

# Scrutiny Report

## The development of a revised Council Tax Support scheme

Scrutiny Board (Citizens and Communities)  
November 2016





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# Summary of Recommendations

## Recommendation 1

That the Executive Board:

- (i) Acknowledges the support of the Citizens and Communities Scrutiny Board to the proposed new changes to the Council Tax Support scheme as presented as part of its review.
- (ii) Agrees to undertake a further review of the new Council Tax Support scheme during the summer of 2018, when the number of Universal Credit claimants is expected to be more significant in Leeds and the Council will be in a good position to gauge the extent to which the new scheme is achieving its overall aim.

## Recommendation 2

That the Assistant Chief Executive (Citizens and Communities) ensures that the Executive Board is provided with a detailed options appraisal in determining when the Council revises the Council Tax Support award as part of the new Council Tax Support scheme and in doing so, acknowledges the support, in principle, of the Citizens and Communities Scrutiny Board towards an approach based on average earnings.

## Recommendation 3

That the Executive Board:

- (i) supports the option to remove protections entirely from 1<sup>st</sup> April 2017 for the majority of protected groups and only maintain protections for War Pensioners;
- (ii) endorses the need to ring-fence an appropriate proportion of the cost savings arising from the removal of the protections scheme in order to secure sufficient funding for a new discretionary hardship scheme.

## Recommendation 4

That the Assistant Chief Executive (Citizens and Communities) ensures:

- (i) That the application of the discretionary hardship scheme is fair and transparent and based on the principle of supporting the most vulnerable of customers that would be worse off under the new Council Tax Support scheme and least able to cope.
- (ii) That the details surrounding the development of the discretionary hardship scheme are shared with the relevant Scrutiny Board.



# Summary of Recommendations

## Recommendation 5

That, linked to recommendation 1(ii), the Executive Board agrees to explore other potential scheme saving options when undertaking a wider review of the new Council Tax Support scheme during 2018.

## Recommendation 6

That the Assistant Chief Executive (Citizens and Communities) ensures that the work surrounding a review of methods of contact of customers during the Personal Work Support Package scheme and the development of a business case for an improved case management system is progressed with urgency and progress is reported back to the relevant Scrutiny Board.

## Recommendation 7

That the Assistant Chief Executive (Citizens and Communities) works with DWP's West Yorkshire Work Services District Manager to explore further opportunities for strengthening links between the Council's Personal Work Support Package scheme and the Back to Work Plan process undertaken by Job Centre Plus. In particular, to ensure that a customer's engagement with the PWSP scheme is appropriately reflected as part of the Claimant Commitment process with Job Centre Plus.

## Recommendation 8

That the Assistant Chief Executive (Citizens and Communities) explores additional funding opportunities through the pending ESIF programmes and the Work and Health Programme that could be utilised towards the expansion of the Personal Work Support Package element of the Council Tax Support scheme to those claimants in receipt of an Employment and Support Allowance.



# Summary of Recommendations

## Recommendation 9

That the Assistant Chief Executive (Citizens and Communities) leads on actively promoting the Personal Work Support Package element of the Council Tax Support scheme to the Secretary of State for Welfare and Benefits with a view to exploring opportunities of becoming a pilot authority and potentially securing additional funding to support the improvement and further expansion of the scheme.

## Recommendation 10

That the Assistant Chief Executive (Citizens and Communities) leads on working with other relevant directorates and key partners to develop a communication strategy aimed at existing and future Council Tax Support claimants to enable them to fully understand their entitlements and also where to access further advice and support if needed, with particular attention given to vulnerable individuals.



# Introduction and Scope

## Introduction

1. The Council has been delivering locally designed Council Tax Support schemes since April 2013. However, local Council Tax Support schemes operate within the wider context of national welfare support and this means that Government changes to welfare benefits can impact on the levels of Council Tax Support.
2. The roll out of Universal Credit is a particular key factor that needs to be taken into account when looking at local schemes. Last year, the Citizens and Communities Scrutiny Board undertook an in-depth inquiry into Universal Credit and its potential impacts on a number of stakeholders. The Scrutiny report identified that many people in low-paid work with fluctuating earnings will also see their monthly Universal Credit payment fluctuate and, as things stand, this will lead to monthly changes to Council Tax Support with further implications for Council Tax payment dates and liability orders. A recommendation was therefore made by the Scrutiny Board to consider whether changes can be made to the Council Tax Support Scheme to manage this.
3. In June 2016, the Executive Board received a report from the Assistant Chief Executive (Citizens and Communities) on Welfare Reform and Council Tax Support. This report referenced the findings of the Scrutiny Board's inquiry and highlighted the expected impacts of the Government's continuing package of welfare reform on local Council Tax Support schemes and options for how the Council can respond to these changes. Linked to this, approval was sought to develop and consult on a simplified scheme that would:
  - Work more effectively with Universal Credit, recognising that Universal Credit makes provision for children, disability, housing and caring responsibilities;
  - Deliver administrative efficiencies;
  - Gradually replace the scheme of current protections with a hardship scheme; and
  - Help contain scheme costs in the future, particularly where there are further Government reforms to welfare.
4. The Executive Board approved the development of a revised scheme and the need to undertake public consultation on the revised scheme, to be concluded by November 2016. As such, we agreed to undertake an urgent review to assist in the development of this revised scheme.

