

Public Document Pack



Committee: Budget Planning Committee
Date: Tuesday 8 September 2015
Time: 6.30 pm
Venue: Bodicote House, Bodicote, Banbury, OX15 4AA

Membership

Councillor Nicholas Mawer (Chairman)	Councillor Nigel Randall (Vice-Chairman)
Councillor Ken Atack	Councillor Colin Clarke
Councillor Ian Corkin	Councillor Carmen Griffiths
Councillor Russell Hurle	Councillor Mike Kerford-Byrnes
Councillor Barry Richards	Councillor Douglas Webb
Councillor Barry Wood	Councillor Sean Woodcock

AGENDA

1. Apologies for Absence and Notification of Substitute Members

2. Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

3. Urgent Business

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

4. Minutes (Pages 1 - 4)

To confirm as a correct record the minutes of the meeting held on 28 July 2015.

5. Chairman's Announcements

To receive communications from the Chairman.

6. Review of Capital Slippage 2015/16 (Pages 5 - 12)

Report of Head of Finance and Procurement.

Purpose of Report

To review the capital budgets slipped into 2015/16 and compare against spend at Quarter 1.

Recommendations

The meeting is recommended to:

- 1.1 To note the contents of the report.

7. Council Tax Reduction Scheme 2016-2017 (Pages 13 - 18)

Report of the Head of Finance and Procurement.

Purpose of Report

To provide members with an update on the implications of the current Council Tax Reduction Scheme and to provide options for a scheme to consult upon for 2016-2017.

Recommendations

The meeting is recommended to:

- 1.1 To note the contents of the report and any financial implications for the Council.
- 1.2 To recommend to Executive which option(s) should be considered for the Council Tax Reduction Scheme for 2016-2017 so that consultation may be undertaken.

8. Council Tax - Empty Homes Premium (Pages 19 - 22)

Report of Head of Finance and Procurement

Purpose of Report

To consider a proposal from Executive that from 1 April 2016, an Empty Homes Premium of 50% be applied for properties that have remained empty for over two years.

Recommendations

The meeting is recommended:

- 1.1 To consider and comment on the Executive proposal to Council that an Empty Homes Premium of 50% be introduced from 1 April 2016 for properties that have been empty for over two years.

9. Budget Planning Committee Work Programme 2015/16 (Pages 23 - 24)

To review the Committee Work Plan.

10. Exclusion of the Press and Public

The following report contains exempt information as defined in the following paragraphs of Part 1, Schedule 12A of Local Government Act 1972.

3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Members are reminded that whilst the following item has been marked as exempt, it is for the meeting to decide whether or not to consider it in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.

Should Members decide not to make a decision in public, they are recommended to pass the following recommendation:

“That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the ground that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part 1, Paragraph 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

11. Medium Term Revenue Plan (Pages 25 - 30)

Exempt Report of the Director of Resources.

Councillors are requested to collect any post from their pigeon hole in the Members Room at the end of the meeting.

Information about this Meeting

Apologies for Absence

Apologies for absence should be notified to democracy@cherwell-dc.gov.uk or 01295 221591 prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item.

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

Evacuation Procedure

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the car park as directed by Democratic Services staff and await further instructions.

Access to Meetings

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named below, giving as much notice as possible before the meeting.

Mobile Phones

Please ensure that any device is switched to silent operation or switched off.

Queries Regarding this Agenda

Please contact Lesley Farrell, Democratic and Elections
lesley.farrell@cherwellandsouthnorthants.gov.uk, 01295 221591

Sue Smith
Chief Executive

Published on Friday 28 August 2015

Agenda Item 4

Cherwell District Council

Budget Planning Committee

Minutes of a meeting of the Budget Planning Committee held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 28 July 2015 at 6.30 pm

Present: Councillor Nigel Randall (Vice-Chairman, in the Chair)

Councillor Ian Corkin
Councillor Russell Hurle
Councillor Mike Kerford-Byrnes
Councillor Barry Richards
Councillor Barry Wood
Councillor Sean Woodcock

Apologies for absence: Councillor Nicholas Mawer
Councillor Ken Atack
Councillor Colin Clarke
Councillor Carmen Griffiths
Councillor Douglas Webb

Officers: Martin Henry, Director of Resources / Section 151 Officer
Mandy Anderson, Financial Analyst
Joanne Kaye, Service Accountant - Community & Environment Directorate
Natasha Clark, Team Leader, Democratic and Elections
Lesley Farrell, Assistant Democratic and Elections Officer

3 **Declarations of Interest**

There were no declarations of interest.

