

CABINET
MONDAY, 17 DECEMBER 2012

ITEM 4 – PUBLIC QUESTION TIME

Note

The time allowed for questions shall be limited to 30 minutes or a maximum of 20 questions, whichever occurs first.

The questioner at the meeting may ask one supplementary question to the original question, which will be answered without discussion.

1. Ms Barbara Jacobson

In relation to Agenda Item 5: Council Tax Support Scheme

Banding limit - The report states that there is a risk that a 'limit on the level of support for higher banded properties could disproportionately impact on some population segments, in particular larger families ... [and] worsen the societal and other problems caused by some of these families'. How many families are 'some' in this case, what would the impact on them be, what evidence is there that such impact results in these families *causing* 'societal and other problems' and, specifically, what are those problems?

Response

Research has shown that there are a relatively small number of families that have multiple, complex problems and generate a disproportionate cost on local economies. Barnet is part of a trial scheme to address this problem and has established a Troubled Families unit to provide support to such families which works closely with other services such as the police, health services, schools and others, and aims to get children back into school, reduce crime and anti-social behaviour, and help parents get back into work.

In designing the scheme, we have paid attention to the need to avoid exacerbating the situation of such families. Limiting the level of support to Band D would have resulted in 200 families living in larger properties being asked to contribute over £25 per week. We are not proposing that this feature is adopted in the CTS scheme for 2013/14.

2. Mr Julian Silverman

Under present arrangements claimants of all benefits receive a letter which states: "*The assessment is based on how much the law says you need to live on*". Bearing in mind that the funds available to replace council tax benefit are to be reduced by 10%, has the council checked government predictions of the resultant rise in mortality a] nationally b] for the area? Would these figures have any bearing on the profitability of the shortly-to-be-privatised burial industry in the borough?

Response

As far as we are aware the government has made no predictions of the increase in mortality resulting from the introduction of Council Tax Support schemes. The Cabinet paper identifies a wide range of measures that we have considered to protect the most vulnerable in the borough, including the introduction of a Crisis Fund.

3. Mr Keith Martin

Agenda item 8 includes among its supporting papers a letter from the Royal British Legion (page

88) concerning benefits formerly granted as of right, now at the discretion of local authorities, to war veterans.

Do you agree that the Council, both representing and in common with all citizens, has a strong moral duty towards disadvantaged members of society, be they in receipt of war pensions as a recognition of commitment to the nation, or in receipt of services at day centres and social activities provided by agencies such as Age UK? .

Response

We have long recognised the case put forward by the British Legion and have a proud history of supporting those who have served our country in the armed forces. We are protecting war pensioners from any impact of the new scheme. The proposed design of the new scheme protects all those of pensionable age, meets the criteria for the government's transitional support and minimises the impact of the 10% funding cut on those most disadvantaged in society. In addition, the council will introduce a Crisis Fund from April 2013 which will provide further support on a discretionary basis to those in severe hardship in the borough.

4. Mr Ron Cohen

(Agenda Item 5 - Council Tax Support Scheme)

Section 2.1 - Cabinet 17 July 2012, Decision item 12 Consultation on Options for Council Tax Localisation: Cabinet noted Government changes to Council Tax Benefit and the proposal to replace this with a local Council Tax Support scheme. Cabinet agreed options for consultation, communications and consultation programme. Cabinet agreed that a future meeting would receive a report presenting the consultation findings, proposals for a local Council Tax Support (CTS) scheme, with relevant impact assessments and a proposed implementation plan

How are the above findings reflected in council implementation plan?

Response

The findings from the consultation exercise are presented in detail in the Cabinet report. The implementation plan in Appendix 9 of the report will deliver the scheme described in the report to the timescales required to meet the council's requirement to have a new localised Council Tax Support scheme in place for April 2013 when funding is reduced.

5. Ms Barbara Jacobson

In relation to Agenda Item 5:

Banding limit The report states that that because the 'societal and other problems caused by families may in the longer term cost much more to resolve than the amount of revenue generated ... it is not proposed to adopt this feature in the first year of the scheme'. How does the Committee plan to mitigate or remove this risk, over what period of time, and in which year does it plan to adopt the banding limit?

Response

This feature is not proposed to be adopted for 2013/14. The features to be adopted for 2014/15, and potentially for later years, will be decided during 2013/14 in the light of experience gained during the operation of the scheme up to that time.