## Scope of the Inquiry

5. The terms of reference for our review were agreed in July 2016 and set out the key purpose of this review, which was to make an assessment of and, where appropriate, make recommendations on the following areas:
  - The main issues surrounding the current Council Tax Support scheme and the development of an alternative scheme that utilises the Universal Credit needs assessment;



# Introduction and Scope

- The potential options that were the subject of the public consultation that ended on 21<sup>st</sup> October 2016;
- The key features and potential impacts of an alternative scheme that utilises the Universal Credit needs assessment;
- The potential options and impacts of withdrawing current protections as part of the revised Council Tax Support scheme;
- Potential changes to the existing Personal Work Support Package element of the current scheme to ensure that it continues to work effectively as part of a revised Council Tax Support scheme

## Best Council Plan

6. We acknowledge that the local Council Tax support scheme plays a key element in tackling poverty and reducing inequalities, the stated aim of the 2016/17 Best Council Plan. In particular, the scheme contributes to the Best Council Plan outcomes for everyone in Leeds to 'Earn enough to support themselves and their families' and 'Live in good quality, affordable homes' and to the specific 2016/17 priorities around 'Providing skills programmes and employment support' and 'Helping people adjust to welfare changes'. Packaging the financial support within a wider offer of advice and personal support also supports the Citizens@Leeds propositions designed to provide accessible and integrated services; help people out of financial hardship; and help people into work.

## Desired Outcomes, Added Value and Anticipated Service Impact

7. The main objective of our review was to assist the Citizens and Communities directorate in the development of a revised Council Tax Support Scheme with a view to introducing this scheme in April 2017.
8. We therefore worked in conjunction with the Council's Citizens and Communities directorate to consider the key features of a simplified alternative scheme that utilises the Universal Credit needs assessment. Linked to this, we also assessed the potential options and impacts of withdrawing current protections as part of the revised scheme and reviewed the existing Personal Work Support Package element of the current scheme to ensure that it continues to work effectively as part of a revised Council Tax Support scheme. During our review, we also valued the active contribution of key external organisations, which included representatives from Gipsil, VITAL, Leeds Housing Concern, the Leeds Disability Hub, and Jobcentre Plus/DWP.
9. Whilst the conclusions and recommendations set out within this report are reflective of the evidence presented to Scrutiny, we are mindful that, due to the timing our review, we were unable to fully analyse the findings from the public consultation process. As such, we would expect our report to be considered in conjunction with the detailed analysis arising from the public consultation.



# Introduction and Scope

## Equality and Diversity

10. The Equality Improvement Priorities 2016 to 2020 have been developed to ensure that the council meets its legal duties under the Equality Act 2010. The priorities will help the council to identify work and activities that help to reduce disadvantage, discrimination and inequalities of opportunity to achieve its ambition to be the best city in the UK.
11. Equality and diversity issues have been considered throughout this scrutiny inquiry and the individual, organisation or group responsible for implementation or delivery of the recommendations arising from this inquiry should also give due regard to equality and diversity and where appropriate, an equality impact assessment will be carried out.



# Conclusions and Recommendations

## Understanding the need for a different approach.

12. We acknowledge that over the last five years, the council has seen its funding from government reduced by £214m, with further reductions of around £53m expected over the next three years. This loss of funding means that the council has to think very carefully about where it spends its money and how best it can support its most vulnerable residents.
13. In terms of the pressures placed upon the costs of the existing Council Tax Support scheme, we recognise that the main influencing factors relate to caseload numbers; Council Tax levels; and also Welfare reforms, with every £1 reduction in national benefits adding 20p to the Council Tax Support scheme.
14. The table below shows the costs to date of the Council Tax Support scheme alongside projections about future costs if the scheme does not change and Council Tax increases by 4% each year (assuming a 2% increase plus a further 2% Adult Social Care precept).



15. In view of such pressures, we are fully supportive of the Council's need to adopt a different approach to determining entitlement to Council Tax Support.

## The rationale for a scheme based on the Universal Credit needs assessment.

16. In adopting a different approach, particular attention was given to the rationale for moving towards a scheme based on the Universal Credit needs assessment. During our review, we particularly acknowledged and were supportive of the following key principles surrounding this approach:



# Conclusions and Recommendations

## The scheme would be simpler to understand

17. The new scheme will share its core assessment with Universal Credit and therefore will use only non-benefit income. It will also have no non-dependent deductions as this is already reflected in the Universal Credit assessment. For claimants who do not have non benefit income and are entitled to the maximum amount of Universal Credit, there will be no variation in their Council Tax Support.

## A single common needs assessment done once.

18. The new scheme uses the Universal Credit assessment as the basis for the Council Tax Support assessment and therefore recognises that Universal Credit takes into account a range of factors, including household members and disability.

## Council Tax Support based more on claimants' ability to pay Council Tax from their non-benefit income.

19. Council Tax Support will only be reduced when a customer has income other than benefit income. The greater someone's income from non-benefit sources, the less Council Tax Support they will get.

## Council Tax Support scheme no longer at risk from changes to national benefits or increases in National Living Wage.

20. Moving to a scheme which is linked to Universal Credit and which disregards benefit income, removes the scope for unplanned changes to the costs of the Council Tax Support scheme. The same argument applies to changes in earnings which lead to lower national benefits. Both the increased earnings and the lower national benefits are taken into account when re-assessing Council Tax Support.

## Provides much greater control over assessment of earnings.

21. Continuing with a scheme that takes benefit income into account will prove problematic when Universal Credit replaces many of the benefits. This is because Universal Credit itself would be taken into account as an income and it is expected that there will be frequent changes to Universal Credit amounts as earnings and other income fluctuate. Every change in Universal Credit and earnings would result in a recalculation of Council Tax Support entitlement and require new bills to be issued and new payment plans to be agreed.

## Reducing the costs of the scheme.

22. Once fully implemented, the proposed new scheme would reduce the scheme costs by around £400k per annum in comparison to the costs of the current scheme, although we acknowledged that such savings would be achieved over time.