4 **Urgent Business**

There were no items of urgent business.

5 **Minutes**

The Minutes of the meetings of the Committee held on 17 February 2015 and 19 May 2015 were confirmed as a correct record and signed by the Chairman.

6 **Chairman's Announcements**

There were no Chairman's Announcements.

7 **Quarter 1 2015-16 - Revenue and Capital Budget Monitoring Report**

The Committee considered a report of the Director of Resources which detailed Revenue and Capital Budget Monitoring for Quarter 1 of 2015-2016.

In considering the report, Members commented on the cost of Consultancy, the Director of Resources explained that consultants were brought in where there was either a lack of capacity or lack of expertise within the organisation and there was an identified budget. The Committee requested that a report be submitted to a future meeting with more detail regarding consultancy expenditure and requirements.

In response to Members' comments regards the large increase in Housing Benefit payments, the Director of Resources explained that cash flow profiling for housing benefit was difficult to forecast. Whilst CDC does get reimbursed by the Department for Work and Pensions, the council does have to pay these initially and may not always have adequate funds to do so.

Given the complexity of the subject, the Committee agreed that an all member briefing be arranged to include the process, how they are claimed and paid and the drivers of the cost.

With regards to retail income, in particular at Castle Quay which was assumed to be significantly down, the Committee noted that Portas funding received by the council, had been used to pay for two Town Centre Managers and suggested that the occupancy of outlets in Castle Quay should be given higher priority than high street units, as greater occupancy of Castle Quay would be of more financial benefit to the council.

Resolved

- (1) That the projected revenue and capital position at June 2015 be noted.
- (2) That officers be requested to submit a report on the council's use of consultancy, including expenditure and requirements, to a future meeting
- (3) That officers be requested to arrange an all Member briefing on Housing Benefits

8 **2015-2016 Business Rates Quarterly Monitoring Report**

The Director of Resources submitted and presented a report which provided members of the Budget Planning Committee with an update on the business rates position as at the end of Quarter 1 of the 2015-2016 financial year.

The Committee was advised that business rates were higher than anticipated and by year end, income should be higher than budgeted for. The Business Support Unit had been set up to maximise income from business rates and also to explore other avenues of possible income.

In response to questions from the Committee regarding changes to council tax banding, for example when there had been an extension to a property or a house converted into flats, the Director of Resources agreed to circulate a response to Members outside of the meeting.

Resolved

- (1) That the contents of the report be noted.

9 **Medium Term Revenue Plan**

The Director of Resources submitted a report which provided an update on the Council's Medium Term Revenue Plan.

The purpose of the report was to set out the current medium term financial forecast as a base position to then build on and update at each meeting.

Resolved

- (1) That the contents of the report be noted.

10 **Review of Committee Work Programme 2015-2016**

The Director of Resources and Vice-Chairman gave a verbal update on the Committee Work Programme. They had been in discussions with the Chairman and the work programme would be circulated when finalised.

Resolved

- (1) That the verbal update be noted.

The meeting ended at 7.45 pm

Chairman:

Date:

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Cherwell District Council

Budget Planning Committee

8 September 2015

Review of Capital Slippage 2015/16

Report of Head of Finance and Procurement

This report is public

Purpose of report

To review the capital budgets slipped into 2015/16 and compare against spend at Quarter 1.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report.

2.0 Introduction

2.1 This Committee has the responsibility for monitoring revenue and capital expenditure but does not have the responsibility for approving carry forwards and capital slippage. This is delegated by Full Council to the Accounts, Audit and Risk Committee.

2.2 In the light of the level of capital slippage for 2015/16 members of this Committee requested to review the detailed schemes and budgets that had slipped. This was in the context of future capital bids to be received for 2016/17.

3.0 Capital Slippage 2015/16

3.1 The level of slippage by scheme is set out at Appendix A. The table shows the Current Budget by scheme for 2015/16 with the slippage separated. The report also shows expenditure at Quarter 1.

3.2 The table does highlight a relatively high level of slippage compared to the overall budget, although the two largest items South West Bicester Sports Village (£1.3m) and Bicester Community Building (£2.9m) we're slipped very early in the last financial year, when issues were identified with those schemes.

3.3 There is also a relatively low level of spend in the first quarter, which is not uncommon and this is expected to increase before the end of the 2nd Quarter. The monitoring for Quarter 2 should give a much better picture of progress against those slipped schemes.

