

# **REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	11 December 2014
<b>Subject:</b>	Response to the Council Tax Scheme Scrutiny Committee Challenge Panel Report
<b>Key Decision:</b>	No
<b>Responsible Officer:</b>	Tom Whiting, Corporate Director of Resources
<b>Portfolio Holder:</b>	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	None

## **Section 1 – Summary and Recommendations**

The report provides members with officer feedback in response to the Committee report on the Council's Council Tax Support Scheme.

### **Recommendations:**

Councillors are recommended to:

- I. Note the response to the recommendations of the Council Tax Support Scheme Challenge Panel.

## Section 2 – Report

### Background

- 2.1 As part of the Spending Review 2010, the Government subsequently localised support for Council Tax from 2013/14, but simultaneously reduced the grant by ten per cent. Local authorities were required to set up localised Council Tax Support (CTS) Schemes to provide support to low income households from 1 April 2013.

The Scrutiny Leadership Group undertook a review of Harrow's current CTS Scheme. The CTS Scheme Challenge Panel took place on the 27th October 2014 and the main aims were to:

1. explore the impact on Harrow's residents of the introduction of the local council tax support scheme and the contribution it may be making to household debt problems
2. understand how residents affected by the scheme are managing to make their Council Tax payments
3. consider the findings of the CTS consultation to inform the development of the new scheme
4. consider other schemes both London wide and nationally in relation to lessons learnt and how the findings can influence the development of the new scheme

The panel invited and heard evidence from Council officers, the Portfolio Holder, local voluntary organisations and charities

### Response to Scrutiny Panel's Report

- 2.2 In response to the specific recommendations, officers' responses are set out immediately below;

#### Scrutiny Panel Recommendations – page 21

- 1. That the Council adopts the pre-consultation exercise undertaken by Adult Services as a principle of best practice for all future CTS consultations.**

Response

*Agreed. The only reason why this was not done for the 2014 consultation was due to the extremely tight deadline in order that Members had choices for the 2015/16 financial year.*

- 2. That the Council ensure better engagement with vulnerable groups including those with language barriers.**

Response

*Agreed. It is the Administrations aspiration that we better engage with all our residents and any best practice will be adopted in future to ensure any vulnerable groups are specifically reached.*

- 3. That the lawfulness of the recent consultation is reviewed in light of the Haringey Judgment as well as the lawfulness of any of the proposed changes.**

Response

*It is our view that the current consultation met with our legal obligations. However any emerging case law or guidance will of course be taken into account for future consultations.*

- 4. That the Council identify the most vulnerable groups affected by any future proposed changes to the Scheme through consultations, with a view to exempting them from charges, and highlight this in consultation and Cabinet reports.**

Response

*Harrow already models any parameter configurations/proposed changes to the CTS scheme and therefore identifies impacts through modeling and the extensive EqIA that is always carried out against any proposed changes. This process already identifies all the impacted vulnerable groups.*

*Whilst it would be desirable to exempt key vulnerable groups from charges, the current and likely future financial situation is unlikely to make this possible. As such no guarantees can be given that vulnerable groups will never be charged or that that the amount they currently pay won't increase in future.*

*It must also be noted that legislation requires the council to consider whether, for any new financial year, the scheme is to be revised or replaced. The Council therefore has an opportunity annually to consider changes to the CTS scheme taking into account known impacts, finances and other relevant issues.*

## 2.3

### Scrutiny Panel Recommendations – page 26

- 1. That the Council (Portfolio Holder) writes to the Secretary of State and the Department for Work and Pensions (DWP) expressing concern regarding the long-term sustainability of the CTS Scheme with consideration given to cyclical and single shocks.**

Response

*Agreed. The PH for Finance & Major Contracts will write to both the Secretary of State & DWP expressing Harrow Council's concern regarding the long term sustainability of the funding granted for administering a localised CTS scheme, specifically if the economy changes and claimant numbers increase.*

2. That the Council write to the DWP requesting reduction of the Housing Benefit Taper which contributes to the Taper rate as a whole.

Response

*Agreed. The PH for Finance & Major Contracts will write to the DWP with a view to requesting a reduction in the 65% Housing Benefit taper.*

3. The Council pro-actively encourages local businesses to pay the London Living Wage which has a knock on effect on residents' ability to pay their Council Tax.

