

POLICY AND RESOURCES COMMITTEE MEETING

Date: Monday 30 October 2017
Time: 6.30 pm
Venue: Town Hall, High Street, Maidstone

Membership: Councillors

Barned, Mrs Blackmore, Boughton, Brice, Cox, Fermor, Garland, Mrs Gooch, Harper (Vice-Chairman), Harvey, Harwood, Hastie, McLoughlin, Perry and Mrs Wilson (Chairman)

<u>AGENDA</u>	<u>Page No.</u>
1. Apologies for Absence	
2. Notification of Substitute Members	
3. Urgent Items	
4. Notification of Visiting Members	
5. Disclosures by Members and Officers	
6. Disclosures of Lobbying	
7. To consider whether any items should be taken in private because of the possible disclosure of exempt information.	
8. Minutes of the Meeting Held on 20 September 2017	1 - 7
9. Presentation of Petitions (if any)	
10. Questions and answer session for members of the public (if any)	
11. Committee Work Programme	8
12. Corporate Risk Update and Risk Appetite Statement	9 - 28
13. Debt Recovery Service	29 - 35
14. Council Tax Reduction Scheme	36 - 56

Issued on Friday 20 October 2017

Continued Over/:

Alison Broom

Alison Broom, Chief Executive

PART II

To move that the public be excluded for the items set out in Part II of the Agenda because of the likely disclosure of exempt information for the reasons specified having applied the Public Interest Test.

	Head of Schedule 12 A and Brief Description	
15. Property Acquisition	3 – Financial and Business Affairs	57 - 63

PUBLIC SPEAKING

In order to book a slot to speak at this meeting of the Policy and Resources Committee, please contact Democratic Services on 01622 602263 or by email on committeeservices@maidstone.gov.uk by 5 pm one clear working day before the meeting. If asking a question, you will need to provide the full text in writing. If making a statement, you will need to tell us which agenda item you wish to speak on. Please note that slots will be allocated on a first come, first served basis.

ALTERNATIVE FORMATS

The reports included in Part I of this agenda can be available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact Democratic Services on committeeservices@maidstone.gov.uk or 01622 602263**. To find out more about the work of the Committee, please visit www.maidstone.gov.uk

MAIDSTONE BOROUGH COUNCIL

Policy and Resources Committee

MINUTES OF THE MEETING HELD ON WEDNESDAY 20 SEPTEMBER 2017

Present: Councillors Barned, Mrs Blackmore, Boughton, Brice, Cox, Fermor, Harper, Harvey, Hastie, Joy, McLoughlin, Perry, Mrs Stockell and Mrs Wilson (Chairman)

53. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Garland, Gooch and Harwood.

54. NOTIFICATION OF SUBSTITUTE MEMBERS

Councillor Joy was present as a substitute for Councillor Harwood.

Councillor Mrs Stockell was present as a substitute for Councillor Garland.

55. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

56. DISCLOSURES BY MEMBERS AND OFFICERS

It was noted that whilst Cllr Boughton's occupation brought him into contact with the Department for Environment and Rural Affairs regarding flooding in the Medway Confluence it did not constitute an interest.

57. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

58. URGENT ITEMS

There were no urgent items.

59. TO CONSIDER WHETHER ANY ITEMS SHOULD BE TAKEN IN PRIVATE
BECAUSE OF THE POSSIBLE DISCLOSURE OF EXEMPT INFORMATION.

RESOLVED: That the items on Part II of the agenda should be taken in private, as proposed, due to the likely disclosure of exempt information.

60. MINUTES OF THE MEETING HELD ON 25 JULY 2017

RESOLVED: That, subject to checking the first resolution on Item 41 - Policy on Disposal of Property, the minutes of the meeting held on 25 July be signed as a correct record of the meeting.

61. PRESENTATION OF PETITIONS (IF ANY)

There were no petitions.

62. QUESTIONS AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC (IF ANY)

There were no questions from members of the public.

63. COMMITTEE WORK PROGRAMME

The Director of Finance and Business Improvement updated the Committee on its Work Programme. It was noted that the report on Fees and Charges was to be brought forward from December to November to assist the other Committees when setting their Fees and Charges.

RESOLVED: That the Committee Work Programme be noted.

64. FLOOD RISK ALLEVIATION - UPDATE

The Director of Finance and Business Improvement presented an update to the Committee on Flood Risk Alleviation work in the borough.

The presentation outlined three main areas of work:

- Flood risk alleviation to residential properties in the borough, through joint working with Kent County Council, Maidstone Borough Council and the Environment Agency;
- Measures to reduce flooding in the Town Centre as part of the underspend in the Bridges Gyrotory Improvements; and
- Safety work on the Mote Park Lake Dam, in order to increase its resilience to flooding and protect nearby properties.

In terms of property level improvements against flooding in the Medway Confluence, the Committee noted that only 41 of the 401 properties eligible for property level flood resilience measures had received a full survey so far. Concerns were also raised that the £7500 grant offered by the Environment Agency would not be enough to cover the necessary flood protection measures for some properties, leaving the owners liable to fund the difference.

In response to a question from the Committee, the Director of Finance and Business Improvement confirmed that properties at very significant risk of flooding, such as those in Hart Street in the Town Centre, were also potentially eligible for a £7500 grant from the Environment Agency to improve flood resilience.

The Director of Finance and Business Improvement explained to the Committee that some of the expected works that were proposed as part of the Bridges Gyrotory Improvements had been found to be unfeasible. A meeting had been scheduled for 13 October for all parties involved in the scheme to explore options and work towards a scheme that was feasible.

The Committee requested that in future these work streams are brought to the Committee as separate items.

RESOLVED: That

- 1) The appropriate Officers from the Environment Agency are invited to speak to the Committee at a future meeting on the progress on the flood alleviation work in the borough.
- 2) The appropriate Officers are invited to speak to the Committee at a future meeting to give technical advice on the problems faced with flood alleviation works as part of the Bridges Gyrotory Improvements.
- 3) Information is circulated to the Committee on how many of the properties identified as part of the property level flood alleviation can be protected within the £7500 limit of the Environment Agency grants.
- 4) The progress with flood alleviation schemes to be delivered by the Medway Flood Partnership is noted.

Voting: Unanimous

65. DISCRETIONARY BUSINESS RATE RELIEF SCHEME

The Interim Head of Revenues and Benefits introduced a report on the Discretionary Business Rate Relief Scheme. The Committee noted that the scheme had been introduced to provide relief to those businesses that had been adversely affected by the 2017 Business Rate Revaluation. In order to minimise paperwork, avoid any further delays and to ensure as many businesses benefited as possible, the relief would be automatically applied. It was noted that there would be contingencies held for successful appeals and to provide relief to businesses with special circumstances who may not have qualified otherwise.

RESOLVED: That

- 1) The Business Rates Discretionary Rate Relief scheme described in the report, with the criteria for eligibility set out as Option 2 in section 3, is adopted.
- 2) Authority is delegated to the Head of Revenues and Benefits to finalise and implement the scheme.

Voting: Unanimous

66. FIRST QUARTER BUDGET MONITORING 2017/18

The Director of Finance and Business Improvement presented the First Quarter Budget Monitoring Report 2017/18 to the Committee.

The Committee noted overspends in the following areas:

- Planning Appeals – due to the likely costs of upcoming appeals that the Council must defend.
- Temporary Accommodation – due to Council owned Temporary Accommodation taking longer to come on stream than originally planned.
- Street Cleansing – overspends due to staff sickness and associated agency staffing costs to cover sickness.
- Treasury Management – due to investment performance being lower than expected.

As well as overspends, the Council had also performed better than expected in some areas. An example of this was that income due to investments in commercial property had provided a greater return than originally expected.

The Committee had concerns about two particular areas and requested that the relevant Committees paid attention to these areas – Cost of Planning Appeals and slippage in Essential Works to Mote Park and other Parks.

In response to a question, the Director of Finance and Business Improvement clarified that the Business Rates write offs in the report were for failed businesses where all routes of recovery had been exhausted.

RESOLVED: That

- 1) In view of the financial constraints for this council, SPST and Planning Committee are requested to pay particular attention to how they can manage planning appeal costs.

Voting: For – 8 Against – 5 Abstentions - 1

- 2) The Heritage Culture and Leisure Committee pay close attention to the Capital Slippage for Parks and Open Spaces in relation to Mote Park and Other Parks.

Voting: Unanimous

- 3) That the revenue position at the end of the first quarter and the actions being taken or proposed to improve the position where significant variances have been identified, as set out in table 1, paragraph 2.8 are noted.
- 4) That the proposed slippage in the capital programme of £5,295,397 into 2018/19 as detailed in paragraph 2.11 is approved.

Voting: For – 13 Against – 0 Abstentions – 1

- 5) That the performance of the collection fund and the estimated level of balances at the year-end is noted.
- 6) That the write-off of unpaid business rates as set out in Appendix III is approved;

Voting: For – 13 Against – 0 Abstentions – 1

- 7) That the performance in relation to the treasury management strategy for the first quarter of 2017/18 is noted.

Note: Cllr Fermor was not present for the vote for resolution 2.

67. KEY PERFORMANCE INDICATOR UPDATE Q1

The Head of Policy, Communications and Governance presented the key Performance Indicator update report for quarter 1, summarising performance for the top three priority action areas. It was noted that only three of the indicators had a red status, and these were all due to be considered by the Communities, Housing and Environment Committee at their next meeting.

The Committee requested further information on fly tipping data. The Committee was concerned that the data was not accurate due to problems with reporting fly tipping online for some areas. The Head of Policy, Communications and Governance explained that the digital team was aware of these issues and an update on a resolution would be provided in the next Members' bulletin.

The Committee requested further information be circulated to the Committee on those indicators that were not red but the direction of travel showed a decrease in performance.

RESOLVED: That the summary of performance for Quarter 1 of 2017/18 for Key Performance Indicators be noted.

68. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: That the press and the public be excluded from the meeting due to the possible disclosure of exempt information.

69. MINUTES (PART II) OF THE MEETING HELD ON 25 JULY 2017

RESOLVED: That the minutes be approved as a correct record of the meeting and signed.

Note: Councillor Perry left the meeting at 9.19 p.m., during the consideration of this item.

70. 100% BUSINESS RATES RETENTION PILOT

The Director of Finance and Business Improvement made a presentation to the Committee about the Government's pilot scheme for 100% Business Rates Retention. The presentation outlined the following key points:

- The Government had announced a pilot for 100% Business Rates retention, which included two tier areas, for 2018/19.
- Kent local authorities collectively met the criteria for participating in the pilot.
- If Kent was chosen as a pilot, there was a potential financial benefit to authorities in the county for 2018/19.
- Maidstone Borough Council were already part of a Business Rates Pool across Kent, however the pool excluded Sevenoaks and Dover District Councils and Medway Council.
- The Business Rates retention would be retention of 100% of the growth in Business Rates, not 100% of the Business Rates collected in the area.
- The main financial risk to the Council of being part of the pilot was that it would have to share the cost of negative growth in any authority forming part of the pilot.

In response to a question from a member of the Committee, the Director of Finance and Business Improvement explained that it was possible for a growth fund to be set up as part of the rates retention pilot. Such a fund would enable spending on projects and infrastructure that would enable greater business rates growth or lessen costs to member authorities due to growth in the area.

RESOLVED: That

- 1) The Department of Communities and Local Government invitation to take part in a 100% Business Rates Retention pilot for the financial year 2018/19 is noted.
- 2) The benefits and risks associated with a joint proposal from Kent authorities to take part in the pilot are noted.

- 3) Delegated authority is granted to the Director of Finance and Business Improvement, in consultation with the Chairman of the Policy and Resources Committee, to sign off a joint Kent proposal for a 100% Business Rates Pool, together with the associated governance arrangements, on behalf of Maidstone Borough Council.

Voting: Unanimous

71. DURATION OF MEETING

7.20 p.m. to 9.41 p.m.

