

# **Taunton Deane Borough Council**

## **Council Meeting – 11 December 2012**

### **Part I**

To deal with written questions to and receive recommendations to the Council from the Executive.

#### **(i) Councillor Mrs Jean Adkins**

##### **Review of the Housing Revenue Account Business Plan 2012-2042**

The Executive undertook its first review of the Housing Revenue Account (HRA) Business Plan 2012-2042 at its recent meeting.

In the first few months of the financial year it has 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 budgeted £500,000 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).

However, in view of the fact that need is likely to increase in future years as the population ages, SWPSHP has been commissioned to undertake a needs analysis. 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 period.

###### **Stock Investment Figures and Data Cleanse**

Since April work has been underway to cleanse the stock data of certain inaccuracies and undertake stock condition surveys. The impact of this work has 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 has risen to £191,000,000 from £187,000,000.

##### **Extension of Properties**

The review has identified that a budget should be introduced to provide Housing Services with an additional means of helping to alleviate the housing need of those who are living in overcrowded conditions. It is 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.

### **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**

£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 is emerging and would be progressed in the new financial year.

### **Sustainable Energy Fund**

A Sustainable Energy Fund of £6,600,000 over 30 years has 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 is emerging which has two key elements - 'Retrofit works to properties' and 'Tenant Lifestyle Awareness'.

Full project planning, commissioning and evaluation will be required and it is felt that recruitment of a Project Manager to undertake the next level of detailed planning will 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 has progressed to identify sites that may be suitable for development.

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 has been drafted a copy of which was included in the report to 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 has been allocated in the Business Plan. Survey work is due to take place shortly that will 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 is now possible that Taunton Deane could now afford to potentially reverse this position and re-establish a five-yearly programme.

## **Welfare Reform**

An emerging Housing Services Welfare Reform Strategy has 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 is to mitigate the impact of the Welfare Reforms on Taunton Deane Borough Council Housing Services and its tenants.

However a potential impact of welfare reform on the Business Plan is that the level of financial hardship is likely to increase in the community with greater challenges in collecting rent being experienced and debt levels likely to increase.

The amount of irrecoverable debt might also 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.

## **Right to Buy review and policy on use of additional receipts**

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.

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 is well within the 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 is suggested as the Council's development aspirations grew.

**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** - 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 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 has lost the equivalent of 26 hours of staffing. This reduction has led to significant difficulty in providing sufficient cover to meet demand, and it is proposed to restore staffing levels by the 26 hours lost. The additional cost of this proposal is £15,000.

### **IT Improvement**

Taunton Deane Housing currently uses four business critical software applications. As part of the current transformation, Deane DLO will be replacing its dated software system. This will involve certain changes having to be made to the other three applications. It is anticipated these works will 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, has been falling in recent months and has reduced substantially from 5.6% in September 2011 to 2.6% in September 2012. Therefore it will be prudent to reduce the level of inflation included within the model from 3.5% to 2.5%.

#### **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 £936,000 saving in Year 1. Advice received from the Council's Treasury Management Advisors, Arling Close, is that it would not be advisable to use interest savings at this time to pay off 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 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 has been offset by the reduction in interest received and the overall net saving is £817,000.

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.

The HRA Is likely to generate significant cash surpluses over the long term. It Is 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 Is seen as a more sensible alternative to building excessive balances in the HRA reserve.

It was **recommended** that:-

- (1) The Disabled Facilities Grant and Aids and Adaptations budget be uplifted by 5% for the next ten years pending the outcome of the needs analysis;
- (2) A new improvements budget of £160,000 per year be created which would be used to fund approximately 4 two storey extensions per year;
- (3) Extending the reach of the current Social Housing Development Fund by utilising some of the borrowing headroom towards funding for housing development be explored;
- (4) The Interim Development Policy set out in the report to the Executive be approved;
- (5) Allowance for bad debt in the HRA be increased to 2% for a period of three years from 1 April 2013;
- (6) The additional Right to Buy receipts be ring-fenced and allocated 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) The outlined approach to additional staffing to support the Business Plan objectives and a consequent increase in revenue staffing costs of £55,000 be agreed;
- (8) That it be agreed 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) The principle be agreed 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.