6. Mr Julian Silverman

Why did the consultation document issued by Barnet hide the option which the government had specified to preserve the level of council tax benefit and make savings elsewhere - an option

which was chosen by e.g. Scotland and David Cameron's own West Oxfordshire council?

Response

This option is included in the Cabinet paper as Option 0 in the table on page 39. However, Option 0 still leaves a funding gap of £0.9m. The Council is already making substantial efficiency savings across a wide range of services and any further savings resulting from the 10% reduction in government funding would result in real cuts in the quality of front line services. The purpose of this item is to present members with a number of options to enable them to make a decision on which to adopt in the new scheme.

7. Mr Ron Cohen

Section 3.1 - "The Government have committed to a programme of welfare reform, aiming to simplify the benefits system, create the right incentives to get more people into work, protect the most vulnerable, and deliver fairness to tax payers and to those claiming benefit"

1. What are the criteria and/or the research to classify those incentives as "right"?
2. What are, and on what criteria the classification of "most vulnerable" is based on?
3. What measures are in place to guarantee that removing benefits from not "most vulnerable" will cause deterioration to "most vulnerable" state?

Response

This quotation from the report is drawn from the Coalition Government policy statements on the aims and intentions of the national welfare reform programme. Central government departments – such as Department for Work and Pensions – are leading specific reforms, such as the introduction of Universal Credit. The relevant department is responsible for the design of these reforms including the incentives, criteria and the impacts of the reforms.

The Council is establishing a Crisis Fund that, from April 2013, will support those in most hardship in the borough.

8. Mr Julian Silverman

Barnet's original publicity for its version of Council Tax Support included the statement: *"councils must design the scheme so that it helps people move into work or, if already working increase their income from working."*

In support of this policy, what plans has the council prepared to take on and train new staff, or to subsidise jobless people in training and work-schemes in such much-needed services as health, social care, education, the environment etc.? What measures are they taking to ban cheap and enforced free labour and to encourage strong trade unions among the employed and unemployed in order to boost employment and pay?

Why was this statement omitted from the consultation and all further documents?

Response

One of the principles included in the consultation and referenced in the Cabinet paper was "The scheme should incentivise work". The design of the scheme seeks to incentivise work through the taper mechanism that ensures that, as an individual's income rises, their expected contribution to their Council Tax liability rises by a smaller amount, thereby ensuring that they are not worse off by increasing the income they receive from working.

9. **Mr Ron Cohen**

Section 4.2, Principal financial risks and mitigations, reads:

Risk: If Barnet's population increases, including an increase in the population segment that currently receives Council Tax Benefit, demand for Council Tax Support could increase against a fixed grant from the government. This would increase the funding gap. Such population migration may occur as a result of increased housing costs in central London, or if Barnet's CTS scheme is more generous than those of neighbouring boroughs"

Mitigations: Ensure that Barnet's scheme is not significantly more generous than those of neighbouring boroughs.

Does this imply that Barnet Council CTS scheme is motivated by the results of the Mayor of London Social Cleansing policies rather than a real financial shortage?

Response

No. The proposed Council Tax Support scheme is designed to reflect the proposed principles of the scheme, taking into account consultation responses, within a reduced budget.

10. **Mr Julian Silverman**

Why do Barnet's Corporate Priorities [Appendix 7 3.2] no longer include "a new relationship with citizens" as they still did as recently as April of this year? Have the priorities changed again? Or are we still stuck with the old ones? Incidentally, has Barnet discovered where Capita's corporate priorities lie?

Response

The council's corporate priorities have not changed. In this report we have focused on those priorities that are most relevant to the issues under consideration.

11. **Mr Ron Cohen**

Risk: Lower Council Tax collection rate and bad debts

Mitigation: Robust arrears management procedures to maximise collection rate and prudent assumptions on collection rates.

How does this mitigation come to terms with the Capita contract where the contractual threshold is significantly lower than the in house collection rate?

Response

The proposed overall collection rate target for 2013/14 onwards under the NSCSO contract is higher than the collection rates achieved in 2011/12 and forecast for 2012/13. We have made conservative assumptions regarding the collection rate from those affected by the scheme which are stated in the report.