2017/18 WORK PROGRAMME SORTED BY COMMITTEE

Report Title	Work Stream	Committee	Month	Lead	Report Author
Property Acquisition	Regeneration and Commercialisation	P&R	Oct-17	Mark Green	Lucy Stroud
Council Tax Reduction Scheme	New/Updates to Strategies & Policies	P&R	Oct-17	Sheila Coburn	Sheila Coburn
Debt Recovery Service	Updates, Monitoring Reports and Reviews	P&R	Oct-17	Steve McGinnes	Steve McGinnes
Corporate Risk Update and Risk Appetite Statement	Audit	P&R	Oct-17	Russell Heppleston	Russell Heppleston & Alison Blake
Mid Kent Partnership	Updates, Monitoring Reports and Reviews	P&R	Nov-17	Steve McGinnes	
Collection Fund Adjustment	Corporate Finance and Budgets	P&R	Nov-17	Mark Green	Ellie Dunnet
Second Quarter Budget Monitoring	Corporate Finance and Budgets	P&R	Nov-17	Ellie Dunnet	Paul Holland
Q2 Performance Report 2017/18	Updates, Monitoring Reports and Reviews	P&R	Nov-17	Angela Woodhouse	Anna Collier
General Data Protection Regulations Briefing	Updates, Monitoring Reports and Reviews	P&R	Nov-17	Angela Woodhouse	Anna Collier
Fees & Charges Policy	New/Updates to Strategies & Policies	P&R	Nov-17	Mark Green	Ellie Dunnet
North Thames Gateway	Updates, Monitoring Reports and Reviews	P&R	Dec-17	Alison Broom	
Office Accommodation Strategy	New/Updates to Strategies & Policies	P&R	Dec-17	Mark Green	Georgia Hawkes
Debt Recovery Policy	New/Updates to Strategies & Policies	P&R	Dec-17	Sheila Coburn	Sheila Coburn
Medium Term Financial Strategy & Budget Proposals 2018/19	Corporate Finance and Budgets	P&R	Dec-17	Mark Green	Ellie Dunnet
Tax Base 2018/19 (Council Tax)	Corporate Finance and Budgets	P&R	Dec-17	Mark Green	Ellie Dunnet
Resident Survey Summary Results and Action Plan (please note that workshops will be held with all members Oct/Nov)	Corporate Planning	P&R	Dec-17	Angela Woodhouse	Anna Collier
Strategic Plan Refresh 2018/19	Corporate Planning	P&R	Dec-17	Angela Woodhouse	Angela Woodhouse
Property Strategy	New/Updates to Strategies & Policies	P&R	Dec-17	David Tibbit	David Tibbit
Phase 3 Public Realm - Funding	Regeneration and Commercialisation	P&R	Jan-18	Dawn Hudd	Fran Wallis
Digital Strategy	New/Updates to Strategies & Policies	P&R	Jan-18	Georgia Hawkes	Georgia Hawkes
Fees & Charges	Corporate Finance and Budgets	P&R	Jan-18	Mark Green	Ellie Dunnet
Medium Term Financial Strategy & Budget Proposals 2018/19	Corporate Finance and Budgets	P&R	Jan-18	Mark Green	Ellie Dunnet
Medium Term Financial Strategy 2018/19 Onwards - Capital Programme	Corporate Finance and Budgets	P&R	Jan-18	Mark Green	Ellie Dunnet
Strategic Plan Action Plan 2018/19	Corporate Planning	P&R	Jan-18	Angela Woodhouse	Angela Woodhouse
Union Street Housing Development	Regeneration and Commercialisation	P&R	Jan-18		
Brunswick Street Housing Development	Regeneration and Commercialisation	P&R	Jan-18		
Kent Medical Campus Innovation Centre	Changes to Services & Commissioning	P&R	Feb-18	Dawn Hudd	Abi Lewis
Medium Term Financial Strategy 2018/19 Onwards	Corporate Finance and Budgets	P&R	Feb-18		
Setting new Key Performance Indicators (please note that there will be workshops with each committee prior to the report in January/February)	Corporate Planning	P&R	Feb-18	Angela Woodhouse	Anna Collier
Commissioning & Procurement Strategy	New/Updates to Strategies & Policies	P&R	Feb-18	Mark Green	Steve Trigg/Georgia Hawkes
Q3 Performance Report 2017/18	Updates, Monitoring Reports and Reviews	P&R	Feb-18	Angela Woodhouse	Anna Collier
King Street	Regeneration and Commercialisation	P&R	TBC	William Cornall	Alison Elliott
Mote Park Lake Dam	Capital projects	P&R	TBC	Mark Green	David Tibbit

Policy & Resources Committee

30 October 2017

Corporate Risk Update & Risk Appetite

Final Decision-Maker	Policy & Resources Committee
Lead Director	Mark Green - Director of Finance & Business Improvement
Lead Officer and Report Author	Russell Heppleston – Deputy Head of Audit Partnership
Classification	Public
Wards affected	All

Executive Summary

In this report we ask Members to agree the Council’s risk appetite statement. This is a key part of the risk management process, and is the final component to the Risk Management Framework previously agreed by this Committee.

This report also includes an update on the Council’s Corporate risks which we report twice a year. Specifically, the report details the outcomes of the work conducted to update and refresh the corporate risks for 2017/18.

This report makes the following recommendations to this Committee:

1. That the risk appetite statement (as set out in Appendix 1) is **agreed** and **adopted** into the risk management framework.
2. That the Corporate risks (as set out in Appendix 2) are **noted**.

Timetable

Meeting	Date
Policy & Resources Committee	30 October 2017

Corporate Risk Update & Risk Appetite

1. INTRODUCTION AND BACKGROUND

- 1.1 In July 2015 the Policy and Resources Committee approved the adoption of a revised risk management framework. This framework included detailed guidance setting out how the Council identifies and manages risk. The framework also sets out the principle of frequently reporting risks to Members and Corporate Leadership Team to ensure that key risks can be monitored and reviewed.
 - 1.2 Since adopting the risk framework we have reported risk updates to this Committee on a regular basis, and kept the Committee up to date with progress on the implementation of the risk process. This has included a set of corporate level risks and the notion of setting a risk appetite.
 - 1.3 As part of the implementation of the risk framework, we have over the course of the last year discussed with Members and Corporate Leadership Team the concept of **risk appetite**. Risk appetite sets out the level of risk that we are comfortable taking in the pursuit of our objectives. At the highest level, it acts as a guide to Officers and Members when making decisions that inevitably carry a degree of risk. As part of the risk appetite, we also consider **tolerance**. This sets out the level of risk that the Council is not willing to accept, based on the consequence and impact of the risk.
 - 1.4 Setting the risk appetite and tolerance level is a collective judgement of the Council as it sets out the philosophy for risk taking. It is something that cannot be set in isolation, and is also something that will change over time, just as risks change. As such, in September 2017 we delivered a briefing to Members to talk through the concept of risk appetite and what it means in practice for the Council.
 - 1.5 The full risk appetite statement is attached in **Appendix 1**.
 - 1.6 Risks relate to uncertainty, and so, they are ever changing. It is important therefore that we keep them under review, and ensure that we are identifying emerging issues as they arise. In July 2017 we ran a workshop with Officers and Members to refresh the corporate risks. During this workshop, and subsequent follow-up with risk owners, the risks have been reviewed and updated. New risks have been identified, and others have been moved off the register due to the passage of time.
 - 1.7 The full corporate risk register is attached in **Appendix 2**.
-

2. AVAILABLE OPTIONS

- 2.1 **Risk reporting:** The reporting of risks twice a year has been requested by the Committee. Depending on the views of the Committee, an alternative option would be for the Committee to change the frequency of our reporting of risks, or stop it altogether. This would however be contrary to previous requests.
- 2.2 **Risk appetite:** If the Committee decides not to agree to the recommendation as outlined, there are a number of other options that the Committee may wish to consider:
- a) The Committee could conclude that the risk appetite and tolerances as currently set out do not accurately reflect the approach to risk taking. As such, an alternative option would be for the Committee to propose alternative levels. This would then need to be worked through with Officers before coming back to the Committee for a final decision.
 - b) The Committee could also decide not to agree the risk appetite statement in its entirety; however this would undermine the previous wishes of the Committee when adopting the risk framework, and subsequent update reports.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 In both cases (the risk appetite statement and the corporate risks) the preferred option is that the Committee follow the recommendations as stated. The following reasons support this option:
- a) The risk appetite statement provides clear guidance to Officers and Members when considering the risk implications of the decisions they are being asked to make.
 - b) It encourages a further narrative to better inform the decisions being made. Setting a tolerance level for risk means that the Council is able to demonstrate that it is fully aware of the risks but also that it will not take risks that carry significant negative consequences.
 - c) It provides assurance to the Public that the Council is not taking excessive risks and are acting appropriately to safeguard public money.
 - d) It enables key risk issues to be assessed, reviewed and if necessary further action taken to manage impact and likelihood.

4. RISK MANAGEMENT

- 4.1 This report relates to the Council's risk management processes, and the outcomes of existing risk work. This includes the identification of new risks at a corporate level.
- 4.2 Therefore, while the decision that Members are being asked to make raises no new risks, the risk report itself does highlight a number of key risk issues that Members may seek further assurance over.

4.3 This section of the reporting template will, in the future, refer to the risk appetite and tolerance levels to provide more information on the risks associated with decision making.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

5.1 The risk appetite and updates have been through Corporate Leadership Team, and the risks and responses detailed were compiled following consultation with risk owners.

5.2 Members were sent a copy of the risk appetite statement in September 2017 and attended a short briefing to enable discussion of the statement before being considered at tonight’s meeting.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 If agreed, the risk appetite statement will be added to the risk management framework, and additional guidance circulated to Officers.

6.2 Unless requested otherwise, we will continue to provide risk updates to this Committee every 6 months in accordance with the previous recommendation.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Risk management is a key component in the Council’s governance. Good governance underpins everything that the Council does.	Russell Heppleston Deputy Head of Audit Partnership
Risk Management	Risk management is the focus of this paper. Please see section 4 above for further details.	Russell Heppleston Deputy Head of Audit Partnership
Financial	Risk management support is provided through the Mid Kent Audit partnership within existing budgets. This decision therefore has no direct financial implications.	Russell Heppleston Deputy Head of Audit Partnership

Staffing	There are no staffing implications to this decision.	Russell Heppleston Deputy Head of Audit Partnership
Legal	There are no legal implications to this decision.	Russell Heppleston Deputy Head of Audit Partnership
Privacy and Data Protection	There are no privacy or data protection implications to this decision.	Russell Heppleston Deputy Head of Audit Partnership
Equalities	The recommendations do not propose a change in service therefore do not require an equalities impact assessment	Russell Heppleston Deputy Head of Audit Partnership
Crime and Disorder	Not applicable	Russell Heppleston Deputy Head of Audit Partnership
Procurement	Not applicable	Russell Heppleston Deputy Head of Audit Partnership

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: Risk Appetite Statement
- Appendix 2: Corporate Risks Update

9. BACKGROUND PAPERS

The risk management framework (detailed guidance) was reported to Policy and Resources Committee in February 2016 and is publically available on the Council's [website](#).

MBC Risk Appetite Statement

Introduction

The Council formally adopted the risk management framework in July 2015 via the Policy and Resources Committee. Since that time, we have been providing risk updates on a regular basis to Corporate Leadership Team and to Members of the Committee.

Definitions

There are three key terms that are introduced as part of this statement:

Risk Appetite

The amount of risk that an organisation [the Council] is willing to seek or accept in the pursuit of its long term objectives¹

At the highest level, risk appetite reflects the culture and philosophy of the Councils approach to taking risks. The risk appetite takes into consideration risk *tolerance* and also *capacity*.

Risk Tolerance

Risk tolerance is the amount of risk that the Council is willing to tolerate. While it is often used as a synonym to risk appetite, it is quite different.

Tolerances are more commonly quantitative in nature. They are thresholds that should guide Officers when they are considering risks, so that they understand the levels that should not be exceeded, or those thresholds that if breached require further mitigation and monitoring.

Risk Capacity

Risk capacity is the level of impact that we can bear in the event of the risk occurring. We may have measures in place to manage and monitor risks, but there is always a degree of uncertainty, and the chance that our objectives may not be met. It is important to know the capacity so that we do not take risks that exceed our ability to absorb the impact.

For instance, if we set a high appetite to accept the risks in taking commercial opportunities, we should be able to absorb the financial losses in the event of them failing.

¹ Institute of Risk Management: Risk Appetite and Tolerance Guidance Paper

Benefits

Effective risk management is a key component for achieving and maintaining good governance. In order for a risk management process to be effective it is important that risks are identified, evaluated, and appropriately managed. A key part of this is to set the risk appetite level.

Without a clearly articulated and well defined appetite for risk there is limited guidance in place for the organisation when making key decisions to keep them from taking decisions that bear major consequences. In an integrated risk management framework, how much risk the Council is willing to take will play a large part in the certainty of achieving its objectives / outcomes.