4. Response

*Agreed. This is an aspiration of the Administration.*

5. That the Council Tax collection policy is corrected and the assumption that all persons "can pay and won't" is removed as an approach. This Panel would like to see a debt recovery policy based on an individual's ability to pay rather than a fixed point that they must pay by a certain end-point (31st March of each year).

Response

*The current Council Tax policy does not work on this principle and caters for both those who can't pay as well as those who won't pay. However Officers undertake to review the policy and make it clearer.*

6. That it is recognised as unacceptable that Harrow has the highest minimum payment (30%) of any London Borough and that the Scheme must be revised to bring the threshold down to the London average as a minimum.

Response

*Whilst it is a fact that at 30% Harrow has one of the highest minimum payment for working age claimants, this was in order to ensure that disabled claimants, in the protected group, would have a lower minimum payment (currently 14%). Should more money become available, the minimum payment will be looked at.*

7. That the Council should prioritise reducing the taper applied to working-age claimants as much as possible as it is a disincentive to work and encourage as many people as possible into jobs which will then reduce the cost of the Scheme and to the Council.

Response

*Not agreed; While it is accepted that the taper is high, we do not believe that reducing the taper should be the priority should any money be put into the scheme. The administration will first lower the minimum payment for non-protected groups, and should more money be available, the taper will then be looked at.*

*Whilst it is acknowledged that a higher taper could potentially act as a disincentive to work, Harrow Council has however invested in many mitigations, including additional funding into the Excite program which is supporting many households into work. This type of support is much more effective in getting the long term unemployed into work or low earners into being developed to earn more.*

*Harrow Council also hosted the Supporting You Event in November 2014. The event brought together a broad range of organisations from across the*

*borough to give residents access to holistic advice and support. The event was targeted at people impacted by welfare reform, but all residents were invited to attend. The services provided include financial management advice, benefits information and CV writing workshops. Over 30 different voluntary organisations attended supporting just over 1,000 residents on the day.*

*Under the Help programme, Harrow Council allocated £120k for the commissioning of services from the Voluntary Sector to assist residents impacted by Welfare Reform. The projects began 1st October 2014 and will run for a year.*

*In partnership with 13 advice agencies in Harrow, the Council has contributed to the development of an on-line advice portal. The website delivers a one-stop-shop approach to advice across the borough on various subjects. Residents will be able to self-serve using the portal, accessing advice on how to manage as they transition in to the new welfare system. The system also hosts an online chat function, and telephone support to triage clients before referring them on to the most appropriate advice agency for more indepth support as appropriate.*

*The above are just some examples on how we are supporting residents back to work, advising and developing their skills to increase their earning power and to cope with welfare reform. Overall these mitigations far exceed the benefits of a lower CTS taper.*

- 8. That the proposed collection rate should be set at 85% as opposed to the assumed 70% and the resulting planned increase in funds be used to reduce the taper down from 30%. This would support the Council's efforts to make work pay and assist workless or claimant households into (better) paid work.**

Response

*Not agreed. Increasing the budgeted amount that the Council aims to collect would lead to further pressure on families to pay more. Harrow is only 6 months through the second year of CTS and there is risk that future collection rates might not be as high as that achieved for 2013/14.*

- 9. That future reports to Cabinet and Council and future consultations include examples of what these changes would mean for the daily, weekly, monthly and yearly finances of households in receipt of CTS so that councillors' can better appreciate the consequences of the CTS Scheme and proposed changes.**

Response

*Examples of weekly financial impacts were given in the consultation documentation and are also in the current CTS Cabinet report. Consideration will be given to how in future more information can be given so the wider Members are more aware of the implications.*

*It is a fine balance between providing sufficient information for the public to make sense of the consultation and providing too much which might make it too complex. Officers will however work with legal and other key stakeholders in future to ensure the balance is right.*

- 10. That research is carried out as to why other comparable boroughs**

**introduced no CTS changes (e.g. Merton) or more minimal ones than Harrow (e.g. Redbridge).**

Response

*Whilst it is extremely useful to understand the rationale behind other Council's decisions, we must understand that our own scheme has to comply with Harrow Council's financial circumstances. The scheme was originally designed to ensure it was cost neutral as the Council was not in a position to spend extra funds beyond the grant that was passed on due to localisation.*