# Conclusions and Recommendations

## Understanding how the proposed scheme would work.

23. In applying the above key principles, we noted that parts of the new scheme will remain the same as the current scheme as follows:
- Pensioners will continue to be assessed as part of the government's national scheme for pensioners;
  - The maximum support for working-age customers will continue to be limited to 75% of their Council Tax liability;
  - Customers on Jobseekers Allowance will continue to be offered a Personal Work Support Package once they have been on Council Tax Support for six months.
24. Particular consideration was therefore given to the elements of the new scheme that will be different. In summary, this includes the following:
- All income from benefits is ignored and anyone whose income comes only from benefits would get the maximum level of support;
  - Single people with weekly income (not including benefits) lower than £73.10 a week get the maximum level of support and would see their Council Tax Support reduce by 15 pence for every £ their income is above £73.10;
  - Couples with weekly income (not including benefits) lower than £114.50 a week get the maximum level of support and would see their Council Tax Support reduce by 15 pence for every £ their income is above £114.50;
  - Anyone with savings over £16,000 would not get any support.
  - Savings up to £16,000 are not counted in the assessment
  - Council Tax Support is not reduced if there are other adults in the household (i.e. the removal of non-dependant deductions (NDDs))
25. We do appreciate that the above elements of new scheme have been carefully designed with an overall aim to complement the Universal Credit needs assessment whilst helping to alleviate pressures placed upon the costs of the Council Tax Support scheme. As part of our review, consideration was given to other potential variations of the above elements of the new scheme, which we have referenced later in our report under 'other potential options to reduce costs'.
26. Whilst we are supportive of the proposed changes to the scheme as set out above, we would urge that a future review of the new scheme is undertaken during the summer of 2018, when the number of Universal Credit claimants is expected to be more significant in Leeds and the Council will be in a good position to gauge the extent to which the new scheme is achieving its overall aim.



# Conclusions and Recommendations

## **Recommendation 1**

That the Executive Board:

- (i) Acknowledges the support of the Citizens and Communities Scrutiny Board to the proposed new changes to the Council Tax Support scheme as presented as part of its review.
- (ii) Agrees to undertake a further review of the new Council Tax Support scheme during the summer of 2018, when the number of Universal Credit claimants is expected to be more significant in Leeds and the Council will be in a good position to gauge the extent to which the new scheme is achieving its overall aim.

27. We acknowledged earlier that this new scheme aims to remove the requirement to revise the Council Tax Support each time the Universal Credit award is revised because of variations to pay. However, the Council will need to determine a policy that sets out when it revises the Council Tax Support award and when it will make no change. We therefore discussed a number of options which included having fixed review periods during which time the Council Tax Support award will not change; introducing a *de minimis* level of change below which no change would be made to the Council Tax Support award; or establishing an average earnings approach and look for adjustments that change the average over a period of time.
28. We noted that there was a particular preference made to basing entitlement on average earnings and looking at every change to see whether it is within an agreed range used to calculate the average. We agree that, in principle, the Council would be able to provide a more stable Council Tax Support assessment in adopting this approach – with fewer bills and fewer changes to payment arrangements - while at the same time having the option to reflect within the assessment significant changes in earnings. However, we are also mindful that a more detailed options appraisal is needed in order to better inform the development of the Council's policy in this regard. We would therefore expect this to be made available to the Executive Board when determining its preferred option.

## **Recommendation 2**

That the Assistant Chief Executive (Citizens and Communities) ensures that the Executive Board is provided with a detailed options appraisal in determining when the Council revises the Council Tax Support award as part of the new Council Tax Support scheme and in doing so, acknowledges the support, in principle, of the Citizens and Communities Scrutiny Board towards an approach based on average earnings.



# Conclusions and Recommendations

## Acknowledging the impact of the proposed new scheme on customers.

29. In relation to working age cases, we acknowledge that there will be gainers and losers arising from the proposed Council Tax Support scheme. The table below shows the average weekly amount of Council Tax Support that people get now and what they would get under the proposed scheme. We also noted that this formed part of the public consultation document.

Customers non-benefit income:	What people get now on average	What people would get on average
no income	£13.50	£13.71
under £75.00	£11.96	£13.04
between £75 - £100	£10.44	£10.84
between £100 - £125	£8.13	£8.00
between £125- £150	£8.06	£6.43
over £150	£8.51	£3.62

30. However, further analysis in relation to the potential impact on working age claims was considered during our review. Linked to this, we noted that working age claims fall into 2 categories: 'Passported' and 'Standard' claims.

### Passported cases (these make up 66% of all working age cases)

31. Our key observations in relation to passported cases were as follows:

- Passported cases will transfer onto maximum Universal Credit and will, therefore, be entitled to at least the same amount of Council Tax Support as they get at the moment.
- Where they have non-dependents living with them who attract a non-dependant deduction, under the proposed scheme, these claims will get more Council Tax Support as the non-dependant deduction is removed.
- Single people are the biggest group across the benefits with non-dependant deductions.



# Conclusions and Recommendations

32. The tables below show the number of 'passported' claims with non-dependants as well as the average weekly gain and the additional cost to the Council over the year.

Households with:	Cases	Average weekly gain	Annual cost
1 non dep	596	£4.31	£133,962.82
2 non deps	216	£6.45	£72,611.14
3+ non deps	59	£8.26	£25,401.26
Total	871	-	£231,975.23

Further breakdown of the 871 gainers by benefit type:

Household:	ESA	Income Support	JSA	Total
Couples	65	12	13	90
Families	36	20	36	92
Lone parents	98	109	63	270
Single people	254	82	83	419
Total	453	223	195	871

Standard cases (these make up 34% of all working age cases)

33. Our key observations in relation to standard cases were as follows:

- 20% of standard cases will gain as a result of the proposed new scheme. Some will gain as a result of removing non-dependant deductions.
- 30% of standard cases will lose as a result of the proposed new Council Tax Support scheme.
- There would be minimal change for 50% of standard cases (less than £1 a week difference) with many of these seeing changes of only a few pence a week.
- Currently there would be 14 standard case households that would lose more than £20 a week in Council Tax Support (ranging from £20.07 to £28.65) under the proposed scheme.