A clear understanding of our risk appetite and tolerance will help us to:

- a) Exploit the right opportunities and make well informed decisions;
- b) Identify resources that are being deployed on other risks that we are prepared to tolerate, and re-focus them on risks that are more business critical;
- c) Clarify the thresholds above which risks should be escalated and monitored more frequently;
- d) Improving the risk culture of the organisation to be aware of and manage the risks more relevant to the achievement of objectives, both operationally and corporately;
- e) Providing assurance to Members and the public that the Council is aware of and managing its risks.

What does the risk appetite say about us?

The Council has set its ambitions in the Strategic Plan and recognises that in order to achieve these objectives it will need to take risks. The risk appetite statement acknowledges this fact, and that there are situations where we may accept more risk than others in pursuit of these objectives.

However, any risks will be carefully evaluated and managed to ensure that they are taken in an informed way, and with a full understanding of consequences, and other options. It also recognises that risks are not just about threats, but also about seeking out opportunities.

The risk appetite statement includes an illustrative risk matrix. This shows the level of risk impact that the Council is not willing to accept. Under no circumstances, for instance, will we put at risk the safety of residents or uncontrolled financial loss in excess of £500,000.

Below is the draft risk appetite statement which we would like Members to agree and adopt into the risk management framework. In addition, the following pages also include a 'risk response' guide for officers, and the impact and likelihood definitions.

Risk Appetite Statement

Our *risk appetite* guides how much risk we are willing to seek or accept to achieve our objectives. We recognise we will need to take risks, both in our ordinary business and to achieve the priorities set out in our [Strategic Plan 2015-20](#). Good risk management ensures we make well informed decisions and we understand the associated risks. By ensuring that we properly respond to risks we will be more likely to achieve our priorities. It also provides control and a high level of due diligence consistent with our responsibilities in managing public money.

We recognise effective risk management considers not just threats but also opportunities. So, our approach to risk is to seek the right opportunities and, where possible, minimise threats. By encouraging managed risk taking, and considering all of the available options we seek a balance between caution and innovation.

Our risk appetite reflects our current position; encouraging managed risk taking for minor to moderate level risks, but controlling more closely those risks that come further up the scale. Our appetite for risk will vary over time depending on our ambitions and priorities and the environment we work in.

Beyond our risk appetite is our *risk tolerance*. This sets the level of risk that is unacceptable, whatever opportunities might follow. In such instances we will aim to reduce the risk to a level that is within our appetite.

We illustrate our risk appetite and tolerance in the matrix below. The **RED** shaded area represents the outer limit of our risk appetite, and the **BLACK** area indicates the tolerance. As a Council we are not willing to take risks that have significant negative consequences on the achievement of our objectives.

The matrix also illustrates how we monitor risks. The Council's highest level risks (those with a combined score of 12 and above) are reported to Corporate Leadership Team for consideration and guidance.

		Impact				
		1 Minimal	2 Minor	3 Moderate	4 Major	5 Catastrophic
Likelihood	5 Almost Certain	Monitor Quarterly	Monitor Quarterly	Monitor Monthly	Monitor Monthly to CLT	Monitor Monthly to CLT
	4 Likely	Monitor 6-Monthly / Annually	Monitor Quarterly	Monitor Monthly	Monitor Monthly	Monitor Monthly to CLT
	3 Possible	Monitor 6-Monthly / Annually	Monitor Quarterly	Monitor Quarterly	Monitor Monthly	Monitor Monthly
	2 Unlikely	No Action Required	Monitor 6-Monthly / Annually	Monitor Quarterly	Monitor Quarterly	Monitor Quarterly
	1 Rare	No Action Required	No Action Required	Monitor 6-Monthly / Annually	Monitor 6-Monthly / Annually	Business Continuity Plan

Risk Response

	Risk Rating	Guidance to Risk Owners
	<p>Risks at this level sit above the tolerance of the Council and are of such magnitude that they form the Council's biggest risks.</p> <p>The Council is not willing to take risks at this level and action should be taken immediately to manage the risk.</p>	<p>Identify the actions and controls necessary to manage the risk down to an acceptable level. If still scored above 20, report the risk to the Audit Team and your Director.</p> <p>Steps will be taken to collectively review the risk and identify any other possible mitigation (such as controls).</p> <p>Risks that remain at this level will be escalated to CLT, who will actively monitor and provide guidance on the ongoing management of risks at this level.</p>
	<p>These risks are within the upper limit of risk appetite. While these risks can be tolerated, controls should be identified to bring the risk down to a more manageable level where possible.</p>	<p>Identify controls to treat the risk impact /likelihood and seek to bring the risk down to a more acceptable level.</p> <p>These risks should be monitored and reviewed monthly.</p> <p>If unsure about ways to manage the risk, consult with the Internal Audit team.</p> <p>Risks at this level will feature in a quarterly risk update to CLT who will provide oversight and support if needed.</p>
	<p>These risks sit on the borders of the Council's risk appetite and so while they do not pose an immediate threat, they are still risks that should remain under review. If the impact or likelihood increases then risk owners should seek to manage the increase.</p>	<p>Keep these risks on the radar and update as and when changes are made, or if controls are implemented.</p> <p>Movement in risks should be monitored, for instance featuring as part of a standing management meeting agenda.</p> <p>Responsibility for monitoring and managing these risks sits within the service.</p>
	<p>These are low level risks that could impede or hinder achievement of objectives. Due to the relative low level it is unlikely that additional controls will be identified to respond to the risk.</p>	<p>Keep these risks on your register and formally review at least once a year to make sure that the impact and likelihood continues to pose a low level.</p>
	<p>Minor level risks with little consequence but not to be overlooked completely. They are enough of a risk to have been assessed through the process, but unlikely to prevent the achievement of objectives.</p>	<p>No actions required but keep the risk on your risk register and review annually as part of the service planning process.</p>
	<p>Rare events that have a catastrophic impact form part of the Council's Business Continuity Planning response.</p>	<p>Record on your risk register and Internal Audit will co-ordinate with Business Continuity officers.</p>
	<p><i>Impact: 5</i> <i>Likelihood: 1</i></p>	

Impact & Likelihood Scales

The Risk Management Framework provides guidance on the Councils risk management processes. The framework sets out the definitions of the Impact and Likelihood scales and these are repeated below for ease of reference:

RISK IMPACT

Level	Service risk	Reputation Risk	H&S	Legal Risk	Financial Risk	Environment Risk
Catastrophic (5)	Ongoing failure to provide an adequate service	Perceived as failing authority requiring intervention	Responsible for death	Litigation almost certain and difficult to defend. Breaches of law punishable by imprisonment or significant fines	Uncontrollable financial loss or overspend over £500k	Permanent, major environmental or public health damage
Major (4)	Failure to deliver Council priorities Poor service. Disrupted 5 days+	Significant adverse national publicity	Fails to prevent death, causes extensive permanent injuries or LT sick	Litigation expected, but defensible Breaches of law punishable by fines	Financial loss or overspend greater than £250k	Long term major public health or environmental incident (1yr+)
Moderate (3)	Unsatisfactory performance Service disrupted/stopped 3-5 days	Adverse national publicity or significant adverse local publicity	Fails to prevent extensive, permanent injuries or LT sickness	Complaint likely, litigation possible Breaches of regs or standards	Financial loss or overspend greater than £50k	Medium term major public health or environmental incident (up to 1yr)
Minor (2)	Marginal reduction in performance Service disrupted/stopped 1-2 days	Minor adverse local publicity	Medical treatment required, potential long term injury or sickness	Unlikely to cause complaint Breaches of local procedures	Financial loss or overspend greater than £10k	Short term public health or environmental incident (weeks)
Minimal (1)	No significant service impact Service disruption up to 1 day	Unlikely to cause adverse publicity	First aid level injuries		Financial loss or overspend under £10k	Environmental incident with no lasting detrimental effect

RISK LIKELIHOOD

Type	Probability	Detail description
Almost certain (5)	90%+	Without action is likely to occur; frequent similar occurrences in local government/Council history
Probable (2)	60%-90%	Strong possibility; similar occurrences known often in local government/Council history
Possible (3)	40%-60%	Might occur; similar occurrences experienced in local government/Council history
Unlikely (2)	10%-40%	Not expected; rare but not unheard of occurrence in local government/Council history
Rare (1)	0%-10%	Very unlikely to occur; no recent similar instances in local government/Council history

Next steps

Agreeing and adopting the risk appetite finalises the work on the risk management framework. From this point forward all risks will have regard for the tolerance levels and this will help to further strengthen and inform decision making for the Council.

We have already updated report templates to include a specific reference to risk management, this section will be used to help highlight associated risks and to provide assurance to Members on how those risks have been evaluated and if mitigations are necessary to bring the risk to an acceptable level.

Further to this, additional guidance has been created to Officers to ensure that high level risks are appropriately escalated, and that new emerging risks are captured and added to the risk register.

In the future, this will mean that we can provide more insightful risk updates to Members, which will include the effectiveness of risk actions and key risk themes. This is something that we have already started to put into practice when looking at our corporate risks (Appendix 2).

Corporate level risk update

October 2017

The Corporate level risks are those that at the highest level can impede the achievement of our strategic objectives. They are inherently of a higher impact due to the nature of the risks.

Following the last update to Policy & Resources Committee in April 2017 we have facilitated a risk workshop with Senior Officers and Members to review and update the corporate risks. As part of this session, we looked at the existing risks, the external environment, and the three key priorities for 2017/18 – **a home for everyone; regenerating the town centre; providing a clean and safe environment**. This resulted in a list of risks, some existing and some new, that needed then to be assigned to a risk owner and assessed.

In addition to this exercise, the Council, as part of service planning, asked all Services to identify their operational risks. These are collated into a single comprehensive risk register and are monitored and reported. A summary of the risk process is attached in appendix A.

We undertook an exercise to classify and map the corporate and operational risks in order to identify any key risk themes. Collectively this highlighted 9 key risk areas. Using these risk areas we met with risk owners to distil and define them into key risks. These 9 risks now form the corporate level risks.

A summary of the risk headings and the high level risk matrix – which plots each risk – is set out below:

	Risk Title
a	breakdown of governance controls
b	legal / compliance breaches
c	workforce capacity & skills
d	project failure
e	ICT system failure / security
f	poor partner relationships
g	housing pressures continue to increase
h	delays in the local plan being adopted
i	financial restrictions

		Risk Matrix				
Likelihood	5				d, g	
	4				e, h	b
	3				f	
	2		c		a	
	1					
			1	2	3	4
		Impact				

Changes since 2016/17

Risks change continuously, and this is why it is important to ensure that we keep risks under review. Something that was a significant risk last year may not be this year. As time moves on we understand more about the risk, and in some cases the uncertainty becomes less.

As we took a thematic approach across all of the operational risks and the outcomes of the corporate risk exercise there have been a number of changes to the risk profile and the risks as a result.

A summary of the changes that have been made since we last reported to Members in April 2017 is set out below. We have added some narrative as to why these changes have been made:

REMOVED from the register:

	Risk title	Comments
1	Failure to deliver commercial strategy	This risk has been superseded to reflect overall project delivery risk, due to the broader focus the Council takes, not just on commercial opportunities
2	Devolution	As the prospect of further devolution appears to have receded, this risk has been superseded by a wider risk relating to partnership engagement
3	Over cautious administration	This risk was initially identified at a point in time when there was less clarity about future strategy and governance
4	Growing Population	The impact of service performance / quality is monitored through operational risk registers
5	Technology	This risk has been superseded by a risk relating to system failure or cyber security

ADDED to the register:

	Risk title	Comments
1	Project failure	Reflects the overall risk to the council of capital projects failing
2	Poor partner relationships	Reflects the risks to the council of engaging with partners and balancing differing expectations
3	Legal / Compliance Breaches	Added to recognise the impact to the council of breaching laws / regulations
4	ICT system failure / security	The risks relating to council systems failing or a breach of network security
5	Increased Housing pressures	Reflects the various pressures on the council from the housing demand challenges

The Corporate risk register has therefore been updated to reflect the above changes, and risk owners have been reviewed, updated and assessed the risks.

