

You are requested to attend a meeting of the Executive to be held in The John Meikle Room, The Deane House, Belvedere Road, Taunton on 14 November 2012 at 18:15.

Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Executive held on 10 October 2012 (attached).
- 3 Public Question Time.
- 4 Declaration of Interests
To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct.
- 5 Loan to Somerset County Cricket Club to enable Development. Report of the Strategic Director (attached). See also the Confidential Appendix at agenda item No. 11.

Reporting Officer: Joy Wishlade
- 6 Local Council Tax Support Scheme for Taunton Deane. Report of the Corporate and Client Lead (attached).

Reporting Officer: Paul Harding
- 7 Council Tax Charges - Empty Properties and Second Homes. Report of the Corporate and Client Lead (attached).

Reporting Officer: Paul Harding
- 8 Review of HRA Business Plan 2012-2042. Report of the Health and Housing Manager (attached).

Reporting Officer: James Barrah
- 9 Taunton Town Centre Business Improvement District (BID) Programme: the Way Forward. Report of the Economic Development Manager (attached).

Reporting Officer: David Evans
- 10 Executive Forward Plan - details of forthcoming items to be considered by the Executive and the opportunity for Members to suggest further items (attached)

The following items are likely to be considered after the exclusion of the press and public because of the likelihood that exempt information would otherwise be

disclosed relating to the Clause set out below of Schedule 12A of the Local Government Act 1972.

- 11 Confidential Appendix - Proposed Loan to Somerset County Cricket Club to enable development (attached). See also agenda item No. 5.

Tonya Meers
Legal and Democratic Services Manager

07 December 2012

Members of the public are welcome to attend the meeting and listen to the discussions.

There is time set aside at the beginning of most meetings to allow the public to ask questions.

Speaking under “Public Question Time” is limited to 4 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chairman will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate.

If a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chairman will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

This is more usual at meetings of the Council’s Planning Committee and details of the “rules” which apply at these meetings can be found in the leaflet “Having Your Say on Planning Applications”. A copy can be obtained free of charge from the Planning Reception Desk at The Deane House or by contacting the telephone number or e-mail address below.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room.

Full Council, Executive, Committees and Task and Finish Review agendas, reports and minutes are available on our website: www.tauntondeane.gov.uk



Lift access to the John Meikle Room and the other Committee Rooms on the first floor of The Deane House, is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available off the landing directly outside the Committee Rooms.



An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter.

For further information about the meeting, please contact the Corporate Support Unit on 01823 356414 or email r.bryant@tauntondeane.gov.uk

Executive Members:-

Councillor J Warmington (Community Leadership)

Councillor J Williams - Leader of the Council (Leader of the Council)

Councillor V Stock-Williams (Portfolio Holder - Corporate Resources)

Councillor N Cavill (Portfolio Holder - Economic Development, Asset Management, Arts and Tourism)

Councillor K Hayward (Portfolio Holder - Environmental Services)

Councillor J Adkins (Portfolio Holder - Housing Services)

Councillor M Edwards (Portfolio Holder - Planning and Transportation/Communications)

Councillor C Herbert (Portfolio Holder - Sports, Parks and Leisure)

Executive – 10 October 2012

Present: Councillor Williams (Chairman)
Councillors Mrs Adkins, Cavill, Edwards, Hayward, Mrs Stock-Williams and Mrs Warmington

Officers: Brendan Cleere (Strategic Director), Tim Burton (Growth and Development Manager), Lesley Webb-Crookes (Housing Enabling Lead), Suzie Rea (Housing Regeneration Officer), Martin Price (Tenant Empowerment Manager), Paul Harding (Corporate and Client Services Lead), Tonya Meers (Legal and Democratic Services Manager) and Richard Bryant (Democratic Services Manager and Corporate Support Lead).

Also present: Councillors Nottrodt, T Slattery and A Wedderkopp.
Cathy Osborne (Savills Plc) and Mike Day and Wendy Lewis (Knightstone Housing Association)

(The meeting commenced at 6.15 pm.)

76. Apology

Councillor Mrs Herbert.

77. Minutes

The minutes of the meeting of the Executive held on 12 September 2012, copies of which had been circulated, were taken as read and were signed.

78. Halcon North, Taunton Regeneration Project

Reference Minute No. 6/2012, considered report previously circulated, which updated Members on the further work undertaken since the decision was taken to progress the project to the next stage.

This work had comprised a review of the Housing Revenue Account (HRA) Business Plan impact of a full-scale regeneration as well as further resident consultation and stakeholder engagement.

Halcon North comprised 7.25 hectares of housing land and approximately 220 dwellings and featured in the top 5% of the most deprived wards in the country. Although, much good work had been done over many years by a range of agencies, the deprivation indices currently showed no sign of improvement.

The rationale for the Project was that to make a real difference in the area required a physical shift in the type of place it was.

The project comprised the redevelopment of the entire area which covered Creechbarrow Road, Valley Road, Brendon Road and Moorland Road.

The Executive had previously decided to accept that the wider benefits of

regeneration should outweigh any concerns around mix and tenure and to proceed to the next stage and the procurement of a developer.

However, opposition to a full scale regeneration from local residents, particularly around the reduction of HRA stock had continued over the month since.

A principle of this project had always been that to achieve the wider aspirations, a multi-agency approach and involvement of the local community would be needed.

As a result it was decided to take a step back and to re-engage with the community in order to ascertain whether the opposition expressed truly represented the overwhelming view of the North Halcon community as a whole.

In addition, Savills had been asked to review the business plan impact of regeneration of the four streets concerned and its report was submitted for the information of Members.

The findings were based upon an assessment from stock condition data and details of rents for each of the 192 Council owned properties. It also gave income and expenditure projections and the HRA debt position.

The report had concluded that the significantly lower stock condition costs associated with these properties currently generated a net surplus in the business plan. This surplus was currently available as a contribution towards the servicing and repayment of the HRA debt, the investment in new homes and further investment in existing homes, estates and services.

This net surplus would be lost to the HRA if the 192 dwellings were to be demolished. Current Development Appraisals did not assume that there would be any residual capital receipt available from the redevelopment to replace net income loss to the HRA.

The report also identified actions that could be considered to reduce the impact identified. These included phasing redevelopment to reduce net income loss in the early years, although the end position would remain the same; or redefinition of the regeneration area to focus on smaller pockets of stock with the highest investment need.

Reported that further consultation with residents was carried out during late August 2012 by the Estates Team accompanied by members of the Tenant Services Management Board and Tenants Forum. 82% of households completed the questionnaire, the full results of which were also submitted.

52% of respondees supported the preferred option - full scale regeneration - although analysis of responses indicated that a number of the issues in this neighbourhood and improvements necessary to address such problems could be achieved without demolishing all the properties, for example, removing problem families, dealing with rubbish, removal of planters and reduced speeding.

The consultation had also revealed that whilst the majority of properties were only two bedroomed, most were occupied by three or less people. This implied that overcrowding was not widespread and that extension of some existing properties could therefore be a more proportionate response to this issue.

Although the Development Appraisal had indicated a maximum of 50 dwellings being returned to the HRA, the consultation had identified that 75 respondents would like to move back to the area as a Council tenant should redevelopment occur.

As well as consultation with local residents, discussions had been held with the various stakeholder organisations involved in the area, the results of which were as follows:-

The **Halcon Multi-agency Group** acknowledged that there were housing issues in the area, but that a solely housing regeneration would be an opportunity missed.

A phased approach to regeneration was supported, which could act as a catalyst for further change. It was felt that redevelopment should be linked to an overall master plan which identified opportunities for change across the entire estate and not just in the four streets the subject of the project.

The Group considered that a full scale and unphased redevelopment would cause issues around the school roll and upon neighbour and family support networks.

The **Tenant Services Management Board** considered the consultation responses and HRA Business Plan impact at its meeting on 24 September 2012.

Following a detailed discussion, the Board had concluded that they would not be happy with the loss of stock and recommended that the Council moved away from full scale redevelopment and looked instead at opportunities for smaller scale proposals to address the issues identified in the consultation.

The **North Halcon Residents Association** agreed that full scale redevelopment was not necessary to address the problems of the area and that existing family networks should not be broken up.

The Association had expressed the view that the existing properties were generally good solid houses which, where appropriate, could be extended and made more energy efficient. If the Council wanted to do something, a new school or medical centre was considered to be more important. Development should therefore be smaller scale and phased.

The Chairman invited Lisa Wychwood and John Beaman to address the Executive. Both re-iterated the points that had emerged from the consultations that had taken place with residents and the stakeholder groups. They were particularly pleased that local people had been listened to and thanked the Council for consulting further.

The Chairman also invited Mike Day of Knightstone Housing Association to speak.

Mr Day confirmed that Knightstone had worked on previous projects with the

Council and were willing to help again with regard to Halcon, if formally invited to do so. He also confirmed that funding from the Home and Communities Agency was currently available which could be used to provide up to 30 units of housing in the Halcon North area.

Reported that the matter had been debated at the meeting of the Community Scrutiny Committee the previous evening when it had been resolved that:-

“The Executive be recommended to consider the smaller scale, phased regeneration of Halcon North to include, where appropriate, extensions and refurbishment to the highest level of energy efficiency specification. This work to be carried out alongside a revised and clear focus on other means of tackling the multiple deprivation issues associated with this area.

This Committee was also pleased to note that the doctor’s surgery would be ready to open as early as January 2013, which was seen as a very positive step forward and long overdue”.

Following the latest consultations, the following factors had been identified:-

- The previously preferred option of a large-scale housing regeneration would have a negative impact on the HRA Business Plan;
- Although 52% of residents still supported the preferred option, analysis of the reasons would suggest that many of these aspirations could be achieved without full scale redevelopment of the four streets;
- More Council tenants would wish to remain Council tenants in the area than could be accommodated by the preferred option identified through the Development Appraisal; and
- Stakeholders still recognised the benefits that could be derived from physical regeneration, but generally felt that any regeneration should be small scale or phased and linked to a wider range of actions to address local issues (potentially more closely linked to Priority Areas Strategy outcomes).

Resolved that, in view of the consensus of opinion in favour of smaller scale regeneration in Halcon North, Taunton, options be explored with partners to access funding for smaller scale development whilst maintaining and improving retained Housing Revenue Account stock. Any regeneration would be linked to the Priority Area Strategy, be constructed to the highest energy efficiency standards practicable and to include full risk and community impact assessments.

79. **Retained Business Rates – Formation of a Somerset Rate Pool**

Considered report previously circulated, concerning proposals in the Local Government Finance Bill which would allow authorities to retain a proportion of the business rates revenue generated in a local area with effect from 1 April 2013.

Business rates retention was intended to provide incentives for local authorities to drive economic growth, as the authorities would be able to retain a share of the growth that was generated in business rates revenue in their areas, as opposed to the current system where all business rates revenues were held centrally.

The Government had announced that the share to be paid to them from business rates collected would be 50%. Therefore 50% of business rates could be retained locally.

The proposals did not include any changes to the system of business rates and that rate-setting powers would remain under Central Government control. The revaluation process would also remain unchanged.

For each authority, a funding baseline position would be set, based on their 2012 funding settlement and their average business rates collected over the last five years. The overall level of funding to each authority from Central Government for 2013/2014 would reflect the amount which would have been receivable from Formula Grant had there been no change to the system.

The business rates baseline would be achieved by first splitting the average business rates yield in each 'collection authority' in the following proportions:-

- 50% - to Central Government;
- 9% - to the County Council;
- 1% - to the Fire Authority; and
- 40% - retained by the District (the District's 'Business Rates Baseline')

In Taunton Deane's case, the amount represented by the 40% rates to be retained would then be compared against the authority's 'funding baseline'.

If the Business Rates Baseline was greater than the Spending Baseline then the difference would have to be paid to the Central Government as a 'Tariff'.

Conversely, if the Funding Baseline was higher, the Government would pay the authority the difference through a 'Top Up' payment.

In two-tier areas 80% of the local share of business rates (40% of total rates) would be retained by district councils. One of the consequences of this was that County Councils would be "top up" councils as their business rates income would fall a long way short of their funding needs. Districts in two tier areas would usually be subject to paying a tariff as their business rates income greatly exceeded their funding requirement. This was the case for all Somerset District Councils.

At the end of a financial year, The Department of Communities and Local Government (DCLG) would calculate whether a levy payment was due from an authority. This would be done by comparing an authority's pre-levy income under the Business Rates Retention scheme with its baseline funding level. An authority which increased its business rates by 1% would only receive a 1% increase in its overall spending power. Levies would be applied to tariff authorities only.

This meant that Taunton Deane, even if it grew its business rate base, would only benefit from a relatively small proportion of that growth and the remainder would be returned to the Government as a levy.

Further reported that the Local Government Finance Bill also allowed local authorities to form pools for the purposes of business rates retention. It was

expected that pooling could offer local authorities an opportunity to retain more of the rates generated in their local areas and could allow them to use that additional revenue more effectively to drive future economic growth, which in turn should increase future business rates yield.

Modelling done so far had suggested that pooling by all Districts and the County Council would be beneficial and provide additional funding to spend. The financial advantage would be achieved due to there being a lower collective levy rate applied to growth as a pool than would be the case if the Somerset Councils acted alone – so the region would pay a reduced levy payment to the Government should growth occur.

Submitted for the information of Members a table which illustrated the possible benefits of pooling in Somerset, at different assumed business rate growth levels.

When authorities decided to enter into a pooling arrangement, a single funding baseline and single business rates baseline would be calculated for the whole pool. This had the effect of off-setting the District tariffs with the County's top-up, meaning that a combined tariff and levy would be applied to the pool's business rates revenue as opposed to this being applied to each individual authority. This could deliver significant collective benefits for those involved in the pool.

Noted that if a pool was dissolved then all member authorities would revert to their individual baselines, tariffs and levies.

Further reported that the Section 151 Officers within the six local authorities in Somerset had considered the advantages and disadvantages of pooling and believed the case for a county-wide pooled approach should be considered.

As a result, a non-binding expression of interest had been submitted to the DCLG before the deadline of 27 July 2012. Since then further discussions between the six Somerset Councils had taken place and the overwhelming consensus was that the formation of a Somerset Pool could provide significant local benefit and reduced financial risk. However, it was recognised that there could be an increase in financial risks in extreme cases where rate income within the pool fell dramatically and the impact and share of this risk would need to be agreed.

Final approval of pool membership, together with details of governance arrangements would require sign-off by each authority's Chief Executive and Section 151 Officer. This then had to be delivered to the DCLG by 9 November 2012.

The development of a Somerset Pool would be based on the following assumptions:-

- The significant additional funding retained in Somerset would come from the county-wide Somerset Pool having a significantly lower levy rate than individual Districts. This would mean that less of the growth in business rates would be paid over to central Government and would therefore remain in Somerset;

- The intention was that no authority would be worse off inside the pool, than if they had elected not to pool;
- The distribution methodology of any 'bonus' arising would need to consider the creation of a Somerset Safety Net to manage financial risk and hardship, recognise economic growth rates of individual authorities and support additional economic development projects; and
- That the risk of pool losses and their likelihood as well as methodology for dealing with any such losses was clear within the governance arrangements.

Reported that DCLG would announce the draft Local Government Finance Settlement in late November / early December 2012. This would set the starting point for the new business rates and would confirm the tariffs, top up and levy rates for each council, together with their spending baselines and should also confirm the benefits arising through this pooling arrangement.

Councils would have the opportunity, during the financial settlement consultation period, to decide to withdraw from a pooling arrangement if they decided that it did not offer the benefits they had thought. If this happened, then the DCLG legislation would require the pool to be immediately dissolved for 2013/2014 and the affected councils would have to restart the process of applying to create a new pool in the following year.

Resolved that it be agreed that:-

- (a) Taunton Deane Borough Council should continue to progress forming a rating pool, comprising the five Somerset District Councils, together with the County Council for the financial year 2013/2014 (with effect from 1 April 2013);
- (b) The detailed governance and operating arrangements of the pool be delegated to the Section 151 Officer and Chief Executive, in consultation with the political Group Leaders;
- (c) The County Council should continue to act as the lead authority and co-ordinator for the pool;
- (d) The Chief Executive and Section 151 Officer be empowered to sign on behalf of the Council to request DCLG to designate the Somerset Pool, in line with DCLG timescales, together with approval of the detailed governance arrangements; and
- (e) If, on receipt of the provisional settlement figures, or if satisfactory arrangements for governance and surplus /loss sharing could not be agreed, that the decision to leave the pool be made by the Section 151 Officer and Chief Executive in consultation with the political Group Leaders.

80. **Executive Forward Plan**

Submitted for information the Forward Plan of the Executive over the next few months.

Resolved that the Forward Plan be noted.

(The meeting ended at 7.43 pm.)

Taunton Deane Borough Council

Executive – 14 November 2012

Proposed loan to Somerset County Cricket Club to enable development

Report of Strategic Director Joy Wislade

(This matter is the responsibility of Executive Councillor Cavill)

1. Executive Summary

The Somerset County Cricket Club would like to become a ground which can stage one-day and twenty over international cricket. In order to do this they need to develop the area of the Old Pavilion to incorporate a media centre facilities for up to 100 journalists and to increase the seating capacity. The English Cricket Board have committed to loan SCCC some of the required funding, some will be available from bank/private sources but the Club have requested the Council to use its borrowing powers to provide them with a loan to cover the shortfall. Any loan from the Council would need to cover its own costs, be secured and be at nil cost to the local tax payer. Hosting international cricket will provide significant benefits for the Club and importantly, for the local economy.

2. Background

The full business plan produced by SCCC is attached at Appendix A. This is a confidential appendix. The Vision, Proposal and Rationale are copied here for ease of reference.

- 2.1 **“Our Vision:** By 2016 SCCC will have enjoyed the most successful period in its history by consistently winning trophies and contributing players to the England team. This will be achieved by maintaining investment in quality players, accompanied with an improvement in facilities to achieve One day International Ground status. Critically, staff, members, visitors and spectators will enjoy being at Somerset and the Club will be regarded with the greatest respect by all those in the cricketing community both at home and abroad.

The vision seeks to maintain success on the pitch but crucially in the context of the business plan, to bring the ground up to the standard required to host international cricket. This project is the 4th and final phase of ground development with Phases 1-3 completed successfully, all to the required specifications. This proposal will fulfil the two remaining requirements: the provision of media facilities for up to 100 journalists and the insertion of additional seating capacity.

2.2 The proposal: The proposal seeks to remove the Old Pavilion on the south east side of the ground and replace it with a development which incorporates a media centre, a retail outlet, boxes and corporate facilities, covered tiered seating and a roof top viewing area.

2.3 The rationale: The benefits are two fold. A structural survey has confirmed that the Old Pavilion is at the end of its life and needs to be replaced. This proposal therefore provides members and spectators with new facilities which will increase their enjoyment of the ground long into the future. Hosting international cricket provides significant benefits for the club, the local economy and cricket more broadly because:

- ❖ There is a compelling need for a high quality, smaller ground capable of staffing less popular international matches which can deliver an outstanding experience to the players, spectators and broadcast media. Superb transport links also add to this experience.
- ❖ The scale and interest in cricket throughout the west country is enormous and international matches would be immensely popular for both members and the wider community
- ❖ SCCC has low fixed costs and in house catering enabling significant profit to be generated from international fixtures with high levels of associated visitor spend driven into the local economy
- ❖ SCC is at the heart of the community in Somerset. International cricket would catalyse the wider regeneration of Taunton as well as inspiring the next generation of young cricketers.”

2.4 The rationale for a loan from TDBC

Somerset County Cricket Club have made this request to the Council for a number of reasons. Firstly, because the proposed terms of the loan are much more attractive than can be achieved through bank funding; this is crucial in creating a viable business plan for the Club which is not achievable without Council intervention. Secondly, the England and Wales Cricket Board have now approved the move of the County Ground to international status, but this must be achieved within a three year period or the approval will be withdrawn. This creates a time imperative for completing the development, hence this request to the Council. Thirdly, the benefits of staging international cricket are considerable in contributing to the economic regeneration of Taunton and the Club believe that Council loan support will enable the Club to stage international matches within a 5 year period, contributing to the economic vibrancy and image of Taunton.

2.5 It is within the power of the Council to offer this type of loan. The Council therefore has a decision about whether it supports the request from SCCC or declines it.

3. Finance Comments

3.1 Somerset County Cricket Club has requested the Council considers becoming a funding partner for the proposed further Ground improvements by providing loan finance of £1 million towards the development described above. Finance officers have considered this request on the understanding that there should be no cost to the local taxpayer.

3.2 Legal Powers and Approvals:

The Council is permitted under capital finance regulations to make loans to external organisations (*SI 2003 No 3146 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003*). In addition the General Power of Competence set down in the Localism Act 2012 would also give the Council the power to make this loan.

3.3 Making such a loan for capital purposes is to be treated as capital expenditure. The SCCC proposal to use the funding towards a new Pavilion falls into this category. This legislation also determines that the repayment of the loan principal shall be treated as capital receipts, which means it can only be used to finance capital expenditure or repay capital borrowing.

3.4 Under the TDBC Financial Regulations, Full Council approval would be needed to enter into the loan agreement, as this would need to be part of the Capital Programme.

3.5 Type of Loan:

The type of loan could take several variations, but the three common types used would be:

Type	Features
Equal Instalments of Principal (EIP)	Repayments will be the same amount of principal each year plus interest on the reducing balance. Annual repayments will be higher in the earlier years.
Annuity	Repayments will be the same amount each year, with a higher proportion of the repayment relating to interest in the earlier years. Repayment of principal is therefore lower in earlier years.
Maturity	Repayments are for interest only, and would be fixed amounts for a fixed interest loan based on the total amount of the loan advance. The principal amount would be repaid in one lump at the end of the loan period.

3.6 The advice from Finance Advisory, which is consistent with advice from Arlingclose, is that **EIP is the recommended loan type**. This means that TDBC would prudently receive the same amount of loan principal repayments each year.

3.7 Interest Rate:

The interest rate charged will be based on the PWLB (Public Works Loan Board) rate at which TDBC could borrow, plus a risk premium. PWLB rates will be changeable; therefore the final rate used should reflect the interest rates extant at the time of the loan being issued.

3.8 As an example, based on PWLB rates as at 7 September 2012, plus a fixed risk premium of 2%, the following indicative rates would apply

15 year EIP loan	PWLB rate 2.34% + 2% risk premium = 4.34%
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3.9 It is therefore proposed that the final loan proposal should use the current PWLB borrowing rate, plus a 2% risk premium.

3.10 TDBC Funding Source

It is proposed that the capital expenditure incurred by TDBC in making the loan is funded by “internal” borrowing. The Council would therefore need to make a prudent provision to repay the borrowing. Under the Minimum Revenue Provision (MRP) regulations, the Council is able to use the capital receipts arising from the SCCC Loan Principal repayments to repay the borrowing in lieu of MRP charges to the revenue budget. Should SCCC default on the loan repayments then the Council would need to make prudent provision through a charge to the General Fund (identified in the risks in paragraph 4)

3.11 Loan Availability

The Cricket Club need the assurance that the loan is available before they can move to the next stage of feasibility, design and planning. However, the funding itself will not be required until the construction stage. It is therefore proposed that the draw down of the loan is made available to the Club for a period up until March 2015 on the interest terms proposed within this report and over a pay back period of 15 years. The draw down of the loan would only be available on commencement of the construction works. Thus the Club has the security of knowing the loan is assured for the period of design, planning and feasibility whilst the Council has the security of knowing that the funding will only be drawn down to actually build this new asset.

3.12 Securing the Loan

The loan would be secured by a legal charge over the property owned by the Somerset County Cricket Club. The Club’s bank has confirmed that a straightforward second legal mortgage would be sufficient for the Council, where the bank will continue to rank ahead of the Council, to the level of its indebtedness.

4. Risk Management

4.1 There are obviously risks to the Council in proceeding with a loan to SCCC. The table below sets out the risks and the suggested mitigating actions.

Risk	Consequence	Mitigation
SCCC defaulting on loan repayments	Detrimental impact on the Council’s cash flow and TDBC would be required to fund any unrecovered balance of the loan which would affect General Fund interest and MRP costs	A review of the business plan assumptions on income are considered to be prudent. SCCC have a strong asset base and whilst the majority are fundamental to the business and could not be sold as a short term measure to service debt, there are a number of other assets
SCCC goes into administration	Detrimental impact on the Council’s cash flow and TDBC would be required to fund any unrecovered balance of the loan, which	SCCC have identified that are not fundamental to the

	would affect General Fund interest and MRP costs	business and could be sold if required. An EIP loan would mean that the capital amount of the loan would reduce each year. It is unlikely that the Council will rank first in a creditor queue and therefore the loan will need to be secured against the assets of the Club
SCCC late with loan repayments	Detrimental impact on the Council's cash flow, incurring unplanned interest costs	The loan agreement will include terms to deal with late payments, including additional interest charges to SCCC.

4.2 The accounts of Somerset County Cricket Club have been reviewed together with the Business Plan to assess the credit worthiness. The projections in the Business Plan show that they can afford to service the debt repayment. Some questions arose from the initial review of the accounts and Business Plan which were put to the Somerset County Cricket Club and for which the Council has received satisfactory responses. It should be noted that lending to any organisation has an element of risk. Some of the main risks associated with this transaction have been identified in the table above with the ways that these risks can be mitigated.

5. **Legal Comments**

This loan would amount to state aid. However there are a number of General Block Exemptions that can be used and one of those Block Exemptions would apply in this case. The loan will need to be registered with the Department for Business Innovation and Skills.

A legal agreement will be drawn up between the Council and the Club detailing all the terms of the loan and how it is secured including default provisions to protect the Council.

6. **Links to Corporate Aims**

The development of the Somerset County Cricket Club is a key part of the original Project Taunton plans and as such is linked to the Corporate Aim: Regeneration

7. **Environmental and Community Safety Implications**

No implications at this stage

8. **Equalities Impact**

It is considered that this decision has no impact on equalities. The reasons being:-

- It is a financial loan
- The costs of the loan are covered by the Somerset County Cricket Club – not by the Council and therefore it has no impact on anyone other than the Club

- It is not a major decision that will influence subsequent policies either corporately or at service level. Further decisions on loans will be taken on a case by case basis.
- The outcome of the decision does not help the council meet its general equality duties.
- The decision does not relate to functions that previous engagement has identified as important to a particular group
- The decision does not affect different protected groups differently
- It does not relate to an area of known inequality
- It does not relate to an area where equality objectives have been set by the organisation

10. Partnership Implications

The County Cricket Club is a key partner in Taunton's regeneration plans.

11. Community Scrutiny Views

The report will be considered at Community Scrutiny on November 6th. The results of that meeting will be reported verbally at the Executive meeting.

12. Recommendations

The decision to make a loan available to the Club will be one taken at Full Council. However, it would be useful to understand whether members are in favour of the principle of granting such a loan, subject to a) and b) below.

The Executive is therefore asked to consider whether to recommend to Full Council approval of the principle of a 15 year £1 million loan, from the Council to the Somerset County Cricket Club subject to:

- a) Final terms of the loan being approved on the lines detailed in this report and by the S151 Officer.
- b) Agreement from SCCC to enter into a legal agreement approved by the S151 and Monitoring Officer that safeguards the Council's financial position.

Contact: Joy Wishlade
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Taunton Deane Borough Council

Executive - 14 November 2012

Local Council Tax Support Scheme for Taunton Deane

Report of the Performance and Client Lead

(This matter is the responsibility of Executive Councillor Resources Vivienne Stock-Williams)

1. Executive Summary

From 1 April 2013 the Government are abolishing Council Tax Benefit (CTB) under the Welfare Reform Act 2012. Instead, all Billing Authorities (District Councils in two-tier areas) have to set up their own local Council Tax Support (CTS) schemes.

The Government are reducing the amount they give local authorities to pay for the scheme by 10%, which will be fixed and will not rise in line with future demand - meaning some tough decisions about how we deal with this shortfall will need to be made locally.

The Portfolio Holder, supported by Corporate Scrutiny, tasked officers to work with the other Somerset Districts with the aim of agreeing a common set of principles around which to design their local schemes, which was to be developed on the principle that the anticipated grant reduction would be fully funded within the local scheme (e.g. be cost neutral).

TDBC officers have designed a draft local scheme, following the brief given. This was reviewed by Corporate Scrutiny on 19th July 2012. We have now consulted with the public on the proposed scheme.

This report provides details of the consultation response and the recommendations in light of that response.

2. Background

- 2.1 In the 2010 Spending Review the Government announced its intention to introduce a localised system for Council Tax support to replace the current national Council Tax Benefit (CTB) scheme.
- 2.2 The Welfare Reform Act 2012 provides for the abolition of Council Tax Benefit, to take effect from 1 April 2013. The Government proposes to replace it with a requirement for each Council Tax Billing Authority (in Taunton Deane this is the District Council) to have its own, locally set, Council Tax Support scheme, effective from the same date.
- 2.3 The necessary primary legislation to introduce the Council Tax Support scheme is included in the Local Government Finance Act 2012, which received royal assent on 1st November 2012. Much of the detail of the scheme is to be contained in regulations. Draft regulations have been published recently but these are subject to change, so

there is still some uncertainty around the scheme which we are being asked to develop.

- 2.4 The Secretary of State will prescribe a “default” scheme, which will take effect if a Billing Authority fails to agree a Council Tax Support Scheme on or before **31 January 2013**. The default scheme broadly reflects the existing Council Tax Benefit scheme and will not therefore deliver any financial saving. If the Council ended up with the default scheme then both this Council and other local authorities – including SCC, Police and Fire would need to identify corresponding savings / funding to cover the reduction in Government grant.
- 2.5 Whilst the Council has discretion concerning the rules of the local scheme as far as they affect people of working age, the Government will prescribe rules for people of pension age (people aged 61 years or older at 1st April 2013). The rules for pensioners will mirror those of the CTB scheme and will therefore not permit a reduction in expenditure for people of pension age.
- 2.6 The Portfolio Holder supported by Corporate Scrutiny, tasked officers to work with the other Somerset Districts with the aim of the Districts agreeing a common set of principles around which to design their local schemes. The schemes should also be developed on the principle that the anticipated grant reduction will be fully funded within the local scheme (e.g. is cost neutral).
- 2.7 **The proposals and recommendations within this report were considered by Corporate Scrutiny on 25th October 2012. No changes were requested. The committee unanimously supported the recommendations made.**
- 2.8 **Please note however that commentary concerning the recently announced Transition Grant was not included within the Corporate Scrutiny report because the Government made the announcement about the Grant after the report had been drafted. However, a verbal update to the Scrutiny committee was given concerning this matter. This report includes information about the Transition Grant, at section 9.**

3. Current Benefit Scheme

- 3.1 Council Tax Benefit (CTB) provides help to people on a low income who have to pay Council Tax.
- 3.2 For working age people however, there is a limit on savings of £16,000 above which no CTB will be awarded, irrespective of income levels.
- 3.3 CTB is awarded in addition to any other Council Tax reductions which might apply, such as the 25% sole occupier discount, and is calculated on the Council Tax payable after such discounts have been applied to the charge.
- 3.4 CTB is currently administered by local authorities (District Councils in two-tier areas) on behalf of the Department for Work and Pensions (DWP) in accordance with a national set of regulations set by Government.
- 3.5 Generally, for every £ which is paid out in CTB by the Council, the Government reimburses us £ for £. Additionally the Government pays the Council a grant to help cover the cost of administering the CTB scheme on its behalf.

- 3.6 The maximum amount of CTB that can be awarded presently is 100% of the Council Tax liability, meaning that some citizens are not required to pay anything toward their Council Tax. Some citizens will not have been required to make any payment toward Council Tax for many years.
- 3.7 For those who claim means-tested out-of-work benefits (Income Support, Jobseeker's Allowance and Employment and Support Allowance) they generally receive full assistance, so that they do not pay Council Tax at all (the only exceptions would be households which contain non-dependants, for which a deduction is made against CTB entitlement).
- 3.8 Those in work can still receive CTB, but are likely to get less than the full amount, so that their Council Tax bill will be reduced but not eliminated.

4. Approach to Designing a Local Scheme

- 4.1 TDBC officers have been working closely with their colleagues within the other Somerset Districts to look at how local CTS schemes might be designed.
- 4.2 Given the short timescales set by the Government, there is no realistic possibility of designing a new local scheme entirely from scratch for year 1.
- 4.3 Existing Revenues & Benefits software suppliers have expressed their concern at the timescale for implementing changes to the Council Tax system. The clear message is they will be unable to introduce hundreds of widely different schemes for Councils across the Country by 1st April 2013. Instead, they are proposing to offer the current CTB software as the basis for calculating the Council Tax Support Scheme, but make several parameters within the current system customisable so that Councils can elect to give more, the same or less help to applicants in particular circumstances.
- 4.4 Taunton Deane officers, in common with their Somerset counterparts, therefore propose for at least 2013/14, to base the local CTS scheme for working age citizens on the broad principles of the present CTB scheme given that the existing benefit system has been developed to protect a number of disadvantaged groups and carries least risk in terms of software development.
- 4.5 We have independently looked at changing a number of features of the current scheme to see if the changes would deliver the reduction in expenditure necessary to match the likely grant from Government. We have also collectively modelled certain common scenarios to see if they would potentially be suitable to all Somerset authorities.
- 4.6 From these discussions, the key changes which are proposed between our local scheme for working age claimants and the current CTB scheme are:
 - Maximum support will be 80% of Council Tax – everyone of working age will have to pay something;
 - Non-dependant deductions will be increased;
 - Second adult rebate to cease;

- Child maintenance to be counted as income;
- Earned income disregards to rise;
- Hardship fund to be established for short term help (this would be a collection fund commitment rather than be fully funded by TDBC).