4.0 Conclusion and Reasons for Recommendations

4.1 Members are requested to note the content of this report.

5.0 Consultation

There is a requirement to consult on the draft capital budget and this consultation will take place as part of the budget setting process.

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To not note the report but members will not be aware of the capital slippage position if they choose to take this option.

7.0 Implications

Financial and Resource Implications

7.1 There are no direct financial implications from this report.

Comments checked by:
Martin Henry, Director of Resources,
martin.henry@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2 There are no direct legal implications from this report.

Comments checked by:
Kevin Lane, Head of Law and Governance
kevin.lane@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

This links to the Council's priority of Sound Budgets and a Customer Focussed Council.

Lead Councillor

Councillor Ken Atack, Lead Member for Financial Management.

Document Information

Appendix No	Title
Appendix A	CDC Capital Slippage and Spend to Date 2015/16
Background Papers	
None	
Report Author	Paul Sutton Head of Finance and Procurement
Contact Information	Paul Sutton: 0300 003 0106 paul.sutton@cherwellandsouthnorthants.gov.uk

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CDC CAPITAL SLIPPAGE AND SPEND TO DATE 2015/16

CODE	DESCRIPTION	BUDGET	SLIPPAGE	CURRENT BUDGET	SPEND TO DATE
		£000	£000	£000	£000
CECS001	Biomass Heating for Bicester Leisure Centre	0	86	86	0
CECS002	Cooper Sports Hall Roof	0	100	100	0
CECS004	Customer Self-Service Portal and CRM Solution	25	55	80	0
CECS007	The Hill Youth & Community Centre	400		400	0
CECS008	Bicester Sports Village	790		790	0
EACC003	Community Centre Refurbishments	0	84	84	0
EACC008	CCTV IP Transmission	0		0	0
EACC009	Solar Photovoltaics at Sports Centre	0	80	80	0
EACH004	Village Hall, Recreation Play Grants	0	7	7	0
EACH006	Football Development Plan in Banbury	0	20	20	0
EACH017	North Oxfordshire Academy Astro turf	0	150	150	0
EACH021	South West Bicester Sports Village	0	1,271	1,271	82
EACH022	Athletics Track Refurbishment - North Oxfordshire	0	7	7	0
EACH023	Stratfield Brake Repair Works	0	22	22	0
EACH024	KGSC ATP Replacement	0	20	20	0
EACU012	Car Park Refurbishments	0	28	28	3
EACU013	Implementing Vehicle Parks Proposals	0	17	17	0
SCMP001	Sports Centre Modernisation Programme	0	118	118	0
Community Services Total		1,215	2,065	3,280	85
CEES001	Energy Efficiency Projects	0	31	31	0
CEES002	Glass Bank Recycling Scheme	15	9	24	0
CEES003	Recycling Bank Scheme	0	21	21	10
CEES004	Workshop Brake Rollers	32		32	0
CEES005	Public Conveniences	25		25	0
EACU002	Off Road Parking Facilities	0	18	18	0
EACU011	Urban Centres Improvements	0	15	15	0
EACE005	Vehicle Replacement Programme	558	17	575	17
EACE009	Fleet Management System	0	1	1	0
Environmental Services Total		630	112	742	27
Community & Environment Total		1,845	2,177	4,022	112

