



Meeting of the Resources and Transformation Scrutiny Committee

Monday 14th September, 2015 at 6.00pm

In Committee Room 2 at the Council House, Priory Road, Dudley

Agenda - Public Session

(Meeting open to the public and press)

1. Apologies for absence.
2. To report the appointment of any substitute members serving for this meeting of the Committee.
3. To receive any declarations of interest under the Members' Code of Conduct.
4. To confirm and sign the minutes of the meeting of the Committee held on 18th June, 2015, as a correct record.
5. Public Forum
6. Presentation from the Department for Work Pensions – Universal Credit (Pages 1 – 7)
7. Welfare Reform – modelling the impact of the government's welfare reforms across the Borough (Pages 8 – 30)
8. Localised Council Tax Reduction Scheme 2016/17 (Pages 31 – 42)
9. To consider any questions from Members to the Chair where two clear days notice has been given to the Strategic Director (Resources and Transformation) (Council Procedure Rule 11.8).

A handwritten signature in black ink, appearing to be "P. Z.", is written over a horizontal line.

Strategic Director (Resources and Transformation)

Dated: 3rd September, 2015

Distribution:**Members of the Resources and Transformation Scrutiny Committee:**

Councillor D Blood (Chair)

Councillor B Cotterill (Vice Chair)

Councillors C Baugh, S Clark, B Etheridge, T Herbert, P Miller, M Mottram, M Rogers, E Taylor and Q Zada.

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- Elected Members can submit apologies by contacting the officer named below. The appointment of any Substitute Member(s) should be notified to Democratic Services at least one hour before the meeting starts.
- The Democratic Services contact officer for this meeting is Karen Griffiths, Telephone 01384 818219 or E-mail karen.griffiths@dudley.gov.uk

Minutes of the Resources and Transformation Scrutiny Committee

Thursday, 18th June, 2015 at 6.00 p.m.
In Committee Room 2, The Council House, Dudley

Present:

Councillor D Blood (Chair)
Councillor B Cotterill (Vice-Chair)
Councillors C Baugh, S Clark, T Herbert, P Miller, M Mottram, M Rogers, E Taylor and Q Zada

Officers:

M Bowsher (Chief Officer (Adult Social Care)) – Lead Officer to the Committee, M Williams (Chief Officer (Corporate and Customer Services)), S Beckett (Customer Services Manager), C Ludwig (Finance Manager) and K Griffiths (Democratic Services Officer) – Directorate of Resources and Transformation

1 Welcome

The Chair welcomed all those present to the meeting and introduced Council officers.

2 Declaration of Interest

Councillor Zada declared a pecuniary interest in any matters that might arise at the meeting in connection with him being a leaseholder.

3 Minutes

Resolved

That the minutes of the meeting of the former Corporate Performance Management, Efficiency and Effectiveness Scrutiny Committee held on 5th March, 2015, be approved as a correct record and signed.

4 Public Forum

There were no issues raised under this agenda item heading.

5 **Terms of Reference**

A report of the Strategic Director (Resources and Transformation) was submitted on the terms of reference for the Resources and Transformation Scrutiny Committee.

Resolved

That the terms of reference for the Scrutiny Committee, as set out in the appendix to the report submitted, be noted.

6 **Annual Scrutiny Programme 2015/16**

The Committee considered a report of the Lead Officer and Strategic Director (Resources and Transformation) on the items proposed for inclusion in the Annual Scrutiny Programme for detailed consideration during 2015/16, these being:

- The latest Welfare Reforms and their impact upon Dudley;
- How we provide improved and more cost effective customer access to Council services through use of Channel Shift.

The Chief Officer – Corporate and Customer Services indicated that a presentation would be given on each item proposed to be scrutinised over the 2015/16 municipal year. The objective of the presentations at this stage was to give Members an overview and to identify specific areas for scrutiny.

The Finance Manager then gave a presentation on the latest Welfare Reforms and their impact upon Dudley, particularly:-

- The abolition of housing benefit and its replacement with Universal Credit,
- The Council's role in delivering Universal Credit.
- Changes to the Local Welfare Assistance Scheme, which provided crisis and community care awards, and
- A review of the localised Council Tax Reduction Scheme, which provided assistance to low income households in paying their council tax.

A copy of the presentation was circulated to Members with the agenda papers and a copy was available on the Committee Management Information System (CMIS).

The presentation detailed changes to the welfare benefit system that had been implemented during the last Parliament, the rationale for welfare reforms and highlighted key areas, which included:-

- Universal Credit, including the main features; illustration of how Universal Credit topped up earnings; the timetable for roll-out; the national experience and Dudley's experience with the roll-out
- Underoccupancy and Discretionary Housing Payments,
- Local Housing Allowance,
- Benefit Cap,
- Local Welfare Assistance,
- Council Tax Reduction Scheme,
- Personal Independence Payments,
- Issues relating to matters concerning the Welfare Reforms,
- Further planned reduction in benefits cost; and
- Issues for the Scrutiny Committee to consider in more detail.

The Finance Manager indicated that the changes to Universal Credit would impact mostly on the residents in the Borough as it was intended to bring together the six major working-age benefits. Currently these benefits were administered by either the Department for Work and Pensions (DWP), Her Majesty's Revenues and Customs (HMRC) or local authorities. As part of the Welfare Reform, it was proposed that Universal Credit would be administered entirely by DWP.

During the presentation by the Finance Manager, Members asked questions and made comments, which were responded to as follows:-

- Mention was made to potential problems regarding which member of the household would receive payments for those claiming joint benefits. In responding, the Finance Manager indicated that a nominated bank account would need to be given that benefits would be paid into and controlled by the household. The Chief Officer (Corporate and Customer Services) explained that each household would be responsible to ensure that any expenses covered by the benefit payments were made.
- In referring to the current issues experienced in relation to slow communications and inconsistencies by the Department for Work and Pensions, the Finance Manager reported that the main issue had been due to the loss of experienced (DWP) employees, however, an officer meeting had been arranged to discuss the matter further.

- Reference was made to the impact for Dudley in relation to underoccupancy. A Member queried the possible turnover when houses became void as a result of underoccupancy. In responding, the Finance Manager indicated that timescales to occupy void properties varied depending on the required work to properties, however, she indicated that the area of work relating to voids came under the remit of the Place Scrutiny Committee and that it would be looked at in more detail by that Committee.
- Mention was made to the decision to reduce funding to £200,000 per annum from 2015/16 onwards to the Local Welfare Assistance Scheme to provide crisis and community care awards. It was queried whether the reason for the reduction in funding was as a result of the local authority underspending its allocation in the previous two years. In responding, the Chief Officer – Corporate and Customer Services indicated that previously, the Department for Work and Pensions issued cash awards to people eligible for crisis loans and community care grants. He stated, however, that the grants had been transferred to local authorities in April 2013. Dudley had adopted a cashless scheme, providing vouchers for food and fuel and household goods being provided direct. The demand had reduced and it was reported that the allocated funding for 2015/16 onwards was now in line with current spending activities.

Reference was made to whether the provision for clothing was included in the allocation awarded to the local authority, the criteria and process used to assess whether a person was eligible for a grant and whether £200,000 was an adequate allocation per annum. The Chief Officer (Corporate and Customer Services) indicated that there had not been a high demand for grants in relation to clothing in previous years. The scheme had been amended from time to time to better reflect the needs of applicants.

The Customer Services Manager indicated that adequate checks were carried out on a number of factors and referred to specific issues in terms of the definition of what constituted a crisis award or community care award. He stated that the Local Welfare Assistance scheme was continually reviewed to ensure that help was being given to those in need.

- Mention was made to the consultation process to be followed when the Council decides to consult about changes to the Local Council Tax Reduction Scheme for 2016/17. A report on the consultation exercise would be submitted to the Cabinet on 25th June, 2015. Should the Cabinet approve the recommendation, consultation would take place over the summer with the outcome being reported back to the Committee. It was suggested that results of the previous consultation exercise (in 2013) be circulated to all Members of the Committee.

Following the presentation, it was suggested that an officer from the Department of Work and Pensions (DWP) attend a future meeting of the Committee to discuss Welfare Reform in more detail and to answer any concerns and questions Members might have.

Members requested that a breakdown of detailed statistics be provided to a future meeting of the Committee on the impact that each proposed area highlighted in the presentation would have on the residents in different parts of the Borough. This would include, an estimate on the number of people that were likely to be affected, the potential financial implications and identify areas of the Borough that would require the most support.

The Customer Services Manager then gave a presentation on how the Council could provide improved and more cost effective customer access to Council services through use of Channel Shift, particularly:-

- Whether strategies and plans would be successful in realising a shift to digitally-enabled access to services, meeting the needs of all of communities.
- That strategies supported traditional channels where appropriate.
- That Dudley's approach achieved the required savings whilst ensuring ongoing investment in service delivery.

A copy of the presentation was circulated to Members with the agenda papers and a copy was available on the Committee Management Information System (CMIS).

The presentation gave detailed information on key areas such as the terms of reference, definitions, context, the reason for adopting digital services, successes to date and the cost of transactions.

The presentation also referred to the current position and work required to achieve Channel Shift and links to the Council Plan 2015/16.

During the presentation by the Customer Services Manager, Members asked questions and made comments, which were responded to as follows:-

- In raising general comments, Members indicated that the Authority needed to ascertain what method of communication was best suited to individuals. People used a variety of different methods to contact the Authority depending on their preferences and the view was expressed that the Authority should not always discontinue a service if it fulfilled a customer's need.

- Members acknowledged the benefit of a system where customers could access council services digitally through Channel Shift, however, a query was made in relation to whether an officer would be available to respond to issues raised during the early hours of the morning.

In responding, the Customer Services Manager indicated that in the event of an emergency being reported, the issue would be dealt with by an appropriate officer as a matter of urgency. More routine issues would be recorded on a system and dealt with in order of priority.

- The Committee undertook a detailed discussion on the implications of Channel Shift, including the needs of customer groups, particularly those who could not or preferred not to use electronic communications.
- Reference was made to the significant challenges associated with culture change to implement new systems and different ways of working given the diverse nature of the Council's operations.
- Members discussed how Dudley Council Plus dealt with the large volume of e-mail enquiries and telephone calls. Particular reference was also made to the Councillor Contact Service.
- It was recognised that progress had been made and consideration had been given to good practices adopted by other local authorities, however, it was noted that organisations used different methods and systems of work.
- Particular reference was made to increases in electronic transactions for making payments.
- In response to comments made by Members, the Customer Services Manager referred to the electronic application developed by the Council for customers to report issues to the Council. Members recognised the importance of and risks associated with the decisions relating to Channel Shift, in terms of the implications on customers and the need to balance this with value for money and budgetary issues. Ongoing customer expectations also needed to be taken into account in the context of these challenges.

The Lead Officer then reported on the proposed timetabling of the matters scheduled for consideration at future meetings of the Committee, as follows:-

14th September, 2015

- (1) Feedback on the impact of Welfare Benefit Reform, to include:-
 - Ward level mapping,
 - Personal financial impact,
 - Deprivation indices.
- (2) Department for Work and Pensions (to invite a representative of DWP).
 - Quality communications with local people in relation to Universal Credit,
 - Improvement points.
- (3) Local Welfare Assistance Fund (criteria/demand/use of resources).
- (4) Council Tax Reduction Scheme 2016/17 – Public Consultation Update.

17th November, 2015

Budget Scrutiny.

18th January, 2016

Channel Shift, to include:-

- Timeliness of response,
- Business case for Dudley,
- Local focus groups/feedback, including customer experience
- Success criteria,
- Associated implications and practical issues.

7th March, 2016

Revisit financial impact of Welfare Benefit Reform.

Resolved

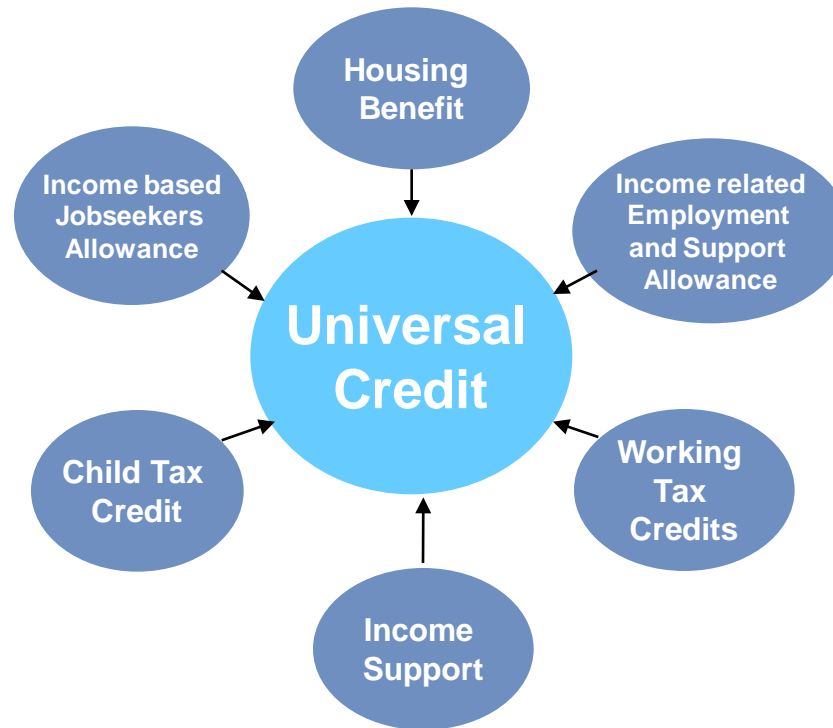
- (1) That the issues for scrutiny in 2015/16 as agreed by the Overview and Scrutiny Management Board, as set out above and in the report now submitted, be approved.