12. Mr Ron Cohen

Risk: Higher administrative costs

Mitigation: Integration of administration with existing Revenues & Benefits service, supported by proven system.

1. Capita collection rate is far lower than the UK average. What is the assumption of “proven system” that this is based upon?
2. By how much the “integration of .. with...” will reduce administrative costs (please provide absolute as well as relative numbers)

Response

The ‘proven system’ is Civica’s OpenRevenues system which will continue to be used by the preferred bidder following take-on of the Revenues and Benefits service in April 2013.

Integration of the administration of the Crisis Fund with the existing system will minimise any increase in administration costs, compared for example with procuring a new stand-alone system.

13. Mr Ron Cohen

Risk: Potential growth in the number of claimants.

Mitigation: Realistic assumption on caseload growth based on trends in recent years

How can “realistic assumption” be based on recent years trends when your new policies is expected to profoundly change the trends (to worst, as the risk implies)

Response

Council Tax Support is replacing Council Tax Benefit, which has been in place for many years and for which the demand under varying economic conditions is well understood. The assumed growth in claimant numbers is consistent with national and local forecasts of claimant numbers based on economic and demographic trends.

14. Mr Ron Cohen

Section 4.5 says: The risk on transaction volumes will be covered by the volumetric pricing formula which is built into the commercial arrangements with either bidder.

Can you please describe in details this “volumetric pricing formula”?

Response

The Capita proposals include volume adjustments for increases or decreases in activity, which would result in either an increase or decrease in the contract price. There is a 10% threshold whereby any changes in volumes lower than this do not result in any change to the price.

15. Mr Ron Cohen

Section 4.8 - “In addition to the collection risk outlined above, there is a further risk that such a large impact may worsen the societal and other problems caused by some of these families, which may in the longer term cost much more to resolve than the amount of revenue generated. For these reasons it is not proposed to adopt this feature in the first year of the scheme.”

What difference does it make if the anticipated problems will be pushed to year two? How does the Council plan to handle it then?

Response

The features of the scheme in 2014/15 will be decided during 2013/14 in the light of the prevailing demand and government policies at the time and will be subject to further consultation.

16. Mr Ron Cohen

Section 4.9 - "Together with other welfare reforms being implemented by government, the scheme may exacerbate already difficult financial circumstances for some individuals and families. This risk will be mitigated by separate proposals for a Crisis Fund to support those in severe need, and by the usual payment schemes, which allow payments to be spread over longer periods in cases where citizens have difficulty paying their Council Tax."

The above will require more local professional workers to assess those needs, as well as more "back office" workers to process them. How is this extra work force going to be financed (after the government so called "gap" scheme ends)?

Response

The government has allocated administration funding for the Crisis Fund in Barnet (replacing parts of the existing Social Fund) of £169,000 for 2013/14 and £155,000 for 2014/15.

17. Mr Ron Cohen

Section 5.8 - "The Council has reduced the overall impact of the scheme by making full use of its powers to reduce or remove discounts and exemptions for empty properties and constructing a scheme that will meet the government's criteria for qualifying for transitional funding, expected to be worth £600,000 for Barnet in 2013/14."

According to the council data, there are over 3400 empty residential homes in the borough, not including businesses and office buildings. How then, we are presented with much less than expected sum of £2.2M in item 6.5?

Can the council provide a detailed calculation for that assessment?

Response

The calculation of the £2.2M referred to is based on the current costs of providing Class A and C exemptions and second home discounts. Other exemptions and discounts will continue to be granted.

18. Mr Ron Cohen

Section 5.9 - "Concerns were also expressed that this requirement may drive people to crime or unethical borrowing, and also that the cost of collection by the Council could be high."

Was an impact assessment taken regarding those concerns? If not, please describe how those will be addressed without assessing them? If did, please supply the relevant documents.

Response

The quote reflects concerns raised by some people in the focus groups regarding to the requirement for all working age claimants to pay a proportion of the Council Tax liability. The impact of this feature on claimants has been addressed in the Equalities Impact Assessment at Appendix 6. The potential for high collection costs has been factored in to the assumptions on collection rates used in the analysis and the proposed scheme is designed to mitigate the financial impact on households in year one by using changes to exemptions and discounts and using central government transitional funding.