CODE	DESCRIPTION	BUDGET	SLIPPAGE	CURRENT BUDGET	SPEND TO DATE
ICTN002	Standardisation	0		0	(1)
ICTS016	Microsoft Licensing Agreement	110		110	0
ICTS018	Thin Client Extention	0	9	9	0
ICTS027	Core Business System Integration	0	24	24	0
ICTS028	Corporate Bookings System	0	8	8	0
ICTS029	Extended Contract for Website Hosting	0	40	40	0
ICTS036	Visualifies Upgrade	16	16	32	0
ICTS037	Server Replacement 1314	0	3	3	0
ICTS038	Financial System Upgrade	0		0	71
ICTS039	CDC&SNC Cust Servs Desktop	0	9	9	0
ICTS040	GCSX Secured Area - Wall Garden - PNC Compliance	0	20	20	0
ICTS041	San Storage Renewal (IT hardware)	0	9	9	0
ICTS042	Server Replacement Programme (IT hardware)	0	30	30	0
ICTS043	ESXI PROD 2 - capacity forward planning (IT hardwa	0	15	15	0
ICTS044	Lync 2013 (professional fees, equipment, IT hardwa	0	9	9	(22)
ICTS045	Desktop PC Replacement	0	15	15	0
ICTS046	Netback Up Upgrade	0	24	24	0
ICTS047	ISCSI Traffic Separation (IT hardware)	0	4	4	0
ICTS048	Modular Development of CSM - Cherwell Helpdesk Sof	0	25	25	0
ICTS049	Security Logging Software	0	25	25	0
ICTS050	Hyper V Environment (IT hardware)	0	14	14	0
ICTS051	Aerial Imagery Update (professional fees)	0		0	(5)
ICTS052	Citrix - Expansion to Support Agile Working	0	20	20	0
ICTS053	VMware Virtual Centre Site Recovery Manager (disas	0	35	35	0
ICTS054	Sharepoint - Joint Bid with SNC (split 50:50)	0	35	35	0
ICTS055	Planning and Building Control replacement of ICLIP	35	84	119	0
ICTS056	3 way BACS & Payment Systems	35		35	11
ICTS057	5 Year Rolling HW / SW Replacement Prog	50		50	2
ICTS058	Business Systems Harmonisation Programme	40		40	0
ICTS059	Audio Visual equipment replacement	0		0	1
Transformation Total		286	473	759	57
CSRF006	Resourcelink Implementation	0		0	0
RSFP001	HR / Payroll System replacement	38		38	0
Finance & Procurement Total		38	0	38	0
LGEL001	Elections Polling Booths and Count Tables	0		0	3
Law & Governance Total		0	0	0	3
Resources Total		324	473	797	60

CODE	DESCRIPTION	BUDGET	SLIPPAGE	CURRENT BUDGET	SPEND TO DATE
DVRH003	Build Programme	3,843		3,843	2,056
DVRH006	Disabled Access Audit	0	15	15	0
DVRH009	23&24 Thorpe Place Roof Lights	0	4	4	(3)
DVRH010	Condition Survey Works	0	472	472	73
DVRH011	Replacement AC to Main Chamber Bodicote	0		0	(3)
DVRH012	Highfield Depot Redev of Office & Welfare Facilities	0		0	(1)
DVRH014	Replacement Air Con Banbury Museum	0		0	(1)
DVRH015	Bradley Arcade Roof Repairs	0	120	120	1
DVRH016	DPS Access Audit	0	20	20	0
DVRH017	Empty Homes and Work-in-default (recoverable) Enfo	0	100	100	0
DVRH018	18 & 19 Thorpe Place - Replacement Roof Lights	0	1	1	0
DVRH019	Upgrade to Uninterrupted Power Supply & Back up Sy	50	288	338	0
DVRH020	Improvements to Amenities to Orchard Way Shops	0	25	25	0
DVRH022	Woodgreen - Condition Survey Works	30		30	0
DVRH023	Banbury Museum - Emergency Lighting Replacement	30		30	0
DVRH024	Orchard Way Shopping Arcade - front service area a	300		300	0
DVRH025	Units 21 & 23 Thorpe Place - Replacement of Roof L	30		30	0
DVRH026	Bodicote House - Access Control System	35		35	0
DVSP001	Environmental Improvements Grimsbury	0	250	250	0
PHEE003	Bicester Cattle Market Car Park Phase 2	0	90	90	0
PHEE019	Old Bodicote House	0	124	124	29
PHEE020	Bicester Town Centre Redevelopment	0	176	176	5
PHEE021	Highfield Depot Repairs	0		0	0
PHEE023	Kidlington High Street Pedestrianisation	0		0	8
PHEH005	Disabled Facilities Grants	832		832	29
PHEH015	Discretionary Grants for Domestic Properties - Es	275	136	411	12
PHEH022	Banbury Foyer & Banbury Youth Hub	0		0	(58)
PHEH029	Discretionary House Condition Grants	0		0	10
Regeneration & Housing Total		5,425	1,821	7,246	2,157
Development Total		5,425	1,821	7,246	2,157
PHEH001	Eco Town - Energy Saving Scheme	0		0	0
DVRH013	Bicester Community Building	0	2,886	2,886	842
Bicester Regeneration Projects Total		0	2,886	2,886	842
Capital Total		7,594	7,357	14,951	3,171

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Cherwell District Council

Budget Planning Committee

8 September 2015

Council Tax Reduction Scheme 2016-2017

Report of the Head of Finance and Procurement

This report is public

Purpose of report

To provide members with an update on the implications of the current Council Tax Reduction Scheme and to provide options for a scheme to consult upon for 2016-2017.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report and any financial implications for the Council.
- 1.2 To recommend to Executive which option(s) should be considered for the Council Tax Reduction Scheme for 2016-2017 so that consultation may be undertaken.

