

**MAIDSTONE BOROUGH COUNCIL**

**MINUTES OF THE CORPORATE SERVICES OVERVIEW AND  
SCRUTINY COMMITTEE MEETING HELD ON TUESDAY 3  
APRIL 2012**

**PRESENT:** Councillor Mrs Gooch (Chairman)  
Councillors Yates, English, Mrs Gibson, Hogg, Paine,  
Pickett and de Wiggondene

**108. The Committee to consider whether all items on the agenda should be web-cast.**

**It was resolved** that all items be webcast

**109. Apologies.**

Apologies were received from Councillor Mrs Wilson.

**110. Notification of Substitute Members.**

There were no Substitute Members.

**111. Notification of Visiting Members.**

There were no Visiting Members.

**112. Disclosures by Members and Officers:**

There were no disclosures.

**113. To consider whether any items should be taken in private because of the possible disclosure of exempt information.**

It was agreed that all items be taken in public as proposed.

**114. Minutes of the meeting held on 6 March 2012**

On page 3, paragraph two, two minor amendments were made to the grammatical phrasing for ease of read.

**It was resolved** that the minutes of the meeting held on 6 March 2012 should be agreed as a correct record of the meeting and duly signed.

**115. Welfare Reform Update**

Steve McGinnes, Head of Revenues and Benefits had returned to the Committee to update Members on Welfare Reform and to respond to the

recommendations that had been made previously by the Committee with regards to Welfare Reform.

Mr McGinnes gave two presentations. The first presentation explained the changes to benefits and the timescales involved in the implementation of Universal Credit.

The Officer explained the range of changes introduced in 2011/12 and the changes to be implemented during 2012/13:

#### Changes Implemented during 2011/12

- The removal of the five bedroom Local Housing Allowance (LHA) rate;
- An absolute cap on LHA rates;
- LHA rates set at 30th percentile;
- £15 weekly excess removed;
- An increased deduction made for other adults (non dependents) living at home; and
- An additional room allowed for Carers.

#### Changes to be implemented during 2012/13

- The shared room rate in Local Housing Allowance is to be extended to all claimants under 35. Currently applied to those under 25; and
- LHA rates frozen.

#### Changes Planned for 2013/14

- Size criteria rules will be introduced to the Social Rented Sector
- A benefit cap introduced for the maximum amount of benefit received by any family;
- Replacing social fund with local welfare payments;
- New Fraud Investigation Service delivered by DWP;
- Introduction of Local Council Tax Discount; and
- Introduction of Universal Credit.

The Officer explained that there would be a significant number of customers affected as the introduction of changes had been transitional. Those protected so far would be affected over the course of the next few months as the changes came into affect in January 2012.

Mr McGinnes informed Members that he had investigated the impact of the changes on the Housing department. They had reported a significant increase in those seeking advice and those presenting themselves as homeless. There had been 140 cases in the first three quarters of the year so far in comparison to 27 the previous year. The cause of this rise was also attributed to the Housing Market and the current Economic Climate.

The shared room rate for Local Housing Allowance, now raised from single persons under 25 years old to under 35, was highlighted as this would have an effect a particular economic group.

The 'size criteria rule' was also highlighted as this would reduce benefits payments to those occupying a property too large for their needs. Members questioned whether the onus would be on the Housing Association or tenant in reporting this. The Officer explained that tenants would be asked but a system of verification would be put in place.

Members were informed that there would be a benefits cap of £250 per week for a single person and £500 for a family. Exceptions to this would be working families and the disabled. The Committee were also told that the Social Fund would be replaced and the function would be passed to the council. It would be a discretionary fund, for day to day living costs.

Members questioned whether fraud staff, currently employed by Maidstone Borough Council, would report to the Department of Works and Pensions (DWP). They were informed that there would be no immediate transfer of staff. It was confirmed that there were nine members of staff in the fraud team. The Committee felt that having two employers would cause difficulties. The Officer agreed but explained that this had been the outcome of the consultation process.