Corporate Risks

The table below sets out each of the corporate risks in detail. Risk owners have assessed the impact and likelihood (definitions attached in appendix B) of the risks and identified the key controls and planned actions necessary to further manage the risk to an acceptable level:

Risk (full description)	Risk Owner	Key Existing Controls	Inherent rating			Controls planned	Mitigated rating		
			I	L	Σ		I	L	Σ
Breakdown of Governance Controls Failure of the governance controls results in the Council making poor decisions or missing significant opportunities	Angela Woodhouse & Patricia Narebor	- Framework in Constitution - Committee agendas and work programmes - Process for quick decision making in place (Urgency Committee) - Member and Officer training programme - Legal advice available - Sign-off in modern prior to report release from S151, Legal and Policy and Information Team - Political Awareness and Report writing training	4	2	8	- Regular review of the constitution - Democracy Committee review of planning referral process	4	2	8
Legal / Compliance Breaches Breaches of regulations / laws result in significant financial penalties and damage to Council reputation	Angela Woodhouse	- Individual service process designed to ensure compliance and supported by procedures - Information governance group - Training and guidance available	5	4	20	- Action plan to manage GDPR specifically - Training - Awareness Raising - Additional resource to support action plan delivery shared with Tunbridge Wells	5	3	15
Workforce Capacity & Skills The Council is unable to recruit or retain staff with the specialist, technical or professional expertise necessary to deliver its ambitions.	Alison Broom & Dena Smart	- Workforce Strategy monitoring and reporting - Regular benchmarking of salary levels with public sector employers in South East England - Rewards package - Training and development programme - Use of specialist agency staff - Ability to adjust pay / offer market supplements - Recruitment processes - Resilience from shared service arrangements	2	2	4	- Implementation of actions from Investors In People assessment - Improved agency supplier agreement (Matrix) - Extended partnership arrangements to ensure greater resilience	2	2	4

23

			Inherent rating			Mitigated rating			
<p>Project Failure</p> <p>Failure of significant capital projects of a housing and regeneration nature</p>	<p>Dawn Hudd & William Cornall</p>	<ul style="list-style-type: none"> - Use of external specialist expertise such as Employers Agents on complex capital projects - Project management processes adhered to with project board reporting where appropriate with new risks or pressures identified at an early stage - Close working relationships with experienced partners and stakeholders - Specialist training undertaken by the newly formed capital projects team - The purchase of specialist development appraisal software (Proval) to more accurately predict financial returns as well as cash flows <ul style="list-style-type: none"> - Skills in this area brought in at CLT level - Close working with the Finance team on a well-developed capital programme that carefully considers cumulative exposure and cash-flow management 	4	5	20	<ul style="list-style-type: none"> - Detailed and consistent analysis of project risks at approval stage, through approval process required at Policy & Resources Committee - Adherence to a suite of financial hurdle rates for new capital projects which are reflective of different sector risk profiles - Growing awareness, expertise and success in bidding for grant monies from government to support the delivery of capital projects, so as to act as a buffer against cost overruns and income shortfalls - The adoption of and adherence to the Housing and Regeneration Investment Plan 	4	3	12
<p>ICT Systems Failure / Security</p> <p>Security breach or system outage resulting in Council systems being unavailable and/or significant fines/ransom demands</p>	<p>Chris Woodward & Steve McGinnes</p>	<ul style="list-style-type: none"> - Regular backups of ICT systems - Disaster recovery plan - ICT Security Policy 	4	4	16	<ul style="list-style-type: none"> - Procurement of additional security counter measures - Introduce cyber security software to test & improve staff awareness training 	4	4	16
<p>Poor Partner Relationships</p> <p>Conflicting partner expectations or poor engagement / cooperation leads to difficulty delivering services or other Council ambitions</p>	<p>Alison Broom</p>	<ul style="list-style-type: none"> - Regular meetings / communication with partners <ul style="list-style-type: none"> - Joint working arrangements - Engagement with members - Governance arrangements for shared services - Governance arrangements for partnerships including Joint Transport Board, Safer Maidstone Partnership and Health and Well-Being Group 	4	3	12	<ul style="list-style-type: none"> - Increased joint work with KCC highways and waste teams - Protocol for joint working with Kent County Council concerning planning and transport 	3	3	9

			Inherent rating			Mitigated rating				
25	<p>Housing Pressures Continue to Increase</p> <p>The housing crisis in the South East has a growing impact on MBC's ability to fund and manage not only the homelessness service but also to meet the broader housing need that is emerging as a result of the limited supply of affordable housing.</p>	<p>John Littlemore & William Cornall</p>	<ul style="list-style-type: none"> - Homelessness prevention team has been created in readiness for the Homelessness Reduction Act - MBC purchasing and leasing its own stock of temporary accommodation - MBC building its own portfolio of market rented housing within Maidstone Property Holdings Limited - Closer working with the housing association sector, and in particular Golding Homes - More money was set aside in this year of the MTFS to meet the rising demand 	4	5	20	<ul style="list-style-type: none"> - The possibility of the Council investing prudential borrowing monies into a JV with a housing association partner to take ownership of more of the affordable housing being delivered through the Local Plan is actively being explored, and an initial proposal will be put to the Policy & Resources Committee on 22nd November 2017 - Affordable housing development plan document within the Local Plan - Homelessness and temporary accommodation strategies have been introduced and are to be reviewed in December 2017 - Closer working with the voluntary sector, targeting the allocation of grants more the delivery of services to this area of need - Closer working with the private rented sector landlords, through the Home Finder scheme, and now starting to explore a more comprehensive offer to them 	4	3	12
	<p>Delays in the Local Plan being adopted and subsequently delivering the desired outputs</p> <p>Delays in delivering the Local Plan as a result of Judicial Review, inadequate infrastructure provisions and the ability to process the necessary quantum of planning consents rapidly.</p>	<p>Rob Jarman & William Cornall</p>	<ul style="list-style-type: none"> - Work plans in place - Communication and liaison with partners - CLT oversight of development management performance to increase the timeliness of application decisions - CLT oversight of S106 delays, this has been much improved of late 	4	4	16	<ul style="list-style-type: none"> - Learning lessons from other LP examinations - Town centre opportunity areas project to hasten the delivery of the town centre broad locations - Creation of a Major Projects Team in the Planning department to process major applications faster - Joint working protocol relating to S106 and infrastructure delivery close to be signed with KCC - Culture and behaviours programme to improve customer care and commerciality within the department - Delivery will largely be dependent upon market conditions, so ensuring an open dialogue with the major housebuilders through the Developers Forum and Breakfast Meetings 	4	3	12

Risk Description	Risk Owner	Controls Planned	Inherent rating			Mitigated rating		
			1	2	3	1	2	3
<p>Financial Restrictions</p> <p>The Council does not achieve its income or savings targets, incurs overspends or does not have the funding to meet standards or deliver aims.</p>	Mark Green	<ul style="list-style-type: none"> - Project management processes - External consultancy support - Programmes of work agreed (e.g. transformation and commissioning) - Budget monitoring processes in place 	4	4	16	4	3	12

Risks above the appetite level

The 'controls planned' section of the risk register enables risk owners to highlight actions that are either planned, or that need to be taken in order to help manage the impact or likelihood. Any risks that fall into the **red** and **black** areas of the matrix signify a level of risk where we would be expecting action to be taken.

You will see that even with planned actions there are 4 risks that still score highly:

- 26
- Legal / Compliance breach
 - Project failure
 - ICT System Failure / Cyber Security
 - Housing Pressures

The principle set out in the risk appetite guidance is that these risks will be monitored monthly and escalated to Corporate Leadership Team to ensure that the actions are being taken to appropriately address the risks where possible to do so. In addition, for risk owners to highlight any further support needed to ensure that the risk is being managed.

Risks by definition are uncertain, and it is not possible to remove all uncertainty, especially for the risks that align directly to the achievement of our objectives. We will therefore continue to report to Members and monitor progress over the course of the year to highlight any significant movement of risks over time.

Maidstone Risk Management Process: One Page Summary

27

Step 1 – Identify Risks	Step 2 – Evaluate Risks	Step 3 – Treat Risks	Step 4 – Review Risks
<p>Best done in groups, by those responsible for delivering objectives, at all levels</p> <p>RISK is the chance of something happening that will impact on objectives</p> <p>Consider both THREATS and OPPORTUNITIES</p> <p>When to consider:</p> <ul style="list-style-type: none"> • Setting business aims and objectives • Service planning • Target setting • Partnerships & projects • Options appraisals <p>Think both what could go wrong and what more could we achieve?</p>	<p>Combination of the impact and likelihood of an event and its consequences (the inherent risk)</p> <p>Black – Top risk, immediate action and reporting to directors Red – High risk, immediate action Amber – Medium risk, review current controls Green – Low risk, limited action, include in plans Blue – Minimal risk, no action but review</p>	<p>Concentrate on top risks, 10 to 12 in number</p> <ul style="list-style-type: none"> • Can we reduce likelihood? • Can we reduce impact? <p>Risk Response – 4 Ts</p> <ul style="list-style-type: none"> • Treat (i.e. apply controls) • Tolerate (i.e. accept risk) • Transfer (i.e. insurance) • Terminate (i.e. stop activity) <p>After your risk response; where does it score now? (the mitigated risk)</p> <p>Devise contingencies and action plans for 'Red' and 'Black' risks – seek to reduce mitigated risk back to 'Amber' or below</p>	<p>Risk Registers</p> <ul style="list-style-type: none"> • Contain all identified risks, Management Action Plans for top risks • Prepare and monitor as regular agenda item • Indicate risk response and risk owner <p>Council risk monitoring</p> <ul style="list-style-type: none"> • Risk registers passed to internal audit • Action led periodic review to ensure registers kept current <p>Council's Top Risks</p> <ul style="list-style-type: none"> • Top ten mitigated risks and all inherent 'Black' risks monitored as regular item at Leadership Team • Six monthly monitoring at Policy & Resources Committee • Annual monitoring of process at Audit, Governance & Standards Committee

Impact & Likelihood Scales

RISK IMPACT

Level	Service risk	Reputation Risk	H&S	Legal Risk	Financial Risk	En'ment Risk
Catas-trophic (5)	Ongoing failure to provide an adequate service	Perceived as failing authority requiring intervention	Responsible for death	Litigation almost certain and difficult to defend. Breaches of law	Uncontrollable financial loss or overspend over £1.5m	Permanent, major environmental or public health damage
Major (4)	Failure to deliver Council priorities Poor service. Disrupted 5 days+	Significant adverse national publicity	Fails to prevent death, causes extensive perm injuries or LT sick	punishable by imprisonment or significant fines	Financial loss or overspend greater than £100k	Long term major public health or environmental incident (1yr+)
Moderate (3)	Unsatisfactory performance Service disrupted/ stopped 3-5 days	Adverse national publicity or significant adverse local publicity	Fails to prevent extensive, permanent injuries or LT sickness	Litigation expected, but defensible Breaches of law punishable by fines	Financial loss or overspend greater than £50k	Medium term major public health or environmental incident (up to 1yr)
Minor (2)	Marginal reduction in performance Service disrupted/ stopped 1-2 days	Minor adverse local publicity	Medical treatment required, potential long term injury or sickness	Complaint likely, litigation possible Breaches of regs or standards	Financial loss or overspend greater than £20k	Short term public health or environmental incident (weeks)
Minimal (1)	No significant service impact Service disruption up to 1 day	Unlikely to cause adverse publicity	First aid level injuries	Unlikely to cause complaint Breaches of local procedures	Financial loss or overspend under £20k	Environmental incident with no lasting detrimental effect

RISK LIKELIHOOD

Type	Probability	Detail description
Almost certain (5)	90%+	Without action is likely to occur; frequent similar occurrences in local government/Council history
Probable (4)	60%-90%	Strong possibility; similar occurrences known often in local government/Council history
Possible (3)	40%-60%	Might occur; similar occurrences experienced in local government/Council history
Unlikely (2)	10%-40%	Not expected; rare but not unheard of occurrence in local government/Council history
Rare (1)	0%-10%	Very unlikely to occur; no recent similar instances in local government/Council history

Policy and Resources Committee	30 October 2017
Is the final decision on the recommendations in this report to be made at this meeting?	Yes

Debt Recovery Service

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Stephen McGinnes, Mid Kent Services Director
Lead Officer and Report Author	Sheila Coburn, Interim Head of Revenues and Benefits
Classification	Public
Wards affected	All

This report makes the following recommendations to this Committee:

1. That the progress that has been made in the implementation and delivery of the Debt Recovery Service is noted.

2. Delegated authority is given to the Mid Kent Services Director to negotiate and enter into such agreements as are necessary to expand the Debt Recovery Service in order to provide services for other Councils.

This report relates to the following corporate priorities:

The debt recovery service aims to maximise the income available to the Council through the effective collection of unpaid Council Tax, Business Rates and parking fines.

In doing so the service supports the Mid Kent Services partners to achieve their objectives; for Maidstone Borough Council this means supporting the council to progress its corporate priorities.