4.7 **It should be noted that schemes can be changed from year to year and what is put in place for 2013/14 does not have to remain in place for subsequent years, although changes cannot be made to schemes mid-year.**

5. Public Consultation

5.1 Following the support of Corporate Scrutiny on 19 July 2012, the draft proposals for Taunton Deane's Local Council Tax Support Scheme went to public consultation.

5.2 The consultation ran over 8 weeks, commencing 6th August and closed on 5th October.

5.3 To raise awareness of our proposals and to encourage participation in the consultation process the following activities took place:

- Dedicated web page created on TDBC website with online survey;
- Correspondence sent to each working age CTB claimant advising them of the abolition of CTB and advising them how to participate in the consultation for the replacement scheme;
- Half page article in Somerset County Gazette, raising awareness of the change and advising the public how to participate in the consultation;
- Met with representatives from certain equality groups;
- Letter to wide range of welfare and community groups within the borough;
- Posters and paper consultation forms in Deane House, Wiveliscome, Wellington, Priorswood and Halcon offices;
- Posters sent to parish/town Councils to raise awareness.

6. Consultation Responses

6.1 At the closing date, a total of 113 responses to TDBC's consultation had been received. Of these, 48% were from people who currently receive CTB.

6.2 Across Somerset as a whole a total of 3,508 responses were made to the consultation of whom 59% were from respondents in receipt of CTB.

6.3 The following parts of this section show the responses TDBC received in respect of the proposals set out in 4.6 above. Details are also provided to show how our responses compared with that of the other Somerset districts.

6.4

Proposal 1 - Increase Non-Dependant Deductions

This change could reduce total expenditure by approx £50k pa
 (This is expenditure as a whole rather than just TDBC's share)

- 6.5 For people of working age who currently claim CTB, the new Council Tax Support Scheme proposes to increase the expected contributions to the Council Tax bill made by other adult members of the household.
- 6.6 At present, if the person claiming CTB has any non-dependants who are in work living in their home, a deduction will generally be made from their CTB entitlement. A non-dependant is a person aged 18 or over who is at work and is living with the person claiming benefit but not dependent upon them, and not living in their home as a joint tenant or sub tenant. Non-dependants include an adult son or daughter, a mother or father, or a friend.
- 6.7 These non-dependant adults are assumed to be giving the claimant some money towards their Council Tax, regardless of whether or not they are actually doing so. The assumed contribution is based upon the non-dependant's earnings

The current and proposed levels of weekly deductions are shown in the table below:

Non-dependant Deductions for Council Tax Benefit	Apr-12 (pw)	Proposed (pw)
Receiving IS, JSA(IB), or ESA(IR) or Pension Credits.	Nil	£4.80
Aged 18 or over and in remunerative work		
- gross income less than £183.00	£3.30	£5.80
- gross income £183.00 to £315.99	£6.55	£10.55
- gross income £316.00 to £393.99	£8.25	£13.50
- gross income more than £394.00	£9.90	£16.40
Others aged 18 or over	£3.30	£5.80

TDBC Consultation Response: 63% in favour.

Strongly Agree	19%
Agree	42%
Disagree	22%
Strongly Disagree	17%

Somerset Response (exc TDBC) 72%* in favour

Strongly Agree	32%
Agree	40%
Disagree	13%
Strongly Disagree	13%

*Sedgemoor DC provided a 'neither agree nor disagree' response option, hence above table does not total 100%.

6.8 Proposal 2 - Additional Support for Exceptional Cases of Hardship

This measure does not reduce expenditure

- 6.9 It is impossible to assess the impact of a local scheme in every individual set of circumstances and undoubtedly there will be cases of exceptional hardship arising from the Government's decision to move away from a national benefit scheme. We therefore propose to create a discretionary hardship fund, financed from Council Tax receipts, to provide short-term additional support for vulnerable working-age citizens (the exact quantum of this fund has not yet been agreed but funding in the range of £20k-£30k is being considered).
- 6.10 This fund would provide some extra help for people who qualify for Council Tax support, but are having trouble paying their Council Tax. Officers administering Council Tax would decide who should be given the payments, as with the Discretionary Housing Payment scheme presently in force. Payments would be made as credits against the Council Tax account rather than as cash.
- 6.11 The scheme would work in a similar way to the present Discretionary Housing Payment Scheme. However, the Government have advised us that, from 1st April 2013, Discretionary Housing Payments cannot be used to provide assistance with Council Tax. Consequently, if we were to introduce a discretionary Council Tax Assistance Scheme it will be necessary to have an approved policy in place for its operation. It is felt sensible to do this by revising the present Discretionary Housing Payment policy to incorporate this separate fund for providing hardship support for Council Tax. A draft of this consolidated policy is provided at **Appendix D**.

TDBC Consultation Response: 78% in favour

Strongly Agree	39%
Agree	39%
Disagree	12%
Strongly Disagree	10%

Somerset Response (exc TDBC) 79%* in favour

Strongly Agree	28%
Agree	51%
Disagree	9%
Strongly Disagree	7%

*Sedgemoor DC provided a 'neither agree nor disagree' response option, hence above table does not total 100%.

6.12 **Proposal 3 - Maximum Benefit Limit**

This change could reduce expenditure by approx £780k pa
(This is expenditure as a whole rather than just TDBC's share)

6.13 We propose to limit the maximum support a working age person can receive, from 100% to a lower level between 75% and 80% (final percentage dependant on level of expected Government grant, which is not yet finalised. However, the most likely assumption is that this figure will be 80%). At the moment, some households have all of their Council Tax paid for them and in some cases this has been the case for many years.

6.14 A limit of 80% would mean that everyone (even those who currently receive 100% CTB) would have to pay at least the figures shown in the tables below.

Band	Single Claimant		
	Annual CTax (after sole occ disc)	Min Proposed Annual Contribution	Min Weekly Contribution
A	£703.69	£140.74	£2.71
B	£820.96	£164.19	£3.16
C	£938.25	£187.65	£3.61
D	£1,055.52	£211.10	£4.06
E	£1,290.08	£258.02	£4.96
F	£1,524.64	£304.93	£5.86
G	£1,759.21	£351.84	£6.77
H	£2,111.04	£422.21	£8.12

Band	Claimant Couple		
	Annual CTax	Min Proposed Annual Contribution	Min Weekly Contribution
A	£938.25	£187.65	£3.61
B	£1,094.61	£218.92	£4.21

C	£1,251.00	£250.20	£4.81
D	£1,407.36	£281.47	£5.41
E	£1,720.11	£344.02	£6.62
F	£2,032.85	£406.57	£7.82
G	£2,345.61	£469.12	£9.02
H	£2,814.72	£562.94	£10.83

TDBC Consultation Response: 51% in favour

Strongly Agree	18%
Agree	33%
Disagree	21%
Strongly Disagree	28%

Somerset Response (exc TDBC) 62%* in favour

Strongly Agree	30%
Agree	32%
Disagree	16%
Strongly Disagree	20%

*Sedgemoor DC provided a 'neither agree nor disagree' response option, hence above table does not total 100%.

6.15

Proposal 4 - Taking Child Maintenance into Account as Income

This change could reduce expenditure by £39k pa
(This is expenditure as a whole rather than just TDBC's share)

Maintenance received for a child, is currently ignored when we calculate entitlement CTB. Under this proposal, child maintenance received (by those not in receipt of income support, income-related jobseekers' allowance and income-related employment and support allowance), would count as income when calculating Council Tax Support for a household.

TDBC Consultation Response: 60% in favour

Strongly Agree	35%
Agree	25%
Disagree	18%
Strongly Disagree	22%

Somerset Response (exc TDBC): 62%* in favour

Strongly Agree	32%
Agree	30%
Disagree	18%
Strongly Disagree	18%

*Sedgemoor DC provided a 'neither agree nor disagree' response option, hence above table does not total 100%.

6.16 **Proposal 5 - Abolish Second Adult Rebate**

This change could reduce expenditure by £10k pa

6.17 Currently a person whose own income is too high to receive Council Tax Benefit is able to receive a reduction of up to 25 per cent if they have other adult(s) on a low income in their household, regardless of how much income and capital the householder has. This is known as the Second Adult Rebate Scheme.

6.18 It is proposed to abolish Second Adult Rebate for working age claimants. It is felt the money spent on second adult rebate could more equitably directed toward those households with more limited means.

TDBC Consultation Response: 76% in favour

Strongly Agree	41%
Agree	35%
Disagree	14%
Strongly Disagree	10%

Somerset Response (exc TDBC & Sedgemoor*) 81% in favour

Strongly Agree	42%
Agree	39%
Disagree	11%
Strongly Disagree	8%

*Sedgemoor DC did not include this option within their consultation.

6.19 **Proposal 6 - Increase Earned Income Disregard**

This measure does not reduce expenditure

6.20 We propose to significantly increase, and in some cases double, the amount of earned income a person can earn before it reduces the level of Council Tax Support they

receive. This is to provide an additional incentive for someone to move into work or to stay in work and allows them to retain more of their earnings before their Council Tax Support starts to reduce. The proposed earned income disregards are shown below:

- a. Single Person– increase from £5 to £10pw
- b. Couple – increase from £10 to £20 pw
- c. Lone parent – increase from £25 to £37.50pw
- d. Disabled or long-term sick from £20 to £30pw

TDBC Consultation Response: 86% in favour

Strongly Agree	38%
Agree	48%
Disagree	5%
Strongly Disagree	9%

Somerset Response (exc TDBC and Sedgemoor*): 77% in favour

Strongly Agree	29%
Agree	48%
Disagree	14%
Strongly Disagree	9%

*Sedgemoor DC did not include this option within their consultation.

7. Observations

- 7.1 Although the number of responses levels from the public for TDBC was low, each of the questions we asked were also asked by most, or all, of the other Somerset Districts and this provides a much larger respondent pool against which to compare our responses.
- 7.2 It is clear that our respondents replied in a generally consistent way to those in other districts, certainly in overall terms as to whether or not they supported our proposals.
- 7.3 Each of our proposals received a greater level of support than opposition.
- 7.4 There was a defined difference in how positively a person responded depending whether they were currently in receipt of CTB (and therefore potentially impacted by the proposed scheme) and those who were not in receipt of CTB (and therefore potentially unaffected by the proposals). This was expected.
- 7.5 The free text part of the consultation, where respondents were invited to expand their views on the proposed scheme, were of particular interest as these comments provided an insight to how the changes might impact on people at a household level. These comments are set out in **Appendix A**.
- 7.6 Despite writing to a number of welfare and charitable organisations TDBC received no direct representations from those organisations relating to our proposed scheme.

7.7 There is nothing arising from the consultation response which demonstrates overwhelming opposition to any particular element of the proposed scheme or to the scheme itself.

7.8 It is recognised however that some respondents have clearly highlighted that these proposals are likely to have an appreciable adverse impact on their particular household finances.

8. Final Decision Making Process

8.1 Following consideration by the Executive on 14th November 2012 a report will go to Full Council on 11th December 2012, recommending the proposed local scheme.

8.2 We cannot afford to wait until the absolute deadline of 31 January to approve our local CTS scheme. Realistically, we need the new scheme approved in December at the latest. The new scheme impacts on the Council Tax Base.

8.3 The other major preceptors are reliant upon us providing tax base information in December for their own financial planning and budget setting processes. How we operate CTS will play a fundamental part in that.

9. Council Tax Support - Transition Grant

9.1 On 16th October 2012, after our public consultation had closed, the Government announced it had found £100m which it plans to allow Councils' (inc major precepting authorities) to apply for, in order to help fund some of the likely funding gap between the grant Councils will receive, to fund their local Council Tax Support schemes from 1st April 2013, and the cost of that support.

9.2 Councils cannot apply for this grant until **after** 31st January 2013, which is **after** they are required to agree their local Council Tax Support schemes.

9.3 There is no guarantee that applications will be successful and this therefore introduces an element of risk.

9.4 This Transition Grant would be for **one year only** (2013/14).

9.5 For the Taunton Deane area the Transition Grant will be £163,051 and be split between the major preceptors as follows;

TDBC	£ 17,032
SCC	£118,192
Police	£ 19,322
Fire	£ 8,505

	£163,051

9.6 The Transition Grant would go only a little way in closing the £700,000 funding gap caused by the Government reducing expenditure in Council Tax support.

9.7 This new grant however comes with conditions as well as risk and a number of practical obstacles, not least this announcement coming very much at the 11th hour

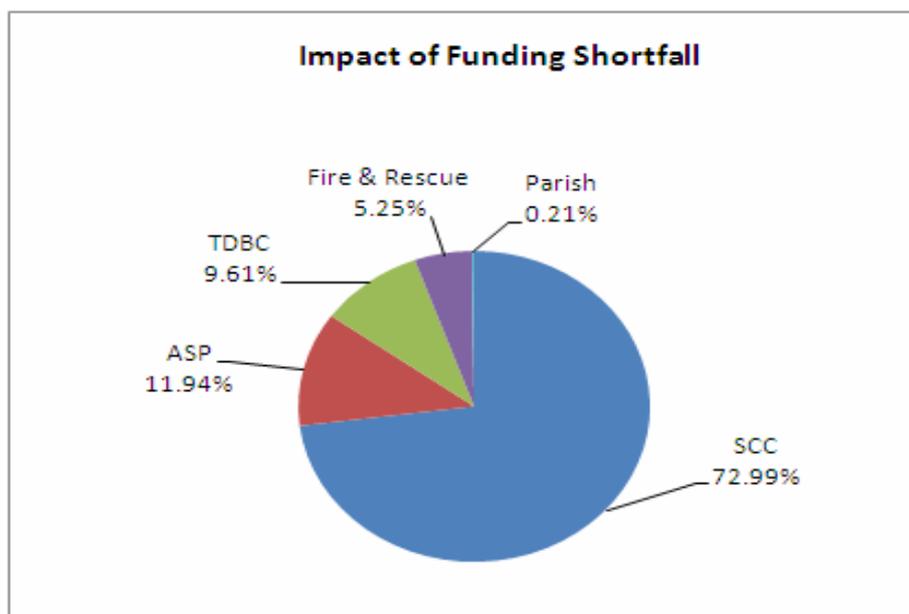
with a number of authorities, including TDBC, having already designed a potential scheme, concluded public consultation and commenced taking their proposed schemes through committee.

- 9.8 The conditions attached to this new grant are that the local Council Tax Support Scheme must ensure that:
- Those who would be on 100% support under current council tax benefit arrangements pay between zero and no more than 8.5% of their council tax liability;
 - The taper rate (the rate as which benefit is withdrawn for each £1 earned above the living allowance) does not increase above 25%; and
 - There is no sharp reduction in support for those entering work - for claimants currently entitled to less than 100% support, the taper will be applied to an amount at least equal to their maximum eligible award (Councils are not clear exactly what this means).
 - Local authorities do not impose large additional increases in non-dependant deductions (no definition of 'large' provided however).
- 9.9 Our proposed CTB scheme does **not** satisfy these new conditions and therefore the Transition Grant will **not** be available to Taunton Deane (and our preceptors) **unless** we were to amend our proposed scheme.
- 9.10 If we were to modify the scheme, in order to fit the eligibility criteria for the new Transition Grant, a number of features of our propose scheme would have to change and would result in more support being awarded that was proposed.
- 9.11 For example, the main reduction in Council Tax Support spend within our proposed scheme related to restricting the maximum amount of benefit that anyone could receive to 80% of the applicants Council Tax. This would not be acceptable under the conditions for the Transition Grant. Instead we would have to increase the maximum that we could award from the proposed 80% to 91.5%.
- 9.12 If were to take a conservative view, and rule out increasing non-dependant deductions, abolishing second adult rebate and including child maintenance within the means test the likely reduction we could make between current CTB and CTS expenditure would be around £320k. Even if the £163k Transition Grant were added to this there would still be a likely funding shortfall of approximately £217k which the preceptors, including TDBC, would have to absorb. These figures make no allowance for increases in Council Tax Support expenditure caused by Council Tax rises or increased demand which would increase the contribution required by the preceptors.
- 9.13 Having spoken to the Benefit Managers at the other Somerset Districts none are presently planning to alter their proposed schemes in order to chase the Transition Grant, although this cannot be absolutely ruled out.
- 9.14 The lateness of the Government's announcement of this Transition Grant, the possibility of us having to re-consult if the proposed scheme was now altered, the relatively low value of the Transition Grant, the uncertainty around the eligibility criteria and the fact that the funding is for one year only are all factors which, at this late stage, do not lead me to recommend changing the proposed scheme in order to take up this potential short-term funding offer.

10. Finance Comments

- 10.1. Whilst we have been advised of the methodology to be used, we have not been told how much Council Tax Support Grant we will receive to support those on low incomes pay their Council Tax. We expect to receive provisional grant allocation details in late December 2012, with final allocations late January/early February 2013.
- 10.2 The Government's financial forecasts are based upon an estimate of subsidised national CTB expenditure for 2013/14 less 10%. The reduced national grant total is then distributed on the basis of shares of previous subsidised CTB expenditure.
- 10.3 The Government published 'indicative' Council Tax Support Grant allocations in May 2012 but these are 'illustrative' only being based upon 2010/11 data. Final allocations will be issued in the autumn following 2011/12 data being made available to the Government.
- 10.4 Because of the calculation and distribution methodology to be adopted it is extremely unlikely that the cut for TDBC will equate to exactly 10% of 2012/13 actual expenditure.
- 10.5 The Council Tax Support Grant will be calculated using a number of assumptions, such as changes in the number of people forecast to be in work, numbers of people in receipt of means-tested benefits (such as Income Support) and changes in pensioner numbers eligible for CTB; any one of which could prove inaccurate.
- 10.6 The Government has indicated that the new Council Tax Support Grant will remain unchanged for at least 2 years.
- 10.7 The level of future funding from government is uncertain, particularly when this is subsumed into formula grant / rate retention from 2014/15 onwards.
- 10.8 The Council, and the major preceptors, are expected to consider and fund themselves any contingency arrangements for unplanned increases in demand and take-up.
- 10.9 In the last full financial year (2011/12), Taunton Deane paid out in excess of £7m in CTB. A 10% reduction in this figure would amount to approximately £700k. Therefore, to achieve a financially neutral position for the Council and the major precepting authorities, the new scheme would need to reduce Support to working age benefit recipients by at least £700k in 2013/14.
- 10.10 This gap in funding will increase if the number of people claiming benefit goes up, which has been the trend in recent years due to the economic downturn. The Government will not give councils extra money if claims rise in the year from 1 April 2013.
- 10.11 Working age claimants are the only ones that can be affected by new rules. In Taunton Deane, approximately 50% of our claimants are pensioners and 50% are working-age. Therefore if a 10% overall cut in funding is to be shared across only our working-age claimants, this will equate to a 20% reduction in funding of support for that group. If we were to exempt certain working age groups from a reduction in support this would mean that for the remaining working age claimants the support reductions would be even greater than 20%.

- 10.12 Currently, households which are in receipt of Council Tax Benefit are included in the calculation of the Council's Tax base (i.e. the number of Band D equivalent properties on which it can levy a Council Tax). The income comes directly from the Government in the form of Benefit Subsidy, rather than from the property occupiers.
- 10.13 Under the new arrangements the Support will be in the form of a **"discount"** under which the charge payable by residents in receipt of Support will be reduced. This change will reduce the level of income received from Council Tax. In turn this will reduce the income into the Collection Fund which is divided amongst all precepting local authorities.
- 10.14 This loss of income to the Collection Fund will be partially compensated by the Government paying a non-ring fenced grant directly to billing and major precepting authorities. However, the grant nationally will be 10% less than that which would be provided as subsidy under the current system and will be a fixed amount in relation to each financial year which will not be adjusted as the demand for support changes.
- 10.15 By operating the system as a "discount" the risk of financing the costs is shared with the other precepting authorities through the Tax base calculation. The initial financial impact is upon the Collection Fund which is used to manage all Council Tax income, before that funding is shared out amongst the various local precepting bodies. Given that this Council share of the Collection Fund – as set out in the chart over the page– is only 9.61%, the major element of the risk falls upon the other precepting local authorities in the proportions shown (special arrangements are currently being consulted upon by the Government in relation to the parish element).



- 10.16 While it is for billing authorities (i.e. TDBC) to determine the local scheme, given that it is the major precepting authorities which are exposed to the majority of the financial risk, there is a duty to consult them on the design of the scheme. Given the impact of these reforms on other local authorities, it is important that in any decision made by TDBC that appropriate consideration is given to the impact of any proposed scheme upon the other bodies that are reliant upon the Collection Fund for at least part of their income.

- 10.17 The consultation which took place with the major precepting authorities by the Somerset Districts gave a very clear steer that the major preceptors wished the Districts to design their schemes to be cost neutral (i.e. to keep Support expenditure within the anticipated Government grant).
- 10.18 Given the reduction in the level of government funding the Council needs to consider its options for financing this shortfall. As set out within this report, **the proposed scheme seeks to address this shortfall by reducing the level of awards made.**
- 10.19 If the scheme were adopted as suggested, without modification, it would reduce expenditure on Council Tax support by approximately £800k, which would offset the anticipated funding shortfall and provide a small contingency towards the risk of increased take-up or enable us to meet the funding shortfall if the government grant is lower than we have anticipated.
- 10.20 It is clearly essential that we do not build in too great a contingency as in effect this is money which could otherwise be directed toward low income households to meet the cost of their Council Tax.
- 10.21 TDBC could however elect not to deal with the funding shortfall in the manner provided by the proposed CTS scheme. In such a case the Council would need to identify, as part of budget setting, how to finance the shortfall.

Options might include:

- Using reserves (not recommended as reserves are one-off balances)
- Increasing Council Tax
- Cutting service budgets
- Raising additional income

In this case (excluding the likely possibility of demand for support increasing from present levels) TDBC would need to fund a gap of at least £70 k in 2013/14. This figure is unlikely to be lower in subsequent years so would represent an ongoing increasing commitment.

- 10.22 If TDBC elected to absorb the funding shortfall, as discussed in 9.21, this would incur the major precepting authorities with additional budget pressures. SCC would face a likely funding shortfall of at least £510k, Devon Fire & Rescue at least £37k and Avon & Somerset Police Authority at least £84k. These figures would rise significantly should one or more of the other Somerset district authorities follow suit.
- 10.23 Given that the Council has been required to make significant financial savings in recent financial years, and faces further major cuts in funding and increasing financial risks over coming financial years it is becoming increasingly difficult to maintain core services to local residents.
- 10.24 Against this background, further reductions in income from Council Tax are not considered to be a recommended way forward. The situation faced by TDBC is mirrored by the other authorities which precept upon the collection fund (County Council, Police, Fire and Parish Councils). The reduction in Council Tax income, which would result in an increase to the Council's budget gap (and increased budget pressures for major preceptors) which would place further pressure on service budgets.

- 10.25 In the 2012 Budget Statement the Government announced the release of initial funding totalling £30m to assist local authorities in preparing for the change to CTS. In April 2012 it was announced that Billing Authorities will receive £84k each and major precepting authorities £27k. To date the Council has spent some £5,000 on software modelling tools with a further £30,000 on the additional costs arising from the consultation /preparation process. It is understood the costs of upgrading existing systems will be in the region of £60,000.
- 10.26 Further as yet unspecified funding is anticipated to help meet addition preparation costs. The date of receipt of which is also presently unknown.

11. Legal Comments

- 11.1 Operating a locally designed Support scheme as opposed to administering a national scheme transfers the risk of legal challenge through Judicial Review from the Government to the Council.
- 11.2 The Council is being asked to consult on a scheme, which will be made under an Act which does not yet exist and commit to protecting people under regulations which have not been made, as the power to make them does not currently exist.
- 11.3 The Council needs to be in a position to have an approved scheme, which has been the subject of consultation by 31 January 2013. This is a challenging timescale.
- 11.4 The Bill does makes it clear that consultation undertaken before the law is made is valid, but this is only of assistance if the final form of the laws say what the Government have currently indicated it will say.

12. Links to Corporate Aims

- 12.1 Tackling Deprivation - with less money available, with which to help our residents meet their Council Tax liabilities there are likely to be some members of the community who currently pay no Council Tax who from April 2013 will be expected to pay something. Some individuals on limited means may be worse off than at present as a result of the Government's decision to abolish the CTB scheme and not fund the replacement Support Scheme to the same level.

13. Environmental and Community Safety Implications

- 13.1 There are no environmental and community safety implications associated with this report and there are unlikely to be any associated with the final design of the Local Council Tax Support Scheme.

14. Equalities Impact

- 14.1 Very careful consideration has been given to the assessment of equalities implications throughout the design of the proposed new scheme. Officers are fully cognisant of their general equalities duties and have taken all reasonable steps to ensure that

special consideration has been given to mitigate, as far as practicable, any disproportionate adverse impact on citizens with protected characteristics.

- 14.2 The Equalities Impact Assessment relating to the proposed scheme can be found at **Appendix E**. Please note this will be expanded upon prior to Full Council in December being asked to formally adopt a local CTS scheme for TDBC to include further statistical information.
- 14.3 Officers have not identified any clear areas where the design of the scheme needs to alter to mitigate a disproportionate negative impact upon any group which shares a protected characteristic.
- 14.4 It should not be overlooked however, that all working age claimants will receive less Support under the proposed scheme than under CTB. A number of actions have however been identified within the EIA action plan to ensure that practical help and support can be provided to smooth the transition and that the scheme itself is kept under review in order to identify any unanticipated issues or impacts so these can be addressed.
- 14.5 The local CTS scheme can, subject to further consultation, be revised year by year and this offers the opportunity in future years to mitigate any unacceptable negative impacts identified.

15. Risk Management

- 15.1 Welfare and Finance reform is being treated as a defined project within TDBC. Consequently a risk register is in place to identify and mitigate risks associated with these changes.
- 15.2 There are a range of risks associated with the introduction of a Localised Council Tax Support scheme. Central to the scheme is the Government's localism agenda under which powers are transferred from central government to local authorities. With the transfer of powers there is invariably a transfer of risk.
- 15.3 Under existing arrangements Central Government basically funds the cost of the scheme and therefore an increase in the level of demand due to an increase in the number of people reaching retirement age, an increase in the number of people out of work, or an increase in the take up rate in respect of benefits are effectively funded by Central Government. Under the new arrangements these costs will fall upon the local authorities who are funded from the Collection Fund. Given that changes in the number of elderly people in an area, fluctuations in take up level and changes in employment levels are to a large extent outside of the control of local authorities there is relatively little that can be done to mitigate these risks. In addition the localised Council Tax scheme is being introduced at the same time as a more widespread reform of the benefits system. It is possible that reforms to the various strands of current benefit arrangements may have an unforeseen impact upon the circumstances of local residents which may be detrimental to the effective operation of the proposed Council Tax arrangements.
- 15.4 The risk of increased levels take-up for Support is a significant issue as it is anticipated that applications from pensioners will increase once the support becomes a "discount" rather than a "benefit". Likewise, local Council's will be exposed to both national and local trends in employment levels which will have an impact upon the number of working age people claiming benefits.

- 15.5 Modelling and forecasting has been undertaken to mitigate the above risks as far as is possible although the main risks remain that economic conditions will lead to an unexpected rise in successful applications for support and /or that there will be an unexpected increase in take-up (e.g. from those who are entitled to support but who so far, for whatever reason, haven't applied).
- 15.6 There is also a risk that TDBC could be challenged over the design of its CTS scheme, particularly from an equalities perspective. We have sought to mitigate this by carrying out a robust EIA on the scheme, both before design and afterwards, to ensure our equality duties were at the forefront of the decision making process. Additionally officers from the Somerset Equality Officers Group have been consulted on the proposals as have a number of welfare and voluntary organisations.
- 15.7 In moving away from a national set of rules and expecting Council's to write the rules themselves there is a risk that our CTS rules are poorly drafted leaving loopholes which can be exploited to give higher than expected Support awards. We have attempted to mitigate this risk by engaging an external specialists organisation to draft the rules to match the requirements of our scheme. This does not however extinguish the risk entirely.

16. Partnership Implications

- 16.1 The Southwest One partnership is one of the Authority's key partnerships. The new scheme will be administered by officers in Southwest One's Revenues and Benefits Service and they are playing a key role in modelling as part of the scheme design together with the Southwest One Finance Service.
- 16.2 Development of a consistent set of principles on which to base a Council Tax Support scheme for each Somerset district has and will require collaborative working between the districts and the major precepting authorities.

17. Recommendations

- 17.1 That, subject to the Government making the necessary regulations, the Executive recommends to the Full Council at its meeting on 11 December 2012 that from 1st April 2013, the Council:
- adopts the scheme, for providing Council Tax support for working age households on low incomes, as set out within this report;
 - adopts the Discretionary Housing Payment & Council Tax Assistance Policy (Appendix 1) to enable additional short-term assistance to be given in respect of Council Tax for those in hardship.

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Appendix A

Question: Please let us know, using the box below, if you have any comments on our proposed scheme.	Question: What is your age?	Question: What is your gender?	Question: Are you currently receiving council tax benefit?
I am a pensioner who is asset rich & income poor. I get no help with my council tax. I resent greatly subsidising other people when I can get no help myself after working & paying tax all my life	35-64	Female	No
How can single unemployed people with no other income possibly pay £258 a year for their council tax? Try living on £71 per week, paying TV licence, water rates, insurance, travel cost, heating bills My son has £4 a day left for food and all other costs. Possibly a family all on £71 a week each could pay but not single people Please be flexible on this	65 +	Female	No
My biggest concern is that homeless/sofa-surfing teenagers, adults and especially vulnerable people, are going to be at a far greater disadvantage due to these government proposals. It is clear that all local Councils have their hands tied to a greater or lesser degree, however, in a civilized Nation, it is vitally important that we do not create thousands of homeless people among our poorest citizens - working on a low income, or unemployed/sick. those with middle class or rich incomes will be totally unaffected by these and all the other cuts & proposals of this rich supporting Government. The impact upon not only mine, but the households of nearly everyone I know throughout Somerset and Devon, and beyond, is that they will have less money for life's essentials - including for their children. Nearly all of these people WORK - on a low income.	35-64	Male	No
I see that yet again, irresponsible young women who see having children and living on benefits as a career choice are to still receive 100% ctb whilst chronically sick and/or disabled people who are UNABLE to work will have to pay 20%. I firmly believe that it should pay to work and anyone who can, should work or actively look for work when unemployed. Becoming chronically sick and disabled and being permanently unable to work (those in the support group of ESA) IS NOT a lifestyle choice, having children is. This council, along with the govt promise to protect the most vulnerable but both fail to put sick and disabled people into that group. In 2013, the govt intend to remove 20% of disabled people from disability benefits, I can see a lot more chronically sick/disabled people living well below the poverty line in the coming years. There are other ways to save 700k without yet again attacking the poorest and most vulnerable people in society. On the DWP ESA confirmation letters, it states that the MINIMUM amount that the law says is needed to live on is £;x amount, so is it lawful for councils to take some of this for council tax? Go around Tauntons tattoo parlours and see the unmarried mothers spending their benefits on tatoos, smoking cigarettes and going out drinking every Saturday night, it's disgusting. I know for a fact that many of these women`s attitude is, I don`t worry about getting pregnant, the social will pay and I'll get rent free council accommodation. I agree with all the principles but do not think some of your proposals go far enough. Cannot believe that the Second Adult rebate ever existed!	35-64	Male	Yes
	35-64	Female	No

The amount of earnings that you earn before any council tax is paid is very low at the moment and decreasing this amount further will have an impact on many low income families. My present circumstances mean that for the initial 12 months of returning to work after 4 years of claiming Incapacity Benefit I am in a good position financially as I am being paid an extra amount of money for 52 weeks. But at the end of the 12 months my income will drop substantially and I will struggle to pay my household bills including council tax.

35-64 Female No

To maximise income, when planning applications show the property will have additional bedrooms the council tax band alterations, if applicable, should be applied as soon as building is complete and signed off by building regs dept. Any steps like the earned income disregard which prevent penalising working families on low incomes should be implemented.

65 + Female No

As a non-claimant there is zero impact on me or my financial situation. I'm all for making people, parents more inclined to work to make them better off.

18-34 Male No

Non-Dependant deductions seem complicated. Why not have a single rate or maybe two - one for in work and one for out of work. Possibly best to just have the one rate though so as not to penalise households when someone moves into work.