## **(ii) Councillor John Williams**

### **(a) Earmarked Reserves Review**

A review has recently been undertaken of a number of earmarked reserves held by the Council to ensure that the level of each reserve is adequate and that the purpose for which the funds were set aside still apply.

The level of earmarked General Fund reserves as at 31 March 2012 was £7,072,000. This included money set aside for specific revenue purposes, but did not include the £3,336,000 in General Fund balances.

As a result of the review, there are various earmarked reserves, totalling £298,819.52, that are no longer required.

It is **recommended** that:-

- (i) £59,167.44 of surplus earmarked reserves be transferred to the General Fund Reserves in the current financial year; and
- (ii) £239,652.08 of surplus earmarked reserves be transferred to the Housing Revenue Account Reserve in the current financial year.

## **(b) Fees and Charges 2013/2014**

The Executive has given consideration to the proposed fees and charges for 2013/2014 for the following services:-

- Cemeteries and Crematorium – It is intended to increase the main cremation fee by £18 to £608 and make minor increases for other charges within the service. It is estimated that this will generate additional income of £39,600;
- Waste Services – The Somerset Waste Partnership wish to harmonise the charges for garden waste, bulky waste and bin delivery across the County. To do so will require Taunton Deane to make slight increases to the charges for garden waste bins (£42.50 to £45) and bulky waste collection (£36.50 to £38.15). It is anticipated that there will be no increase in income;
- Land Charges – No increase is proposed;
- Housing – It is proposed to increase charges by 2.6% (September Retail Price Index) with two exceptions:-
  - 1) Garage rents for private tenants and owner occupiers to be increased by 5%; and
  - 2) Hire charges for the sheltered scheme meeting halls and guest rooms to be rounded up to the nearest 10p.

This is likely to generate additional income of £60,000 for the Housing Revenue Account;

- Deane Helpline – Helpline fees are proposed to increase also by 2.6% to generate additional income estimated to be £34,000;
- Licensing – Although many of the Licensing fees are set nationally, it is

intended to raise local licensing fees by inflation to generate additional income of £2,500;

- Planning – It is proposed to increase pre-application advice and charges which will generate additional income estimated at £4,000;
- Environmental Health – It is proposed to increase the charges for Pest Control from 1 April 2013;
- Recovery of Court Costs – No increase is proposed; and
- Charging for Housing Act (Improvement and Prohibition) Notices and Immigration Visits – The Somerset West Private Sector Housing Partnership intended to charge for these services which were likely to generate in the region of £2,000 for the Partnership.

The results of previous public consultation events have clearly indicated that the public prefer to see increases in fees and charges, rather than in Council Tax, as a way for the Council to raise income.

Therefore, where possible, fees have been increased to take these views into account. The Corporate Scrutiny Committee also considered this matter at its meeting on 26 November 2012.

It is therefore **recommended** that the fees and charges for 2013/2014 in respect of Cemeteries and Crematorium, Waste Services, Housing, Deane Helpline, Licensing, Planning and Environmental Health and Housing Act Notices/Immigration Visits be agreed.

### **(iii) Councillor Norman Cavill**

#### **(a) Proposed loan to Somerset County Cricket Club to enable development**

At its meeting on 14 November 2012, the Executive considered 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.

This proposed project is the final phase of ground development which would see the removal of the Old Pavilion on the south east side of the ground and replace it with a development incorporating a media centre, a retail outlet, boxes and corporate facilities, covered tiered seating and a roof top viewing area.

SCCC has made its request to the Council for the following reasons:-

- (1) The proposed terms of the loan will be much more attractive than could be achieved through bank funding;

- (2) The England and Wales Cricket Board has recently approved the move of the County Ground to international status, but this has to be achieved within a three year period or the approval will be withdrawn; and
- (3) The benefits of staging international cricket are considerable in contributing to the economic regeneration of Taunton and SCCC believes that Council loan support would enable the Club to stage international matches within a five year period.

It is within the power of the Council to offer the type of loan sought provided there is no cost to the local taxpayer. Making such a loan for capital purposes would be treated as capital expenditure and the repayment of the loan principal would be treated as capital receipts.