- Keeping Maidstone Borough an attractive place for all
- Securing a successful economy for Maidstone Borough

Timetable	
Meeting	Date
Committee (Policy and Resources)	30 th October 2017

Debt Recovery Service

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Following the successful implementation and operation of a shared debt recovery service with Swale BC and Tunbridge Wells BC, opportunities are being explored to expand the service to deliver on behalf of other local authorities.
- 1.2 In order to facilitate that expansion delegation is sought to enable the Mid Kent Services Director to negotiate and enter into such agreements as are necessary for the Debt Recovery Service to provide services for other Councils.
- 1.3 The opportunity to expand the service has been considered and is supported by the Mid Kent Services Board. The opportunity is consistent with the strategic priorities of the partnership to expand income opportunities and cross-organisational working.
- 1.4 Maidstone BC is the host and employing authority for the service. As such any future agreements to expand the service will be entered into by Maidstone BC on behalf of the partnership, with a supporting collaboration agreement between MKS Partners ensuring that risks and benefits are shared.

2. INTRODUCTION AND BACKGROUND

- 2.1 Maidstone, Swale and Tunbridge Wells BCs have used external enforcement agents to assist in the recovery of unpaid Council Tax, Business Rates and parking fines for a number of years, issuing between them over 13,500 warrants for collection each year.
- 2.2 In undertaking the service the enforcement agent is entitled to apply a charge (amount set by statute) which is recovered from the debtor along with the amount owed to the councils. There has historically been no cost or benefit to the council beyond recovery of the debt passed to the enforcement agent for collection.
- 2.3 Following amendment to the enforcement legislation and fee structure from April 2014, the potential for service improvement and income generation through enforcement fees prompted local authorities to review delivery arrangements, with Maidstone, Swale and Tunbridge Wells BCs agreeing to create a shared in house debt recovery service in December 2015.
- 2.4 The business case for creating the shared service set the following objectives.

Short Term (Year 1)

- Establish the shared service.
- Enforce 50% of warrants currently passed to external bailiffs

- Match the collection rate achieved by external bailiffs
- Achieve an operating surplus of £174,000

The shared service went live in June 2016 as scheduled and on budget. A phased approach was adopted with staffing and workload increased as confidence in the service grew. By March 2017 the service was fully staffed (7 full time members of staff) and enforcing 95% of warrants. Those warrants not enforced are predominantly out of area and therefore better served by an external provider with a national reach.

During the period June 2016 to March 2017 the service collected £1.2 million in unpaid Council Tax, Business Rates and parking fines. The cost of the service was met in full through the statutory enforcement fees and delivered an operating surplus of £172,000. The service set up costs (£89,000) and operating surpluses are shared equally between the partner authorities.

Medium Term (Year 2 – 5)

- Successfully enforce 75% of total warrants previously passed to external bailiffs
- Match the collection rate achieved by external bailiffs
- Achieve an operating surplus of £315,000 per year.
- Conduct analysis of the costs, benefits and risks of bidding for clients other than Maidstone, Swale and Tunbridge Wells Councils.

Whilst only part way through the second year of operation the service has demonstrated its ability to maintain performance and enforce 95% of warrants for the partner authorities, with income projections matching the £315,000 operating surplus target.

The service has been in discussion with Gravesham BC which agreed to undertake a 6 month trial of the service for the enforcement of Council Tax, Business Rates and parking debt for Gravesham BC. The agreement is based on a profit share arrangement whereby the founding partners (Maidstone, Swale and Tunbridge Wells) would share the operating surplus with Gravesham in order to provide mutual benefit.

With the service demonstrating a scalable model that can generate an income for the MKS councils through the delivery of enforcement services to other local authorities, delegation is sought to enable the Mid Kent Services Director to negotiate and enter into such arrangements with other local authorities.

3. AVAILABLE OPTIONS

- 3.1 Do Nothing – the service has met its short term objectives providing the partner authorities with an effective service for the collection of unpaid Council Tax and Business Rates, whilst delivering an operating surplus.
- 3.2 The service can continue in its current form and deliver a comparable operating surplus in future years. There would be no increase in the operating surplus generated due to the team already enforcing the majority of warrants (95%) generated by the partner authorities.

- 3.3 Service Expansion – the service infrastructure that the partner authorities have put in place (e.g. case management system, payment systems, website, policies and procedures) enables the service to adjust the scale of the operation to take on work and provide services on behalf of other councils.
- 3.4 With the change in enforcement legislation and drive towards commercialisation many authorities are reviewing their debt enforcement arrangements and considering the merits of creating an in house enforcement team.
- 3.5 The Mid Kent Enforcement Service represents a viable alternative for those authorities, providing an opportunity to share the investment, skills and experience that have been developed in exchange for a share of any operating surplus generated. The service has modelled such an arrangement and is currently working with Gravesham BC which has agreed to undertake a 6 month trial of the service.
- 3.6 It is intended that any expansion will be phased to allow for incremental growth and initially focus in Kent and Medway, given the operational benefits of focusing staff within a geographical area.
- 3.7 To mitigate the risk a business case will be produced and considered by the MKS Shared Service Board (S151 Officer from Maidstone, Swale and Tunbridge Wells) with oversight from the MKS Executive Board (CEO from Maidstone, Swale and Tunbridge Wells) before entering into any agreement.
- 3.8 The ongoing performance of the service will be monitored through the above arrangements and reported to the MKS Board (Leader from Maidstone, Swale and Tunbridge Wells) at least biannually as part of the wider governance arrangement for shared services.
- 3.9 The existing MKS Debt Recovery Service collaboration agreement provides that the service, including all investment, benefits and risks will be shared equally by the MKS partners (Maidstone, Swale and Tunbridge Wells).
- 3.10 The primary risks associated with the service expansion are:-

Legal challenge – That a legal challenge is brought against the council or a partner authority by a private sector provider on the basis that the arrangement fails to meet procurement legislation. To mitigate the risk legal advice has been sought throughout the process with formal agreements to be put in place before starting any activity.

Partner leaves – That staffing for the service is increased to meet an increased workload and a partner authority then withdraws from the service. To mitigate the risk an agreement will be put in place to formalise the commitment, set out a minimum notice period and provision for the transfer of staff before starting any activity.

Staffing – Success of the service is dependent on attracting and retaining suitably qualified and skilled staff. The service has a good track record in

being able to attract staff and believes its offer represents a good employment package. As the service develops resilience within the service will grow and investment will be made in employing and training new staff to become qualified enforcement officers.

- 3.11 Enforcement of other debt types – The business case for the current service is centred on meeting the existing internal market that the partner authorities have for enforcement of council tax, business rates and parking debt. It is possible to predict the cost of the service and income to be achieved due to the statutory nature of the process and fees that are applied. Whilst there may be an equivalent business case for the collection of other debt types such a change would require a separate business case rather than being considered as an expansion of the current service.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 Service Expansion – the council has demonstrated its ability to provide an effective enforcement service to both maximise debt collection and deliver an operating surplus.
- 4.2 There is an active market for such services and the council has scope within its current operation to expand to support that market and increase the operating surplus available to the council.

5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 5.1 Subject to the appropriate delegation, the service will engage with other Kent LA's to outline the service offering and progress opportunities to collaborate.

6. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The debt recovery service aims to maximise the income available to the council to progress corporate prioritise.	Stephen McGinnes, Mid Kent Services Director
Risk Management	The service has recruited a team of skilled and experienced staff to reduce the failure and will continue to adopt a phased approach to its development.	Stephen McGinnes, Mid Kent Services Director
Financial	The service delivered an operating surplus of £172,000	[Section 151 Officer &

	during 2016/17. By delivering operating surpluses, the service helps to contribute to the Council's corporate overheads and fixed costs at a time when service reductions are being made in other areas.	Finance Team]
Staffing	The number of FTE employed within the service will increase to reflect any additional partners with the cost met through increased fee income.	Stephen McGinnes, Mid Kent Services Director
Legal	<p>The Tribunals, Courts and Enforcement Act 2007; and The Taking Control of Goods Regulations, provide the legal basis for the council to take enforcement action and recover the associated fee.</p> <p>The powers to charge for the provision of services, subject to certain limitations and restrictions is set out in s.3 Localism Act 2011. [S.93 LGA 2003 also provides a power to charge for the provision of discretionary services.]</p> <p>S.1 Local Authorities (Goods and Services) Act 1970 gives local authorities powers to enter into agreements with each other to provide goods and technical services on a commercial basis.</p> <p>The agreement between the MK Enforcement Service and other local authorities shall be drafted in liaison with MKLS.</p>	Team Leader (Contracts and Commissioning)
Equality Impact Needs Assessment	The proposed decision is not expected to have any adverse impact on those households with protected characteristics. Enforcement legislation	Stephen McGinnes, Mid Kent Services Director

	provides statutory protection for vulnerable residents. All staff within the service have been trained on identifying and supporting vulnerable households.	
Environmental/Sustainable Development	No impact.	Stephen McGinnes, Mid Kent Services Director
Community Safety	No impact.	Stephen McGinnes, Mid Kent Services Director
Human Rights Act	No impact.	Stephen McGinnes, Mid Kent Services Director
Procurement	The council has a panel of external enforcement agents that it calls upon to action out of area and returned warrants.	Stephen McGinnes, Mid Kent Services Director
Asset Management	No impact.	Stephen McGinnes, Mid Kent Services Director

7. REPORT APPENDICES

None

8. BACKGROUND PAPERS

None

Agenda Item 14

Policy and Resources Committee

30 October 2017

Is the final decision on the recommendations in this report to be made at this meeting?

No

Council Tax Reduction Scheme 2018-19

Final Decision-Maker	Council
Lead Director or Head of Service	Stephen McGinnes, Mid-Kent Services Director
Lead Officer and Report Author	Sheila Coburn, Interim Head of Revenues and Benefits
Classification	Public
Wards affected	All

Executive Summary

To report the outcome of the public consultation on proposed changes to the Council Tax Reduction Scheme and make recommendations on the 2018/19 scheme.

In amending the scheme for 2018/19 the intention is to mitigate the impact of Universal Credit (UC) on the administration of the Council Tax Reduction Scheme (CTRS), together with the billing and collection of Council Tax.

This report makes the following recommendations:

1. The Committee notes the outcome of the public consultation.
2. The Committee considers the potential impact of the proposed changes on Universal Credit claimants.
3. The Committee recommends to Council that the Council Tax Reduction Scheme be amended to incorporate the changes summarised in Section 3.

Timetable

Meeting	Date
Policy and Resources Committee	30 October 2017
Council	6 December 2017

Council Tax Reduction Scheme 2018-19

1 INTRODUCTION AND BACKGROUND

1.1 Council Tax Reduction (CTR) was introduced by the Department for Communities and Local Government (DCLG) in April 2013 as a replacement for the Council Tax Benefit (CTB) scheme administered on behalf of the Department for Work and Pensions (DWP).

1.2 As part of its introduction, Central Government set out a number of key elements:

The duty to create a local scheme for Working Age applicants was placed with Billing Authorities;

Funding was initially reduced by the equivalent of 10% from the levels paid through benefit subsidy to authorities under the previous CTB scheme; and

Persons of Pension Age, although allowed to apply for CTR, would be 'protected' from any reduction in support through regulations prescribed by Central Government.

1.3 Since its introduction in April 2013, our local scheme has been 'refreshed' annually and further changes introduced to ensure that the scheme remains affordable whilst providing support for those most in need.

1.4 Each year the scheme must be approved by Full Council before 31 January.

1.5 Across Kent, a common 'platform' approach was adopted for the design of local schemes, with the new schemes broadly replicating the former CTB scheme but with a basic reduction in entitlement for working age claimants. In Maidstone, working age claimants must pay at least 20% of the Council Tax liability.

1.6 Universal Credit has introduced fundamental changes to how the welfare system operates and replaces a number of existing benefits including income support, job seekers allowance, employment support allowance, working tax credits, child tax credits and housing benefit.

1.7 Council Tax Reduction is administered as a local discount, putting it outside of the welfare system and scope of UC.

1.8 The gradual roll out of UC has meant limited impact locally to date but that will change in August 2018 when the new system will be applied to all new claimants of the above benefits. The transfer of existing claimants onto the new system will be managed over a longer timeframe with full migration to Universal Credit not expected for all claimants until 2022 at the earliest.

1.9 A key difference in the way that UC operates is that it uses real time earnings information held by HMRC to calculate UC awards without the need for the customer to report changes. The principle being that UC

entitlement goes up and down each month in line with earnings so that claimants receive the right amount of help and are encouraged to do additional work when they can, without fear that their benefits will stop.