No

These changes will have no impact at all on my household, but as someone who worked for 35 years administering means-tested benefits I am dismayed at the Conservative Party's policy to punish the poorest for the consequences of the greed and stupidity of the better-off. In particular the proposal to take a contribution from non-dependants on means-tested benefits, with no question of a compensating increase in those benefits from central government, bears all the hallmarks of the Poll Tax disaster of the early '90s.
so far so good

35-64 Male No

65 + Male Yes

The conservative led Swindon council intends to exempt means tested pensioners and disabled people from having their council tax benefit reduced. Whilst i agree that people should be encouraged to work and be better off, being chronically sick and disabled and unable to work ISN`T a lifestyle choice, just as growing old isn`t. May I suggest that TDBC takes the same route so that the sick/disabled, who are already being targeted by the coalition for cuts in their money , will not face further worries about having their incomes cut more.

35-64 Male Yes

Your questionnaire comment box is limited to 1500 characters That equates to around 250 words which is grossly inadequate to explain the impact that your proposals will have on our household!

35-64 Female Yes

I think the council should distinguish between people who don't work due to disability and those with non disability. I think people registered disabled should be 100% exempt

35-64

No

If Government funding is going to be 90% (leaving a budget gap of 10%) then why are all your proposed calculations for reductions more than 10%. This is yet another attack on the unemployed and people on benefits!!

Prefer not to say

Prefer not to say

Yes

Proposal six: council tax deduction for a single person is only 25%, therefore a single person should be able to have the first 75% of a couple's allowance (ie. £15 not £10) discounted from means testing.

Prefer not to say

Prefer not to say

No

Those people in the income related support group have been classed as too ill/disabled to work, so they therefore do not come under the "encouraged to work" criteria. Do you intend to make these people, the most vulnerable people in society pay? They should be the same as pensioners, ie, exempt from paying and still get the 100% CTB. These people do NOT CHOOSE to have a serious illness or disability and therefore do not CHOOSE a life on benefits. . I worked for as long as I could, I now receive income related ESA and am in the support group, I suffer from a chronic, progressively worsening disease, plus two chronic inflammatory conditions of the eyes and bowels and cannot work. I have to pay someone to keep my lawn/garden tidy, I have to pay someone to keep the inside of my council bungalow decorated to a reasonable standard, I have to pay for a Deane helpline. . I get disability living allowance mobility, I use that to pay off a loan for my car which is a necessity, rather than a luxury, Next year, I intend to get one on motability. I also get care allowance, I use that because I don't have anyone from the council to visit and do my housework etc .It is ironic that the amount that i'll have to pay because my CTB is short, will be around £;4.80, this is a similar amount to what my Deane helpline is now! Target those who CAN change their lifestyle, NOT those who cannot!

35-64

Male

Yes

The Problem is, The Government and Local Government are not taking in to consideration that the basic cost of living has increased tremendously, I.e Gas, Water, Electric and food. The increases have increased so much that even at the current system it is so difficult for single and families to survive and the same for those who are working. The new proposal will create further homelessness, child poverty, increase in crime and people starving, especially when the crises loans are also abolished in 2012 , the benefits and the new ones do not even cover the basic standard of living and that is excluding buying clothes. Rents are higher than benefits, Private Landlords should have the rental value capped like in Germany. In addition, if the government wants to save money, stop allowing foreigners to claim benefits straight away, block any benefits until they have paid tax & Ni for a minimum of 5 years, this will also help so the immigration problem. I will end up homeless, I cannot afford to eat as it is.

35-64

Male

Yes

35-64

Male

Yes

I work and have had no pay rise for 3 years. Benefits go up every year. Therefore doesn't seem unreasonable for people on benefits to be expected to 'do there bit' and receive a little less benefit. If they keep the same amount of council tax benefit as now presumably working people will have their Council Tax Benefit cut even more than the 20% proposed, which seems very unfair and would mean some people would be better off not working.

All of your proposals affect groups of people already forced into financial hardship by the Government Cutbacks. You should be making changes to the expenditure of the council to those on middle and higher incomes by increasing paid for services.

Expenditure by counsellors should be considerably reduced with entertainments and receptions being abolished. You have to understand that all of these proposals will cause cutbacks of essential activities of daily living such as food, fuel etc.

The proposals are too generous and will be granted as now on forged documents and lies unless a thorough screening is carried out and supervised assiduously. you have to adopt all these proposals at the very minimum.

35-64 Female Yes

65 + Male Yes

People on very low incomes or working age (ie myself) have no money to spare at the moment so where will we find the contribution.

35-64 Female Yes

Prices are soaring. food all basic necessities cost more and more. unless people are earning more or getting a noticeable increase in their income (benefits) it is morally unjustifiable to try and squeeze more money out of them. cut out flower beds and displays, road sweeping, halve rubbish collections, increase parking charges. my disabled but part time working son has not had a pay increase so how can you charge him more. re proposal 3 my income has not increased, where can i find more money? It is insensitive to say i would be better off working. I am a carer who will soon get a state pension and have no chance of it.

35-64 Female Yes

im so angry i cant put my thoughts into words. For me it would mean poverty. im already struggling to pay rent which housing benefits doesn't cover and when im employed the benefits system is such a minefield (as i will never earn enough to get out of this disgusting "stone the poor, feed the wealth" system.

18-34 Female Yes

Perhaps there ought to be a way of limiting increases in council tax benefit by restricting allowances when somebody has a child (after the second child) as at the moment the more children you have the higher your allowances. This encourages people to have children they can't afford which the rest of us have to finance.

35-64 Male No

The savings required to offset the 10% reduction in government funding should be found by reducing waste and central overheads, not by making the worse off even more worse off as is being proposed. Benefits should be increased in times of austerity not reduced.

35-64 Male No

I cannot accept the principle that the poorest should automatically pay more regardless. The average council tax payer should bear a proportion of the 10% reduction that is being taken off the Council Tax Benefit

Prefer not to say Male No

All of these proposals are complicated and not explained well at all. I do not understand proposal one at all! I think a second consultation with better explanations should be run.

18-34 Male No

Benefits go up by inflation, wages don't. I work and cannot afford to pay more Council Tax to help those who pay nothing who don't work.

I wish to remain anonymous but can tell you that without Council Tax Benefit we would not be able to live in our house or the area I grew up in. consequently, I would have to live 12 miles away from my father who I care for (carer's allowance). On a broader scale, I feel local and national government should be very careful when proposing moves that make real impacts on people's lives. There are many reasons why people claim benefits and only the smallest % are taking advantage of a system is wholly generic and one sided. a 'universal benefit' is a nonsense. 'small' figures like £5 per week actually mean a lot to those who live off less than £12k a year. This is a reality. Perhaps it might help to look at the services council tax actually provides rather than whether the disadvantaged can pay more.

35-64 Female

I think proposal 5 may be a good idea where the householder has a high income and is able to contribute significantly more to the council tax bill of the property than their fellow residents/housemates. proposals 3 and 6 will affect me. While proposal 3 does not involve a large increase in the amount of council tax I pay, in light of the sweeping government cuts to benefits and credits available any additional call on my finances is worrying. paying 10% of my council tax would be more manageable (i.e receiving 90% support). wouldn't affect my household.

18-34 Female Yes

35-64 Male No

If i lose to much benefit i won't be able to keep my home & i'll end up on the streets as i'm all ready struggling to keep a roof over my head I'm stuck on incapacity benefit after an accident at work so only receive incapacity long term housing & council tax benefit

35-64 Female Yes

I seem to agree with most of these proposals

I am in support of schemes which reduces the admin of council tax benefit.

35-64 Female No

re proposal 2. payers will either be suffering hardship or not. extra hardship isnt relative to that! Also when money runs out anyone who then suffers from extra hardship cant be helped anyway so the system would be unfair, similar to the lottery, to anyone suffering extra hardship, probably towards the end of the financial year. proposal 2 should not take effect ie should be deleted from the proposal list. I assume the single persons 25% discount remains and is unaffected? (I am not single but think this should remain unaltered.

35-64 Male No

i do not think lone parent has a reason for an increase from an already generous £;25 over a single person without child (proposal 6)

65 + Male No

re council tax generally TDBC income from Council tax would be increased if building control/householder declared any development on the property that moved into a higher CT band. Currently this only happens when the property is sold and the new owner is charged the increased rate. With the number of homes extending outwards or upwards (ie lofts) surely this would provide a greater income than reducing council tax benefit.

35-64 Female No

proposal 3 - recovery costs in getting everyone to pay will outweigh the extra revenue from this - remember the community charge.

35-64 Female No

Although I agree that people should be better off in work, i don't think this should be done through the benefits system. It should be done through the benefits system. it should be done by ensuring people get a living wage. also i don't agree that earned income disregard should be increased and concessions such as non-dependant deductions decreased.

35-64 Female No

I currently do not receive CTB however I feel the new scheme should incentivise people to work (if they are able) and ensure that the most vulnerable, significant disability, adult children on a low income, carers, lone parents are most protected. I have concerns that collecting / recovering Ct will increase costs considerably.

35-64 Female No

It would be better if high value properties paid a higher portion of the total CT demand.

35-64 Male No

This scheme will not impact my household as we receive no benefits. I am concerned that you seem to be doing more to protect those over the age of 61 and less for those who are disabled or significantly disadvantaged in some way. Could you increase council tax for those living in larger houses to help offset the cuts. Even if they are rich in assets they could potentially rent out a bedroom to help cover the cost and at the same time provide housing which it sounds like we may need.

35-64 Male No

I would find this very hard as every bit of money i get has gone straight away. I never have any money to do nice things with my children as I survive by spending my money on food and bills, when this goes ahead to pay you money I would have to not pay another bill or lose out on a meal for my family, it is the way I live. I hate it now and will struggle even more.

18-34 Female Yes

CIPFA 'NEAREST NEIGHBOURS' FAMILY GROUP - PROPOSALS

These are authorities which are most similar to TDBC nationally and are often used for benchmarking purposes.

The 'Nearest Neighbours' group also include Mendip and South Somerset. The proposals for these authorities are shown within Appendix B

This table provides information on the proposals which each of these authorities has put forward for consultation. The final schemes will be subject to the outcome of the consultation and ultimately Full Council decision so could differ from that stated.

Neighbour Authorities	Proposals
Stroud	<ul style="list-style-type: none"> No change - Council to fund shortfall for 2013/14 and look at local scheme for 2014/15 onwards. http://consultation.stroud.gov.uk/policy-and-review/counciltax/consult_view
St Edmundsbury	<ul style="list-style-type: none"> No Clear proposal. A number of options suggested with recognition that it is likely that there will need to be a mixture of the options, because some will not raise enough on their own. Working age people who receive Council Tax support pay more Council Tax (no indication given of how much). 2nd Adult Rebate to cease. Increase empty Council Tax Charges and 2nd Home Charges http://www.stedmundsbury.gov.uk/news/press-releases/PR12080601.cfm
Wychavon	<p>Unable to find any published information</p> <ul style="list-style-type: none"> No change - Council to fund shortfall for 2013/14 and look at local scheme for 2014/15 onwards.
Tewkesbury	https://www.tewkesbury.gov.uk/media/word/p/l/council_tax_support_info.doc <ul style="list-style-type: none"> Maximum benefit of 82.5% (Maximum benefit of 95% if disabled)
Ashford	http://www.ashford.gov.uk/pdf/Council%20Tax%20Benefit%20Leaflet.pdf

- Babergh
- Maximum benefit of 90% Bands A to D
 - All other bands restricted to 90% of Band D.
 - Increased non-dependent deductions
 - Cease 2nd Adult Rebate
 - Part fund gap through empty Council Tax Charges and 2nd Home Charges

<http://bdc.onesuffolk.net/council-tax/changes-to-council-tax-benefits-and-discounts/>

- Wyre Forest
- Various options. Not just one.
 - Maximum benefit of 80% to 95%
 - Restrict benefit to Band D equivalent.
 - Part fund gap through empty Council Tax Charges and 2nd Home Charges.
 - No award of benefit worth less than £5pw
 - Create Hardship Fund

<http://www.wyreforestdc.gov.uk/cms/communications/features/council-tax-consultation.aspx>

- South Kesteven
- Maximum benefit of 80%
 - (Maximum benefit of 100% if disabled, carer or war pensioner)
 - Increase earned income disregards
 - Cease 2nd adult rebate

<http://www.southkesteven.gov.uk/CHttpHandler.ashx?id=7478&p=0>

- Braintree
- Maximum benefit of 80%
 - Restrict benefit to 80% Band D equivalent.
 - Increase earned income disregards
 - Child Benefit for 2nd and subsequent children treated as income

https://www.braintree.gov.uk/downloads/file/1210/easy_read_local_council_tax_support_download

- Stafford
- Claims will be based on a max of 80% Council Tax Liability (unless disabled people who receive a severe disability premium, and both lone parents and families who have a child under five).
 - Properties in bands higher than Band D will be based on 80%

Band D Council Tax

- Second Adult Rebate will not be retained in the Local Scheme
- Claims from anyone not in receipt of a DWP benefit and with capital in excess of £6000 will not be entitled.
- Child benefit will be included in the assessment of the claim
- Maintenance payments will be included in the assessment of the claim
- The first £25 per week of earned income will be disregarded

<http://www.staffordbc.gov.uk/news-articles/counciltaxbenefitchanges-haveyoursay>

- Maximum benefit of 75- 80% or Restrict to band A equivalent.
- Lower savings Limit to £8,000
- Cease 2nd Adult rebate
- Increase non-dependant deductions
- Extend roll-on period from 4 weeks to 6 weeks when someone starts working

Newark & Sherwood

<http://www.newark-sherwooddc.gov.uk/media/newarkandsherwood/imagesandfiles/counciltax/Have%20your%20say.pdf>

- Maximum benefit of 85%
- Cease to allow backdating of claims
- Cease 2nd adult rebate
- Different treatment of self-employed income
- Creation of Hardship Fund

Rugby

http://www.rugby.gov.uk/site/scripts/documents_info.php?documentID=1665&categoryID=200315&pageNumber=2

- Claims to be based on a maximum of 80% of Council Tax liability
- Properties in bands higher than Band D will be based on 80% of Band D Council Tax liability
- Second adult rebate not to be retained
- Capital cut off at £6,000 (non-passported)
- Child benefit and maintenance to be treated as income
- Higher non-dependant deductions
- Changes to earnings disregards (to provide an additional incentive to work)

High Peak

http://www.highpeak.gov.uk/sites/default/files/meetings/papers/105_26.pdf

Somerset Districts - Proposals

Proposals	Mendip District Council	Sedgemoor District Council	South Somerset District Council	Taunton Deane Borough Council	West Somerset District Council
Maximum support that can be awarded	80%	80%	75%-80%	80%	70%
Include income from child maintenance	Yes	Yes	Yes	Yes	Yes
Increase in non-dependant deductions	Yes	Yes	Yes	Yes	Yes
Abolish second adult rebate	Yes	No	Yes	Yes	Yes
Increase earned income disregard	Yes	No	Yes	Yes	Yes
Create a discretionary hardship fund	Yes	Yes	Yes	Yes	Yes
Include income from child benefit within the means test	No	No	Yes	No	Yes
Limit support to a Band C council tax	No	Yes	No	No	No
Minimum weekly award of £1	No	Yes	No	No	No
Include income from sub-tenants and boarders within the means test	Yes	No	Yes	No	Yes



HOUSING BENEFIT & COUNCIL TAX SUPPORT

Draft Discretionary Housing Payment & Council Tax Assistance Policy

Discretionary Housing Payment & Council Tax Assistance Policy

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Revision history

Version number	Date	Summary of changes	Author
V1.0	26/02/2002	Initial creation of document	Heather Tiso
V1.1	22/09/2005	Refresh of policy	Heather Tiso
V1.2	03/02/2009	Refresh & updating policy	Heather Tiso
V1.3	16/06/2011	Updating policy	Heather Tiso
V1.4	11/09/2012	Inclusion of Council Tax Support provisions	Paul Harding
V1.5	12/09/2012	Further refinement and updating of policy	Heather Tiso

Approvals

This document has been approved by the following people.

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Policy

Background

From 2 July 2001, exceptional circumstances and hardship payments were abolished and replaced by the Discretionary Housing Payment (DHP) scheme. This gave Local Authorities new powers to top up Housing and Council Tax Benefit. The legislation governing DHPs can be found in the Discretionary Financial Assistance Regulations 2001 (SI 2001 / 1167).

The DHP scheme provides discretionary support where the claimant has a shortfall between their:

- Housing Benefit and the rent they must pay; and/or
- Council Tax Benefit and their liability to pay Council Tax.

Every claimant who was entitled to the minimum amount of Housing and/or Council Tax Benefit and who has such a shortfall was entitled to make a claim for help.

The overall spending on DHPs is cash-limited by the Secretary of State under a Permitted Totals Order.

The main features of the DHP scheme are:

- the scheme is discretionary - a claimant does not have a statutory right to a payment;
- The Revenues & Benefits Service decides how the scheme is administered;
- the overall outlay on DHPs is cash-limited by the Secretary of State,
- DHPs are not a payment of Housing or Council Tax Benefit. However, the claimant must be entitled to Housing or Council Tax Benefit in the benefit week for which it awards a DHP.

The Department for Work and Pensions provides us with a specified Discretionary Housing Payments allocation that can vary each year as it is partly based upon our previous Discretionary Housing Payments spending. We must return any unspent funding to the Department for Work and Pensions. During the year in question, we can only award Discretionary Housing Payments up to a cash limit of two and a half times this annual allocation. Any spending we make above the allocation and up to the legal limit has to be funded by us from our budget (and so in turn from our Council Tax payers).

Discretionary Housing Payments are not payments of benefit, and we have discretion in how we manage this funding. We can only award Discretionary Housing Payments to people receiving Housing Benefit and / or Council Tax Benefit where it does not meet the full amount of their eligible rent and / or Council Tax..

From 1 April 2013 the Government state that DHP's can no longer be used to provide additional help for Council Tax. This coincides with the abolition of the Council Tax Benefit Scheme and the introduction of a local Council Tax Support (CTS) scheme.

Therefore from 1st April 2013 the Council has decided to introduce a Discretionary Council Tax Assistance (DCTA) scheme to replace DHP's for Council Tax. The provision of DCTA will be reviewed annually. Nothing in this policy affects a customer's right to apply for a Council Tax reduction under section 13A (1) (c) of the Local Government Finance Act 1992 (as amended).

Funding for DCTA will provide be entirely from Council budgets and will be limited to a maximum of £?? in 2013/2014. When the fund is exhausted, there can be no further payments of DCTA. Recipients of DCTA will receive credits on their Council Tax accounts.

Purpose

The purpose of this policy is to specify how the Revenues & Benefits Service will manage both the DHP and DCTA schemes and to suggest some of the factors we will consider when deciding to award additional help.

We will treat each case strictly on its merits and all eligible customers will receive equal and fair treatment. The Revenues & Benefits Service is committed to working with the local voluntary sector, social landlords and other interested parties in the Borough to maximise claims for all available state benefits and will reflect this in running the DHP & DCTA schemes.

The Revenues & Benefits Service is committed to the equitable operation of the DHP & DCTA schemes. Where the evidence provided shows the customer is not claiming another state benefit they may be entitled to, we will advise them to make such a claim and provide details of other agencies in the Borough who may be able to help. Similarly, if a customer is not claiming a Council Tax Discount to which they may be entitled we will advise them to firstly make such a claim.

Statement of Objectives

The Revenues & Benefits Service will consider awarding a DHP and / or DCTA to all customers who meet the qualifying criteria set out in this policy. We will treat all applications on their individual merits, and will seek through this policy to:

- allow a short period of time for someone to adjust to unforeseen short-term circumstances and by providing a DHP and / or DCTA to enable them to “bridge the gap” during this time;
- help people who live near their jobs because they work unsocial hours/split shifts or where there is inadequate public transport;
- help people who as a consequence of a move have extra travel to work costs;
- sustain tenancies to prevent homelessness
- support vulnerable young people in the transition to adult life;
- encourage Taunton Deane residents to get and keep employment;
- safeguard Taunton Deane residents in their homes;
- help those who are trying to help themselves;
- keep families together;

- assist those with medical or health problems where they need access to medical services or support that would not be available elsewhere
- act as a tool in supporting vulnerable people in the local community;
- help customers through personal crises and difficult events.

This list is not exhaustive and we will consider any other relevant factors or special circumstances that may apply.

The DHP and DCTA schemes should be seen as short-term emergency funds. They are not and should not be considered as a way around any current or future restrictions in Housing Benefit, localised Council Tax Support provisions or Council Tax legislation.

A DHP can help meet shortfalls in areas such as:

- Restrictions in Housing Benefit entitlement because the rent payable is more than the Local Reference Rent (LRR), Shared Room Rate (SRR), size criteria or Local Housing Allowance (LHA).
- Reductions in HB entitlement following changes to LHA rates from April 2011
- Non dependant deduction
- Income tapers
- Increases in essential work related expenditure such as increased fares to work if a customer has had to move because they could not afford to live in proximity to their work following a reduction in their LHA rates.

The DHP scheme allows for payments to be made for rent deposits and rent in advance if the claimant receives Housing Benefit for their present home. However, Taunton Deane Borough Council has a Deposit Guarantee Bond Scheme administered by the Housing Options Team.

We would seek to utilise this facility in the first instance, with the DHP Scheme complimenting this as an alternative option. Any reasons or factors applied by the Housing Options Team in deciding assistance under the Deposit Guarantee Bond Scheme will be taken into consideration in any subsequent DHP request.

A DHP cannot help with the following:

(a) Certain elements of the rent:

- ineligible service charges (as specified in Schedule 1 of the Housing Benefit Regulations);
- water, sewerage and environmental services (as defined and calculated under Housing Benefit provisions);
- increases in rent due to outstanding rent arrears.

(b) Suspensions

- where a person's HB or any other benefit has been suspended, it is not appropriate to pay a DHP. The aim of the suspension provision is to act as a lever to ensure the customer provides necessary information or evidence – paying a DHP could reduce the effectiveness of this lever.

(c) Sanctions

- where a reduction has been applied to Income Support or income-based Jobseeker's Allowance due to a Reduced Benefit Direction for failing to comply with the Child Support Agency, the claim for a DHP should assume such a sanction has not been applied;
- where a reduction has been applied because of absence at a work-focussed interview, the claim for a DHP should assume such a sanction has not been applied.

DCTA can only assist working age Council Tax Support claimants to help meet shortfalls in areas such as:

- Non dependant deductions
- Income tapers
- Shortfalls between maximum Council Tax Support entitlement and Council Tax liability

DCTA cannot help with the following:

(a) Rent or other similar housing costs

(b) Suspensions

- where a person's CTS or any other benefit has been suspended, it is not appropriate to pay an DCTA.

(c) Sanctions

- where a reduction has been applied to Income Support or income-based Jobseeker's Allowance due to a Reduced Benefit Direction for failing to comply with the Child Support Agency, the claim for an DCTA should assume such a sanction has not been applied;
- where a reduction has been applied because of absence at a work-focussed interview, the claim for a DCTA should assume such a sanction has not been applied.

DCTA Priority Groups

Wherever possible DCTA's will be prioritised for customers who are in our opinion, the most vulnerable. This will particularly include, although not be limited to:

- Claimants who have someone who is pregnant within their household
- Young adults who have recently left the care system
- Households containing adults or children with disabilities
- Households with children under 5 years of age
- Claimants who are carers
- People who are fleeing domestic violence
- People accepted as homeless under homelessness legislation of the Housing Act 1996 and placed in temporary accommodation by the Council as described in regulation A13(3), because they are homeless or to prevent homelessness

Being in one or more of the above groups does not guarantee a DCTA award. For those applying for a DCTA on the grounds of exceptional hardship we would expect the customer to demonstrate they have taken steps to try to address their financial difficulties by seeking money / debt advice from the CAB, National Money Advice Helpline or similar organisations or are prepared to do so.

Fraud

The Council is committed to the fight against fraud in all its forms. A claimant who tries to fraudulently claim a DHP or DCTA by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968. Where we suspects such a fraud may have occurred, the matter will be investigated and this may lead to the instigation of criminal proceedings.

Publicity

The Revenues & Benefits Service will publicise the DHP and DCTA schemes and will work with all interested parties to achieve this. A copy of this policy will be made available for inspection and will be posted on the Taunton Deane Borough Council web site. Information about the amount spent will not normally be made available except at the end of the financial year.

Monitoring of DHP and DCTA expenditure

The Revenues & Benefits Service will extract reports from the DHP and DCTA software on a monthly basis to ensure expenditure is within budget and is correctly profiled to ensure no overspend at the end of the financial year.

Claiming a DHP or DCTA

A claim for a DHP and / or DCTA must be in writing and signed by the customer. A letter or signed statement received by the Revenues & Benefits Service will be sufficient if the following conditions are met:

- On request the customer supplies any relevant supporting evidence.
- The Revenues & Benefits Service may ask for any (reasonable) evidence in support of an application for a DHP or DCTA. The Revenues & Benefits Service will make such requests in writing. The customer will provide the evidence within one month of our letter, although we will extend this in appropriate circumstances.
- If the customer is unable to or does not provide the evidence, we will still consider the application and take into account any other available evidence including that which we already hold.
- The Revenues & Benefits Service reserves the right to verify any information or evidence provided by the customer in appropriate circumstances.

Period of Award

The Revenues & Benefits Service will decide the length of time to award a DHP or DCTA from the evidence supplied and the facts known.

The start date of an award will normally be:

- the Monday after we get the written claim for a DHP or DCTA; or
- the date HB/CTS starts (providing we get the application for the DHP within one month of the decision on the claim for HB/CTS) whichever is the earlier, or the most appropriate.

We cannot award a DHP or DCTA for any period outside an existing HB/CTS benefit period granted under the HB statutory scheme or local CT scheme.

The minimum award of a DHP or DCTA is one week.

- We will not normally award a DHP or DCTA for a period over 12 months.
- We will consider any reasonable request for backdating an award of a DHP or DCTA but will usually limit such consideration to the current financial year

Awarding a DHP or DCTA

In deciding whether to award a DHP or DCTA, the Revenues & Benefits Service will consider:

- the shortfall between Housing Benefit and Council Tax Support and the liability;
- any steps taken by the customer to reduce their rental or Council Tax liability;
- the financial and medical circumstances of the customer, their partner and any dependants and any other occupants of the customer's home;
- the income and expenses of the customer, their partner and any dependants or other occupants of the customer's home;
- any savings or capital that might be held by the customer or their family;
- the indebtedness of the customer and their family;
- the exceptional nature of the customer and their family's circumstances;
- the amount available in the DHP and / or DCTA budget at the time of the application;
- the possible impact on the Council of not making such an award, for example the pressure on priority homeless accommodation;
- any other special circumstances brought to the attention of the Revenues & Benefits Service.

The Revenues & Benefits Service will decide how much to award based on all the circumstances. This may be an amount below the difference between the liability and the Housing Benefit or Council Tax Support award. Granting a DHP and / or DCTA does not guarantee or imply a further award even if the customer's circumstances do not change.

Changes of Circumstances

The Revenues & Benefits Service may need to revise an award of a DHP or DCTA where the customer's circumstances have materially changed. Any revision to the award will take effect from the Monday following the date of change in circumstances.

Method of Payment

DHP - The Revenues & Benefits Service will decide the most suitable person to pay based on the circumstances of each case. This could include paying:

- the customer;
- their partner;
- an appointee;
- their landlord (or an agent of the landlord); or
- any third party to whom it might be most suitable to pay.

The Revenues & Benefits Service will pay a DHP by the most suitable means available in each case. This could include payment:

- By direct credit to a bank or building society account
- by crediting the customer's rent account;

Payment frequency will normally be in line with payments of Housing Benefit .
DCTA - awards of DCTA will always be made by crediting the customer's Council Tax account.

Payment frequency will normally be in line with payments of Council Tax Support.

Notification

The Revenues & Benefits Service will aim to write to the customer to tell them the outcome of their claim within 14 days of receipt. Where the claim is unsuccessful, we will set out the reasons and explain their appeal rights. Where the claim is successful, the Revenues & Benefits Service will advise:

- the weekly amount of DHP or DCTA;
- if it is paid in advance or in arrears;
- the period of the award;
- how, when and to whom (for DHP only) it will pay the award;
- the need to report a change in circumstances;

Overpayments

The Revenues & Benefits Service will seek to recover any overpaid DHP or DCTA. For DHP this will normally involve issuing an invoice to the customer or the person to whom the award was paid.

It is most unlikely the Revenues & Benefits Service will seek recovery of any overpayment caused by an "official error". However, where it is reasonable to expect the claimant of a DHP to have realised an overpayment was occurring, we may seek recovery.

Under no circumstances will we make recovery from Housing Benefit (unless the customer seeks this specifically in writing). The overpayment decision letter will set out the right of review.

For DCTA overpayments, these will be recovered through adjusting the Council Tax account for the period to which the overpayment relates. The customer will be required to repay the overpayment as part of that year's Council Tax liability.

Reviews of Decisions relating to DHPs and DCTAs

The right to seek a review

DHPs are not payments of Housing Benefit and DCTAs are not payments of Council Tax Support. Therefore they are not subject to the statutory appeals mechanism. The Revenues & Benefits Service will use the following policy for dealing with appeals about a:

- refusal to award a DHP or DCTA; or
- decision to award a reduced amount of DHP or DCTA; or
- decision not to backdate a DHP or DCTA; or
- decision there has been an overpayment of a DHP or DCTA.

A customer (or their appointee or agent) who disagrees with a DHP or DCTA decision may dispute the decision. The Revenues & Benefits Service must receive a request for a review within one month of the issue of the written decision about the DHP or DCTA to the customer. Where this has not already been done, officers from the Revenues & Benefits Service will explain the DHP or DCTA decision to the customer by telephone, at interview or in writing and will seek to resolve the matter.

Where agreement cannot be reached, the Head of Revenues & Benefits will consider the case. The Head of Revenues & Benefits will review all the evidence held and will make a decision within 14 days of referral or as soon as practicable.

Where the Head of Revenues & Benefits decides not to revise the original decision, he/ she will tell the customer in writing, setting out the reasons for their decision.

The Head of Revenues & Benefits' decision is final and binding and may only be challenged through judicial review or by complaint to the Local Government Ombudsman.

Equality Impact Assessment – pro-forma

Responsible person	Paul Harding	Job Title Corporate & Client Lead
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	√
	Budget/Financial decision – MTFP	
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Council Tax Support Scheme	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	<p>Background</p> <p>S33 of the Welfare Reform Act 2012 abolishes Council Tax Benefit. Unlike most other abolished benefits, Council Tax benefit is to be excluded from Universal Credit and the Government has placed a duty on all local authorities to implement a local Council Tax Support Scheme.</p> <p>Local Council Tax Support schemes are to be devised, promoted, adopted and implemented by Local Authorities within the requirements of s13A and Schedule 1A of the Local Government Finance Act 1992. Councils agree and publish their local scheme by January 2013 ready for implementation in April 2013. Taunton Deane Borough Council's Council Tax Support scheme will focus on delivering a fair and affordable scheme which will not disproportionately disadvantage any groups sharing a protected characteristic as defined by the Equality Act 2010.</p> <p>This scheme does not and cannot make any changes to the scheme of discounts and exemptions available in Council Tax.</p>	

The authority will continue to comply with its statutory duty to award discounts and exemptions in appropriate cases for example (but not limited to): where there is a single occupier; where the charge payer has a severe mental impairment; where a band reduction is appropriate because of disability.

The Government announced at Spending Review 2010 that Support for Council Tax would be localised from 2013/14 and expenditure reduced by 10% from the same date.

The current support system ,“Council Tax Benefit” (CTB), is a national means tested scheme.

Decision making is devolved to Billing Authorities with funding paid by the Department of work and Pension from their Annually Managed Expenditure. In essence this means that the authority is reimbursed for 100% of its spend. In future funding for a localised scheme will be paid by the Department for Communities and Local Government from the Departmental Expenditure Limit budget. This means that each authority will receive a fixed grant regardless of its spend.

Whilst the Government expect to reduce their expenditure by 10% (estimated at £700k, of which TDBC's share would be approx £70k), they also require that authorities do not pass on any of the savings required to those of Pension Age. That decision means that the burden falls disproportionately upon those of Working Age.

Protecting all recipients (pensioners and working age) would impact negatively upon the authority's budget and the budget of those that levy a precept to it (TDBC, County Council, Fire, Police Authorities and Parish Councils). An adverse effect on service provision might result in us, and the other major preceptors, having to stop, reduce or seek additional charges for services with a disproportionate effect on the most vulnerable.

Key considerations for local scheme

In developing local Council Tax reduction scheme, councils should consider

- That vulnerable groups should be protected
- That a scheme should create the right incentives to get people back into work and make work

pay

- Delivering fairness to the taxpayer and those claiming benefit
- The obligations under the Public Sector Equality Duty, the Child Poverty Act and the duty to prevent homelessness

The Government is keen to ensure that claimants of state pension age are not affected by any change and therefore they are protected from inclusion in the new local Council Tax Support Scheme.

The Proposed Scheme

The proposed Taunton Deane Local Council Tax Support scheme is designed to retain the majority of features of the current CTB scheme. The current CTB scheme recognises the additional financial burden of disability through a system of additional allowances/premiums within the means test. The authority's proposed scheme continues to include the allowances/premiums that feature in the existing CTB scheme and, as such, the scheme positively recognises disability.

