



Finance and Corporate Services Scrutiny Board (1)

Time and Date

2.00 pm on Wednesday, 12th July, 2017

Place

Committee Room 3 - Council House

Public Business

1. **Apologies and Substitutions**
2. **Declarations of Interest**
3. **Minutes**
 - (a) To agree the minutes of the meeting held on 29 March 2017 (Pages 3 - 6)
 - (b) Matters Arising
4. **Impact of Changes to Local Council Tax Support Scheme - 12 Month Review**
(Pages 7 - 14)
Briefing note
5. **Outstanding Issues Report**
Outstanding issues have been picked up in the Work Programme
6. **Work Programme** (Pages 15 - 18)
Report of the Scrutiny Co-ordinator
7. **Any other items of Public Business**
Any other items of public business which the Chair decides to take as matters of urgency because of the special circumstances involved

Private Business

8. **Cyber Security and Resilience** (Pages 19 - 26)
Presentation

Martin Yardley, Executive Director, Place, Council House Coventry

Tuesday, 4 July 2017

Notes:1)The person to contact about the agenda and documents for this meeting is Carolyn Sinclair, Governance Services, Council House, Coventry, alternatively information about this

meeting can be obtained from the following web link:

<http://moderngov.coventry.gov.uk>

2) Council Members who are not able to attend the meeting should notify Carolyn Sinclair as soon as possible and no later than 9am on the day of the meeting giving their reasons for absence and the name of the Council Member (if any) who will be attending the meeting as their substitute.

3) Scrutiny Board Members who have an interest in any report referred to this meeting, but who are not Members of this Scrutiny Board, have been invited to notify the Chair by 12 noon on the day before the meeting that they wish to speak on a particular item. The Member must indicate to the Chair their reason for wishing to speak and the issue(s) they wish to raise.

Membership: Councillors R Auluck, S Bains, J Blundell, R Brown, L Harvard, J Mutton (By Invitation), T Sawdon, R Singh (Chair), K Taylor and R Thay

Please note: a hearing loop is available in the committee rooms

If you require a British Sign Language interpreter for this meeting
OR if you would like this information in another format or
language please contact us.

Carolyn Sinclair

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Coventry City Council
Minutes of the Meeting of Finance and Corporate Services Scrutiny Board (1) held
at 2.00 pm on Wednesday, 29 March 2017

Present:

Members: Councillor L Kelly (Chair)
Councillor S Bains
Councillor J Lepoidevin
Councillor J McNicholas
Councillor G Ridley
Councillor T Sawdon
Councillor T Skipper
Councillor R Thay
Councillor S Walsh (substitute for Councillor R Singh)

Other Members: Councillor J Mutton, Cabinet Member for Strategic Finance and Resources

Employees by Directorate:

People B Barrett, L Commane, A Durrant, P Ward, J Williams

Place: S Bennett, V Castree

Apologies: Councillor R Singh

Public Business

47. Declarations of Interest

There were no declarations of interest.

48. Minutes

The minutes of the meeting held on 13 March, 2017 were signed as a true record.

Further to Minute 43 relating to “2016/17 Quarter 3 Capital Programme” the Scrutiny Board noted that information requested in relation to West Midlands Combined Authority projects had been circulated,

RESOLVED that the scheduling of West Midlands Combined Authority capital schemes be included on the Work Programme for the Scrutiny Board in the new Municipal Year.

49. Digital Strategy Task & Finish Update Note

The Scrutiny Board considered a Briefing Note of the Deputy Chief Executive (People) which provide an update on progress made against the Digital Strategy.

At the last meeting of the Digital Strategy Task and Finish Group held on 22 November, 2016, there was an action that the Task and Finish Group hold select committee style meetings with the three main broadband providers however, due to the Council's involvement in the CSW Broadband project, this had had to be put on hold. The meetings will be held after the procurement process is completed in Autumn 2017.

Appendix 1 to the Briefing Note provided an update against each of the recommendations made by the Task and Finish Group in November, 2016.

