

MAIDSTONE BOROUGH COUNCIL

**STRATEGIC LEADERSHIP AND CORPORATE SERVICES
OVERVIEW AND SCRUTINY COMMITTEE**

TUESDAY 5 AUGUST 2014

**REPORT OF HEAD OF REVENUES AND BENEFITS SHARED
SERVICE**

Report prepared by Stephen McGinnes

1. LOCAL COUNCIL TAX DISCOUNT SCHEME

1.1 Issue for Consideration

1.1.1 To consider the findings and recommendation of the Committee's sub group established to explore the background, impact and options for the local council tax discount scheme to be introduced from April 2015.

1.2 Recommendation of Head of Revenues and Benefits

1.2.1 That the committee recommends to Cabinet that they consider the following options when making the recommendation to Full Council as to the Local Council Tax Discount Scheme to be implemented in 2015/16.

- Maintaining the current 13% reduction for working age households (option 1)
- Reducing the level of reduction for working age households to 9.5% with the additional cost met through the removal of the discount available for 2nd adult rebate, provision for backdated awards and reduction in the capital limit to £6000. (option 5)

1.2.2 That the committee seeks a further update during November to decide on how best to approach the wider review of the scheme at the end of the current three year agreement.

1.2.3 That the committee consider including the Debt Recovery Policy within their future work programme.

1.3 Reasons for Recommendation

- 1.3.1 The committee identified the local council tax discount scheme as an item for consideration in their 2014/15 work programme and decided to consider the issue in two parts, the scheme for 2015/16 and the longer term operation of the scheme following the end of the current 3 year agreement.
- 1.3.2 In considering the scheme to be implemented for 2015/16 the committee were mindful of the demanding timeframe for implementation and decided at their meeting on the 8th July to set up a sub group to consider the detail of the current scheme and options for how the scheme could operate in 2015/16.
- 1.3.3 A workshop was held on the 17th July which was attended by Cllr Gooch, Cllr Butler, Cllr Grigg, Cllr Edwards-Daem and Cllr McKay. The workshop was supported by Paul Riley, Head of Finance and Resources, Gary Hunter, Benefits Manager, Christian Scade, Senior Corporate Policy Officer and Stephen McGinnes, Head of Revenues and Benefits.
- 1.3.4 A copy of the workshop agenda and presentations given are attached as appendix A and B.
- 1.3.5 During the course of the workshop the committee explored the funding available to finance the future scheme, the operation and impact of the current scheme and a range of alternative schemes.
- 1.3.6 The alternative schemes were provided to demonstrate the impact on residents and the council in varying the current scheme and included the following.
 - Option 1 – retaining the current scheme (13% reduction)
 - Option 2 - remove council funding (18.65% reduction)
 - Option 3 – county scheme (18.5% reduction)
 - Option 4 – increase council funding (no reduction)
 - Option 5 – vary criteria (2nd adult rebate, backdating, capital)
 - Option 6 – increase council funding (protect the disabled people and carers)
- 1.3.7 In considering any change to the scheme it was agreed that it was necessary to balance the cost of the scheme with the impact on working age residents in receipt of the discount.
- 1.3.8 The sustainability of the scheme was also highlighted as an issue with no increase in grant funding expected and the cost of the scheme to increase in line with the council tax. Given the need for many residents to budget for such costs it was also considered desirable to maintain a level of consistency in the level of payment required.

- 1.3.9 In considering the options against that criteria the consensus was that options 2,3 and 6 were unaffordable or would provide an unreasonable increase for residents receiving a discount.
- 1.3.10 The existing scheme (option 1) was considered to provide a reasonable balance in terms of cost to the council and impact on residents.
- 1.3.11 Option 5 received some support, although there was concern that the reduction from 13% to 9.5% would be funded by reducing the discount for other residents. The following risks were also discussed.
- Removal of 2nd adult rebate may prompt the owner to ask 2nd adult to leave, thus increasing pressures on housing and cost of temporary accommodation.
 - Backdating of awards is already restricted to cases where "good cause" has been shown for the delay. Removing discretion will risk impacting on vulnerable residents that may have been prevented from claiming due to age, ill health or bereavement.
 - Reducing the capital limit may discourage saving and have a disproportionate impact on those that are seeking short term support between periods of employment.
- 1.3.12 In addition to the scheme to be implemented, members of the workshop discussed the recovery processes adopted by the council and availability of local discretion to support cases of hardship. It was reported that officers were in the process of finalising a debt recovery policy to cover such issues and there was general agreement that it would be useful for scrutiny to review the policy when available.

1.4 Alternative Action and why not Recommended

- 1.4.1 The committee could consider alternative proposals to those discussed and recommended through the workshop, however, account needs to be taken of the timetable for decision making and requirement to consult regarding any change to the existing scheme.

1.5 Impact on Corporate Objectives

- 1.5.1 The Local Council Tax Discount Scheme to be implemented will impact on local communities, customers and value for money through the way in which the council manages public finances.

1.6 Other Implications

1.6.1

1.	Financial	X
2.	Staffing	
3.	Legal	
4.	Equality Impact Needs Assessment	X
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	

1.6.2 Financial – the cost of the proposed scheme has been estimated and is considered to be affordable within the current budget for the scheme. The cost of the scheme is approximately £9.32m.

1.6.3 Equality Impact Needs Assessment – the impact of the different options has been considered by the working group, with a full impact assessment to be undertaken before a decision is made. Any changes to the current scheme will be highlighted through formal public consultation.

1.7 Relevant Documents

1.7.1 Appendices

Appendix A – Agenda for workshop held on 18 July
Appendix B – Presentation given on the 18 July

1.7.2 Background Documents

None

IS THIS A KEY DECISION REPORT?

THIS BOX MUST BE COMPLETED

Yes

No

If yes, this is a Key Decision because:

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Wards/Parishes affected:

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