34. The tables below provide an overview of the standard case gainers and losers in terms of average weekly loss.

Overview of standard case gainers

Household	Out of work		In Work		All cases	
	Cases	Average weekly gain	Cases	Average weekly gain	Cases	Average weekly gain
Couples	89	£7.40	144	£6.38	233	£6.77
Families	40	£4.84	583	£3.90	623	£3.96
Lone Parents	115	£5.95	913	£2.89	1028	£3.24
Single People	351	£5.12	306	£3.69	657	£4.45
Total	595	£5.60	1946	£3.58	2541	£4.05



# Conclusions and Recommendations

## Overview of standard case losers

Household	Out of work		In Work		All cases	
	Cases	Average weekly loss	Cases	Average weekly loss	Cases	Average weekly loss
Couples	4	£5.47	146	£4.05	150	£4.09
Families	7	£4.51	1743	£6.03	1750	£6.02
Lone Parents	26	£6.70	2070	£5.29	2096	£5.31
Single People	30	£6.01	210	£4.57	240	£4.75
Total	67	£6.09	4169	£5.52	4236	£5.53

35. It is evident that the vast majority of gainers and losers are in-work households. Linked to this, the table below illustrates the earnings levels of the gainers and losers and shows that the gainers are households with the lowest earnings and the losers are the households with the highest earnings.

Household	Claimants that will gain				Claimants that will lose			
	Employed		Self Employed		Employed		Self Employed	
	Cases	Average net pay	Cases	Average net pay	Cases	Average net pay	Cases	Average net pay
Couples	48	£111.55	38	£95.11	115	£177.37	13	£147.38
Families	236	£147.83	239	£120.42	1,264	£197.65	320	£161.65
Lone Parents	640	£109.37	97	£79.83	1,804	£137.38	143	£105.48
Single	67	£91.64	94	£70.92	124	£128.30	66	£108.07

## Implementation of the new scheme.

36. It is proposed that the new scheme would start on 1 April 2017 and will be applied as follows:

- Existing customers already getting Universal Credit will move into the new scheme on 1 April 2017.
- Existing customers who do not get Universal Credit would move onto the new scheme when they move onto Universal Credit.
- New customers who could get Universal Credit but choose not to claim it, or are not entitled to it, will also have their Council Tax Support worked out under the new scheme rules.
- New customers from April 2017 who are not yet able to move to Universal Credit will have their claim worked out under the current rules until they move onto Universal Credit.



# Conclusions and Recommendations

37. Linked to this, we acknowledge that there will be two Council Tax Support schemes in place until everyone has moved onto Universal Credit and onto the new Council Tax Support scheme. However, we are also mindful that the Government has stated that it will be another five years before everyone has moved onto Universal Credit (expected by 2022).
38. As such, we noted that the Council is also taking this opportunity to propose changes to the current Council Tax Scheme in terms of how it deals with any reported change of circumstances from those customers who have not moved to Universal Credit. This is to align the scheme better with the Housing Benefit scheme i.e. when a customer has a change in their current circumstances then their Council Tax Support will change from the same date that the Council changes their Housing Benefit. Anyone who does not report a change within one month of the change happening will only get any extra Council Tax Support they are entitled to from the date they actually informed the Council about their change in circumstances. However, if they are entitled to less Council Tax Support, the Council will reduce this from the date the change happened, regardless of when the customer reports their change of circumstances. We are therefore supportive of this proposal.

## Proposals to replace the scheme of protected groups with a discretionary hardship scheme.

39. Protected groups are those who receive 100% of their Council Tax Support award rather than having it capped at 75%. The current scheme of protections has been part of the local Council Tax Support scheme since it came into effect in 2013. However, linked to the newly proposed Council Tax Support scheme, we noted the proposal to replace the scheme of protections with a discretionary hardship scheme.
40. The table below shows those groups which are protected and the associated costs of the scheme.

	Number of Households	Cost of protections now	Likely cost of protections in five years time
War pensioners	33	£6,755	£8,200
Severe disability	5,146	£948,504	£1,154,000
Enhanced disability	8,426	£1,745,994	£2,125,000
Carer	2,268	£481,926	£586,300
Lone parent of a child under five	5,973	£1,040,144	£1,265,500
<b>Total</b>	<b>21,846</b>	<b>£4,223,322</b>	<b>£5,139,000</b>



# Conclusions and Recommendations

41. We acknowledge that the cost of providing protections has increased over the years due to continual rises in the level of Council Tax and more people qualifying for protections. The number of cases has increased by 62% since 2013 (from 13,286 to 21,528). Protecting all of these claimants increases the annual costs by £4.2m, projected to rise to £5m+ by 2021.