The Digital Coventry Strategy was approved by Cabinet and Council on 21 February, 2017 and had been published on the Council's website. A communications plan has been developed to support the Strategy and promotion activity started during March. Appendix 2 to the Briefing Note provided an update on some of the key activities that have been taking place in relating to the Digital Strategy.

The Scrutiny Board questioned officers on aspects of the Briefing Note including:-

- Action being taken to address connectivity problems in areas across the City. Officers indicated that they would investigate setting up a process (possibly digital) to enable Councillors to log any areas in their wards that are experiencing connectivity problems.
- The E post project

The Chair, Councillor Kelly, encouraged Member of the Scrutiny Board to register on "my account" on the Council's website and provided any feedback to officers.

RESOLVED that the progress made against the Digital Strategy, as outlined in the Briefing Note, be noted.

50. **Report on the Outcome of the 2016/17 Early Retirement Voluntary Redundancy Programme**

The Scrutiny Board considered a Briefing Note of the Deputy Chief Executive (People) which provided an update on the outcome of the recent Early Voluntary Redundancy (ERVR) scheme. The Briefing Note outlined the current arrangements for exit payments and future proposals based on the impending changes to public sector exit payments that were the subject of a government consultation last year and what the potential future impact of changes on the Council were likely to be.

In a bid to meet the Council's financial challenges following reductions in government funding, the Council has run a number of ERVR programmes and the last one was launched in November, 2016. In total, 307 applications were made of which 91 (86 people) had been approved. This equated to around 30% of applications, which was consistent with previous rounds. All the exit costs were calculated in accordance with the Council's terms and conditions and were detailed in the Briefing Note and in an attached appendix.

The Briefing Note recognised that there were over 200 people who had applied for ERVR who were turned down and that this could cause upset and distraction across the workforce. It was proposed that in future, Council wide programmes should be avoided and instead the Council should appeal for volunteers for redundancy on a localised scale, ahead of structural changes aligned to business needs likely to result in workforce reductions.

Details of redundancy compensation were appended to the Briefing Note, which also detailed the resource implications of the current round of ERVR.

The Briefing Note also detailed proposals by the Government to reduce the costs of redundancy payments, to end six-figure exit payments and to ensure greater consistency between public sector workforces, together with proposed changes to the pension scheme.

The Scrutiny Board questioned officers on aspects of the Briefing Note and noted both the complexities of the Government's proposals in relation to changes to the public sector exit payments and the proposed changes to the pension scheme, together with the uncertainty regarding an implementation date for those changes. Officers indicated that they would circulate a presentation in relation to this to all members of the Scrutiny Board.

RESOLVED that the outcomes of the recent ERVR round, together with the potential changes to the national framework for pensions and redundancy arrangements be noted.

51. **Outstanding Issues Report**

All outstanding issues had been picked up in the Work Programme.

52. **Any other items of Urgent Public Business**

There were no other items of urgent public business.

53. **Finance and Corporate Services Scrutiny Board (1) Work Programme 2016/17**

The Scrutiny Board noted the Work Programme for 2016/17

(Meeting closed at 2.50pm)

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Coventry City Council

Briefing note

To
Finance and Corporate Services Scrutiny Board
(Scrutiny Board 1)