19. Mr Ron Cohen

Section 6.2 - The impact of the cut is estimated at £3.2 millions. This is LESS than what the council is spending on the OBP. Wouldn't it make more sense to drop the OBP in order to address this human suffering?

Response

The estimated cost of replacing Council Tax Benefit with a Council Tax Support scheme and a reduction in central government funding (10%) is estimated to be £3.7m as explained in paragraph 6.4.

The One Barnet Programme aims to reduce costs and protect services in a difficult financial context. For example, the NSCSO business case sets out savings of £125m that have been guaranteed by Capita in their proposal.

20. Mr Ron Cohen

Section 6.8 - "The Government has stated that the transitional funding offered for 2013/14 will not be extended into future years. In order to meet the ongoing funding gap in later years without making service savings or drawing from reserves, additional revenues would need to be generated by:

- Increasing the contribution from working age claimants; and/or
- Reducing capital limits; and/or
- Limiting the level of support to Band D or Band E."

It is clear from the above that the council refers to those cuts only from their financial aspects, not the social impact. How is the council planning to deal with this social calamity?

Response

As demonstrated by the comprehensive Equalities Impact Statement and elsewhere in the paper, full consideration of the social implications of the government's welfare reforms has been taken. This is taken into account in the recommended scheme and the proposal to create a Crisis Fund in 2013/14.

21. Mr Ron Cohen

Section 6.9 - Who is going to install and maintain those IT services? Is it in-house or otherwise? If otherwise, please advice how does it seat with the council proclaimed intention to encourage local jobs?

Response

In common with the whole of Revenues and Benefits, this part of the service is within the scope of the NSCSO and will be transferred to the preferred bidder in 2013.

22. Mr Ron Cohen

Section 9.4.4 - "The key responses received from the public consultation are as follows. Note that in many cases a significant proportion (up to 40 %) of respondents either did not express a view or stated that they were undecided or did not know."

1. Does this "significant proportion" of 40% is indication that the questioner was inherently flawed, and not real conclusion can be drawn from it?

2. Figure 2, on page 29, clearly demonstrate that the council has no majority support for those polices (except for the taxation of empty houses). Why the council then, ignores the majority of

its residents?

Response

The consultation model aimed to engage current Council Tax Benefit recipients and other residents, using a range of methods to gain information from consultees. The overall number of survey responses was 2,910, demonstrating a high response rate, and nine focus groups took place over the consultation period. A mix of qualitative and quantitative consultation and research methods were used to give consultees the opportunity to respond to the proposed scheme.

This detailed consultation approach has provided a strong data set and has been used to when considering options for a proposed scheme as per Appendix 3 of the report to Cabinet.

Figure 2 demonstrates that more people agreed with every one of the features than disagreed. For example, 39% of Council Tax Benefit recipients were in favour of removing the second adult rebate whilst 24% were against, giving a net agreement rating of 15%.

23. Mr Ron Cohen

Option 0 (doing nothing), in table 9, page 38, estimates shortfall of £0.9m. This is less than what the council spent during October alone on the OBP consultancies. On the other hand, option 6, the preferred option, is leaving the council with a surplus of £0.5m, taken from the poorest of the poor.

Do the council have a moral compass?

Response

The Council Tax Support scheme is aimed at delivering a sustainable solution that meets the agreed principles of the scheme, the consultation finding and the equalities impacts. The council as a whole needs to respond to difficult budget reductions while protecting front line services.

24. Mr Ron Cohen

The Project Plan on page 148. It is clear that actions, including financial commitments have been taken BEFORE it was approved by the full council, and even before it was approved by Cabinet. Is it another example of senior officers ignoring the proper democratic procedures?

Response

The recommendations in the report state that the proposal for the adoption of a local Council Tax Support scheme is a decision to be taken by Council on 22 January 2013.

Cabinet agreed a programme of consultation and communications on July 17 2012 and agreed that a future meeting would receive a report on the consultation findings and proposals for the scheme. Officers were tasked to complete this programme of consultation and communications and present a report incorporating consultation findings, proposals for a local Council Tax Support (CTS) scheme, with relevant impact assessments and a proposed implementation plan.

Local authorities across the country are working to tight timescales to ensure that local schemes are up and running by 1 April 2013. The project plan identifies initial preparatory work to be conducted by officers to ensure that the authority is able to implement a scheme on 1 April – pending the decisions to be taken by the Council.