

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 Barraah (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.)