Date: 27 June 2017

Subject:
Impact of changes to Local Council Tax
Support Scheme – 12 month review

From
Barrie Strain, Acting Head of Revenues
x3599

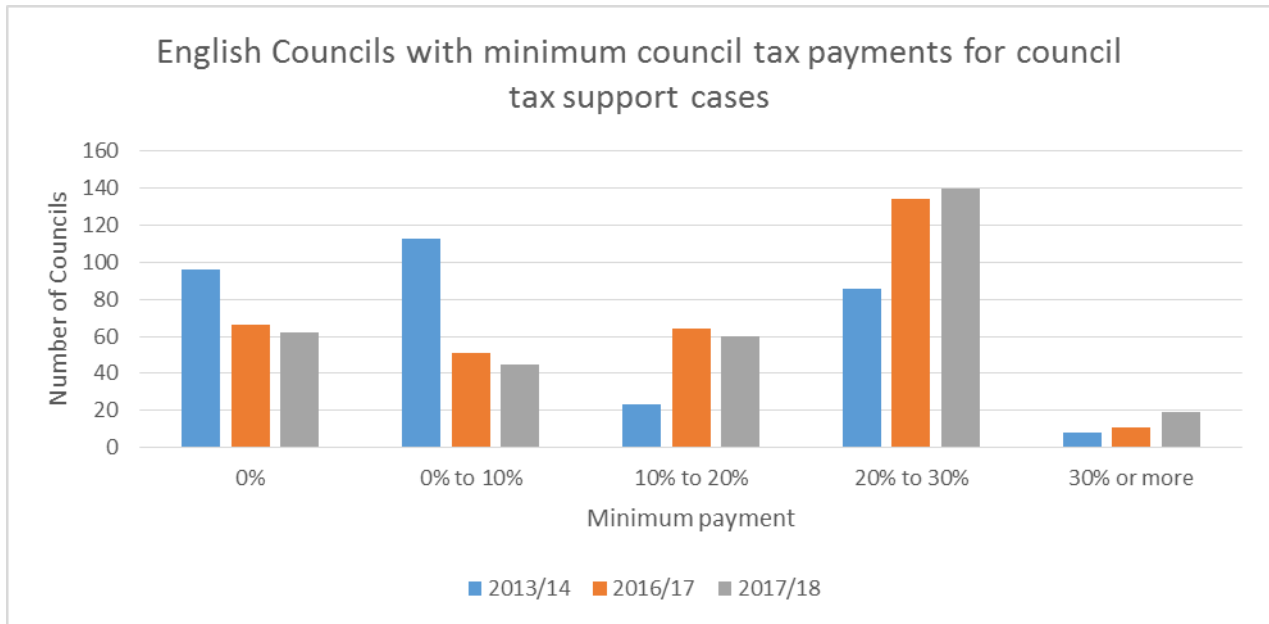
1 Purpose of the note

The purpose of this note is to update Scrutiny Board 1 on the impact of the Council's revised council tax support (CTS) scheme 12 months after implementation.

2 Background

In April 2016 the Council's revised CTS scheme came into effect. The revised scheme requires all working age households to pay a minimum 15 per cent of their council tax liability regardless of financial circumstance. In April 2016 there were approximately 20,000 working age households receiving some level of council tax support – prior to the implementation of the revised scheme in April 2016 approximately 16,000 working age households had no council tax charge. The change required the average band A household to contribute approximately £3.00 per week towards their council tax liability.

As seen from the chart below, Coventry was one of only 96 English Councils not to require a minimum payment during the first year of the devolved local schemes – 2013/14. As the chart shows, the number of Councils requiring a minimum payment has increased year on year. In 2017/18 159 Councils will require a minimum payment in excess of 20 per cent and only 62 Councils will require no minimum payment.



Source: New Policy Institute <http://www.counciltaxsupport.org/schemes/>

3 Collection Rates

During 2016/17 the overall CTS caseload reduced from 29,608 to 29,380. During the same period the number of working age cases reduced from 19,185 to 18,326. This is inkeeping with a wider national trend with the number of people claiming benefit reducing in response to increased levels of employment.

In 2016/17 the Council awarded £23.2 million in CTS compared with £26.4 million in 2015/16 – a 12 per cent reduction which represents an additional £3.2 million in collectible council tax.

The overall in year collection of council tax in 2016/17 was 95.84 per cent - a marginal improvement on the 2015/16 position – which in itself was an excellent year. Between 2015/16 and 2016/17 the amount of council tax collectible increased by £10.3 million (8.5 per cent) from £120.2 million to £130.5 million.

The collection rate from working age CTS cases was approximately 75 per cent (£1.88 million from £2.51 million). This is higher than the 70 per cent initially forecast which had been based on anecdotal feedback from other Councils who had already reduced their CTS schemes.