- (2) That the results of the previous consultation exercise in relation to changes to the Local Council Tax Reduction Scheme (in 2013) be circulated to all Members of the Committee.

The meeting ended at 8.00 p.m.

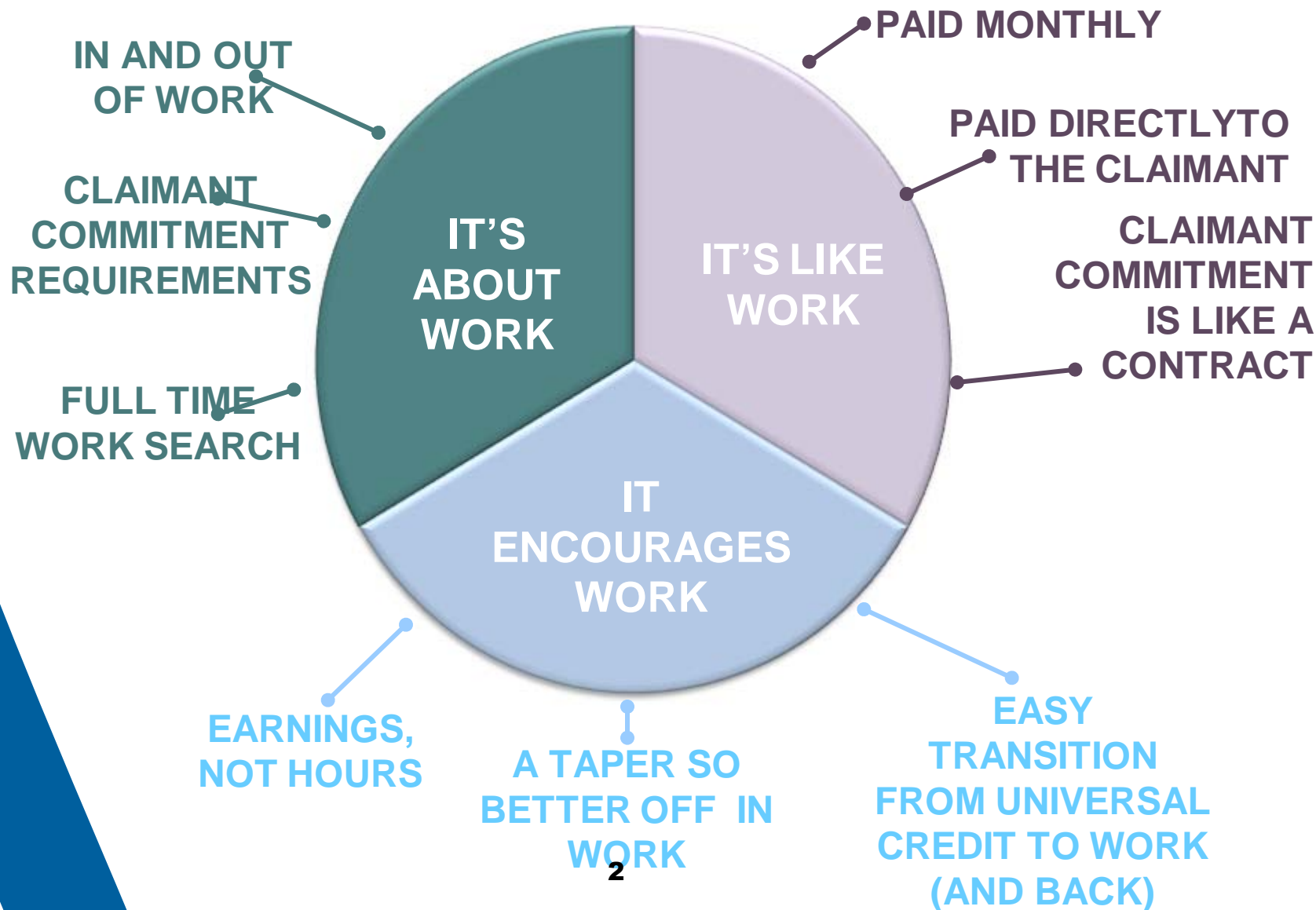
CHAIR

Universal Credit – overview



- **One simple payment**
- **Paid monthly**
- **For people in and out of work**
- **Use PAYE in real time information (RTI)**

What's different about Universal Credit?



Who do we think may require Universal Support – delivered locally?

Claimants with mental health issues

Geographically isolated people

Multi Agency Public Protections Agreement (MAPPA) restricted claimants

Prison leavers

People with English language limitations

Claimants with learning difficulties

People with financial inclusion or severe debt issues

Domestic violence victims

People with literacy/numeracy difficulties

Entitled 16/17 year olds

People with physical and/or sensory disabilities

Those under the supervision of the Troubled Families Initiative

Non EEA citizens – including refugees

Homeless people

People with addiction problems (drugs/alcohol/gambling)

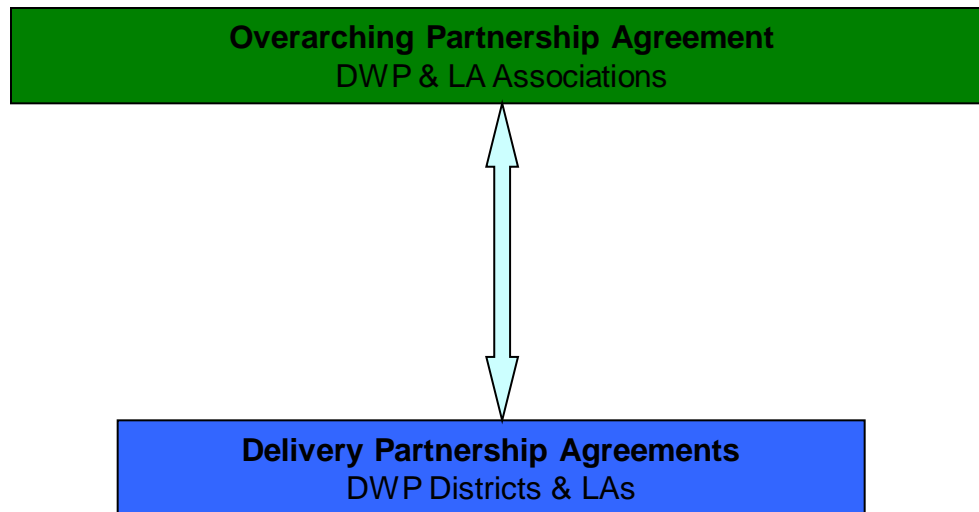
Care leavers

Universal Support – delivered locally typical local delivery partners:



The real purpose of the partnerships approach is joined up “coherent claimant journey” for claimants with complex needs, from benefits dependency to independence and, where appropriate, work

Universal Support – delivered locally: Partnership arrangements



- A common Overarching Partnering Agreement, signed at the corporate level between the DWP and LA representative bodies (LGA, WLGA and COSLA) setting out a number of general terms, obligations and expectations that apply to all DWP and LA delivery partnerships; and
- A set of local level Delivery Partnerships Agreements, signed between the DWP and LAs locally, which will give details of specific local service providers

Personal Budgeting Support – Why?

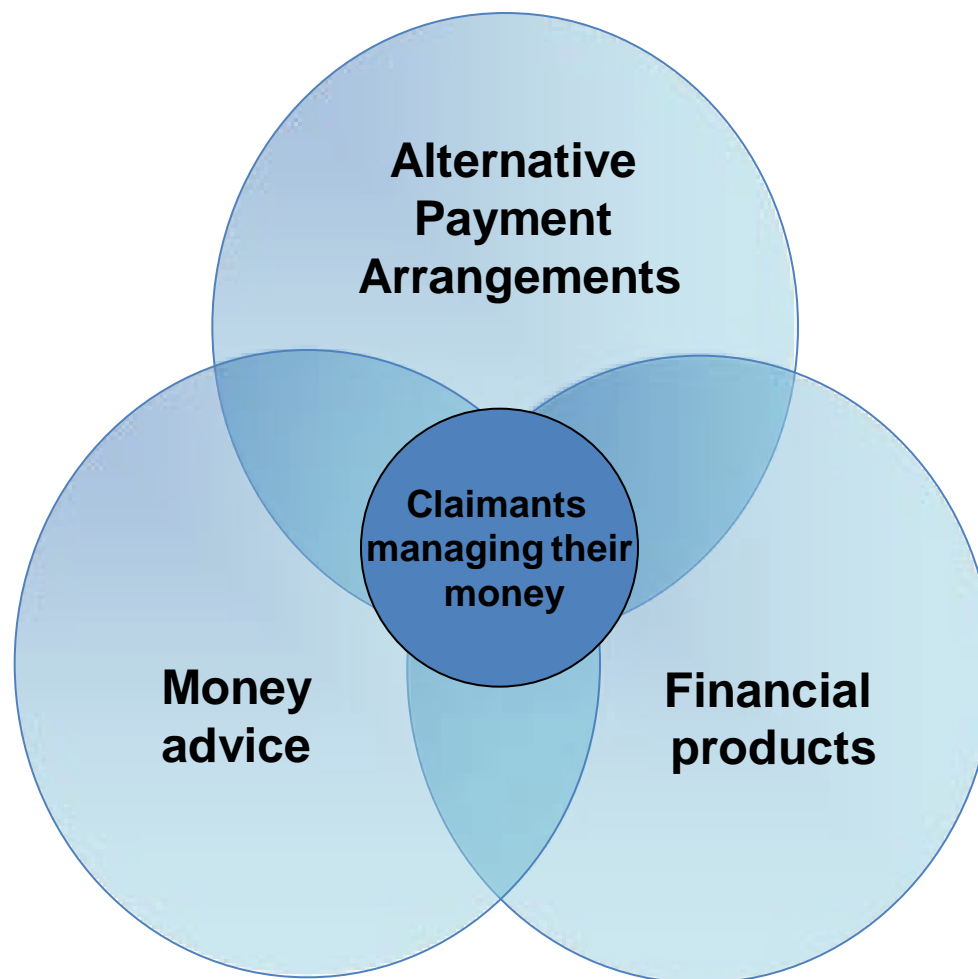
We want to help people to manage their own finances successfully, whether they are in or out of work.....

Support for those that need it to manage the changes Universal Credit brings:

Single payment to household

Monthly Payment

Housing costs direct to tenant



Resources and Transformation Scrutiny Committee - 14th September 2015

Report of the Strategic Director Resources and Transformation

Welfare Reform – modelling the impact of the government’s welfare reforms across the Borough

Purpose of Report

1. To provide further information to the Committee in respect of questions raised at the previous meeting.

Background

2. The annual programme for this Scrutiny Committee has identified *the latest Welfare Reforms and their impact on Dudley* as an area for detailed consideration during 2015/16. At the meeting on 18th June 2015, the Committee received an overview of the main areas of change and the impact that this is likely to have on residents in Dudley.
3. Members requested further information at a future meeting on:
 - Mapping the impact geographically
 - Personal financial impact

Local context

4. Dudley is the largest of the four Black Country boroughs geographically, with also the largest population (313,600 in 2012). Population density is the second lowest of the four boroughs, and Dudley also has the highest proportion both of people aged over 60 and of economically active people. Dudley has the lowest percentage of Jobseeker’s Allowance (JSA) claimants in the four boroughs at 4.6% of the working age population, but this is still above the national average for England (3.1%), and 38.1% of claimants in Dudley are on JSA for more than a year (England average 30%). Average earnings of £22,224 (2012) in Dudley are lower than the England average (£26,800 in 2012) and also lower than the West Midlands average (£25,446)¹.

¹ Sources: Indices of Deprivation 2010, Dudley Borough Statistics, and 2012 updates, Corporate Policy and Research

5. In 2010, Dudley was the 104th most deprived borough of 326 in total. Locally, this places Dudley 6th out of the 7 West Midlands metropolitan areas in terms of deprivation.

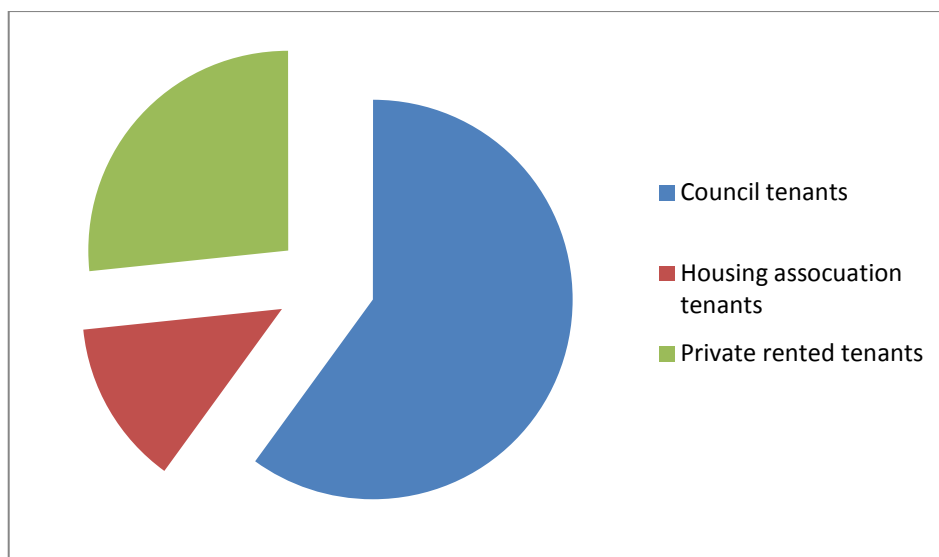
Local Authority	Rank of average Super Output Area score 2010 (1 = most deprived; 326 = least deprived)
Birmingham	9
Sandwell	12
Wolverhampton	21
Walsall	30
Coventry	50
Dudley	104
Solihull	179

However, this overall picture masks significant areas of deprivation. Appendix 1 shows the Super Output Areas (SOAs) that are in the 20% most deprived in England, with 47 of the 202 SOAs in the borough being in this category. These cover 23.9% of the borough population (2010 data). This information is based on the 2010 datasets, which are the most recent provided by the Department for Communities and Local Government. The next release of data on indices of deprivation is scheduled for September 2015.