2.0 Introduction

- 2.1 Council Tax Benefit was abolished on 31 March 2013. Since 1 April 2013 local authorities have had to operate local schemes for Council Tax Reduction to support Council Tax payers. These schemes have to be reviewed and approved by members annually.
- 2.2 The scheme for pension age claimants is set nationally and Cherwell has no discretion in this matter. However, Cherwell District Council is free, subject to some nationally prescribed rules around eligibility, to design its own scheme for working age claimants.
- 2.3 For 2013-14 the government also offered a transitional grant to those authorities whose schemes met certain criteria. The key criterion was that the maximum amount of Council Tax eligible for support should not be reduced by more than 8.5%.

No grant has been available for subsequent years.

- 2.4 For 2013-14 the Council decided to approve a scheme that replicated Council Tax Benefit. Consequently, the Council qualified for the transitional grant.
- 2.5 On 16 December 2013 members approved a Council Tax Reduction Scheme (CTRS) for Cherwell District Council for the financial year 2014-2015. The scheme remained the same as in 2013-2014 and included only minor changes reflecting changes to national legislation and uprating of applicable amounts in line with national legislation. The same approach was taken in respect of the scheme for 2015-16 at the Council meeting held on 15 December 2014.
- 2.6 The cost of the Council Tax Reduction Scheme is largely met through a fixed grant from the Department for Communities and Local Government (DCLG) based on approximately 90% of the Council Tax Benefit subsidy previously paid.

3.0 Report Details

Position so far

Council Tax Reduction Scheme

- 3.1 For 2015-16 Cherwell's share of the shortfall between the reductions awarded and the grant is approximately £55,000. The remainder of the shortfall falls on the major preceptors and the parishes.
- 3.2 The funding shortfall is partly offset by the changes to Council Tax discounts and exemptions.
- 3.3 As the funding for CTRS is a fixed cash grant the cost of any increase in the level of demand will be borne by the Council. The Council Tax Reduction caseload has been monitored and, between 1 April 2014 and 1 April 2015, there has been a small decrease in the number of live cases from 7,754 to 7,513. Expenditure on the scheme for 2014-15 was £6,866,686. Projected expenditure for 2015-16 is currently £6,868,180. The slight increase in expenditure, despite the reduced caseload, is principally due to the increase in the precepts.

Impact on Parish Councils

- 3.4 Members will recall that the regulations for calculating the Council Tax Base were amended to reflect the Council Tax Reduction Scheme and had the effect of reducing the tax base for the billing authority, major preceptors and the Police and Crime Commissioner for Thames Valley and local preceptors. This is because Council Tax Reduction is a discount rather than a benefit and therefore we do not collect the full amount of Council Tax from tax payers who qualify for Council Tax Reduction. The impact of the reduced tax base was mitigated in part by changes made to discounts and exemptions. As this will be the fourth year of a Council Tax Reduction Scheme parish councils should now have a clear understanding of the impact of CTRS on their parish tax base.

Impact of Council Tax Reduction Scheme on collection rates

- 3.5 A council tax collection rate of 98.49% was achieved for 2014-2015, above the target for the year (98.25%). Collection rates for the first three months of the 2015-2016 financial year are currently a little above target. In making a decision with

regard to the CTRS for 2016-2017 members should be mindful that any changes to the scheme could have an adverse impact on collection rates.

Council Tax Reduction Scheme 2016-2017

- 3.6 The government has not yet confirmed the level of funding for local CTRS for 2016-2017.
- 3.7 It is likely that there will be a reduction in the formula grant funding received by the Council in 2016-2017. A similar reduction may be made to the CTRS grant but this detail is as yet unknown.
- 3.8 Financial modelling on some options for a new scheme for 2016-2017 has been undertaken as shown below:

Options

Option 1 – No change to current local Council Tax Reduction Scheme

The 'change nothing' approach would mean retaining the current Council Tax Reduction Scheme. The only change required would be the annual uprating of benefit rates by CPI. The shortfall between the cost of the scheme and the grant from DCLG would be similar to or a little higher than that for 2015-16.

Option 2 – Revised Council Tax Reduction scheme with a reduction in the maximum Council Tax eligible for support

This option would mean that all working age claimants would have to pay a percentage of their council tax liability regardless of income or circumstances.