- 1.10 Whilst the frequent change in UC entitlement to mirror earnings provides a benefit to the recipient, it represents a challenge for the administration of the CTRS due to the increase in reported changes through UC and DWP.
- 1.11 CTRS is calculated as a means tested benefit taking into account the claimants' income and wider circumstances. Earnings are averaged at the start of the claim and reviewed periodically, with the claimant under a duty to report material changes such as an increase in the working hours, someone moving in or out of the property. On average, customers report between 2-4 changes per year.
- 1.12 Information from councils that are already operating a full UC Service suggest that changes reported through UC and DWP are significantly higher, reflecting the link between monthly earnings and benefit payments, with 11-32 changes reported per customer annually.
- 1.13 Given the link between the calculation of CTRS and collection of Council Tax, this could mean customers receiving a new Council Tax bill every month due to what could be minor variations in their earnings and UC award.
- 1.14 It is believed that such a situation would provide confusion for customers, limit the effectiveness of the council in recovering unpaid council tax and add further cost to the administration of the CTRS.
- 1.15 At Policy & Resources Committee on 25 July 2017, it was agreed that delegated authority would be given to the Head of Revenues and Benefits to commence consultation on the updated Council Tax Reduction Scheme, incorporating these changes, to be implemented for 2018/2019.

2. AVAILABLE OPTIONS

- 2.1 Following a consideration of a range of options (reported to P&R Committee 25 July 2017) the conclusion was that the best option would be to have a scheme that was easily understood by customers as well as providing stability around the Council Tax to be paid, supporting budgeting.
- 2.2 'Do nothing' – any changes reported to us would be actioned each time and a new Council Tax bill will be generated each time a change is made. This would potentially mean that a customer could receive 12 Council Tax bills each year with the Council Tax payments changing each time a revised bill is issued. This would be confusing for the customer as they would be constantly changing the amount they have to pay. The option of 'do nothing' will be administratively time consuming, with an inevitable increase in printing and postage.

2.3 The public consultation outlined the following options:

2.4 Option 1 - apply a fixed income period to avoid multiple changes

This option will enable the council to calculate or recalculate a person's entitlement through the Council Tax Reduction (CTR) every 6 months. There may be exceptions to this timeframe if there is a significant change in the household or income. Customers will still have a responsibility to report changes in their circumstances, such as a partner moving in or a change in employer. Currently, every change to a person's income or capital will potentially generate a change in their CTR leading to changes in their Council Tax instalments. By fixing the assessment period, this will avoid multiple changes, be less confusing, avoid the constant recalculation of Council Tax instalments and aid administration.

2.5 Option 2 – apply a tolerance to avoid multiple changes

This option will enable the council to recalculate a person's entitlement to CTR where the change would result in alterations of entitlement of greater than / less than a set amount. This could be set at around £3 per week difference in award (approx. £15 per week income). Currently, every change to a person's income or capital will potentially generate a change in their Council Tax reduction leading to a change in their Council Tax instalments. By applying a tolerance, this will reduce some changes where they are minimal, but will not prevent revised Council Tax bills being issued in many cases.

2.6 Option 3 – not applying any changes received from the DWP

This option would continue with the existing scheme operated by the council but changes in UC notified by the DWP would not be actioned automatically. Changes would only be actioned if reported by the claimant. The result of this approach would be to significantly reduce the number of changes undertaken but it would place the onus on the applicant to notify the council of changes (this is already a duty imposed under the existing scheme). The council would need to decide when to apply beneficial/non beneficial changes and whether non reported changes should be subject to a penalty.

2.7 An example of how the options would affect any changes is shown in Appendix 2.

3 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

3.1 The preferred option is option 1 as shown in paragraph 2.4 above.

3.2 By adopting this option, the changes will be:

- easily understood by those affected
- provide stability around the Council Tax to be paid
- support customers with budgeting
- enable work and resources to be effectively planned and managed

4 RISK

- 4.1 The risks associated with this proposal, including the risks if the council does not act as recommended, have been considered in line with the Council's Risk Management Framework.
- 4.2 We are satisfied that the risks associated are within the council's risk appetite and will be managed as per the Policy.

5 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Following the report to P&R Committee on the 25 July 2017 a public consultation was undertaken between 18 August and 1 October 2017.
- 5.2 The survey was carried out online, with a direct email to approximately 8,000 customers who had consented to being contacted by email plus a direct email to approximately 3,200 Council Tax Reduction claimants where the email address was held.
- 5.3 The survey was promoted on the council's website, social media and in the local press. Paper copies were available on request.
- 5.4 The survey was open to all Maidstone Borough residents aged 18 years and over.
- 5.5 A total 773 people responded to the consultation. The consultation report explaining the results is provided as Appendix 1.
- 5.6 The survey was set so customers were able to vote for more than one option, rather than restricting to one option only.
- 5.7 The overall responses for each option are shown in the following table:

	Option 1	Option 2	Option 3
Yes	387	366	232
No	116	121	260
Not sure	270	212	160
Total	773	699	625

- 5.8 Whilst the responses were very close for Option 1 And Option 2, the number of people who opted for Option 1 was slightly more than Option 2, and the number of people who responded 'no' was less for Option 1 than Options 2 and 3.
- 5.9 Using this analysis, the results of the consultation would look to support the recommended preferred option which is Option 1

6 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 A decision on the changes as a result of UC is required by a meeting of Full Council. That decision will be publicised through the local media with those residents directly affected by the changes notified in writing of planned changes.
- 6.2 The revised CTR scheme will take effect from 1 April 2018 and be reflected in Council Tax bills that are issued as changes to UC occur.
-

7 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>We do not expect the recommendations will by themselves materially affect achievement of corporate priorities.</p> <p>The council needs to balance the needs of low income households with the wider interest of local taxpayers to ensure vulnerable residents are protected, by providing a scheme that is understandable, provides stability for and supports customers as set out in Section 3 [preferred alternative].</p>	Sheila Coburn, Interim Head of Revenues and Benefits
Risk Management	Already covered in the risk section	Sheila Coburn, Interim Head of Revenues and Benefits
Financial	Council Tax Reduction reduces the amount of Council Tax that can be collected. The cost of the scheme is met by the Council and preceptors. The amendment to the scheme outlined in this report will not	Section 151 Officer & Finance Team

	have an impact on its direct costs but will mitigate the administration costs arising from the introduction of Universal Credit.	
Staffing	We will deliver the recommendations with our current staffing.	Sheila Coburn, Interim Head of Revenues and Benefits
Legal	Section 13A of the Local Government Finance Act 1992 requires the Council to adopt a Council Tax Reduction Scheme. Schedule 1A of the Act provides a statutory duty to consult on a proposed scheme and for council to approve a scheme by 31 January 2018 Consideration must be given to the finding of the consultation and equality impact assessment in reaching a decision	Interim Deputy Head of Legal Partnership
Privacy and Data Protection	In accepting the recommendations there may be an increase in the volume of personal data held by the council as claimants will need to provide evidence to obtain the reduction. Any data collected will be processed with other data held from the DWP to ensure the Council complies with the Data Protection Act 1998.	Interim Deputy Head of Legal Partnership
Equalities	We recognise the recommendations may have varying impacts on different communities within Maidstone. Therefore we have completed a separate equalities impact	Policy & Information Manager

	assessment at Appendix 3	
Crime and Disorder	No impact	Sheila Coburn, Interim Head of Revenues and Benefits
Procurement	No impact	[Head of Service & Section 151 Officer]

8 REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: Consultation results
- Appendix 2: Scenario/example
- Appendix 3: Equality Impact assessment

9 BACKGROUND PAPERS

None

INTRODUCTION

The Council Tax Reduction Scheme (CTRS) was introduced in April 2013 as a replacement for Council Tax Benefit (CTB), a national scheme administered on behalf of the Department for Work and Pensions (DWP).

As part of its introduction, Central Government set out a number of key elements:

- The duty to create and consult on a local scheme for Working Age applicants was placed with Billing Authorities.
- Funding was initially reduced by the equivalent of 10%, with funding subsequently withdrawn altogether in line with the Revenue Support Grant.
- Persons of Pension Age, although allowed to apply for CTR, would be protected' from any reduction in support through regulations prescribed by Central Government.

Each year the scheme must be approved by Full Council before 31 January.

In amending the scheme for 2018/19 the intention is to mitigate the impact of Universal Credit on the administration of Council Tax Reduction and billing and collection of Council Tax.

Universal Credit has introduced fundamental changes to how the welfare system operates and replaces a number of existing benefits including income support, job seekers allowance, employment support allowance, working tax credits, child tax credits and housing benefit.

Council Tax Reduction is administered as a local discount, putting it outside of the welfare system and scope of Universal Credit.

The gradual roll out of Universal Credit has meant limited impact locally to date but that will change in August 2018 when the new system will be applied to all new claimants of the above benefits. The transfer of existing claimants onto the new system will be managed over a longer timeframe with full migration to Universal Credit not expected for all claimants until 2022 at the earliest.

A key difference in the way that Universal Credit operates is that it uses real time earnings information held by HMRC to calculate Universal Credit without the need for the customer to report earned income changes. The principle being that Universal Credit entitlement goes up and down each month in line with earnings so that claimants receive the right amount of help and are encouraged to do additional work when they can, without fear that the benefit will stop.

METHODOLOGY

Maidstone Borough Council undertook a consultation between 18 August and 1 October 2017.

The survey was carried out online, with a direct email to approximately 8,000 customer who had consented to being contacted by email plus a direct email to Council Tax Reduction Scheme recipients where the email address was held (approximately 3,200) and was promoted on the Council's website, social media and in the local press and this was a one off mailing with no reminders. Paper copies were available on request, however no requests were received.

The survey was open to all Maidstone Borough residents aged 18 years and over.

It should also be noted that respondents from BME backgrounds are under-represented at 3.3% compared 5.9%¹ in the local area. Respondents in the 18 to 24 years and the 75 years and over groups are also under-represented at 1.3% and 6.2% respectively in the survey compared to 9.5% and 10.8%² in the local population. Therefore variances relating to these groups are not discussed in this report, they have been marked in the tables with an asterisk (*).

A total of 773 people responded to the questionnaire, this report discusses unweighted results. Please note not every respondent answered every question therefore the total number of respondents refers to the number of respondents for the question being discussed not to the survey overall.

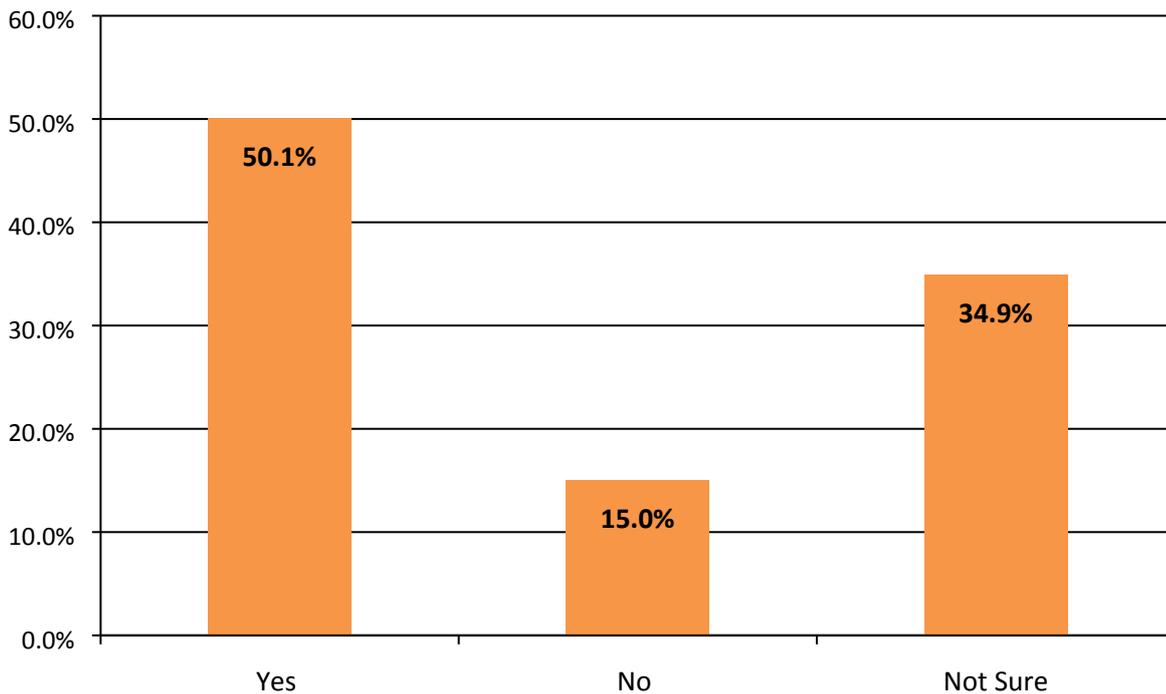
With a total of 773 responses to the survey, the overall results in this report are accurate to $\pm 3\%$ at the 90% confidence level. This means that we can be 90% certain that the results are between $\pm 3\%$ of the calculated response, so the 'true' response could be 3% above or below the figures reported (i.e. a 50% agreement rate could in reality lie within the range of 47% to 53%).