Housing Benefit

6. DMBC administers housing benefit for tenants in the borough who are claiming benefits (Employment and Support Allowance, Income Support, Jobseeker's Allowance or Pension Credit) or who are on a low income and have less than £16,000 in savings².
7. Housing Benefit can be claimed across all tenures (council, housing associations and private landlords). In Dudley, we have just over 24,100 housing benefit claimants, with 14,500 council tenants, 3,200 housing association tenants and 6,400 private rented sector tenants.

² Source of all data: Benefits and Rent system reports at end July 2015.

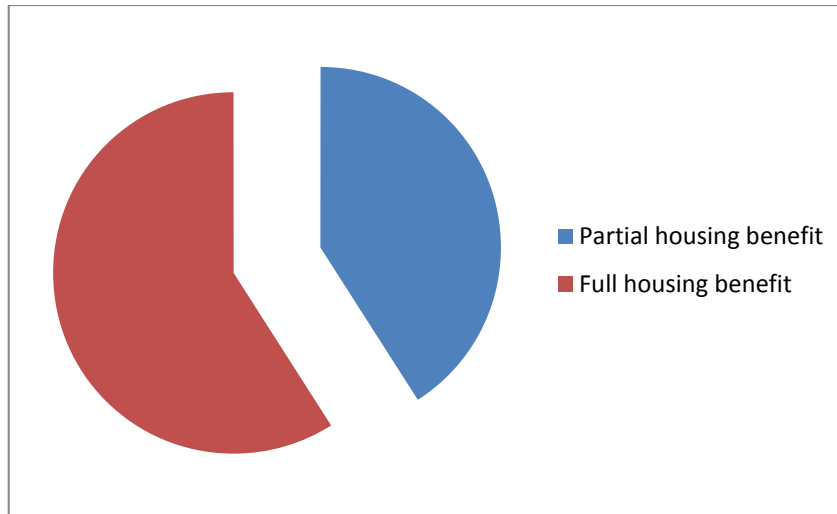


8. Appendix 2 shows the geographic distribution of all housing benefit claims in the borough, for all claimants regardless of tenure. The highest concentrations of claimants are in Wren's Nest and Central Dudley.
9. Around 65% of council tenancies are eligible for Housing Benefit, at any point, generally in addition to other benefits. We have just under 22,500 council dwellings, with on average 2.7% (around 600) being empty at any time. Appendix 3 shows the geographic distribution of housing benefit claims across the borough for council tenants, and also indicates the location of current UC claims. The highest concentrations of benefit claimants are similar to those identified for all tenures. Appendix 4 shows the distribution of claims for housing association tenants and Appendix 5 shows the distribution for tenants who are privately renting and claiming housing benefit.
10. We have around 4,400³ housing association properties in the borough, which indicates around 73% claiming housing benefit, a slightly higher proportion than for council tenants, and we have around 12,000⁴ private rented properties, equating to around 53% claiming housing benefit.
11. The high incidence of housing benefit claims in the housing association and private rented sectors highlights the level of need within the community. We have relatively few large, institutional landlords in the private sector, with many landlords owning fewer than 10 properties. With increased restrictions from financial institutions on granting mortgages, we will need to keep the size and nature of the private rented sector under close review.

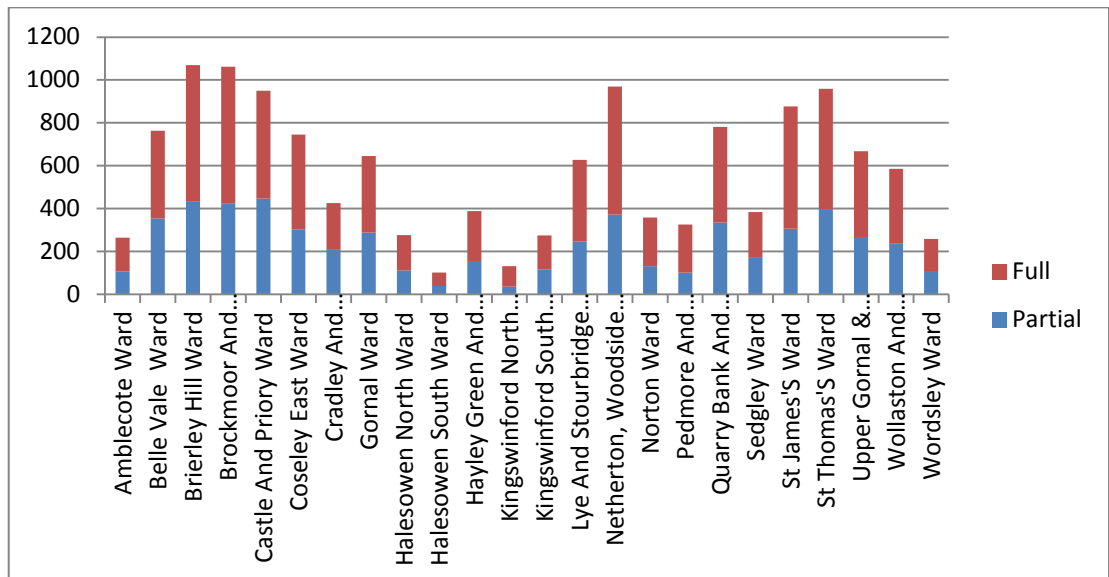
³ Source: Housing Strategy 2013-16

⁴ Source: 2011 Census

12. Of the DMBC tenants eligible for housing benefit, 59% are eligible to have their rent fully paid by housing benefit, while 41% receive partial benefit and have to pay a proportion of their rent. The chart overleaf shows this split for all council tenants:



Analysed by ward, the chart below shows the distribution at ward level for full and partial housing benefit:

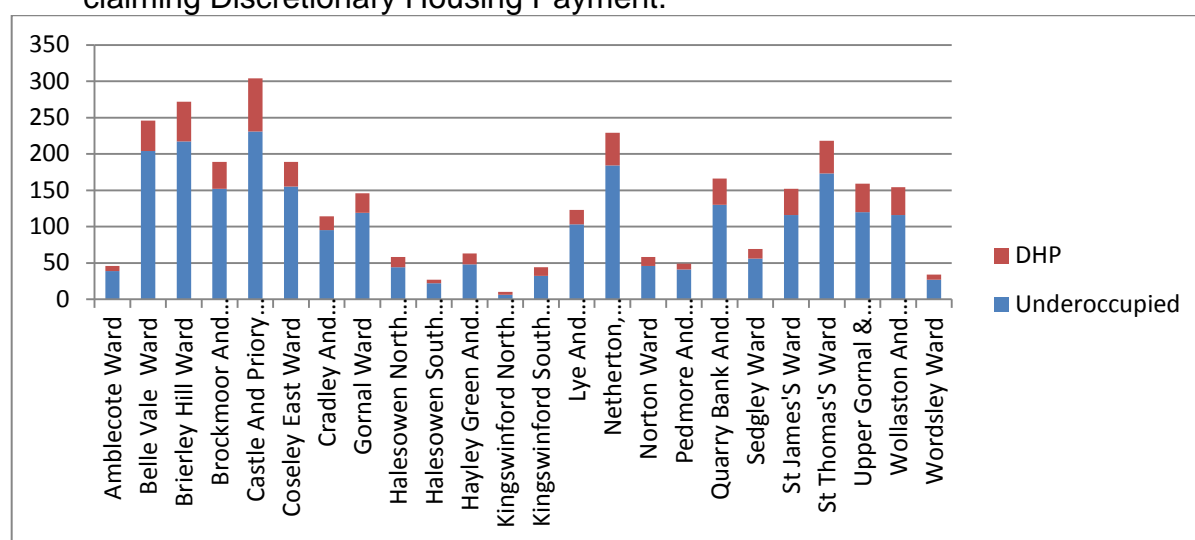


Underoccupancy

13. Just under 2,500 tenants are currently recorded as underoccupying their property and are therefore subject to reduction in housing benefit or UC. This number has reduced gradually from just over 2,700 when the underoccupancy penalty was introduced in April 2013, as some tenants have reached pensionable age and are therefore no longer subject to this. Some tenants have moved to smaller properties, while others have seen a change in their household composition which may mean that they

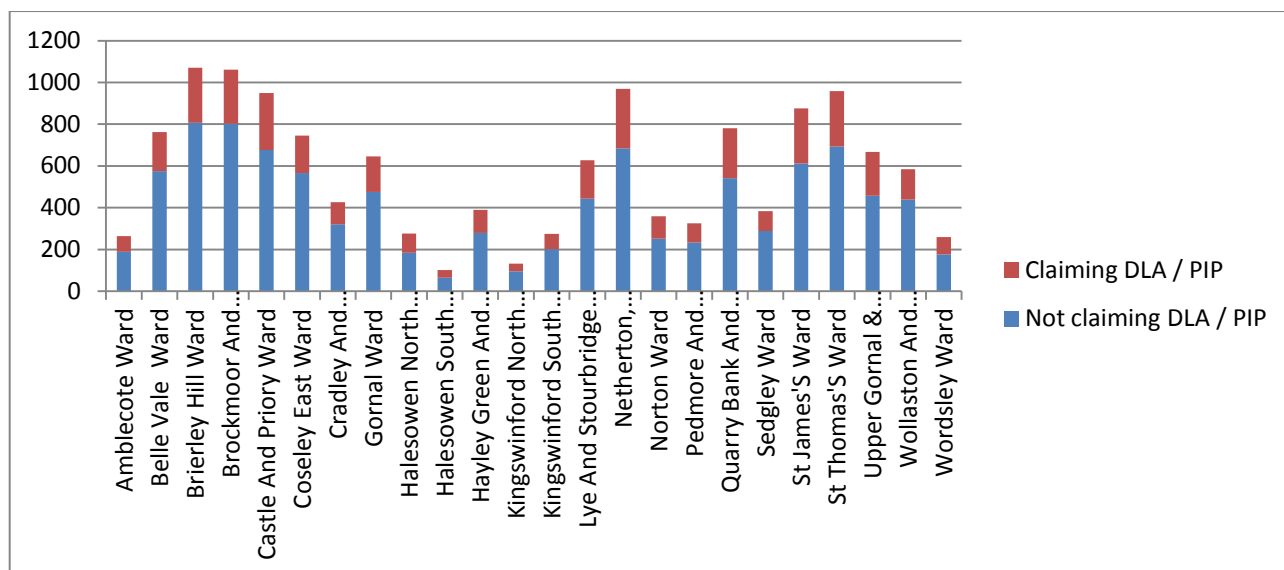
are now considered to be fully occupying the property. Appendix 6 shows the distribution of tenants affected by the underoccupancy penalty. Overall in the borough, over £2m annually was, prior to the underoccupancy rules, paid by housing benefit but is now payable by tenants themselves, or by the award of Discretionary Housing Payments (DHP) for which our current year's total budget is £945,000.

14. Appendix 7 shows the distribution of tenants affected by the underoccupancy penalty who have been awarded DHP to meet the shortfall in housing benefit. DHPs can be awarded for any tenancy tenure, and our resources are not sufficient to be able to award DHP to all tenants affected by underoccupancy.
15. The table below shows the distribution at ward level, including those claiming Discretionary Housing Payment.



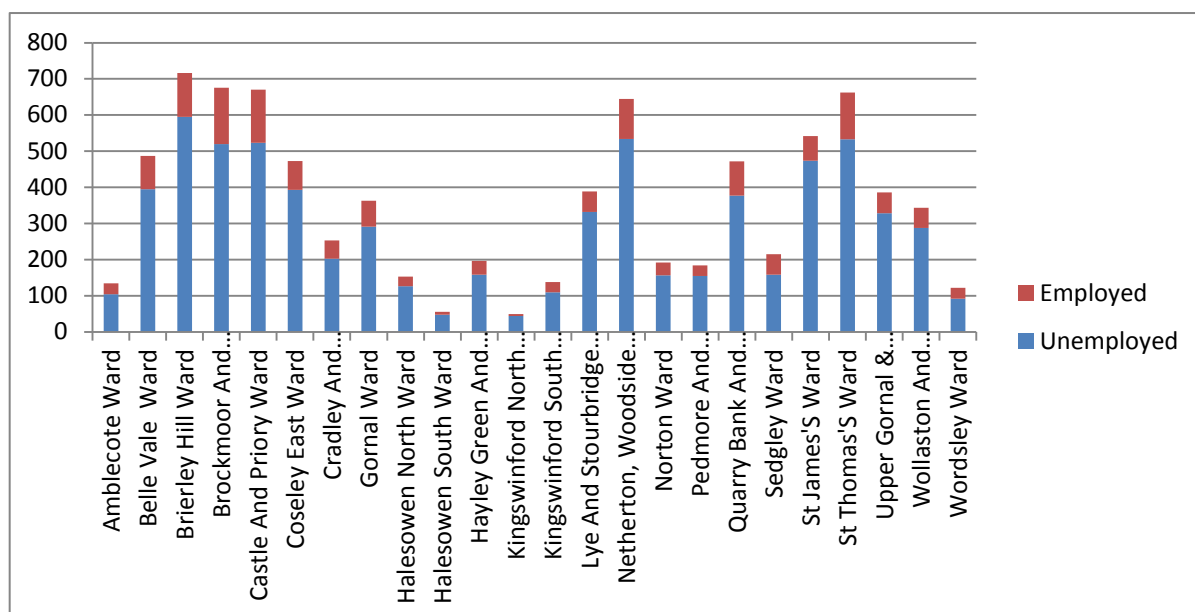
Disability benefits

16. 3,800 council tenants entitled to housing benefit are also eligible for disability benefits (Disability Living Allowance (DLA) or Personal Independence Payment (PIP)). Appendix 8 shows the geographic distribution of these tenants, and the table below shows the distribution by ward as a proportion of total claimants.



