

Shaping the Council 2015-16 and beyond: Savings Business Case

Business Case Title	Introduce a Local Residency Rule to the Local Council Tax Scheme (LCTS)		
Revision No:	1	Date:	10 July 2014
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Critical friend/Exec Bd			
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Section 1:

Savings Proposal

Introduce a Local Residency Rule to the Local Council Tax Scheme (LCTS)

Strategic rationale

The LCTS currently provides a discount to those of working age that had previously been in receipt of benefit. This discount is currently 75% - in other words, they now need to pay 25% of Council Tax instead of nothing. The scheme is within the gift of the Council but any changes require public consultation.

This proposal considers introducing a residency rule – ie an applicant would only be entitled to the discount if they had lived in the area for, say, five years.

The current discount is circa £800 per property per year. There is evidence of other councils sending vulnerable families to Thurrock that not only then become eligible for LCTS but for the wider range of services that the Council provides including social care. Together with other measures, this could deter people being moved in to the borough and mitigate the impact of those with high needs as they will be paying full Council Tax for at least the first five years of residency. The five year timescale is inline with the housing allocations policy.

It is proposed that those who are already receiving the discount but do not meet the residency criteria be protected – in other words, it would only be introduced for new claims.

Approximate Cost Savings

The cost of the discount is approx £800k. Tending operate this scheme and refused 800 applications in 2013/14. If this was copied in Thurrock it would raise income of £640k but this would need to be discounted by 50% for potential non collection to £320k.

Timescales

Activity	Timescale
It is too late to implement any change for 2014/15 as Council has	The earliest implementation

already agreed the scheme. The Council would need to consult on this over the Summer 2014 and the proposal and outcome of the consultation would be put before Council in November to consider and agree a revised scheme for 2015/16.	would be 2015/16
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Risks /Consequences

If those already receiving the discount but did not meet the residency criteria were not protected, administering this would be difficult and would require a complete review of the 4,000+ currently in receipt of the benefit to see if they were still eligible. The recommendation would be to apply the criteria to all new claims from 1 April 2015.

Mitigation

As above

Section 2: Finance, savings and costs

Financial summary

General Fund budget 2014-15

	Staff £000s	Premises / Transport £000s	Supplies/ Services £000s	Direct Payments £000s	Third Party Payments £000s	Total Expenditure Gross £000s	Income £000s	Net Expenditure £000s
2014/15								

Staff Related savings

Current number of posts (FTE and headcount)	n/a
Number of posts to be deleted (FTE and headcount)	n/a
Amount of salary saving (inc on-costs)	n/a

Non- Staff Related savings

Premises and buildings (inc utilities)	n/a
Transport	n/a
Supplies and services	n/a
Other (please specify)	n/a

Third Party Related savings/income

Commissioning/contracts	n/a
Charges to the HRA/DSG/PHG (NB can be negative)	n/a
Increase fees & charges	n/a
Grants/additional funding streams	n/a
Other (please specify)	n/a

Benefits – non financial

Alignment to housing allocations policy and ability to mitigate against the cost of vulnerable families with complex needs and high dependency on statutory services such as social care moving into the borough.

Costs & Resources to deliver the savings

Direct costs	n/a
Redundancy costs	n/a
Accommodation costs	n/a
Procurement and/or Legal costs	n/a
Other HR costs	n/a
Other (please specify)	n/a

Section 3: Impact/Consequences of proposal – not covered in financial section

Impact on Corporate Priorities/objectives/ performance targets/standards

Priority 1. Create a great place for learning and opportunity	Welfare Reform has a wide ranging impact on the community. This Council has currently decided not to pass on further reductions in funding to those in receipt of the Local Council Tax Scheme (LCTS) by maintaining the discount at 75% but this proposal will impact on individuals and families who do not meet the residency criteria.
Priority 2. Encourage and promote job creation and economic prosperity	
Priority 3. Build pride, responsibility and respect to create safer communities	
Priority 4. Improve health and well-being	
Priority 5. Protect and promote our clean and green environment	
Well-run organisation - financial & governance; staff; customers	

Impacts on partners

N/A

Impacts on customers / community and equality/diversity implications

Those that do not meet the residency criteria will need to pay full Council Tax instead of the discounted level of between £200 and £250 per annum. The EqIA will determine whether any particular groups will be impacted disproportionately by the proposal.

Has an EqIA been undertaken?

YES / NO **Date: Not at this time – this proposal will need to be consulted on over the Summer and an EqIA will be completed once consultation is complete and the full scheme proposal is considered by Members.**

Other impacts/implications

Nothing additional

Section 4: Risks and Mitigation

Delivery risks

Risk Description	Likelihood	Impact	Rating	Management or Mitigating Action
The proposal is subject to consultation over the Summer and approval by Council post consultation	2	3	6	Full consultation and the EqlA to spell out options and impacts

Service risks

Risk Description	Likelihood	Impact	Rating	Management or Mitigating Action
This will cause difficulty in the administration of LCTS by adding in a further layer of information and checks.	2	3	6	Review processes, information gathering requirements, etc.

For information on the ratings criteria guide, please see <\\Thurdata01\data\THURROCK\EXCHANGE\ROM>

	4	8	12	16
Likelihood	3	6	9	12
	2	4	6	8
	1	2	3	4
				Impact

Section 5: Assumptions, Dependencies & Exclusions

Timeframes Assumptions/ Dependencies/Exclusions	Scheme will need to be passed by full Council by the end of January in any year.
Benefits Assumptions/ Dependencies/Exclusions	
Costs Assumptions/ Dependencies/Exclusions	
Other/ General Assumptions/ Dependencies/Exclusions	

Section 6: Stakeholder Engagement Requirements

		Approximate timelines
Staff/Unions	<input type="checkbox"/>	n/a
Portfolio Holders/Members	<input checked="" type="checkbox"/>	LCTS is being considered by Corporate O&S in July and will then be considered by Members again post consultation for consideration by Council.
Partners	<input type="checkbox"/>	n/a
Residents/Public	<input checked="" type="checkbox"/>	Public consultation will take place for a period of up to 10 weeks over the Summer
Other – please specify	<input type="checkbox"/>	

Section 7: Any other comments to support savings proposals

There are a number of elements to the LCTS that will be consulted on over the Summer. The residency criteria will be one of these elements and will form part of a scheme proposal to Members after the Summer.