The current benefit system recognises the additional financial burden those with children have, through a system of additional allowances that recognise each child, child care costs and enhanced premiums for Lone parents in the means test. The authority's proposed scheme continues to include the allowances/premiums that feature in the existing CTB scheme and, as such, the scheme positively recognises those with caring responsibilities.

The key changes which are proposed between our local scheme, for working age claimants, and the current CTB scheme are set out below. Dependant upon household circumstances, more than one of these proposals may apply simultaneously to a household.

- Maximum support will be 75-80% of Council Tax – everyone of working age will have to pay something;

	<ul style="list-style-type: none"> • Non-dependant deductions will be increased; • Second adult rebate to cease; • Child maintenance to be counted as income; • Earned income disregards to rise; • Hardship fund to be established for short term help. <p>These areas of difference between from the CTB scheme formed the basis of our public consultation.</p>
<p>Which protected groups are targeted by the policy?</p>	<p>The proposed local scheme affects <u>all CTB claimants</u> who are of working age (and those of working age currently not in receipt of CTB but who may apply for Council Tax Support in the future). Although limited equality data is held within TDBC's CTB computer system (as the collection of such information has not been necessary for administering CTB) given the caseload can come from all sections of the community it is likely that there will be claimants (and their household members) which contain the full range of protected characteristics as defined within the Equalities Act 2010 and include:</p> <ul style="list-style-type: none"> • Age • Disability • Gender Reassignment • Marriage and Civil Partnership • Pregnancy and Maternity • Race

	<ul style="list-style-type: none"> • Religion and belief • Sex • Sexual orientation <p>The Government expects that local authorities will establish schemes that minimise the impact on vulnerable groups.</p> <p>The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012 include provisions for those of working age but none of those prescribed requirements set out the level of Support to be given.</p>
<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used</p>	<p>We have obtained data relating to people affected from the current Council Tax Benefit processing system. The data available has enabled us to analyse impact on people according to their age, disability, family circumstances and level of income.</p> <p>We started the process by looking at different modelling scenarios which have led to a single preferred model being adopted. Other models which restricted benefit based on Council Tax bands (i.e. the higher your Council Tax band the less help you would receive), gross household income (where everyone in the household would have their income added together with no disregards) and including Child Benefit within the means test were disregarded as they disproportionately affect people with large families, disabled people and other vulnerable people.</p> <p>To model these schemes we purchased a tool from our software companies which enabled us to look at scenarios with “live” data based on actual entitlements and claims at that point in time.</p> <p>We asked general diversity questions as part of the consultation exercise.</p> <p>Data Sources</p> <ul style="list-style-type: none"> • "The State of Somerset" - Feb 2010 • TDBC Council Tax Benefit records

- TDBC Public Consultation response - 5th August 2012 to 5th October 2012
- Somerset District Council's consultation response
- DWP data Housing Benefit and Council Tax Benefit caseload statistics Aug 2012
<http://research.dwp.gov.uk/asd/index.php?page=hbctb>
- Modelling data from Civica OpenRevenues Forecasting utility

Citizen Engagement –

This is a significant policy change which is being driven by Government to a very aggressive implementation date.

There has been extremely limited publicity by the Government to the public relating to this change in the way Council Tax Support is to be funded and the implications this might have upon claimants.

In order to raise awareness of our proposals and to encourage participation in the consultation process the following activities took place:

- Dedicated web page created on TDBC website with online survey;
- Correspondence sent to each working age CTB claimant advising them of the abolition of CTB and advising them how to participate in the consultation for the replacement scheme;
- Half page article in Somerset County Gazette, raising awareness of the change and advising the public how to participate in the consultation;
- Met with representatives from certain equality groups;
- Letter to wide range of welfare and community groups within the borough;
- Posters and paper consultation forms in Deane House, Wiveliscome, Wellington, Priorswood and Halcon offices;
- Posters sent to parish/town Councils in order to raise awareness.

To ensure disadvantaged groups can be fully engaged and represented in the consultation process, we have written to a number of community, welfare and special interest groups to highlight our

proposals in order to ensure all sections of the community, particularly those who are, or could be disadvantaged, are given an opportunity to influence the final design of our local scheme.

"The State of Somerset" - Feb 2010

In January 2010, Somerset County Council commissioned the Local Futures Group to produce a 'State of the County' Audit.

The State of Somerset report is designed to assist the County Council and its partners in identifying key characteristics and trends within the county.

Hyperlink to ["The State Of Somerset"](#)

Key Observations - Social Profile:

Age:

The average age of Somerset's population is above the national average, with an average age of 41.12 years among residents. The sub-region ranks 5th out of 53 sub-regions in terms of average age score. Its demography reflects an elderly population, with the proportion of the population in age brackets between 0 and 44 comparatively low compared the national average, and the proportion aged 45+ well above the national mean. At a district level, the pattern is very much the same.

Population Change:

Somerset's population grew rapidly between 1991 and 2008, ranking 7th out of 53 sub-regions. The population in Somerset grew by 12.93% between 1991 and 2008, well above the national growth rate of 6.77% and slightly above the regional growth rate of 11.11%. However, in-migration from outside the UK was well below the national average.

	<p>Ethnicity:</p> <p>Somerset’s non-white population is very small by national standards, ranking the district 44th out of 47 sub-regions. Somerset has a small proportion of non-white residents – only 3.31% compared to a national average of 11.76%. The proportions of mixed, Asian, Black and Chinese are not too dissimilar from the regional averages but still well below the national average. For Taunton Deane there were 3.51% of non-white residents.</p> <p>Household Size:</p> <p>Average household size in Somerset is below the national average, ranking the sub-region 39th out of the 53 districts. The average household size in Somerset is 2.37, which is well below the national average of 2.41 but very similar to the South West average (2.36). In terms of household structure, Somerset contains a large number of married couples with no children (15.4% of total households compared to 13% in Great Britain as a whole). The proportion of lone parent households is lower than average (4.62% of total households compared to 7.20% nationally). For Taunton Deane the average household size in is 2.33, The proportion of lone parent households is higher than average (8% of total households compared to 7.20% nationally).</p> <p>Prosperity:</p> <p>On a ranking of prosperity scores, Somerset performs around the national average, coming 29th out of 53 sub-regions. Prosperity is measured by average annual residence based income. Somerset's average annual income was £22,750 in 2006/07 which was below the national average of £25,362. Taunton Deane households had an average income £22,200; lower than the national average.</p> <p>Deprivation:</p> <p>Deprivation in Somerset is well below the national average, ranking the county 35th out of 47 sub-regions. Somerset's 'deprivation score' of 73.70, is lower than the national average (100) and the regional figure (81.82), indicating that, although clearly significant for the individuals concerned, deprivation within Somerset is not as widespread or as generally severe in Somerset as it is in may</p>
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parts of the County. For TDBC the 'deprivation score' is 72.55.

Health:

Somerset's health score is well above the national average and it is ranked 5th out of 49 sub-regions. Average life expectancy in Somerset is 81.01 years, which is higher than the national average (79.68 years). On other lifestyle-related health measures, Somerset performs generally well with infant mortality rates and standardised mortality ratio both below the national average. The only aspects where the sub- region underperforms in are the proportion of residents who are obese and the proportion who smoke, which are both above the national average. The state of the sub-region's health is also reflected in the lower than average number of incapacity benefit claimants. At a district level, Taunton Deane had 62.37 claimants of Incapacity benefit per 000 population. This is higher than the Somerset and South West averages but still below the national average of 65.8.

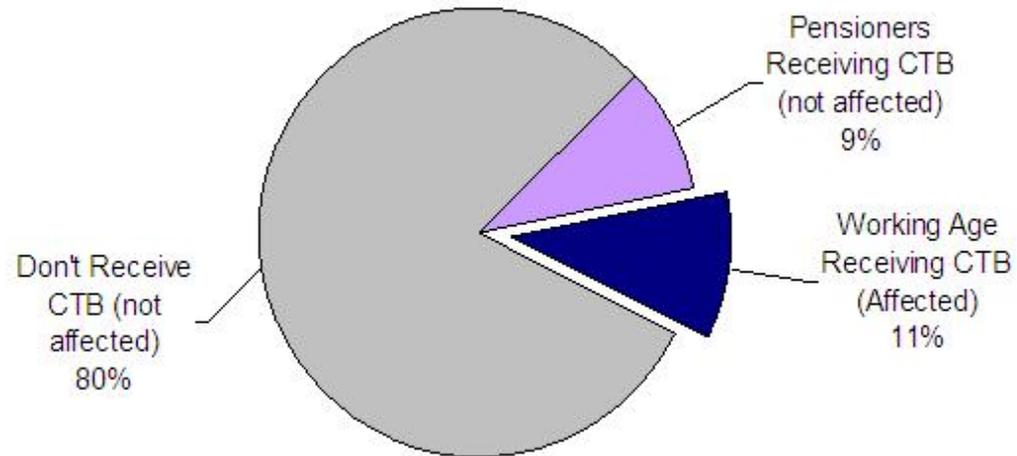
Council Tax Benefit Caseload Data (April 2012)

The following caseload data shows that in terms of expenditure there is a similar split between that for pensioner households and working age households.

What this means is that if we were to pass on the likely 10% cut in Government funding , since pensioners are protected, we would have to make the 10% cut across only 50% of our caseload (e.g. the working age claimants). This would lead to a minimum 20% cut in Council Tax Benefit across that group, meaning all would receive less Council Tax Support and consequently would have more Council Tax which they would have to pay themselves.

	<p><u>Caseload</u></p> <ul style="list-style-type: none"> • Pension Age 4,084 £3.36m • Working Age 4,756 £3.54m <p style="text-align: right;">8,840 £6.9m</p> <p><u>Working Age</u></p> <p>Passported (no TDBC means test) 2,589 £2.24m</p> <p>Standard (TDBC means test) 2,187 £1.30m</p> <p>TDBC has approx 45,000 properties which are subject to Council Tax. Of these approximately 4,700 households have Council Tax payers who are of working age and who receive Council Tax Benefit. These households, approximately 11% of all households in Taunton Deane are directly affected by our proposed new local Council Tax Support Scheme. These are represented by the navy blue segment in the chart on the next page. Those who do not receive Council Tax Benefit (approx 80% of our total households) are not affected by these proposals. Similarly households where the Council Tax payer is a pensioner and receives Council Tax benefit are also not affected by these proposals due to the 'pensioner protection' rules which the Government will prescribe.</p>
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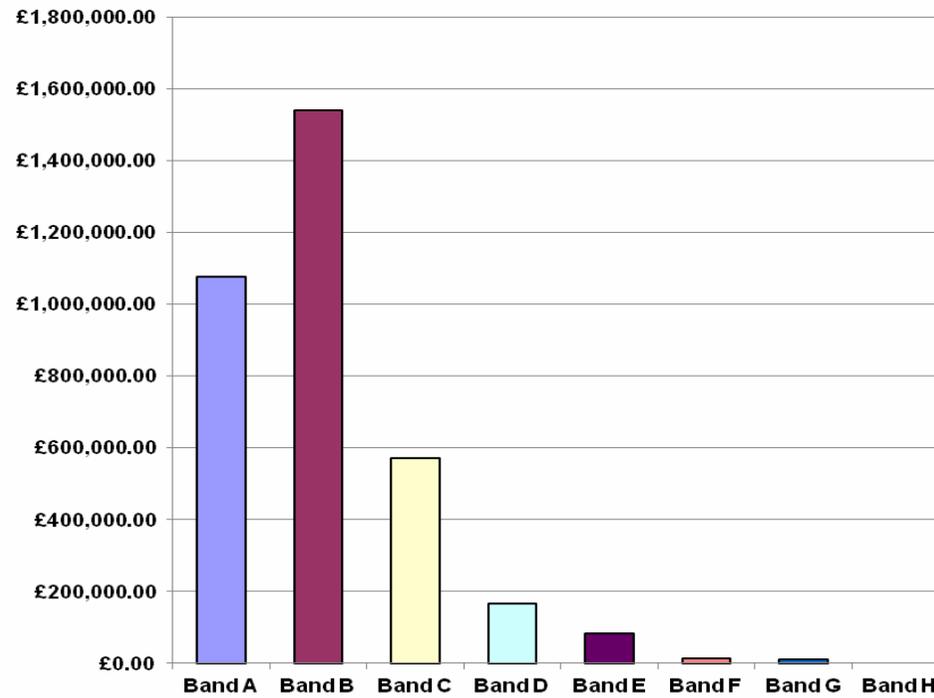
% of Council Tax Payers Affected by this Change



Council Tax Benefit by Property Size / Value - TDBC

The following chart shows the spread of Council Tax Benefit awards (by value) between the various Council Tax property bands. This clearly illustrates that most CTB is paid to households in the smaller sized / lower value properties within the borough (bands A, B and C : band A being the lowest value). By contrast very little Council Tax Benefit is awarded to households in the higher value properties.

Value of CTB Awards by Band - 2012



Section two – Conclusion drawn about the impact of policy change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality

The impact of the proposed local Council Tax Support Scheme on each of the protected groups, are considered further below:

Age - Pensioner aged 61+:

The proposed scheme is subject to some national prescription relating to protecting pensioners' entitlements. Therefore we have no discretion about whether or not to follow this principle. The Government stated in their "Localising Council Tax – EIA" in January 2012 that...

"The Government has considered the situation for low income pensioners who would currently be eligible for support with their council tax bill. Unlike most other groups, pensioners cannot be expected to seek paid employment to increase their income. The Government therefore proposes that as a vulnerable group, low income pensioners should be protected from any reduction in support as a result of this reform".

The Government is committed to protecting pensioners on low incomes and therefore will prescribe a scheme for pensioners through legislation.

Under the current Council Tax Benefit regulations a person becomes eligible for pensioner-related Council Tax Benefit at the age at which they can qualify for State Pension Credit (the pensionable age for a woman). From April 2013, the qualifying age will be 61. This means that pensioners nationally as well as in Taunton Deane will not see any reduction in their Council Tax Support in comparison with their current levels of Council Tax Benefit. Pensioners will still be entitled to claim up to 100% of their Council Tax liability as a benefit.

The Council's general equality duty is lessened to an extent with regard to older people as Government has prescribed that pensioners are not to be affected by Council Tax Support. However, we have a responsibility to foster good relationships between people who share a protected characteristic and those who do not and there is a risk of harming the relationship between pensioners and working age claimants of Council Tax Support when it is realised that pension age claimants are not affected and that working age claimants will see a greater percentage reduction to their Council Tax Support to cover the shortfall in funding that affects all people who can claim Council Tax Support.

The new scheme will discriminate on grounds of age because of the requirement to protect pensioners. The current CTB system treats pensioners more favourably than people of working age because allowances for pensioners are more generous, and in that sense there is no change, as pensioners will continue to be treated more favourably than those of working age. However, with a proposed cap on maximum benefit for working age people, under the proposed Council Tax Support scheme the differential, in terms of favourable

outcome between pensioners and those of working age will widen.

Age – under 18

The minimum age for receiving Council Tax Support will be 18 (as now) and so people under the age of 18 will not be impacted directly by the proposed Council Tax Support scheme.

Indirect impact has been considered as people under the age of 18 are included as part of a claimant's household and the Council has a duty to prevent child poverty as outlined in the Child Poverty Act 2010.

The proposed Council Tax Support scheme will retain the majority of the current Council Tax Benefit assessment rules including the use of applicable amount and personal allowances.

The personal allowances and applicable amounts currently used to calculate Council Tax Benefit are the amounts deemed necessary to provide for basic needs based on household composition and disability. These allowances and applicable amounts already take the claimant's circumstances into account and mean that they are awarded more benefit if they have children or dependents under the age of 18.

For example, a single person aged over 25 is deemed to have weekly needs of £71. This is increased to £218.38 for a lone parent with two children which leads to a more generous assessment of benefit and the lone parent will have to pay less Council Tax than the single person.

The Council Tax Support scheme also intends to retain the current disregard of Child Benefit in income calculations which means that the added income that Child Benefit provides will not reduce the amount of Council Tax Support that a claimant receives.

Age - People between 18 and 60

There will be a financial impact on all Working age claimants as a result of this proposal. It will see a reduction in Council Tax Support in comparison to their current levels of Council Tax Benefit of approximately 20%. The financial modelling process has determined that an equal percentage cut of approximately 20% will allow for the anticipated £700k annual funding shortfall from April 2013. As pension age claimants are not to be affected by the new scheme, the funding shortfall will be passed on to all working age claimants between

18 and 60 (18 is the minimum age for applying for Council Tax Support). Spreading the impact of the funding shortfall over the largest group possible (all working age claimants between 18 and 60) keeps reductions in the level of Support awarded as low as possible at individual household level.

By limiting the maximum benefit to a % of Council Tax payable it preserves, and in fact strengthens, the underlying principle of Council Tax that those occupying the largest homes should pay the most Council Tax.

Some claimants aged 18 and 60 years will potentially be further affected through the proposals to increase the level of non-dependant deductions. We believe it is fair and reasonable to expect adult members of a household (even where they are not the owner or the tenant) to help the owner or tenant meet the costs of their Council Tax, as opposed to Council Tax payers in general subsidising such households.

However, we have resisted the option to dramatically increase non dependant deductions as we are conscious that non-dependant deductions relating to Housing Benefits (over which we have no control) have been significantly increased in each of the last 2 years and will rise again in 2013. We are concerned that the combined effect of increasing Council Tax Support non-dependant deduction at the same time as the Housing benefit deductions are rising significantly could increase the likelihood of grown-up children of claimants being asked to leave households. This could have increased the likelihood of homelessness amongst this group in particular. The majority of our non-dependants are believed to be in the 18-34 years age group.

Age – People between 18 and 34

Changes to Housing Benefit legislation in January 2012 had an impact on claimants of Housing Benefit aged under 35. From January 2012, single claimants without children or a disability who are under the age of 35 are only entitled to the Shared Accommodation Rate of Local Housing Allowance. This used to apply only to claimants under 25 but was changed and claimants between the ages of 25 and 34 saw a reduction in their Housing Benefit of approx £20 per week.

Council Tax Support will impact this group as all claimants of Housing Benefit and Council Tax Support from April 2013, between the ages of 18 and 34, will receive the Shared Accommodation Rate of Local Housing Allowance and will see an increase in their Council Tax bill of approximately 20%. Those currently in receipt of a passported benefit such as Income Support will have to pay approximately 20% of their Council Tax liability, which for some will be for the first time they have had to make any payment themselves toward Council Tax.

This group is potentially the most financially disadvantaged of all the groups identified as they receive the lowest amount of Housing Benefit and do not receive any other state benefits other than Job Seeker's Allowance, Income Support or Employment Support Allowance – and all at the lowest rates.

The Council is committed to preventing homelessness and as part of the Council Tax Support scheme will aim to consult with this group of people through a direct mailshot to all working age CTB claimants as well as local community groups and charities working with single, young people at risk of homelessness.

As a Class of Persons, this group is not defined by the Local Government Finance Bill and it is not expected to be defined by any supplementary regulations, however we have identified this as a group at risk of homelessness and the social exclusion and poverty associated with homelessness.

For this group of people there is however very much a national move by the Government to encourage single working age claimants to live in shared accommodation (such as a room in a house) rather than occupying self contained flats or houses. This is evident from the restrictions imposed by Government on this group relating to Housing Benefit entitlement. Those who move to a house in multiple occupation will generally not be liable for the payment of Council Tax. Therefore, this may be a route open to this group for avoiding additional Council Tax expenditure which would otherwise result from our proposed Council Tax Support Scheme.

Disability

We hold limited data on our Council Tax system to identifying the names or numbers of current CTB claimants who share this protected characteristic.

One of the main considerations when proposing the Council Tax Support scheme has been with regard to additional protections for people with disabilities. As outlined previously under age the new Council Tax Support scheme proposes to retain the current Council Tax Benefit assessment rules on the use of applicable amount and personal allowances.

The personal allowances and applicable amounts currently used to calculate Council Tax Benefit are the amounts deemed necessary to provide for basic needs based on household composition and disability. These allowances and applicable amounts already take the claimant's circumstances into account and mean that they are awarded more benefit if they or anyone in their household has a disability than if the household had the same income but contained no-one with a disability.

As an example, a couple without children or disabilities is deemed to have weekly needs of £111.45. If one of them has a disability, depending on the severity of that disability, this can increase to £303.70 which means that a more generous assessment of Council Tax Support will be made and the couple will have to pay less Council Tax than a couple without disability.

In common with all working age CTB claimants, people with disabilities who currently claim CTB will nevertheless receive less Council Tax Support under the proposed scheme than they do now. However, the limited changes between CTB and our local Council Tax Support scheme are not such as to introduce disproportionately adverse effects on people based on disabled people as a specific group.

Outside of our proposals for Council Tax Support, the Council Tax scheme itself recognises disability by exempting those that have a severe mental impairment, the proposed Council Tax Support scheme will not impact upon that exemption and it will continue to apply where appropriate.

Additionally, the Council Tax scheme also recognises disability where a dwelling occupied by a disabled person has a room which is adapted or additional to meet the needs of that resident. In those cases the band attributable to that dwelling for the purposes of Council Tax is reduced in advance of any further reduction under this proposed scheme. This feature of Council Tax will also be unaffected by our proposed Council Tax Support scheme.

Gender Reassignment

We hold no data on our Council Tax system to identifying the names or numbers of current CTB claimants who share this protected characteristic.

Gender reassignment will not be a factor in any part of the assessment of Council Tax Support and it is not considered to be a characteristic which requires a higher applicable amount when assessing benefit.

In common with all working age CTB claimants, transgendered people who currently claim CTB will receive less Council Tax Support under the proposed scheme than they do now. However, the limited changes between CTB and our local Council Tax Support scheme are not such as to introduce disproportionately adverse effects on transgendered people as a specific group.

Marriage and Civil Partnership

The Council Tax Support scheme proposes to retain the majority of the assessment criteria used currently in the assessment of Council Tax Benefit which specifies that a 'couple' is:

- A man and woman who are married to each other and are members of the same household
- A man and woman who are not married to each other but are living together as husband and wife
- Two people of the same sex who are civil partners of each other and are members of the same household
- Two people of the same sex who are not civil partners of each other but are living together as if they were civil partners.

Marital or civil partnership status is not currently a factor in determining the amount of Council Tax Benefit a couple receives and will not be a factor when assessing Council Tax Support as it is not considered to be a characteristic which requires a higher applicable amount.

Our proposed scheme recognises and retains the treatment rules for those in Polygamous marriages.

In common with all working age CTB claimants, married, unmarried and those in a civil partnership who currently claim CTB will receive less Council Tax Support under the proposed scheme than they do now. However, the limited changes between CTB and our local Council Tax Support scheme are not such as to introduce disproportionately adverse effects on people based on their marriage or civil partnership status.

Pregnancy and Maternity

For the purposes of Council Tax Support, pregnancy and maternity must be considered as two separate characteristics as while the claimant is pregnant, her applicable amounts and personal allowances are lower (as for a person without children). Once a child is born, it becomes part of the household composition and increased allowances are applied.

Pregnancy alone is not a factor in the current assessment of Council Tax Benefit and will not be a factor in the assessment of Council Tax Support as it is not considered to be a characteristic which requires a higher applicable amount.

Providing that the child (or children) forms part of the mother's household composition once it is born, the claim for Council Tax Support

will then include the child (or children) as part of the household and the applicable amount will increase which, once other income changes have been taken into account may provide for a more generous assessment of Council Tax Support and reduced Council Tax payments.

The Council Tax Support scheme intends to retain the current disregard of Child Benefit in income calculations which means that the added income that Child Benefit provides will not reduce the amount of Council Tax Support that a claimant receives as a result of having a baby.

In common with all working age CTB claimants, pregnant claimants, who currently claim CTB will receive less Council Tax Support under the proposed scheme than they do now. However, the limited changes between CTB and our local Council Tax Support scheme are not such as to introduce disproportionately adverse effects on people based on their pregnancy status.

Race

We do not gather data on race as part of the Council Tax Benefit claim process. We do not therefore hold full data specific to race within our caseload.

Race is not a factor in the assessment of Council Tax Benefit and will not be a factor in the assessment of Council Tax Support as it is not considered to be a characteristic which requires a higher applicable amount.

In common with all working age CTB claimants, people of all races, who currently claim CTB will receive less Council Tax Support under the proposed scheme than they do now. However, the limited changes between CTB and our local Council Tax Support scheme are not such as to introduce disproportionately adverse effects on people based on their race status.

However, it should be noted that The Local Government Finance Bill will define a 'class of persons' who will be restricted from receiving Council Tax Support nationally and this is expected to include 'persons from abroad'. The Government intends to apply the same restrictions as exist under the Council Tax Benefit system to exclude foreign nationals with limited immigration status and non-economically active EEA individuals who are not exercising EU treaty rights from receiving Council Tax Support. TDBC will have no choice about this.

Religion and Belief

We do not gather data on religion or belief as part of the Council Tax Benefit claim process; we do not hold full data specific to religion or belief within our caseload.

Religion and belief will not be a factor in any part of the assessment of Council Tax Support as it is not considered to be a characteristic which requires a higher applicable amount when assessing benefit.

In common with all working age CTB claimants, people of all or no religion or belief, who currently claim CTB will receive less Council Tax Support under the proposed scheme than they do now. However, the limited changes between CTB and our local Council Tax Support scheme are not such as to introduce disproportionately adverse effects on people based on their religion or belief status.

Sex (gender)

There are a greater number of female claimants of Council Tax Benefit within our caseload (either single, lone parents or part of a couple) than male claimants.

Consequently more females will be impacted by changes made to the Council Tax Benefit scheme than males This is not deliberate but is simply a product of the makeup of our caseload. In another part of the country the split may be different.

However, Sex (gender) will not be a direct factor in any part of the assessment of Council Tax Support as it is not considered to be a characteristic which requires a higher applicable amount when assessing benefit.

In common with all working age CTB claimants, both men and women, who currently claim CTB will receive less Council Tax Support under the proposed scheme than they do now. However, the proposal to treat child maintenance as income within the means test (for those not in receipt of Income Support, Income-Related Jobseekers Allowance and income-related Employment and Support Allowance), is likely to affect more women than men as those women, either as part of a family or as lone parents, are the greatest recipients of such an income source.

Women (or men, but most commonly women) in receipt of child maintenance have the potential to experience a greater overall reduction in Support, as a result of this part of our proposal and the proposal to cap maximum liability at 80% of Council Tax payable,

than any other group. The reduction in Support (above the possible 20% for all working age claimants) will be dependant upon the amount of child maintenance received. There will be a direct correlation between income (of which child maintenance will be a part) and Council Tax Support received. In this way our treatment of child maintenance is progressive in so far as the reduction in Council Tax Support increases in line with income levels. For example, a person receiving £25 per week in child maintenance will see their Council Tax Support reduced by £5 per week, a person receiving £50 per week in child maintenance will see their Council Tax Support reduced by £10 per week.

Sexual Orientation

Sexual orientation will not be a factor in any part of the assessment of Council Tax Support as it is not considered to be a characteristic which requires a higher applicable amount when assessing benefit.

All working age CTB claimants, people who currently claim CTB will receive less Council Tax Support under the proposed scheme than they do now. However, the limited changes between CTB and our local Council Tax Support scheme are not such as to introduce disproportionately adverse effects on people based on their sexual orientation.

General Conclusion:

During the development of a local scheme we have tried hard to balance the reality of a significant cut in Central Government funding to protecting the most vulnerable members of our community as far as practicable.

The scheme that is being proposed acknowledges that recipients of benefits need to contribute more to meet the funding shortfall but also looks to protect people with protected characteristics as much as possible. All citizens will be expected to pay something toward their Council Tax. This will result in approximately 2,500 additional households having to pay something toward their Council Tax which presently they are not expected to do.

We have tried to mirror as much of what currently exists in the national Council Tax Benefit system into the local CTS scheme. Different favourable treatment of income and allowances of disabled people and women with children are carried over into our local scheme so it is our view that, although all working age households will receive less Support under the local scheme than under CTB, this does not introduce a disproportionate adverse impact on any of the groups with protected characteristics.

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy	√
Stop and remove the policy/decision/service	
Reasons and documentation to Support conclusions	
Section four – Implementation – timescale for implementation	
<ol style="list-style-type: none"> 1. Consult on the proposals during the period 9th August 2012 and 5th October 2012. 2. Consider responses to the consultation 5th October 2012 to 18th October 2012. 3. Present report on proposed scheme and consultation analysis to Corporate Scrutiny committee 25th October 2012. 4. Present report on proposed scheme and consultation analysis to the Executive 14th November 2012. 5. Make a decision on the scheme at Full Council on 5th December 2012 6. Publicise the scheme 7. Implement the scheme for Council Tax Billing purposes 8. Issue Bills for the financial year 2013/14 (From late Feb/early March 2013). 	
Section Five – Sign off	
Responsible officer Paul Harding	Management Team
Date	Date
Section six – Publication and monitoring	
Published on	

Next review date	Date logged on Covalent
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Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

Actions table						
Service area	Revenues & Benefits			Date	17 October 2012	
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	
Less Support available for low income households, including those with protected characteristics, to meet their Council Tax.	Creation of a discretionary hardship fund	Corporate & Client Lead	1st April 2013	Weekly monitoring of expenditure and request by Revenues & Benefits service via spreadsheet or within Civica system.	To provide short-term help for instances of hardship.	
Less support will mean more low income	Proactive approach to debt management	Principal Revenues	1st April 2013	Bad debt data (caseloads etc)	To attempt to intervene at an early point and avoid additional costs being incurred for late payment	

households having to pay Council Tax, including those with protected characteristics. limited means could result in late payment /non-payment.		Officer			wherever possible
Less Support available for low income households, including those with protected characteristics, to meet their Council Tax.	Publicity and promotion of changes being introduced by new scheme	Revenues & Benefits Manager	January to March 2013		To help citizens plan and budget.
Low income households, including those with protected characteristics will be affected by the proposed	Monitoring of impacts post April 2013	Revenues & Benefits Manager	Throughout 2013/14	Applications for hardship, complaints, & general correspondence from public. On-going	To identify unexpected impacts of the local CTS scheme with a view to making adjustments to the scheme the following year, if practicable.

changes.				consultation with groups involved in consultation summer 2012 as well as the Revenues & Benefits Customer Forum.	
Less Support available for low income households, including those with protected characteristics, to meet their Council Tax.	Promotion of other available welfare benefits, discretionary payments and Council Tax discounts	Revenues & Benefits Manager	Throughout 2013/14		To lessen financial impact on citizens through either increasing income or reducing Council Tax.
Less Support available for low income households, including those with protected characteristics, to meet their	Signposting – particularly from those geographic communities that are most likely to be impacted e.g. making best use of Link / Resource Centres / Wellington Community Office. - possible benefit surgeries.	Revenues & Benefits Manager	Throughout 2013/14		To enable ready access to advice and information on CTS, discounts and assistance available, in order to minimise impact upon citizens.

Council Tax. Approximately 2,500 additional households having to pay Council Tax, some for the first time.					
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APPENDIX 1

List of people/groups/organisations contacted during the consultation period

The groups written to include:

- Taunton CAB
- Shelter
- The Royal British Legion
- Taunton Association for the Homeless
- Age UK Somerset
- Age Concern
- Rethink- Taunton
- Community Council for Somerset
- Taunton Credit Union
- Somerset Older Citizens Alliance
- Compass Disability
- Somerset Sight
- SREC
- Migrants Support Association
- MECA
- Somerset Faith and Belief Forum
- WENS
- THT
- SLN
- QwesT
- SSAFA
- Add1
- Unison (Taunton Deane BC Branch)

Dedicated face to face sessions have also been arranged to talk through our proposals with the Gypsy and Traveller forum, Compass Disability as well as the TDBC Revenues and Benefits Customer Forum.