Universal Credit was given royal ascent on 8<sup>th</sup> March 2012. Members were informed that it was aimed at those of working age. The following points were highlighted:

- The focus for the Council would be on implementation;
- There would be 5 Registered Social Landlord (RSL) pilots to test the package of support for direct payments;
- Local Authority (LA) pilots were to commence April 2013 to test models and share learning; and
- LA's were to have a role in supporting vulnerable minority.

In terms of Managing the change Maidstone Borough Council would have:

- Representation on the national "Support and Exceptions" working group;
- Representation on the national "Transitional" working group; and
- Maidstone Borough Council Corporate Project Team to plan and manage change.

The Officer explained the DWP had prepared a test package of support to deal with issues such as direct payments to claimants which Members had raised concerns with at a previous meeting. The Committee had felt that this shift of this responsibility could be problematic, particularly for vulnerable people. Members were informed that Local Authorities were seen as having a vital frontline role in supporting vulnerable people with Universal Credit concerns. The Gateway was already in place and delivered support on a range of services

Members were concerned about claimants that were without access to computers and that the aspirational target of 80% set for online Universal

Credit applications was unrealistic. They were informed that this approach would be phased in. The Officer explained that the Council, community centres and libraries provided the facilities needed for online applications.

Mr McGinnes explained the Council's approach to managing the changes ahead. Zena Cooke, Director of Regeneration and Communities would sit on the national working group for Universal Credit which meant the Council remained well informed on the changes to come. The Corporate Project team would oversee any changes and announcements made in relation to the implementation of Universal Credit which were ongoing and respond. The Officer felt that the Council's partnership arrangement with Tunbridge Wells were beneficial as there was a shared experience.

Mr McGinnes' second presentation focused on the Local Council Tax scheme. He explained that this was currently nationally funded by the DWP. Maidstone Borough Council were fully funded at present with an administrative grant to deliver this on behalf of the DWP. The new scheme would be a fixed grant which presented a risk to the Council in terms of financial consequences. There would be a saving of 10% to be made as the level of funding would be reduced as part of the scheme and it would be up to the Council to manage the risk created by the deficit.

The terms of the local scheme were that pensioners should be protected and the Council should be mindful of other vulnerable groups but this was at the discretion of the authority. The timescale for implementation was April 2013 which the Officer explained did not allow a great deal of time to develop a scheme. Members were advised that should the Council fail to implement as scheme a default scheme would come into effect and the Council would have to cover the 10% deficit.

The value of the reduction was explained. In Maidstone, 45% of residents were pensioners which would mean a 20% reduction to Council Tax to the rest of the population of Maidstone if the saving was to be spread evenly. The Officer explained that indicative figures were used in the forecast given as the Department of Communities and Local Government (DCLG) had not yet set a grant figure.

The three primary options for the Council in terms of the reduction in funding for the Council Tax scheme were to:

1. Absorb;
2. Pass on; or
3. Pass on higher/lower level of reduction.

Members considered the 2<sup>nd</sup> homes proposals which would come into affect separately in April 2013. The Officer explained that removing the Empty Homes Discount was a possible way of offsetting the 10% reduction and adding an income stream. It was felt that the Council, regardless of the financial situation, should not be encouraging empty properties. Members were informed that the Council encouraged residents to bring properties back into use. The Officer explained that he would be happy to look at this area but the timetable for delivering a local Council

Tax scheme was tight and had to remain the priority. The scheme would be reviewed annually and once adopted it could be changed.

Mr McGinnes provided Members possible options for the Local Council Tax scheme:

- Option 1 - Protect all vulnerable groups (Disabled, Carers and households with Children) and direct savings at the remaining caseload;
- Option 2 – To reduce the current benefit entitlement by 20%, applied across all client groups including vulnerable groups;
- Option 3 – Cap the maximum amount of Council Tax Discount available to 50% of the charge, applied equally across all client groups including vulnerable groups;
- Option 4 – Award benefit based on income bands, applied universally across the benefit caseload. Set percentage discount based on the total income; and
- Option 5 – Increase the rate at which benefit is lost for each additional pound of income received (taper) & apply a 20% reduction for passported customers.