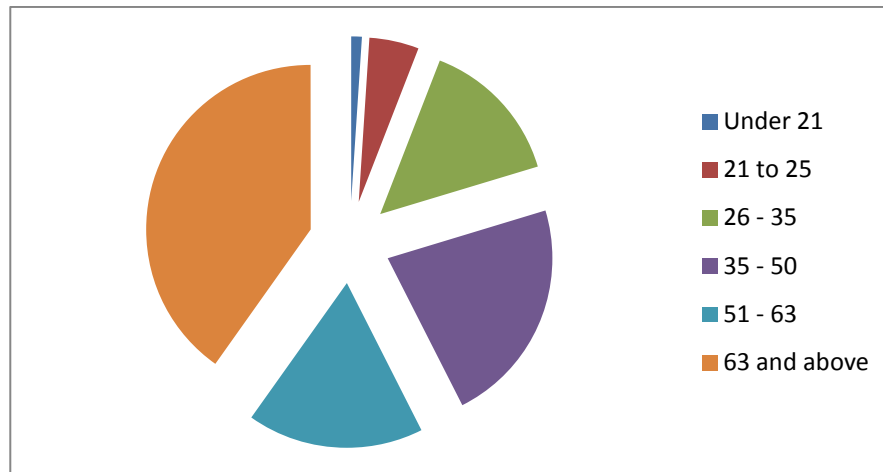
Employment

17. Our records for our council tenants show that just over 1,500 tenants of working age (19%) who are eligible for housing benefit are employed and almost 7,000 (81%) are not employed. The table below shows the analysis at ward level and Appendix 9 shows the geographic distribution of these tenants. It should be noted that individual circumstances will change and this shows the position recorded on our system as at end June 2015.



Age

18. Only 1% (144) of council tenants are under 21, with 40% (almost 5,600) being of pensionable age. The chart below shows the current age distribution of council tenants.



19. The Government has recently introduced further restrictions on benefit claims from people aged under 21, with their assumption being that those aged under 21 should be living at home unless there are specific circumstances preventing this, or unless they are in work. In addition, the amount of housing benefit that younger people (aged under 35) can claim in the private rented sector is also currently restricted to a maximum of £60 per week (this assumes that they will be sharing accommodation, rather than having a property of their own).

Universal Credit

20. Since March 2015 we have seen the introduction of Universal Credit (UC) in Dudley, which will eventually replace six key working age benefits, as noted in the previous meeting. At present, UC is being rolled out to new, single claimants, with a planned extension in the future to cover first new couple / family claims and then migration of existing claims over to UC.
21. We currently have 61 council tenants who have moved to UC (as at end July). Geographic locations of these claimants are indicated at Appendix 3 as "x" on the map. Many of these are not completely new claims, as some claimants who were on JSA but have had a break in claim have been moved onto UC. Our claim numbers are therefore increasing at a swifter rate than we had originally anticipated.
22. Generally, the initial UC claimants are not consistently located in the areas of greatest deprivation. This would be expected, as the rollout is for new claimants, implying people who have just moved out of employment rather than those who have not been employed for some

time. However, there are some pockets of UC claims in areas of high deprivation (e.g. Brierley Hill), representing claimants who have missed jobcentre appointments and have been moved to UC. Nationally, the initial rollout of UC is affecting mainly young, unemployed men, and there are some locations, for instance some of the high-rise blocks, where we have a large number of younger, male tenants.

23. In total, housing benefit has been stopped for 100 tenants in total (council properties and housing association / private rented properties) as they have moved to UC. In addition, there may well be more people in Dudley who have moved to UC, but if they were previously in work, not claiming housing benefit, not a council tenant and not requiring Personal Budgeting Support, we would not necessarily become aware that they are claiming UC.
24. Of the council tenants who have moved to UC, 54 (89%) had rent arrears when their UC claim began. Their average rent arrears was £552, with a range from £50 to £3,335 and a total at the end of July of £40,800 owed. We have applied for managed payments, where the housing element of UC is paid directly to the landlord by DWP, in 22 cases. However, these are not being granted unless the tenant has 8 weeks arrears following their UC claim, so we are expecting to see more of this group moving onto managed payments. Initial findings from the first phase of the national rollout of UC indicate that around 33% of claimants are on managed payments, which is broadly in line with our initial experience of 36%.
25. When UC is fully rolled out, we would expect around 8,500 council tenants to receive this, with only around 6,000 who are over working age remaining on housing benefit. Around 4,700 tenants who are currently of working age and receiving full housing benefit are likely to move onto UC and be expected to pay their rent to the landlord directly, representing around £19m of rental income in a year that was previously transferred via the housing benefit system with very little underpayment / arrears. In addition, there are 3,800 tenants who are currently paid partial housing benefit who will also move to UC and will also now be expected to pay their full rent to the landlord, representing a further £16m of rental income each year.
26. This will inevitably have an impact on rent collection and income levels of the council as a landlord, and work is progressing to model this and seek ways of mitigating the adverse effect on service standards that may result.

Local Welfare Assistance

27. The Local Welfare Assistance (LWA) scheme was set up from April 2013 to replace the DWP's system of crisis grants and loans. Each local authority developed its own scheme, and Dudley's scheme operates a

cashless system providing food and fuel vouchers, white goods, items of furniture and, in specific cases, carpeting, clothing and removal costs.

28. Awards must be applied for by phone (no charge is incurred) or online and can be granted in cases of benefit delay / sanction; domestic violence; homelessness; leaving care, prison or another institution; unforeseen circumstances or urgent need (e.g. new cooker needed etc). In 2014/15, just under 1,400 awards for Local Welfare Assistance were granted. Appendix 10 gives a breakdown of the reasons for granting the application: almost 80% were for urgent need / unforeseen circumstances; just over 14% were as a result of benefit delay or sanction, and the remaining less than 6% were because of homelessness, leaving institutions and domestic violence.
29. Appendix 11 shows the geographic distribution of successful Local Welfare Assistance awards. Any resident can claim Local Welfare Assistance: this grant is tenure-blind and can be awarded to homeowners as well as tenants if they meet the criteria.

Council Tax Reduction Scheme

30. Appendix 12 shows the geographic distribution of the 30,500 residents who claim Council Tax Reduction. This local scheme replaced the national Council Tax Benefit scheme with effect from April 2013.
31. Proposals to change the Council Tax Reduction Scheme from April 2016 are covered by a separate agenda item at this meeting.

Benefit cap

32. Relatively few Dudley residents (just over 100) were affected by the initial introduction of the benefit cap (£26,000 for couples / families and £18,200 for single claimants). With the proposed reduction to £20,000 for couples / families and £13,400 for single claimants, we expect that more of our residents will be affected, but we do not have this data yet, and we do not yet have a confirmed date for the introduction of the reduced benefit cap.
33. For a couple or family, £20,000 works out at £1,666 actual income per month or £385 per week. For a single person, £13,400 is equivalent to £1,116 per month or £257 per week.
34. For example, a single claimant aged over 25 could receive the standard personal allowance (JSA / UC) of £318 per month plus £400 per month housing element and be well below the £1,116 cap. However, if they were also entitled to the £316 per month for limited capability for work and work-related activity, this would take their UC up to £1,034, leaving them potentially vulnerable to rent increases.

35. For a family, particularly those with 3 or more children and possibly disabled members of the household, we are likely to see more people affected by the benefit cap. For example, a family with neither parent working and 4 children would receive £499 per month basic allowance plus £973 per month for the children. This is £1,472 per month, leaving only £194 per month for the rental element, so they would be affected by the benefit cap by around £200 or more per month. This does not allow for any additional UC elements, for instance if one or more members of the household are disabled, or have caring responsibilities.
36. If a family with neither parent working had 3 children and lived in a property with rent of £110 per week (£460 per month), they would receive £499 per month basic allowance plus £740 per month for the children. This is £1,239 per month, leaving only £427 per month for their rental element, so this family would be capped at £1,666 total UC rather than receiving £1,699 per month.
37. A single parent who is not working, with 3 children, one of whom is severely disabled, in a property with rent of £110 per week (£460 per month), would, without the benefit cap, receive £499 basic allowance, £460 housing element, £740 for the three children and £368 disabled child allowance. In total this is £2,067, or £401 per month over the benefit cap. Again, the maximum UC this family would receive will be £1,666 per month.
38. While claimants remain on legacy benefits (Jobseeker's, Housing Benefit etc), the impact of the benefit cap will be limited as it is only deducted from housing benefit. So if a family's benefits are £300 per week over the benefit cap level, but their rent is £90 per week, currently only £89.50 will be deducted from their housing benefit. This would mean that they would retain a notional entitlement of 50p per week housing benefit, to maintain them on the system, but they would have to find the money to pay their rent from their other benefit payments. When UC is introduced, this family would see their total benefit capped at the maximum level, and they would see a reduction of the full £300 per week.
39. In Dudley, we have so far seen only large and complex families, generally also with disabled members, affected by the benefit cap. As the cap is reduced, we are likely to see many more households being affected by the cap.

Finance

40. Housing Benefit payments are funded via government grant. There are also a separate allocation of grant for Discretionary Housing Payments, though local authorities may spend more than their allocation if resources and priorities allow. Spending on Discretionary Housing Payments is limited to 2.5 times the government allocation to a local authority.

41. Rent for council homes is collected and administered through the Housing Revenue Account, and is ring-fenced so it can only be spent on the management, maintenance and improvement of council homes. Local authorities must not budget for a deficit on the Housing Revenue Account.

Law

42. Awards of benefit are made under the relevant legislation. The Welfare Reform Act 2012 introduced Universal Credit, the benefit cap, underoccupancy penalties and a number of other changes to the benefit system, and the Welfare Reform and Work Bill, which is currently going through Parliament, will bring into effect further changes, including those highlighted in the Chancellor's July 2015 budget announcement.

Equality Impact

43. All awards of benefit are made in line with relevant legislation and with the Council's equality policies.

Recommendation

44. It is recommended that Members note the contents of this report.



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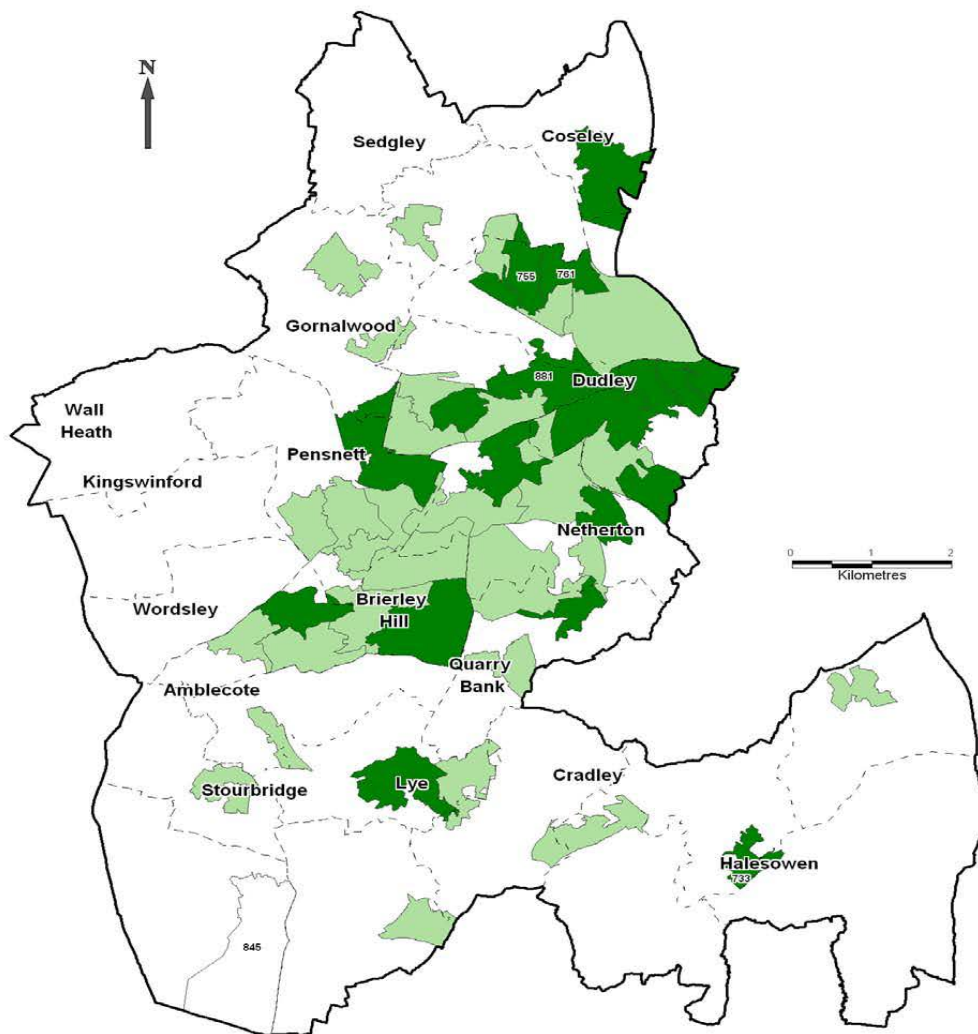
Philip Tart
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Appendix 1

