service would be and the Benefits Manager said that this was still unclear.

When there were no further questions there was a discussion about further scrutiny work. The Assistant Director said that previously it had been helpful to bring proposals to scrutiny as a cross-party committee and the service would like help in three areas:

1. The Community Loan Scheme as an alternative to pay-day lenders and loan sharks
 2. The design of the Crisis Support Scheme to replace the Local Crisis & Resettlement Assistance scheme
 3. Any proposed changes to the Council Tax Support scheme for 2015/16
- Each item could be brought to scrutiny for pre-Cabinet input.

The Chair proposed that the committee look at all the issues suggested and asked members if they had any other ideas they wished to raise. The Chair said she was interested in the wider issues around debt and suggested the committee look at this in more detail. Cllr. S. Reynolds said she had been involved with credit unions in the past and wanted to be kept involved in any work related to credit unions. Mr. Ellis suggested that a pro forma could be developed to help people with budgeting and on-going support. Cllr. England said they would need to refine what was needed. The Assistant Director said the Council provided funding to the CAB to provide debt advice which was supported by the surplus from the Crisis Assistance funding which would be impacted once the funding was withdrawn. The Chair said that the Committee had a role to play in the on-going monitoring of the impact of the welfare reforms.

The Scrutiny Officer asked whether members wanted to look at fraud issues and the Assistant Director suggested this could be done later in the year once the other work was complete and the changes to the consolidation of fraud investigation services had been made.

The Scrutiny Officer checked whether members wanted to pick up on suggestions made earlier in the meeting to write a letter of support for lobbying on the withdrawal of the Crisis Assistance funding or benefit sanctions but it was agreed that this would not be done at this stage.

Members of the Budget & Finance Scrutiny Committee and officers left the meeting at the end of this item.

RESOLVED:

That the three items suggested by the Assistant Director be incorporated into the work programme.

CCSC-09 CHAIR'S UPDATE

- The Chair reminded members that the scrutiny committees were coming to the end of a two year work programme and the Scrutiny Management Board had agreed to a light touch refresh of the work programme to allow outstanding items to be completed before the 2015 elections. The Scrutiny Management Board would be considering a report on the work programme at the meeting on 16th May including new suggestions put forward for scrutiny by members of the Senior Management Team, a local resident and Mr. Ellis who had put forward a suggestion to scrutinise proposed changes to bus transport. The Board may make recommendations about priorities for scrutiny but it would be up to the committee to make final decisions about the work programme. The Scrutiny Officer explained that transport fell within the remit of the Housing, Economy & Infrastructure Scrutiny Committee which had agreed to include the transport review within its work programme but the Assistant Director Family & Cohesion Services would attend the Scrutiny Management Board meeting to explain the new approach to the transport review for members to determine the best approach for scrutiny. There was a discussion about this and it was agreed that the committee should be involved in the review of bus services because of the potential impact of changes on local communities. The Chair agreed she would report this to the Board at the meeting on 16th May and would report back at the next meeting.
- The Chair reminded members that the work of the committee on the management of community centres had been submitted for a Good Scrutiny Award and members would be updated once the short list was announced on or after 22nd May.

The meeting ended at 8.20pm

Chairman:.....

Date:.....