*Research will be carried out via the Welfare Reform Board to try to understand the differences in CTS schemes in different local authorities. We already know that Harrow Council's grant allocation is not as generous as other borough's schemes, and this maybe a key reason for differences in schemes. Other differences may include the level of reserves, income generating potential for a borough and the level of council tax.*

*From some of the research already done, we know that the CTS scheme must not be looked at in isolation from the rest of a local authorities expenditure. This is because service priorities in one authority may be very different in another; resulting in varying funding allocation decisions based on local need and circumstances.*

- 11. That the Council identifies the level of cost-shunting onto other Council services e.g. Housing and Adults'/Children's social care as a result of the CTS Scheme and steps be taken to mitigate or avoid this.**

Response

*Officers have recently reinstated the Welfare Reform Board who's objectives are to understand the wider impacts of welfare reform, including CTS, and to ensure appropriate mitigations are considered.*

- 12. That the Council identifies the level of cost shunting to other parts of the Public Sector, e.g. NHS as a result of our CTS Scheme and steps be taken to mitigate or avoid this.**

Response

*As per the response to question 11. However this is extremely difficult although it will be an aspiration.*

## Scrutiny Panel Recommendations – page 36

- 1. That the Council should adopt a flexible approach at collection point offering residents affordable payment arrangements as every stage (after reviews) as an alternative to imposing a summons or referring a case to Bailiffs where a vulnerable person defaults once.**

Response

*The Council has a recovery policy which takes account of individual circumstances. However it must be noted that council tax is an annual charge which needs to be paid annually if the Council is to meet its budgeted income expectations. As such it may not be possible to administer effective collection without the court and subsequent recovery escalations.*

*Officers will be flexible within the remits of the overall business rules. Where exceptional cases are brought to officers' attention, they will try and provide a bespoke service rather than the automatic escalations that are required to effectively deal with the vast majority of council tax payment defaulters.*

- 2. That the use of Bailiffs should be approved on a case by case basis by the Portfolio Holder responsible for Council Tax collection, and that this approval be granted on the basis of auditable evidence that a debtor can pay but is unwilling to pay, and has assets worth distraining upon.**

Response

*This is not possible within the available resources. The Portfolio Holder should be responsible for formulation of policy, with officers making day to day operational decisions. It would not be appropriate for the Portfolio Holder to make decisions on individual cases.*

*As per the reply to question 1, officers will always consider individual circumstances.*

- 3. That, considering the legal challenge to Haringey regarding their costs, the Council should reduce its unjustified (summons/liability orders) costs for CTS arrears to the actual court costs to the Council and defray other Council costs to the general fund.**

Response

*It is presumed that the reference to the legal challenge to Haringey, is a reference to the decision by the High Court to grant permission to hear a case brought by the Revd Nicholson against Tottenham Magistrates' Court.*

*Summons cost were increased on the 1<sup>st</sup> April 2014 to £130. This increase will be reversed on 1<sup>st</sup> April 2015. A further review will be carried out work to ensure that it is only recovering what it is legally permitted to recover. The award of costs is a matter for the Magistrates' Court.*

- 4. that the Council should never seek committal where a person cannot pay.**

Response

*Committal is one of many options within the legislation for ensuring compliance with due payments, and as such no undertaking can be given that this recovery option will never be used.*

- 5. That the Council reviews its policy relating to Section 13A(1)(c) regarding its ability to remit debt.**

Response

The Council will review this policy within the next 18 months.

- 6. That the incentive structure of Harrow's bailiff contract be reviewed both by Cabinet and by Scrutiny as a matter of urgency.**

Response

*Harrow's bailiff contract was changed coincide with the implementation of the "Taking Control of Goods Regulations 2013", SI 1894. As such there is no incentive structure within the bailiff contract which now complies with Council Tax guidance to local authorities on good practice in the collection of Council Tax Arrears Issued by the DCLG in May 2013 which states;*

*"Local Authorities must ensure that bailiffs provide clear and accurate information about costs to the bill payer, including a breakdown of costs, outlining how much has been charged for the bailiff action. It is inappropriate for authorities to receive extra payment or profit-sharing from the use of bailiffs and the charging of fees. Contracts should not involve rewards or penalties which incentivise the use of bailiffs where it would not otherwise be justified."*

2.5

## Scrutiny Panel Recommendations – page 38

- 1. That the Council review the code of practice for communication to customers when errors are identified (e.g., ensure there is an up-front apology) and consider paying compensation to CTS recipients**