It was explained that the Council was still 'modelling' in relation to the options given in the presentation and would also have access to the DWP modelling.

The Committee's concerns lay with vulnerable people as they considered the options in delivering a new council tax scheme. Members referenced the Joseph Roundtree Foundation and they approach the organisation had taken to illustrate case studies that would be affected by the changes brought about by the welfare reform.

The Committee considered the options that could be used as a basis for the new scheme and whether the model could be applied across a number of departments – Housing, Council Tax and Benefits to demonstrate the impact for various household make ups. It was felt that there were a number of options still to explore but ultimately it would be dependent on budget.

Members felt that there was a lot of information still to consider and requested that the Officer's presentation be circulated by email after the meeting.

**It was resolved that:**

- a) The Local Council Tax scheme going forward be based on a claimants income;
- b) The Council should not be seeking to benefit financially from the scheme it puts in place;
- c) The scheme should be as simple as possible in its administration;

- d) The Revenues and Benefits Manager should ensure that the modelling of the effects of the different options proposed for the Local Council Tax scheme are as transparent as possible. Standard case studies, as used by the Joseph Roundtree Foundation in its 'Monitoring Poverty and Social Inclusion' reports, should be used for illustrative purposes;
- e) The Council should discourage empty homes by removing any financial discounts and replace with a financial penalty, once the legislation had been passed; and
- f) The Council should support home owners and landlords in bringing properties back to a habitable state and ensuring they are inhabited.

### **116. The Council as a Business Review draft report**

The Committee considered the draft review report. Members reported an item at a recent Planning Committee where the Council had submitted an application to advertise on sites it owned. It was felt that this demonstrated the direction the Council was taking which the Committee's report was sanctioning.

It was felt that the report would benefit from an additional paragraph at the beginning of the section entitled 'Income Generation' in the recommendations that reemphasised the Committee's stance on this area of the Council's business which was addressed in the Chairman's summary. The Scrutiny Officer was supplied with the agreed wording.

Members discussed the recent expansion of the Museum in the context of Tourism. Whilst it was felt that Tourism, now delivered by Economic Development, fell within the remit of Regeneration and Economic Development Overview and Scrutiny Committee, Members also felt that it deserved some mention in the report as the Museum related to the Council's facilities and assets. It was suggested that an additional section should be added to the recommendations entitled 'Further Consideration' and a recommendation should be made that noted the importance of Tourism.

The recommendations made within the report in relation to Income Generation were selected by Members from suggestions made by staff and the public as part of their consultation. The Committee felt that the recommendations relating to the way in which the Council generated an income from its buildings and land needed to be more explicit. There was no model in place for hiring out Council owned buildings and land and this was something that needed to be addressed as part of the recommendations.

Members considered the Town Hall in relation to the redevelopment of the High Street and the new square. It was felt that the Town Hall, in

particular, would have an important role to play in future events that took place in the new square.

**It was resolved that:**

- a) The an additional paragraph should be inserted at the beginning of the Income Generation section of the report;
- b) An additional section be added, entitled 'Further Consideration' with a recommendation that notes the importance of Tourism to Maidstone;
- c) That the Chairman meet with the Scrutiny Officer to agree the final changes to the report as detailed in the discussion that took place at the meeting and the report be circulated to Members; and
- d) That following the agreed amendments being made to the report, the Committee approves the report for submission to the appropriate Cabinet Member and external bodies.

**117. Work Programming 2012-13**

Members discussed the work programme for the following year and possible review topics. The Committee felt that Homelessness should be scrutinised as a result of the significant rise reported in the previous item.

The Committee considered Arts and Culture. It was felt that this was an area that was not currently addressed by the authority in its strategic priorities but in terms of regeneration it could have an important role to play.

**Resolved:** That the following items be put forward for the Overview and Scrutiny work programme:

- Homelessness; and
- Arts and Culture.

**118. Duration of Meeting**

6.33 p.m. to 8.27 p.m.