The type of loan recommended is the Equal Instalments of Principal (EIP) type where repayments would be the same amount of principal each year plus interest on a reducing balance.

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.

The Executive noted that the capital expenditure incurred by the Council in making the loan would be funded by "internal" borrowing. Prudent provision would therefore need to be made to repay the borrowing under the Minimum Revenue Provision regulations.

The loan would be secured by a legal charge over the property owned by the SCCC.

**Recommended** that the principle of a 15 year £1,000,000 loan to the Somerset County Cricket Club to enable further improvements towards the County Ground becoming a venue for international matches be approved, 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 safeguards the Council's financial position.

## **(b) Taunton Deane Business Investment Fund**

The Council has an ambitious, yet realistic strategy of growth for Taunton Deane. One important element of this strategy is that by 2027 the district will sustain an additional 11,900 jobs.

The Council has a key role to play in supporting and enabling the private sector to deliver the largest part of this strategy and has put in place economic development and regeneration services to strengthen links with businesses, to promote the area as a business investment location, and to make investment as straight forward and attractive as possible.



The environment to attract mobile investment is competitive, as most Councils carry out marketing activities, sometimes enhanced by specific inward investment incentives. Taunton Deane is competing, therefore, with other areas that may be better positioned to meet the requirements of businesses.

The Council already operates a Small Business Grant for start up businesses in Taunton Deane and also assists rural Post Offices and retailers through financial support and assistance. The Council also funds loan finance to businesses through the Fredericks Foundation.

However, the Council has recently been approached by a business that is currently looking to invest in Wellington, which would result in the creation of around 200 jobs. It has asked the Council for a financial contribution towards its investment.

Furthermore, there are two existing businesses, also in Wellington, that urgently require new premises to enable them to expand and create jobs. Without financial assistance neither will be able to invest, and both may leave Taunton Deane.

To enable such assistance to be provided, the Council is requested to identify a fund to encourage and facilitate local job creation. The amount of that fund would be £300,000, which would be taken on a one off basis. The fund would support an Investment Grant scheme, payable to businesses.

The Investment Grant would be tied directly to job creation and businesses would be required to demonstrate that the jobs funded are entirely new positions. The grant would be offered at the level of £1,000 per FTE new job created, up to a ceiling of £100,000 for any one business. It is proposed also to put a minimum size on the application and to support a minimum of 10 jobs in any one submission. Applications to the Fund would be limited to one per business per year.

The Investment Grant would be open to businesses in all sectors and throughout Taunton Deane and applicants would have to demonstrate that the following conditions have been met:-

- The Council's Grant is matched in at least equal part by the business's own financial contribution;
- The Council's grant is directly related to the creation of new jobs within the company. Those jobs must be based in Taunton Deane and be offered on the basis that they are permanent positions. If jobs disappear within a two year period the Council will retain the right to reclaim the money;
- The Council's financial contribution does not breach EU State Aid Rules; and
- Projects to be supported are ready to proceed within an agreed maximum period.

The Council's grant support would lead to the direct creation of a defined number of jobs, which can be valued based on the earnings of each job created. The average annual salary for a full time employee in Taunton Deane is £22,318. If the grant leads to the creation of one job per £1,000 grant, the £300,000 fund would directly generate £6,695,400 of new earnings.

Currently insufficient financial incentives exist to support businesses to invest into or expand in Taunton Deane. An Investment Fund, with an Investment Grant, would

significantly enhance the Council's offer, and would enable it to put real money into its stated growth strategy to attract new businesses and to support growth amongst local, existing businesses.

As Members will have seen from the edition of the Weekly Bulletin issued on 6 December 2012, I am supporting this proposal and therefore **recommend** that:-

- (1) The sum of £300,000 be allocated from within the existing 2012/2013 Budget to a Business Investment Fund, which will encourage investment in Taunton Deane and will directly lead to job creation in the district; and
- (2) Authority to approve individual grant applications be delegated to the Executive Portfolio holder for Economic Development and Regeneration in conjunction with the relevant Director and Section 151 Officer.

### **(c) Castle Green, Taunton Completion Works**

The initial works at Castle Green, Taunton are now almost finished. Only the correction of a small number of agreed defects and the installation of a ramp to the grassed area remain to be completed. These works will be undertaken by Christmas.