42. The following table shows the general impact on households if protections are removed:

**Additional amount of Council Tax to pay if protections are removed**

Extra to pay	% of households	Band	Extra to pay	% of households
<b>Single Householders</b>			<b>2+ Households</b>	
£3.41	67.8%	A	£ 4.54	10.8%
£3.97	12.2%	B	£ 5.30	2.8%
£4.54	3.6%	C	£6.06	1.2%
£5.11	0.8%	D	£ 6.81	0.3%
£6.25	0.3%	E	£ 8.33	0.1%
£7.38	0.1%	F	£9.84	* 10 cases
£8.52	* 3 cases	G	£ 11.36	* 4 cases
£10.22	* No cases	H	£13.63	* 1 case

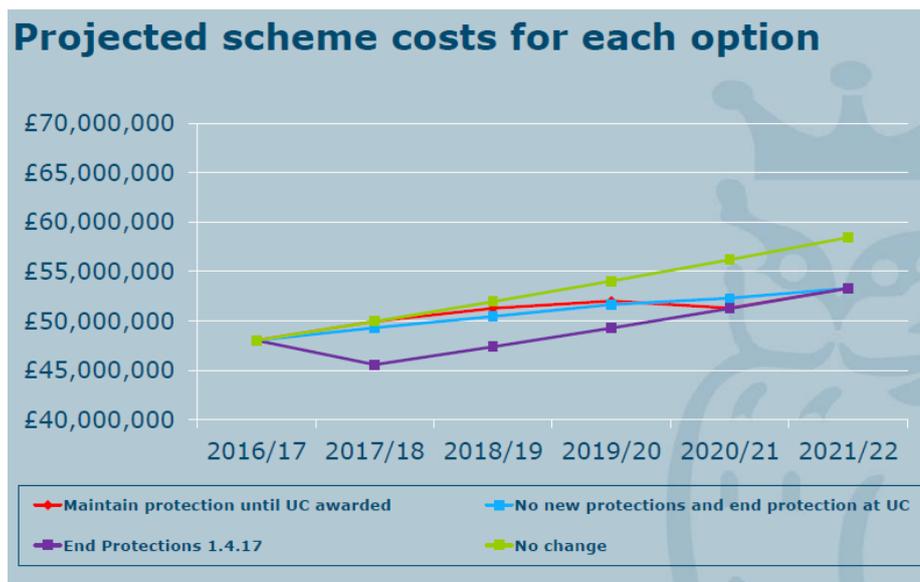
43. The proposed new scheme recognises that a number of protected customers will be better off under Universal Credit and therefore better able to contribute towards their Council Tax. Customers who migrate directly onto Universal Credit from their ‘legacy’ benefits (e.g Housing Benefit) will also be transitionally protected so that they get at least the same amount in Universal Credit as they were getting under their legacy benefit at the point at which they transfer to Universal Credit. However, where customers will be worse off under Universal Credit, we note that the introduction of a discretionary hardship scheme would be focused, in the main, on the most vulnerable of those customers that would be worse off and least able to cope. We strongly agree with this principle too. However, we are mindful that the value of the hardship scheme and the policy for its application has yet to be decided.

44. During our review, concerns were raised about the potential responsibilities being placed upon vulnerable individuals to acknowledge their entitlement to any hardship scheme and accessing this effectively – or knowing where to seek assistance in doing so – and the potential for these to slip through the net. It was also highlighted that means tested approaches are often linked to hardship schemes and this can be making judgements based on a snapshot in time rather than being fully comprehensive. It is therefore vital that the application process is fair and transparent and we would therefore welcome the opportunity to consider the details of this scheme as it develops.



# Conclusions and Recommendations

45. As part of the consultation process, a particular question was raised about when the Council should replace the current protections with a discretionary hardship scheme. In terms of the options available, our key observations were as follows:
- *Removing protections entirely from 1<sup>st</sup> April 2017 for everyone* – whilst noting that this approach would see costs reduce by £4.2m from April 2017, we were mindful that this would remove the link to Universal Credit and also prompt the need to consider whether a transitional protection scheme should be introduced. Linked to this, we also noted the intention to exclude War Pensioners from this proposal given the low numbers of this particular group and also the Council's commitment to the Armed Services covenant.
  - *Removing protections from 1<sup>st</sup> April 2017 for new customers only and existing customers when they go onto Universal credit* - not providing protections from April 2017 for new cases allied to the removal of protections as customers moved onto Universal Credit would see costs come down at a faster rate. This would, of course, see some customers with protections and some without even though their circumstances were similar.
  - *Only once the customer goes on Universal Credit regardless of when they made their claim* - removing protections as customers migrate onto Universal Credit would see a slow and gradual reduction in costs. This is because the roll out of Universal Credit is scheduled to take until 2022 to complete and it is expected that customers on disability benefits will be among the last to migrate.
46. The following chart also illustrates projected scheme costs for each of the above options:



47. In conclusion, we are supportive of the option to remove protections entirely from 1<sup>st</sup> April 2017 for the majority of protected groups and only maintain protections for War



# Conclusions and Recommendations

Pensioners. We believe that this provides a fairer and more transparent approach. However, we are conscious that this approach will also result in more individuals becoming worse off until they have migrated onto Universal Credit and therefore will require additional financial support during this period. We recognise that this will inevitably put additional pressure on the newly introduced discretionary hardship scheme. As such, we believe that an appropriate proportion of the cost savings arising from the removal of the protections scheme should be ring-fenced in order to secure sufficient funding for the scheme.

## **Recommendation 3**

That the Executive Board:

- (i) supports the option to remove protections entirely from 1<sup>st</sup> April 2017 for the majority of protected groups and only maintain protections for War Pensioners;
- (ii) endorses the need to ring-fence an appropriate proportion of the cost savings arising from the removal of the protections scheme in order to secure sufficient funding for a new discretionary hardship scheme.

## **Recommendation 4**

That the Assistant Chief Executive (Citizens and Communities) ensures:

- (i) That the application of the discretionary hardship scheme is fair and transparent and based on the principle of supporting the most vulnerable of customers that would be worse off under the new Council Tax Support scheme and least able to cope.
- (ii) That the details surrounding the development of the discretionary hardship scheme are shared with the relevant Scrutiny Board.

## **Other potential options to reduce costs.**

48. We noted that as part of the public consultation, it stated that the Council could consider other options aimed at reducing costs of the Council Tax Support scheme and in particular, it highlighted that the Council could continue to protect customers who currently get maximum support and reduce the amount of support given to everyone else year on year in order to keep the scheme costs at current levels. The table below was provided to illustrate what that could mean for a single person who receives Jobseekers Allowance, or Employment Support Allowance of £73.10 a week, who pays £3.41 a week now.