The Index of Multiple Deprivation 2010
Super Output Areas in Dudley Borough that are in the 20% most deprived in England

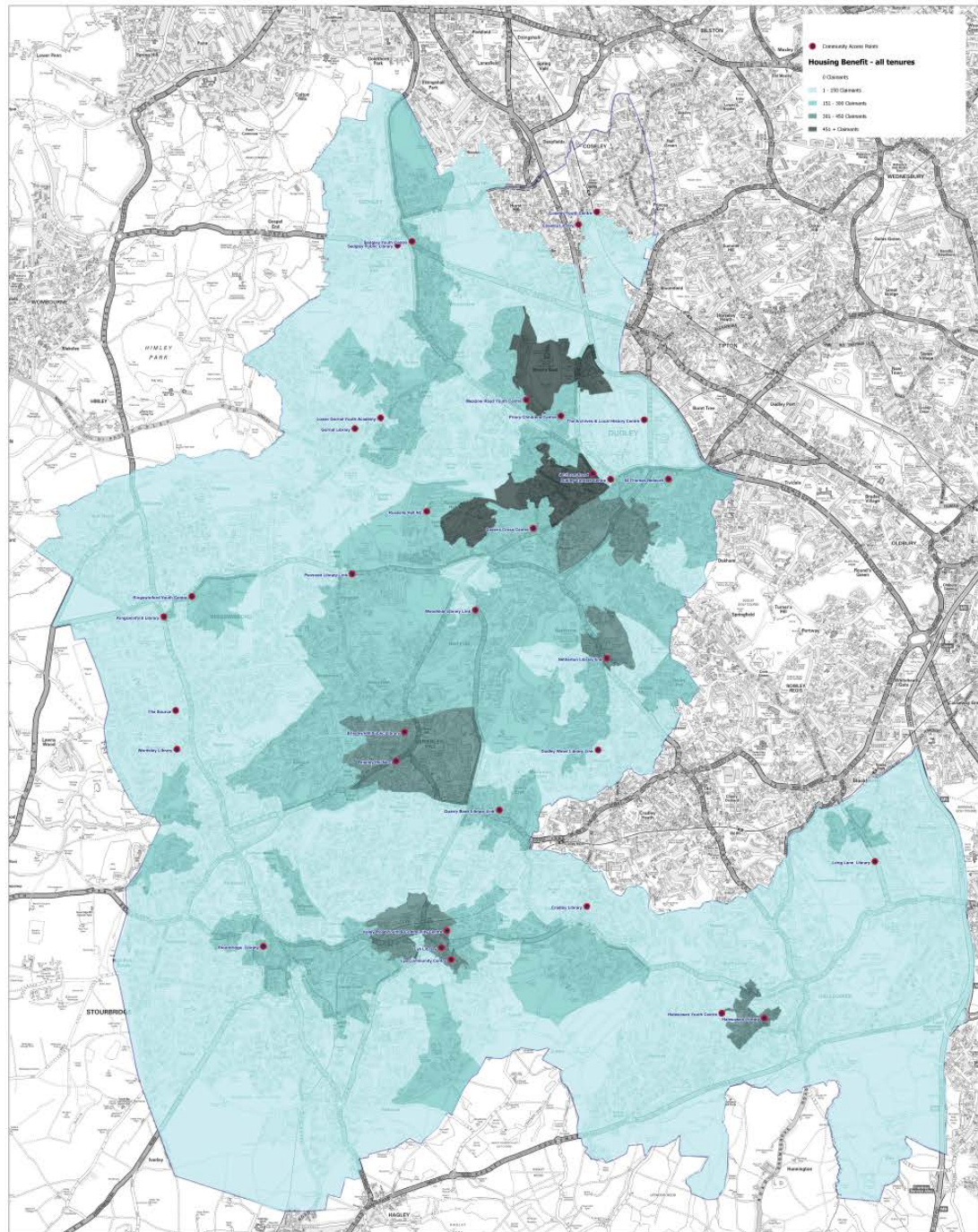


KEY

- 10% most deprived
- > 10% to 20% most deprived
- Super Output Area boundary
- Electoral Ward boundary

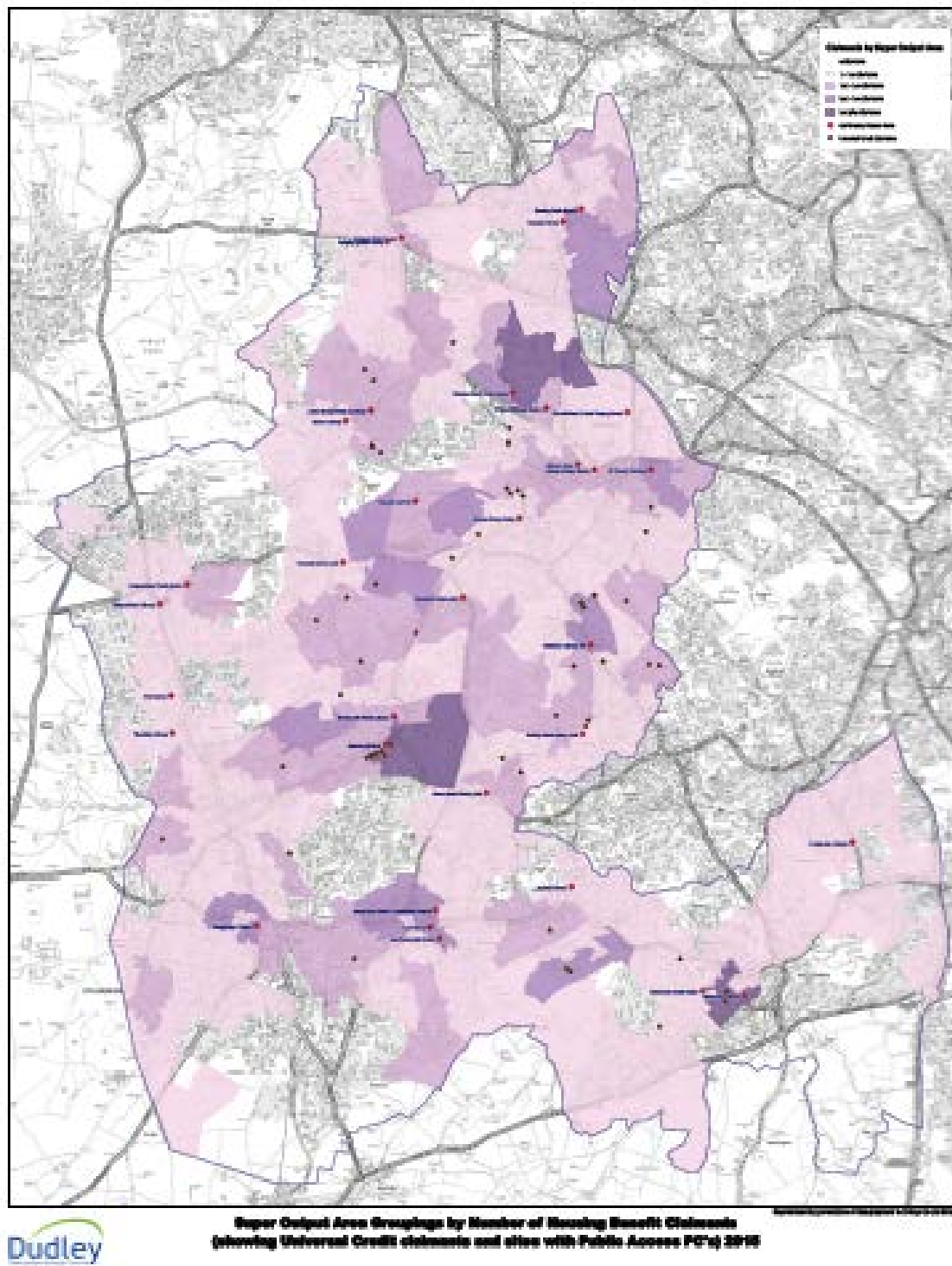
Appendix 2

Geographic distribution of Housing Benefit Claims – all tenures (council, Housing Association and private rented)

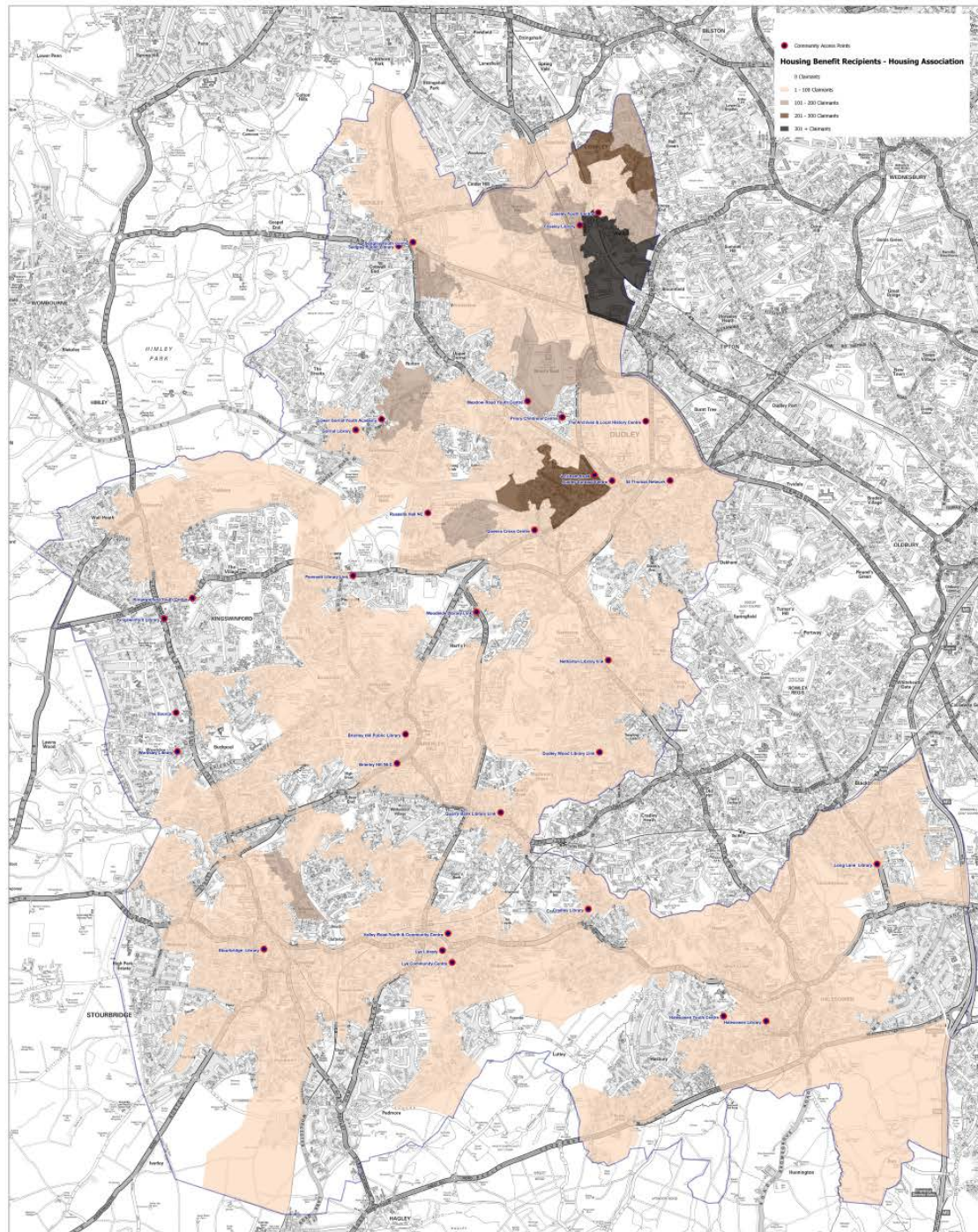


Appendix 3

Geographic distribution of Housing Benefit Claims for council tenants



Geographic distribution of Housing Benefit Claims for Housing Association tenants