APPENDIX 2

Examples of impact on different benefit recipients

Single – (over 25 yrs) - Not working



Council Tax Band	A (Taunton)
Claimant's Household	1 Adult
Claimant's Weekly Income Source's)	Job Seekers Allowance £71.00
Claimant's Total Weekly Income	£71.00
Council Tax Now	Council Tax Payable £938.25 Less 25% sole occupier discount -£234.56 Less Council Tax Benefit - £703.69 Payable £0.00
Council Tax From 1 April 2013	Council Tax Payable £938.25 Less 25% sole occupier discount -£234.56 Less Council Tax Support -£562.95 Payable £140.74
Extra Council Tax to pay	<u>£140.74 per year</u> (£2.71 per week) Reduction is due to having entitlement based on 80% of the Council Tax Charge rather than 100%
Extra to pay - as a % of claimant's total weekly income	3.82%

Single – (under 25 yrs) Not working



Council Tax Band	A (Taunton)
Claimant's Household	1 Adult
Claimant's Weekly Income Source's)	Job Seekers Allowance £56.25
Claimant's Total Weekly Income	£56.25
Council Tax Now	Council Tax Payable £938.25 Less 25% sole occupier discount -£234.56 Less Council Tax Benefit - £703.69 Payable £0.00
Council Tax From 1 April 2013	Council Tax Payable £938.25 Less 25% sole occupier discount -£234.56 Less Council Tax Support -£562.95 Payable £140.74
Extra Council Tax to pay	£140.74 per year (£2.71 per week) Reduction is due to having entitlement based on 80% of the Council Tax Charge rather than 100%
Extra to pay - as a % of claimant's total weekly income	4.82%

Single (Disabled) – Not working



Council Tax Band	A (Wellington)
Claimant's Household	1 Adult
Claimant's Weekly Income Source's)	DLA Care & Mobility £105.90 Incapacity Benefit £128.59 War Disablement Pension & Mobility £95.24 Other £17.52
Claimant's Total Weekly Income	£347.25
Council Tax Now	Council Tax Payable £950.70 Less 25% sole occupier discount -£237.68 Less Council Tax Benefit - £713.02 Payable £0.00
Council Tax From 1 April 2013	Council Tax Payable £950.70 Less 25% sole occupier discount -£237.68 Less Council Tax Support -£570.42 Payable £142.60
Extra Council Tax to pay	<u>£142.60 per year</u> (£2.74 per week) Reduction is due to having entitlement based on 80% of the Council Tax Charge rather than 100%.
Extra to pay - as a % of claimant's total weekly income	0.79%

Lone Parent – Not working



Council Tax Band	B (Wellington)
Claimant's Household	1 Adult 2 Children (age 11 & 5)
Claimant's Weekly Income Source's)	Child Benefit £33.70 Child tax Credit £109.53 Widowed Parents Allowance £124.61
Claimant's Total Weekly Income	£267.84
Council Tax Now	Council Tax Payable £1109.14 Less 25% sole occupier discount -£277.29 Less Council Tax Benefit - £821.75 Payable £10.10
Council Tax From 1 April 2013	Council Tax Payable £1109.14 Less 25% sole occupier discount -£277.29 Less Council Tax Support -£655.38 Payable £176.05
Extra Council Tax to pay	<u>£165.95 per year</u> (£3.19 per week) Reduction is due to having entitlement based on 80% of the Council Tax Charge rather than 100%
Extra to pay - as a % of claimant's total weekly income	1.19%

Couple – (over 25 yrs) not working



Council Tax Band	B (Taunton)
Claimant's Household	2 Adults
Claimant's Weekly Income Source's)	Job Seekers Allowance £111.45
Claimant's Total Weekly Income	£111.45
Council Tax Now	Council Tax Payable £1094.60 Less Council Tax Benefit - £1094.60 Payable £0.00
Council Tax From 1 April 2013	Council Tax Payable £1094.60 Less Council Tax Support -£875.68 Payable £218.92
Extra Council Tax to pay	<u>£218.92 per year</u> (£4.21 per week) Reduction is due to having entitlement based on 80% of the Council Tax Charge rather than 100%
Extra to pay - as a % of claimant's total weekly income	3.77%

Single - with non-dependant - Working



Council Tax Band	B (Taunton)
Claimant's Household	1 adult & 1 non-dependent aged 20 years (both working)
Claimant's Weekly Income Source's)	Earnings £97.61
Claimant's Total Weekly Income	£97.61
Council Tax Now	Council Tax Payable £1094.61 Less Council Tax Benefit - £705.98 Payable £388.63
Council Tax From 1 April 2013	Council Tax Payable £1094.61 Less Council Tax Support -£325.58 Payable £769.03
Extra Council Tax to pay	<u>£380.40 per year</u> (£7.32 per week) Reduction is due to having entitlement based on 80% of the Council Tax Charge rather than 100% and an increase in the non-dependant deduction. However, this is partly offset by increase in employed income disregard.
Extra to pay - as a % of claimant's total weekly income	7.5%

Lone Parent – Working



Council Tax Band	B (Taunton)
Claimant's Household	1 Adult 2 Children (age 10 & 6)
Claimant's Weekly Income Source's)	Earnings £166.12 Child Benefit £33.70 Child Tax Credit £149.39 Working Tax Credit £53.96
Claimant's Total Weekly Income	£403.17
Council Tax Now	Council Tax Payable £1094.60 Less 25% sole occupier discount -£273.65 Less Council Tax Benefit - £518.62 Payable £302.33
Council Tax From 1 April 2013	Council Tax Payable £1094.60 Less 25% sole occupier discount -£273.65 Less Council Tax Support -£484.79 Payable £336.16
Extra Council Tax to pay	<u>£33.83 per year</u> (£0.65 per week) Reduction is due to having entitlement based on 80% of the Council Tax Charge rather than 100%. However, this is partly offset by increase in employed income disregard.
Extra to pay - as a % of claimant's total weekly income	0.16%

Couple – Working



Council Tax Band	B (Bishops Lydeard)
Claimant's Household	2 Adults
Claimant's Weekly Income Source's)	Earnings £193.78 Working Tax Credit £37.83
Claimant's Total Weekly Income	£231.61
Council Tax Now	Council Tax Payable £1109.82 Less Council Tax Benefit - £131.34 Payable £978.48
Council Tax From 1 April 2013	Council Tax Payable £1109.82 Less Council Tax Support -£18.95 Payable £1090.87
Extra Council Tax to pay	<u>£112.39</u> per year (£2.61 per week) Reduction is due to having entitlement based on 80% of the Council Tax Charge rather than 100%. However, this is partly offset by increase in employed income disregard.
Extra to pay - as a % of claimant's total weekly income	1.12%

Taunton Deane Borough Council

Executive – 14 November 2012

Council Tax Charges - Empty Properties and Second Homes

Report of the Corporate & Client Lead

(This matter is the responsibility of Executive Councillor Stock-Williams)

1. Executive Summary

The Government propose to allow Council's to amend (within limits) the Council Tax charges which will apply from 1 April 2013 in respect of;

- second homes,
- homes undergoing, or requiring, structural work,
- properties empty for 6 months or less,
- properties that have been empty for more than two years.

This report sets out recommendations for how Taunton Deane might use these freedoms to encourage empty properties to be brought back into effective use.

These recommendations within this report also generate additional Council Tax income. TDBC's share is estimated to be in the region of £24k pa, based upon 2011/12 trends.

2. Background

- 2.1 The Government propose to give new powers to Councils to change the Council Tax reductions for empty properties in their areas if they wish to do so.
- 2.2 The changes will be made through the Local Government Finance Bill 2012, currently receiving further line by line examination in the Lords, following the commencement of the report stage on Wednesday 10 October.
- 2.3 Decreasing the reductions will increase the Tax collectable for both this Council and the precepting authorities. It can also act as a stimulus for bringing empty properties back into occupation.
- 2.4 These changes will apply from 1 April 2013 and relate solely to Council Tax on second homes, homes undergoing structural works and empty properties.

- 2.5 Other Council Tax exemptions, which apply to unoccupied properties (as set out in Appendix A), will remain unaltered.
- 2.6 The recommendations within this report have been developed in consultation with our partner authorities within the Somerset West Private Sector Housing Partnership. The proposals developed support the aims of the partnership in bringing empty properties back into use as soon as possible and to provide a consistent approach to charging across the partnership area.
- 2.7 **The proposals and recommendations within this report were considered by Corporate Scrutiny on 25th October 2012. No changes were requested. The committee unanimously supported the recommendations made.**

3. Changes

3.1

**Class A' exemption –
(Properties undergoing or requiring major repair works or structural alterations)**

Now: – properties which are unoccupied and unfurnished that require, or are undergoing, major repair works or structural alterations to render them habitable are exempt for up to 12 months, or as long as it continues to be undergoing, or in need of, major repair.

It is worth noting that it is not uncommon for owners to receive 12 months Class A exemption and then be entitled to a Class C exemption (see 3.3 below) for a further 6 months.

During 2011/12 we awarded **£106k** in Class A exemptions in respect of **204** properties.

Change: – the Government will abolish the Class A exemption. Instead, billing authorities will be given the discretion to award a discount of between 0% and 100% for up to 12 months.

Recommendation: – It is proposed that the current Class A exemption be replicated in full from 1 April 2013 in the form of a 100% discount.

Rationale: It is felt important that the Council should promote property development, particularly supporting major upgrading and improvements to poor quality housing stock.

If we changed the level of reduction we would be introducing Council Tax charges for a landlord, homeowner or developer therefore introducing extra overheads; money which might more effectively be used on improving the property.

Additionally, due to the limited value of the present exemption, there is limited scope for income generation for the Council from changing the status quo as if we awarded

nothing (which would be unreasonable), our share of the additional income, based on 2011/12 figures, would be in the region of just £10k .

3.2

Long term empty properties - (Unoccupied and unfurnished properties, empty for 6 months or more)

Now: –This Council allows the minimum statutory discount (10%) for properties which have been continuously unoccupied and unfurnished for 6 months or more.

During 2011/12 we awarded **£5.4k** discount in respect of **117** long term empty properties where the property was empty between 6 and 24 months. We had **33** properties which were empty for more than 2 years, the discount award for which was **£1.6k**.

Change: – billing authorities will be given the discretion to charge up to 100% Council Tax once a property has been unoccupied and unfurnished for 6 months.

Once a property has been continuously unoccupied and unfurnished for two years or more Councils will be able to charge a premium of up to 50%, meaning that such properties would incur a charge of up to 150%.

Recommendation: – to increase the charge to 100% for properties which have been unoccupied and unfurnished for 6 months or more. To charge the maximum permitted premium (50%) once a property has been empty and unoccupied for more than 2 years.

Rationale: It is proposed that the Council take advantage of these new flexibilities in order to encourage the owners of properties, which have been left unoccupied for more than 6 months, to bring the property back into use as a home for themselves or others.

Based upon 2011/12 figures the increase in charge to from 90% to 100% for properties empty between 6 and 24 months would have raised approx £5.4k extra income of which TDBC's share would have been just **£0.5k**.

During 2011/12 there were 33 properties which would have qualified for the empty homes premium (it should be noted that whilst these properties had been empty for more than 24 months many would not have remained empty throughout the whole of 2011/12). The extra Council Tax this would have raised would be approximately £8k, of which TDBC's share would be just **£0.8k**.

3.3

Class 'C' Exemption (Unoccupied and unfurnished properties, empty for less than 6 months)

Now: –properties which are unoccupied and unfurnished for up to 6 months are awarded a 100% exemption throughout the period.

Class C exemption is mainly granted for the following three reasons:

- Property is being sold and the owner has moved out;
- Property has been purchased and the owner has not yet moved in;
- The property is empty between tenancies.

The impact of the abolition of (or reduction to) this entitlement could have the most impact on landlords. However housing associations can be protected as, if not already doing so, they can claim under the Class B exemption which is unchanged by the Government's proposals (see Appendix A).

During 2011/12 we awarded **£897k** class C exemptions in respect of **5,377** short term empty properties (please note that some of these exemption awards might have been awarded for the same property but for distinct periods within 2011/12, most typically between tenants).

Change: the Government will abolish the *exemption*. Instead billing authorities will be given the discretion to award a *discount* between 0% and 100% for all, or part, of this 6 month period

Recommendation: to award a 100% discount for a period of 3 months from when the property first becomes unoccupied and unfurnished.

Rationale: Many of the properties in respect of where a Class C exemption was awarded were re-occupied within 3 months.

It is recognised that landlords in particular will have periods in between tenancies where the property cannot be let due to refurbishment needing to be carried out for example or through delays in finding prospective tenants or in signing tenancy papers etc.

It is felt that it would be unreasonable to make a Council Tax charge immediately a property becomes empty. This would result in numerous bills being issued for very small sums (often representing just a few days charge) and the collection challenges this creates. This could also be a significant additional burden for landlords that would potentially be passed directly onto tenants in the form of higher average rents.

Making a charge quickly after a property first becomes empty would also impact significantly on the HRA which would experience the greatest aggregated impact, simply due to the high volumes of properties which the Council manages and the inability of the Council to be able to mitigate this extra charge through a class B exemption (which IS available to housing associations).

There will also be occasions where properties are deliberately left unoccupied for short periods to allow landlords to maintain, repair and improve their properties. We would not wish to be seen to be penalising landlords or providing a disincentive for such improvements to be carried out.

In looking at a reasonable treatment of empty domestic properties we have taken guidance from the arrangements which are in place for business properties. Generally, (subject to one or two exceptions), no charge is made for the first 3 months that a

property is empty. Thereafter a 100% charge is made. It is felt that there is merit in treating the two types of property in the same way.

Members are asked to note that Exemption F (Appendix A) will not change under the Government's proposals so in the situation that the householder dies, and the property becomes unoccupied, no Council Tax would be liable until probate is granted.

It has not been possible to obtain exact figures, but based upon 2011/12 figures it is estimated this change could generate at least £180k additional income, of which TDBC's share would be **£18k**.

3.4

Second Homes

(Properties which are furnished but in which no person has their sole or main residence).

Now: - The Council already allows the minimum statutory exemption (10%) for second homes.

In 2011/12 this affected **511** properties in Taunton Deane and cost **£49.66k**.

Change: billing authorities will be given the discretion to charge up to 100% Council Tax on second homes.

Recommendation: to charge 100% Council Tax on second homes.

Rationale: At a time when the Council has to consider introducing cuts in the level of Council Tax support for some of the lowest income households in the borough and when there is a general shortage of property available to rent or buy it seems incongruous to continue to provide a discount to owners of second homes.

Based upon 2011/12 figures this change could generate £49k additional income, of which TDBC's share would be **£4.9k**.

4. Summary of Proposals

4.1 For unoccupied unfurnished properties the proposals would mean:

0-3 months	0% charge	(as now)
3-6 months	100% charge	(instead of 0%)
6mths - 2 years	100% charge	(instead of 90%)
2 years+	150% charge	(instead of 90%)

4.2 For unoccupied furnished properties ~ '*second homes*'

Day 1 onwards 100% charge (instead of 90%)

5. Consultation

- 5.1 These proposals have been discussed with our partners within the Somerset West Private Sector Housing Partnership. There is no statutory requirement to consult the public on these changes. The final decision will be subject to Full Council decision in December.

6. Evaluation of Options

- 6.1 The Council could choose not to take advantage of the new flexibilities in relation to second homes discounts and short and long term empty properties but this would not be in keeping with our overall strategic housing objectives and would not raise additional income.

7. Finance Comments

- 7.1 Members are reminded that for all Council Tax collected, TDBC retains about 10%, Avon and Somerset Police Authority about 12%, Somerset County Council about 73% and Devon Fire and Rescue Authority 5%.

Therefore if Members decide to take advantage of these new flexibilities and reduce the levels of discounts currently available for the above there will be financial advantages for our public sector partners too.

- 7.2 A by-product of these proposals may be an increase in New Homes Bonus if these proposals support a reduction in the number of long term empty (6 months +) properties within the borough.
- 7.3 It should be noted that potential additional Council Tax income, brought about by these proposals, may diminish over time as the increased charges encourage changes in behaviour, such as bringing homes back into use more quickly.

8. Legal Comments

- 8.1 Any of the changes which the Council have been given power to make will be required to be approved by the full Council and may not be delegated to a committee or officer.

9. Links to Corporate Aims

- 9.1 Affordable Housing - The approach taken to Council Tax discounts and exemptions has an impact on the effective use of properties within the Borough. The relative shortage of properties available for rent is a factor in the current rise in rental costs. It is hoped that these proposals may increase the supply of properties available for rent within the Borough.

10. Environmental Implications

- 10.1 Empty properties can fall into disrepair and become eyesores within the neighbourhood. It is hoped these proposals will play a part in alleviating this problem.

11. Community Safety Implications

- 11.1 Empty properties can blight communities and be a magnet for anti-social / criminal behaviour such as vandalism and drug misuse. It is hoped that these proposals will help to reduce the number of empty properties, or at least reduce the time that properties remain empty.

12. Equalities Impact

- 12.1 A draft Equalities Impact Assessment has been undertaken and no specific impacts have been identified.

13. Risk Management

- 13.1 There is a financial opportunity risk if we do not take advantage of these freedoms.
- 13.2 There is financial risk to the HRA if we were to reduce the time limit for Class C exemption (short term empty properties) to such a short period that most re-let periods attracted a Council Tax charge. The suggested approach, with regard to Class C, however is not expected to impact significantly on the HRA.
- 13.3 In increasing the charges for empty properties it needs to be recognised that there may be some owners of empty properties who are asset rich but cash poor. In such cases payment might not be readily forthcoming. However, in the case where an agreed solution could not be negotiated, the Council has the option of protecting the sum due through placing a charging order on the property, which would crystallise upon its sale.

14. Partnership Implications

- 14.1 The proposed changes will support the strategic aims of the Somerset West Private Sector Housing Partnership in encouraging empty properties to be brought back into use.
- 14.2 Members are asked to note that the recommendations being put forward within this report are identical to that being recommended by our Somerset West Private Sector Housing Partners, West Somerset District Council and Sedgemoor District Council.
- 14.3 Council Tax within Taunton Deane is billed and collected by Southwest One Revenues and Benefits Service.

15. Conclusion

- 15.1 The proposed changes would bring in additional Council Tax income to the Council and the other precepting authorities.
- 15.2 Bringing empty properties back into effective use will have a positive impact on the New Homes Bonus.
- 15.3 Reducing the number of long term empty properties has social benefits to the community through greater availability of housing to rent or to buy and reducing antisocial behaviour often associated with empty properties.

16. Recommendations

- 16.1 That, subject to the Government making the necessary regulations, the Executive recommends to the Full Council at its meeting on 11 December 2012 that from 1st April 2013, the Council:
 - (i) Allows a discount of 100% for a maximum of 12 months, in respect of properties which would have qualified for a class A exemption, had that exemption continued.
 - (ii) Allows a 100% discount, but limited to a maximum period of 3 months, in respect of properties which would otherwise have qualified for a class C exemption, had that exemption continued.
 - (iii) Removes the 10% discount on second homes;
 - (iv) Imposes a premium levy of an additional 50% of Council Tax due on properties that have been empty and unfurnished for more than 2 years.

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Background Papers

Technical reforms of council tax - Government consultation

<http://www.communities.gov.uk/documents/localgovernment/pdf/20192051.pdf>

Technical reforms of council tax - summary of responses report

<http://www.communities.gov.uk/documents/localgovernment/pdf/2152512.pdf>

Appendix A

MANDATORY PROPERTY EXEMPTIONS THAT WILL CONTINUE TO APPLY

Class	Description
B	Vacant dwelling owned by a charity (up to six months)
D	A dwelling left unoccupied by people who are in prison
E	An unoccupied dwelling which was previously the sole or main residence of a person who has moved into a hospital or care home
F	Dwelling left empty by a deceased person
G	An unoccupied dwelling where the occupation is prohibited by law
H	Unoccupied clergy dwelling
I	An unoccupied dwelling which was previously the sole or main residence of a person who is the owner or tenant and has moved to receive personal care
J	An unoccupied dwelling which was previously the sole or main residence of a person who is the owner or tenant and who has moved in order to provide personal care to another person
K	An unoccupied dwelling where the owner is a student who last lived in the dwelling as their main home
L	An unoccupied dwelling which has been taken into possession by a mortgage lender
M	A hall of residence provided predominantly for the accommodation of students
N	A dwelling that is occupied only by students, the foreign spouses of students or school and college leavers
O	Armed forces accommodation
P	A dwelling where at least one person who would otherwise be liable has a relevant association with a visiting force
Q	An unoccupied dwelling where the person who would otherwise be liable is a trustee in bankruptcy
R	Empty caravan pitches and moorings
S	A dwelling occupied only by a person, or persons, aged under 18

- T A dwelling which forms part of a single property which includes another dwelling and may not be let separately from the dwelling without a breach of planning control
- U A dwelling occupied by a person, or persons, who is or are severely mentally impaired who would otherwise be liable to pay the Council Tax or only by one or more severely mentally impaired person
- V A dwelling in which at least one person who would otherwise be liable is a diplomat
- W A dwelling which forms part of a single property, including at least one or other dwelling, and which is the sole or main residence of a dependant relative of a person who is resident in the other dwelling

Taunton Deane Borough Council

Executive - 14 November 2012

Review of HRA Business Plan 2012-2042

Report of the Health and Housing Manager - James Barrah

(This matter is the responsibility of Executive Councillor Jean Adkins)

1. Executive Summary

Following the HRA Self Financing settlement a new 30 year HRA Business Plan 2012-2042 was agreed from the 1 April 2012. At this time a formal review process was agreed and as such a project group has been convened to lead on a review of the HRA Business Plan, in light of a number of changes and issues that have arisen since April.

The purpose of this report is to consider and agree the aspects of the HRA Business Plan 2012-42 under review, and refresh the financial aspects of the plan to ensure they remain current.

2. Background

2.1 It was agreed by the Council that the HRA Business Plan would be subject to a formal annual review involving member scrutiny and agreement as part of the budget setting timetable each year. In the first few months of the financial year it has become apparent that there are a number of issues that require amendment or inclusion in the business plan, as the context in which Housing Services operates continues to change rapidly. As a result of this a review of the business plan has now been undertaken to address a number of issues that are outlined in this report.

2.2 In addition it was felt that the process of early discussion of issues in the year was beneficial in that it gave adequate time and opportunity to discuss and debate issues fully prior to the detailed budget setting timetable. Consequently the changes agreed as part of this report can flow into the budget setting process for 2013-14 where appropriate.

3. Asset Management

3.1 **Uplift of Disabled Facilities Grant and Aids & Adaptations Budget**
The HRA budgets £500K capital per year to provide disabled aids and adaptations for tenants in our stock, this work is undertaken by the Somerset West Private Sector Housing Partnership (SWPSHP) on behalf

of the housing service. In the original business plan we projected this figure to remain constant, however we were aware that the need is likely to increase in future years as the population ages. Consequently a needs analysis has been commissioned for the HRA from the SWPSHP. This work is underway and will be reported in due course. For business planning purposes it is thought prudent to increase this provision by 5% per year for the next 10 years and then for it to remain fixed for the remainder of the plan. This issue can be re-visited pending the outcome of the needs analysis work.

Recommendation 1 - To uplift Disabled Facilities Grant and Aids and Adaptations budget by 5 % for the next ten years pending the outcome of the needs analysis.

3.2 Stock Investment Figures and Data Cleanse –

During the creation of the original business plan, a validation exercise was undertaken by Savills in relation to the quality of the Council's stock condition data. Consequently concerns were raised about the accuracy of the data and reliance on it for business planning purposes. At this time a commitment was made to address this issue during 2012 and the outcome from this work would be fed into the review process.

Since April work has been underway to cleanse the stock data of certain inaccuracies and undertake stock condition surveys. A full report on this activity is contained in Appendix 1. The impact of this work is a slight reduction in the Future Major Works requirement for our stock over 30 years of approximately £4M, due to some re-profiling of the needs based on better stock information. However, there remains a significant backlog of work created in part by tenant refusals for improvement works previously and other works not completed as part of the Decent Homes programme. Consequently as in the original plan the capital works requirement has been smoothed, however this smoothing now only covers the period up to year seven in the plan and not the first ten years as previously.

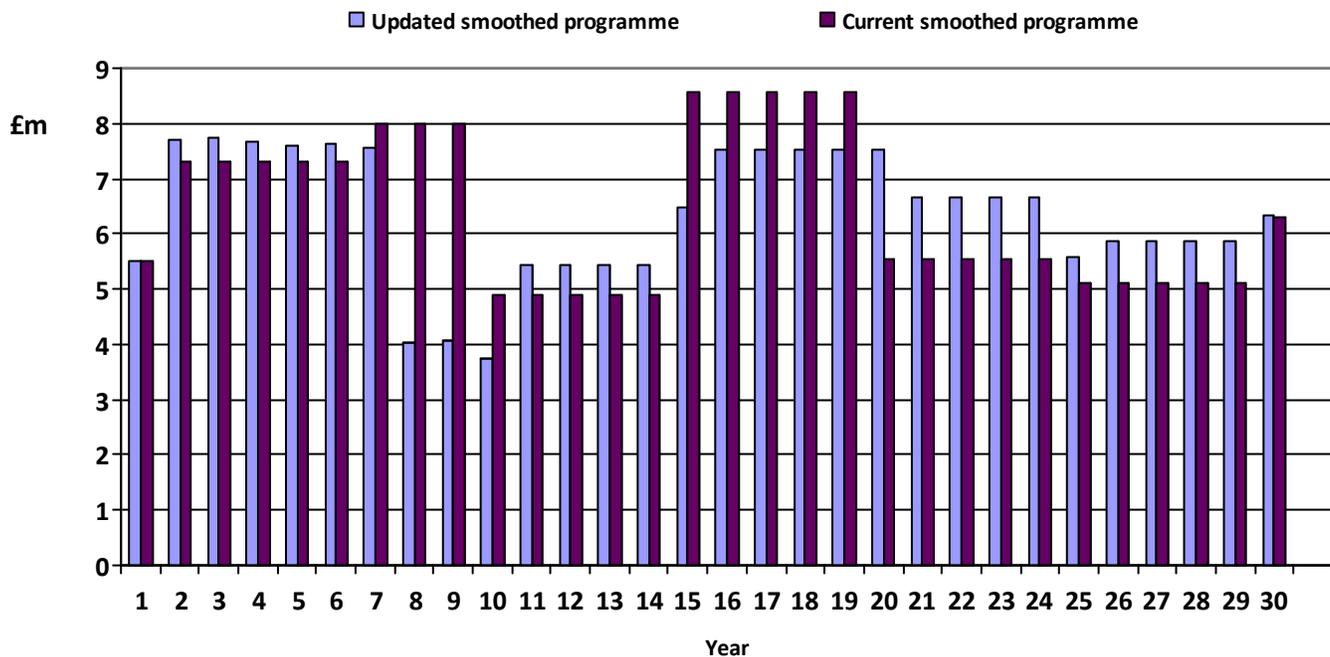
The revised capital investment figures are contained in the charts below. As a consequence of the inclusion of the additional items identified in this report, the overall capital expenditure over the 30 year period has risen to £191M from £187M.

Note: Some of the amounts have changed from the last Business Plan because the new amounts are at 12/13 rates rather than 11/12 and so include an inflationary uplift.

	Yrs 1-5	Yrs 6-10	Yrs 11-15	Yrs 16-20	Yrs 21-25	Yrs 26-30	Total
Major Works (incl Backlog)	£26.3m	£17.5m	£18.6m	£23.7m	£19.3m	£20.8m	£126.2m
Improvements	£3.6m	£3.2m	£1.9m	£1.9m	£1.9m	£2.0m	£14.5m
Related Assets	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£0.6m	£3.6m
Contingent Repairs	£0.4m	£0.1m	£0.2m	£0.3m	£0.2m	£0.2m	£1.4m
Exceptional Extensive	£1.3m	£1.3m	£2.2m	£6.5m	£5.4m	£1.6m	£18.3m
Extension of Properties	£0.6m	£0.8m	£0.8m	£0.8m	£0.8m	£0.8m	£4.6m
Disabled Adaptations	£2.8m	£3.5m	£3.9m	£3.9m	£3.9m	£3.9m	£21.9m
IT Improvements	£0.5m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.5m
Total	£36.1m	£27.0m	£28.2m	£37.7m	£32.1m	£29.9m	£191.0m

Smoothed Annual Capital Programme

at 2012/13 prices



The current lifecycle replacement of kitchens is 20 years. Some social landlords are currently investigating the possibility of reducing this frequency to 15 years on the basis that this element is more liable to wear and tear and is the element which has the greatest impact when renewed. We have modelled the impact of this potential change on the business plan which would cost an additional £20 M over 30 years. The conclusion is that currently this change would put an unacceptable strain on cash flow at the current time, but that this is an issue that we will keep under review in subsequent business plan reviews and as it may become affordable in future years or if a phased approach to reduce to 15 years would be appropriate.

3.3 Extension of Properties

Many years ago the housing service allocated a budget to undertake extensions to existing TDBC dwellings to help meet the housing needs of our larger families. Such practice ceased due to insufficient funding being available.

Currently (Aug 2012) our Housing Register tells us we have:

- 236 Silver Band Taunton Deane Registered applicants who are one bedroom deficient; and
- 15 Gold Band Taunton Deane Registered applicants who are two bedroom deficient.

Current TDBC Tenants within the figures above:

- 53 Housing Register Silver Band Taunton Deane Borough Council tenants who are one bedroom deficient; and
- 4 Housing Registered Gold Band Taunton Deane Borough Council tenants who are two bedroom deficient.

Note: Overcrowding data at August 2012 Homefinder Somerset Statistics.

With 3,818 (at 30/6/12) Housing Registered applicants in Taunton Deane and 18,813 (at 30/6/12) Housing Register applicants Somerset wide the demand for social housing is high.

It has been suggested that it would be appropriate to re-introduce a budget that will provide TDBC Housing Services with an additional means of helping to alleviate the housing need of those who are living in overcrowded conditions. It is therefore suggested to create a new improvements budget of £160K per year which would be used to fund approximately 4 two storey extensions per year. Operationally decisions regarding where extensions will be undertaken will be made on the basis of need, property type and return on investment.

In creating properties with a greater number of bedrooms the rent would have to be re-set to the appropriate level which would produce a small additional income to the HRA. In the original Business Plan £210K was allocated between years 1-10 for known extensions required to 6 properties where bathrooms required re location upstairs, this allocation will be incorporated into modelling of the additional budget for extensions.

Recommendation 2 - To create a new improvements budget of £160K per year which would be used to fund approximately 4 two storey extensions per year.

3.4 Related Assets

In the original business plan an additional budget allocation of £3.6 million over 30 years and £600k in years 1-5, for related assets was made. This is non dwelling assets such as garages and sewage treatment works. We

are currently surveying all our garages to enable decisions to be made on future use and a programme of repair will inevitably arise from this. Subsequently we will undertake a survey of our sewage treatment works.

3.5 Environmental Improvements

In the business plan we allocated funding for environmental improvements on estates – £4.5 million over 30 years or £150k per annum. Previous consultation with residents has identified additional car parking on estates as a particular priority, but largely resources have not been available previously to progress this. Other potential areas for expenditure are waste storage facilities, mobility scooter stores, and fencing. An initial list of projects is emerging and will be progressed in the new financial year.

3.6 Sustainable Energy Fund.

Within the business plan new strategic priorities that were established included:

“Climate Change- this means taking action to reduce carbon emissions across our housing stock through our investment planning, service delivery, partnership and community action to address climate change and reduce fuel poverty.”

Consequently, a Sustainable Energy Fund of £6.6 million over 30 years was established to provide affordable warmth and improve the energy efficiency of homes. In order to utilise this fund and progress these aims, a project is emerging which builds on similar projects throughout the country. The project has two key elements, combined to form an overall package.

1. Retrofit works to properties

Properties will be selected on the basis of current energy performance. Alternatively they may be selected at the time they become void. A bespoke package of works for each property will be deployed. These works will focus on air tightness, insulation and the modest application of technologies.

2. Tenant Lifestyle Awareness

For the full benefit of the structural works to be realised, it is essential that tenants have greater awareness of how to live more efficiently in their adapted home. Equipment and modifications will have an impact in isolation, but with certain lifestyle changes observed by tenants, the full financial and energy efficiencies can be accrued. Consequently, tenants will be supported with a package of training and support to assist them in living more energy efficiently.

Full project planning, commissioning and evaluation will be required over a significant period to ensure the significant investment delivers the objectives of the project. Key local partners are already in discussion

about the project, and so recruitment of a project manager to undertake the next level of detailed planning is required.

3.7 Social Housing Development Fund (SHDF)

Following establishing the fund (£2.3 million in first 4 years) in the new business plan work has progressed to identify sites throughout the Borough that may be suitable for development. A development agreement has been signed with a partner housing association and we have engaged architects to progress some sites to the next stage, as our “Phase 1 sites”. These sites are in a mixture of urban and rural locations. We are assessing one of these sites to build our Passivhaus aspirations and the remainder traditional construction at Code for Sustainable Homes -Level 4.

Current projections for these “Phase 1” sites indicate that approximately 26 new units are feasible, at an approximate cost of £3.43 million. The current Business Plan includes SHDF investment of £2.3m. If the Phase 1 sites are to be delivered in the next 4 years, an additional £1.13m will need to be added to the Capital Programme. It is possible to make the SHDF go much further if part of the funding is allocated to service additional debt rather than pay for new build in full “up front”.

For example, the Council could borrow £2m to part fund this investment, with an annual cost in the region of £120k (principal and interest) over 25 years. This annual cost could be funded by a combination of the additional rental income from the new properties plus a top slice from the SHDF. The current borrowing headroom for the HRA is £16m, and we continue to potentially benefit from exceptionally low interest rates.

Recommendation 3: To explore extending the reach of the current Social Housing Development Fund by utilising some of the borrowing headroom towards funding for housing development.

Alongside these early wins in terms of site development, we also need to create a development policy to frame the way in which this fund will be used and to identify some of the relevant variables concerning house building. This policy will in time be used to describe our preferred approach. An interim development policy is attached at Appendix section 2. It is accepted that we will learn over time once we have experience of undertaking some development so this document will continue to evolve. However some decisions are required now concerning our preferred approach to allow us to scope the viability of each development and bring sites forward for a decision to progress. These issues have been highlighted in the attached document.

Recommendation 4 – To approve the interim development policy at Appendix section 2.

3.8 Exceptional Extensive.

In the Business Plan we have allocated £18.3 million over 30 years for works such as asbestos removal, subsidence and mostly in later years works to our non traditional properties. Shortly we will be commissioning further survey work, which we routinely undertake every 5 years, that will assist us in planning for the future of non traditional stock in the years to come.