Response

*This is all already covered in our corporate three staged complaint process.*

- 2. That the lack of accessibility to Council Tax collection staff for those in debt be urgently reviewed with a view to improving access and debt advice. All research has demonstrated that the most effective system of collecting debt is to communicate early and work with debtors with a supportive approach unless it is clear that the debtor can pay and won't.**

Response

*Whilst the Council's channel shift and self service strategy will require more reductions in front office staff within Access Harrow, Harrow Council has already invested funds in our voluntary sector partners to ensure face to face debt advice is available. Harrow Council is also working with external partners and has contributed to the HAT (Harrow Advising Together project) which has created an advice portal to ensure advice is available and in in one easy place to access. The Council also has*



recently extended its SLA with the CAB to maintain face to face appointments.

*Funds underspent from the CTS scheme will be used to allow council staff to be more accessible.*

- 3. That the Council ensures a sufficient number of benefit operators to reduce the waiting times for residents with CTS arrears to contact the Council**

Response

*Harrow's response speeds to claimants are within the average of 22 days from the date enquiry or application is received. Call waiting times are also acknowledged as too long. Funds underspend from the CTS scheme will be used to help bring down these waiting times.*

- 4. That the Council becomes more accessible to customers/CTS claimants trying to engage with the Council to discuss their CTS arrears with a special consideration given to the phone (pay as you go) costs to individuals trying to contact the Council.**

Response

*This question has already been answered by the response to question 2 & 3 above.*

- 5. That the Council establishes a direct line (contact) for organisations such as the Citizens' Advice Bureau and the Law Centre etc supporting CTS claimants to be able to engage with the Council and get a rapid response.**

Response

*Harrow Council already works with external partners and in some cases this is already in place. However what we cannot do is to provide a direct line to all external organisations as otherwise the speed of responses to agents will be no different to those that we strive to achieve to the public. However we can be flexible and this is something that can be considered as part of a collaborative relationship with key partners who support our most financially vulnerable tax payers.*

*Officers have already offered to meet with some key organisations in order to agree procedures and it is hoped improved contact can be put in place in the near future for these additional partners.*

2.6

## Scrutiny Panel Recommendations – page 41

- 1. That the Council review the eligibility criteria of the Emergency Relief Scheme, Hardship Fund and the Discretionary Housing Payment schemes and publicise these widely to ensure people are aware of them and increase the number of applications to these schemes.**

Response

*Harrow Council is currently awaiting the DCLG/DWP's decision on*

*funding before a decision is made regarding the Emergency Relief Scheme and Hardship Fund. Once funding is known an appropriate decision will be made and if necessary this will be accompanied by consultation.*

*Cabinet approved our Discretionary Housing Payments policy on the 18/7/2013 and it would be inappropriate to review this policy at this time considering there have been no fundamental changes which may have given rise to a reconsideration.*

*We aim to publicise our policies widely within the budget constraints.*

- 2. That, if we cannot be confident that the fund will be spent on the right people at the right time, the Council considers transferring at least half of the fund from the Emergency Relief Scheme (which is underspent) back into the CTS Scheme to reduce the direct burden on some of the most vulnerable residents of Harrow.**

Response

*The Emergency Relief Scheme although underspent in 2013/14 is on track to be fully spent in 2014/15. All of the underspend from 2013/14 financial year was c'fwd which has already been allocated out to projects supporting those on low pay and the unemployed as well as awarding substantial sums to the CAB to ensure face to face debt advice is supported and continued for the next 18 months.*

- 3. That, in line with the Portfolio Holder for Finance & Major Contracts' comments regarding ring-fencing of funds for the Hardship Fund, that all monies raised through the CTS Scheme beyond covering the CTB-CTS shortfall be ring-fenced and used to reduce the overall CTS charge on households that fall within the scope of Harrow's CTS Scheme.**

Response

*The commitment was to ring fence the underspend on the CTS scheme and to utilize it on vulnerable people. Some of this underspend will be used to lower the court cost charged, some to implement any changes to the collection policy, some to ensure that waiting times in the call centre are brought down and any money left will be kept aside, should in future the CTS scheme cost more to run.*

- 4. That the impact on households with children (e.g. going into care, child poverty) be clearly identified and steps taken to better assist those households**