The eventual collection rate for CTS cases is forecast at 90 per cent. This is an estimate – the Council has no historical data upon which to base forecast collection rates from this specific group.

The table below provides an overview of council tax collection and recovery during 2016/17.

	2015/16	2016/17	Change
council tax collection rate	95.79%	95.84%	0.1%
council tax collected (£000)	115,250	125,179	8.6%
council tax collection rate from CTS cases		74.8%	
council tax collected from CTS cases (£000)		1,880	
council tax arrears at the start of the period	12,428	12,521	0.7%
CTS awarded (£000)	26,379	23,185	12.1%
Reminder notices issued	55,125	67,344	22.2%
Liability orders obtained	16,444	19,429	18.2%
Attachment of benefits in force	3,134	5,608	79%

As expected, there has been an increase in the level of enforcement activity taking place. However, the collection rate combined with anecdotal feedback from Magistrates Court Hearings, suggest the overall response to the changed scheme has been reasonable.

For the 2016/17 tax year there is approximately £0.63 million left to collect from approximately 5,500 CTS cases. The current arrangements for these amounts is detailed in the table below.

Accounts on statutory instalments/arrangement	24%
Accounts at final notice before court action	16%
Accounts being recovered through an attachment of benefits	39%
Liability order obtained - enforcement action pending	11%
Cases with enforcement agents	9%

Overall council tax arrears were £12.52 million at the 31 March 2017 – an increase of £93,000 from the previous year despite a £10 million increase in the amount of council tax collectible. Nationally, only six of 36 metropolitan LAs in England had lower levels of council tax arrears relative to their collectible council tax. Only four metropolitan LAs collected more council tax arrears than Coventry in 2016/17.

4 Impact on customers

As part of the mitigation against the impact of reducing CTS, the Council published a discretionary reduction scheme for people in the most extreme financial hardship. The Council received 12 applications for discretionary relief 2015/16 – five such applications have been agreed but these applications were from people with no recourse to public funds rather than people impacted by the new CTS scheme.

During the first year of implementation the Council did not, in the majority of cases, enforce court costs when obtaining a liability order against persons having to pay council tax for the first time as a result of the new CTS scheme.

In addition the Council varied the standard enforcement process so that CTS cases were not sent routinely to enforcement agents (formerly known as bailiffs) in

the standard time frame for cases of non payment. A delay was built into the process and a further reminder letter issued encouraging people to contact the Council.

In the second year of the new scheme the Council has taken the decision not to enforce court costs for people in receipt of CTS at the point at which the debt accrued.

All cases will however be referred to Enforcement Agents where debts remain unpaid after obtaining a liability order. Council officers will continue to consider individual cases on their merit. In general terms officers are encouraged to recover unpaid council tax from deductions from benefit entitlement at a rate of £3.70 per week even if in some cases this does not reduce the level of debt outstanding.

As with the six month report to Scrutiny Board 1 in November 2016, the Council has invited feedback from Coventry Citizens Advice (CCA) in respect of the impact that the new CTS scheme has had on Coventry residents. This feedback is included at appendix 1.

In summary CCA confirm a significant increase in the number of people contacting them about council tax debts and council tax support issues, as well as an increase in the number of overall debt enquiries that have featured council tax debt among them. CCA explain that this increase in demand has placed a considerable extra strain on CCA advice services. CCA previously commended the Council's initial approach, and mitigating actions, to delivering a reformed CTS scheme. However, CCA have expressed concern that in year two, accounts will be automatically referred to Enforcement Agents once a Liability Order has been obtained. From evidence collected by front line advisers from affected clients CCA continues to identify three recurring concerns in respect of council tax arrears collection (adjusted from those highlighted in the 6 month review):

1. The affordability and sustainability of repayment plans amidst the problematic identification and differential treatment of vulnerable debtors;
2. The impact of direct deductions from benefits on people with chaotic lifestyles with emergent parallel issues surrounding the use of attachment to earnings orders;
3. Recurring issues with what CCA, based on client feedback, consider to be the 'un-user-friendly' nature of the Council's 'My Account' customer portal.

