

## **Maidstone Borough Council**

### **Corporate Services Overview & Scrutiny Committee**

**Tuesday 17 July 2012**

#### **Local Council Tax Scheme & the Impact of Welfare Reforms.**

**Report of:** Overview & Scrutiny Officer

#### **1. Introduction**

- 1.1 At its first meeting of the Municipal Year the Communities Overview and Scrutiny Committee resolved to examine the impact of current changes to Revenues and Benefits Services as a result of the Welfare Reform Act 2012 which was given royal assent on 8 March 2012.
- 1.2 The Chairman felt it appropriate to receive a verbal update on the Local Council Tax Scheme which will be approved by Cabinet on 18 July 2012 in order for the Committee to have an input into the decision making process.

#### **2. Recommendation**

- 2.1 That the Committee is recommended to consider the Local Council Tax Scheme and make recommendations as appropriate.
- 2.2 That the Committee consider the wider impact of Welfare Reforms, in line with the areas of responsibility within its remit, and the impact on residents. Members are recommended to interview Zena Cooke, Director of Regeneration & Communities, Steve McGinnes, Head of Revenues and Benefits Shared Service and Jillie Smithies, Director of Operations, Golding Homes.

#### **3. Reasons for Recommendation**

- 3.1 The Communities Overview and Scrutiny Committee's remit is closely aligned with the Council's priority area, 'For Maidstone to be a decent place to live'. This Committee has an expansive remit that includes Revenues and Benefits, Housing and Vulnerable people and deprivation.
- 3.2 The Local Council Tax Scheme is the latest challenge for the Council in the Government's Welfare Reforms. The amendments to the Housing Benefit Scheme were phased in from April 2011-13; the creation of New Universal Credit is ongoing and will result in the transfer of Housing Benefit to the Department of Work and

Pensions; and the New Local Scheme for Council Tax due to be implemented in April 2013. It is important that the Committee gain an informed understanding of these ongoing changes to assist it in its ongoing role.

- 3.3 In its 2010 Spending Review the Government announced that it would localise support for council tax from 2013-14, reducing expenditure by 10%. From April 2013 a fixed amount of money will be provided to local authorities by central Government to operate new Local Council Tax schemes. Pensioners will be protected against any reduction in support, so savings will have to be made from the assistance the working-age population receives with their Council Tax. It will be up to the individual councils to decide exactly how to achieve these savings within the design of their scheme.
- 3.4 The Kent Finance Officers and Kent Benefit Managers, in its report to the Kent Forum on 23 March 2012, endorsed a common scheme 'where pensioners are protected in full and working age claimants would have to pay the additional 20% of their Council Tax Bill.'
- 3.5 The Committee may wish to consider the following challenges faced by local authorities in devising a scheme.
  - Prevention of a 'postcode lottery' whereby a person may receive assistance in one locality and not in another;
  - Protecting vulnerable groups who cannot increase their income through work; and
  - Ensuring that the message of Universal Credit: 'better off in work' is given whilst withdrawing support from people of a working age.

#### **4. Housing**

- 4.1 Maidstone Borough Council transferred its Housing Stock to Golding Homes, formally Maidstone Housing Trust, in 2004. Golding Homes are one of many Register Social Landlords (RSLs) operating in Maidstone. They own and manage approximately 6, 500 properties in Maidstone and Tunbridge and Malling.
- 4.2 The Committee may wish to discuss the impact Welfare Reforms have had so far on Golding Homes tenants and the renewed challenges they face with the implementation of a Local Council Tax Scheme.
- 4.3 Members may wish to explore the following areas of discussion:
  - How tenants are kept informed of changes to Benefits as a result of Welfare Reforms?
  - How Maidstone Borough Council works with RSLs in a joined up manner to keep residents informed?
  - How do Golding Homes overcome Fraud issues such as subletting?

- How are Golding Homes helping to reinforce the Government's message 'better off in work'.

## **5. Impact on Corporate Objectives**

- 5.1 The Committee will consider reports that deliver against the following Council priorities:
  - 'For Maidstone to be a decent place to live.'
- 5.2 The Strategic Plan sets the Council's key objectives for the medium term and has a range of objectives which support the delivery of the Council's priorities. The Committee's work will contribute to the delivery of these key objectives over the next year.