The scheme agreed by Members and for which planning permission and Scheduled Ancient Monument consent has been obtained also includes:-

- Closure of Castle Way to all vehicles;
- Resurfacing of Castle Way in the same materials as the rest of Castle Green;
- Relocation of the bus stops from Castle Way to Corporation Street;
- Installation of new planter beds on both sides of Castle Way;
- Installation of a turning head at the junction of Castle Green and Castle Way; and
- Reprioritisation and re-marking of the junction of Tower Street and Castle Street.

The cost of completing the agreed scheme is £340,000. This is £200,000 more than the remaining approved budget.

The reasons for this are:-

- (i) £64,000 of additional costs relating to the initial works as a result of delays in laying the stone setts due to the extreme wet weather during late spring and early summer;
- (ii) £64,000 of additional costs relating to the initial works as a result of archaeological excavations, investigation and recording (the site is a Scheduled Ancient Monument);
- (iii) £50,000 of additional costs relating to the completion works as a result of the delays in agreeing a satisfactory scheme to relocate the bus stops with the County Council; and

(iv) £22,000 of additional costs for new bus shelters as the positioning of these is now expected to be adjacent to the Old Municipal Buildings listed building and therefore must be in keeping.

£50,000 of savings have been identified which reduce the budgetary shortfall to £150,000.

There remains £275,000 of Growth Points capital reserve currently unallocated and it is recommended that £150,000 of this be used to complete the scheme.

The high level programme for completing the works is:-

- All off site works (relocation of bus stops) by 30 April, 2013; and
- All on site works by 30 June, 2013.

It is **recommended** that a further £150,000 of Growth Points capital funding be transferred to the Council's Capital Programme in respect of the completion works for Castle Green, Taunton.

## **(iv) Councillor Mrs Vivienne Stock-Williams**

### **(a) Local Council Tax Support Scheme for Taunton Deane**

The Executive has now considered the proposed introduction of a Local Council Tax Support Scheme for Taunton Deane to replace the current national Council Tax Benefit (CTB) scheme.

The Welfare Reform Act 2012 provides for the abolition of Council Tax Benefit, to take effect from 1 April 2013 and each Council Tax Billing Authority to have its own, locally set, Council Tax Support Scheme, effective from the same date.

Although the Council has discretion concerning the rules of the local scheme as far as they affect people of working age, the Government intended to prescribe rules for pensioners which did not permit a reduction in expenditure for people of pension age.

Taunton Deane has 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 is no realistic possibility of designing a new local scheme entirely from scratch for Year 1.

In common with their Somerset counterparts, Taunton Deane proposes to base the local CT scheme in Year 1 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.

A number of features of the current scheme have 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 have also been considered collectively to see if they would potentially be suitable to all Somerset authorities.

From those discussions, the key changes which are 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).

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 until 5 October 2012.

A total of 113 responses to Taunton Deane's consultation were received. Across Somerset as a whole a total of 3,508 responses were made to the consultation of whom 59% were respondents in receipt of CTB.

Details of the responses received in respect of the proposals are 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 proposes to increase the expected contributions to the Council Tax bill made by other adult members of the household.

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

<b>Non-dependant Deductions for Council Tax Benefit</b>	<b>Apr-12 (pw)</b>	<b>Proposed (pw)</b>
Receiving IS, JSA(IB), or ESA(IR) or Pension Credits.	Nil	£4.80
<b>Aged 18 or over and in remunerative work</b>		
- <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
<b>Others aged 18 or over</b>	<b>£3.30</b>	<b>£5.80</b>

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 is felt that there are likely to be cases of exceptional hardship arising from the Government's decision to move away from a national benefit scheme. To address these cases, it was proposed to create a discretionary hardship fund, financed from Council Tax receipts, to provide short-term additional support for vulnerable working-age citizens.

The Government has advised that, from 1 April 2013, Discretionary Housing Payments cannot be used to provide assistance with Council Tax. Consequently, if a discretionary Council Tax Assistance Scheme is introduced it will be necessary to have an approved policy in place for its operation. Details of this policy were set out in the report considered by the Executive.

