

Extract from:

STEVENAGE BOROUGH COUNCIL

**EXECUTIVE
MINUTES**

Date: Tuesday 11 December 2012

Time: 18.00 hrs.

Place: Shimkent Room, Daneshill House, Stevenage SG1 1HN

Extract:

**5. OUTCOMES FROM CONSULTATION AND RECOMMENDATIONS FOR A
LOCAL COUNCIL TAX SCHEME**

The Executive considered a report on the a new local Council Tax Support scheme based upon the outcomes from the consultation process and to present financial and equality impacts of the recommended local Council Tax Support scheme for Stevenage residents. This matter was to be reported to a Special Council on 23January 2013.

An amended was made to paragraph 4.6.18 of the report to correct a typographical error, the last sentence should refer to 'Summer 2013/2014' – not '2012/2013'.

The Resources Portfolio Holder informed the meeting that the drafting of this scheme had been the subject of detailed discussion by the Resources Development & Scrutiny Committee, working with the Portfolio Holder, over a period of three meetings. The last meeting, in November, considered the scheme as proposed on this occasion and the Portfolio Holder highlighted the areas covered and comments made by that Committee, as detailed in paragraph 4.9.8 of the report.

A detailed Equalities Impact Assessment was attached to the report and it was clear that there were four groups disproportionately affected by the new scheme as there were barriers to them earning extra income to fund the increased liability. Additionally consideration was given to the impact on those who were financially vulnerable and this gave added support to proposing that the adjustments should be applied equally across the board.

Having considered the options it was apparent that if the groups identified were to be protected, this would mean that the unprotected Working Age Claimants (WACs) could be asked to pay upward of 30% of their net Council Tax liability. The Scheme proposed reduced the Council Tax WACs would be asked to pay to 8.5%.

It was considered that the scheme had to balance as any funding shortfall would have to met from the General Fund, with a consequential impact on both the County Council and the Police Authority, and this would result in further cuts in services which, in turn, would be most likely to impact disproportionately on these groups. The Council had approached both HCC and the Police Authority with a view to establishing a hardship fund but both bodies had refused. Members were of the view that this was very disappointing even though their refusal had been anticipated.

The Assistant Director (Finance) outlined the extensive consultation that had been undertaken on the Scheme, the details of which were included at section 4.3 of the report. There were 1,100 consultation responses which was considered a high return for this type of exercise, with the feedback split into a negative response to the proposals for the Council Tax Support Scheme and a positive response to the Council Tax exemption proposals, but even with the negative response to the Scheme it was possible to conclude that current claimants did prefer a 'fair' reduction to all rather than a protection for specific groups whilst increasing the burden on others.

The consultation had quoted a 10% liability for all, but given the increased revenue from Council Tax discount/exemption changes this was to go forward in the Scheme with a reduced figure of 8.5%.

The Assistant Director (Finance) then outlined the financial implications that would make the Scheme cost neutral. The shortfall in Government funding was £735,438. This would be funded by an anticipated £408,200 from increased revenue from changes to Council Tax discounts and exemptions and the 8.5% Council Tax liability from all WACs. There was to be Transitional Funding of £173,748 for 2013/2014 thus making following years very tight. There would be risks to the Council should there be a change in demand, on the number of exemptions, or if expenditure increased beyond that forecasted it may be necessary to increase the liability in future years. There were also risks around the ability of the IT software used in the administration of the Scheme.

Members were of the view that given the risks involved a specific Risk Register should be drawn up for the Scheme that could be regularly monitored. It was considered that given the impact of this Scheme, together with other welfare reforms a Council wide review of Debt policy should be initiated.

Members expressed the view that the Government had left Councils with no alternative but to implement schemes that would mean WACs would be worse off and with Councils each implementing different schemes neighbouring WACs in otherwise same circumstances could each be affected to a different extent.

The Chair emphasised that the Council was left with no option but to implement a Scheme but it was hoped that with the proposed scheme imposing a smaller cut to a wider range of people the affects on claimants would be minimised as far as possible. She expressed the view that it was totally unfair that the changes imposed by the Government affected those most vulnerable and not those who were the cause of the financial crisis. She was of no doubt about the negative impact this would have on people in Stevenage but was certain that the Scheme proposed was the best in the otherwise unacceptable circumstances.

It was **RESOLVED:**

1. That the findings and outcomes from the Council Tax Scheme (CTS) consultation carried out with residents and other stakeholders as set out in para. 4.3 of this report and the Consultation Report attached at Appendix C be noted.
2. That the findings on equalities and other impacts arising from the proposed CTS scheme as set out in para. 4.4.11 of the report be noted.

3. That the forecasted financial implications arising from the recommended scheme for the CTS scheme with effect from 1 April 2013 and the risks and assumptions attached to these as set out in para. 4.6.16 of the report be approved.
4. That Council be asked to approve the CTS Scheme as proposed within this report.
5. That it be noted that when developing the scheme and after fulfilling the Council's statutory public sector equality duty that consideration was given consider the impact on those who were financially vulnerable and this gave added support to proposing that the adjustments should be applied equally across the board.
6. That it be noted that both Herts. County Council and the Police Authority were asked if they were willing to support the creation of a hardship fund but both organisations declined.
7. That given the impact of the new scheme in the context of other Welfare reforms, a Council wide review of Debt policy be initiated.
8. That Executive's appreciation be recorded for the extensive work undertaken by the Resources Portfolio Holder, the Resources Development & Scrutiny Committee and the Officer Team in developing the proposals for the Scheme.
9. That officers compile a risk register specifically for this scheme that can be monitored following its introduction.

Reason for Decision: As contained in the report and 5. to record that in addition to undertaking its statutory duty the Executive also considered the impact on those who were financially vulnerable; 6. to record the response from HCC and the Police Authority; 8. to record the Executive's thanks; and 9. to ensure that all the identified risks and mitigation strategy are monitored.

Options Considered: As contained in the report.