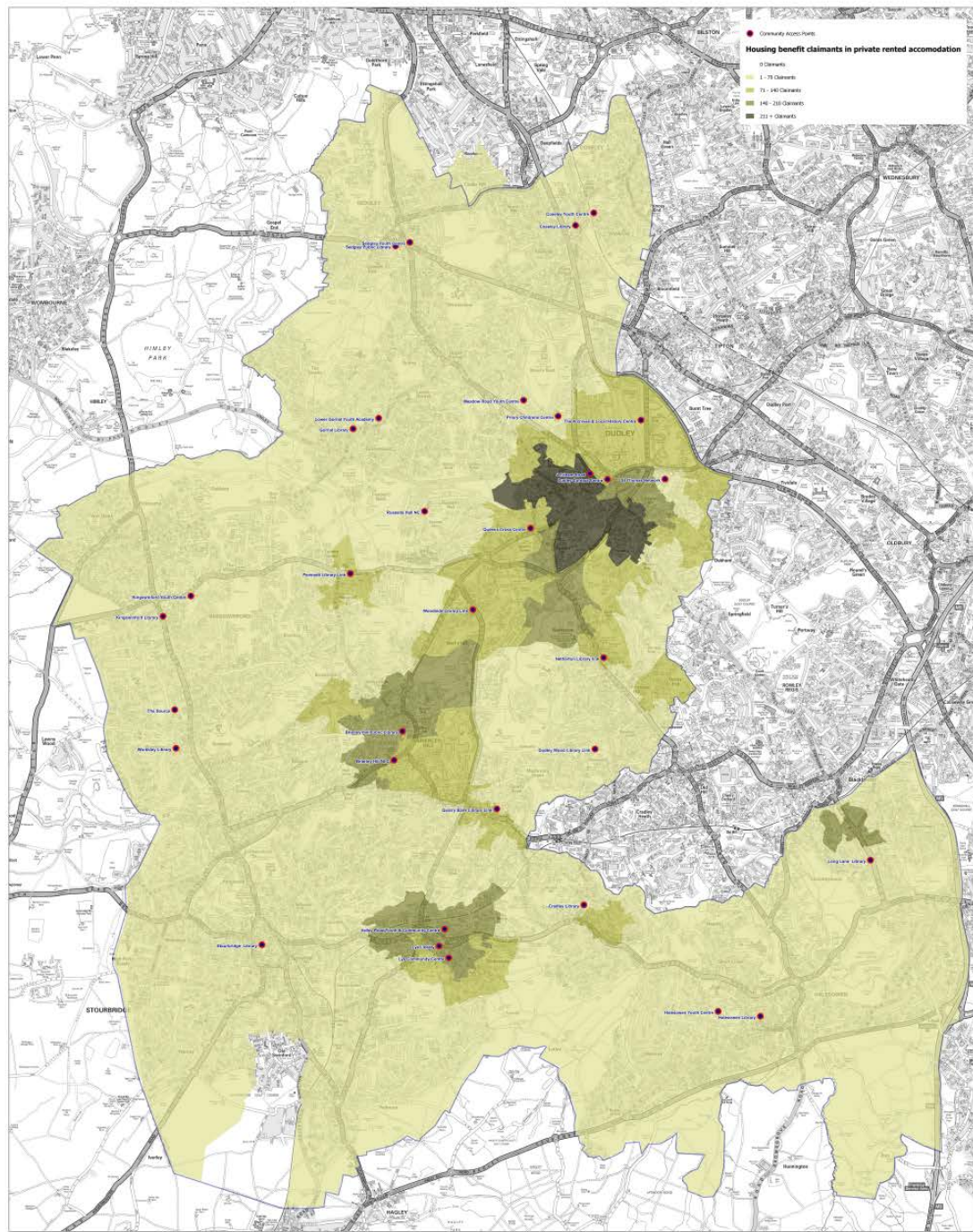


Dudley
Metropolitan Borough Council

**Super Output Area Groupings by average number of housing benefit claimants - housing association
(showing sites with Public Access PC's) 2015**

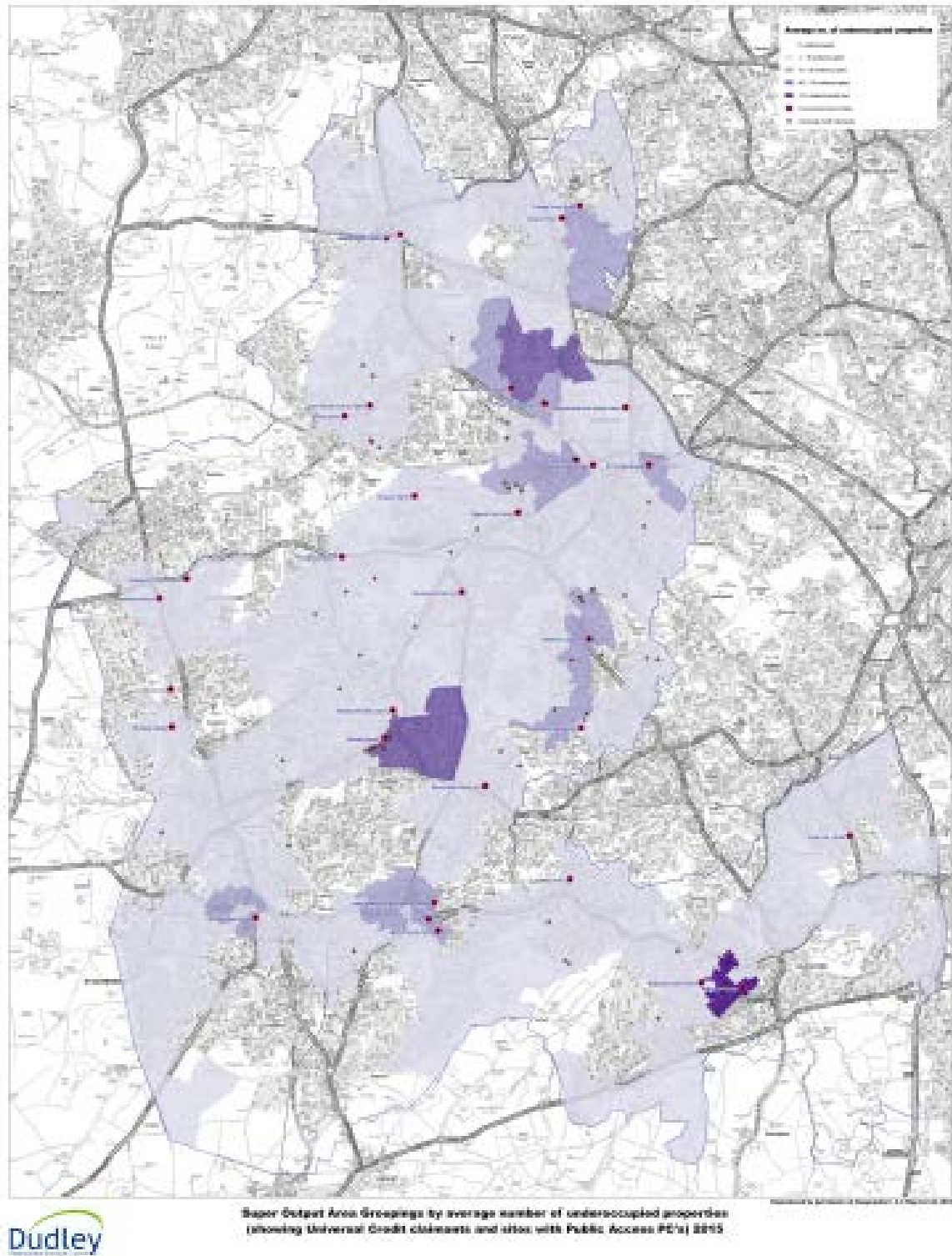
Appendix 5

Geographic distribution of Housing Benefit Claims for private tenants



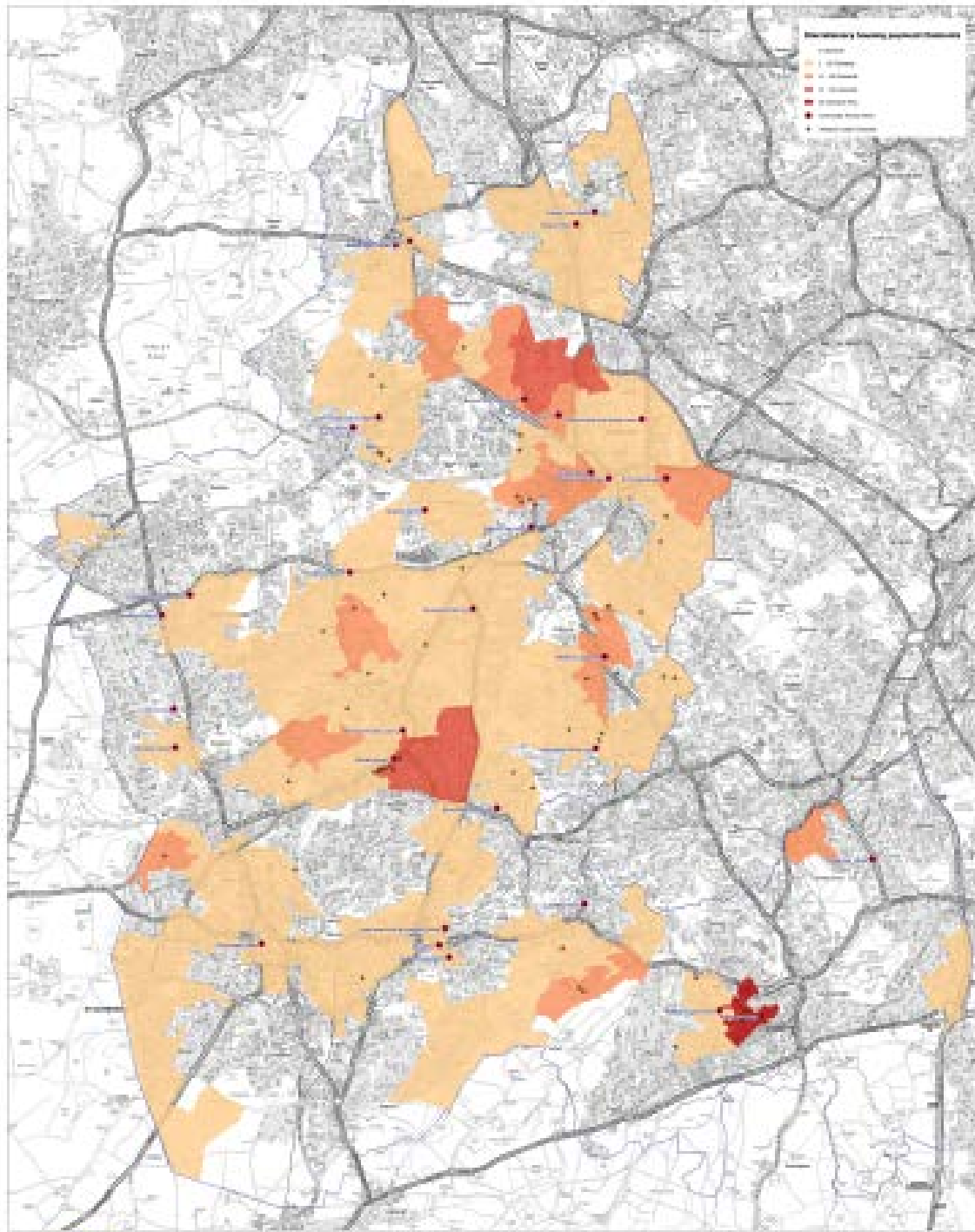
Appendix 6

Geographic distribution of Housing Benefit claimants considered to be underoccupying their property (council tenants)



Appendix 7

Geographic distribution of Housing Benefit claimants considered to be underoccupying their property and claiming Discretionary Housing Payments (DHP) (council tenants)

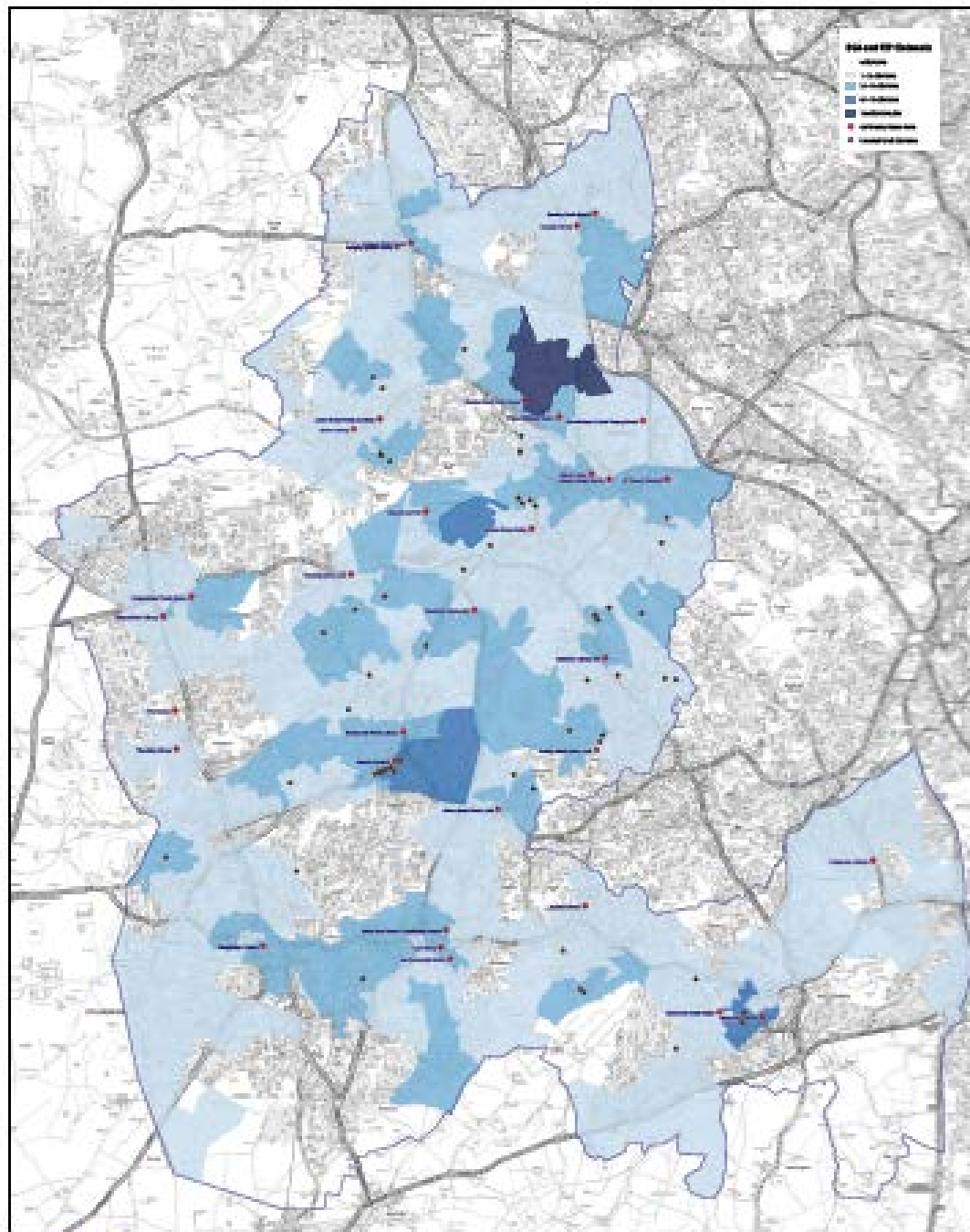


Dudley

Super Output Area Groupings by Number of Discretionary housing payment claimants
(following Universal Credit claimants and sites with Public Access PO's) 2015