Percentage reductions of 5%, 8.5%, 10%, 15% and 20% have been modelled. Projected savings based on these percentages would be approximately £18,000, £30,600, £35,000, £52,000 and £69,000 respectively.

The cost is distributed equally across all working age claimants, though it is possible that those in receipt of a maximum award would find it more difficult to pay the residual liability. A small number of claimants (those who already have a small entitlement) would cease to be entitled.

Option 3: Restrict the Council Tax eligible for CTR to a specified Council Tax band

This option would mean households that are in a higher band would have their entitlement assessed as if their property was in the specified band. The projected gross savings from a restriction to Band E would be £500, whilst a restriction to Band C would generate potential savings of £7,700. The cost would be spread across all categories of working age claimants with a small number losing all their entitlement.

Option 4: End the disregard of Child Benefit income

Currently Child Benefit is fully disregarded when assessing a claimant's income. Ending this disregard would increase the income taken into account in assessing entitlement. However, this would only apply to those households who are not in

receipt of a “passported” benefit (Income Support, income-based Jobseekers Allowance and income-related Employment Support Allowance).

The projected gross savings from this option would be £21,200. The cost would fall on those households with children. Over 200 households would lose all their entitlement including some who currently qualify for the maximum award.

Option 5: Increase non-dependant deductions

If there are other adults aged 18 or over in the household (usually adult children but can be other relatives or friends) they are expected to contribute towards the household’s costs. This is reflected in the current scheme by making a deduction from the claimant’s entitlement in respect of each non-dependent. The level of the deduction is linked to the non-dependent’s income.

The projected gross savings from increasing the deductions by £1.00 per week would be £1,600. Increasing the deductions by £5.00 per week could generate savings of £7,800. A small number of households would lose all their entitlement.

Option 6: Introduction of greater work incentives to mitigate the impact of changes in the CTR scheme

The current scheme could be amended to introduce greater incentives for households to move into work or otherwise increase their income. Examples of such incentives could be to reduce the taper (the rate at which CTR entitlement is withdrawn as household income increases) from the current 20% to 15%, to increase the earnings disregards by £5.00 per week, or to increase the “extended payment” period from four weeks to eight weeks. (An extended payment period is a period during which a person who has previously been unemployed for over 26 weeks and in receipt of a specified benefit but has now started working for at least 16 hours per week continues to receive the same level of CTR support as they received prior to starting employment.)

The costs of providing these incentives in isolation have been projected as £12,200, £3,700, and £6,000. This represents the additional entitlement that some existing claimants would receive. There would be a small increase in the number of households entitled to the maximum support. The cost to the authority could be higher as some households who currently do not qualify for support could become entitled. On the other hand some households currently in receipt of the maximum support could move into employment and their entitlement would fall reducing the cost of CTR to the authority.

If these incentives were introduced in combination with some of the options set out above for reducing the cost of the CTR scheme the effect would be to mitigate the impact of cost-saving options.

An example would be a scheme that restricted the maximum eligible Council Tax to 90% or 80% (see Option 2 above) but combined this with a taper of 15% and an increase of £5.00 per week in the earnings disregards. Such a scheme is projected to achieve a saving in the order of £18,000 or £56,000 based on a 90% and 80% restriction respectively. An 80% restriction would result in a reduction for all working age claimants. However, a 90% restriction would result in some households receiving more support than they currently do.

4.0 Consultation

- 4.1 There is a requirement to consult with the public, major preceptors and other parties who may have an interest in the Council Tax Reduction Scheme. A robust consultation exercise would be particularly important if the intention were to change the current scheme in order to minimize the risk of a legal challenge.

The consultation should ask consultees for their views on the Council's preferred option. However, it must also make reference to alternatives such as increasing Council Tax, reducing services, or drawing on reserves and explain why those options are not recommended.

- 4.2 Any change to the existing scheme would also require an Equalities Impact Assessment to be undertaken.

5.0 Conclusion and Reasons for Recommendations

- 5.1 Option 1 (continuing with the existing scheme) provides a good level of support to low income households. There is a cost to the authority but the risks associated with implementing an alternative scheme are avoided.
- 5.2 Option 2 (a percentage reduction in the maximum Council Tax eligible for support) would be relatively easy to implement and would spread the burden fairly across all working age claimants.
- 5.3 Options 3, 4 and 5 would achieve negligible savings whilst impacting on specific groups of claimants. Consequently, they are more likely to be subject to challenge under equalities legislation.
- 5.4 Option 6 (greater work incentives) would increase the cost of the scheme.
- 5.5 In conclusion the report recommends that the Council adopts either option 1 or option 2 as its preferred option for a Council Tax Reduction Scheme for 2016-17.