Response

*Whilst a holistic approach is our aspiration, this may not always be possible. The Revenues office already works with Children Services and Adults to ensure that vulnerability flags are put on specific council tax accounts. Specific checkpoints are also in place to ensure we proceed differently where a household may be at risk or falls into one of our vulnerability categories. This is backed up by a vulnerability policy which ensures a more joined up approach within the resources available.*

- 5. That in keeping with the Council's corporate priority of 'Making a difference to the vulnerable', a review of what is meant by**

**‘vulnerability’ is undertaken and that every Cabinet and Council paper include a section (like Equalities and Financial Implications) outlining the impact any proposed policy decision would have upon those deemed ‘vulnerable’.**

Response

*Harrow Council consulted on and reviewed its Corporate Debt Collection Policy on the 15/1/2014 and as a result implemented a vulnerability policy. As such it would be inappropriate to review this area so soon after its introduction. Officers will however monitor the position and any lessons learn will be reflected in updates to the policy.*

## **Legal Implications**

- 3.1 There is a requirement for local authorities to adopt a council tax support scheme, within certain prescribed parameters. The Council consulted on options for changes to its current scheme and Cabinet will consider the results of this consultation and make a recommendation to full Council on a scheme for 2015/16.

## **Financial Implications**

- 3.2 Harrow lowered its tax base rate by a further 1%, to 97%, to account for the risk of bad debt due to the introduction of CTS. We must therefore be extremely careful not to increase the risk of bad debt further by relaxing our recovery processes. Whilst it is right to adopt a firm but fair approach, consideration must be given to using the more extreme recovery methods available such as committal and bankruptcy as in certain cases only this extreme deterrent ensures full payment.

With Government grant reducing year on year, collection of local taxation becomes even more important as this income stream grows as a percentage of the Council’s overall income budget. As such, whilst our recovery policy and processes should cater for the extreme exceptions, it needs to be effective and make full use of automation in order to ensure low unit costs and high collection rates.

## **Performance Issues**

- 3.3 It is acknowledged that the levying of additional amounts of Council Tax on the borough’s most financially deprived residents also encouraged behaviours that have resulted in additional contact with the Council. This has created additional pressures in both the Council Tax office and in Access Harrow. To an extent, this is being mitigated by the introduction of electronic forms to facilitate self-service and to aid our channel shift strategy. Additionally, Harrow has also funded the voluntary sector to continue face to face support regarding debt advice and it is hoped this will provide the extra support required for the next 12-18 months until such a time as our CTS claimants get used to having to pay more council tax.

## **Environmental Impact**

- 3.4 There are none specific to this report.

## Risk Management Implications

3.5 Collecting monies from claimants, who have previously received higher rates of CTS support, is challenging which increases risk to Council Tax collection. There is also the risk that robust enforcement of Council Tax may conflict with the wider corporate priorities.

## Equalities implications

3.6 A comprehensive Equality Impact Assessment (EqIA) was undertaken in the development of Harrow's Council Tax Support Scheme. However, an EqIA was not carried out specifically for this report as the report includes no specific proposals for service change. Where changes result from the acceptance of this report's recommendations, these will be accompanied by an EqIA.

## Corporate Priorities

3.7 By noting this report and agreeing to the actions set out in the responses, Members will be supporting those in financial need. As such, this report reflects the aims of our corporate priorities and will ensure we continue supporting the most vulnerable, support families as well as making a difference for communities.

## Section 4 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 28 November 2014		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 28 November 2014		

<b>Ward Councillors notified:</b>	No
<b>EqIA carried out:</b>	No

**EqIA cleared by:**

**N/A**

## **Section 5 - Contact Details and Background Papers**

**Contact:** Fern Silverio (Head of Service – Collections & Housing Benefits),  
Tel: 020-8736-6818 / email: [fern.silverio@harrow.gov.uk](mailto:fern.silverio@harrow.gov.uk)

**Background Papers:** Report from the Council Tax Support Scheme  
Challenge Panel – Overview and Scrutiny Committee meeting held on 18  
November 2014

<http://www.harrow.gov.uk/www2/ieListDocuments.aspx?CId=276&MId=62412&Ver=4>

**Call-In Waived by the  
Chairman of Overview  
and Scrutiny  
Committee**

**NOT APPLICABLE**

*[Call-in applies]*