Appendix 8

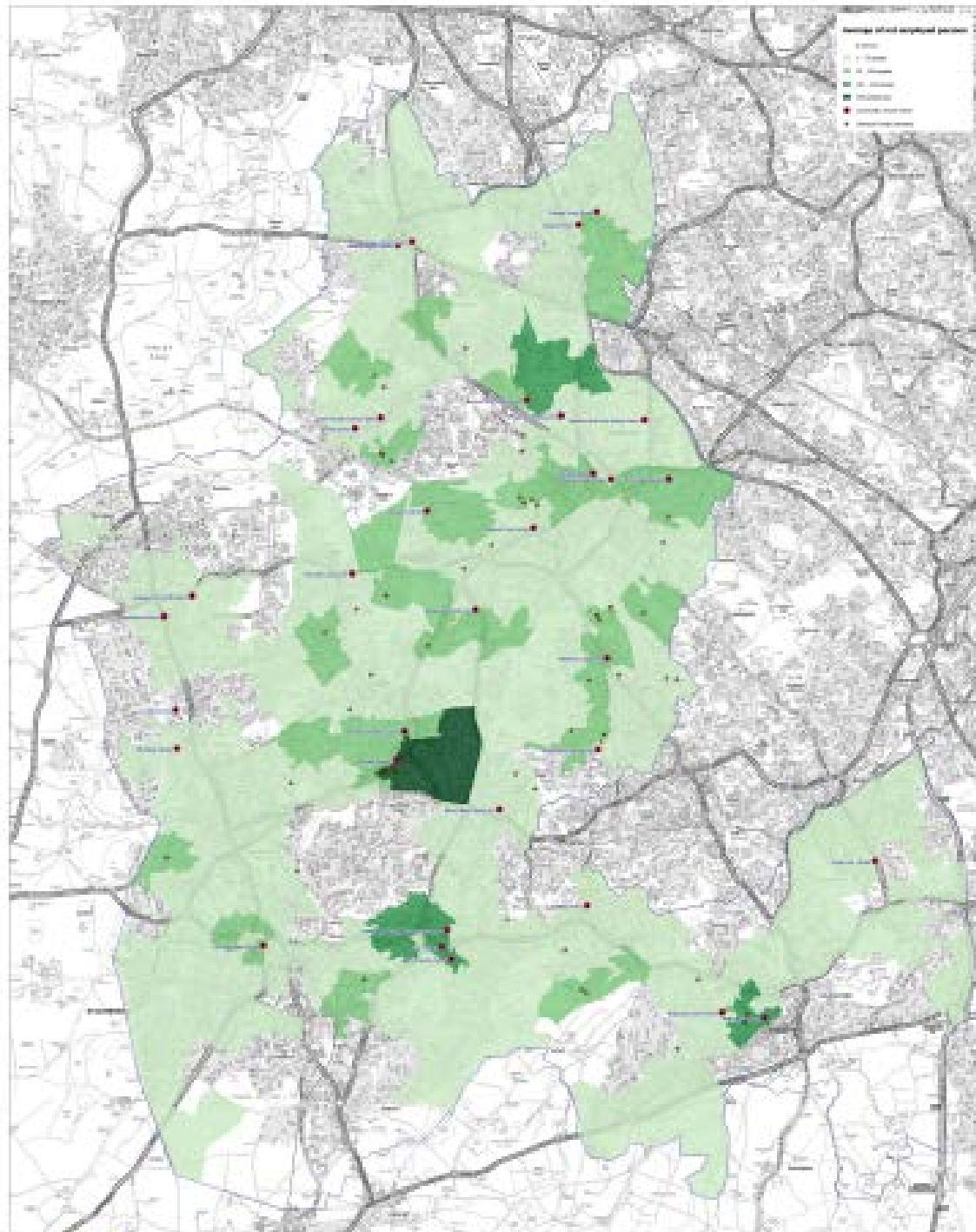
Geographic distribution of Housing Benefit claimants also eligible for Disability Living Allowance (PLA) or Personal Independence Payment (PIP)



Super Output Area Groupings by Number of Disability Living Allowance and Personal Independence Claimants
(showing Universal Credit claimants and also with Public Access POs) 2018

Appendix 9

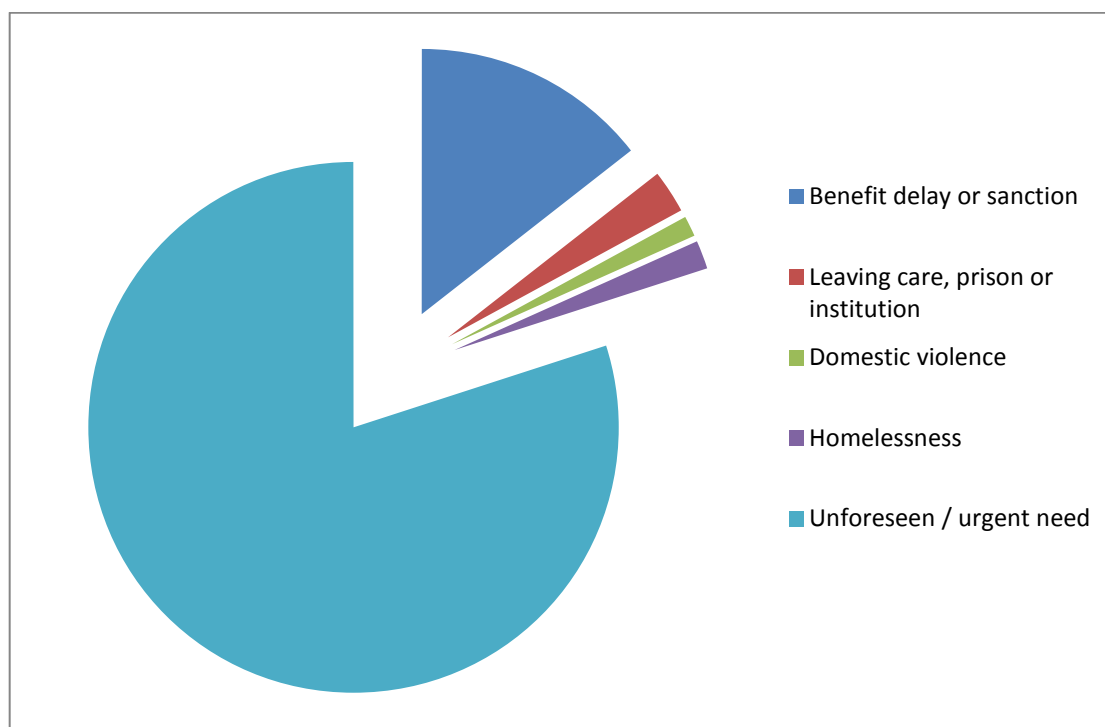
Geographic distribution of Housing Benefit claimants of working age and not in employment (council tenants)



Dudley Output Area Groupings by average number of not employed people
(following Universal Credit claimants and sites with Public Access PO's) 2015