6.0 Implications

Financial and Resource Implications

- 6.1 The current scheme does result in a small cost to the Council. A revised scheme may reduce costs but increase customer dissatisfaction and recovery risks.

Comments checked by:

Paul Sutton, Head of Finance and Procurement, 0300 003 0106

paul.sutton@cherwellandsouthnorthants.gov.uk

Legal Implications

- 6.2 The Council is required to approve a Council Tax Reduction Scheme on an annual basis. Failure to do so will affect the reputation of the Council and will have a financial implication for residents.

Comments checked by:
Kevin Lane, Head of Law and Governance 0300 003 0107
kevin.lane@cherwellandsouthnorthants.gov.uk

Equality and Diversity

- 6.3 Impact assessments will be carried out if the decision is taken to recommend a change to the existing scheme.

7.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

This links to the Council's priorities of a district of opportunity and sound budgets and a customer focused council.

Lead Councillor

Councillor Ken Atack, Lead Member for Financial Management

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	Ryszard Filipiak, Service Assurance Team Leader
Contact Information	Ryszard Filipiak: 01295 227067 Ryszard.Filipiak@cherwell-dc.gov.uk

Cherwell District Council

Budget Planning Committee

8 September 2015

Council Tax – Empty Homes Premium
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Report of Head of Finance and Procurement

This report is public

Purpose of report

To consider a proposal from Executive that from 1 April 2016, an Empty Homes Premium of 50% be applied for properties that have remained empty for over two years.

1.0 Recommendations

The meeting is recommended:

- 1.1 To consider and comment on the Executive proposal to Council that an Empty Homes Premium of 50% be introduced from 1 April 2016 for properties that have been empty for over two years.

2.0 Introduction

- 1.2 The report considers legislative options open to the Council, the income that might be generated from the Empty Homes Premium (EHP) and New Homes Bonus (NHB).
- 1.3 It also looks at the potential benefits of an EHP in relation to the Council's empty-homes work and Members desire to see empty homes restored to use.

3.0 Report Details

- 3.1 From 1 April 2013, Local Authorities have been able to charge a premium on a class of property which has been unoccupied and unfurnished for a period of two years or more. The premium can be up to 50% on the property.
- 3.2 The decision to make a determination is made under Section 11B of the Local Government Finance Act 1992 and is made at the discretion of the Council. The Government has provided guidance as to which properties should be charged the premium but ultimately, the decision is one for members to make.

- 3.3 Under the Council Tax [Prescribed Classes of Dwellings] [England] Regulations 2003 two classes of dwelling have been identified as being exempt from this provision.
- A dwelling which would otherwise be the sole or main residence of a member of the armed services, who is absent as a result of such service
 - An annexe, which forms part of a single dwelling and is being treated by the resident of that property as part of the main dwelling
- 3.4 The Government does expect Local Authorities to consider the reasons why properties are unoccupied and unfurnished and also take into account the strength of the local housing market when making any decision. It is also a stated intention that any premium should not penalise owners of property which is genuinely on the housing market for sale or rent.
- 3.5 Any new scheme to introduce the premium, will take effect from **1 April 2016**. Notice will have to be served upon the residents of Cherwell District Council and an advert placed in the local press to advertise the fact that the premium can now be imposed.
- 3.6 Furthermore, good practice would suggest that the Local Authority write to affected parties prior to the 1st April 2016 to advise that the premium will be imposed. This is in line with previous action taken when discounts and exemptions have been amended.
- 3.7 The premium may be applied when a property has been empty for two years, irrespective of how long its current owner has owned it. Therefore, it is possible for an individual to buy a property which has *already* been empty for two years and be liable for a premium immediately. This scenario may occur if, for instance, the individual does not occupy the property immediately because they wish to extend or renovate the property. If the property is occupied for a period of six weeks or less, it is regarded as not having been occupied for the purposes of the two-year period. Occupancy of a long-term empty property for more than six weeks “resets the clock” for this purpose.
- 3.8 There are financial and non-financial benefits associated with the introduction of an Empty Homes Premium. The financial benefits relate to an increase in Council Tax income and New Homes Bonus and the non-financial benefits relate to ensuring the Housing Stock within the District is maintained at as high a level as possible.