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 currently receiving 100% CTB) would have to pay at least the figures shown in the tables below:-

Band	Single Claimant		
	Annual Council Tax (after sole occupier disc)	Minimum Proposed Annual Contribution	Minimum Weekly Contribution
<b>A</b>	£703.69	£140.74	£2.71
<b>B</b>	£820.96	£164.19	£3.16
<b>C</b>	£938.25	£187.65	£3.61

<b>D</b>	£1,055.52	£211.10	£4.06
<b>E</b>	£1,290.08	£258.02	£4.96
<b>F</b>	£1,524.64	£304.93	£5.86
<b>G</b>	£1,759.21	£351.84	£6.77
<b>H</b>	£2,111.04	£422.21	£8.12

<b>Band</b>	<b>Claimant Couple</b>		
	<b>Annual Council Tax</b>	<b>Min Annual Contribution</b>	<b>Min Weekly Contribution</b>
<b>A</b>	£938.25	£187.65	£3.61
<b>B</b>	£1,094.61	£218.92	£4.21
<b>C</b>	£1,251.00	£250.20	£4.81
<b>D</b>	£1,407.36	£281.47	£5.41
<b>E</b>	£1,720.11	£344.02	£6.62
<b>F</b>	£2,032.85	£406.57	£7.82
<b>G</b>	£2,345.61	£469.12	£9.02
<b>H</b>	£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.

Child maintenance received would now 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 is too high to receive Council Tax Benefit is able to receive a reduction of up to 25% if they have other adult(s) on a low income in their household. 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 is proposed to significantly increase 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 are 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.

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 although some respondents have highlighted that the proposals are likely to have an appreciable adverse impact on their particular household finances.

A copy of the full, proposed Council Tax Support Scheme together with a copy of the Equality Impact Assessment that had been undertaken has been circulated to all Members of the Council to increase understanding of the issues prior to a decision being taken by Full Council.

It is **recommended** that subject to the Government making the necessary regulations:-

- (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 to the Executive be adopted; 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 be also adopted.

## **(b) Council Tax Charges – Empty Properties and Second Homes**

Consideration was given by the Executive at its last meeting to the Government's proposal to allow Councils 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.

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 are summarised below:-'

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

During 2011/2012 the Council awarded £106,000 in Class A exemptions in respect of 204 properties. It is 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 allows the minimum statutory discount (10%) for properties which have 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 for between six and 24 months. 33 properties which have been empty for more than two years were awarded discount amounting to £1,600.

Under the new regulations, 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%.

These new flexibilities are likely to encourage the owners of properties, which had been left unoccupied for more than six months, to bring the properties back into use.

(iii) **Class 'C' exemption** (Unoccupied and unfurnished properties, empty for less than six months) – This exemption is mainly granted for the following three reasons:-

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

During 2011/2012 the Council awarded £897,000 in Class C exemptions in respect of 5,377 short term empty properties.

It is proposed to abolish this exemption. Instead billing authorities will be given the discretion to award a discount between 0% and 100% for all, or part, of this six month period.

In looking at a reasonable treatment of empty domestic properties in the future, the arrangements which were currently in place for business properties were taken into account by the Executive. Generally, no charge was made for the first three months that a property is empty. Thereafter a 100% charge is made. It is considered that there is merit in treating the two types of property in the same way.



Based upon 2011/2012 figures it is 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.

In the circumstances, it is **recommended** that subject to the Government making the necessary regulations, the following changes to Council Tax charges be introduced from 1 April 2013:-

- (i) To 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) To 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) To remove the 10% discount on second homes; and
- (iv) To 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.

## **(c) Revenues and Benefits Service Feasibility Service**

The Executive has recently considered the feasibility of bringing the Revenues and Benefits service back in-house in response to the forthcoming changes which are likely through the Government's proposals for Welfare Reform and the localisation of Business Rates.

The Government is currently implementing significant changes for Benefits and Local Taxation which include:-

- introducing a new local Council Tax Support Scheme from April 2013 (to replace Council Tax Benefit);
- no longer considering new Housing Benefit claims from working age people. Such claims would be taken on by the Department of Work and Pensions under Universal Credit;
- from early 2014 the phased migration of existing Housing Benefit claims from working age people;
- from Autumn 2014 the phased take on of housing support under Pension Credit for those of pensionable age;

- greater local flexibility for Council Tax discounts and exemptions; and
- partial localisation of Business Rates.