5 Summary

The CTS scheme requires low income households to contribute towards their council tax liability. It has been acknowledged from the outset that collecting council tax from people impacted would be challenging and would need to be undertaken with sensitivity. The vast majority of people, as expected, have paid and are paying their council tax. In year one the Council adopted a measured approach to collecting from households that have fallen into arrears – including being flexible with court costs and delaying sending accounts to enforcement

agents as we would in normal circumstances. More generally our enforcement officers have been instructed to take a more pragmatic approach to payment arrangements for CTS cases and to consider each case on its merit.

In year two, the Council has committed not to enforce court costs for CTS cases and we will continue to work with colleagues in the advice sector to understand and mitigate where possible the impact of the new scheme on low income households.

Feedback from Coventry Citizens Advice

Impact on clients

1. Coventry Citizens Advice (CCA) records client contacts on issues such as council tax debt enquiries and council tax benefit enquiries on a real time basis. The key findings for 2016-17 were as follows:
 - **Council Tax arrears** remain the **number one debt enquiry issue** faced by CCA advisers - a position held since the new case recording system was introduced in 2014;
 - The **overall number of enquiries** dealt with by CCA **fell** by 7.7% between 2015-16 and 2016-17
 - However, the **overall number of debt enquiries** **rose** by 3.9% between 2015-16 and 2016-17;
 - Specifically, the **number of CT debt enquiries** **increased** by 33% over the same period;
 - The **proportion of all debt enquiries attributable to CT issues** **also rose** from 16% in 2015-16 to 20.6% in 2016-17;
 - **CT debt enquiries** **increased by 58%** between Q3 and Q4 2016-17 (the Q4 figure was the largest figure for the whole year);
 - Between January-March 2017, **CT debt enquiries were between double and triple** the numbers for the same months of the previous year.
2. The primary impact of CTS changes in 2016-17 has been a significant increase in the number of enquiries (CCA workload) on CT debt issues with a simultaneous, but relatively smaller, rise in CT benefit enquiries.
3. CT debt issues played a part in more clients' debt enquiries than previously, suggesting CT worries added to existing growing multiple debt concerns.
4. CCA had to deal with more CT enquiries at the increasing expense of other matters.
5. Coventry Citizens Advice welcomes heartening council tax recovery rates for the year 2016-17. However, several issues raised at the 6 month review held into the client impact of CTS reform remain and, as our evidence suggests, have become more entrenched.
6. Our primary role as an independent advice agency is to ensure potentially vulnerable debtors are identified early and treated differently to others; with respect given to the impact of their vulnerabilities. Vulnerable clients remain liable for council tax, unless exempt, but unsympathetic treatment of them in the debt

recovery process is highly likely to produce poor outcomes for the customer and the debt collector.

7. Our biggest concern has, from early on, been to answer the question, 'if customers who were receiving 100% CTS last year are paying their increased liability this year, what other bills are they not paying in order to do so?' This concern remains.
8. The figures above demonstrate more people are coming to CCA because of problems paying their council tax and that council tax is featuring in more enquiries about multiple debt. Anecdotal case evidence from frontline advisers (available on request) point to: clients with learning disabilities not understanding their changed liability and accumulating arrears because they don't understand why they now have to pay even limited CT liability; clients who are cutting back on food expenditure (and visiting food banks) because this is their only remaining element of 'discretionary spending'; and clients who feel worse off after a deduction from their benefits or earnings because any flexibility they may have had with their weekly budgeting has been taken away leaving them with an unsustainably low income to survive the week on.
9. We appreciated initial efforts by the city council to mitigate issues for vulnerable clients through extensions to repayment time frames, alternatives to online driven repayment methods and the use of deductions from benefits/earnings as a first choice of activity rather than automatic referral to Enforcement Agents. We also acknowledge efforts made by Enforcement Agents to better identify potentially vulnerable CT debtors, work with us to resolve particular cases through the proper use of 'escalation routes' and share performance data with selected advice agencies.
10. However, we are aware that some of these initiatives were temporary and are not being carried forward. We are aware there are still problems identifying potentially vulnerable debtors early and treating them differently. We are aware that issues remain with the widespread use of deductions from income and the impact they have on struggling clients. And we are aware that renewed efforts to promote online payments through My Account are still being hindered by its perceived lack of user-friendliness.
11. With challenges to family incomes only becoming harder we welcome the Council's commitment not to reduce CTS further in 2017-18. However, life is still going to get harder for those already affected by this year's reduction. We must continue to work closely to identify and rectify outstanding issues to our mutual benefit and ensure maximum sustainable collection of CT liabilities commensurate with effective protections for vulnerable clients.