Year	Maximum Support	Weekly amount to pay
2016-17	75%	£3.41
2017-18	65%	£5.00
2018-19	55%	£6.60
2019-20	45%	£8.00
2020-21	35%	£9.80
2021-22	25%	£11.70



# Conclusions and Recommendations

- 49. A question was therefore raised about whether the respondent agreed or disagreed that the Council should keep the maximum amount of Council Tax Support that people can get at 75%.
- 50. During our review, we also considered this particular option and concluded that the maximum amount of Council Tax Support should currently remain at 75%. However, we also agree that this should be revisited in the future and form part of the wider review of the new Council Tax Support Scheme, as recommended earlier in our report.
- 51. We also explored a number of other potential variations to the proposed elements of the new Council Tax Support scheme. These involved introducing a 20% taper; introducing flat rate non-dependent deductions (with options including £2.50 or £5); and reducing the capital limit from £16k (with options including £8k or £3k).
- 52. The table below summarises the potential scheme savings of each of these options. However, further analysis of potential scheme savings linked to these options was also provided during our review and is summarised in appendix 1.

**Comparison of potential scheme savings of each option**

	Scheme Costs Working age only	Savings compared to current scheme	Additional savings compared to proposed scheme
Proposed Scheme	£ 25,918,744	-£ 494,908	£ -
with 20% Taper	£25,276,291	-£ 1,137,361	-£642,453
with £2.50 NDD	£25,050,846	-£1,362,806	-£867,898
with £5.00 NDD	£24,214,707	-£2,198,945	-£1,704,037
with £8k Capital cut off	£25,810,559	-£603,093	-£108,185
with £3k Capital cut off	£25,528,305	-£885,347	-£390,439

- 53. In consideration of these options, we still maintain our support for the current proposed changes to the Council Tax Support Scheme as set out in paragraph 24. However, we also recognise the merit in exploring these other potential scheme saving options as part of the wider review of the new Council Tax Support scheme during 2018.

**Recommendation 5**  
That, linked to recommendation 1(ii), the Executive Board agrees to explore other potential scheme saving options when undertaking a wider review of the new Council Tax Support scheme during 2018.



# Conclusions and Recommendations

## **The Personal Work Support Package (PWSP) element of the Council Tax Support scheme.**

54. Whilst the existing public consultation process does not set out any proposed changes to the existing PWSP element of the Council Tax Support scheme, we agreed to review this scheme to ensure that it continues to work effectively as part of a revised Council Tax Support scheme.
55. The PWSP scheme is unique to Leeds and came into effect in 2015/16. This scheme applies only to new Jobseekers from 1 April 2015 in the first instance and after 6 months of claiming Council Tax Support, Jobseekers are required to engage with Jobs and Skills to agree a Personal Work Support Package. We learned that if the Jobseeker does not register with Jobs and Skills within 1 month of the first invitation letter and an exemption request has not been received, their Council Tax Support is cancelled from the date that they received 6 months unconditional support. Whilst Jobseeker couples will both be invited to take up the support package, only one need take up the support package for the Council Tax Support to continue.
56. In acknowledging that entitlement is conditional on engagement with the scheme, some concerns were raised about potentially missing the hardest to reach individuals who are often the most vulnerable and are impacted more by any conditionality or sanctions linked to benefit entitlement. However, during our review we noted the processes undertaken by the Council to proactively identify and encourage engagement with the scheme. We were also pleased to learn that Jobseekers are given the opportunity to register at any time and their Council Tax Support will be reinstated from that time.
57. We acknowledged that the PWSP scheme does not extend to claimants who are not getting Jobseekers Allowance, but it has been extended to Jobseekers who have been getting Council Tax Support since before April 2015. However, participation is not mandatory this year for this additional group, but may become mandatory in 2017/18.
58. In reviewing this scheme, the following key observations were made:
  - The PWSP scheme requires each Community Engagement Officer to spend four days a week completing PWSP appointments and this takes away their experience and support from the front of house service provided through the Jobshops. We therefore recognise that the scheme would benefit from having an improved case management system which will provide a single view of the customer and their support needs and will allow a Community Engagement Officer to proactively track and monitor their caseload.
  - We recognised that having a tailored method and level of support for customers would also help to address capacity issues. This may include utilising other channels of contact including email/telephone where regular face to face contact is not required. The level of contact needed would be determined by establishing and



# Conclusions and Recommendations

monitoring the level of support /level of risk/level of motivation for each customer and this will be monitored on a regular basis; changing the amount and type of contact during the PWSP period where appropriate.

- Whilst the PWSP scheme is designed to complement the Back to Work Plan process undertaken by Job Centre Plus, we noted that there is still some confusion amongst customers who are engaging with Job Centre Plus and the Council on these separate schemes despite both being aimed at achieving the same outcome i.e. to assist them into work. We acknowledge the Council's current efforts to work more closely with Job Centre Plus, particularly around co-location opportunities, which was an area reflected as part of the earlier Scrutiny Inquiry into Universal Credit. However, it is evident that further work is still needed to strengthen links with between the Council's PWSP scheme and the Back to Work Plan process undertaken by Job Centre Plus, particularly in ensuring that a customer's engagement with the PWSP scheme is appropriately reflected as part of the Claimant Commitment process with Job Centre Plus.

59. In view of the above, we were pleased to note that particular work is already underway to review methods of contact of customers during the PWSP process in order to develop a tailored approach and to also develop a business case for an improved case management system. We will therefore continue to monitor progress in this regard.