These changes will take place over the next four years during which it is anticipated there will be significant changes in workload for the Revenues and Benefits service coupled with an overall cut in the Government grant that is received to administer benefits.

It is clear these legislative changes will require the Council to make significant changes to the Revenues and Benefits service and consequently to the contractual arrangements that exist with Southwest One for providing these services.

Three key objectives for the Council as to how the legislative changes in the Revenues and Benefits service should be carried out have been identified. These are:-

- i) To minimise the cost to the Authority and the impact on customers of implementing the changes to the Benefits and Local Taxation Regulations;
- ii) To maximise the Council's flexibility to manage the Revenues and Benefits service resources through the period of significant change; and
- iii) Look to reduce the costs to the Council of delivering the Revenues and Benefits service.

There are two broad options for accommodating these changes within the contract with Southwest One which have been tested against these objectives. These are:-

Option 1 - Changing the pricing model within the contract to provide a pricing structure that could keep pace with a rapidly changing environment and varying workloads, while ensuring the Council maintains service delivery; or

Option 2 - Return the Revenues and Benefits service to in-house service provision through the service termination provisions built into the contract.

Both options have been discussed with Southwest One and it has been agreed that Option 2 would be the most effective solution to allow Taunton Deane to meet the objectives outlined above.

As a result, a detailed study into the feasibility of bringing the service back in-house has been undertaken which has concluded that it would be feasible to:-

- make this change from a financial perspective and to do so will not be prejudicial to the Council's overall budget position; and
- terminate the Revenues and Benefits service within the terms of the contract and to amend the contract to reflect this change.

There are currently 39 Taunton Deane staff seconded to the Revenues and Benefits service within Southwest One. If it is decided to terminate the service, these staff will

de-second in accordance with the terms of the Staffing Agreement. They will lose their right to 'assured employment' at the point that their secondments ends.

In addition Southwest One currently employs nine 'direct-hire' staff within Revenues and Benefits. The TUPE Regulations 2006 will apply to direct-hire staff in the service at the point of transfer.

Any termination of the service will be a significant change for staff and a formal consultation exercise has therefore been conducted with the potentially affected staff and the union UNISON and their views were considered by the Executive.

If the decision to proceed is taken, the next steps will be:-

- to finalise and agree the contract and financial changes with Southwest One; and
- to draft and jointly implement with Southwest One an exit plan which would include a detailed change and transition plan to support staff through the transfer process.

A provisional high level timetable for exit has been produced aimed at bringing the service back in-house from 1 April 2013.

This issue was considered by the Corporate Scrutiny Committee on 26 November 2012 when the findings of the feasibility study were supported.

It is **recommended** that:-

- (i) The termination of the Revenues and Benefits element of the Southwest One contract be approved in principle; and
- (ii) Authority be delegated to the Group Leaders, Chief Executive, Section 151 Officer, the Solicitor to the Council and the Corporate and Client Services Manager to decide when to issue the formal termination notice for the Revenues and Benefits service once agreement had been reached with Southwest One regarding the financial and contractual changes required to the contract.

## **(v) Councillor Mrs Catherine Herbert**

### **Refurbishment of Station Road Pool and Sport England Bid**

The proposal for the refurbishment of the Station Road Pool in Taunton has previously been presented to Members as part of the overall Pools Provision Project.

The findings of the Swimming Task and Finish Review along with the further feasibility work of the Pools Provision Project has identified that the required Capital investment needed to ensure that Station Road Pool continues to remain attractive to users is in the order of £1,200,000

It has also been identified that to ensure the delivery of sufficient swimming provision and preserve the existing water space already available will requires the combination of the delivery of a new pool and the refurbishment of Station Road Pool.

Proposals for funding the capital investment required for Station Road Pool could come from several sources including:-

- The ring fenced Leisure Maintenance Reserve;
- External Funding;
- Borrowing;
- The Capital Receipt from the sale of the St James Street Pool site; and
- The Community Infrastructure Levy

As well as these possible sources, an opportunity for the Council to apply to the Sport England Improvement Fund for funding of up to £500,000 specifically for improvements to swimming pool changing rooms, became available earlier in the year.