3.9 Planned Maintenance

Following the “No” vote to stock transfer in 2006, a significant cut was made in HRA expenditure in order to fund the work that was known to be required to achieve Decent Homes. One of the changes that was made at this time was to reduce the frequency of planned maintenance (external repair and decoration) from a cycle of 5 years to 8 years. It has been suggested that we can now afford to potentially reverse this position and re-establish a 5-yearly programme. Although in theory the cost of a more frequent programme will increase, we also have to consider that the total maintenance requirement will reduce as we continue with window, door and uPVC facias and soffits that do not require painting. We will therefore seek to improve our planned maintenance cycle based on current affordability levels.

4. Welfare Reform

4.1 An emerging Housing Services Welfare Reform Strategy sets out actions over the next 12 to 24 months for effectively managing the changes contained in the Government’s Welfare Reform programme.

The purpose of the strategy is to mitigate the impact of the Welfare Reforms on Taunton Deane Borough Council Housing Services and its tenants. The strategy will provide a clear focus for our interventions and initiatives, all of which will be aimed at maximising our tenants’ income in order to help enable them to deal with the cuts in welfare benefits that many will face.

The strategy will focus on the achievement of the following objectives;

- To improve the information that we hold about our tenants to enable us to provide them with appropriate advice and support;
- To ensure tenants are claiming all of the benefits they are entitled to;
- To improve the money management skills of tenants;
- To help tenants resolve any debt problems they may have;
- To enhance tenant access to the internet;
- To enhance tenant access to bank accounts which allow payment of bills by direct debit;
- To help improve tenant access to low cost credit and opportunities for saving;
- To help in achieving affordable warmth for tenants;

- To assist tenants in moving to more affordable accommodation which better meets their household needs; and
- Invest in community development to improve opportunities for employment and skills for tenants.

However a potential impact of welfare reform on the business plan is that the level of financial hardship will increase in the community and therefore we may experience greater challenges in collecting rent with debt levels likely to increase. Of particular significance are proposals for Universal Credit to be paid direct to claimants rather than to social landlords as currently.

There are two issues to consider. Firstly that the Council's cash flow may slow down, which creates an additional risk for the General Fund in that there is potentially less money to invest, and for the HRA in that it benefits less from the return on Council wide investments. However at the current time with interest rates as they are the impact is thought to be minimal.

Secondly the amount of irrecoverable debt may increase leading to a higher level of write offs. Consequently it is proposed to increase the bad debt allowance in the HRA business plan from 0.5% to 2% for a period of three years, while the impact of welfare reform progresses. This situation will be kept under close review and further adjustments may be required.

Recommendation 5 – To increase allowance for bad debt in the HRA to 2% for a period of three years from 1 April 2013.

5. Right to Buy review and policy on use of additional receipts.

Below is an extract from the recent report to members on Right to Buy changes:-

“On 2 April 2012 Ministers raised the cap on Right to Buy discounts to £75,000, and confirmed that receipts from the additional sales this would generate would be used to fund replacement stock on a one-for-one basis. At the same time Ministers confirmed that their favoured option of delivering these new homes would be through local authorities retaining receipts to spend in their areas. In order for your authority to keep these additional receipts it will be necessary for it to enter into an agreement with the Secretary of State for Communities and Local Government.

In short the Secretary of State agrees to:

- Allow your authority to retain additional Right to Buy receipts to fund the provision of replacement stock; and*
- Allow your authority three years (from commencement of the agreement) to invest those receipts before asking for the money to be returned.*

It is worth emphasising that the agreement does not require a local authority to complete the building of any home within three years. All that is required is that the local authority should have incurred expenditure sufficient that Right to Buy receipts form no more than 30% of it.

In return your authority agrees

- i. That Right to Buy receipts will not make up more than 30% of total spend on replacement stock, and*
- ii. To return any unused receipts to the Secretary of State with interest.”*

Subsequently TDBC resolved to sign the agreement with Government. Under the agreement the Council will continue to receive the income it was expecting from RtB receipts and this income will continue to support the Council’s General Fund Capital Programme. However only the additional receipts the council will receive from this change in policy are the subject of the agreement.

A summary of the RtB position as at mid October is contained in the table below. For comparison purposes the number of applications received and completed RtB’s in the last 4 financial years are included:-

Year	Number of new applications received	Number of sales
2008/09	36	6
2009/10	22	7
2010/11	27	8
2011/12	31	11
2012/ to date (i.e. October 2012)	64	7

On this basis modelling has been undertaken for the additional receipts produced from the completion of a total of 18 properties in this financial year. This shows potential additional receipts in year 1 (2012-13) of approximately £600K. To meet the conditions of the Agreement and keep the additional income, the £600K would need to be matched with £1,400K of other resources such that total expenditure on affordable housing would reach £2M between April 2012 and March 2015. This is well within our current budgeted expenditure on new affordable housing between the GF and HRA. The table below is a refresh of our position in terms of monitoring the Right to Buy agreement described above to ensure we continue to be able to retain all of the additional RtB receipts.

2012/13 - 2014/15		
	Number of sales needed	
	3 Year period	Per year (average)
Level at which Retained Receipts start accumulating (ie after payments to government and Taunton Deane in lieu of previous pooling arrangements)	21	7
Level at which some Retained Receipts would need be returned to the Secretary of State (based on current target budgets and with an assumption that all grants to RSLs are matched with 70% of their own funding)	69	23

Note: This is based on an average receipt of £70.4k (based on sales to date in 2012/13)

Recommendation 6 - It is proposed that the additional RtB receipts are ring-fenced and allocated to a separate budget code. Subsequently proposals will be brought to members to make decisions on how they are allocated i.e. either to traditional housing enabling projects or to development within the HRA, on the basis of the ongoing project need and spending the receipts within the restrictions of the above mentioned Agreement.

6. Staffing

6.1 Development Team staffing

In order to deliver the projects identified above additional resource will be required to lead on the HRA's development activities. An incremental approach is suggested as our development (in the widest sense) aspirations grow.

1. Housing Enabling. The current part time post holder will increase hours by one day per week from 3 to 4 on a temporary basis. The HRA will pay for 2 days of this officers time to work on site development, the remaining two days will be committed to ongoing regeneration projects. This will be funded from the Social Housing Development Fund.

2. Housing Development Projects Lead (Sustainable Energy). A temporary post (18 months) will be recruited to lead on the project outlined above and also progress other related projects in the HRA including Solar PV, and evaluation of new energy efficient technologies in our properties for example, Air Source Heat Pumps. This post will be funded from the Sustainable Energy Fund.

3. Housing Development Projects Lead. An additional post will be recruited to bring forward some of the capital projects with new allocated resource described above. In practice projects will ultimately be handed to the property team to oversee to practical completion. This post will also shadow the work of the current Housing Enabling Lead and in time start to get involved in new house building by way of succession planning. This post will be funded by the exceptional extensive and environmental improvements budgets.

4. Development Manager. In time as we fully understand the work involved in delivering the new investments planned within the business plan and the Council's wider regeneration plans become clearer, it is proposed to create a senior manager position to oversee all development activity, and potentially draw together the above posts to create a small development team. It is therefore thought prudent to plan for some additional expenditure within the business plan for this post and some administrative support for this new team. It is therefore suggested an additional salaries allocation of £70K is made in the business plan.

6.2 Repairs Line

The Repairs Line service is open to TDBC housing tenants to report repairs required from 8.30am to 5pm Mon to Thurs and 8.30am to 4.30pm Friday (the service is open a total of 42 hours across a potential of 5 telephone lines). Originally the service was staffed by 3.7 FTE but due to staff becoming part time (due to retirement and childcare) and the movement of one member of staff to another team the service has lost the equivalent of 26 hours of staffing. This reduction has led to significant difficulty in providing sufficient cover to meet demand, especially in times of staff absence or at busy periods. It is proposed to restore staffing levels by the 26 hours lost (increasing the hours of an existing part timer and offering a three day week post as a new position). This will ensure that staffing levels are returned to the original 3.7 FTE. The additional cost of this proposal is £15K.

6.3 Staffing budget.

Due to some pension corrections there are salary savings of 30K in next year's planned budget. The additional staffing requirement outlined above adds a potential additional £85K salaries costs. Therefore taking these two factors together the net impact on salaries in the revenue budget is an additional £55K.

Recommendation 7 – To agree the outlined approach to additional staffing to support the Business Plan objectives and a consequent increase in revenue staffing costs of £55K.

7. IT Improvement

Taunton Deane Housing use four business critical software applications (Academy, Codeman, Abrisas, SAP). As part of the DLO transformation the DLO will replace their aged software system known as Cosy. This will involve certain changes to Academy (housing management system) due to existing interfaces (links between the two programmes and SAP). We recognise that we will need to invest in Academy so that it can respond to needs of the business over the next 10 years, making a true step change e.g. mobile working and better access to our services online. We also need to consider a fully integrated replacement for our Codeman (stock condition database). We anticipate requiring around 3 years to complete this programme of works. Approximate total one off costs £500k and £33k ongoing. We currently have a revenue budget of £39k and a capital budget of £15k.

8. Other Financial Adjustments

8.1 Inflation Adjustment

Retail Price Index (RPI) inflation, on which the annual uplift of rental income is calculated, has been falling in recent months and has reduced substantially from 5.6% in September 2011 to 2.6% in September 2012. Therefore it would be prudent to reduce the level of inflation included within the model from 3.5% to 2.5%. The impact of this is a reduction in both the annual expected increase in rent, and also the annual expected increase in expenditure

8.2 Interest Rate Saving

Due to better interest rates than modelled at the point of the transaction there are additional savings in the Business Plan of £0.936m saving in year 1, total £4.4m saving in years 1-5. Appendix section 3 contains a full profile of savings. Advice received from the Council's Treasury Management Advisors - Arling Close is that it is not advisable to use interest savings at this time to pay of any debt capital.

The difference in interest rate on the loans has also affected the forecasted investment income on the HRA reserve balance, and a lower rate than budgeted is likely to be received in year 1. This means that although a saving of £0.936m has been achieved through the interest payable on the loans, this has been offset by the reduction in interest received and the overall net saving is £0.817m. A lower investment income rate was budgeted from year 2 and so this will not impact on future years.

Initial projections on the first phase of sites for the Social Housing Development Fund indicate that we can build 26 units at an approximate cost of £3.4M. In the first 4 years of the plan we have agreed an allocation of £2.3M, leaving a potential deficit of £1.1M, and this is prior to considering Phase 2 developments. In practice we will not spend the

exact amount in any given year that has currently been budgeted, it is therefore suggested that a process of managing this situation is agreed.

Recommendation 8. To agree that any surplus Social Housing Development Fund budget remaining at the end of any financial year be allocated to a new “Social Housing Development Fund” earmarked HRA reserve.

9.0 Finance Comments

The table below illustrates the impact of the changes outlined above on the HRA business plan. This table uses the measures of in year cash flow and impact on the HRA reserve balance at year 30. Each key change identified in this report has been modelled and its impact (either positive or negative) has been identified on both cash flow and 30 year reserve position. This shows that if all the recommendations of the report are agreed the Council still has a viable and healthy business plan.

Based on the current set of policies and business plan assumptions, and the proposals as part of this years review, the financial projections identify cash flow surpluses in the first ten years of the Plan period. This will be subject to the actual financial performance of the HRA and outcomes related to these assumptions, and also subject to future risks and uncertainty. However, it remains evident that the HRA is likely to generate significant cash surpluses over the long term. It is proposed to establish a principle that surplus resources are added to the Social Housing Development Fund, where prudent, to support further affordable housing provision. This is seen as a more sensible alternative to building excessive balances in the HRA reserve.

Recommendation 9. To agree the principle that surplus cash resources within the HRA are allocated to the new Social Housing Development Fund Reserve at the end of each financial year, where prudent.

Table to show variables identified in report and their impact on cash flow and reserve position.

	Cash Flow - At Cost (at 2012/13 prices)															Impact on Business Plan Reserve Balance at 2041/42	Business Plan Reserve at 2041/42		
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yrs 11-15	Yrs 16-20	Yrs 21-25	Yrs 26- 30	Total				
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s			£000s	
Contributing Items																			251,973.0
Interest rate savings	817.0	936.1	875.3	875.3	784.1	719.4	633.8	577.4	519.6	469.6	1,475.6	159.2	-	-	8,842.4		14,181.6		
Stock investment and data cleanse	-	-	-	-	-	-	775.9	4,334.1	4,334.1	1,576.4	2,122.3	4,353.9	(2,772.4)	(960.2)	13,764.1		26,824.3		
Total	817.0	936.1	875.3	875.3	784.1	719.4	1,409.7	4,911.5	4,853.7	2,046.0	3,597.9	4,513.1	(2,772.4)	(960.2)	22,606.5		41,005.9		292,978.9
Additional Costs																			
Allowance for bad debt	-	(346.0)	(343.0)	(341.0)	-	-	-	-	-	-	-	-	-	-	(1,030.0)		(1,872.2)		
Extension of properties	-	(160.0)	(160.0)	(160.0)	(160.0)	(160.0)	(160.0)	(160.0)	(160.0)	(160.0)	(800.0)	(800.0)	(800.0)	(800.0)	(4,640.0)		(9,372.1)		
Staffing	-	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)	(275.0)	(275.0)	(275.0)	(275.0)	(1,595.0)		(3,112.7)		
IT improvement	-	(200.0)	(200.0)	(100.0)	-	-	-	-	-	-	-	-	-	-	(500.0)		(912.1)		
Disabled Facilities and Aids and Adaptations	-	(25.0)	(51.3)	(78.8)	(107.8)	(138.1)	(170.0)	(203.6)	(238.7)	(275.7)	(1,378.3)	(1,378.3)	(1,378.3)	(1,378.3)	(6,802.2)		(13,916.8)		
Inflation adjustment	-	152.0	325.0	281.0	227.0	25.0	(431.0)	(661.0)	(718.0)	(791.0)	(3,542.0)	(3,158.0)	(3,494.0)	(3,675.0)	(15,460.0)		(18,281.6)		
Total	-	(634.0)	(484.3)	(453.8)	(95.8)	(328.1)	(816.0)	(1,079.6)	(1,171.7)	(1,281.7)	(5,995.3)	(5,611.3)	(5,947.3)	(6,128.3)	(30,027.2)		(47,467.5)		245,511.5
Update stock numbers and void rate																	(3,080.4)	242,431.1	
Net Cash Flow Variance - in year	817.0	302.1	391.0	421.5	688.3	391.3	593.7	3,831.9	3,682.0	764.3	(2,397.4)	(1,098.2)	(8,719.7)	(7,088.5)	(7,420.7)				
Net Cash Flow Variance - cumulative	817.0	1,119.1	1,510.1	1,931.6	2,619.9	3,011.2	3,604.9	7,436.8	11,118.8	11,883.1	9,485.7	8,387.5	(332.2)	(7,420.7)	(7,420.7)				

10. Legal Comments

10.1 TBC

11. Links to Corporate Aims

11.1 The corporate priorities have influenced the business plan; including recognising how changes in national housing finance and policy will impact on the Council's priorities for the housing service. The business plan aims to support the delivery of the Council's corporate priorities and wider housing and community objectives.

The business plan is structured around four new housing strategic objectives:

1. Securing a long term future for our housing service.

- This means continuing to invest in the management of the housing stock to ensure it meets tenants' needs, who should be at the heart of decision making

2. Tackling deprivation and sustainable community development

- This means taking action so that disadvantaged communities will have better access to local housing services, training and employment, continuing our support for a range of vulnerable people

3. Investing in our housing stock, regeneration and affordable housing

- This means investing in our existing stock to deliver a standard that meets the needs of the stock and local aspirations. It also means planning and successfully managing the regeneration of our housing estates and communities, providing homes that cater for the needs of an expanding and diverse population within communities that people are proud of

4. Climate change

- This means taking action to reduce carbon emissions across our housing stock through our investment planning, service delivery, partnership and community action to address climate change and reduce fuel poverty

12. Environmental Implications

- 12.1** Climate change is a strategic priority for Housing Services and the business plan has been created to have positive implications for the environment. Housing Services aims to take action to reduce carbon emissions across the housing stock through investment planning, service delivery, partnership and community action.

13. Community Safety Implications

- 13.1** Community safety is incorporated in the strategic priority for Housing Services and the business plan has been created to have positive implications for community safety. Housing Services aims to take action so that disadvantaged communities will have better access to local housing services, training and employment. Housing Services also aims to continue its support for a range of vulnerable people and to tackle crime and fear of crime through reducing anti-social behaviour.

14. Equalities Impact

An Equalities Impact Assessment was included in the HRA Business Plan 2012 – 2042. This has been reviewed and an updated version is attached as Appendix 4

15. Risk Management

In creating this report advice has been received from the Council's Treasury Management advisors concerning in particular how our interest savings should be viewed against our ongoing debt position, and this advice has been incorporated into the recommendations in this report. In addition we have continued to work with Savills in particular in relation to our asset management data, to ensure we are fully considering the risk management issues concerning property investment.

16. Consultation

This report was considered by the Tenants Services Management Board on the 29th October. The Board were supportive of all the recommendations. The report will also be considered by Community Scrutiny on the 6th November, the outcome from this meeting will be reported verbally at the executive meeting.

17. Recommendations

Recommendation 1 -To uplift Disabled Facilities Grant and Aids and Adaptations budget by 5 % for the next ten years pending the outcome of the needs analysis.

Recommendation 2 - To create a new improvements budget of £160K per year which would be used to fund approximately 4 two storey extensions per year.

Recommendation 3: To explore extending the reach of the current Social Housing Development Fund by utilising some of the borrowing headroom towards funding for housing development.

Recommendation 4 – To approve the interim development policy at Appendix 2.

Recommendation 5 – To increase allowance for bad debt in the HRA to 2% for a period of three years from 1 April 2013.

Recommendation 6 - It is proposed that the additional RtB receipts are ring-fenced and allocated to a separate budget code. Subsequently proposals will be brought to members to make decisions on how they are allocated i.e. either to traditional housing enabling projects or to development within the HRA, on the basis of the ongoing project need and spending the receipts within the restrictions of the above mentioned Agreement.

Recommendation 7 – To agree the outlined approach to additional staffing to support the Business Plan objectives and a consequent increase in revenue staffing costs of £55K.

Recommendation 8. To agree that any surplus Social Housing Development Fund budget remaining at the end of any financial year be allocated to a new “Social Housing Development Fund” ear marked HRA reserve.

Recommendation 9. To agree the principle that surplus cash resources within the HRA are allocated to the new Social Housing Development Fund Reserve at the end of each financial year, where prudent.

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CODEMAN DATABASE IMPROVEMENT

BACKGROUND

Following the preparation of our 30 Year Business Plan and consequent self-funding status there is a need to ensure that the data held within our Codeman property database is as accurate as possible and that the information is suitable as the basis for a 30 year programme of works to the Housing stock. Our database is Codeman, which runs alongside Academy, the Housing integrated management system, and is used as a database for stock, and a planning and costing tool for future maintenance and investment.

Preliminary checks have shown that there are some basic anomalies within the data regarding install dates of various components, defaulting to build date of the property. On running a position report this would show a larger backlog at the beginning of the programme than should actually be, thus front-loading the projected spend. Although the word backlog in this context means work that should already have been completed it doesn't necessarily follow that officers have not been working correctly; financial constraints affecting resources to do works, and tenant refusal for the works to take place are the two most common reasons.

Obvious components here would be kitchens (20years), bathrooms (30 years), and heating boilers (15 years). When using these parameters within an initial report 199 properties were identified as being within all three categories. As condition can play a major part in the suitability of a kitchen or bathroom it was decided to first concentrate on cleansing the boiler dates. This exercise encompassed some 500 properties within the database that have now been corrected and this has improved the 199 figure down to 166.

After the preparation of data for the 30 year Business Plan Savills were invited to undertake an independent verification of our data. Once completed, a challenge came back from Savills with a selection of specific anomalies suggesting that if these were repeated throughout the data then it could be inaccurate and of questionable quality, thus possibly affecting our projected figures. It was clear that there was a need to re-visit certain areas of the database and cleanse the information so that it properly aligned with the age and condition of attributes within properties as they were actually found to be. Not only would we need to improve the current data but we would need to have a strategy that would ensure up-to-date information continued to be collected.

The challenges came in the following main sets:-

SCHEDULE OF RATES AND LIFECYCLES

Window and door costs were considered too low, whilst bathroom and kitchen refurbishment costs were considered too high –

We have secured good rates from our partner procurement club Advantage South West, thus making windows and doors cheaper. When we improve kitchens and bathrooms we take the opportunity of improving all the relevant services and structural layout where possible, thus inflating the average cost above expectation.

SURVEY FORM DESIGN

Considered suitable for its purpose.

UNDERLYING DATA (DESK TOP EXERCISE)

Incorrect or missing data has created anomalies within the database thus creating an abnormally large backlog –

We have undertaken cleansing of the data at desk top to ensure its accuracy and avoid the data being dated to the default age of the property build date; thus avoiding issues such as 70 year old extract fans and the like.

UNDERLYING DATA (SITE INSPECTION)

Where the desk top exercise has identified anomalies and the correct information was not obvious then further site surveys have been undertaken. From April 1st to September 30th this year these total 1,528 externally and 1,063 internally; note these won't all be separate properties. We have taken the opportunity to complete full surveys where possible as these will all improve upon the statistical accuracy levels previously achieved.

THE 30 YEAR COSTS

Previous total costs of works per property were in the region of £17,200 over the 30 year period; this was considered to be too low.

All the above improvements, and others, when totalled give a more realistic cost per property of £21,060; much more in line with anticipated costs for a stock of this nature, though still on the low side when compared nationally.

Original information had been uploaded from the previous TDBC database and has been improved by officers visiting properties using Property Survey Forms and desktop verification exercises. The database was previously updated by information from completed works but thanks to improvements in software and the acquisition of some handheld hardware Housing Property Services professional staff now re-survey properties at each and every visit and upload to the database electronically on returning to the office.

Currently we carry out work, in one form or another, to more than 1500 properties per year which is 25% of the stock. Allowing for some duplication we would therefore anticipate revisiting a property for survey on average every 4 – 5 years.

DATA CLEANSE

We had a plan to initially check the data supporting the large backlog and to go for any quick-win items that might carry a large individual cost. We were aware that, as suggested above, Codeman will default to the property build date if the install date of an attribute were to be missing. Initial exploration suggested that boilers, roofs, kitchens and bathrooms were such items.

Desktop cleansing exercises were the first step by investigating existing data and ensuring it looked realistic and aligned with similar situations where anticipated. These exercises delivered results, primarily by concentrating on the following areas:-

- Boiler install dates were inserted on the database correctly where obvious errors showed that the system had defaulted to the property build date
- Update of Capital works and Major Voids ensuring an overlay of relevant replacement information from the last few years(exercise on manual input of hard copy surveys)
- Ensure DLO deliver Void Improvement information to assist with the above bullet point
- Entire roofs including RWGs and chimneys where these showed as “sore thumbs” failing notably early or remaining in good condition. Checking on condition, life expectancy, attribute and description correctness by external verification survey. (completed by end of June 2012)
- 10% underfelt check on the numbers of these roofs
- Boilers – data showing Combination boilers installed sometimes continue to show cylinders and/or storage heaters still present; these have been deleted to show only boiler installation as the cylinders or storage heaters are likely to have been from a previous installation but not deleted when the system was upgraded

Further improvements in completing surveys quickly and accurately came from involving more surveyors, be that existing staff or temporary, and the increased use of handheld hardware enabling direct electronic entry of gathered data. Correcting data details and inserting information where none existed has helped to marginally reduce the overall cost of works over the 30 year period. Observing the quality and condition of an attribute and replacing it on failure rather than pure lifecycle has further improved the backlog situation, though not materially affecting the ensuing 30 years as replacements will still be needed over the period of the Business Plan. Whatever backlog we have to accommodate will be absorbed within the spend profile for the general works, and is likely to be smoothed over the first five to ten years.

A further combined report on Kitchens, Bathrooms and Boilers was run again as a check to get a flavour of progress (see results table later).

Concurrently we have been gathering full property data of 200 properties in Halcon as part of a regeneration project. These have been internal and external surveys with all but 15 internal surveys being completed. These survey results have been fed directly into the Codeman database to further populate and enhance the overall accuracy.

The overall process has effectively enabled us to:-

- Ensure that the data is fully up-to-date and reflective of past work
- Ensure that the schedule of rates and life cycles are appropriate
- Ensure that any missing items from the schedule are included in reporting formats
- Ensure second replacement costs are calculated within the stock
- Deliver a fresh, stratified sample survey to a suitable number of properties (see VALIDATION below)

FUTURE CHECKS

Any of our properties that have suffered fire-damage in recent years are likely to have had a number of their attributes updated or renewed. There is a good opportunity here to ensure that these properties are visited for verification of correctness and completeness of attributes on the database.

In conjunction with our new Heating Servicing and Maintenance contractors (ALHCO) we shall be running a complete new register of boiler types and makes, and other main heating components, such as cylinders, within our stock. Armed with this information we shall concentrate on the addresses showing within the backlog works to ensure correctness and in particular any duplication of cylinder types. For example we have evidence that some properties are recorded with having not only traditional hot water cylinders but also electrically heated hot water storage vessels such as Fortic tanks. This exercise can be operated at a desk top with information gleaned from site.

A further combined full report check on out-of-date Kitchens, Bathrooms, and Boilers will be run, but this time including external doors with a view to closely check on any aluminium doors ready for replacement. We are aware of a number of them that are nearing the end of their lives, and this test should show us not only those that need replacing, but also those within a property that has a complete mixture of other attributes to improve; perhaps at the same time.

The internal pipework attribute is showing high numbers of age failure. There is a need to initially check properties older than 50 years to ensure that all domestic supplies are suitable. If not then replacement work will be done sooner rather than later. As the programme of work within the Business Plan continues we shall remove this attribute from future reporting as it is not considered a stand alone element. Rather than this we shall consider it as part of the replacement of a major element such as say a kitchen or bathroom replacement. Waste and soil pipework will be similarly treated.

Records from the window replacement contract currently being completed at Hilly Park will further improve the backlog position with firm up-to-date information on the windows element and the opportunity for surveyors to have full internal access enabling them to undertake a complete condition survey. The situation repeats itself now that we have just commenced re-roofing works in the same area.

Once the above main areas have been properly addressed we would expect that the data held will then be as good as it is going to be. What it won't cover however is any potential areas where data might not exist. In this case we shall run a final report based on gaps in attribute data, thus finally showing us any particular areas where surveys need to be concentrated next.

VALIDATION

The intention is to ensure a suitable spread of property size, type, age and construction within the validation surveys so that these can be safely considered as a reasonable representation of the entire stock. This will enable us to be comfortable with the results when comparing with the existing database information.

The Business Plan contains information in tabular form showing the number and location of various types of non-traditionally constructed dwellings. It was considered prudent to concentrate initial 100% validation surveys on the non-traditional stock with 10% random sample validation surveys on traditional stock within these areas, thus ensuring a suitable spread across the stock profile. There is also currently a full 100% survey being undertaken on the garage stock. All this work is being delivered by surveyors whilst visiting properties for other reasons, and two others dedicating their full time to it until completion. Data handling and future survey study work is being delivered by a dedicated full-time resource in-house to ensure that the data is, and remains to be, up-to-date and properly managed. We are also continuing to monitor and record work completed by the DLO in void properties and general maintenance where attributes are updated. This information will also be collated and uploaded to the database. Once suitable surveys have been completed, the new data will be cloned to the non-surveyed properties whilst taking into account any relevant repair or improvement work over the last few years.

We have run "before and after" comparison reports from Codeman with checks along the way and this has shown a reduction in the volume and cost of backlog work that was originally anticipated. What it has also demonstrated is a minimal move in overall spend in the next 30 years. If the data had been incorrect or inadequate before the checks then a more noticeable change in total spend might have been expected.

TECHNOLOGY

We are currently using PDAs to gather data but are already looking at improving the quality of these with larger screens to make surveys quicker

and easier. This may be further enhanced by the use of electronic notepads or tablets.

PROJECTED SPEND PROFILE

A spend profile report has been prepared with detail including the reduced backlog and the first five years. These are displayed in separate annual columns with the remaining 25 years displayed in 5 year banding (see summary below). The figures contained in this are based not solely on the lifecycle of the various attributes but in addition on their condition. If an element is at the end of its theoretical life but is still showing as in good condition then its renewal date will be extended within the database to a more suitable replacement time.

It is likely, as time moves on and attributes fail, that we shall apply this basis across the range of attributes but keep those that are more connected with comfort, that is heating, kitchens and bathrooms, to their original lifecycle (the effect of this can be seen in the bottom line of the table below). This will be dependent on resources being available but we believe it will improve the stock and the quality of life for our tenants. In addition to this, although total cost of replacement will increase we would anticipate a concurrent reduction in some maintenance costs such as kitchen unit repairs.

Table showing change in Spend Profile as Data has improved

As we have worked through our database, improving it as we go, the “before and after” checks that we have performed have given us the results in the timeline set out below. The first four lines demonstrate a quite dramatic reduction in backlog, as described in the text, with little change in the overall costs; this was over the first year to 15 months of data improvement.

The bottom line shows a combination of effects that produce a change in spend throughout the 30 year period. Firstly pure life cycles were applied to the major comfort elements of heating, kitchens and bathrooms. In addition to this, to be absolutely sure of maximum accuracy, a thorough review of costings was undertaken. Changes were made to the costings to reflect, wherever possible, our actual contract rates procured either directly or via our purchasing consortium Advantage South West, rather than using guide or estimated costs. Examples of this might be where the original cost included in the plan for a plain clay tile roof was at £4,000, this has been modified up to £5,500. Similarly, the cost of external door replacement was increased, but it was also streamlined to a single cost which is that of a composite material door. This is the type of door that we regularly now use to replace other types of door (timber or uPVC). As such, the inclusion of costs for replacing timber or uPVC doors like for like would be incorrect. As can be seen, these two revisions have the effect of increasing the backlog and total costs, however, the costs still remains lower overall than the originals.

<u>Date</u>	<u>Backlog</u>	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>	<u>Yr 5</u>	<u>Yrs 6-10</u>	<u>Yrs 11-15</u>	<u>Yrs 16-20</u>	<u>Yrs 21-25</u>	<u>Yrs 26-30</u>	<u>Totals</u>
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	£000s											
16/05/1 1	21,294	495	514	626	2,219	1,697	14,347	14,997	26,770	11,426	18,399	112,782
02/04/1 2	19,607	655	682	2,172	1,681	1,393	13,256	17,286	21,989	13,855	19,953	112,530
22/06/1 2	18,566	687	739	2,217	1,731	1,629	13,647	17,289	22,101	14,055	20,190	112,852
10/08/1 2	13,272	790	912	2,419	1,718	2,208	14,362	17,439	22,876	14,767	21,216	111,979
05/10/1 2	Incl Yr 1	27,264	1,323	1,369	1,265	2,330	10,288	18,570	23,671	19,335	20,755	126,168

Some social landlords are currently investigating the possibility of further reducing the expected life of a kitchen to 15 years as this is probably the element with the hardest life and the one with the greatest impact when renewed. If we were to follow suit we would have a combined backlog and yr 1 cost of £28,161k, first 5 year total of £34,617k and a 30 yr total of £147,831k. We would again anticipate a further reduction in maintenance costs.

The spend profile for the next 5 years will inform us as to how to proceed with future works, and hence what type and size of improvement and maintenance contracts we have to deliver. This could mean that we need to concentrate on just one or a few elements in a large number of properties, for example external doors to 2000 dwellings. Similarly but conversely we might need to renew a number of attributes such as bathrooms, kitchens, heating, roofs and doors to just one or two estates. In reality it might appear likely that a mixture of these two situations will occur.

SUMMARY

Our CODEMAN database is at the centre of our plans for the Housing stock into the future and as such is at the centre of all we do. It is imperative that it is as robust as possible to ensure that there is no waste of resources in the delivery of the Housing Property Service. It has been demonstrated through challenge that the various facets of the data could be improved, and we have responded to this.

Because of the important position that the data holds we have taken the matter seriously and not only corrected data where it was incorrect, but improved the quality, removed duplication, corrected install dates, improved the manner in which data is collected and set a plan for its future that will ensure that it continues to be a reliable and timely source of information.

However, we are not complacent in this. We shall still continuously strive to improve the manner in which we collect information, taking every opportunity possible, and will also ensure that improvements in technology will provide us with a quicker and more accurate data collection

Social Housing Development Fund – Interim Development Policy

1.0 Introduction

Following reforms to housing finance and the move to self financing, the Council adopted a new 30 year Business Plan. This plan included creating a new fund to allow the Council to establish a modest new build programme. The intention of this programme is to “start small” and develop the skills and systems necessary as we go. House building will take place on small areas of land that the Council currently owns and the resultant properties will remain in Council ownership and be managed alongside the rest of the Council stock.

2.0 Site selection

2.1 Infill

Infill sites are mainly found on council housing estates built from the early 1960s through to the end of the 1970s when land was plentiful, when houses

and blocks of flats were spaced out creating corners and triangles and leaving space for potential add ons.