## **Recommendation 6**

That the Assistant Chief Executive (Citizens and Communities) ensures that the work surrounding a review of methods of contact of customers during the Personal Work Support Package scheme and the development of a business case for an improved case management system is progressed with urgency and progress is reported back to the relevant Scrutiny Board.

## **Recommendation 7**

That the Assistant Chief Executive (Citizens and Communities) works with DWP's West Yorkshire Work Services District Manager to explore further opportunities for strengthening links between the Council's Personal Work Support Package scheme and the Back to Work Plan process undertaken by Job Centre Plus. In particular, to ensure that a customer's engagement with the PWSP scheme is appropriately reflected as part of the Claimant Commitment process with Job Centre Plus.



# Conclusions and Recommendations

48. We also noted that one of the major challenges in terms of helping people into work is the extent to which the Council rolls out the PWSP scheme to Employment and Support Allowance (ESA) customers claiming Council Tax Support. We acknowledged that this is a more complex group and often the furthest away from being job ready. The table below shows the numbers of ESA Income Related ESA cases at present.

## Income Related ESA cases only

Income Related	Under 25	25 – 49	Over 50	Total
ESA(IR) Assessment phase	307	2,887	1,578	4,772
ESA(IR) Support	309	4,827	4,351	9,487
ESA(IR) Work Related	54	1,523	1,603	3,180
Total	670	9,237	7,532	17,439

49. We note that there are considerably higher numbers getting income-related ESA (17,439) than income-related JSA on the PWSP scheme (1,283). As such, we recognise the difficulties faced by the Council in trying to extend the scheme to this number at this time. Whilst the scheme could potentially be extended to the 3,180 customers in the work related group in the first instance, this would still have significant resource implications. Linked to this, consideration would also need to be given on whether the scheme should be mandatory or optional for these customers. However, we still recognise the merit in continuing to pursue opportunities for expanding the scheme to this particular cohort and particularly acknowledge the potential funding opportunities available through the pending European Structural and Investment Funds (ESIF) programmes and the Work and Health Programme.

### **Recommendation 8**

That the Assistant Chief Executive (Citizens and Communities) explores additional funding opportunities through the pending ESIF programmes and the Work and Health Programme that could be utilised towards the expansion of the Personal Work Support Package element of the Council Tax Support scheme to those claimants in receipt of an Employment and Support Allowance.

48. In recognising the PWSP scheme as an 'invest to save' initiative, we believe that the Council should also be proactively promoting this scheme to the Secretary of State for Welfare and Benefits with a view to exploring opportunities of becoming a pilot authority and potentially securing additional funding to support the improvement and further expansion of the scheme.

### **Recommendation 9**

That the Assistant Chief Executive (Citizens and Communities) leads on actively promoting the Personal Work Support Package element of the Council Tax Support scheme to the Secretary of State for Welfare and Benefits with a view to exploring opportunities of becoming a pilot authority and potentially securing additional funding to support the improvement and further expansion of the scheme.



# Conclusions and Recommendations

## Effective communication of future changes to the scheme.

60. The Council Tax Support scheme can be complex and whilst we acknowledge current efforts to simplify this scheme, it is vital that any changes to the scheme are communicated effectively to existing and future claimants to enable them to fully understand their entitlements and also where they can access further advice and support if needed. We therefore recognise the need for the Council to work in conjunction with other relevant key partners in developing a communication strategy that aims to achieve this outcome.

### **Recommendation 10**

That the Assistant Chief Executive (Citizens and Communities) leads on working with other relevant directorates and key partners to develop a communication strategy aimed at existing and future Council Tax Support claimants to enable them to fully understand their entitlements and also where to access further advice and support if needed, with particular attention given to vulnerable individuals.



# Evidence

## **Monitoring arrangements**

Standard arrangements for monitoring the outcome of the Board's recommendations will apply.

The decision-makers to whom the recommendations are addressed will be asked to submit a formal response to the recommendations, including an action plan and timetable, normally within two months.

Following this the Scrutiny Board will determine any further detailed monitoring, over and above the standard quarterly monitoring of all scrutiny recommendations.

## **Reports and Publications Submitted**

- Report of the Head of Scrutiny Support to the Citizens & Communities Scrutiny Board on the Council Tax Support scheme. 25<sup>th</sup> July 2016.
- Report of the Chief Officer (Welfare and Benefits) to the Citizens & Communities Scrutiny Working Group – session 2. 19<sup>th</sup> September 2016.
- Report of the Chief Officer (Welfare and Benefits) to the Citizens & Communities Scrutiny Working Group – session 3. 28<sup>th</sup> September 2016.
- Report of the Chief Officer (Welfare and Benefits) to the Citizens & Communities Scrutiny Working Group – session 4. 4<sup>th</sup> October 2016.
- A report by Policy in Practice and The Welfare Reform Club, 'The cumulative impact of welfare reform in Leeds'.



# Evidence

## Dates of Scrutiny

Scrutiny Working Group – Scoping exercise – 6<sup>th</sup> July 2016  
Scrutiny Board Meeting – Agreeing terms of reference – 25<sup>th</sup> July 2016  
Scrutiny Board Meeting – Session 1 of the inquiry – 25<sup>th</sup> July 2016  
Scrutiny Working Group – Session 2 of the inquiry – 19<sup>th</sup> September 2016  
Scrutiny Working Group – Sessions 3 of the inquiry – 28<sup>th</sup> September 2016  
Scrutiny Working Group – Sessions 4 of the inquiry – 4<sup>th</sup> October 2016  
Scrutiny Working Group – Session 5 of the inquiry – 18<sup>th</sup> October 2016

## Witnesses Heard

- Councillor Debra Coupar – Executive Member for Communities
- Steve Carey, Chief Officer Welfare and Benefits
- Jane McManus, Project Manager, Council Tax Support
- Michael Woods, Principal Financial Adviser
- Anne McMaster, Citizens and Communities
- Sarah Duffy, Advice & Engagement Services' Manager, GIPSIL
- Dave Vermond, Welfare & Benefits, Leeds Housing Concern
- Tim McSharry, Chair of the Leeds Disability Hub
- Damien Walsh, representative from VITAL (The Voice of Involved Tenants across Leeds)
- Wendy Allinson, Citizens@Leeds Development Team Lead
- Maria Murray, Community Engagement Officer
- Simon Betts, Relationship Manager, Jobcentre Plus
- Elizabeth Lawrence, Communities & Partnerships Senior Manager, Employment and Skills



# Appendix 1

Further analysis of potential saving options linked to the Council Tax Support scheme.