A two stage application was made to Sport England during September 2012 and at the end of October 2012 the Council was informed that it had been selected for the final application stage.

The final stage bid is driven by a short timescale set by Sport England as follows:-

- Submission of the final and third stage application      By 18 January 2013;
- Results of our application      31 March 2013;
- Work required to begin      November 2013;
- Works to be completed      April 2014.

In order to ensure the Council does not miss out on this funding opportunity, the Station Road Pool refurbishment has been separated from the overall Pools Provision to gain Member support that will enable us to meet the above timescale.

One of the key criteria to satisfy eligibility to receive the funding is a confirmed commitment from the Council to provide funding to meet the remainder of the overall £1,200,000 refurbishment project.

If the bid is successful, Sport England has requested a charge be put on the Council's title of the Station Road Pool for a period of 21 years. A restriction could be put onto the land and will be linked to a funding agreement which will contain conditions of any disposal.

The total refurbishment and modernisation programme for the swimming pool includes the changing rooms, reception area, upgrade of pool plant and improvements to the pool hall area.

If successful, the Sport England Funding will be dedicated to improving the changing rooms, changing room plant and the reception area.

The £700,000 to be provided by the Council will fund the upgrade of pool plant equipment, refurbishment of the pool hall and pool disinfectant system.

The Section 151 Officer has recommended that the Council's funding should be derived from unallocated capital receipts.

This is considered to be a unique opportunity for the Council to obtain significant funding tailor made for the pressing maintenance issues facing Station Road Pool. It will enhance the customer facing experience by providing facilities that match modern day expectations and support the Councils desire to provide adequate swimming facilities meeting the needs of the Community and supporting increasing participation in healthy activity.

The Corporate Scrutiny Committee considered this issue at its meeting on 29 November 2012 and fully supported the provision of funding by Taunton Deane to fulfil the criteria set by Sport England.

As Members will have seen from the edition of the Weekly Bulletin issued on 6 December 2012, I am also supporting the allocation of funding and therefore **recommend** that:-

- (1) The Council's bid for Sport England Improvement funding of up to £500,000 towards the Station Road Swimming Pool Refurbishment Project be supported; and
- (2) The proposed contribution of £770,000 from Taunton Deane's unallocated capital receipts be also supported.

#### **(vi) Councillor Mark Edwards**

### **Orchard Multi-Storey Car Park, Taunton – Structural Survey and Lifts**

The Executive has recently considered the findings and recommendations of specialist investigations into the condition of the Orchard Multi-Storey Car Park structure and its integral lifts.

Although the structure has performed well over the past 40 years and is not in danger of failing, there are repairs and protective measures which need to be carried out to prevent further deterioration and to provide a parking environment that is both safe and attractive to motorists. The works fell into three categories:-

<b>Capital</b>	
Structural repair work required within 12 months	£27,500
Preventative maintenance work required within five years (to give a life beyond 10 years)	£705,000
<b>Revenue</b>	
Minor repairs and redecorations	£25,000

The three passenger lifts within the car park were of a similar age and breakdowns were not an irregular occurrence, leading to public frustration and complaint. The lift maintenance contractor has estimated that it is likely to cost an additional £180,000 to fully refurbish them.

The Capital Estimate provision for works to the Orchard Multi-Storey Car Park is currently £245,000.

Following detailed discussion the Executive agreed that the current available Capital finance should be used on replacing all three lifts as a matter of priority.

The Executive also considered that the Capital resources amounting to £164,000 which remained unallocated after the Budget Setting Full Council meeting in February 2012 should now be allocated towards the other works needed at the Orchard Multi-Storey Car Park.

The Executive also agreed that the shortfall of funding required to complete all the works to the car park should be accumulated from Revenue Contributions to Capital Outlay over the next four years.

In the circumstances, it is **recommended** that the identified structural and preventative maintenance works to the Orchard Multi-Storey Car Park be included in the future Capital Programme – funded by the £164,000 of unallocated Capital resources and a four years Revenue Contribution to Capital Outlay (RCCO) of £125,750 (to be agreed as part of the Budget Setting for the 2013/2014 Financial Year).