

APPENDIX B

Co-operative & Communities and Budget & Finance Scrutiny Committees

Joint statement for Policy Review on the Council Tax Support Transitional Grant Scheme

The Co-operative & Communities and Budget & Finance Scrutiny Committees received a briefing on 23rd October 2012 on the government announcement of £100m grant funding available to Councils to support the Council Tax Support Scheme during the transition year.

Members appreciated the fact that a briefing had been provided to Scrutiny in advance of a discussion at Policy Review due to the timing of events and meetings, and were pleased that this provided an opportunity for scrutiny to contribute to the process.

Members considered the information provided and discussed the implications of the grant scheme option for the Council and for residents of the borough. The following statement was agreed which members would like Policy Review to take into account when forming a view on whether to accept or decline the grant.

The Co-operative & Communities and Budget & Finance Scrutiny Committees recommend declining the £336k Council Tax Support Transition grant for the following reasons:

- In terms of the broader finances of the Council, accepting the grant does not make financial sense. Whereas Members would welcome opportunities to limit the impact of benefit cuts on the public, accepting the grant would leave an estimated deficit of **£679k** which could not be passed on to Council Tax benefit claimants because of the constraints of the grant scheme would mean collecting over £1 million pounds less in revenue. The Council would need to find this money elsewhere and in all likelihood this would mean cutting front-line services with a potential negative impact on vulnerable people in the borough.
- Setting an upper limit of 25% on the earnings taper for working age claimants in receipt of some Council Tax benefit could act as a disincentive to work which is contrary to the principles of the scheme that it should not disincentivise work.
- The grant (as it stands) is a transitional grant, and accepting it only stores up problems for following years when further cuts would have to be made.
- Accepting the grant would require a further period of consultation which would cost money.
- Extending the period of consultation would make it very difficult to meet the government's deadline for agreeing the Council Tax Support scheme by 31st January and then making the necessary changes to the IT system and staff training.

- Reducing benefit cuts for working age people who pay no Council Tax to 8.5% may have a positive impact on collection rates and the cost of collection over the longer term but would not be enough to offset the loss of £679k income.
- In reaching its conclusion, members of the Committees were very concerned, should a decision be made to decline the grant, that this would be perceived by the public that the Council has turned away money which could help Council Tax benefit customers. It is important that clear communication and messages about such a decision should go out to the public should Cabinet decide to decline the grant.

The Committees will be submitting a separate response to the wider consultation on the Council Tax Support scheme.

Members commended Angie Astley and the Revenues and Benefits team for their hard work in developing the scheme proposals along side work on the other welfare reform changes, and in particular would like to thank Lee Higgins for the preparation and clear presentation of complex information which had made the work of the Committees much easier.

Report prepared by Stephanie Jones, Scrutiny Officer