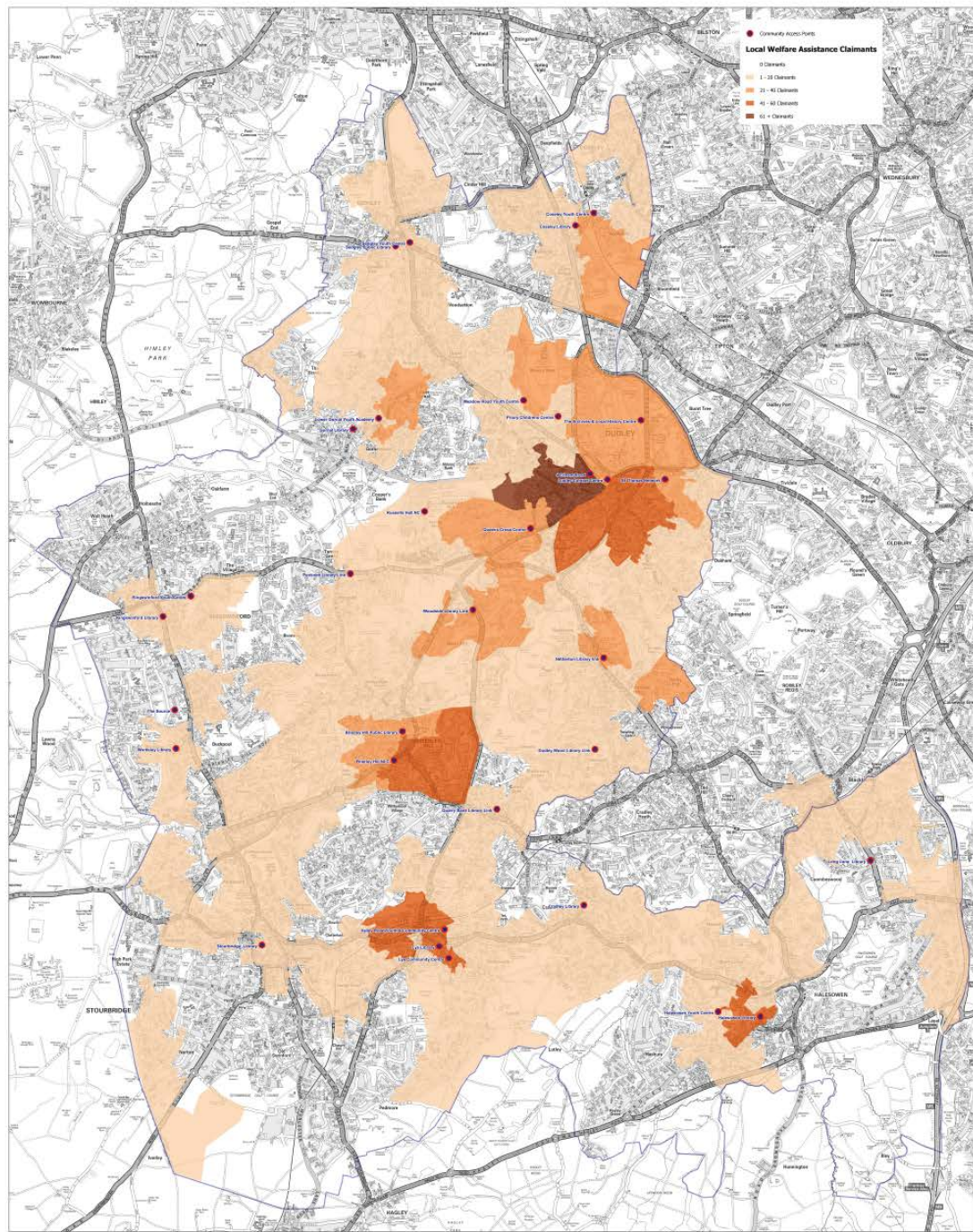
Appendix 10

Reasons for award of Local Welfare Assistance 2014/15



Appendix 11

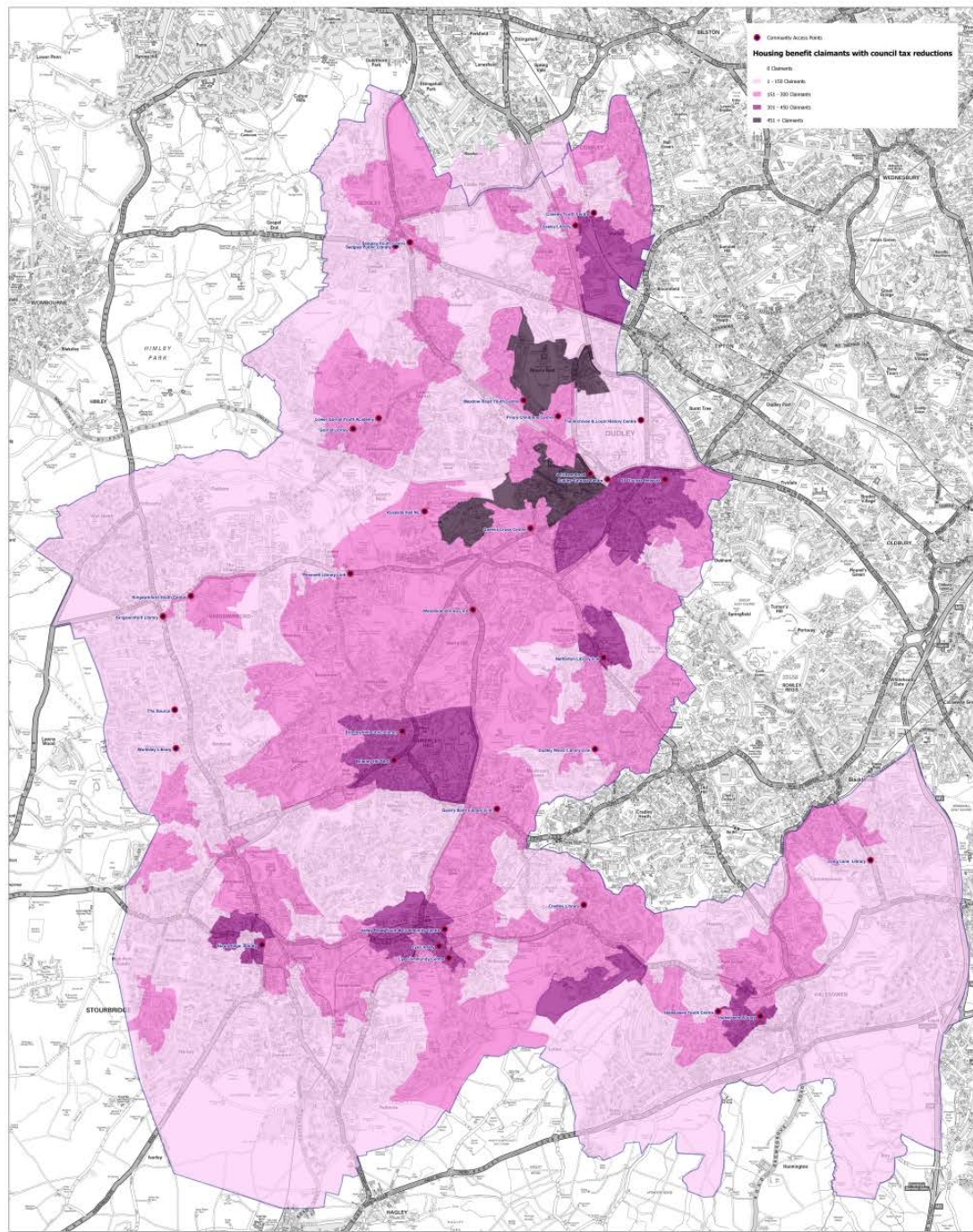
Geographic distribution of people who have successfully claimed Local Welfare Assistance in 2014/15



Super Output Area Groupings by average number of Local Welfare Assistance Grant Claimants
(showing sites with Public Access PC's) 2015

Appendix 12

Geographic distribution of CTR (Council Tax Reduction) claimants 2014-15



**Meeting of the Resources and Transformation Scrutiny Committee –
14th September 2015**

Report of the Strategic Director (Resources and Transformation)

Localised Council Tax Reduction Scheme 2016/17

Purpose of Report

1. To seek the views of the committee regarding the proposed changes to Dudley's 2016/17 Council Tax Reduction (CTR) scheme.
2. To provide an update on the consultation process for the proposed scheme changes.

Background

3. The annual programme for this Scrutiny Committee has identified *the latest Welfare Reforms and their impact on Dudley* as an area for detailed consideration during 2015/16.
4. At their meeting on the 25th June 2015, Cabinet members approved the timetable and basis of a consultation for changes to the CTR scheme from April 2016. A summary of the key issues contained in the cabinet report will be given as a presentation at this meeting.
5. At the June meeting of this committee, members requested that further information on the consultation process for amending the CTR scheme be provided at their September meeting.
6. A consultation exercise commenced on 20th July 2015 and will run for 12 weeks up to 9th Oct 2015. This will target the following groups:
 - Elected members
 - Precepting authorities (Police and Fire)
 - CTR recipients
 - Council Tax payers
 - General Public
 - External stakeholders – Tenants and Resident Associations, Social landlords, 3rd sector organisations eg. CAB
 - Internal stakeholders - Adult & Children Social Care, Housing
7. The consultation process has included the following activities:

Activity	Target Group
Scrutiny Committee	Members
Targeted Emails	Internal & external stakeholders, preceptors (Police & Fire)
Electronic Message Boards	Internal stakeholders
e-bulletin	E bulletin recipients (75,000 email addresses)
Mailshots (randomly selected)	2500 Council tax payers (incl. unaffected CTR pensioners) 2500 Working Age CTR recipients
Consultation leaflet	General public (available at Dudley Council Plus, libraries, Job centres, CABs)
Website	General public
Press release / coverage / advertisement	General public
Twitter	General public
Facebook	General public
Community Forums	General public

8. A copy of the consultation leaflet is included in Appendix 1. Printed copies will be distributed at the meeting.
9. Although the consultation will continue until October, interim results will be presented at the meeting.

Finance

10. In 2015/16 it is estimated that £20.4m in council tax reductions will be granted under our current scheme for low-income families. The Council meets 87.5% of the cost of the scheme (£17.85m) and the remainder is met by the precepting authorities (i.e. Police and Fire).
11. Although provision for funding the Dudley contribution to the scheme was made in the budget for 2015/16, any savings made in the costs of the 2016/17 scheme will contribute to meeting other budget pressures.
12. If a new scheme is introduced that requires collection of small amounts of council tax from a larger number of low-income tax payers, the additional cost of collection and lower collection rates will also need to be factored in to the budget setting process for 2016/17.

Law

13. The Local Government Finance Act 2012 introduced local council tax reduction schemes to replace council tax benefit from April 2013.
14. The Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 (Statutory Instrument 2012 / 2885) contains the mandatory elements for any local scheme and details the scheme that must be adopted for pensioners.

Equality Impact

15. The Government has stated that local schemes should provide support for the most vulnerable. The Government has not prescribed the protection that local authorities should provide for vulnerable groups other than pensioners. However guidance was issued in May 2012 regarding the existing duties local authorities must take into account in relation to vulnerable groups in designing their schemes. These cover the following:

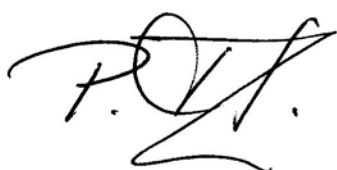
- the public sector equality duty set out in section 149 of the Equality Act 2010
- the duty to mitigate child poverty under the Child Poverty Act 2010, and
- the duty to prevent homelessness under the Housing Act 1996.

The guidance does not tell local authorities what they must do in their schemes to be compliant with these duties, but states that this needs to be tailored to their own specific circumstances.

16. There are equality implications that will need to be considered and integrated into the consultation and decision making process for a revised local scheme. An equality impact assessment will accompany the recommendation to Cabinet in October and available for the Full Council meeting when it makes the final decision on 30th November
17. There has been no specific involvement of children and young people in developing the proposals in this report.

Recommendation

18. Following a presentation of the key points included in the June cabinet report, the views of the committee are sought, to be included as part of the overall consultation process for changes to the Council Tax Reduction Scheme for 2016/17.
19. That the committee note the consultation activities that are taking place to gain views on the proposed changes to the scheme.



.....
Philip Tart
Strategic Director (Resources and Transformation)

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Links to Background Information

[Cabinet Report \(June 2015\)](#)



**Your community
council - your say**

Should Dudley Council make changes to its council tax reduction scheme for low income households?

Please take the time to read through the
information provided before having your say on the future
of the council tax reduction scheme

You can also complete the
survey at www.dudley.gov.uk or visit
our **Dudley borough Facebook page**
or via **Twitter @dudleymbc**

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Dudley
Metropolitan Borough Council

What is a council tax reduction scheme? (CTR)

Council tax reduction schemes (CTR) reduce the amount of council tax low income households have to pay to the council.

From 2013 the government abolished the national council tax benefit scheme (CTB) and replaced it with local schemes. Councils had the freedom to design their own schemes for working-age households, although the rules for pensioners remained the same.

Dudley Council's CTR scheme for people of working age is still based on the eligibility and calculation rules of the old CTB scheme for any protected groups. In effect households falling into the protected groups still get up to 100% reduction in their council tax bill (some paying no council tax at all) and non-protected groups pay at least 20% of the full charge.

CTB mirrored Housing Benefit (HB) in a number of its calculation rules. Where legislative changes to HB have been made since the abolition of CTB these changes have also been carried forward to our local CTR scheme, and we intend for this to continue.

The current protected groups (in addition to pensioners) are:-

Adults with a disability or illness (limiting their ability to work) -

where the applicant or partner gets a disability/severe disability/enhanced disability premium in their award of CTR/Income Support/Job Seekers Allowance or they receive Employment and Support Allowance or have any limited capability for work element in their Universal Credit award.

Children with a disability - households that currently qualify for a disabled child premium or enhanced disability premium for a child in their award of CTR.

War pensioners - ex-members of the armed forces or their partners who receive a war or war widow's pension.

Lone parent / child under five - a single parent household with one or more children aged under five.

Council Tax Reduction Consultation: questionnaire

In order for the council to decide on what changes to make to the CTR scheme from April 2016 we would like your views.

As previously stated any scheme changes will not affect pensioners because this group is protected by legislation.

To what extent do you agree with the following statements:

Q1 Retain the current scheme and make the required savings in other ways:

Strongly agree ☐ Agree ☐ Disagree ☐ Strongly disagree ☐

Q2 There should be no protected groups and the CTR for all low-income working age households should be calculated the same:

Strongly agree ☐ Agree ☐ Disagree ☐ Strongly disagree ☐

Q3 The following groups of households should be protected:

	Strongly Agree	Agree	Disagree	Strongly Disagree
Adults with severe disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adults with any disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adults (not disabled) but with an illness limiting work capability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Children with a disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
War pensioners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lone parents with a child under 5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single adults under 25 with no children	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other groups - please state	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q4 Even protected groups should pay some council tax, a minimum of:

	Strongly Agree	Agree	Disagree	Strongly Disagree
10%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.5%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you have any further comments or suggestions to make on the council tax reduction scheme please use the space below:

Are you responding as: (tick all that apply)

- A Dudley Council tax payer☐
- Someone receiving council tax reduction☐
- An organisation representing local people☐

Who do you represent?

- A landlord☐
- Other (please state)

About you (optional):

Gender

male ☐

female ☐

Your age under

18 ☐

18-24 ☐

25-44 ☐

45-64 ☐

65+ ☐

Which of these best describes your ethnic group?

White ☐

Black ☐

Mixed ☐

Asian ☐

Other ☐

Do you have a long term illness, health problem or disability which limits your daily activity?

Yes ☐

No ☐

Can we contact you again?

Yes ☐

No ☐

If yes, please provide your email address, full postal address or daytime telephone number:

Thank you for completing this questionnaire. You can return it by post to Benefit services, Council House, Dudley DY1 1HF or in person to Dudley Council Plus, Castle Street, Dudley DY1 1LQ.

Additional paper copies are available from Dudley Council Plus and borough libraries.

The consultation closes 9 October 2015

We want your views

Like all councils, Dudley continues to face ongoing reductions in its central government funding and therefore needs to decide whether to increase its council tax income by changing its CTR scheme for 2016/17. The council currently grants approximately £20 million in CTR and collects around £110 million in council tax. The various scheme proposals included in this consultation could increase the collectable council tax by up to £1.4 million.

If the current scheme is retained then up to £1.4 million worth of savings will need to be made. This could be achieved by:

- **increasing the level of council tax for all households**
- **using the council's rapidly diminishing reserves (but only in the short term)**
- **reducing funding available for other council services**

CTR schemes throughout the country vary significantly in their design and in particular whether the same scheme calculation rules apply to all working age households or whether some protected groups have a more generous reduction in their council tax.

Compared to the national picture, Dudley's current scheme is more generous than most in it's wide range of protected groups.

What the consultation asks?

This consultation is seeking views on:

- **whether there should be any protected groups at all (apart from pensioners who are protected by law). This has the effect that all low income, working-age households would pay at least 20% of the normal council tax for their home (this is the council's preferred option)**
- **if we keep some protected groups what groups should be protected**
- **if we keep some protected groups should the CTR received be cut by a level less than 20%**

The following table shows the minimum annual council tax that could be payable. The figures are based on this year's council tax rates.

Minimum annual council tax payable (for households already paying some council tax or where there is only one adult the increase will be less than quoted)					
Band	Full year CT band charge 2015/16	Minimum annual CT payable with 20% cut in CTR This applies to all non protected groups	Minimum annual CT payable with 10% cut in CTR	Minimum annual CT payable with 8.5% cut in CTR	Minimum annual CT payable with 5% cut in CTR
A	£857.89	£171.58	£85.79	£72.92	£42.89
B	£1000.88	£200.18	£100.09	£85.07	£50.04
C	£1143.85	£228.77	£114.39	£97.23	£57.19
D	£1286.84	£257.37	£128.68	£109.38	£64.34
E	£1572.80	£314.56	£157.28	£133.69	£78.64
F	£1858.77	£371.75	£185.88	£158.00	£92.94
G	£2144.73	£428.95	£214.47	£182.30	£107.24
H	£2573.68	£514.74	£257.37	£218.76	£128.68

How can I have my say?

Consultation forms can be completed at

www.dudley.gov.uk/benefits

where you can find additional information about the proposals for the 2016/17 scheme and also a copy of the current scheme.

Alternatively, you can complete the questionnaire on this leaflet and return it by post to Benefit Services, Council House, Dudley DY1 1HF or in person to Dudley Council Plus, Castle Street, Dudley DY1 1LQ.

Additional paper copies are available from Dudley Council Plus and borough libraries.

The consultation closes 9 October 2015