There are several documents, each containing comprehensive information on land availability. These documents contain information on conveyance details and restrictive covenants etc.

- 1992 TDBC Land Terrier review relating to possible housing development sites.
- Housing Land Availability Summary.
- Housing Feasibility Schemes
- Public Open space and Playing Fields review.

2.2 Garages

The Council has an estate of some 1500 garages, in the past some have been sold, although this practice has now ceased. They are rented to tenants and some non tenants. There are currently approximately 106 garage locations and many of these locations contain several garage sites. Some garages are hard to let, many are used for storage of household items, and due to the size of modern motor vehicles many present challenges in being used for the purpose for which they were intended.

The majority of garages were constructed during the 1950s, 60s and 70s. The 1950/60 garages are mainly precast reinforced concrete (PRC) with asbestos (type) roof and situated in blocks behind estates and usually out of sight. The 1960/70 garages are mainly brick built with a flat roof. Many of these garages are either in blocks or constructed within the curtilage of the property, usually within sight of dwellings.

Some of the 1950/60s garage sites in particular present a good opportunity for regeneration into family homes and a local survey and viability study on each site will provide the necessary information to help form a view on the best way forward. Early consultation with the tenants is necessary to successfully clear the site and it is necessary to give each tenant two weeks notice.

2.3 Location

Equal attention will be given to both rural and urban areas for potential development sites, as it is acknowledged that there is significant need in urban areas, but also that a small development in a village perhaps accompanied by a local lettings policy could have the same or bigger proportionate impact as a larger development in a town location.

A key factor in site selection will also be local need for social housing, all site appraisals and any that come forward for viability approval will consider the local need in site selection and subsequent mix of property types on any proposed scheme. This assessment will be based on data relating to local Homefinder Somerset Bid histories on certain properties and ongoing need

from current banding. This process will also be informed from the consultation processes outlined below.

3.0 Delivery

Until such time as the Council develops its own systems and expertise in this area, we will seek to engage the services of partner Housing Associations via the Housing Enabling Partnership, to provide development services. This gives the Council access to systems and experience and established relationships from these partner organisations, in order to expedite the delivery of new homes in the early years of the HRA Business Plan. This approach will be kept under review in terms of value for money and when the Council is able to undertake some of these roles itself. Meanwhile the Housing service will client Development Services arrangements as they are established.

4.0 Tenure

All new Council properties will be let at Social Rent levels and therefore will be consistent with the rest of the Council stock. Scheme viability will be modelled on the basis of social rent income.

Local lettings policies may be deployed for example in a rural / village location (ie tenants limited to certain villages a certain distance from the development).

5.0 Design

As a broad principle design of new properties will be traditional and be in keeping with the existing stock around the proposed site. The Council will utilise our RSL partner Design Guides and Property Specifications until such time as the Council is able to specify its own criteria. Equally the inclusion of appropriate Design Standards for example “Building for Life” and “Secured by Design” will mirror the approach taken by RSL partners.

Traditional properties will be constructed to at least Code for Sustainable Homes -Level 4, the inclusion of addition renewable technologies and features will be considered on a case by case basis, depending on site specifics for example orientation and financial viability and suitability for social rented tenants.

6.0 Procurement

The Housing Service will work closely with the SW1 Procurement team to ensure that decisions are made in line with public sector procurement processes and any opportunities for adding value are explored. However as a general principle engaging a partner RSL to provide development services for the Council allows the Council to access public sector compliant procurement frameworks for aspects such as building contractors and architects in an efficient manner and with the confidence that these potential appointments are with organisations that have a proven track record in delivery.

Where appropriate other social factors will be incorporated into the investment that the HRA is making in new homes to benefit the local economy. For example opportunities to utilise local skills thereby sustaining and creating local jobs will be explored, along with the use of local suppliers. Issues will be evaluated on the basis of balancing local social / economic benefits with value for money and efficiency.

7.0 Resourcing

Each scheme will be presented for approval with a full financial appraisal undertaken. This will consider issues such as net present value of new properties, repayment of investment periods, income projections and repairs and maintenance expenditure. From factors such as these a clear picture can be developed to be fed into the decision making process about the financial business case for each proposed scheme. A standard report template will be used for this purpose.

8.0 Decision making

8.1 Resident / Local Consultation

At the point of early site identification and investigation, residents in the vicinity of a potential development site and any other individual or organisation that has been identified that may have an interest in the site, will be notified that the site is being considered in this context, so that they are aware if they see officers undertaking site assessment activities. Residents to be notified where possible will be consistent with the list of residents that would be consulted on any subsequent planning application.

If a site progresses to the next stage and site surveys in preparation for a planning application are to be undertaken then again these residents and parties will be notified accordingly. The next stage will be the statutory consultation undertaken as part of the planning process. In this way views and comments from residents and other interested parties can be considered throughout the process.

Ward Councillors and Parish Council's (if relevant) will also be consulted following the same broad process as outlined above.

8.2 Tenant Services Management Board (TSMB)

The TSMB be will appraised throughout the process, and receive the site specific reports for comment.

8.3 Sign Off

Each proposed scheme will be signed off, prior to planning applications being submitted by the Housing Portfolio Holder, this process will involve consultation with the Shadow Portfolio Holder. This method is preferred as it

still allows for scrutiny should the decision be “called in” but means that decisions can be made quickly without holding up the inherently long process of bringing a site through to completion. The extent of the decision being made will include many of the factors outlined above such as the scheme going forward for planning consent, financial modelling, development mix style and broad layout. However the decision may also include factors such as approval for consequent demolitions, compensation and decanting arrangements and any additional investment required in infrastructure on estates to enable the development.

Comparison of Treasury portfolio interest costs 'as modelled' February 2012 with actual rates 28 March 2012:

Actual saving on interest charges (for debt settlement portfolio only):

Years 1-5		Years 6-10		Years 11-15		Years 16-20	
2012/13	£936,102	2017/18	£719,350	2022/23	£407,550	2027/28	£87,350
2013/14	£936,102	2018/19	£633,750	2023/24	£353,550	2028/29	£48,150
2014/15	£875,302	2019/20	£577,350	2024/25	£287,750	2029/30	£23,650
2015/16	£875,302	2020/21	£519,600	2025/26	£238,550	2030/31	
2016/17	£784,102	2021/22	£469,550	2026/27	£188,150	2031/32	
Total each 5 years	£4,406,910		£2,919,600		£1,475,550		£159,150
Cumulative total	£4,406,910		£7,326,510		£8,802,060		£8,961,210

Summary of portfolio:			
Type	Principal	Period (yrs)	Rate 26.3.12
Variable	2,000,000	2	0.60%
Variable	3,000,000	4	0.60%
Fixed	2,698,000	5	1.24%
Fixed	4,000,000	6	1.50%
Fixed	3,000,000	7	1.76%
Fixed	3,500,000	8	1.99%
Fixed	3,500,000	9	2.21%
Fixed	5,000,000	10	2.40%
Fixed	5,000,000	11	2.56%
Fixed	7,000,000	12	2.70%
Fixed	6,000,000	13	2.82%
Fixed	7,000,000	14	2.92%
Fixed	16,000,000	15	3.01%
Fixed	7,000,000	16	3.08%
Fixed	5,000,000	17	3.15%
Fixed	5,500,000	18	3.21%
	£85,198,000		

Equality Impact Assessment

Responsible person	<i>James Barra</i>	Job Title: Health and Housing Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	√
	Budget/Financial decision – MTFP	√
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Taunton Deane Borough Council (TDBC) Review of Housing Revenue Account (HRA) Business Plan 2012 – 42	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	<p>The strategic objectives of the business plan are to:</p> <ol style="list-style-type: none"> 1. Securing a long term future for our housing service; <ul style="list-style-type: none"> • This means continuing to invest in the management of the housing stock to ensure it meets tenants' needs, who should be at the heart of decision making. 2. Tackling deprivation and sustainable community development; <ul style="list-style-type: none"> • This means taking action so that disadvantaged communities will have better access to local housing services, training and employment, continuing our support for a range of vulnerable people. 3. Investing in our housing stock, regeneration and affordable housing; and <ul style="list-style-type: none"> • This means investing in our existing stock to deliver a standard that meets the needs of the stock and local aspirations. It also means planning and successfully managing the regeneration of our housing estates and communities, providing homes that cater for the 	

	<p>needs of an expanding and diverse population within communities that people are proud of.</p> <p>4. Climate change.</p> <ul style="list-style-type: none"> • This means taking action to reduce carbon emissions across our housing stock through our investment planning, service delivery, partnership and community action
<p>Which protected groups are targeted by the policy/decision/service?</p>	<p>Taunton Deane Borough Council's HRA housing stock comprises of approximately 6,000 rented homes, with a further 372 leasehold properties. In addition, the Council also manages two private leasehold schemes for the elderly. Housing services are designed to ensure they meet the needs of wide ranging customer base. As such the HRA Business Plan 2012 – 2042 is targeted at all the protected groups including: Age; Disability; Gender Reassignment; Pregnancy and Maternity; Race; Religion or belief; Sex; and Sexual Orientation; Marriage and civil partnerships.</p>
<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....</p>	<p>Data:</p> <ol style="list-style-type: none"> 1. Major changes in national housing finance, welfare benefits reform and housing policy – 2011 and 2012; 2. Values and priorities reflected in the Council's corporate strategy, which were developed following community consultation with TDBC residents – 2010; 3. Strategic Housing Market Assessment which gives a detailed picture of the future housing required for people who choose to live and work in the area. <p>Engagement:</p> <ol style="list-style-type: none"> 1. Consultation with residents and stakeholders which included regular meetings with the Tenant Services Management Board during 2011 and 2012 and building on wider consultation with tenants, staff, members and other stakeholders - 2011
<p>Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality</p>	

The Department for Communities and Local Government's initial screening (which included an analysis of responses to national

consultation) of the reform of council housing finance for race, disability and gender equality concludes that it does not believe that any specific equalities impacts will arise.

In terms of Taunton Deane Borough Council's HRA Business Plan 2012 – 42 the impact on protected groups, whether potential negative impacts or opportunities to positively advance equality, are detailed as follows:

Age: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

Elderly tenants will benefit from the overall investment in the council's housing stock. Any improvements in energy efficiency would help to protect elderly and vulnerable from fuel poverty.

Any reduction and or loss of funding to help vulnerable people with housing related support needs will lead to a reduction in people's independence which will in turn increase their need for other services.

Communications on any complex changes may disproportionately worry tenants in sheltered housing.

Any proposed re-development of the housing stock could potentially have a negative impact on a specific group of tenants, depending upon the location. For example: The redevelopment of land locking sheltered housing accommodation.

Disability: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

Disabled tenants will benefit from the overall investment in the council's housing stock. Some disabled tenants will particularly benefit from the provision of disabled adaptations and Disabled Facilities Grants to council housing. The proposal to uplift Disabled Facilities Grant and Aids and Adaptations budget by 5% for the next ten years pending the outcome of needs analysis will allow further resources to be targeted to help this specific group.

Gender Reassignment: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

People will benefit from the overall investment in council housing. There is not expected to be any particular negative impact on this specific group.

Pregnancy and maternity: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

Within the business plan there is potential for investment in better quality and additional family housing, with a proposal to create a new improvements budget to fund extensions to properties, thus easing overcrowding. There is not expected to be any particular negative

impact on this specific group.

Race: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

People will benefit from the overall investment in council housing. Wider tenant participation and engagement will increase the proportion of tenants providing feedback to inform service improvements.

Any proposed re-development of the housing stock could potentially have a negative impact on a specific group of tenants, depending upon the location.

Communication about the business plan may not fully reach those for whom English is not their first language. For example: Requiring decant of households away from established community groups.

Religion or belief: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

People will benefit from the overall investment in council housing. Developing and supporting staff to deliver excellent services will ensure appropriate and sensitive services are delivered to the religious or belief requirements of tenants.

Any proposed re-development of the housing stock could potentially have a negative impact on a specific group of tenants, depending upon the location. For example: Requiring decant of households away from religious community.

Sex: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

People will benefit from the overall investment in council housing.

Sexual Orientation: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

People will benefit from the overall investment in council housing. Investment in community development will ensure information about various initiatives is accessible so that people can benefit from such services. People experiencing alarm, distress and harassment will benefit from investment being made into developing excellent services which are community inclusive.

Marriage and civil partnerships: The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.

There is not expected to be any particular positive impact on this specific group. There is not expected to be any particular negative

impact on this specific group.

Currently the service collects data on seven strands of equality, However, the service would benefit from a better understanding of service take up by all service users. This information can then be provided to management so that they can have a clear picture of need, and therefore take appropriate action to plan services.

I have concluded that there is/should be:

No major change - no adverse equality impact identified	
Adjust the policy/decision/service	Actions will be identified that will help mitigate the impacts identified above. These are contained in the action table of the Business Plan.
Continue with the policy/decision/service	
Stop and remove the policy/decision/service	

Reasons and documentation to support conclusions

The engagement activity shows that there will be impacts. Actions will be put in place to limit the impacts as much as possible.

Section four – Implementation – timescale for implementation

Housing Revenue Account Business Plan 2012 -2042 effective from April 2012 involving ongoing monitoring and controlling of impacts.

Section Five – Sign off

Responsible officer: James Barrah
Date

Management Team
Date

Section six – Publication and monitoring

Published on

Next review date

Date logged on Covalent

Taunton Deane Borough Council

Executive - 14 November 2012

Taunton Town Centre Business Improvement District (BID) Programme : The Way Forward

Report of the Economic Development Manager

(This matter is the responsibility of Executive Councillor Norman Cavill)

1. Executive Summary

- 1.1 Members will be aware that the proposal for a second BID term in Taunton town centre was rejected by Non Domestic Rate payers earlier this year. The BID programme, which was managed by the Taunton Town Centre Company (TTCC) therefore terminated at the end of September.
- 1.2 This Briefing is intended to inform Members of the successes of the BID programme. It describes the TTCC's strategy for progressing a future BID, and outlines the implications on the town centre of those activities and services which terminated when the programme finished.
- 1.3 The report also considers the Council's financial contributions to the TTCC and the main terms of the Service Level Agreement.

2. Background

- 2.1 Members will be aware that Taunton town centre has, for the past 5 years, benefitted from a Business Improvement District (BID) programme, which was run by the Taunton Town Centre Company. In March, a ballot was held by the Borough Council amongst the affected ratepayers. The proposals made by the Town Centre Company were rejected by the ballot, meaning that the BID ceased at the end of the five year term on 30th September 2012. The loss of income has already had a negative impact on the town centre, including removing the funding available to the Town Centre Company to deliver the traditional Christmas lights and switch-on event.
- 2.2 The BID Ballot Result

The renewal Ballot for Taunton BID held on 31 March 2012 resulted in 208 votes cast in favour of the renewal proposals, representing a majority (52%) of the voters. The BID failed, however, because it secured only 45% of the vote expressed as Rateable Value of those who voted. In order to carry the vote must achieve a majority vote in terms of the number of votes cast and majority by rateable value.

The Taunton Town Centre Company has discovered that 62% of firms with a Rateable Value of £100,000 or more did not vote and that this includes many of the town's National Retailers where decisions tend to be made at head office rather than through the local store manager. Whilst the 62% was probably the main reason for the result TTCC also recognizes that there is a small but vocal minority locally who believe TTCC is no longer fit for purpose.

3 The Future of the Taunton BID

3.1 Having reviewed the reasons for the failed BID proposal the Taunton Town Centre Company Board decided in June to undertake preparatory work in advance of any future decision to run a new BID campaign leading to a new ballot in 2013. In the meanwhile the company will:

1. Develop an interim business plan budget and staffing structure for TTCC to ensure the company remains financially viable notwithstanding the change in circumstances on 30 September 2012, when the current BID ceases.
2. Work with national retailers at head office level, and public sector bodies to establish key contacts, greater awareness and support for Taunton .. TTCC has commenced a comprehensive programme of establishing links with voter contacts within head office functions of the town's national retailers. TTCC will work closely with TDBC prior to and during a future BID campaign and ballot to ensure that the relevant contacts are given more opportunity to feedback on BID proposals. Greater attention will also be placed upon providing ample notice of the ballot, and upon ensuring that voting papers are securely delivered to national firms in good time in order to maximise the opportunity for them to influence decisions affecting their operations in Taunton.
3. Revisit the building blocks for a future BID proposal, which is more in tune with national policy guidelines and local business needs and aspirations. The TTCC recognises that it needs to rewin the confidence of traders through greater transparency and visibility; and that a future BID offer must be seen as proposing what traders want and must be presented compellingly.
4. Ask Sainsbury's to carry out an independent, external audit of the Taunton BID programme. This is a free support service offered to towns across the UK where there is an active BID programme.

3.2 The TTCC recognises that it needs to address the reputational issues, and to restore business confidence. Measures it is considering to that end include;

- Refreshing the management board
- Revitalising communications with traders e.g. by circulating full accounts
- Moving to more visible and accessible office accommodation
- Commissioning an external review of the company to ensure it is fit for purpose.

3.3 The company's strategy is to get at least some of these measures in place before launching a future BID campaign which the Town Centre Company accepts would need to be projected as new, different and compelling.

4 Review of BID Services

4.1 The BID generated £1.14m in levy contributions, which in turn levered a further £600,000 from a number of sources;

Avon & Somerset Police	£320,000
Taunton Deane Borough Council	£170,000
Sponsorship towards events and individual projects	£100,000
SWERDA	£30,000
Total	£620,000

4.2 Without BID funding the company's capacity to deliver town centre management activities is severely curtailed, and the town centre will inevitably suffer as a result.

4.3 The BID funding enabled the significant enhancement of services provided by the Borough Council and the Police Authority across three areas in particular; Marketing and Events, Cleaning and Maintenance, and, Policing and Security. Some of the successes delivered as a result of the BID in those three areas is summarized in the following paragraphs.

4.4 Marketing and Events

Notable successes include:

- an annual programme of large scale community events, including the Family Fun Day and the Christmas lights Switch-on, regularly attracting thousands of visitors to town.
- High quality visual arts performances to boost the seasonal Christmas lights event attracting thousands of visitors annually including Fireworks displays, Helioshere performance and aerial acrobatic display
- Support to local events highlighting Taunton regionally/nationally including Taunton Literary Festival, Tour of Britain and Olympic Torch Relay
- An extended scheme of Christmas lights covering gateways into town and converting from traditional tungsten lamps to more efficient LED lights, reducing Taunton's carbon footprint
- Support to TDBC and Project Taunton to deliver a new wayfinding scheme & highlight specialist shopping areas. Smart new fingerposts and monolith signs have been erected round town
- Support to traders in Bath Place, Wyvern Shopping Centre and East Reach to introduce new marketing projects and signage to these areas
- The Taunton website attracting an average of 10,000 views/month and consistently high ranking for key word search on google

- Creation of the Taunton Mobile App – providing visitor and shopper information to mobile phone users of android and apple mobile phones
- 40,000 Seasonal event publications distributed across Somerset annually
- 5,000 Annual shoppers guides distributed to visitors to Taunton

4.5 Cleansing and Maintenance

- Cleaner streets through the introduction of the BID cleaning machine and caretaker; removing staining and gum from pavements
- A team of volunteers clearing litter, graffiti and fly-posting on a weekly basis
- Grant assistance to nearly 50 small businesses to refurbish their shopfronts, creating a smarter street scene

4.6 Policing and Security

The BID co-funded an award winning, high visibility community beat police team supporting the daytime and evening economy. It provided an additional policing resource for the BID area and supported the deployment of one Police Constable and two Police Community Support Officers dedicated to policing the BID area. Avon & Somerset Police are unable to continue to fund those staff members beyond September with a resulting reduction in the policing presence. The officers from the BID Team have been redeployed to other locations.

4.7 Other Activities

In many areas the BID went beyond the minimum service pledge laid out within the five year business plan to deliver additional projects;

- Shop Taunton campaign to encourage local trade creating favourable local PR estimated as thousands of pounds in equivalent advertising spend
- Annual customer service competition, Who Cares Wins engaging local businesses and rewarding loyal shoppers
- Subsidised summer hanging baskets
- Subsidised shop-front Christmas Trees
- Dressing the town with 200 Union jack flags and hundreds of meters of bunting for the queens diamond jubilee
- Swift removal of large graffiti tags blighting the town centre
- Supply of six winter gritting kits to assist businesses in keeping footways clear during severe weather
- Supply of new street furniture including six new benches and new poster points to public spaces

5. Council financial contributions to the Town Centre Company

5.1 The Council has funded the Company to deliver town centre management services on its behalf for many years. Recently that funding has comprised the following amounts:

5.2 Annual contribution towards core operation costs in the sum of £42,700 in 2012/13.

This contribution is made independent of the BID programme, with additional funding attracted from businesses towards individual projects and events. A Service Level Agreement (SLA) between the Council and the Town Centre Company is currently being drafted in relation to the annual contribution. The main services included in the draft SLA are:

- a) Design and delivery of an exciting and innovative programme of events in Taunton town centre. The programme will comprise a pre-Christmas and a Summer event as well as occasional, smaller events held throughout the year. The provision of all events will be subject to the securing of additional funding from third party organisations.
- b) The design and consultation amongst businesses on a new Business Improvement District programme in the town centre, to be progressed and submitted for ballot during 2013.
- c) The design and delivery of programmes to promote Taunton as a shopper, event and visitor destination
- d) Maintain an awareness of trends and issues in the town centre and provide written reports to the Council twice per year on a range of indicators
- e) Introduce a busker development programme to encourage high quality busking throughout the town centre.
- f) Provide support to the Bath Place Traders Association, East Reach Traders Association and seek involvement with emerging traders groups i.e. Magdalene Lane & Wyvern Shopping Centre.
- g) Maintain the rotunda poster points and other information boards in the town centre with up to date and relevant information on events and activities.

5.3 Annual BID Levy payment of £4,500

Payable by the Council due to its ownership of various hereditaments in the town centre.

5.4 BID Ballot Costs

During 2011/12 the Council incurred a one-off payment of £2,500 to ERS for the cost of holding the BID ballot.

5.5 Contribution of £20,000 towards the administration of the BID programme.

For the year ending September 2012 The Executive considered this item at its meeting in November 2011.

6. Corporate Scrutiny Recommendation

6.1 The Corporate Scrutiny Committee considered this item at its meeting on 25 October 2012, at which the Chairman of the TTCC and the Town Centre Manager were in attendance. The Members received representation from local businesses and recognised the reputational difficulties faced by the TTCC. In conclusion the Committee resolved to recommend to the Executive that:

1. **It no longer has confidence in the Taunton Town Centre Company to progress a further BID proposal, and,**
2. **It urges the Executive to reconsider all the options available to promote and enhance the Taunton town centre on a voluntary basis and draw from the business community alternative ways forward.**

6.2 The reasons for the BID's failure are reviewed in paragraph 2.2. These do not reflect a position where the majority of businesses have lost confidence with the TTCC. This does not mean that there are not obstacles to overcome. Indeed the TTCC clearly recognizes this – see paragraph 3.1. They also recognize the reputational issues they currently have and intend to take action to overcome these– see paragraph 3.2. Paragraph 4 describes the key successes of the TTCC. Taking all this information into account, and considering what the loss to Taunton would be without a Town Centre Company, the recommendation is that the Council should continue to support TTCC through this period of change towards a successful BID vote, so that Taunton can continue to benefit from the activities of a Town Centre Company.

7. Finance Comments

7.1 The Council's contribution of core funding to the Taunton Town Centre Company, the Council's BID Levy contribution, and the one-off contribution in 2012 of BID ballot costs (paras 4.2 to 4.4) are funded from the General budget. The contribution of £20,000 (para 4.5) towards the administration of the BID programme was recognised as a one-off contribution and was taken from reserves that are no longer available.

8 Legal Comments

8.1 No direct legal implications at this stage.

9 Links to Corporate Aims

9.1 This proposal links to the Regeneration Aim of the Corporate Strategy.

10. Environmental and Community Safety Implications

10.1 The services provided through the BID Programme impacted directly upon the quality of the environment and the safety of the town centre, as outlined in Section 5 of this report.

11. Equalities Impact

11.1 No direct equalities implications at this stage.

12. Risk Management

12.1

Risk	Low/Medium/High	Mitigating Action
Marketing & Events: Decline in number of visitors to the town centre leading to loss of business income	High	Officers will liaise with TTCC staff to ensure provision of an annual events programme, albeit funded differently and at a lower scale.
Cleansing & Maintenance: More litter and debris, and unclean streets.	Low	The Deane DLO will continue to provide cleansing services throughout the town centre, albeit at a lower scale.
Policing & Security Less policing numbers and visible presence to deter crime.	Medium	Police services will be maintained, albeit at a lower level. Recorded crime levels are actually relatively low in comparison to other towns.
Public Feedback: Negative public and business perceptions over the state (both physical and economic) of the town centre	High	The TTCC will communicate more effectively with town centre businesses to persuade them of the benefits of a further BID programme.

13. Partnership Implications

- 13.1 The Council works in close partnership with the Taunton Town Centre Company, being represented by Council Members on the Company Management Board. Officer representation was also maintained on the BID Steering Group and other operational groups.

14 Recommendations

- 14.1 That the Executive recognises the importance of securing a further BID programme in Taunton, and:-
1. Lends its full support to the Taunton Town Centre Company in progressing a further BID proposal for Taunton town centre.
 2. Delegates authority to the Executive Portfolio Holder to approve the annual Service Level Agreement with the Taunton Town Centre Company.

Contact: David Evans
Tel. 01823 356545
Email: d.evans@tauntondeane.gov.uk

16/01/2013, Report:Community Infrastructure Levy - Draft Charging Schedule
Reporting Officers:Nick Bryant

16/01/2013, Report:2013/2014 Council Tax Base
Reporting Officers:Paul Fitzgerald

16/01/2013, Report:Draft Corporate Business Plan
Reporting Officers:Simon Lewis

16/01/2013, Report:2013/2014 Business Rate Tax Base
Reporting Officers:Paul Fitzgerald

16/01/2013, Report:Asset Management Plan
Reporting Officers:John Sumner

06/02/2013, Report:2013/2014 Capital Programme Estimates
Reporting Officers:Paul Fitzgerald

06/02/2013, Report:2013/2014 Housing Revenue Account Estimates
Reporting Officers:Paul Fitzgerald

06/02/2013, Report:2013/2014 General Fund Revenue Estimates
Reporting Officers:Paul Fitzgerald
Contains exempt information requiring private consideration: Yes
Exempt reason:The report will contain information on individuals and financial and business affairs.

06/02/2013, Report:2013/2014 Council Tax Setting
Reporting Officers:Paul Fitzgerald

06/02/2013, Report:Swimming Pool Provision in Taunton
Reporting Officers:Simon Lewis

06/02/2013, Report:Somerset Waste Partnership Draft Business Plan
Reporting Officers:Richard Sealy

13/03/2013, Report:Planning toolkit for handling large scale and complex development proposals
Reporting Officers:Tim Burton

13/03/2013, Report:Energy efficiency schemes to corporate buildings
Reporting Officers:Torsten Daniel

Executive – 14 November 2012

Present: Councillor Williams (Chairman)
Councillors Mrs Adkins, Cavill, Edwards, Hayward and Mrs Stock-Williams

Officers: Penny James (Chief Executive), Shirlene Adam (Strategic Director), Joy Wishlade (Strategic Director), Paul Harding (Corporate and Client Services Lead), James Barraha (Health and Housing Theme Manager), Stephen Boland (Housing Services Lead), Lucy Clothier (Accountant), David Evans (Economic Development Manager), Tonya Meers (Legal and Democratic Services Manager), Andrew Randell (Corporate Support Officer) and Richard Bryant (Democratic Services Manager and Corporate Support Lead).

Also present: Councillors Horsley and A Wedderkopp.
Graham Love, Taunton Town Centre Manager

(The meeting commenced at 6.15 pm.)

81. Apologies

Councillors Mrs Herbert and Mrs Warmington.

82. Minutes

The minutes of the meeting of the Executive held on 10 October 2012, copies of which had been circulated, were taken as read and were signed.

83. Proposed loan to Somerset County Cricket Club to enable development

Considered report previously circulated, concerning a request from the Somerset County Cricket Club (SCCC) for the Council to provide loan finance of £1,000,000 to enable the County Ground to become a venue which could stage one-day and twenty-twenty international cricket matches.

SCCC's current Business Plan included a vision which not only sought to maintain success on the pitch but to also bring the ground up to the standard required to host international cricket.

This proposed project was the final phase of ground development with three previous phases being completed successfully. It was proposed to seek the removal of the Old Pavilion on the south east side of the ground and replace it with a development which incorporated a media centre, a retail outlet, boxes and corporate facilities, covered tiered seating and a roof top viewing area.

The benefits would be two fold. A structural survey had confirmed that the Old Pavilion was at the end of its life and needed to be replaced. The proposal would therefore provide members and spectators with new facilities which would increase their enjoyment of the ground long into the future.

Hosting international cricket would provide significant benefits for the club, the local economy and cricket more broadly because:-

- ❖ There was a compelling need for a high quality, smaller ground capable of staffing less popular international matches which could deliver an outstanding experience to the players, spectators and broadcast media;
- ❖ The scale and interest in cricket throughout the west country was enormous and international matches would be immensely popular;
- ❖ SCCC had low fixed costs and in house catering enabling significant profit to be generated from international fixtures with high levels of associated visitor spend driven into the local economy; and
- ❖ International cricket would catalyse the wider regeneration of Taunton as well as inspiring the next generation of young cricketers.

Reported that SCCC had made its request to the Council for the following reasons:-

- (1) The proposed terms of the loan would be much more attractive than could be achieved through bank funding;
- (2) The England and Wales Cricket Board had recently approved the move of the County Ground to international status, but this had to be achieved within a three year period or the approval will be withdrawn; and
- (3) The benefits of staging international cricket were considerable in contributing to the economic regeneration of Taunton and SCCC believed that Council loan support would enable the Club to stage international matches within a five year period.

Further reported that it was within the power of the Council to offer this type of loan. However it would need to be on the understanding that there could be no cost to the local taxpayer.

Making such a loan for capital purposes was to be treated as capital expenditure. The legislation by which a loan could be made also determined that the repayment of the loan principal should be treated as capital receipts. This meant it could only be used to finance capital expenditure or repay capital borrowing.

The type of loan could take several variations, but the one recommended by Finance Advisory was the Equal Instalments of Principal (EIP) type. Repayments would be the same amount of principal each year plus interest on a reducing balance. Annual repayments would be higher in the earlier years.

The interest rate charged would be based on the PWLB (Public Works Loan Board) rate at which Taunton Deane could borrow, plus a 2% risk premium. PWLB rates would be changeable; therefore the final rate used should reflect the interest rates extant at the time of the loan being issued.

It was proposed that the capital expenditure incurred by the Council in making the loan was funded by "internal" borrowing. The Council would therefore need to make a prudent provision to repay the borrowing under the Minimum Revenue Provision regulations.

Noted that SCCC needed the assurance that the loan was available before they could move to the next stage of feasibility, design and planning. However, the funding itself would not be required until the construction stage.

The loan would be secured by a legal charge over the property owned by the SCCC. The Club's bank had confirmed that a straightforward second legal mortgage would be sufficient for the Council, where the bank would continue to rank ahead of the Council, to the level of its indebtedness.

Reported that there were risks to the Council in proceeding with a loan to SCCC, details of which were reported together with the likely consequences and suggested mitigating actions.

Resolved that Full Council be recommended to approve the principle of a 15 year £1,000,000 loan to the Somerset County Cricket Club, subject to:-

- (a) Final terms of the loan being approved on the lines detailed in the report and by the Section 151 Officer; and
- (b) Agreement from the Somerset County Cricket Club to enter into a legal agreement to be approved by the Section 151 Officer and the Monitoring Officer that safeguarded the Council's financial position.

84. **Taunton Town Centre Business Improvement District (BID) Programme: The Way Forward**

Considered report previously circulated, concerning the proposal for a second BID term in Taunton Town Centre which was rejected by Non Domestic Rate payers earlier this year. The BID programme had therefore been terminated at the end of September 2012.

Taunton Town Centre had benefited from a Business Improvement District (BID) programme, which had been run by the Taunton Town Centre Company (TTCC) since 2007.

In March, a ballot had been held with the affected ratepayers seeking a mandate to extend the BID programme for a further five year period. Unfortunately, the proposals were rejected by the ballot and the BID therefore came to an end on 30 September 2012.

The loss of income from the BID had already had a negative impact on the town centre, including removing the funding available to the TTCC to deliver the traditional Christmas lights and switch-on event.

The renewal Ballot for Taunton BID had resulted in 208 votes cast in favour of the renewal proposals, representing a majority (52%) of the voters. The BID failed, however, because it secured only 45% of the vote expressed as Rateable Value of those who voted. In order to win the ballot, a majority vote in terms of the number of votes cast and majority by rateable value had to be obtained.

The TTCC had since discovered that 62% of firms with a Rateable Value of £100,000 or more had not voted and that this included many of the town's National Retailers. Whilst this was probably the main reason for the result TTCC also recognised that there was a small but vocal minority locally who believed TTCC was no longer fit for purpose.