## Vary taper

Vary the taper	Proposed Scheme with 15% taper	Proposed but with 20% taper	Difference
Costs	£25,918,744	£25,276,291	-£642,453
Gainers	3,428	2,607	-821
Average Gain	£4.32	£4.70	£0.38
Change < £1	33,056	31,916	-1,140
Losers	4,244	6,205	1,961
Average Loss	-£5.32	-£5.46	-£0.14

## £2.50 flat rate non dep deduction

£2.50 Non Dep deduction	Proposed Scheme	Proposed but with £2.50 NDD	Difference
Costs	£25,918,744	£25,050,846	-£867,898
Gainers	3,428	2,652	-776
Average Gain	£4.32	£3.73	-£0.59
Change < £1	33,056	30,234	-2,822
Losers	4,244	7,842	3,598
Average Loss	-£5.32	-£4.51	£0.81

## £5 flat rate non dep deduction

£5.00 Non dep deduction	Proposed Scheme	Proposed but with £5.00 NDD	Difference
Costs	£25,918,744	£24,214,707	-£1,704,037
Gainers	3,428	2,101	-1,327
Average Gain	£4.32	£3.76	-£0.56
Change < £1	33,056	29,873	-3,183
Losers	4,244	8,754	4,510
Average Loss	-£5.32	-£5.63	-£0.31

## Reduce capital limit from £16k to £8k

£8k Capital Limit	Proposed Scheme	Proposed but with £8k capital limit	Difference
Costs	£25,918,744	£25,810,559	-£108,185
Gainers	3,428	3,357	-71
Average Gain	£4.32	£4.31	-£0.01
Change < £1	33,056	32,975	-81
Losers	4,244	4,396	152
Average Loss	-£5.32	-£5.72	-£0.40

## Reduce capital limit from £16k to £3k

£3k Capital Limit	Proposed Scheme	Proposed but with £3k capital limit	Difference
Costs	£25,918,744	£25,528,305	-£390,439
Gainers	3,428	3,256	-172
Average Gain	£4.32	£4.28	-£0.04
Change < £1	33,056	32,704	-352
Losers	4,244	4,768	524
Average Loss	-£5.32	-£6.30	-£0.98



# Glossary

**Claimant Commitment** - linked to the Jobseekers Allowance and Universal Credit assessment process, the Claimant Commitment is a record of the responsibilities drawn up and accepted by the claimant with their Work Coach at Jobcentre Plus, in return for receiving Jobseekers Allowance or Universal Credit, and the consequences of not meeting them.

**Employment and Support Allowance (ESA)** – This is a welfare benefit designed to give financial support to people aged over 18 and having difficulty finding a job because of long term illness or disability and to help them back into work. There are two types of ESA claims (Contribution based and Income related).

**European Structural and Investment Funds (ESIF)** - The ESIF programme is structured nationally and brings together two long-established European funding programmes – European Development Fund (ERDF) and European Social Fund (ESF), along with a small part of the rural European Agricultural Fund for Rural Development (EAFRD) programme. ERDF supports economic infrastructure and businesses, ESF supports people to help them to engage in the labour market, while EAFRD supplements both funds for rural areas.

**Jobseekers Allowance (JSA)** – This is a welfare benefit for people aged 18 and over and under state pension age. There are two types of JSA claims (Contribution based and Income based). It is available for people not in full time education and are available for work or work, on average, less than 16 hours per week.

**Non-dependent deductions** – These are fixed rate deductions that made from the Council Tax Support award where a claimant has another adult other than their partner, usually an adult relative or a friend living with them. The deductions are banded and based on the non-dependent's income. Sometimes no deduction is made if the claimant receives certain disability benefits or the non-dependent receives a pass-ported benefit. Any money the non-dependent pays the claimant towards their keep is not counted, but if the non-dependent does not contribute, a deduction is still made from the claimants Council Tax Support award.

**Passported working age claims** - these are claims from customers who are getting Income Support, Income-related Employment Support Allowance and income-based Jobseekers Allowance. The term 'passported' comes from the fact that these claims are 'passported' onto maximum Council Tax Support awards with no income or needs assessment carried out by the council.

**Standard working age claims** - these are claims which are not 'passported' and where the Council carries out its own income and needs assessment.

**Universal Credit** – this is the new Department for Work and Pensions (DWP) benefit designed to provide the support needed to prepare individuals for work, move into work or earn more. Universal Credit will replace six existing benefits (Income based Jobseekers Allowance; Income related Employment and Support Allowance; Income Support; Working Tax Credit; Child Tax Credit; and Housing Benefit).

**Work and Health Programme** – this is a new specialist programme for claimants with health conditions or disabilities and those unemployed for over two years and will replace the national Work Programme and Work Choice once contracts expire on 31st March 2017.

**Scrutiny Board (Citizens and Communities)**  
**The development of a revised Council Tax Support scheme**  
**November 2016**  
**Report author: Angela Brogden**



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