(Edward Hodson – Research & Campaigns Co-ordinator - Coventry Citizens Advice – July 2017)

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Agenda Item 6

SB1 Work Programme 2017/18

Last updated 03/07/17

Please see page 2 onwards for background to items

12th July 2018
- Impact of changes to Local Council Tax Support Scheme - Cyber Security (Private Item)
13th September 2017
- Customer/ Client Experience
15th November 2017
- ICT @ CCC
24th January 2018
- Workforce Strategy Work Strands
21st March 2018
-
18th April 2018
-
Date to be determined
Social Value Act (Nov/Jan) Procurement Strategy (Nov/Jan) Budget – meeting savings targets Medium Term Financial Strategy West Midlands Combined Authority Capital Schemes Capital Programme Council Reserves Outside Body Reports

Date	Title	Detail	Cabinet Member/ Lead Officer
12th July 2018	- Impact of changes to Local Council Tax Support Scheme	To look at the impact of the changes a year after implementation, including collection rates, cost of collection, levels of arrears, enforcement arrangements the impact on residents.	Barrie Strain/ Glenda Cowley
	- Cyber Security (Private Item)	To receive an update on measures being put in place to address cyber security issues.	Lisa Commane/ Paul Ward
13th September 2017	- Customer/ Client Experience	Work is being undertaken by the Cabinet Member to review the customer service centre. Information on this work will be brought to the Board and the impact of this work reviewed later in the municipal year.	Lisa Commane/ Adrienne Bellingeri
15th November 2017	- ICT @ CCC	To look at ICT at the Council to include policies, strategies, risks, resilience, effectiveness and value for money.	Lisa Commane/ Paul Ward
24th January 2018	- Workforce Strategy Work Strands	To look at workforce strategy work strands at an appropriate time as identified at the meeting on 25th January 2017. To include a strand focussing specifically on recruitment.	Barbara Barrett
21st March 2018	-		
18th April 2018	-		

Date	Title	Detail	Cabinet Member/ Lead Officer
Date to be determined	Social Value Act (Nov/Jan)	To examine the extent to which the Social Value Act is delivering added value when we are letting contracts. Annual item.	Liz Welton
	Procurement Strategy (Nov/Jan)	To ensure we are getting value for money from the Procurement Strategy and its impact on society.	Liz Welton
	Budget – meeting savings targets	To scrutinise whether the Council is on track to meet its savings targets.	Barry Hastie
	Medium Term Financial Strategy	To discuss the Council's Medium Term Financial Strategy – Annual item	Paul Jennings
	West Midlands Combined Authority Capital Schemes	Following the meeting on 13th March, it was recommended that SB1 scrutinise the WMCA Capital Schemes, paying particular attention to the scheduling and Very Light Rail	Paul Jennings/ Colin Knight
	Capital Programme	To receive a line by line update on the 2017/18 Capital Programme. Annual item.	Paul Jennings
	Council Reserves	To receive an update on the position of Council Reserves. Annual item.	Paul Jennings
	Outside Body Reports	To take appropriate outside body reports and to scrutinise the funding provided by the Council to each organisations.	Various

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