¹ 2011 Census

² 2016 ONS Mid-year Population Estimates 128,823

COUNCIL TAX REDUCTION SCHEME & UNIVERSAL CREDIT CONSULTATION

OPTION 1 – FIXED ASSESSMENT PERIODS



Overall, half (50.1%) of all respondents were in favour of introducing a fixed tolerance. This was the most common response across all groups (excluding the 18 to 24 years group due under representation).

There is a 10.1% difference in the proportion in agreement with this option between men and women. Men were less likely than women to respond not sure with just one in five (20.1%) selecting this answer compared to 34.2% of women.

The data suggests that agreement with this option increased with age with those over 65 years having the greatest levels of agreement.

There are no significant variances between the proportion agreeing with this proposed change between respondents from white groups and those from BME groups.

There is a 12.9% difference in the proportion of respondents agreeing with introduction of fixed assessment period between those currently in receipt of council tax reduction and those who are not. Within these groups the proportion answering no are comparable at 16.8% and 17.2% respectively however there is a 13.3% difference in the proportion within these groups that were not sure, with over a third (35.2%) of council tax reduction receipts responding this way.

Proportion agreeing with proposed change	
Age	
- 18 to 24 years*	37.5
- 25 to 34 years	53.7
- 35 to 44 years	51.7
- 45 to 54 years	48.3
- 55 to 64 years	55.1
- 65 to 74 years	63.2
- 75 years and over*	66.7
Gender	
- Male	60.7
- Female	51.6
Ethnicity	
- White groups	55.8
- BME groups*	61.1
Disability	
- Yes	46.7
- No	58.6
Household in receipt Council Tax Reduction	
- Yes	47.5
- No	60.4

COUNCIL TAX REDUCTION SCHEME & UNIVERSAL CREDIT CONSULTATION

OPTION 1 – IF NO, WHAT ALTERNATIVE WOULD YOU SUGGEST?

There were 74 comments submitted in relation to the question– if no, is there an alternative you would proposed that could be classified.

The current proposal is for assessment period to be fixed every six months. Of these 23 there were eight who said the period should be reduced to three months, six that said it should annual, three said it should be every four months and six who said reassessment should be real-time or monthly. There were an additional six comments where the responders said that the six month period was fine but there would need to be a process for extreme circumstances such as death of a spouse.

Thirteen people commented said that there should not be any changes to the current scheme.

There were nine comments where people were concerned about how this change could cause financial hardship. One person was concerned that the overlap period could cause higher administrative costs.

In terms of the other options there were eight comments in support of option 2 and five comments in support of option 3.

There were nine comments that have been classified as general suggestions, however not all of the things that have been suggested will be feasible. Suggestions that could be considered included looking at technology to assist with the volume of the changes, putting the responsibility and tools in claimant's hands, using email only to communicate and using annual income. Other suggestions included giving everyone 100% council tax support, that everyone should pay the same dependent on their property size.

OPTION 1 OTHER COMMENTS

There were 81 comments that were received in relation to option 1 that could be categorised.

There were two comments that were disapproving of option 1 and 11 comments that were supportive, saying that six months is a logical period to reassess and that it seems a good balance. There were four comments that said that to reduce administration cost further an annual review should be considered, two who said the reassessment period should be three months and two who said the changes should be applied immediately or for the following month.

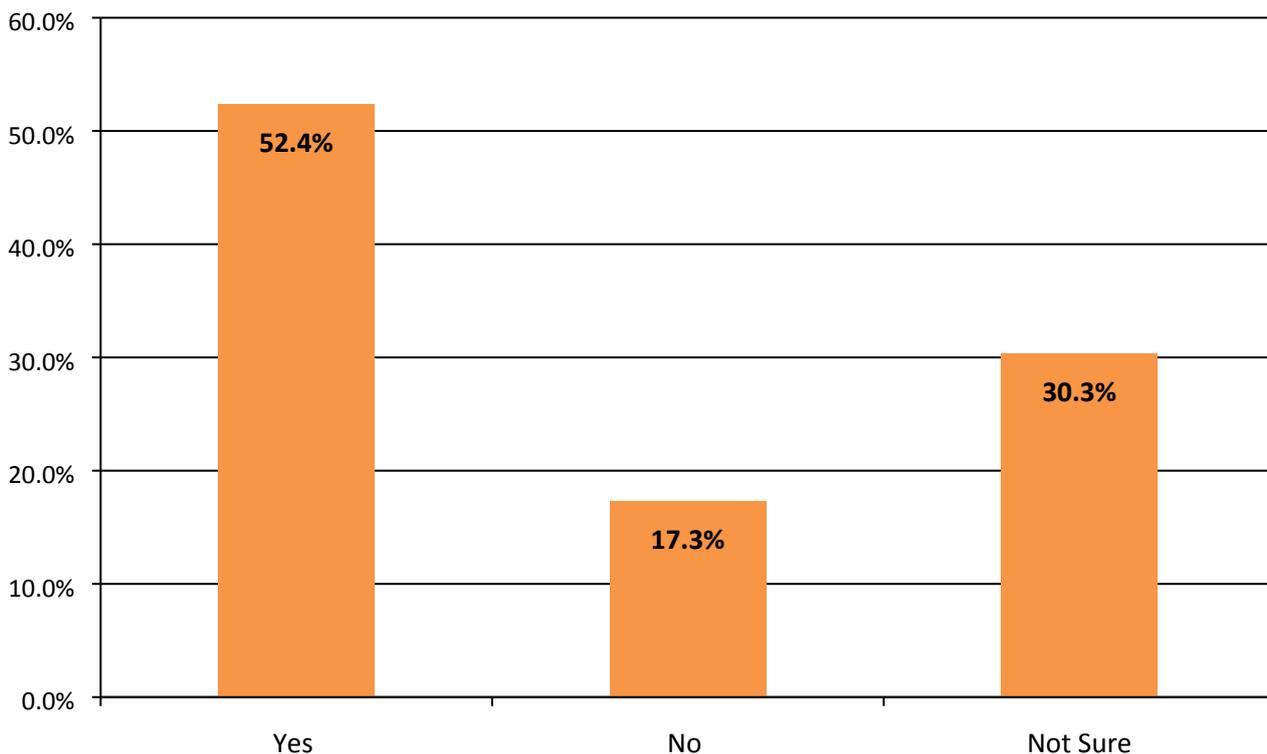
There were 17 comments where respondents raised concerns about people getting into financial difficulty; this was the most common theme of the comments. There were also nine comments where people were concerned about how changes would be implemented and how people would understand the change and three who said there should be a process for significant changes in circumstances. Seven comments stressed the need for the process to be simple.

There were 14 other comments that were too broad to be categorised. These included general comments about universal credit such as one commentator who said they had heard bad things about the people who receive it and another who said it should be a one stop shop with one payment and one notification process. There are also comments in this group from people regarding council tax reduction generally including ones around how much they pay and outlining personal circumstances.

There were also eight questions; these were about how the option would work in practice or what it would mean for that responder.

COUNCIL TAX REDUCTION SCHEME & UNIVERSAL CREDIT CONSULTATION

OPTION 2 – TOLERANCES



Overall, just over half (52.4%) of all respondents were in favour of introducing a fixed tolerance. This was the most common response across all groups (excluding the 18 to 24 years group due under representation).

There are no significant variances between the difference age groups or between men and women in the proportions agreeing with this change. However, two groups have greater proportions of respondents that said they were not sure when compared to the overall result. These groups were 24 to 34 years at 38.3% and 75 years and over at 36.1%.

There is a difference of 8.7% between the proportion agreeing with this change between those who are in receipt of council tax reduction and those who are not. The proportion responding no are comparable however one in three (33.2%) respondents receiving council tax reduction were not sure about this change compared to just over one in five (22.3%) for respondents that do not receive council tax reduction.

Proportion agreeing with proposed change	
Age	
- 18 to 24 years*	37.5
- 25 to 34 years	49.4
- 35 to 44 years	53.8
- 45 to 54 years	55.9
- 55 to 64 years	54.7
- 65 to 74 years	54.6
- 75 years and over*	50.0
Gender	
- Male	55.9
- Female	52.7
Ethnicity	
- White groups	53.8
- BME groups*	61.1
Disability	
- Yes	53.2
- No	55.2
Household in receipt Council Tax Reduction	
- Yes	48.8
- No	57.5

COUNCIL TAX REDUCTION SCHEME & UNIVERSAL CREDIT CONSULTATION

OPTION 2 – IF NO, IS THERE AN ALTERNATIVE YOU WOULD SUGGEST

There were 70 comments submitted in relation to the question – if no, is there an alternative you would proposed that could be classified.

Five commenters said that there should be no change to the current system, while there were 14 comments in support of option 1, two in support of option 2 and two in support of option 3.

There were three comments that were concerned that the costs for introducing and running option 2 would outweigh any benefits and three comments were the responder was concerned about people getting into financial difficulty.

There were eighteen responders that made suggestions, ten of these related to the proposed tolerance level, with just one saying the proposed £3 is too high, with the rest saying it is too low, some say at least £5 and some that it should be percentage. Other suggestions included making the most of technology, getting everyone to report their changes online and cutting council tax for everyone.

There were 19 general comments these included statements from people about their own circumstances as well as general comments in relation fairness and council tax reduction: three commenters said everyone should pay the same.

OPTION 2 OTHER COMMENTS

There were 72 comments that were received in relation to option 2 that could be categorised.

There were six comments in support of this option and one in support of option 1. There were ten responders that were sceptical about the efficiency savings that this approach would produce. Seven commenters had concerns about financial hardship and a further seven comments expressed confusion about how this option would work.

There were four comments specifically about the tolerance level: all four said that the proposed level of £3 is too low.

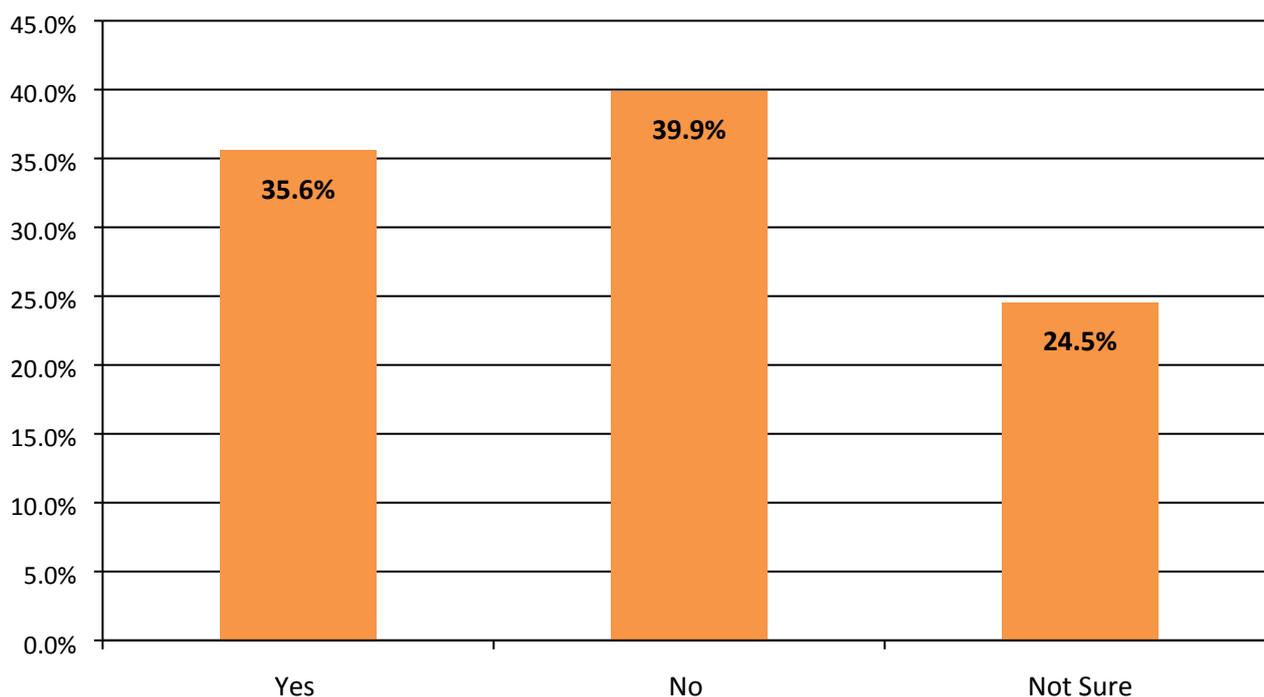
Five comments have been classified as suggestions, they include reviewing tolerance levels annually, only making adjustments in awards at the end of the year and having a cap for on the tolerances to avoid the need for large overpayments to be made or clawed back.