Having reviewed the reasons for the failed BID proposal, the TTCC Board had decided to undertake preparatory work in advance of any future decision to run a new BID campaign leading to a new ballot in 2013. In the meanwhile the TTCC would:-

- Develop an interim business plan budget and staffing structure for TTCC to ensure the company remained financially viable notwithstanding the change in circumstances following the cessation of BID 1;
- Work with national retailers at head office level, and public sector bodies to establish key contacts, greater awareness and support for Taunton. TTCC had commenced a comprehensive programme of establishing links with voter contacts within head office functions of the town's national retailers. TTCC would work closely with TDBC prior to, and during, a future BID campaign and ballot to ensure that the relevant contacts were given more opportunity to feedback on BID proposals;
- Revisit the building blocks for a future BID proposal, which was more in tune with national policy guidelines and local business needs and aspirations. The TTCC recognised that it needed to win back the confidence of traders through greater transparency and visibility and that a future BID offer must be seen as proposing what traders wanted; and
- Ask Sainsbury's to carry out an independent, external audit of the Taunton BID programme. This was a free support service offered to towns where there was an active BID programme.

The TTCC recognised that it needed to address the reputational issues and to restore business confidence. Measures it was considering to that end included:-

- (a) Refreshing the management board;
- (b) Revitalising communications with traders e.g. by circulating full accounts;
- (c) Moving to more visible and accessible office accommodation; and
- (d) Commissioning an external review of the company to ensure it was fit for purpose.

The company's strategy was to put some of these measures in place before launching a future BID campaign which the TTCC accepted would need to be projected as new, different and compelling.

The BID had generated £1,140,000 in levy contributions, which in turn levered in a further £600,000 from a number of sources. Without BID funding the company's capacity to deliver town centre management activities was severely curtailed, and the town centre would inevitably suffer as a result.

BID funding had enabled the significant enhancement of services provided by Taunton Deane and the Police Authority across three areas in particular, namely Marketing and Events, Cleaning and Maintenance and Policing and Security.

Notable successes under each of the three headings were listed in the report together with details of other activities provided that went beyond the minimum service pledge laid out in the five year business plan.

Further reported that the Council had provided funding to the TTCC to deliver town centre management services on its behalf for many years. Recently that funding had comprised the following amounts:-

- An annual contribution towards core operation costs in the sum of £42,700 in 2012/2013. This contribution was made independent of the BID programme, with additional funding attracted from businesses towards individual projects and events. A Service Level Agreement (SLA) between the Council and the TTCC was currently being drafted in relation to the annual contribution. The main services included in the draft SLA were detailed in the report.
- An Annual BID Levy payment of £4,500 - Payable by the Council due to its ownership of various hereditaments in the town centre.
- BID Ballot Costs - During 2011/2012 the Council incurred a one-off payment of £2,500 for the cost of holding the BID ballot.
- A Contribution of £20,000 towards the administration of the BID programme.

The Corporate Scrutiny Committee had considered this item at its meeting on 25 October 2012, at which the Chairman of the TTCC and the Town Centre Manager were in attendance. The Members received representations from local businesses and recognised the reputational difficulties faced by the TTCC. In conclusion, the Committee supported the following resolution:-

- (1) That the Corporate Scrutiny Committee viewed with concern the lack of unity within the business community in the Taunton Town Centre culminating in the failure of a second five year term for BID at the ballot held during March 2012;
- (2) That the Corporate Scrutiny Committee no longer had confidence in the Taunton Town Centre Company to progress a further BID proposal; and
- (3) That the Executive be urged to reconsider all the options available to promote and enhance Taunton Town Centre on a voluntary basis and draw from the business community alternative ways forward.

The reasons for the BID's failure did not reflect a position where the majority of businesses had lost confidence with the TTCC. This did not mean that there were not obstacles to overcome. Indeed the TTCC clearly recognised this together with the reputational issues they currently had. It was intended to take action to overcome these over the next few months.

Taking all this information into account, and considering what the loss to Taunton would be without a TTCC, it was recommended that the Council should continue to support TTCC through this period of change towards a successful BID vote, so that Taunton could continue to benefit from the activities of a Town Centre Company.

Resolved that the importance of securing a further BID programme in Taunton be recognised and that:-

- (a) The Taunton Town Centre Company be fully supported in progressing a further BID proposal for Taunton Town Centre; and
- (b) Delegated authority be granted to the Executive Councillor for Economic Development, Asset Management, Arts and Tourism to approve the annual Service Level Agreement with the Taunton Town Centre Company.

85. Local Council Tax Support Scheme for Taunton Deane

Considered report previously circulated, which detailed the latest position concerning the proposed introduction of a Local Council Tax Support Scheme for Taunton Deane.

In the 2010 Spending Review the Government announced its intention to introduce a localised system for Council Tax support to replace the current national Council Tax Benefit (CTB) scheme.

The Welfare Reform Act 2012 provided for the abolition of Council Tax Benefit, to take effect from 1 April 2013. The Government proposed to replace this with a requirement for each Council Tax Billing Authority to have its own, locally set, Council Tax Support Scheme, effective from the same date.

The necessary primary legislation to introduce the Scheme had been included in the Local Government Finance Bill 2012 which was had received Royal Assent on 1 November 2012. Much of the detail of the scheme was to be contained in regulations.

The Secretary of State intended to prescribe a “default” scheme, which would take effect if a Billing Authority failed to agree a Council Tax Support Scheme on or before 31 January 2013. The default scheme broadly reflected the existing Council Tax Benefit scheme and would not therefore deliver any financial saving.

Whilst the Council had discretion concerning the rules of the local scheme as far as they affected people of working age, the Government would be prescribing rules for people of pension age. The rules for pensioners would mirror those of the CTB scheme and would therefore not permit a reduction in expenditure for people of pension age.

Following discussion of this matter at the July meeting of the Corporate Scrutiny Committee, the Executive Councillor tasked officers to work with the other Somerset Districts with the aim of the Districts agreeing a common set of principles around which to design their local schemes. The schemes would also be developed on the principle that the anticipated grant reduction would be fully funded within the local scheme.

CTB provided help to people on a low income who had to pay Council Tax. For working age people however, there was a limit on savings of £16,000 above which no CTB would be awarded, irrespective of income levels.

The benefit was awarded in addition to any other Council Tax reductions which might apply, such as the 25% sole occupier discount, and was calculated on the Council Tax payable after such discounts had been applied to the charge.

CTB was currently administered by local authorities (District Councils in two-tier areas) on behalf of the Department for Work and Pensions (DWP) in accordance with a national set of regulations set by Government. Generally, for every £ which was paid out in CTB by the Council, the Government reimbursed us £ for £. Additionally the Government paid the Council a grant to help cover the cost of administering the CTB scheme on its behalf.

The maximum amount of CTB that could be awarded presently was 100% of the Council Tax liability, meaning that some citizens were not required to pay anything towards their Council Tax. Those who claimed means-tested out-of-work benefits generally received full assistance, so that they did not pay Council Tax at all.

Those in work could still receive CTB, but were likely to get less than the full amount, so that their Council Tax bill would be reduced but not eliminated.

Further reported that Taunton Deane had been working closely with the other Somerset Districts to look at how local CT schemes might be designed.

Given the short timescales set by the Government, there was no realistic possibility of designing a new local scheme entirely from scratch for Year 1.

In common with their Somerset counterparts, Taunton Deane proposed for at least Year 1, to base the local CTS scheme for working age citizens on the broad principles of the present CTB scheme given that the existing benefit system had been developed to protect a number of disadvantaged groups and carried least risk in terms of software development.

A number of features of the current scheme had been assessed to see if the changes would deliver the reduction in expenditure necessary to match the likely grant from the Government. Certain common scenarios had also been considered collectively to see if they would potentially be suitable to all Somerset authorities.

From those discussions, the key changes which were proposed between Taunton Deane's local scheme for working age claimants and the current CTB scheme were:-

- Maximum support would be 75-80% of Council Tax – everyone of working age would have to pay something;
- Non-dependant deductions would be increased;
- Second adult rebate to cease;
- Child maintenance to be counted as income;
- Earned income disregards to rise; and

- A hardship fund to be established for short term help. (This would be a collection fund commitment rather than be fully funded by Taunton Deane).

Noted that schemes could be changed and what was put in place for 2013/2014 did not have to remain in place for subsequent years, although changes could not be made to schemes mid year.

Following the support of Corporate Scrutiny on 19 July 2012, the draft proposals for Taunton Deane's Local Council Tax Support Scheme were subject to an extensive public consultation exercise which ran over eight weeks, commencing 6 August and closed on 5 October.

Reported that at the closing date, a total of 113 responses to Taunton Deane's consultation had been received. Of these, 48% were from people who currently received CTB. Across Somerset as a whole a total of 3,508 responses were made to the consultation of whom 59% were from respondents in receipt of CTB.

Submitted for information details of the responses received in respect of the proposals set out in the report, as follows:-

- **Proposal 1 – Increase Non-Dependant Deductions.** This could reduce total expenditure by approximately £50,000 per annum as a whole, rather than just Taunton Deane's share.

For people of working age who currently claim CTB, the new Council Tax Support Scheme proposed to increase the expected contributions to the Council Tax bill made by other adult members of the household.

At present, if the person claiming CTB had any non-dependants who were in work living in their home, a deduction would generally be made from their CTB entitlement.

These non-dependant adults were assumed to be giving the claimant some money towards their Council Tax, regardless of whether or not they were actually doing so. The assumed contribution was based upon the non-dependant's earnings

The current and proposed levels of weekly deductions were shown in the table below:-

Non-dependant Deductions for Council Tax Benefit	Apr-12 (pw)	Proposed (pw)
Receiving IS, JSA(IB), or ESA(IR) or Pension Credits.	Nil	£4.80
Aged 18 or over and in remunerative work		
- <i>gross income less than £183.00</i>	£3.30	£5.80

- gross income £183.00 to £315.99	£6.55	£10.55
- gross income £316.00 to £393.99	£8.25	£13.50
- gross income more than £394.00	£9.90	£16.40
Others aged 18 or over	£3.30	£5.80

The Taunton Deane Consultation Response was 63% in favour; the Somerset Response (excluding Taunton Deane) was 72% in favour.

- **Proposal 2 – Additional Support for Exceptional Cases of Hardship** – This measure did not reduce expenditure.

It was impossible to assess the impact of a local scheme in every individual set of circumstances and undoubtedly there would be cases of exceptional hardship arising from the Government's decision to move away from a national benefit scheme. The Council therefore proposed to create a discretionary hardship fund, financed from Council Tax receipts, to provide short-term additional support for vulnerable working-age citizens.

This fund would provide some extra help for people who qualified for Council Tax support, but were having trouble paying their Council Tax. Payments would be made as credits against the Council Tax account rather than as cash.

Noted that the Government had advised that, from 1 April 2013, Discretionary Housing Payments could not be used to provide assistance with Council Tax. Consequently, if a discretionary Council Tax Assistance Scheme was introduced it would be necessary to have an approved policy in place for its operation. Details of this policy were submitted for the information of Members.

The Taunton Deane Consultation Response was 78% in favour; the Somerset Response (excluding Taunton Deane) was 79% in favour.

- **Proposal 3 – Maximum Benefit Limit** - This could reduce total expenditure by approximately £780,000 per annum as a whole, rather than just Taunton Deane's share.

It was proposed to limit the maximum support a working age person could receive, from 100% to a lower level between 75% and 80%.

A limit of 80% would mean that everyone (even those who currently received 100% CTB) would have to pay at least the figures shown in the tables below:-

Band	Single Claimant
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	Annual Council Tax (after sole occupier disc)	Minimum Proposed Annual Contribution	Minimum Weekly Contribution
A	£703.69	£140.74	£2.71
B	£820.96	£164.19	£3.16
C	£938.25	£187.65	£3.61
D	£1,055.52	£211.10	£4.06
E	£1,290.08	£258.02	£4.96
F	£1,524.64	£304.93	£5.86
G	£1,759.21	£351.84	£6.77
H	£2,111.04	£422.21	£8.12

Band	Claimant Couple		
	Annual Council Tax	Min Proposed Annual Contribution	Min Weekly Contribution
A	£938.25	£187.65	£3.61
B	£1,094.61	£218.92	£4.21
C	£1,251.00	£250.20	£4.81
D	£1,407.36	£281.47	£5.41
E	£1,720.11	£344.02	£6.62
F	£2,032.85	£406.57	£7.82
G	£2,345.61	£469.12	£9.02
H	£2,814.72	£562.94	£10.83

The Taunton Deane Consultation Response was 51% in favour; the Somerset Response (excluding Taunton Deane) was 62% in favour.

- **Proposal 4 – Taking Child Maintenance into account as income** – This change could reduce total expenditure by approximately £39,000 per annum as a whole, rather than just Taunton Deane's share.

Maintenance received for a child, was currently ignored when entitlement to CTB was assessed. Under this proposal, child maintenance received would count as income when calculating Council Tax Support for a household.

The Taunton Deane Consultation Response was 60% in favour; the Somerset Response (excluding Taunton Deane) was 62% in favour.

- **Proposal 5 – Abolish Second Adult Rebate** – This change could reduce expenditure by £10,000 per annum.

Currently a person whose own income was too high to receive Council Tax Benefit was able to receive a reduction of up to 25% if they had other adult(s) on a low

income in their household, regardless of how much income and capital the householder had. This is known as the Second Adult Rebate Scheme.

It was proposed to abolish Second Adult Rebate for working age claimants.

The Taunton Deane Consultation Response was 76% in favour; the Somerset Response (excluding Taunton Deane) was 81% in favour.

- **Proposal 6 – Increase Earned Income Disregard** – This measure did not reduce expenditure.

It was proposed to significantly increase, and in some cases double, the amount of earned income a person can earn before it reduced the level of Council Tax Support they received. This was to provide an additional incentive for someone to move into work or to stay in work and allow them to retain more of their earnings before their Council Tax Support started to reduce. The proposed earned income disregards were as follows:-

- a. Single Person– increase from £5 to £10pw;
- b. Couple – increase from £10 to £20 pw;
- c. Lone parent – increase from £25 to £37.50pw;
- d. Disabled or long-term sick from £20 to £30pw.

The Taunton Deane Consultation Response was 86% in favour; the Somerset Response (excluding Taunton Deane) was 77% in favour.

Although the number of responses from the public for Taunton Deane was low, each of the questions asked were also asked by the other Somerset Districts and this provided a much larger respondent pool against which to compare our responses. Each of the proposals received a greater level of support than opposition.

Reported that there was nothing arising from the consultation response which demonstrated overwhelming opposition to any particular element of the proposed scheme or to the scheme itself.

It was recognised however that some respondents had clearly highlighted that these proposals were likely to have an appreciable adverse impact on their particular household finances.

On 16 October 2012, after the public consultation had closed, the Government announced it had found £100,000,000 which it planned to allow Councils to apply for, in order to help fund some of the likely funding gap between the grant Council's would receive to fund their local Council Tax Support schemes from 1 April 2013, and the cost of that support.

Council's could not apply for this grant until after 31 January 2013, which was after they were required to agree their Local Council Tax Support schemes. There was no guarantee that applications would be successful and this therefore introduced an element of risk.

The Transition Grant would be for one year only (2013/2014) and would be worth a total of £163,051 split between the major preceptors as follows:-

Taunton Deane	£ 17,032
Somerset County Council	£118,192
Police	£ 19,322
Fire	£ 8,505

	£163,051

The Transition Grant would go only a little way in closing the £700,000 funding gap caused by the Government reducing expenditure in Council Tax support.

Submitted details of the conditions attached to this proposed new grant which did not align with the Council's proposed CTB scheme unless it was amended. This would mean having to undertake a further consultation exercise.

Reported that none of the other Somerset Districts were presently planning to alter their proposed schemes in order to chase the Transition Grant.

The lateness of the Government's announcement of this Transition Grant, the possibility of the Council having to re-consult if the proposed scheme was now altered, the relatively low value of the Transition Grant, the uncertainty around the eligibility criteria and the fact that the funding was for one year only were all factors which, at this late stage, prevented a recommendation being made to change the proposed scheme in order to take up this potential short-term funding offer.

Very careful consideration had been given to the assessment of equalities implications throughout the design of the proposed new scheme and a copy of the Equalities Impact Assessment had been circulated to all Members of the Committee.

Resolved that subject to the Government making the necessary regulations, Full Council be recommended to adopt:-

- (a) The scheme for providing Council Tax support for working age households on low incomes from 1 April 2013, as set out in the report; and
- (b) The Discretionary Housing Payment and Council Tax Assistance Policy to enable additional short-term assistance to be given in respect of Council Tax for those in hardship from 1 April 2013.

86. **Council Tax Charges – Empty Properties and Second Homes**

Considered report previously circulated, concerning the Government's proposal to allow Council's to amend (within limits) the Council Tax charges which would apply from 1 April 2013 in respect of:-

- second homes;
- homes undergoing, or requiring, structural work;
- properties empty for six months or less; and

- properties that had been empty for more than two years.

The changes would be made through the Local Government Finance Bill 2012, once it came into law. Noted that other Council Tax exemptions, which applied to unoccupied properties would remain unaltered.

Decreasing the reductions would increase the Tax collectable for both this Council and the precepting authorities and could act as a stimulus for bringing empty properties back into occupation.

Details of the proposed changes were set out in the report but were summarised below:-

(i) **Class 'A' exemption** (Properties undergoing or requiring major repair works or structural alterations) – Currently properties which were unoccupied and unfurnished that required, or were undergoing, major repair works or structural alterations to render them habitable were exempt for up to 12 months, or as long as it continued to be undergoing, or in need of, major repair.

During 2011/2012 the Council awarded £106,000 in Class A exemptions in respect of 204 properties. It was proposed to abolish the Class A exemption. Instead, billing authorities would be given the discretion to award a discount of between 0% and 100% for up to 12 months.

(ii) **Long term empty properties** (Unoccupied and unfurnished properties, empty for six months or more) - The Council allowed the minimum statutory discount (10%) for properties which had been continuously unoccupied and unfurnished for six months or more.

During 2011/2012, £5,400 discount was awarded in respect of 117 long term empty properties where the property was empty between six and 24 months. 33 properties which had been empty for more than two years were awarded discount amounting to £1,600.

Noted that billing authorities would be given the discretion to charge up to 100% Council Tax once a property has been unoccupied and unfurnished for six months.

Once a property had been continuously unoccupied and unfurnished for two years or more Councils would be able to charge a premium of up to 50%, meaning that such properties would incur a charge of up to 150%.

It was proposed to take advantage of these new flexibilities in order to encourage the owners of properties, which had been left unoccupied for more than six months, to bring the properties back into use as homes for themselves or others.

(iii) **Class 'C' exemption** (Unoccupied and unfurnished properties, empty for less than six months) – This exemption was mainly granted for the following three reasons:-

- The property was being sold and the owner had moved out;

- The property had been purchased and the owner had not yet moved in; and
- The property was empty between tenancies.

The impact of the abolition of (or reduction to) this entitlement could have the most impact on landlords. However housing associations could be protected as, if not already doing so, they could claim under the Class B exemption which would remain unchanged by the Government's proposals.

During 2011/2012 the Council awarded £897,000 in Class C exemptions in respect of 5,377 short term empty properties.

It was proposed to abolish this exemption. Instead billing authorities would be given the discretion to award a discount between 0% and 100% for all, or part, of this six month period.

Reported that it would be unreasonable to make a Council Tax charge immediately a property became empty for the detailed reasons set out in the report.

In looking at a reasonable treatment of empty domestic properties in the future, the arrangements which were currently in place for business properties had been taken into account. Generally, no charge was made for the first three months that a property was empty. Thereafter a 100% charge was made. It was considered that there was merit in treating the two types of property in the same way.

Based upon 2011/2012 figures it was estimated this change could generate around £180,000 additional income, of which Taunton Deane's share would be approximately £18,000.

(iv) **Second Homes** (Properties which were furnished but in which no person had their sole or main residence) - The Council already allowed the minimum statutory exemption (10%) for second homes.

In 2011/2012 this affected 511 properties in Taunton Deane and cost £49,660. Under the Government proposals billing authorities would be given the discretion to charge up to 100% Council Tax on second homes.

Based upon 2011/2012 figures this change could generate £49,000 additional income, of which the Council's share would be £4,900.

Noted that the proposed changes would support the strategic aims of the Somerset West Private Sector Housing Partnership in encouraging empty properties to be brought back into use.

In conclusion, it was felt that if the new proposals were brought into effect at the beginning of the 2013/2014 financial year:-

- The proposed changes would bring in additional Council Tax income to the Council and the other precepting authorities;

- Bringing empty properties back into effective use would have a positive impact on the New Homes Bonus; and
- Reducing the number of long term empty properties had social benefits to the community through greater availability of housing to rent or to buy and reducing anti-social behaviour often associated with empty properties.

Resolved that subject to the Government making the necessary regulations, the Executive be recommended, from 1 April 2012, to:-

- (i) Allow a discount of 100% for a maximum of 12 months, in respect of properties which would have qualified for a Class A exemption, had that exemption continued;
- (ii) Allow a 100% discount, but limited to a maximum period of three months, in respect of properties which would otherwise have qualified for a Class C exemption, had that exemption continued;
- (iii) Remove the 10% discount on second homes; and
- (iv) Impose a premium levy of an additional 50% of Council Tax due on properties that had been empty and unfurnished for more than two years.

85. **Review of the Housing Revenue Account Business Plan 2012-2042**

Considered report previously circulated, concerning the first review of the Housing Revenue Account (HRA) Business Plan 2012-2042 which had come into affect on 1 April 2012 following the HRA Self Financing settlement.

It had been agreed that the HRA Business Plan would be subject to a formal annual review involving Member scrutiny and agreement as part of the budget setting timetable each year.

In the first few months of the financial year it had become apparent that there were a number of issues – set out below – that required amendment or inclusion in the Business Plan, as the context in which Housing Services operated continued to change rapidly.

Asset Management

Uplift of Disabled Facilities Grant and Aids and Adaptations Budget

The HRA had budgeted £500,000 capital per year to provide disabled aids and adaptations for tenants in our stock. This work was undertaken by the Somerset West Private Sector Housing Partnership (SWPSHP) on behalf of the Housing Service.

However, in view of the fact that need was likely to increase in future years as the population aged, SWPSHP had been commissioned to undertake a needs analysis. For business planning purposes it was thought prudent to increase this provision by 5% per year for the next 10 years and then for it to remain fixed for the remainder of

the plan period. This issue could be re-visited once the outcome of the needs analysis work had been completed.

Stock Investment Figures and Data Cleanse

During the creation of the original Business Plan, a validation exercise was undertaken by Savills in relation to the quality of the Council's stock condition data. At the time, concerns were raised about the accuracy of the data and reliance on it for business planning purposes.

Since April work had been underway to cleanse the stock data of certain inaccuracies and undertake stock condition surveys. The impact of this work had been a slight reduction in the Future Major Works requirement for our stock over 30 years of approximately £4,000,000, due to some re-profiling of the needs based on better stock information.

However, there remained a significant backlog of work created in part by tenant refusals for improvement works previously and other works not completed as part of the Decent Homes programme.

As a consequence of the inclusion of the additional items identified in this report, the overall capital expenditure over the 30 year period had risen to £191,000,000 from £187,000,000.

Extension of Properties

Many years ago the Housing Service allocated a budget to undertake extensions to existing Taunton Deane dwellings to help meet the housing needs of our larger families. Such practice ceased due to insufficient funding being available.

Submitted for information details of registered applicants and existing tenants who were either one or two bedroom deficient.

With 3,818 Housing Registered applicants in Taunton Deane and 18,813 Housing Register applicants Somerset wide, the demand for social housing is high.

It had been suggested that a budget should be introduced that would provide Housing Services with an additional means of helping to alleviate the housing need of those who were living in overcrowded conditions. It was therefore proposed to create a new improvements budget of £160,000 per year which would be used to fund approximately 4 two storey extensions per year.

In creating properties with a greater number of bedrooms the rent would have to be re-set to the appropriate level which would produce a small additional income to the HRA.

Related Assets

In the original Business Plan an additional budget allocation of £3,600,000 over 30 years and £600,000 in Years 1-5, for related assets was made. This was in respect of a programme of repairs for non dwelling assets such as garages and sewage treatment works.

Environmental Improvements

In the Business Plan £150,000 per annum had been allocated for environmental improvements on estates such as additional car parking, waste storage facilities, mobility scooter stores and fencing. An initial list of projects was emerging and would be progressed in the new financial year.

Sustainable Energy Fund

A Sustainable Energy Fund of £6,600,000 over 30 years had been established to provide affordable warmth and improve the energy efficiency of homes. In order to utilise this fund and progress these aims, a project was emerging which would build on similar projects throughout the country. The project had two key elements, combined to form an overall package. These elements were 'Retrofit works to properties' and 'Tenant Lifestyle Awareness'.

Full project planning, commissioning and evaluation would be required over a significant period to ensure this significant investment delivered the objectives of the project. It was felt that recruitment of a Project Manager to undertake the next level of detailed planning would be required.

Social Housing Development Fund (SHDF)

Following the establishment of this fund (£2,300,000 in the first four years) in the new Business Plan work had progressed to identify sites that might be suitable for development. A development agreement had been signed with a partner housing association and architects had been engaged to progress some sites to the next stage, as our "Phase 1 sites".

Reported that approximately 26 new units were feasible, at an approximate cost of £3,430,000. If the Phase 1 sites were to be delivered, an additional £1,130,000 would need to be added to the Capital Programme.

Alongside these early wins in terms of site development, Taunton Deane also needed to create a development policy to frame the way in which this fund would be used and to identify some of the relevant variables concerning house building. An Interim Development Policy had been drafted and copies had been circulated to Members of the Executive.

Exceptional Extensive

Funding amounting to £18,300,000 over 30 years for works such as asbestos removal, subsidence and mostly in later years works to our non traditional properties had been allocated in the Business Plan. Survey work was due to take place shortly that would assist the Council in planning for the future of non traditional stock in the years to come.

Planned Maintenance

One of the changes that was made following the "No" vote to stock transfer in 2006, was to reduce the frequency of planned maintenance from a cycle of five years to eight years. It had been suggested that Taunton Deane could now afford to potentially reverse this position and re-establish a five-yearly programme. This was being investigated.

Welfare Reform

An emerging Housing Services Welfare Reform Strategy had set out actions over the next 12 to 24 months for effectively managing the changes contained in the Government's Welfare Reform programme.

The purpose of the strategy was to mitigate the impact of the Welfare Reforms on Taunton Deane Borough Council Housing Services and its tenants. The strategy would provide a clear focus for our interventions and initiatives, all of which would be aimed at maximising our tenants' income in order to help enable them to deal with the cuts in welfare benefits that many would face. The objectives of the strategy were set out in the report.

However a potential impact of welfare reform on the Business Plan was that the level of financial hardship would increase in the community with greater challenges in collecting rent being experienced and debt levels likely to increase.

This could slow down the Council's cash flow creating an additional risk for the General Fund in that it could result potentially in less money to invest, and for the HRA in that it would benefit less from the return on Council wide investments.

The amount of irrecoverable debt might also increase leading to a higher level of write offs. Consequently it was proposed to increase the bad debt allowance in the HRA Business Plan from 0.5% to 2% for a period of three years.

Right to Buy review and policy on use of additional receipts

Reference Minute No. 43/2012, reported that the Council had signed an agreement with the Government under which the Council would continue to receive the income it was expecting from Right to Buy (RtB) receipts and this income would continue to support the Council's General Fund Capital Programme. However only the additional receipts the Council would receive from this change in policy were the subject of the agreement.

Noted that the additional receipts produced from the completion of a total of 18 properties in this financial year showed potential additional receipts in Year 1 of approximately £600,000.

To meet the conditions of the agreement and keep the additional income, the £600,000 would need to be matched with £1,400,000 of other resources such that total expenditure on affordable housing would reach £2,000,000 between April 2012 and March 2015. This was well within our current budgeted expenditure on new affordable housing between the GF and HRA.

Staffing

Development Team staffing

In order to deliver the projects identified above, additional resources would be required to lead on the HRA's development activities. An incremental approach was suggested as the Council's development aspirations grow.

1. Housing Enabling - The current part time post holder would increase hours by one day per week from three to four on a temporary basis. The HRA would pay for

two days of this officer's time to work on site development. The remaining two days would be committed to continuing regeneration projects funded from the SHDF.

2. Housing Development Projects Lead (Sustainable Energy) - A temporary post (18 months) would be recruited to lead on the project outlined above and also progress other related projects in the HRA including Solar PV and evaluation of new energy efficient technologies in our properties. This post would be funded from the Sustainable Energy Fund.

3. Housing Development Projects Lead - An additional post would be recruited to bring forward some of the capital projects with new allocated resource described above. This post will be funded by the Exceptional Extensive and Environmental Improvements budgets.

4. Development Manager - As the work involved in delivering the new investments planned within the Business Plan was understood and the Council's wider regeneration plans became clearer, it was proposed to create a senior manager position to oversee all development activity, and potentially draw together the above posts to create a small Development Team. It was proposed that an additional salaries allocation of £70,000 should be made in the Business Plan for this post and the administrative support for the new team.

Repairs Line

The Repairs Line service was open to Housing tenants to report repairs required Monday to Friday. Originally the service was staffed by 3.7 FTE but due to staff changes, the service had lost the equivalent of 26 hours of staffing. This reduction has led to significant difficulty in providing sufficient cover to meet demand, and it was therefore proposed to restore staffing levels by the 26 hours lost. The additional cost of this proposal was £15,000.

Staffing budget.

Due to some pension corrections there were salary savings of £30,000 in next year's planned budget. The additional staffing requirement outlined above added a potential additional £85,000 salaries costs. Therefore taking these two factors together the net impact on salaries in the revenue budget was an additional £55,000.

IT Improvement

Taunton Deane Housing currently used four business critical software applications. As part of the current transformation, Deane DLO would be replacing its dated software system. This would involve certain changes having to be made to the other three applications. It was anticipated these works would require around three years to complete at an approximate total one off cost of £500,000, with continuing costs of £33,000 per annum ongoing.

Other Financial Adjustments

Inflation Adjustment

Retail Price Index (RPI) inflation, on which the annual uplift of rental income is calculated, had been falling in recent months and had reduced substantially from 5.6% in September 2011 to 2.6% in September 2012. Therefore it would be prudent to reduce the level of inflation included within the model from 3.5% to 2.5%. The impact of this is a reduction in both the annual expected increase in rent, and also the annual expected increase in expenditure

Interest Rate Saving

Due to better interest rates than modelled at the point of the transaction there were additional savings in the Business Plan of £936,000 saving in Year 1. Advice received from the Council's Treasury Management Advisors, Arling Close, was that it was not advisable to use interest savings at this time to pay off any debt capital.

The difference in interest rate on the loans had also affected the forecasted investment income on the HRA reserve balance, and a lower rate than budgeted was likely to be received in Year 1. This meant that although a saving had been achieved through the interest payable on the loans, this had been offset by the reduction in interest received and the overall net saving was £817,000.

Reported that each key change identified in the report had been modelled and its impact had been identified on both cash flow and 30 year reserve position. If all the recommendations of the report were agreed the Council would still have a viable and healthy Business Plan.

Based on the current set of policies and business plan assumptions, and the proposals as part of this years review, the financial projections identified cash flow surpluses in the first ten years of the Plan period.

It remained evident that the HRA was likely to generate significant cash surpluses over the long term. It was proposed to establish a principle that surplus resources should be added to the Social Housing Development Fund, where prudent, to support further affordable housing provision. This was seen as a more sensible alternative to building excessive balances in the HRA reserve.

Resolved that Full Council be recommended to:-

- (1) Uplift the Disabled Facilities Grant and Aids and Adaptations budget by 5% for the next ten years pending the outcome of the needs analysis;
- (2) Create a new improvements budget of £160,000 per year which would be used to fund approximately 4 two storey extensions per year;
- (3) Explore extending the reach of the current Social Housing Development Fund by utilising some of the borrowing headroom towards funding for housing development;
- (4) Approve the Interim Development Policy set out in the report;

- (5) Increase allowance for bad debt in the HRA to 2% for a period of three years from 1 April 2013;
- (6) Ring-fence and allocate the additional Right to Buy receipts to a separate budget code. Subsequently proposals would be brought to Members to make decisions as to how they were allocated - either to traditional housing enabling projects or to development within the Housing Revenue Account, on the basis of the ongoing project need and spending the receipts within the restrictions of the agreement with the Government;
- (7) Agree the outlined approach to additional staffing to support the Business Plan objectives and a consequent increase in revenue staffing costs of £55,000;
- (8) Agree that any surplus Social Housing Development Fund budget remaining at the end of any financial year be allocated to a new Social Housing Development Fund earmarked Housing Revenue Account reserve; and
- (9) Agree the principle that surplus cash resources within the Housing Revenue Account be allocated to the new Social Housing Development Fund Reserve at the end of each financial year, where prudent.

86. **Executive Forward Plan**

Submitted for information the Forward Plan of the Executive over the next few months.

Resolved that the Forward Plan be noted.

(The meeting ended at 8.38 pm.)