Additional Council Tax Income

- 3.9 Currently there are 114 empty properties across the district that would attract an Empty Homes Premium. This will generate estimated additional income of £11,197 for this District Council. With the additional administrative burden that comes with the scheme it would hardly be worth implementing the scheme if considered on this criterion alone. The County Council and the Police will also benefit from this proposal to the tune of £66,319 and £8,613 respectively.

Additional New Homes Bonus

- 3.10 The charging of a Council Tax premium may lead to owners of the properties bringing them back into use. In this scenario, for each property that is brought back into use (and assuming that each property is a Band D property) the district Council will lose £61.75 in Council Tax (the 50% premium being charged) but will gain £1,174.38 per year in New Homes Bonus.
- 3.11 If the current NHB policy remains the same this amount will be received for six years and therefore the net benefit for each property brought back into use is £1,112.63 per year or £6,675.78 over the six year period.
- 3.12 Over a six year period, the bringing back into use of just 10 properties would deliver financial benefit to this Council of approximately £67,000.

Council's Empty Homes Work

- 3.13 In its consultation on the possible introduction of Empty Homes Premium the government made clear it believed the Premium would *'provide a useful incentive to encourage property owners to take steps to make use of dwellings that have otherwise been left unoccupied and substantially unfurnished'*.
- 3.14 The Overview and Scrutiny Committee considered reports on empty homes in January 2012 and March 2013. Members confirmed their desire to see empty homes brought back into use and endorsed an approach based on the principles that the Council would facilitate and encourage that where possible, but was prepared to use its enforcement powers where appropriate.
- 3.15 Members may conclude that the introduction of an Empty Homes Premium is an opportunity to give extra impetus to the Council's work in getting empty homes returned to use and will send out an appropriate message about their desire to see long-term empty homes properly used.

4.0 Conclusion and Reasons for Recommendations

- 4.1 Members are asked to note the detail of this report.
- 4.2 Members are asked to recommend to Council the introduction of an Empty Homes Premium and charge 150% council tax for properties that have remained empty for more than two years.

5.0 Alternative Options and Reasons for Rejection

- 5.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To decide not to make a recommendation to Council on introducing an Empty Homes Premium of 50%.

6.0 Implications

Financial and Resource Implications

- 6.1 The financial implications are set out in the body of the report.

Comments checked by:

Martin Henry, Director of Resources, 0300 003 0102
martin.henry@cherwellandsouthnorthants.gov.uk

Legal Implications

- 6.2 Section 12 of the Local Government Finance Act 2012 inserted a new Section 11B into the Local Government Finance Act 1992 allowing billing authorities, in relation to a dwelling which has been unoccupied and substantially unfurnished for over two years, to charge up to 150% of the council tax which would have been payable if the dwelling were occupied by two adults and no discounts were applicable.

Comments checked by:

Kevin Lane, Head of Law and Governance, 0300 0030107
kevin.lane@cherwellandsouthnorthants.gov.uk

Equality and Diversity

- 6.3 Impact assessments will be carried out if the decision is taken to recommend the introduction of the Empty Homes Premium.

7.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

This links to the Council's priorities of a district of opportunity and a safe, healthy and thriving district.

Lead Councillor

Councillor Ken Atack, Lead Member for Financial Management

Document Information

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None	
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Report Author	Ryszard Filipiak, Service Assurance Team Leader
Contact Information	Ryszard Filipiak: 01295 227067 Ryszard.Filipiak@cherwell-dc.gov.uk

Date	Agenda Items
8 September	Review of Capital Slippage 15-16 Medium Term Financial Strategy CTRS 2016/17 Empty Property Premium
6 October	Budget Guidelines 2016/17 Capital Bids 2016/17 Fees and Charges 2016/17 Medium Term Financial Strategy
3 November	Q2 Budget Monitoring Q2 Procurement Monitoring Q2 Business Rates Monitoring Q2 Write Offs Medium Term Financial Strategy Review of Reserves
17 November	Capital Bids 2016/17 Medium Term Financial Strategy
1 December	Discounts and Exemptions Review Taxbase 2016/17 LG Settlement 2016/17 Revenue and Capital Budget 2016/17 (Incl. MTFS) CTRS 2016/17
19 January	Revenue and Capital Budget 2016/17 (Incl. MTFS)
1 March	Q3 Budget Monitoring Q3 Procurement Monitoring Q3 Business Rates Monitoring Q3 Write Offs

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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