There were 27 general comments, of which four were negative in relation to option 2: saying all changes should be taken into account as they are received and concerns that some may get more than they are entitled to. A further four general comments were positive about option 2. There were 19 neutral general comments these included statements from people about their own circumstances as well as comments in relation fairness and council tax.

There were also five queries from people asking how the scheme would work in practice and eligibility for council tax reduction generally.

COUNCIL TAX REDUCTION SCHEME & UNIVERSAL CREDIT CONSULTATION

OPTION 3 – NOT ACTIONING DWP NOTIFIED CHANGES



Just over one in three respondents were in favour not actioning changes Department of Work & Pensions (DWP) changes. The most common response was no, this was the most common response across most groups apart from the 18 to 24 years and the 75 years and over groups (both of these groups are under-represented).

Out of the groups where the number of respondents is broadly representative the 65 to 74 years group had the greatest proportion agreeing with this change at 38.8%. The 55 to 64 years group had the greatest proportion who responded no at 47.8% and those in receipt of CTR and those with a disability had the greatest proportions that were not sure at 27.0%.

While there are no significant variances across the groups in the proportion that agreed with this change there were some variances in the proportion selecting the answers no across the groups. The 45 to 54 years and the 55 to 64 years had greater levels of people responding no than the overall response at 45.8% and 47.8% respectively. Respondents not in receipt of council tax reduction also had the greater proportion responding no than the overall result at 46.8%.

Proportion agreeing with proposed change	
Age	
- 18 to 24 years*	25.0
- 25 to 34 years	34.1
- 35 to 44 years	37.5
- 45 to 54 years	36.4
- 55 to 64 years	31.6
- 65 to 74 years	38.8
- 75 years and over*	45.7
Gender	
- Male	37.8
- Female	35.3
Ethnicity	
- White groups	35.2
- BME groups*	42.1
Disability	
- Yes	35.0
- No	36.0
Household in receipt Council Tax Reduction	
- Yes	37.7
- No	35.1

OPTION 3– IF NO, IS THERE AN ALTERNATIVE YOU WOULD SUGGEST

There were 126 comments submitted in relation to the question – if no, is there an alternative you would proposed that could be classified. Fifteen comments were supportive of option 1 and ten were supportive of option 2. Five commenters said they preferred either of the two other options. Thirteen people said that the current processes should not change.

There were 32 comments where people were concerned that this approach could be open to abuse or neglect with some saying people will delay informing the Council when there has been a change unless it is to their advantage and that people don't always remember to inform the council both of these could lead to financial consequences for the customer. There were three commenters who had concerns about people getting in to debt or suffering financial hardship as a result of this approach. There were seven commenters who said the Council should be using the DWP data to calculate entitlement and ten expressed concerns about how easy to understand this approach with vulnerable people being a particular concern.

There were nine comments that have been classified as suggestions, five of these related to combining together elements of the proposed options. There were four queries, one of which queried why there is no technical solution to automatically apply changes.

There were 16 general comments which included personal issues, comments on fairness and general dissatisfaction with council tax.

OPTION 3 OTHER COMMENTS

There were 98 comments that were received in relation to option 3 that could be categorised. There were two comments that expressed support for option 3, one for option 2, one who suggested a combination of options 2 and option 3 and one who said keep it as it currently is.

Seventeen comments were regarding the onus on the recipient to inform the council of changes to their circumstances, with people either being positive about recipients having responsibility for informing the council of changes or concerned that this option may not work due to people not being honest about changes that impact on their benefit award. Some of these comments as well as the general comments highlighted concerns that this approach could result in a greater administrative cost to the council due to increased overpayments and introduction of penalties for delays in notification of changes.

A further 18 comments were concerned about this system being open to abuse or neglect and ten commenters were concerned about the impact on vulnerable people. Seven people were confused about what this option would involve and seven said that the process for informing should be simple and easy, there were a couple of general comments where people mentioned difficulties in getting through the department currently to inform of changes. Two commenters were concerned about customers getting into debt.

There were three suggestions which included putting fines on hold while the change is being implemented, using any savings generated to combat fraud and ensuring that communications contain contact details for people who are not sure about the change and its impact on their household.

Of the 23 general comments several remarked on personal situations and experiences and some express dissatisfaction with council tax overall. Other comments in this section say that this scheme would need to be monitored and that this option has more disadvantages than the other options. Two say the assessment should only be once a year.

COUNCIL TAX REDUCTION SCHEME & UNIVERSAL CREDIT CONSULTATION

DEMOGRAPHICS

Council Tax Recipient		
Yes	41.2%	247
No	55.8%	334
Unsure	3.0%	18
Grand Total	100.0%	599

Gender		
Male	40.1%	240
Female	58.4%	350
In another way	1.5%	9
Grand Total	100.0%	599

Ethnicity		
White Groups	95.9%	564
BME Groups	3.2%	19
Other	0.9%	5
Grand Total	100.0%	588

Disability		
Yes	23.4%	139
No	72.0%	427
Prefer not to say	4.6%	27
Grand Total	100.0%	593

Age		
18 to 24 years	1.3%	8
25 to 34 years	13.6%	82
35 to 44 years	20.0%	120
45 to 54 years	19.8%	119
55 to 64 years	22.8%	137
65 to 74 years	16.3%	98
75 years and over	6.2%	37
Grand Total	100.00%	601

APPENDIX 2

Council Tax Reduction Scheme – Universal Credit

Scenario

Mr X receives Universal Credit and has a change in his circumstances each month due to fluctuations in his earnings changing by £5.00

This is a small change and each month this happens we have to recalculate his award of CTS.

'Do nothing' option

Mr X will receive a new Council Tax bill and a new Award Letter every time we make an adjustment if we do not introduce any options.

Option 1 – applying a fixed income period

By using fixed income periods, we intend to make changes every 6 months to Mr X's claim. This means Mr X will only get a revised Council Tax bill every 6 months and his Council Tax instalments will remain static. If there are significant changes in Mr X's household (such as new/change of employment, change in make up of household), we can intervene within the 6 month period and alter his Council Tax reduction to take into account these changes.

Option 2 – apply a tolerance to avoid multiple changes

If we applied a tolerance for changes of £15 per week income, this would mean that the Mr X's circumstances would only be taken into consideration if the change in his circumstances would mean a change of entitlement of greater than/less than the set amount. Some customers may gain out of this but the lower income customers whose change in their support would have increased their award and therefore reduced their monthly payments may lose.

Option 3 – not applying any changes received from DWP

No changes would be actioned through notifications from the DWP. We would solely rely on the customer notifying us of any change in their circumstances. This may reduce the number of changes we make to CTR cases, but if the customer believes we will be informed by the DWP or forgets to advise us of a change, the amount of CTR we are awarding could be/would be incorrect. This would be likely to increase overpayments, which would start recovery and cause the customer unnecessary hardship. It is not fair to the customer to put them into hardship when we have access to this information, but have chosen not to use it under this Option.

Equality Impact Assessment - Council Tax Reduction Scheme 2018/19

1. What are the main aims purpose and outcomes of the Policy and how do these fit with the wider aims of the organisation?

Council Tax Reduction (CTR) was introduced by the Department for Communities and Local Government (DCLG) in April 2013 as a replacement for the Council Tax Benefit (CTB) scheme administered on behalf of the Department for Work and Pensions (DWP).

As part of its introduction, Central Government set out a number of key elements:

- The duty to create a local scheme for Working Age applicants was placed with Billing Authorities;
- Funding was initially reduced by the equivalent of 10% from the levels paid through benefit subsidy to authorities under the previous CTB scheme; and
- Persons of Pension Age, although allowed to apply for CTR, would be 'protected' from any reduction in support through regulations prescribed by Central Government.

Since its introduction in April 2013, our local scheme has been 'refreshed' annually and further changes introduced to ensure that the scheme remains affordable whilst providing support for those most in need.

Council Tax Reduction is administered as a local discount, putting it outside of the welfare system and scope of Universal Credit.

Changes are being proposed to the Council Tax Reduction Scheme for 2018/19 in response to continued roll out of the Universal Credit (UC) programme. To date the gradual roll out of UC has had limited impact locally, but that will change in August 2018 when the Full Digital Service will be applied to all new claimants. The transfer of existing claimants onto the new system will be managed over a longer time frame with full migration to Universal Credit not expected for all claimants until 2022 at the earliest.

UC uses real time earnings information held by HMRC to calculate UC awards without the need for the customer to report changes. The principle being that UC entitlement goes up and down each month in line with earnings so that claimants receive the right amount of help and are encouraged to do additional work when they can, without fear that their benefits will stop.

The reduction in Council Tax (delivered through our local scheme) is calculated as a means tested benefit taking into account the claimants' income and wider circumstances. Earnings are averaged at the start of the claim and reviewed periodically, with the claimant under a duty to

report material changes such as an increase in the working hours, someone moving in or out of the property. On average, claimants report between 2-4 changes per year. Information from councils that are already operating a full UC Service suggests that claimant changes are significantly higher, 11-32 changes reported annually.

The Council Tax Reduction Scheme 2018/19 consultation set out 3 options for an amended scheme which can be delivered, supporting the changes with Universal credit but limiting the detrimental impact on CTRS claimants in terms of confusion and financial penalty and for the council in terms of administration and cost.

The following 3 options were proposed with Option 1 being the preferred option for decision:

- **Option 1** is a process change requiring a regular review of all claims across all working age groupings.
- **Option 2** would apply a set tolerance that would be applied across all claims from all working age groupings
- **Option 3** would be applied to all claimants across all working age groupings.

The consultation sought to engage with hard to reach groups across the borough to help ensure that the response was reflective of Maidstone's population.

2. How do these aims affect our duty to:

- **Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the act.**
- **Advance equality of opportunity between people who share a protected characteristic and those who do not.**
- **Foster good relations between people who share a protected characteristic and those who do not.**

The Council Tax Reduction Scheme is for working age applicants. As part of its introduction persons of a pension age were protected. The proposed amendments to the scheme for 2018/19 do not have a detrimental impact on a specific group. The 3 options proposed are to be applied across all Universal Credit claimants and will not affect any group differently to any other.

3. What aspects of the policy including how it is delivered or accessed could contribute to inequality?

There are currently under 200 claimants in receipt of Universal Credit. It is expected that the affected group will grow by approximately 200 per month from August 2018.

In terms of protected characteristics, claimant data is held on disability,

claimants with a carer, age and sex. The information collected is applicable as it is relevant to the calculation of Council Tax Reduction claim. This data has been used to help evaluate any possible impact, positive or negative, as a result of proposed amendments to the scheme to date. The move to Universal Credit is purely related to changes in individual circumstances and the DWP reaction to those changes. It is therefore impossible to predict how many claimants, in terms of age, sex or disability will be represented in the transition.

The proposed amendment to the 2018/19 scheme will affect all claimants in the same manner. All options considered seek to ensure that the administration changes to the schemes as a result of UC were as simple and clear to all claimants as possible.

4. Will the policy have an impact (positive or negative) upon the lives of people, including particular communities and groups who have protected characteristics? What evidence do you have for this?

The impact of the changes proposed is neither positive nor negative. It affects all claimants but is designed to limit the impact on claimants by keeping the administration process as simple and clear as possible.

In terms of the consultation response more respondents were in favour of option 1 which is the preferred option for decision as detailed in the summary table below.

	Option 1	Option 2	Option 3
Yes	387	366	232
No	116	121	260
Not sure	270	212	160
Total	773	699	625

Option 1 will enable the council to calculate or recalculate a person’s entitlement through the Council Tax Reduction (CTR) every 6 months. There may be exceptions to this timeframe if there is a significant change in the household or income. Customers will still have a responsibility to report changes in their circumstances, such as a partner moving in or a change in employer. Currently, every change to a person’s income or capital will potentially generate a change in their CTR leading to changes in their Council Tax instalments. By fixing the assessment period, this will avoid multiple changes, be less confusing, avoid the constant recalculation of Council Tax instalments and aid administration.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted