

# **BOROUGH OF BARROW-IN-FURNESS**

## **EXECUTIVE COMMITTEE**

Meeting, Wednesday, 18th July, 2012  
at 2.00 p.m. (Committee Room No. 4)

**NOTE:** Group Meetings at 1.15 p.m.

## **A G E N D A**

### **PART ONE**

1. To note any items which the Chairman considers to be of an urgent nature.
2. To receive notice from Members who may wish to move any delegated matter non-delegated and which will be decided by a majority of Members present and voting at the meeting.

3. **Admission of Public and Press**

To consider whether the public and press should be excluded from the meeting during consideration of any of the items on the agenda.

4. **Declarations of Interest**

To receive declarations by Members and/or co-optees of interests in respect of items on this Agenda.

Members are reminded that, in accordance with the revised Code of Conduct, they are required to declare any disclosable pecuniary interests or other registerable interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Members may however, also decide, in the interests of clarity and transparency, to declare at this point in the meeting, any such disclosable pecuniary interests which they have already declared in the Register, as well as any other registerable or other interests.

5. To confirm the Minutes of the meeting held on 20th June, 2012 (copy attached).
6. Apologies for Absence/Attendance of Substitute Members.

### **FOR DECISION**

- (D) 7. Capital Programme.
- (D) 8. Council Tax Reduction Scheme.

- (D) 9. Barrow Sports Council.
- (D) 10. Cumbria County Council Parking Agreement.
- (D) 11. Barrow Borough Council Housing Statement.

**NOTE (D) - Delegated  
(R) - For Referral to Council**

**Membership of Committee**  
**Councillors**

Pidduck (Chairman)  
Sweeney (Vice-Chairman)  
Barlow  
Bell  
Cassidy  
Doughty  
Garnett  
Graham  
Guselli  
Richardson  
Seward  
Wall

**For queries regarding this agenda, please contact:**

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## **EXECUTIVE COMMITTEE**

Meeting: 20th June, 2012  
at 2.00 p.m.

PRESENT:- Councillors Pidduck (Chairman), Sweeney (Vice-Chairman), Barlow, Bell, Cassidy, Doughty, Garnett, Graham, Richardson, Seward, Wall and Williams.

### **12 – Minutes**

The Minutes of the meeting held on 23rd May, 2012 were agreed as a correct record.

### **13 – Disclosure of Interests**

Councillor Cassidy declared a personal and prejudicial interest in Agenda Item 8 – Cluster of Empty Homes Fund (Minute No. 16). He was a Member of Steering Group on Barrow Island. He left the meeting during consideration of the item.

### **14 – Apologies for Absence**

An apology for absence was received from Councillor Guselli.

Councillors Williams substituted for Councillor Guselli.

### **15 – Housing Management Forum: Recommendations**

The recommendations of the Housing Management Forum held on 14th June, 2012 were submitted for consideration.

N.B. The Minutes are reproduced as **Appendix 1** to the Minutes of this meeting.

RESOLVED:- That the recommendations of the Housing Management Forum be agreed as follows:-

#### **Appointment of Representatives to Working Groups etc**

That the memberships for 2012/13 be as follows:-

#### Tenant Compact Working Group

Council Representatives (2:1) Councillors Barlow, Hamilton and Williams.

Tenant Representatives – Mrs P. Charnley, Mr W. McEwan and Mr A. McIntosh.

## Homelessness Funding Working Group

Council Representatives (2:0) Councillors Hamilton and Pointer.  
Tenant Representatives – Mrs P. Charnley and Mr A. McIntosh.

### **Housing Services Delivery Plan**

That Members note the progress on the 2011/12 Key Tasks and agree the Key Tasks for 2012/13.

### **Welfare Reform Action Plan**

- (i) To note the information contained in the report and in particular the potential risk to the Housing Service's Income; and
- (ii) To agree the proposed Action Plan.

### **Tenant Incentive Scheme**

- (i) To note the information contained in the report;
- (ii) To approve in principle a Tenant Incentive Scheme on the scale and in the areas outlined in the report which were appropriate to this Council and its tenants and delegate responsibility to develop the necessary procedure and practices to process the matter with the Tenant Compact Working Party; and
- (ii) To agree the implementation strategy.

### **Request to Purchase Ad-hoc Land: Griffin and Tummerhill Estate**

To agree to decline the requests to purchase ad-hoc land at both sites (43 Westminster Avenue and 65 Pennine Gardens) as both areas of land in question formed part of the larger green area provided for the benefit of the community on both estates.

### **Changes to Housing Regulation**

- (i) To note the information regarding the changes in regulations; and
- (ii) To agree that consideration as to what changes needed to be made to the tenant involvement practices be delayed until after the work of the Overview and Scrutiny Committee was completed.

## **United Utilities Reward Offer**

To agree to the Business Support Manager investigating further the benefits of the United Utilities Reward Offer and presenting a further report as to whether to participate or not.

## **Housing Management Performance Report**

- (i) To agree to see through the current sanctions with the repair contractor VINCI and closely monitor their performance;
- (ii) To agree to apply additional resource and support to reduce the number of Responsive and Void, Tenancy Turnover and prevent arrears in line with the Income Management Policy;
- (iii) To agree to include additional measures to monitor volume and priority of Responsive (Tenant Demand) repairs; and
- (iv) To agree to the removal of the vulnerable people measure as the Council no longer provided that service.

## **16 – Clusters of Empty Homes Fund**

The Director of Regeneration and Community Services reminded the Committee that in November 2011, the Government had announced a fund of £50m to tackle the worst concentrations of empty homes in England.

In March 2012, further scheme criteria had been announced. These restricted funding availability to neighbourhoods where over 10% of properties were vacant and where it was considered that at least 100 homes could be brought back into use. The fund was being managed by the Homes and Communities Agency (HCA). The Council had been invited by the HCA to submit an Expression of Interest (Eoi) by an initial deadline of 12th March. The only area in Barrow that fitted the scheme criteria was Barrow Island Flats and an initial Eoi had been submitted for that neighbourhood.

Following the Eoi stage, a stage 2 application had been invited, and further bidding guidance had been issued in early April. The bid deadline was noon on 4th May 2012.

A ministerial announcement had been made on 29th May that Barrow had been allocated £3.442m.

It was not possible within the time available to obtain Committee approval for the bid, and Members were requested to give retrospective approval for the bid.

The Council had not received an offer letter for the cluster of empty homes fund. A meeting with the HCA had been arranged on the same date as this meeting to discuss how the scheme would be progressed.

At present the large majority of the flats (about 600 out of 750) were held in two separate portfolios. The owners of the portfolios were in the process of carrying out programmes of refurbishment. That would in time raise the standard of accommodation in the area.

The proposed approach was to use the fund as a “soft” loan facility to enable the owners of the Flats to both accelerate their programme of improvement and extend the scope of the works. That approach would also allow the remodelling of the housing stock in the area, by allowing conversions of two flats into one. In addition, the fund would also allow the Council to carry out improvements to the public realm. The bid requested a total of £3.5m of HCA funding. That had been successful almost in its entirety.

A condition of receiving funding was that the sum allocated by the HCA must be matched at least pound for pound from other sources. Since there was no reasonable scope for the Council to provide a significant amount of match funding, that would come from the private investment levered into property improvements. It was for that reason that the proposed model, that of supporting the private landlords, had been developed.

The Council would receive the funding as a block grant twice a year. The funding was for two years up to March 2014. The Council would carry out the public realm improvements itself, and act as accountable body for the loan arrangements with the private owners.

Council Officers and representatives from the HCA had met with the owners of these properties, who were supportive of the bid.

RESOLVED:- To endorse the action taken by Officers.

## **17 – Cumbria Infrastructure Fund – Empty Homes Bid**

The Director of Regeneration and Community Services informed the Committee that a bid for funding had been submitted to the Cumbria Local Enterprise Partnership for funding to bring empty properties back into use. If successful, that would provide loan funding to encourage owners of empty properties to bring them back into use. The bid had been submitted through Eden District Council, and it was proposed that they act as “banker” for the bid. A service level agreement had been drafted to formalise these proposed arrangements.

The agreement would commence with the confirmation of a successful bid to the CIF and end on 31<sup>st</sup> March 2019, by which time all monies would have to be repaid to the LEP.

Within the broad heads of terms of the scheme, individual Districts would be able to determine their own criteria on, for example, property eligibility, repayment terms and maximum amount of loan. A further report would be brought to the Committee with details of a proposed local scheme for Barrow if the joint bid to the LEP was successful.

RESOLVED:- To agree to the outline terms of the bid and endorse the draft service level agreement.

### **18 – Armed Forces Day – ‘Fly a Flag’**

The Chief Executive informed the Committee that it had been the practice to fly the specially commissioned Armed Forces Day Flag during Armed Forces week.

The Flying of the Flag in the community showed the Council’s support for the men and women of our Armed Forces, past and present, who continued to raise to the very difficult challenge of maintaining the defence of the realm.

Council’s were being encouraged to fly the Armed Forces Day Flag for the duration of the week before Armed Forces Day, hoisting it on Monday 25th June, 2012 at a time to suit the local community.

The Chief Executive also reported that a request had been received to appoint a representative to the NW of England and Isle of Man Reserve Forces Cadet Association.

A Member asked whether the Council would get involved in an Armed Forces Covenant. The Chief Executive reported that the Community Covenant supported the Armed Forces Covenant. A Member also asked why the flag had been flown at half mast on the official birthday of HM the Queen. The Committee were informed that the flag was not at half mast but due to the windy conditions could not be flown at full mast.

RESOLVED:- (i) To authorise the flying of the specially-commissioned Armed Forces Day Flag from 25th June to 30th June, 2012;

(ii) To agree to fly the specially commissioned Armed Forces Day Flag during Armed Forces week in future years;

(iii) To appoint Councillor Husband as a representative of the NW of England and the Isle of Man Reserve Forces Cadets Association;

(iv) To ask Officers to investigate a new winching system for the Town Hall Flag pole;

(v) To request the Executive Director to prepare a report to a future meeting regarding the Community Covenant; and

(vi) To request the Chairman to ask the Leaders Board to consider the Community Covenant.

## **19 – Complaint Against Councillor Callister**

The Deputy Executive Director informed the Committee that the Council had received a complaint about the conduct of Councillor A. Callister from Cumbria Police on 27th March 2012.

In accordance with the complaints procedure in existence at that time, that had been referred to an Assessment Sub-Committee which had met on 13th April. They had ordered a formal investigation into the complaint.

An investigation was subsequently undertaken and a formal report submitted back to the Sub-committee for their consideration.

They recommended that:

1. Councillor Callister submitted a formal apology to Cumbria Police stating his regret at any embarrassment caused; and
2. Councillor Callister considered his position as Chairman of the Licensing Committee.

In response to Recommendation 1, Councillor Callister had submitted a letter of apology which was sent to Cumbria Police on 8th May 2012.

Cumbria Police had subsequently advised that they had accepted the letter of apology and now considered the matter closed.

As regards Recommendation 2, Councillor Callister had stood for, and had been re-elected, to the Chairmanship of the Licensing Committee for 2012/13 Municipal Year.

**RESOLVED:-** To note the report.

Immediately after the vote was taken Councillors Richardson and Williams requested that their votes be recorded that they had voted against the motion.



## **20 – Performance Management – Key Priorities for 2012/15**

The Deputy Executive Director reported upon the Key Priorities for the period 2012-2015, and the actions associated with implementation during 2012/13 together with details of those issues subject to regular monitoring as part of the Performance Management Framework.

RESOLVED:- (i) To agree the actions associated with implementing the key priorities during 2012/13; and

(ii) To agree the performance indicators which formed part of the Performance Management Framework.

## **21 – Budget Strategy – Establishment Review – End of Consultation Period**

The Deputy Executive Director informed the Committee that the formal consultation period for compulsory redundancy proposals placed before the Committee on 7th March 2012 had ended on 24th May 2012. A response had been received from Unison and individual submissions had been made by two of the postholders affected. Management had responded to the questions raised.

The option of voluntary redundancy on enhanced terms would remain available to the postholders up until 30th September 2012.

RESOLVED:- To agree to the compulsory redundancies set out on 7th March and that formal notices to terminate employment by reason of redundancy be issued to facilitate a termination date of 30th September 2012.

## **22 – NNDR Hardship Relief**

The Borough Treasurer informed the Committee that Section 49 of the Local Government Finance Act 1988 contained the powers for billing authorities to reduce or remit any amount of NNDR liability. That power had been delegated to the Borough Treasurer. There was no right of appeal however previous appeals had been referred to the Grants Sub Committee.

The Committee considered an application for NNDR hardship relief in relation to the Salthouse Pavilion.

RESOLVED:- To endorse the Borough Treasurer's refusal of NNDR hardship relief for the Salthouse Pavilion.

### **23 – 102 Abbey Road, Barrow**

The Chief Executive informed the Committee on proposals to include 102 Abbey Road into the lease of 104 Abbey Road (Cooke's Studios) to Creative Studios Cumbria

RESOLVED:- To agree that 102 Abbey Road be added to the lease of 104 Abbey Road to Creative Studios on similar terms and arrangements, and that in addition the Council agrees:

- a) To fund the charity rate liability of 102 Abbey Road for a period of 10 years; and
- b) To make up to ten car park spaces available to the occupiers of the two buildings at a discounted rate of £240 a year (+RPI).

<b>REFERRED ITEMS</b>
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<b>THE FOLLOWING MATTERS ARE REFERRED TO COUNCIL FOR DECISION</b>
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### **24 – New Code of Conduct for Elected Members and Proposed Arrangements for Dealing with Complaints about Elected Members**

The Deputy Executive Director informed the Committee that a new Code of Conduct had been agreed by the Monitoring Officers of the local authorities in Cumbria and, as previously agreed, as part of the Council's response to the Localism Act 2011. The new Code of Conduct was considered by the Committee.

Arrangements to deal with complaints about Elected Members also needed to be agreed following the disestablishment of the Standards Committee.

RECOMMENDED:- To recommend the Council:-

- (i) To agree that the new Code of Conduct replace the existing Code which had been repealed by the Localism Act 2011; and that the Council's constitution be amended accordingly;
- (ii) To agree that guidance notes be drafted to provide specific advice regarding declarations of pecuniary interests in accordance with anticipated regulations being published by DCLG;
- (iii) To approve the proposed arrangements for dealing with complaints against Elected Members; and
- (iv) To agree that the Monitoring Officer arrange training for Elected Members on the New Code of Conduct.

## **25 – Reinvesting Right to Buy Receipts in New Affordable Rented Homes**

The Director of Regeneration and Community Services informed the Committee that the Council, along with all other stock holding Local Authorities, had been invited to enter into an agreement with the Secretary of State that would enable additional Right to Buy receipts generated by the increased Right to Buy discounts to be retained by the Authority for investment in new affordable rented homes.

From 1st April 2012, the Government had raised the cap on Right to Buy discounts from £26,000 for the North West to £75,000 nationally, an increase of £49k. The discount awarded in percentage terms remained the same and potential purchasers must have been a tenant for five years to qualify:-

35% discount off the market value of a house, plus 1% per year up to 60%

50% discount off the market value of a flat, plus 2% per year up to 70%

Raising the discount was aimed at increasing RTB sales and any proceeds above HM Treasury's share (i.e. the funding HM Treasury was expecting to receive had the policy on RTB not changed). HM Treasury's share had been based on the HRA self-financing settlement and the assumptions made in the housing business plan. For 2012-2013, HM Treasury was expecting £299,000 from the RTB sales of the Council.

The agreement covered a three year period commencing April 2012 and was conditional upon:-

- i. the receipts were used for provision of affordable rented homes.
- ii. that the receipts would constitute no more than 30% of the total investment
- iii. that any unused receipts would be paid back with interest at 4% over base to the Secretary of State after three years (that equated to around 16p interest per £1.00)

Receipts could be used directly by the Local Authority with the 70% balance funded from borrowing against the net rental income stream for the property and subsidy from the landlord's own resources. Alternatively, the Authority could fund new affordable housing supply by grant funding provision by a Housing Association.

Predicting the level of useable receipts over the three year period was difficult as it was unclear what effect the increased cap on Right to Buy discounts would have.

It was clear that the resources that would be available would be modest.

To mitigate the risk of repayment, it was important the Council adopted a programme led approach to affordable housing provision. Officers were currently

discussing a programme with affordable housing providers and that would be reported at a future meeting.

In order to retain receipts from Quarter 1 2012/13, the Secretary of State required a signed copy of the agreement by noon on 27th June. As this was a matter referred to Council, he would make it clear that our signature was pending a full Council decision on 17th July.

**RECOMMENDED:-** To recommend the Council to enter into an agreement with the Secretary of State allowing it to retain a proportion of Right to Buy receipts for investing in new affordable housing.

## **26 – Reviewing the Member Development Strategy**

The Democratic Services Manager informed the Committee that in order to ensure that Member training and development was prioritised, planned and co-ordinated effectively it was important that the Council had a Member Development Strategy. The Committee had agreed to adopt the Strategy in July 2004.

The Member Development Strategy set out that it would be reviewed on a biennial basis in conjunction with the Democratic Services Manager, the Democratic Services Officer (Member Support) and the Member Training Working Group.

The Member Training Working Group had considered the revised Strategy document at their meeting on 18th June, 2012. A copy of the Strategy was considered by the Committee.

**RECOMMENDED:-** To recommend the Council to approve the revised Member Development Strategy.

## **27 – Council Tax Reduction Scheme**

The Borough Treasurer informed the Committee that on 17th May 2012 the Department for Communities and Local Government had issued a number of documents outlining the requirements of Localising Support for Council Tax. Billing authorities had to adopt a Council Tax Reduction Scheme to replace the Council Tax Benefit System which ended on 31st March 2013.

To prepare a local Council Tax Reduction Scheme addressing who gets discounts, when and how and would be very complex as it would mean starting from a blank piece of paper.

One of the documents published was entitled 'A Statement of Intent' and contained the prescribed default scheme.

The Government intended to fund around 90% of the Council Tax Reduction Scheme by a direct grant to the major preceptors. That would be adjusted by

assumptions that would be made by the Government when the settlement was announced and was likely to be adjusted for estimated caseload and estimated take up changes.

Using the 2012-2013 budget to illustrate the figures involved, the 10% reduction of the £6,747,570 budgeted benefit subsidy would be shared on the 2012-2013 precept:

<b>Major preceptor</b>	<b>Share of the Council Tax</b>	<b>10% reduction</b>
Barrow Borough Council	14%	£91,496
Cumbria County Council	74%	£497,293
Police Authority	13%	£85,968
<b>Total</b>	<b>100%</b>	<b>£674,757</b>

The Council had the option of passing the 10% reduction on to claimants thereby making people liable for council tax that were not liable now, or by identifying mitigation and funding itself. If the cost was not passed on to claimants, it was shared by the three major preceptors, hence the need for early consultation.

There were currently over 6,846 council tax benefit claimants, with 36% (2,439) of these being of pension age. The Government had stipulated that pension age claimants were to be protected. Of the remaining 64% (4,407) working age claimants, some would be in vulnerable groups and so reduced the number of claimants that the 10% reduction could be recovered from – that would make any reduction in benefit much higher.

It was recommended that in principle the Council adopted the prescribed default scheme as the local scheme. The default scheme was broadly similar to the current council tax benefit scheme and did not pass the 10% reduction on to claimants.

A more detailed report would be submitted to the next Executive Committee with more precise information. The Council had a duty to consult on its intention with the main preceptors and agreeing an in principle scheme would allow that consultation to take place and to be fed back to the next meeting.

There had been some informal discussion with the County Council and the Police Authority around mitigation and Members were recommended to agree to review both the empty homes discount and second home discount as they would provide some mitigation against the costs of the local scheme for all three major preceptors.

The timetable to adopt a scheme was very tight. The draft local scheme should be approved by Council in July as it needed to be open for 12 weeks consultation. Following the consultation the final scheme would be presented to the Executive Committee and should be approved by Council in or before December in order that the revenue budget could be set. The timetable would be set out in the next report.

The Council Tax Reduction Scheme was set annually, so initially that would be the scheme for 2013-2014 only.

**RECOMMENDED:-** To recommend the Council to agree in principle, that the prescribed default scheme, be adopted as the local Council Tax Reduction Scheme for the year commencing 1st April 2013 and to authorise formal consultation with the major preceptors.

The meeting ended at 3.00 p.m.

# HOUSING MANAGEMENT FORUM

Meeting: 14th June, 2012  
at 2.00 p.m.

PRESENT:- Councillors Barlow, Hamilton, Irwin, Johnston, Murray, Pointer, Richardson and Williams.

Tenant Representatives:- Mr W. McEwan, Mrs C. McFadyen, Mr A. McIntosh and Mr W. Ward.

## **1 – Appointment of Chairman for 2012/13**

The Chief Executive reported that the Council on 15th May, 2012 had appointed Councillor Hamilton as the Chairman of the Housing Management Forum. However at the Executive Committee on 28th May, 2003 (Minute No. 216 refers) it had been agreed “that a Member Chairman for the purpose of Housing Management Forum be appointed by Council for the purpose of recognising responsibility but retaining the Forum’s freedom to appoint an alternative Chairman for meeting management if it so wished”. Nominations were requested for the appointment of Chairman for meeting management.

The nomination of Mrs P. Charnley was moved by Councillor Williams and seconded by Councillor Richardson.

The nomination of Councillor Hamilton was moved by Councillor Pointer and seconded by Councillor Johnston.

There being no further nominations, the vote was recorded as follows:-

Mrs P. Charnley, 5 for and 6 against.

Councillor Hamilton, 6 for and 4 against.

RESOLVED:- That Councillor Hamilton be appointed Chairman of the Housing Management Forum for 2012/13.

COUNCILLOR HAMILTON IN THE CHAIR

## **2 – Minutes**

The Minutes of the meeting held on 1st March, 2012 were taken as read and confirmed.

## **3 – Apologies for Absence/Changes in Membership**

Apologies for absence were submitted from Mrs P. Charnley and Mrs K. Warne.

#### **4 – Appointment to Representatives to Working Groups etc.**

The Chief Executive reported that at the Annual Council meeting on 15th May, 2012 the allocation of seats in respect of Forums, Panels, Working Groups etc. had been agreed.

The Housing Management Forum were requested to nominate Members and Tenant Representatives to the Tenant Compact Working Group and the Homelessness Funding Working Group for 2012/13. Three Member representatives by proportionality indicated in the report and three Tenant representatives were required for the Tenant Compact Working Group and two Member representatives by proportionality indicated in the report and two Tenant representatives were required for the Homeless Funding Working Group.

RECOMMENDED:- That the memberships for 2012/13 be as follows:-

##### Tenant Compact Working Group

Council Representatives (2:1) Councillors Barlow, Hamilton and Williams.

Tenant Representatives – Mrs P. Charnley, Mr W. McEwan and Mr A. McIntosh.

##### Homelessness Funding Working Group

Council Representatives (2:0) Councillors Hamilton and Pointer.

Tenant Representatives – Mrs P. Charnley and Mr A. McIntosh.

#### **5 – Housing Services Delivery Plan 2012/13**

The Housing Manager submitted a report requesting Members to note the progress of the 2011/12 Key Tasks and to agree the Key Tasks for the Housing Service for 2012/13, full details of which had been provided as an appendix to the report.

The Key Tasks would form the focus of the service's work during the year and help to achieve the Housing Service's vision to "provide well-maintained houses and estates where people choose to live".

It was noted that there had been a number of significant changes to the framework in which Social Housing was funded and managed and the regulation of the service, as included in the Localism Act and that these changes had been used to direct the proposed Key Tasks for 2012/13 which included:-

- Prudential financial management to ensure financial resources were used effectively and with regard to value for money;
- Providing excellent customer-focused and accessible services; and
- Involving and Empowering Residents.



RECOMMENDED:- That Members note the progress on the 2011/12 Key Tasks and agree the Key Tasks for 2012/13.

## **6 – Welfare Reform Action Plan**

The Business Support Manager had submitted a report advising the Forum of the changes to Welfare Benefits, including Housing Benefit which were to be introduced from April 2013 and would have an impact on the management of the Housing Service.

She reported that in considering the Council's approach it was important to balance the responsibilities of the Council as a landlord and the wellbeing of tenants.

It was noted that as at 31st March 2012, the Housing Service had collected 75% of its income from Housing Benefits. At 2012 rents this would equate to £7.1 million. Of the current 2700 tenancies, 2039 currently received some form of Housing Benefit.

The removal of direct payment to the Council would be a challenge to the Housing Service and consideration needed to be given on how the Council could assist its tenants to budget their Universal Credit and to understand the various payment options available to them to pay their rent, many of whom may not have had to do so in the past because of the previous arrangements with Housing Benefit.

The Department of Work and Pensions had confirmed that all payments to customers in receipt of Universal Credit would be made electronically. With reference to research by the Chartered Institute of Housing they suggested that around 70% of social housing tenants did not have a basic bank account. If applied to the Council's tenant base it would suggest that around 1,890 households did not have a bank account.

In view of the above, the Business Support Manager had suggested that as a Local Authority Social Landlord, the Council had a responsibility to adopt an approach to helping its tenants in terms of financial awareness and budgeting skills as contained in the recently agreed Income Policy.

A detailed Action Plan proposing the actions to be taken with regards to the introduction of Universal Credit had been appended to the report.

RECOMMENDED:- (i) To note the information contained in the report and in particular the potential risk to the Housing Service's Income; and

(ii) To agree the proposed Action Plan.

## **7 – Tenant Incentive Scheme**

The Business Support Manager submitted a report requesting the Forum to consider introducing a Tenant Incentive Scheme (TIS). The objective of developing a TIS was to promote, encourage and reward tenants in their role in contributing to positive tenancy management and the contribution they make to their communities.

She reported that following a recent enquiry to the Leader of the Council, he had requested her to prepare a report to consider introducing a TIS. It was noted that it would be appropriate to give consideration to the introduction of a TIS which would be in keeping with the aims of the Social Housing Reforms introduced under the Localism Act.

Under the Localism Act there was increased scope for tenants to have considerably more influence in relation to repairs and maintenance through the development of a tenant cash back scheme in which tenants would be rewarded for undertaking minor repairs.

Whilst the Council had not previously adopted a TIS, such schemes would now more widely used by Social Landlords as a means of improving housing management services.

It was noted that the Council had, on an ad-hoc basis, introduced a small number of initiatives to encourage positive tenancy behaviour. Examples of which included a scheme to encourage tenants to provide feedback following completion of a repair and in 2011 the Council had run a six month trial incentive scheme to increase Direct Debit payments. In this instance the offer had been a monthly draw of 3 x £50 retail vouchers. The Council had started with 295 Direct Debit payers which rose to 467 and now at averaged at 422. In the same period arrears as a percentage of rent owed had reduced marginally.

Members had been requested to note the following:-

- Every void incurred around £2,500 in cleaning, repair, rent loss and management costs;
- Welfare Reforms imposed penalties on tenants who under occupied dwellings. At present the Council had 526 tenants who could potentially be affected by this change;
- Current Tenant Arrears were £204,000 (756 accounts). 80% of the Council's tenants received Housing Benefit. This equated to 70% of the Council's income. The introduction of Direct Payments (Universal Credit) would substantially increase the Council's exposure to debt.

The following reward schemes had been recommended:-

1. Good Tenant

Clear rent account for 6 weeks\* or  
Maintaining arrears payment plan for 12 weeks or  
Access for gas inspections or  
Direct Debit payments

Return of survey (drawn after survey)

Quarterly prize draw 1 x £100, 2 x £50 (High Street vouchers)

Enhanced maintenance programme; e.g. choice/additional units if all of the above are maintained.

**Cost: £1,000 per annum**

\* Further consideration needed for tenants on full Housing Benefit or owed Housing Benefit until Direct Payments are introduced.

2. Good Neighbour

Nominations by residents, validated by Housing Officer  
Quarterly £25 to spend on flowers, wine or chocolates

**Cost: £100 per annum**

3. Goodbye

'Thank you' payment to tenants who meet our conditions when ending their tenancy with us

£300 (High Street vouchers)

Assumptions

10% off all voids	-21
Void Cost	£52,500
Payments	£6,300

**Potential Benefit £46,200 per annum**

4. Downsizing

For tenants downsizing by one bedroom or more and from 3 & 4 bedroom properties.

- Higher priority for re-housing/direct offer of suitable properties (consistent with Cumbria Choice policy)
- Removals \*
- Decoration and Flooring Vouchers \*
- Supply of white goods such as cookers, washing machines and fridges \*
- Disconnection/reconnection of white goods i.e. electric cooker and washing machine\*
- To a maximum value of £1,000.

Assumptions

Under occupiers	526
5% wishing to move	26

**Cost: £26,000 per annum**

## Costs/Benefits

It was expected that the schemes 1-3 would be at least self financing and that at best the 'goodbye' incentive would make a sufficient saving to fully support scheme 4.

## Implementation Strategy

In agreeing the proposals outlined in this Report, Officers in conjunction with the Tenant Compact Working Party, would:

- Develop a simple process to identify 'good tenants & neighbours';
- Develop process to recognise tenants who qualify for a 'goodbye' payment;
- Advertise and publicise the scheme;
- Develop clear terms and conditions and rules relating to conditions of entry and the draw;
- Regular reviews of progress and reports to committee;
- 'STAR' survey of tenants to assess their awareness of the schemes and their preferences for rewards; and
- Consider the development of a cash-back scheme for tenants undertaking minor repairs.

RECOMMENDED:- (i) To note the information contained in the report;

(ii) To approve in principle a Tenant Incentive Scheme on the scale and in the areas outlined in the report which were appropriate to this Council and its tenants and delegate responsibility to develop the necessary procedure and practices to process the matter with the Tenant Compact Working Party; and

(ii) To agree the implementation strategy.

## **8 – Request to Purchase Ad-hoc Land: Griffin Estate and Tummerhill Estate**

The Housing Manager submitted a report in respect of two separate requests he had received to purchase Council-owned land adjoining property owned by the applicants.

He advised the Forum that he had delegated authority (by virtue of Executive Committee 1st October, 2003) to consider and agree where appropriate the sale of ad-hoc land adjoining gardens of owner-occupiers living on Council estates. However, should a potential purchaser wish to appeal his decision they had the right of appeal through this Forum.

In the case of the two applications received, the Housing Manager had suggested to the Forum that it would be inappropriate to sell the land as in both cases the areas of land in question formed part of a larger green area on the estates concerned and to sell them would be to the detriment of the original design of the estate and the benefit of the green areas provided.

Attached as appendices to the report were plans showing the areas of land in question at number 43 Westminster Avenue and 65 Pennine Gardens.

**RECOMMENDED:-** To agree to decline the requests to purchase ad-hoc land at both sites (43 Westminster Avenue and 65 Pennine Gardens) as both areas of land in question formed part of the larger green area provided for the benefit of the community on both estates.

## **9 – Changes to Housing Regulation**

The Community Involvement Manager had submitted a report informing the Forum of the changes to the Housing Regulation which came into force on 1st April, 2012.

In April 2012, the responsibility for housing regulation had been passed from the Tenants Services Authority (TSA) to the Homes and Communities Agency (HCA).

The new regulatory framework had been developed from the Housing and Regeneration Act 2008 as amended by the Localism Act 2011 and remained set around the principle of co-regulation, encouraging providers to undertake robust self-regulation which incorporated effective tenant involvement.

The key changes to the Consumer Standards were as follows:-

- There was a greater focus on local resolution of complaints and disputes, including a role for tenant panels in resolving complaints;
- There was an increased scope for tenants to have considerably more influence in relation to repairs and maintenance through the development of a tenant cash back scheme in which tenants would be rewarded for undertaking minor repairs;
- There was a greater focus on promoting mutual exchange to assist tenants in moving to properties appropriate to their housing needs; and
- Local authorities would have flexible tenure options (shorter fixed term tenancies of not less than 5 years or by exception tenancies of not less than 2 years, in addition to any probationary period) if they chose to use them and must have clear and accessible lettings policies detailing the types of tenancies granted.

It would be appropriate with the changing regulations that the Council considered its current tenant involvement policy and procedures. However, it had recently been agreed that the Council's Overview and Scrutiny Committee included tenant involvement as a topic of work for the current financial year. It was therefore suggested that any action to amend the current tenant participation processes be delayed until after the work of the Overview and Scrutiny Committee was completed.

**RECOMMENDED:-** (i) To note the information regarding the changes in regulations; and

(ii) To agree that consideration as to what changes needed to be made to the tenant involvement practices be delayed until after the work of the Overview and Scrutiny Committee was completed.

## **10 – United Utilities Reward Offer**

The Business Support Manager submitted a report advising the Forum that the Council had been approached by United Utilities with a proposal under which the Council would collect their water charges in return for a fee. She requested Members' views on whether they considered it would be prudent for the Housing Service to take advantage of an incentive scheme which could provide additional income to the Housing Revenue Account for the benefit of its customers.

The potential benefits to Housing and its customers were:-

- £10 incentive discount per customer;
- £26 per property collection fee (£92k) per annum;
- Opportunity to increase the number of tenants who paid by direct debit as United Utilities offered a £5.00 discount incentive and achieved a take up of 30% compared to the Council's 10%; and
- Opportunity for Housing Officers to offer customers advice on the benefits of changing to water meters as one and two bedroom flats would probably reduce their water charges.

It was noted that the water charges would be added to the rent account as a separate rent element and collected alongside rents and other service charges. United Utilities would invoice the Council once per annum. The fee had agreed provision for void properties and bad debt.

The Business Support Manager advised the Forum that she had carried out an initial mapping exercise which provided the profile of benefits. However there would be several actions required before the proposal could move forward including:-

- Consultation with Tenants (including Leasehold Tenants);
- Amend (if required) Tenancy Agreement;
- Assessment of the impact of Universal Credit/direct payments;
- Provide Members with a detailed cost/risk of the proposal for approval; and
- Ensure that the legal agreement was properly reviewed.

**RECOMMENDED:-** To agree to the Business Support Manager investigating further the benefits of the United Utilities Reward Offer and presenting a further report as to whether to participate or not.

## **11 – Housing Management Performance Report**

The Business Support Manager submitted a report indicating the end of year performance information as follows:-

Performance Indicator	Actual 2008/9	Actual 2009/10	Actual 2010/11	Actual 2011/12	Target (Median)
<b>£ Rents Collection</b>					
£ Rent collected	£8,278,622	£ 8,546,587	£8,738,448	£9,134,875	£ 9,141,931
Rent collected as % of rent due	97.57%	98.46%	103.47%	97.62%	99%
£ Current Arrears (dwellings)	£219,901	£165,452	£155,726	£181,230	£175,679
£ Former Arrears (dwellings)	£150,501	£123,432	£103,418	£92,499	£128,081
Write Offs (Gross)	£146,643	£129,709	£114,706	£75,538	£42,803
Tenants evicted for rent arrears	24	18	13	6	6
Current tenants arrears % of rent owed	2.59%	1.91%	1.79%	1.96%	3.16%
Former tenants arrears % of rent owed	1.77%	1.42%	1.18%	1.02%	1.29%
£ Rent arrears Garages	£4,500	£4,094	£3,289	£1,824	£ 3,750
£ Rent Arrears Shops	£29,714	£28,131	£27,524	£16,602	£ 25,000
<b>Void management</b>					
Tenancy Turnover %				10.3%	8.05%
Total number of re-lets during the period benchmarked			268	278	217
No. of Voids	378	281	264	227	218
Average relet time for dwellings (days)	30	31	28	37	28
£ rent loss through vacant dwellings	£ 116,363	£ 101,530	£85,909	£ 100,227	£ 109,685
£ rent loss due to vacant garages		£4,873	£4,907	£5,098	£ 4,500
£ rent loss due to vacant shops		£4,253	£4,844	£16,546	£ 4,000
% properties accepted on first offer	NA	NA	73.9%	86.4%	70%
Loss per Void (Rents, Repairs, Mgt & Maintenance)	NA	NA	£ 2,556	£ 2,846	£2,000
<b>Maintenance</b>					
No. Repair Orders issued (Tenant Demand)	10644	13,068	10,890	11,587	9,197
Responsive & Void repairs per property			4.2	4.3	3.4
P1 & P2 as a % of total repairs	NA	NA	50.5%	61.7%	47.5%
% all responsive repairs completed on time	NA	81%	92.5%	87.3%	96.3
P1 % emergency repairs completed on time	89%	97%	98.9%	94.6%	96.7
P2 % urgent repairs completed on time	78%	88%	89.6%	78.9%	94.6
% routine repairs completed on time	79%	93%	90.6%	85.0%	94.1
Average end-to-end time for all reactive repairs (days)	7.2	12.6	12.6	12.25	8.2
Percentage of repairs completed 'Right First Time'	NA	NA	NA	78.5	88.8
Appointments kept as a percentage of appointments made	NA	97%	97.13	77%	96.8
Appointments made as a percentage of repair orders (exc gas & voids)	NA	100%	100%	NA	94.1
Percentage of dwellings with a valid gas safety certificate	97.9%	99.5%	99.2%	99.89%	99.8%
Percentage of homes that fail to meet the Decent Homes Standard	0.2%	0%	0.0%	0.0%	0.2%
*Average energy efficiency rating of dwellings (based on SAP 2005)	75.4%	76.20%	68.3	69.2	68.90%
<b>Equality &amp; Diversity</b>					
ASB cases reported	126	213	85	82	143
Percentage of closed ASB cases that were successfully resolved	NA	13.1%	72%	91%	88%
% Vulnerable people achieving independent	61.7%	87%	97%	100%	77.2
% Diversity Information : Age	100%	99.90%	99.88%	100%	100%
Gender	100%	100%	100%	100%	98%
Ethnicity	24.8%	66.90%	94.70%	95%	75%
Disability	24.8%	42.40%	44.59%	100%	75%
Sexuality	24.8%	43%	41.70%	56%	55%
Religion or belief	24.8%	43%	43.05%	57%	55%
Percentage of Stage 1 complaints upheld	0	NA	25%	22%	NA

Performance Indicator	Actual 2008/9	Actual 2009/10	Actual 2010/11	Actual 2011/12	Target (Median)
<b>Satisfaction</b>					
Percentage of tenants satisfied with the landlord's services overall	87%	87%	87%		83%
Percentage of tenants satisfied with repairs and maintenance	88%	88%	88%		79%
Percentage of tenants satisfied that their views are taken into account	76%	76%	76%		64%
Percentage of new tenants satisfied with the allocation and letting process		NA	NA		NA
Percentage of residents satisfied with estate services	81%	81%	81%		82%
<b>Value for Money -</b>					
<b>Direct Costs per property</b>	<b>Actual 2008/9</b>	<b>Actual 2009/10</b>	<b>Actual 2010/11</b>	<b>Actual 2011/12</b>	
Major & Cyclical works	£ 1,231.3	£1,406	£1,294		£1,241
Responsive Repairs	£ 606.8	£400	£455		£424
Void Repairs	£ 93.1	£132	£144		£176
Rent Arrears & Collection	£ 68.1	£68	£53		£71
Community Involvement	£ 26.7	£31	£27		£46
Anti Social Behaviour	£ 25.9	£37	£29		£38
Neighbourhood Mgt (Estates/Tenancy Mgt)	£ 101.3	£95	£34		£66
Housing Options	£ 53.8	£45	£43		£37
Leasehold	£ 7.4	£31	£50		£136
Total staff turnover	5.1%	8%	10.3%	7.0%	8%
Ave. working days lost / sickness absence	11.3	14.0	22.3	14.0	10.5

Housing Property	2010-11	Dispersed
HSE	1293	0
FLATS	1251	10
BUNGALOWS	156	0
<b>TL DWELLINGS</b>	<b>2700</b>	<b>10</b>
LEASEHOLDS	202	
GARAGES	484	0
SHOPS	21	0

2011-12	Dispersed
1290	0
1258	10
157	0
<b>2705</b>	<b>10</b>
202	
484	
20	

SOLD PROPERTIES	2010-11	No
HSE		4
FLAT		2
LAND		
<b>TL</b>		<b>6</b>

2011-12	No
	3
	1
	1

HOMELESSNESS	Actual 2008/9	Actual 2009/10	Actual 2010/11	Actual 2011/12
Homeless aver. days in temporary dispersed accommodation	56	47	46	59
Homeless aver. days in temporary B&B accommodation	18	22	31	20
Homeless Total Cases Closed			616	752
Homeless Advice			216	339
Homeless Prevention	NA	NA	174	114
Homeless Applications			226	185
Homeless Successful Preventions	NA	NA	146	85
Eligible Homeless (Owed a full duty)	NA	NA	27	29

HOUSING REGISTER	Actual 2008/9	Actual 2009/10	Actual 2010/11	Actual 2011/12
Applicants on housing register	56		1700	
Cumbria Choice Register				1745



## Background

The indicators had been agreed on 20th January, 2011 and reflected the Housing Management's overall efficiency, customer satisfaction and compliance. The targets shown were the Housemark 2010/2011 'median' or average cross sector performance scores which had been used to provide a useful benchmark.

The Value for Money section could not be completed until final accounts were available. Both the targets for 2012/13 and the Value for Money section would be updated in the first quarter Housing Management Performance Report (30th August, 2012).

The Customer Satisfaction section would be updated following the 'STAR' survey in the autumn.

It was noted that three significant factors may have adversely impacted upon the performances this year, namely:-

- The introduction of Choice Based Lettings;
- The changeover in main repair contractor; and
- The downturn in the economy.

## Strengths

It was noted that overall Arrears performance had improved though Current Tenant Arrears had increased by £26k, it still fell within target and needed to be considered as part of the total debt of current, former and gross write offs which collectively had fallen by £24k.

Gas Safety, Decent Homes and SAP rating measures had all improved this year and were better than target.

Homelessness advice cases had seen a 56% increase and a reduction in the numbers going on to make a homeless application.

## Weaknesses

It was noted that the Responsive and Void repair performances were down significantly on the previous year which could be attributed to a fall off in performance of the outgoing Contractor and teething problems with management and IT systems with the new Contractor. Measures which had been proposed and agreed in January were now in effect and there appeared to be an improvement.

Other performance measures suggested that the Council had a much higher than average ratio of emergency/urgent repairs (61% v 47%) to all Tenant Demand repairs and a higher ratio of repairs per property compared to the norm (4.2 v 3). Both of those factors increased pressure on Contractor's delivery times and on cost.

Rent loss due to dwelling, garage and shop voids had risen. Relet time for dwellings increased from 28 to 37 days.

RECOMMENDED:- (i) To agree to see through the current sanctions with the repair Contractor VINCI and closely monitor their performance;

(ii) To agree to apply additional resource and support to reduce the number of Responsive and Void, Tenancy Turnover and prevent arrears in line with the Income Management Policy;

(iii) To agree to include additional measures to monitor volume and priority of Responsive (Tenant Demand) repairs; and

(iv) To agree to the removal of the vulnerable people measure as the Council no longer provided that service.

## **12 – Planned Maintenance Programme 2012/13**

The Housing Manager reported information relating the Planned Maintenance Programme for 2012/13. The information is attached at **Appendix A** to these Minutes.

RESOLVED:- To note the information.

The meeting closed at 2.43 p.m.

**PLANNED INVESTMENTS 2011-12 - YEAR END EXPENDITURE**

**APPENDIX A**

SCHEME	CONTRACTOR OR SUPPLIER	AVAILABLE BUDGET	NO OF PROPERTIES	YEAR END EXPENDITURE	START DATE	ESTIMATED COMPLETION DATE	CONTRACTOR	COMMENTS	Leasholders affected?
REWIRES	CUMBRIA HOUSING PARTNERS	£253,000	124	£268,837	1.4.2011	Feb-12	K WILSON	100% Complete	No
BATHROOMS	CUMBRIA HOUSING PARTNERS	£300,000	195	£308,278	1.4.2011	Feb-12	AB MITCHELL	100% Complete	No
KITCHENS	CUMBRIA HOUSING PARTNERS	£750,000	314	£721,563	1.4.2011	Feb-12	AB MITCHELL	100% Complete	No
HEATING	CUMBRIA HOUSING PARTNERS	£850,000	300	£813,464	1.4.2011	Feb-12	AB MITCHELL INTEGRAL	100% Complete	No
RE-POINTING	CUMBRIA ROOFING	£150,000	50	£0	1.4.2012	31.10.2012	CUMBRIA ROOFING	25% Complete - Awaiting invoicing	Yes
PAINTING	CUMBRIA HOUSING PARTNERS	£200,000	492	£187,786	1.4.2011	Feb-12	GH JONES	100% Complete	Yes

**HOUSING MAINTENANCE COMMITMENTS 2011-12 - YEAR END EXPENDITURE**

	Funding Available 2011-12	YEAR END EXPENDITURE	Weekly Available	Gross Comm. as a % funds available
Tenant Demand Repairs	£900,000.00	£667,106.00	£17,307.69	74%
Voids	£200,000.00	£222,918.00	£3,846.15	111%
Gas Servicing	£425,000.00	£293,069.00	£8,173.08	69%
Decoration Vouchers	£35,000.00	£24,623.00	£673.08	70%
Disrepair Claims	£25,000.00	£1,385.00	£480.77	6%
Environmental Impmts	£50,000.00	£32,885.00	£961.54	66%
Disabled Adaptations	£300,000.00	£231,329.00	£5,769.23	77%
Electrical Testing	£175,000.00	£17,226.00	£3,365.38	10%
Door Entry Maintenance	£20,000.00	£36,200.00	£384.62	181%
<b>Total</b>	<b>£2,205,000.00</b>	<b>£1,526,741.00</b>	<b>£40,961.54</b>	

<b>EXECUTIVE COMMITTEE</b>	<b>(D) Agenda Item 7</b>
<b>Date of Meeting: 18th July, 2012</b>	
<b>Reporting Officer: Borough Treasurer</b>	
<p><b>Title: Capital Programme</b></p> <p><b>Summary and Conclusions:</b></p> <p>The Capital Programme outturn for 2011/2012 is presented in this report together with a monitoring report for 2012/2013.</p> <p>The report includes the variations since the last report of 14th December, 2012.</p> <p><b>Recommendations:</b></p> <ol style="list-style-type: none"> <li>1. To note the Capital Programme outturn for 2011/2012; and</li> <li>2. To approve the Capital Programme variations and re-profiling as set out in the report.</li> </ol>	

### Report

#### Capital programme 2011/2012 outturn

The outturn of the capital programme for 2011/2012 as at 31st March 2011 is summarised below (details in **Appendix 1**):

<b>Capital Programme</b>	<b>2011/2012 budget as at 30/11/2011 reported 14/12/2011</b>	<b>2011/2012 Outturn as at 31/03/2012</b>
Public Housing	£2,186,736	£2,112,142
Private Housing	£1,049,778	£770,685
Housing Market Renewal	£1,428,700	£1,274,681
Public Buildings	£359,637	£150,406
Other Public Assets	£3,100,425	£2,527,457
Other Initiatives	£389,905	£62,741
<b>Total</b>	<b>£8,515,181</b>	<b>£6,898,112</b>

<b>Funded by:</b>		
Prudential Borrowing	£1,421,424	£1,307,500
Grants	£3,974,317	£2,523,724
Major Repairs Reserve	£2,113,736	£2,112,142
Revenue Contribution	£44,109	£0
Usable Capital Receipts	£961,595	£954,746
<b>Total Funding</b>	<b>£8,515,181</b>	<b>£6,898,112</b>

Major (over £10,000) alterations to the programme compared to programme reported on 14th December 2011 are as follows:

- 1) £1,299,136 re-profiled from 2011/2012 to 2012/2013
- 2) Budget under spends funding transferred to Asset Investment Fund 2011/2012
  - Disabled Facilities Grants £196,069
  - Play Areas £19,914
  - IT Equipment and Development £133,878
  - Footpath Lighting £14,000
  - Retention £25,000
- 3) Budget over spends funding transferred from Asset Investment Fund 2011/2012
  - Central Refurbishment Property Swaps £12,009
  - North Central Renewal Acquisitions Sub Area D £38,309
- 4) Asset Investment Fund Allocated
  - Rural Regeneration Dalton Drill Hall £19,000 re Executive Committee 14/12/2011. Capital contribution to convert the first floor of Dalton Drill Hall to a youth facility.
- 5) Additional Funding
  - Disabled Facilities Grant £52,831 funding from DCLG
  - Play Areas £12,239 Cumbria County Council funding replaces BBC funding
  - Abbey Road THI £57,793 THI funding
- 6) Projects removed from capital programme 2011/2012 and funding transferred to Asset Investment Fund 2012/2013
  - Central 188 Marsh Street £50,311

- 7) Expenditure and funding transferred to revenue
- Town Centre Shop Front Grants £190,088
  - Town Hall refurbishment £51,474
  - Housing IT £13,748
  - Marina Village Land Acquisition £36,790

Capital Programme 2012/2016 - Monitoring Report as at 30/06/2012

The proposed four year Capital Programme 2012/2013 to 2015/2016 is summarised below (details in **Appendix 1**):

<b>Capital Programme</b>	<b>2012/2013 Budget</b>	<b>2013/2014 Budget</b>	<b>2014/2015 Budget</b>	<b>2015/2016 Budget</b>
As at 30/11/2011	£6,405,249	£4,832,014	£4,480,271	£4,279,709
As at 30/06/2012	£7,432,252	£6,004,614	£4,230,271	£4,279,709
Difference	£1,027,003	£1,172,600	(£250,000)	£0

	<b>2011/2012 Budget</b>	<b>2012/2013 Budget</b>	<b>2013/2014 Budget</b>	<b>2014/2015 Budget</b>
Total Programme	£7,432,252	£6,004,614	£4,230,271	£4,279,709
<b>Funded by:</b>				
Prudential Borrowing	1,779,300	3,020,450	1,500,000	1,500,000
Grants	1,818,747	399,000	399,000	399,000
Major Repairs Reserve	1,904,924	1,952,014	2,000,271	2,049,709
Revenue Contribution	44,109	0	0	0
Usable Capital Receipts	1,885,172	633,150	331,000	331,000

Major (over £10,000) alterations to the programme compared to programme reported on 14th December 2011 are as follows:

- 1) Budgets re-profiled
  - £1,299,136 re-profiled from 2011/2012 to 2012/2013
  - £922,600 re-profiled from 2012/2013 to 2013/2014
  - £250,000 re-profiled from 2014/2015 to 2013/2014
  
- 2) Revised Funding 2012/2013
  - Disabled Facilities Grant additional DCLG allocation £54,658
  - 102/104 Abbey Road additional £22,512 THI funding
  - Leisure Centre additional £600,000 borrowing re Executive Committee 18/04/2012 for new soccer centre development.

- 3) Asset Investment Fund Allocated 2012/2013
- 100/102 Abbey Road Phase II £40,000 re Executive Committee 01/02/2012. Contract awarded to Team Northern Construction Ltd budget revised and £27,500 added re additional works.
  - School Street Former Presbyterian Church £70,000 re Executive Committee 21/09/2011. To demolish and secure the site following acquisition.
  - Central Property Refurbishment £12,000 re Executive Committee 23/05/2012. To repair to a condition fit for sale 62 Sutherland Street
  - Phoenix Court Business Centre £75,000 re Executive Committee 18/04/2012. Expand the capacity of the building to provide extra units for small businesses
- 4) The following bids have been received from managers and included in the capital programme funded from Asset Investment Fund
- i) Market Hall Asbestos Removal £25,000 – removal of asbestos materials from the ceiling void above the market manager’s office.
  - ii) Forge Close / James Freel Close Business Units £74,600 – sewer and highway remedial works to enable adoption by Cumbria County Council and United Utilities and remove Barrow Borough Council liability.
  - iii) 102 Abbey Road Phase £27,200 – construct contract car park
  - iv) Phoenix Court Business Centre £15,000 additional works to expand the capacity of the building to provide extra units for small businesses
  - v) Roa Island Jetty £23,700 – additional costs required to replace degrading precast reinforced concrete jetty with a new shorter timber jetty
  - vi) Roa Island Car Park £7,300 revised budget following acquisition of land to convert grassed area to car parking spaces.
  - vii) Coastal Defences belonging to Barrow Borough Council £25,000 per annum 2012/2013 and 2013/2014 to replace £16,000 funding included in the programme 2014/2015.

(i) Legal Implications

The recommendations have no legal implications.

(ii) Risk Assessment

The recommendations have no significant implications.

(iii) Financial Implications

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

(iv) Health and Safety Implications

The recommendations have no significant implications.

(v) Key Priorities or Corporate Aims

The recommendation has no detrimental impact on providing good quality efficient and cost effective services.

The recommendation has no detrimental impact on the quality of housing.

The recommendation has no detrimental impact on the long term economic recovery for our community.

The recommendation has no detrimental impact the built environment or public realm.

(vi) Equality and Diversity

The recommendations have no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vii) Health and Well-being Implications

The recommendations have no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Papers held by the Borough Treasurer's Department.



**Barrow Borough Council**  
**Capital Programme 2011/2016**

	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>
	<b>Outturn</b>				
Capitalised planned maintenance	2,112,142	1,904,924	1,952,014	2,000,271	2,049,709
Housing IT		54,252			
<b>Total Investment in public housing</b>	<b>2,112,142</b>	<b>1,959,176</b>	<b>1,952,014</b>	<b>2,000,271</b>	<b>2,049,709</b>
Disabled facilities grants	577,419	700,000	600,000	600,000	600,000
Minor repair grants	(8,265)				
Thermal Improvement Grants	12,105	5,131			
Private Sector Housing Condition Survey	189,426	24,467			
<b>Total Investment in private housing</b>	<b>770,685</b>	<b>729,598</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>
North Central Renewal - Acquisitions Sub Area D	576,577				
Central - Relocation Grants	76,350				
Central Misc Acquisitions	17,762				
Central Property Refurbishments	97,009	12,000			
North Central Renewal - Demolition	386,101	51,390			
Group Repair - Sutherland Street	23,832				
Group Repair - Marsh Street	26,840	14,042			
Group Repair - Central Area E		600,000	500,000		
Group Repair - Central Area A		200,000	400,000		
Rawlinson Street Corridor		300,000	300,000		
Central Buccleuch Court Environmental Improvements	40,021				
Hindpool Urban Park Phase 1 & 2	9,791				
Hindpool Environmental Improvements - Pocket Parks	20,398				
Hindpool Environmental Improvements - Key Streets		8,844			
<b>Investment in Housing Market Renewal</b>	<b>1,274,681</b>	<b>1,186,276</b>	<b>1,200,000</b>	<b>0</b>	<b>0</b>
<b>Total Investment in housing</b>	<b>4,157,508</b>	<b>3,875,050</b>	<b>3,752,014</b>	<b>2,600,271</b>	<b>2,649,709</b>
Cemetery	20,746	32,704	250,000		
Crematorium	43,476				
Dock Museum	17,879	178,121			
Forum 28		30,000	18,000		
Leisure Centre		600,000			
Market Hall	55,998	33,193			
Public Conveniences	4,918	10,082			
Roof Top Car Park		327,671	500,000		
Town Hall	7,389	192,318	100,000	100,000	100,000
<b>Total Investment in Public Buildings</b>	<b>150,406</b>	<b>1,404,089</b>	<b>868,000</b>	<b>100,000</b>	<b>100,000</b>
Play Areas	248,053	6,580			
Barrow Park		43,000			
Play Project Biggar Bank	17,863				
Playing Fields	22,412	2,588			
Forge Close / James Freel Close Business Units	-	83,128			
Waterside Business Park Access Road	91,247	8,367			
Phoenix Court Business Centre		90,000			
Town Centre Shop Front Grants	190,088	157,422			
93 Dalton Road	107,424	12,576			
Miscellaneous Properties	14,512	250,000	250,000	250,000	250,000
Abbey Road THI	176,287				
104 Abbey Road (Cookes Building)	560,319	67,380			
102 Abbey Road	177,841	347,452			
School Street Former Presbyterian Church		70,000			
Link Road	(14,827)	78,881			
Dalton Road Streetscapes	53,200				
Town Centre Public Realm Phase II (The Ginnell)		4,302			

**Barrow Borough Council  
Capital Programme 2011/2016**

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
	<b>Outturn</b>				
Furness House Landscaping		6,615			
The Mall		4,665			
Marina Village	809,654	404,441	850,000	1,000,000	1,000,000
IT Equipment & Development	25,061	100,000	100,000	100,000	100,000
Refuse and Recycling Containers	48,323	41,465	40,000	40,000	40,000
<b>Total Investment in other public assets</b>	<b>2,527,457</b>	<b>1,778,862</b>	<b>1,240,000</b>	<b>1,390,000</b>	<b>1,390,000</b>
Ormsgill Reservoir		11,457			
Rural Regeneration	19,642				
Rural Regeneration - Piel Island	36,897	18,120			
Rural Regeneration - Roa Island Jetty	6,202	189,998			
Rural Regeneration - Coastal Protection		25,000	25,000		
Rural Regeneration - Roa Island Car Park		55,979			
<b>Total Investment in Community Initiatives</b>	<b>62,741</b>	<b>300,554</b>	<b>25,000</b>	<b>-</b>	<b>-</b>
<b>Retentions</b>	<b>-</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>
<b>Asset Investment Fund</b>	<b>-</b>	<b>48,697</b>	<b>94,600</b>	<b>115,000</b>	<b>115,000</b>
<b>Total</b>	<b>6,898,112</b>	<b>7,432,252</b>	<b>6,004,614</b>	<b>4,230,271</b>	<b>4,279,709</b>

**Funding of Capital Programme**

Housing Capital Grant - Private Sector Housing	3,840	-			
Housing Capital Grant - Housing Market Renewal	410,458	-			
Borrowing Requirement Non Housing	1,307,500	1,779,300	3,020,450	1,500,000	1,500,000
DCLG Grant	552,307	456,761	399,000	399,000	399,000
Area Based Grant	815,012	1,137,301			
UDF Barrow Regeneration	20,000	-			
Communities for Health	20,000				
Lottery	285,825	131,762			
Cumbria County Council	354,753	88,456			
Private Contributions	61,529	4,467			
HRA MRR	2,112,142	1,904,924	1,952,014	2,000,271	2,049,709
Contributions from Revenue	-	44,109			
Usable Capital Receipts	954,746	1,885,172	633,150	331,000	331,000
<b>Total</b>	<b>6,898,112</b>	<b>7,432,252</b>	<b>6,004,614</b>	<b>4,230,271</b>	<b>4,279,709</b>

<b>EXECUTIVE COMMITTEE</b>	<b>(D) Agenda Item 8</b>
<b>Date of Meeting: 18th July, 2012</b>	
<b>Reporting Officer: Borough Treasurer</b>	
<b>Title: Council Tax Reduction Scheme</b>	
<b>Summary and Conclusions:</b>	
<p>The Executive Committee on 20th June 2012, agreed in principle to adopt the Prescribed Default Scheme as the Councils' local scheme. This report sets out the Prescribed Default Scheme and proposed consultation document for Members approval.</p>	
<b>Recommendations:</b>	
<ol style="list-style-type: none"><li>1. To note the timetable for implementing the local Council Tax Reduction Scheme;</li><li>2. To approve the Prescribed Default Scheme as the draft local scheme;</li><li>3. To approve the consultation proposed within the report; this will refer to the draft local scheme;</li><li>4. To note the risks associated with the switch from Council Tax Benefit to localised support;</li><li>5. To agree to review the empty home discounts and premiums and second home discounts at the Executive Committee to be held on 19th September 2012, and</li><li>6. To note that funding proposals will also be presented to this Committee on 19th September 2012, to cover any remaining shortfall.</li></ol>	

**Report**

A. Background - Council Tax Benefit

People on a low income, whether working or not, and need financial help to pay their Council Tax bill, may be able to get Council Tax Benefit if their income and capital (savings and investments) are below a certain level. This applies whether they rent or own their home, or live rent-free. People could qualify if they are out of work, or in work and earning a wage.

Some people may qualify for Second Adult Rebate if there is Council Tax to pay and their own income or capital is too high to qualify for main Council Tax Benefit. It is based on the income of the other people living with them and covers a maximum of 25% of the Council Tax payable.

People who have savings of over £16,000 can't normally get Council Tax Benefit, unless they are getting the 'guarantee credit' of Pension Credit.

To work out Council Tax Benefit, several factors are looked at:

- the money the claimant and their partner or civil partner have coming in, including earnings, some benefits and tax credits and things like occupational pensions;
- any savings of the claimant and their partner or civil partner; and,
- the claimants circumstances, for example their age, the size of the family and their ages, if any of the family are disabled and if anyone who lives in could help with the rent.

The most Council Tax Benefit anyone can get is 100 per cent reduction on the bill.

If people are entitled to Income Support, income-based Jobseeker's Allowance or the 'guarantee credit' of Pension Credit they generally get maximum help with their Council Tax.

Council Tax Benefit and Second Adult Rebate reduce the Council Tax bill. A new bill showing the reduced amount of Council Tax payable is issued.

People can claim Council Tax Benefit (including Second Adult Rebate) and Housing Benefit with claims for the following benefits:

- Employment and Support Allowance
- Income Support
- Jobseeker's Allowance

Jobcentre Plus sends details of the claim for Housing Benefit and Council Tax Benefit to the Council.

People can claim Housing Benefit and Council Tax Benefit (including Second Adult Rebate) with their claim for Pension Credit. The Pension Service sends details of your claims for Housing Benefit and Council Tax Benefit to the Council.

People that are not claiming Pension Credit, Income Support or Jobseeker's Allowance can get a form for Council Tax Benefit, Second Adult Rebate and Housing Benefit from the Council direct.

Claimants must tell the Council if their circumstances change, for example:

- any of their children leave school or leave home;

- anyone moves into or out of their home;
- their income, or the income of anyone living with them, changes;
- their capital or savings change;
- their rent changes;
- they move;
- they or their partner or civil partner are going to be away from home for more than a month;
- they or anyone who lives with them goes into hospital;
- they or anyone who lives with them starts work, even if it is voluntary; and,
- they or anyone who lives with them goes into a care home.

Failure to do inform the Council could result in a fraud prosecution or loss of benefit.

People can get Council Tax Benefit when they get a job and earn a wage. They may also get other benefits and support to help them stay in work.

#### B. Changes – Council Tax Reduction Scheme

As reported to the Executive Committee on 20th June 2012, billing authorities have to adopt a Council Tax Reduction Scheme, a local scheme, to replace the council tax benefit system which ends on 31st March 2013. The local Council Tax Reduction Scheme will come into force on 1<sup>st</sup> April 2013. The Department for Communities and Local Government have issued a Prescribed Default Scheme that will be imposed on those authorities failing to agree a local scheme by 31st January 2013. Authorities can choose to adopt the Prescribed Default Scheme as their local scheme.

The timetable for adopting a local scheme is broadly:

- Agreement in principle of local scheme (agreed at the Executive Committee on 20th June 2012).
- Consultation with the major preceptors; Cumbria County Council and Cumbria Police Authority (I have initiated this).
- Draft local scheme agreed by Executive Committee (contained within this report).
- Publish draft local scheme for 12 weeks public consultation (contained within this report).
- Report consultation results to Executive Committee for recommendation to adoption by Full Council (14th November 2012 proposed).
- Local Council Tax Reduction Scheme formally adopted by Full Council – ideally this should happen around late November/early December, however as there is no Full Council in that period it will be necessary to hold a special Council.

The Government intends to fund around 90% (nationally) of the Council Tax Reduction Scheme by a direct grant to the major preceptors. This will be adjusted by assumptions that will be made by the Government when the

settlement for 2013-2014 is announced and is likely be adjusted for estimated caseload and estimated take up changes.

Using the 2012-2013 budget to illustrate the figures involved, the 10% reduction of the £6,747,570 budgeted benefit subsidy would be shared on the 2012-2013 precept:

- Barrow Borough Council 14% £91,496
- Cumbria County Council 73% £497,293
- Police Authority 13% £85,968
- **Total 100% £674,757**

### C. Prescribed Default Scheme

The Local Government Finance Bill sets out that the Secretary of State will prescribe a default scheme which will take effect if the Council fails to make a scheme on or before 31st January 2013. In relation to how an award is calculated, is intended that the default scheme will operate in as close a way as possible to the council tax benefit system.

As it reflects the existing council tax benefit scheme, it is important to note that it will not deliver the 10% saving. The default scheme will also incorporate prescribed arrangements for those of pension credit age, and any prescribed requirements for all schemes, such as exclusion of certain people from abroad.

Each year, the Local Government Finance Bill provides that the Council will need to consider whether to revise or replace the local scheme, and the same considerations will apply where the default scheme is in place.

The Government intends to introduce regulations to determine the reductions to which working-age classes will be entitled. The intended effect of the regulations will be almost identical to those governing council tax benefit means-testing, and should mean that council tax support for those of state pension credit age and working age will not be reduced under the default scheme.

The amount of support will continue to be based on individual circumstances and changes of circumstances will also be taken into account.

Once the scheme is in place for the Council future updates for those of working age will be determined under provisions in the Bill which state that each year billing authorities will need to consider whether to retain or revise or replace their local scheme.

The default scheme is set out in **Appendix 2**; paragraphs 4.86 to 4.137 extracted from the Department for Communities and Local Governments' *A Statement of Intent*.

### D. Options for the Council

The Council has the option of passing the 10% reduction on to claimants thereby making people liable for council tax that are not liable now, or by identifying mitigation and funding itself. However, if the cost was not passed on to claimants, it is shared by the three major preceptors and that is why I have informed them of the Councils' *in principle* decision to adopt the Prescribed Default Scheme.

There are currently over 6,846 Council Tax Benefit claimants, with 36% (2,439) of these being of pension age. The Government has stipulated that pension age claimants are to be protected. Of the remaining 64% (4,407) working age claimants, £3m of Council Tax Benefit is currently awarded. To save the 10% in cash terms (£675k), each of the 4,407 working age claimants would see their Council Tax Benefit reduced by 22.5% to give a Council Tax entitlement of 77.5% of their previous benefit. This is a headline or summarised way of looking at the impact on claimants but it identifies that a lot of people would be affected and that it would mean some Council Tax becoming payable by those who perhaps receive full benefit at present.

It is important to note that this is the local scheme for 2013-2014; the scheme must be reviewed annually. The scheme does not have to be changed when it is reviewed, but it must be agreed by Full Council on an annual cycle.

#### E. Risks

There are a number of risks associated with adopting the Prescribed Default Scheme; or any other scheme generally:

- 10% cut in funding for Council Tax benefit/reduction to be paid for.
- The scheme is adopted by the billing authority, but clearly we need the major preceptors to be on board.
- The timeframe for consultation and feedback.
- The Government will be assuming caseload and take-up which may impact on the grant that the Council and the major preceptors receive.
- Should the Council design its own local scheme in the future, transitional relief would have to be granted for a reasonable period.

There are also risks associated with **not** adopting the Prescribed Default Scheme, which have been mitigated by the Council adopting (in principle) the Prescribed Default Scheme:

- The complications in designing a new scheme covering all of the groups of people with different factors to achieve the 10% reduction in overall funding (local caps for example).
- The impact on our residents currently receiving Council Tax Benefit if it is reduced.
- The impact of other benefit changes at the present time would mean that people may have their other benefits reduced from April 2013.

There are two particular risks that need to be addressed primarily:

- The timeframe to consult on and set a local scheme.
- How the local scheme will be funded by the major preceptors.

#### F. Consultation

The timeframe for public consultation is set out in paragraph B. The consultation text is attached as **Appendix 3**. Members are asked to approve the consultation document and that it is posted onto the Councils' website front page for the duration of the consultation period. The consultation period is proposed as 30th July 2012 to 19th October 2012; 12 weeks. This will allow the results to be considered and for the proposed local Council Tax Reduction Scheme to be presented to the Executive Committee on 14th November 2012.

#### G. Empty properties and second homes

Members are asked to note that the review of empty property discounts and premiums and second home discounts will be presented to the Executive Committee on 19th September 2012. Detailed information is being compiled to identify exactly what impact various changes would have. Members should note that based on the actual figures for 2011-2012, removing these discounts completely may not cover the cost of the scheme. It will therefore be necessary for additional proposals to be presented to Members to cover any shortfall in funding once the savings from any changes to these discounts are identified and agreed.

##### (i) Legal Implications

The legal implications are set out in the body of the report.

##### (ii) Risk Assessment

The risks are set out in the body of the report.

##### (iii) Financial Implications

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

##### (iv) Health and Safety Implications

The recommendation has no significant implications.

##### (v) Key Priorities or Corporate Aims

The recommendation has no detrimental impact on providing good quality efficient and cost effective services.

The recommendation has no detrimental impact on the quality of housing.



The recommendation has no detrimental impact on the long term economic recovery for our community.

The recommendation has no detrimental impact the built environment or public realm.

(vi) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vii) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

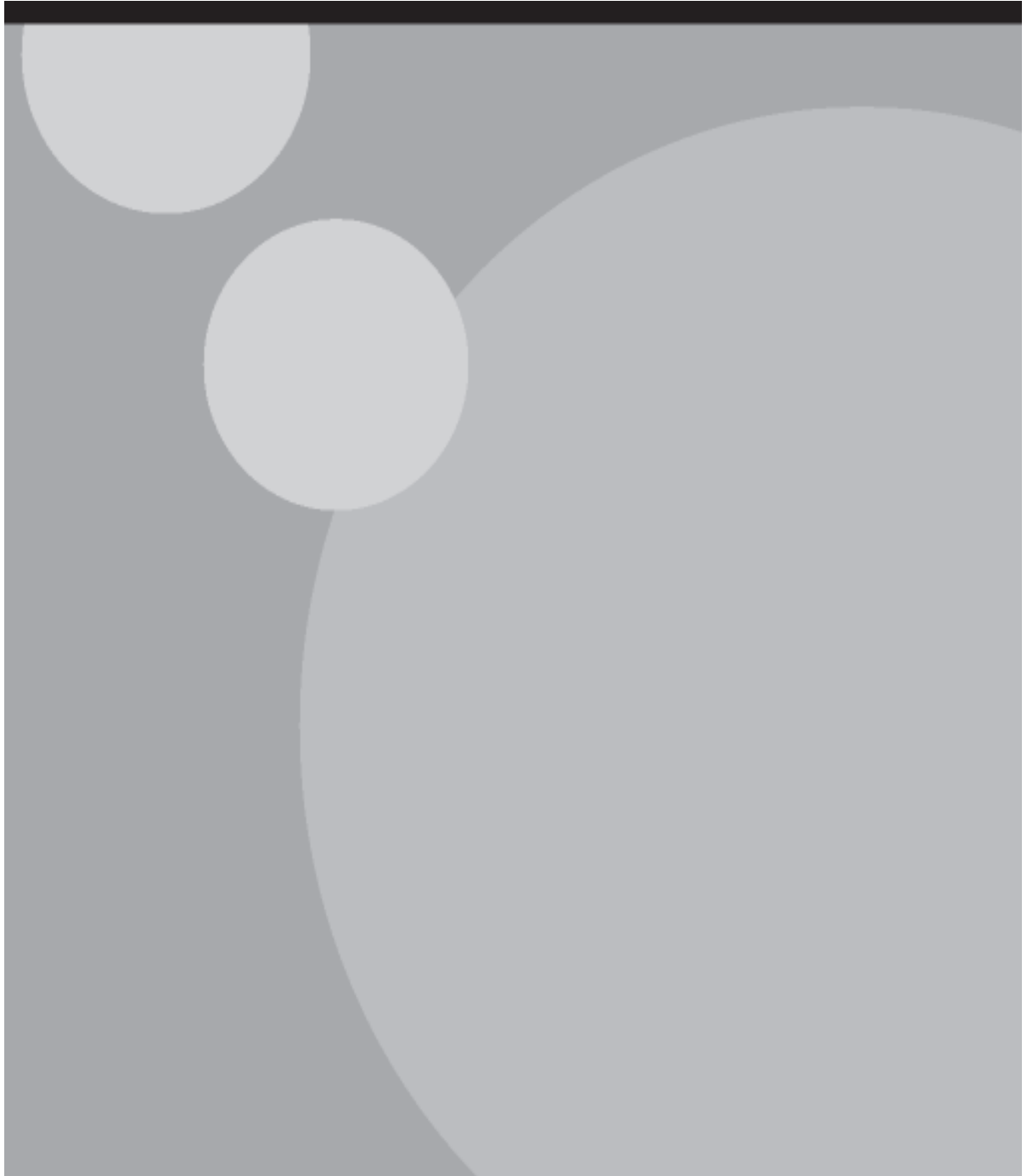
Background Papers

Documentation from the Department for Communities and Local Government.



# Localising Support for Council Tax

## A Statement of Intent







# Localising Support for Council Tax

## A Statement of Intent

May 2012  
Department for Communities and Local Government



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# Chapter 1

## Introduction

- 1.1 At Spending Review 2010 the Government announced that it would localise support for council tax from 2013-14, reducing expenditure by 10 per cent.
- 1.2 The Government is committed to retaining council tax support for the most vulnerable in society and taking forward plans for councils to develop local council tax reduction schemes. The Welfare Reform Act 2012 contains provisions for the abolition of council tax benefit, paving the way for new localised schemes.
- 1.3 This reform is part of a wider policy of decentralisation, giving councils increased financial autonomy and a greater stake in the economic future of their local area.
- 1.4 Lifting the poorest off benefits, by supporting them into work is a key Government objective. Local authorities will have a strengthened financial stake in ensuring local schemes support this aim and help to deliver the positive incentives to work that will reduce poverty and reliance on support for council tax in the long term.
- 1.5 The Government believes that it is right to protect council tax support for vulnerable pensioners and that this should not be affected as a result of the introduction of this reform. The elderly cannot go back to work – they have saved and worked hard all their lives: they deserve dignity and security in retirement.
- 1.6 The Local Government Finance Bill (hereafter ‘the Bill’) was introduced to Parliament on 19 December 2011. The Bill makes provision for the localisation of council tax support in England by imposing a duty on billing authorities to make a localised council tax reduction scheme by 31 January 2013 and to consult with major precepting authorities and such other persons as it considers likely to have an interest in the scheme about the scheme.
- 1.7 The Government has also taken powers in the Bill to prescribe certain *classes* or groups who must receive reductions (see new Schedule 1A paragraph (2)(8) and (9)(b)). This will include classes of eligible pensioners, based on the same factors that have determined pensioner eligibility and award under the council tax benefit system.
- 1.8 Further powers in the Bill allow the Government to prescribe a *default scheme* which will take effect if a billing authority has not made a



scheme by 31 January 2013, so that they can still administer council tax reductions (new Schedule 1A paragraph 4).

- 1.9 The Government will allocate funding to billing and major precepting authorities to support the provision of the localised schemes. A consultation on funding distribution, published in parallel with this document, sets out more detail on the Government's proposals<sup>1</sup>.
- 1.10 The Bill states that the Government may make regulations about: prescribed requirements for schemes (new Schedule 1A, paragraph 2(8)); the procedure for preparing a scheme (new Schedule 1A, paragraph 3(4)); the *default* scheme (new Schedule 1A, paragraph 4(1)); transitional arrangements (new Schedule 1A, paragraph 9).
- 1.11 This document sets out policy statements of intent for the regulations to be provided under the Bill in relation to England only. These policy statements of intent explain the policy intent of the regulations and how they will enable the delivery of local council tax support. Their purpose is inform debate and discussion of the Bill in Parliament, and it is also anticipated that they will help billing authorities by providing further detail to inform their preparation of local schemes, ahead of the publication of regulations.
- 1.12 This is intended to provide local authorities with the certainty over the Government's proposals they need to be able to consider how to construct their scheme and begin detailed discussions with interested parties in their area.
- 1.13 The Government, in developing these statements of intent has consulted with representatives of local government, the Local Government Association, the Chartered Institute of Public Finance and Accountancy and the Institute of Revenues Rating and Valuation.
- 1.14 This document sets out five policy statements of intent. They are:
  - **Requirements for preparing a scheme**
    - This statement explains how we expect a billing authority to prepare a local council tax reduction scheme.
  - **Transitional arrangements**
    - This statement sets out how the transition from council tax benefit to a local council tax reduction scheme will be implemented.
  - **Prescribed requirements**
    - (i) **All local council tax support schemes;**
    - (ii) **Prescribed pensioner credit age schemes;**
    - (iii) **The *default* scheme**

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<sup>1</sup> Localising Support for Council Tax - Funding arrangements consultation

- This statement sets out those matters that will be prescribed by Government: a small number of administrative requirements prescribed requirements in relation to those who have attained the eligible age for state pension credit, and the *default* scheme.
  - **Council tax base**
    - This statement sets out the proposed policy for enabling billing authorities to adjust the council tax base to take account of local council tax reductions when calculating council tax bills.
  - **Risk sharing of financial pressures**
    - This statement sets out the proposed policy to enable risk sharing of financial pressures on billing authorities as a result of increases in demand for local council tax reductions.
- 1.15 The policy statement of intents provided in this document relate to existing provisions and powers with the Bill.
- 1.16 The Government is tabling amendments to the Bill to provide additional powers which may be used for the investigation and prosecution of fraud, and to enable Her Majesty's Revenue and Customs to share data with billing authorities for the purposes of administering local schemes.
- 1.17 The Government will therefore bring forward an addendum to this document with additional policy statements of intent in regard to these powers, whilst the Bill is still before Parliament.

# Chapter 2

## Requirements for preparing a scheme

- 2.1 This Statement of Intent has been prepared by the Department for Communities and Local Government to set out our expectations for how billing authorities will comply with those provisions in the Bill relating to the processes for preparing a local scheme.
- 2.2 It also indicates our intention to seek a related minor amendment to the Bill, intended to provide greater certainty for billing authorities over when they are able to start consultations to prepare a local scheme.

### Purpose of the statement

- 2.3 To provide clarity for the proposed policy on how a billing authority will prepare to implement a local council tax reduction scheme.

### Legislative context and territorial application

- 2.4 Under section 13A(2) of the Local Government Act 1992, substituted by clause 8 of the Bill a billing authority must make a council tax reduction scheme. Schedule 1A to the 1992 Act, inserted by Schedule 4 to the Bill, makes further provision about council tax reduction schemes.
- 2.5 Paragraph 3 of new Schedule 1A provides regulation-making powers for the Secretary of State in regard to *Preparation of a Scheme*. This section of the Bill applies to England.

### Policy

- 2.6 At present the Government is not proposing to make regulations to prescribe the approach to preparing scheme, provided for in paragraph 3 of new Schedule 1A of the Bill
- 2.7 The Bill already specifies that, before adopting a scheme, the billing authority must in the following order:

- a. consult any major precepting authority which has power to issue a precept to it,
- b. publish a draft scheme in such manner as it thinks fit, and
- c. consult such other persons as it considers are likely to have an interest in the operation of the scheme.

## **Consultation**

- 2.8 Local authorities were given Best Value Statutory Guidance published in September 2011<sup>2</sup>. This short statutory guidance on the Best Value Duty sets out some reasonable expectations of the way authorities should work with voluntary and community groups and small businesses when facing difficult funding decisions.
- 2.9 When consulting on reduction schemes billing authorities should ensure all interested parties are able to give their view and influence the design of the reduction scheme.
- 2.10 The consultation feedback should help identify where there may be any adverse impacts to any particular group. Billing authorities must also understand whether there are any groups or individuals that are adversely impacted by any changes when making their final decisions on a local scheme.

## **Timing of consultations**

- 2.11 The Bill clearly sets out that the billing authority must consult in the order set out in the Bill, and in paragraph 2.7 above. Therefore when the public consultation is carried out, the major precepting authority will have been consulted and should have been involved in shaping the initial proposals.
- 2.12 The public consultation should be carried out as early as possible to ensure feedback can influence the scheme and allow sufficient time for the feedback to be gathered, impacts to be understood, and a scheme to be shaped.
- 2.13 To enable billing authorities to bring forward consultations as early as possible, we propose to amend paragraph 3(2) of new Schedule 1A (in Schedule 4 to the Bill). The amendment provides certainty that in addition to consultation with major precepting authorities, publishing a draft scheme and consultation with such other persons likely to have an interest in the operation of the scheme is not rendered invalid, simply because it takes place before the provisions in the Bill come into force.
- 2.14 A billing authority will need to take account, in developing a local scheme, that a realistic time frame must be put in place to ensure feedback can be sought from all appropriate individuals and groups in

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<sup>2</sup> <http://www.communities.gov.uk/documents/localgovernment/pdf/1976926.pdf>

the community. The length of any consultation should also reflect the changes proposed.

- 2.15 Although Government's code of practice on consultation<sup>3</sup> states that normally 12 weeks is appropriate, billing authorities may wish to consider the appropriate length of their consultation depending on the impact of their proposals and the ability to complete the consultation exercise within budgetary timetables.
- 2.16 The code of practice indicates that where timing is restricted, for example, due to having to meet a fixed timetable such as a budget cycle, there may be good reason for a shorter consultation, and any documentation should be clear for the reasons for the shorter timetable.
- 2.17 In considering their timetable a billing authority will also need to consider that if effective consultation is carried out it also takes time to gather the feedback, understand the key themes and impacts and take it through any internal governance processes to get agreement on any final changes.
- 2.18 The Bill states that a reduction scheme must be adopted no later than 31 January in the preceding financial year to the introduction of the scheme (see clause 8(4) in relation to the first year of operation and paragraph 5(2) in new Schedule 1A, inserted by Schedule 4 to the Bill, in relation to subsequent years).

### **Extent of consultation**

- 2.19 The content of any consultation will depend on the complexity of the reduction scheme that is proposed to be introduced. Billing authorities will need to consider administrative processes that they may require – such as whether an application is needed, or how existing working age claimants can transition to the new local schemes.
- 2.20 A billing authority will be under a duty to adopt a local council tax reduction scheme. Where the reduction scheme they adopt fundamentally changes all aspects of any existing scheme they may need to provide greater detail of its impacts than a reduction scheme that simply amends the level of awards but not the qualifying criteria.
- 2.21 Nonetheless, to be an effective consultation, a billing authority will need to ensure that all interested parties are able to give their view and influence the design of the scheme.

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<sup>3</sup> <http://www.bis.gov.uk/files/file47158.pdf>

## Consultation and the default scheme

- 2.22 Paragraph 4 of new Schedule 1A of the Local Government Finance Act 1992 (the 1992 Act) inserted by Schedule 4 to the Bill provides that the Secretary of State must prescribe a *default* scheme which will take effect in relation to an authority's area if it fails to make a council tax reduction scheme on or before 31 January 2013.
- 2.23 If a billing authority actively intends to adopt a reduction scheme, (as it should, in order to comply with the duty in section 13A(2) of the Local Government Act 1992, substituted by clause 8), no matter what the content of that scheme is (and even if it is the same or substantially similar to the *default* scheme) then it is a local scheme. The billing authority is therefore obliged to consult with major precepting authorities, publish a draft scheme and consult with such other persons it considers are likely to have an interest.
- 2.24 However, if the *default* scheme is imposed on a billing authority because it has failed to comply with its statutory obligations to make a scheme by 31 January 2013, then there is not a duty to consult on the default scheme that comes into force, because it has not been adopted.

## Adoption of a local scheme

- 2.25 It will be up to the billing authority to adopt a scheme formally through their internal decision-making processes.

## Challenges to schemes

- 2.26 A billing authority that does not consult in accordance with the requirements of the Bill prior to adopting a local scheme may be vulnerable to a judicial review of any decision to implement their local scheme. A challenge could come from major precepting authorities if they have not been consulted fully, or local tax payers.

## Regulatory proposals

- 2.27 The Government does not propose to bring forward regulations that prescribe the approach to preparing a scheme, provided for in paragraph 3 of new Schedule 1A to the 1992 Act.
- 2.28 Prescribing in regulations how schemes are prepared will not enhance the existing requirements and duties on billing authorities.

# Impact of the proposals

## **Billing authorities**

- 2.29 Billing authorities will be required to consult on the introduction of local reductions schemes with major precepting authorities and others with an interest. They will have the flexibility, within wider local budgetary timetables, to undertake consultation in line with local circumstances.

## **Major precepting authorities**

- 2.30 Major precepting authorities will be able to engage with billing authorities on how local reduction schemes will be enacted within their area and influence their design though the requirement for the billing authority to consult with them.

## **Other interested parties – tax payers – recipients of reductions**

- 2.31 Other interested parties will be consulted upon how local schemes will be enacted within their area. Billing authorities will continue to be subject to their existing equalities duties, and will need to consider whether any groups or individuals will be disproportionately affected by any changes when making their final decisions on a local scheme.
- 2.32 Both major precepting authorities and other interested parties will be able to challenge a local reduction scheme if the billing authority has not undertaken a meaningful consultation.

# Chapter 3

## Transitional arrangements

- 3.1 This Statement of Intent has been prepared by the Department for Communities and Local Government to set out its intention for regulations to be made under the transitional power in new Schedule 1A to the 1992 Act, inserted by Schedule 4 to the Bill, and its expectations in relation to general transitional arrangements.
- 3.2 It also indicates our intention to seek a related minor amendment to the Bill, to enable persons with outstanding applications for council tax benefit to benefit from the transitional arrangements.

### Purpose of the statement

- 3.3 To provide clarity for the proposed policy for how the transition from council tax benefit to a local council tax reduction scheme will be implemented.

### Legislative context and territorial application

- 3.4 Paragraph 9 of Schedule 1A to the Local Government Finance Act 1992 (inserted by Schedule 4 to the Bill) provides regulation-making powers for the Secretary of State in relation to *Transitional Provisions*. This power relates to England.

### Policy

- 3.5 This Statement of Intent explains what the Government intends to include in the regulations under paragraph 9 of new Schedule 1A of the Bill, as well its expectations in relation to general transitional arrangements.

### Transitional regulations

- 3.6 The policy intention is to avoid the need for applicants already in receipt of, or who have already applied for, council tax benefit to have to apply for a local council tax reduction.



- 3.7 The underlying rationale for this is to minimise the administrative burden on both claimants and local authorities, and help meet the principle of *tell us once* by facilitating billing authority use of existing council tax benefit applications and information to calculate reductions for council tax bills for 2013-14, under the successor local council tax reduction schemes.
- 3.8 A billing authority's council tax reduction scheme will be required to set out the classes of person entitled to a reduction in their council tax liability. The scheme may provide that to be within an eligible class an individual must have made an application for a reduction.
- 3.9 That requirement will always apply where the applicant is protected under requirements applying to those of pension credit age or is in any class of person under the *default* scheme (by virtue of requirements prescribed by the Secretary of State<sup>4</sup> ).
- 3.10 Therefore, where a local reduction scheme requires an application in order for a person to fall within a class of person entitled to a reduction, regulations will provide that a person who is in receipt of council tax benefit immediately before 1 April 2013 is to be treated as having made an application for a reduction under the local scheme.
- 3.11 Where an individual has, prior to 1 April 2013, made an application for council tax benefit which has not been determined by 1 April 2013, the regulations will provide that the individual is to be treated as having made an application for a reduction under the local scheme.
- 3.12 To enable this transitional proposal we propose to amend paragraph 9(1) of new Schedule 1A. The purpose of the amendment is to ensure that regulations may provide that an application for council tax benefit which has not been determined by 1 April 2013 can be treated as an application for a local reduction scheme.
- 3.13 Although we will not explicitly regulate for deeming an appeal for council tax benefit being an application for a local council tax reduction, the person will be treated as having made an application under the local scheme where the outcome of an appeal entitles the claimant to council tax benefit immediately before 1 April 2013.
- 3.14 Where an application relates to a local council tax reduction only, i.e. to a period of time starting on or after 1 April 2013, then this application should be dealt with under the processes for local council tax reduction schemes. Such an application should not have an impact on transitional arrangements.

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<sup>4</sup> See Chapter 4 – Prescribed Requirements.

## Summary of regulatory proposals

- 3.15 The Government will bring forward transitional regulations to the House provided under Paragraph 9, of new Schedule 1A. The regulations will state that an application is deemed to have been made where:
- a. Someone is in receipt of council tax benefit in relation to 31 March 2013; and
  - b. Where an application for council tax benefit has been made and yet to be determined by 31 March 2013.
- 3.16 In regard to information to calculate actual reductions, local authorities will be able to use existing information to calculate reductions for 2013-14 bills, based upon the levels of council tax benefit granted. Where this information is not sufficient for them to do so an authority will need to seek supplementary information from the applicant.

## Wider transitional arrangements

- 3.17 The wider transitional arrangements set out in this section of the statement are to provide information in relation to the transition from council tax benefit to the local council tax support schemes, and are not matters to be regulated.

### **Application forms**

- 3.18 It will be for the billing authority to determine how they wish to design the application forms required for their local schemes, and to consider any requirements on how these should be completed (including, for example, whether an application can be filled in on-line).
- 3.19 A billing authority may be able to make efficiency savings by providing on-line applications. However, not all individuals may have access to the internet and billing authorities should also ensure that applications, where needed, can be provided to such persons that do not have on-line access.
- 3.20 It is anticipated that billing authorities may wish to use council tax benefit application forms as a starting point, but will need to remove any references or logos which are no longer relevant.
- 3.21 Prior to 1 April 2013 billing authorities will need to consider how to communicate new arrangements for applying for local council tax reductions.

## **Administration processes**

- 3.22 Council tax reduction schemes will be given legislative effect by amendments to the Local Government Finance Act 1992. The Government intends that, as set out in the Statement of Intent on prescribed requirements, where possible, existing administrative council tax regulations will also apply to the administration of local council tax reduction schemes, for example, to deal with over- and under-calculation of reductions.
- 3.23 In relation to any residual outstanding claims relating to council tax benefit the Department for Work and Pensions is proposing to save the council tax benefit regulations. The Department for Work and Pensions will be providing further details in due course on this issue. For a limited period, there may be a limited number of claims beyond 1 April 2013 that would need to be assessed wholly or partly in relation to the Council Tax Benefit system.

## **Transition to a replacement local scheme**

- 3.24 Billing authorities will be required each financial year to consider whether it wants to revise or replace its scheme.
- 3.25 Paragraph 5(1) of new Schedule 1A requires a billing authority to consider whether to revise or replace its local council tax reduction scheme each financial year.
- 3.26 Under such circumstances it will be for each billing authority to consider what transitional arrangements may be required to move from an existing local scheme to a replacement scheme.
- 3.27 Paragraph 5(4) of new Schedule 1A states that any replacement scheme which reduces or removes a reduction to which any class of persons is entitled must include such transitional provision relating to that reduction or removal as the authority thinks fit.

## **Impact of the proposals**

### **Billing authorities**

- 3.28 Regulations will provide that billing authorities will not require an application for the local council tax support schemes, where a person is already in receipt of, has applied for, council tax benefit.

### **Major precepting authorities**

- 3.29 The transitional arrangements will not have a direct impact on major precepting authorities.

### **Other interested parties – tax payers – recipients of reductions**

- 3.30 A person who is in receipt of council tax benefit immediately before 1 April 2013, or who has made an application for council tax benefit which has not been determined, will not be required to submit a further application (by virtue of regulations).

# Chapter 4

## Prescribed requirements

- 4.1 Localising council tax support: regulations prescribing requirements for: (i) all council tax reduction schemes; (ii) the scheme for those who have attained the qualifying age for state pension credit; and (iii) the *default* council tax reduction scheme.

### Introduction

- 4.2 This Statement of Intent has been prepared by the Department for Communities and Local Government to set out our intention for two sets of regulations to be made under the new Schedule 1A to the Local Government Finance Act 1992 (inserted by Schedule 4 to the Local Government Finance Bill).
- 4.3 The sets of regulations covered by this policy statement are:
- (i) regulations under paragraph 2(8) and (9) of new Schedule 1A, prescribing requirements for local schemes; and
  - (ii) regulations under paragraph 4(1) of that Schedule, prescribing the default council tax reduction scheme.
- 4.4 The prescribed requirements regulations are concerned with ensuring that each billing authority's scheme will contain any requirements prescribed by the Secretary of State under Schedule 1A paragraph 2(8) and (9), including provision of support for vulnerable pensioners.
- 4.5 The default scheme will take effect in relation to a billing authority's area if the authority fails to make a scheme on or before 31 January 2013 (or such other date as is specified in Section 8(4) of the Local Government Finance Act 2012).
- 4.6 The regulations will apply to England only.

### Prescribed requirements – all schemes

- 4.7 There are a small number of prescribed requirements that will apply to all schemes: local schemes, the prescribed scheme for persons of state pension credit eligible age and the default scheme.

## People from abroad

- 4.8 The Government intends to apply the same restrictions as exist under the council tax benefit system to exclude foreign nationals with limited immigration status and non-economically active EEA individuals who are not exercising EU treaty rights from receiving council tax reductions. The prescribed requirements relating to immigration status will mean that individuals subject to immigration control under Section 115 of the Immigration and Asylum Act 1999 and non-economically active EEA nationals who fall into various categories to be set out in regulations, will not benefit from council tax reductions. New provisions will replicate those in existing council tax benefit regulation 7 in SI 2006/215 and 2006/216.

## Refugees

- 4.9 In continuing the policy of restricting access to council tax support for foreign nationals with limited immigration status however, the Government does wish to continue the practise already established of allowing those who have recognised refugee status, humanitarian protection, discretionary leave or exceptional leave to remain granted outside the immigration rules and who are exempt from the *Habitual Residence Test* are to be entitled to apply for council tax reduction support as long as their status has not been revoked.

## Permitting a person to act for another person

- 4.10 Regulations will allow current arrangements for a person to act on behalf of another, to continue<sup>5</sup>. For example, where a person has been granted a power of attorney over a liable council tax-payer or in cases where a couple wishes to make an application.

## Extended payments for people who have just reached eligible age for state pension credit

- 4.11 Prescribed regulations for all schemes will set out that an individual who is:
- (i) approaching pension credit eligible age, and who is
  - (ii) in receipt of a local council tax reduction and not in receipt of working age benefits (income support, income-related jobseeker's allowance, income related employment and support allowance), or
  - (iii) whose partner has claimed state pension credit, will continue to receive an *extended payment* of their localised council tax reduction for a prescribed period of four weeks, whilst they or their partner apply for

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<sup>5</sup> See SI 2006/216, regulation 52 and SI 2006/215, regulation 68

the state pension credit eligible age scheme (See SI 2006/215 regulations 5 and 60).

## Prescribed requirements – scheme for persons who have reached the qualifying age for state pension credit and default scheme

### Introduction

- 4.12 The Government is committed to protecting pensioners on low incomes, who it does not want to see disadvantaged as a result of the introduction of this reform. To deliver this protection, the regulations will contain provisions that must be included in a billing authority's council tax reduction scheme in relation to *pensioners*. The provisions will replicate as far as possible the existing provisions under which pensioner eligibility for council tax benefit is assessed.
- 4.13 Under the existing council tax benefit system a person becomes eligible for *pensioner-related* council tax benefit at the age at which they can qualify for state pension credit (the pensionable age for a woman). The new pensioner regulations will, equally, apply to individuals who have reached the qualifying age for state pension credit. Further details on this are set out from paragraph 4.17.
- 4.14 The default scheme is being put in place to make sure that, should a billing authority fail to make a scheme on or before 31 January 2013 (or such other date as is specified in section 8(4) of the Local Government Finance Act 2012), a scheme will be in place to reduce the council tax liability of eligible people in the authority's area. Paragraph 4(4) of new Schedule 1A makes provision for the default scheme to take effect in respect of dwellings situated in the area of a billing authority if the authority fails to make a scheme.
- 4.15 It is the Government's intention that the default scheme will operate in as close a way as possible to the existing council tax benefit scheme. This is so billing authorities who find themselves in this position will be able to administer their default arrangements without significant changes to local systems. As well as incorporating the prescribed requirements for pensioners (see above) the default scheme will need to re-create existing rules for the assessment of working-age persons' eligibility and entitlement.

### Elements applicable to all schemes

- 4.16 The requirements set out in paragraphs 4.7 to 4.11 above as applicable to all schemes will have effect for both the pension credit age scheme and the default scheme. Policy proposals specific to the pension credit

age and default schemes are set out in detail below, with the scheme for people of pension credit age being covered first.

## Prescribed pension credit age scheme

### Introduction – pension credit age scheme

- 4.17 The main function of the regulations prescribing the requirements in relation to individuals of state pension credit age will be to prescribe the classes of person which must, or must not, be included in a billing authority's council tax reduction scheme (see paragraph 2(9)(b) of new Schedule 1A) and to prescribe the reductions applicable to individuals who are within a class included in the scheme (see paragraph 2(9)(c) of new Schedule 1A).
- 4.18 The Government intends to introduce regulations to determine who will be in a class and the reduction to which they will be entitled. The regulations will be as similar as possible to the existing regulations providing for means-testing, and should mean that council tax support for those of state pension credit age should not be reduced as a result of the introduction of this reform. Details on the classes are set out from paragraph 4.20 and information on how the reductions will be calculated are set out from paragraph 4.24.
- 4.19 The amount of support will continue to be based on individual circumstances and changes of circumstances will also be taken into account. People attaining pension credit age in future (subject to the wider welfare reform changes outlined at paragraphs 4.45 – 4.47 below) will also be able to apply. The amounts prescribed in relation to the detailed calculations determining reductions (for example, the premia or income disregards taken into account) will be kept under review and updated in future as appropriate.

### Classes – prescribed pension credit age scheme

- 4.20 There will be three main classes under the prescribed pension credit age scheme, for each of which there will be a number of qualifying criteria. In all cases individuals must not be of a prescribed class exempted from support, such as a person from abroad with limited leave to remain (see under *prescribed requirements for all schemes* paragraphs 4.8 – 4.9).

#### Class 1

- 4.21 The individual must:

- have attained the qualifying age for state pension credit;<sup>6</sup>

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<sup>6</sup> For the purposes of the regulations, a person is a *pensioner* if they have attained the



- not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;<sup>7</sup>
- be liable to pay council tax in respect of a dwelling in which they are resident;
- be somebody in respect of whom a maximum council tax reduction amount can be calculated;<sup>8</sup>
- not have capital savings above £16,000;
- be a person in respect of whom a day in which s/he is liable to pay council tax falls within a week in respect of which the person's *income* is less than their *applicable amount* (as defined in regulations);
- have applied for the scheme.

## Class 2

### 4.22 The individual must:

- have attained the qualifying age for state pension credit;
- not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance.<sup>9</sup>
- be liable to pay council tax in respect of a dwelling in which they are resident;
- be somebody in respect of whom a maximum council tax reduction amount can be calculated;
- not have capital savings above £16,0000;
- have applied for the scheme;

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qualifying age for state pension credit. This is defined by the State Pension Credit Act 2002 as: '*in the case of a woman, pensionable age, and in the case of a man, the age which is pensionable age in the case of a woman born on the same day as a man*'. Women's pensionable age, as set out in the Pensions Act 1995 (S126 and Schedule 4), is gradually changing over a 10-year period to equalise with that of men. It currently stands at just over 61. Both men and women will continue to qualify for council tax support when they reach state pension credit eligible age.

<sup>7</sup> The working age partner would have to apply. See SI 2006/216, regulation 5.

<sup>8</sup> A similar requirement is set out in the existing system under the Social Security Contributions and Benefits Act (SI 1992/C4) S131.

<sup>9</sup> The working age partner would have to apply. See SI 2006/216, regulation 5.

- be a person for whom Class 1 is not fulfilled, but amount A exceeds amount B, where amount A is the appropriate maximum council tax liability in his case and amount B is a prescribed percentage (20%) of the difference between his/ her *income* in respect of the week in which the day falls and the appropriate *applicable amount* in his/ her case (both as defined in regulations).<sup>10</sup>

### **Class 3**

4.23 The individual must:

- have attained the qualifying age for state pension credit;
- not be somebody with a partner of working age in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance.<sup>11</sup>
- be liable to pay council tax in respect of a dwelling in which they are resident;
- be somebody in respect of whom a maximum council tax reduction amount can be calculated;
- have applied for a scheme;
- be somebody who has at least one second adult living with them who is not his/ her partner, not somebody who pays rent, and who is on a prescribed low wage and/or prescribed benefit, as set out in regulations.<sup>12</sup>

## **Reductions attracted by classes: protection of pensioner-related awards**

### **Class 1 Reduction**

4.24 If an individual matches the criteria in Class 1, including that *income* is less than their *applicable amount* (as set out in regulations) in their case, that person qualifies for 100% reduction on their council tax liability.

### **Class 1 – special provisions for state pension credit**

4.25 Regulations will set out that an individual in receipt of state pension credit guarantee credit from the Department for Work and Pensions (Pensions Service) will have both his income and capital counted as

<sup>10</sup> This is known as *the taper*. The council tax benefit calculation is the same. See SI 2006/216, regulation 43.

<sup>11</sup> The working age partner would have to apply. See SI 2006/216, regulation 5.

<sup>12</sup> See SI 2006/216, Schedule 6.

zero. This means that the individual's income will automatically be less than their applicable amount, and they will qualify for 100% reduction of their council tax liability.<sup>13</sup>

- 4.26 The Department for Work and Pensions' Pensions Service determines eligibility and awards for state pension credit. As is currently the case, it is intended that local authorities will be able to access information about any pension credit award and means test from the Pension Service. The Pension Service intends to pass this to the relevant authority if a state pension credit applicant confirms they wish to apply for localised council tax support. Where an individual applies to the local authority without reference to the pension service, it is intended the local authority will be able to request such information from the Pension Service.
- 4.27 Where a person has been awarded only the *savings credit* element of state pension credit, billing authorities in receipt of the relevant Pension Service means-test will need to adjust this as necessary as part of the council tax reduction means test. The way in which this should be done will be set out in regulations.<sup>14</sup>

### **Class 2 Reduction**

- 4.28 If an individual matches the criteria in Class 2,<sup>15</sup> it will mean the individual's *income* is greater than his/her living allowance/ *applicable amount* (both as defined in regulations). Twenty per cent of the difference between the two will be subtracted from this individual's council tax liability.

### **Class 3 Reduction**

- 4.29 Under council tax benefit, the Class 3 reduction is known as the *second adult rebate*. This may be awarded in respect of a second adult sharing the household who would normally be expected to contribute towards the council tax bill, but who cannot afford to do so, based on their low income as indicated by prescribed low wages bands or prescribed working-age benefit indicators.
- 4.30 This reduction will equate to the existing *second adult rebate* and may be awarded at 25%, 15% or 7.5% of the council tax liability, depending on individual circumstances.<sup>16</sup> A summary of who is covered by the different classes and reductions in the scheme for people of pension credit age is at **Annex A**.

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<sup>13</sup> See SI 2006/216, regulation 16.

<sup>14</sup> See SI 2006/216, regulation 17.

<sup>15</sup> That A exceeds amount B, where amount A is the appropriate maximum council tax liability in his/her case and amount B is a prescribed percentage (20%) of the difference between his/her *income* in respect of the week in which the day falls and the appropriate *applicable amount* in his case (both as defined in regulations).

<sup>16</sup> See SI 2006/216, regulation 46 and Schedule 6.

## Non-dependent deductions

- 4.31 Once the reduction award is calculated, it will continue to be subject to a downwards adjustment to take into account non-dependent adults that normally reside in the dwelling who would be expected to contribute to council tax. Deductions for such non-dependent adults will be calculated in the same way as under SI 2006/216 regulation 42, with differing prescribed amounts being deducted according to individual circumstances, and with the same exceptions applying.<sup>17</sup>

## Determination of class and award

- 4.32 Determination of the class the individual is put into, and the reduction they will receive, will continue to be determined in two ways:
- (i) in respect of Class 1 and Class 2 through means-testing, which will continue according to the same rules and criteria; and
  - (ii) through application of rules for calculation of Class 3 – currently known under council tax benefit as the *alternative maximum council tax benefit* calculation under SI 2006/216 regulation 46.

## Definitions

- 4.33 In dealing with the means-test and *alternative maximum council tax benefit* test, it is intended that the intent and effect of definitions (in SI 2006/216), including in respect of regulations 1-11<sup>18</sup> will be replicated.

## Means test for Class 1 and Class 2

- 4.34 The means test will be defined in regulations, aligned with existing regulations for council tax benefit for those of state pension credit age (SI 2006/216.) The means test is based on a comparison of *income* (as defined in regulations) and a deemed *living allowance* (currently known as the *applicable amount*) – also defined in regulations. The way in which these elements will be defined and evaluated for the pension-credit age scheme is explained in greater detail below.

## Living allowance – the *applicable amount*

- 4.35 The individual's *living allowance*, or *applicable amount*, will be made up of four elements. These will be:
- (i) a personal allowance in respect of the applicant;

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<sup>17</sup> See SI 2006/216, regulation 42.

<sup>18</sup> In particular, this includes detailed regulations on non-dependents, remunerative work, periods of absence from the home, definitions of the family, circumstances in which one person is responsible for another and membership of the household (SI 2006/216, regulations 3, 6, 8, 9, 10 & 11).

- (ii) an amount in respect of any child or young person who is part of his family;
- (iii) a *family premium* element (where the applicant is part of a family of which at least one member is a child or young person); and
- (iv) any *premium* amount, set out in regulations, which is applicable to the individual.

4.36 The elements and calculation methodology for the *applicable amount* will be as set out in SI 2006/216, regulation 12 and Schedule 1. Where wider welfare reforms necessitate the adjustment of Schedule 1 to recognise new benefits,<sup>19</sup> any necessary technical amendments will be made by Department for Communities and Local Government, working closely with the Department for Work and Pensions.

## Refugees

4.37 As is currently the case (see paragraph 4.9), individuals with recognised refugee status, humanitarian protection, discretionary leave or exceptional leave to remain granted outside the immigration rules and who are exempt from the Habitual Residence Test are to be entitled to apply for council tax reduction support as long as their status has been revoked. (See SI 2006/216, regulation 7A and Schedule 1A.)

## Calculation of income and capital - introduction

4.38 Income and capital will be calculated for a person who has attained the qualifying age for state pension credit in line with current provisions under SI 2006/216 regulations 13 – 39. The income and capital of an applicant's partner (or, to mitigate the risk of over-claiming in a polygamous marriage, partners) will continue to be treated as income of the applicant.

4.39 Income or capital of any child or young person will also continue *not* to be treated as income or capital of the applicant.<sup>20</sup> The regulations will also allow for a billing authority to treat the income or capital of a non-dependent as if it were the income or capital of the applicant in a case where it appears to the billing authority that the two have entered into arrangements to take advantage of the system with the same exception to this rule for those on income-related jobseekers allowance and income-related employment and support allowance.

## Income and capital for those on state pension credit

4.40 There will be special treatment of income and capital for those in receipt of state pension credit:

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<sup>19</sup> For example, the introduction of the Personal Independence Payment which replaces Disability Living Allowance for new claimants in April 2013.

<sup>20</sup> See SI 2006/216, regulation 13 (3).

- For those in receipt of the *guarantee credit* element of state pension credit, the whole of their income and capital will be disregarded (see paragraph 4.25). This will mean that they automatically qualify, under Class 1, for 100% council tax reduction.
- For those in receipt of the *savings credit* element of state pension credit, the billing authority will be able to use the Department for Work and Pensions' Pension Service's assessment of the income and capital of the individual, and adjust this to take into account income from this benefit and any other relevant requirements (as set out currently in SI 2006/216, regulation 17).

### **Calculation of income where a person is not in receipt of state pension credit**

- 4.41 For those who have reached the qualifying age for state pension credit, but are not in receipt of this benefit themselves, provisions relating to income, its calculation on a weekly basis, what is to be regarded as income and what is to be disregarded as income will replicate the operation of council tax benefit under SI 2006/216 regulations 19 – 39. In particular, earnings of employed earners<sup>21</sup> and earnings of self-employed earners<sup>22</sup> will be taken into account as set out in SI 2006/216.
- 4.42 The council tax benefit regulations also list a number of elements and amounts which *should not* be taken into account in the calculation of earnings.
- 4.43 Amounts to be disregarded in this way from an applicant's weekly earnings are set out in SI 2006/216 Schedule 2 of the council tax benefit regulations, and such provision will also be included in the new prescribed regulations for those who have attained the eligible age for state pension credit.
- 4.44 Amounts to be disregarded in terms of income other than earnings under council tax benefit for those who have reached eligible age for state pension-credit are set out in SI 2006/216 Schedule 3, and these disregards of income will also be recreated under the new regulations. Treatment of other income (in relation to which the applicant has a right),<sup>23</sup> will be calculated according to the same rules as under SI 2006/216 regulations 31-32.

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<sup>21</sup> See SI 2006/216, regulations 25 – 26.

<sup>22</sup> See SI 2006/216, regulations 27-30.

<sup>23</sup> See SI 2006/216, regulations 31-32.

## Income and wider welfare changes

- 4.45 Finally, in relation to income, wider welfare changes mean new working age benefits will be introduced to replace some of the existing working age benefits mentioned in SI 2006/216.
- 4.46 Despite these changes being mainly to working-age benefits, they may have relevance for individuals with whom the person of pension-credit age is living and who may be taken into consideration in their assessment.
- 4.47 New applicants will be migrated onto these benefits over time, so both benefits will co-exist for a number of years (for example, the Universal Credit migration will take place over five years). Where such benefits are mentioned in these regulations, an equivalent approach for an individual on the new benefit will be identified and agreed with the Department for Work and Pensions. Draft regulations will mark the points where such arrangements will need to be set out. These changes will be formalised in regulations to be laid before Parliament.

## Calculation of capital

### Calculation of capital where a person is not in receipt of state pension credit

- 4.48 Provisions relating to capital – for example, the capital savings limit of £16,000 (after which individuals will not be eligible for council tax reductions);<sup>24</sup> what is to be regarded as capital;<sup>25</sup> what is to be disregarded as capital<sup>26</sup> and other capital calculations, will operate in the same way as existing SI 2006/216 regulations 33 – 39. Amounts to be disregarded as capital will be set out under provisions replicating existing SI 2006/216 Schedule 4.

### Notional capital

- 4.49 The regulations will continue to stipulate that individuals will be treated as possessing capital of which they have deprived themselves for the purposes of securing council tax reductions.<sup>27</sup>
- 4.50 The *notional* capital will continue on the same basis, for example, disregarding the value of any holding in a company where the applicant is the sole owner or partner (or where he holds an analogous position), but will include an amount of capital equal to the value (or his share of the value of) the capital of such a company.<sup>28</sup> This notional capital (which the individual is treated as in possession of) will be reduced

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<sup>24</sup> See SI 2006/216, regulation 33.

<sup>25</sup> See SI 2006/216, regulation 34.

<sup>26</sup> See SI 2006/216, Schedule 4.

<sup>27</sup> See SI 2006/216, regulation 37.

<sup>28</sup> See SI 2006/216, regulation 37 (3).

over time as set out in regulations, to reflect payment of additional council tax liabilities incurred.<sup>29</sup>

### **Tariff income on capital**

- 4.51 Once an amount of capital is calculated, net of any amounts to be disregarded, this will be treated as if it is income of £1 for every £500 (or part of £500) in excess of £10,000. This amount of *tariff income* will be added to the initial income calculation to give a *total income amount*. (See SI 2006/216, regulation 19 paragraph (2)).

### **Calculation of Reduction**

- 4.52 Once the total income amount has been calculated, it will be compared with the living allowance/ applicable amount, to determine whether the individual falls into Class 1 (income less than applicable amount) or Class 2 (income greater than applicable amount).
- 4.53 Persons in Class 1 will receive 100% council tax reduction against their council tax liability. (This liability will be net of any council tax discounts under the Local Government Finance Act 1992 and non-dependent deductions under the regulations for persons of pension credit eligible age).
- 4.54 Persons in Class 2 will receive a reduction equivalent to 20% of the difference between their income and applicable amount on their net council tax liability. An illustrative high level example of how the calculation of the reduction will work (that is, how the benefit calculation works as a council tax reduction calculation) is at **Annex B**.
- 4.55 Where a person of pension credit age is jointly liable for council tax with a second adult who is not their partner and does not pay rent in respect of the dwelling, they may fall under Class 3, where conditions to be set out in regulations (corresponding to SI 2006/216 Schedule 6) are met.
- 4.56 The table below sets out the possible reductions for this class on maximum daily council tax liability (after discounts, and with reductions varying according to individual circumstances). Note that the *alternative maximum council tax reduction* is calculated in relation to the income and circumstances of the second adult – the applicant's income and capital is not taken into account.<sup>30</sup>

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<sup>29</sup> See SI 2006/216, regulation 38.

<sup>30</sup> See SI 2006/216, regulations 46 and 47 and Schedule 6.



<b>Second adult</b>	<b>Alternative maximum council tax reduction (net of discounts) due in respect of a day.</b>
a) The second adult (or all second adults) are in receipt of income support, income-related employment and support allowance, state pension credit or income-based jobseeker's allowance.	a) 25%
b) Where the gross income or aggregate gross income of any second adult(s) – disregarding any income support - is:  b)(i) less than £177.00 per week;  b)(ii) not less than £177.00 but less than £231.00 per week.	b)(i) 15%  b)(ii) 7.5%
c) If the dwelling is occupied by a second adult/adults on state pension-credit, income-related jobseeker's allowance, income-related employment and support allowance or income support, living with a full-time student(s).	c) 100%

4.57 If it appears to the billing authority that the applicant is entitled to both a means-tested council tax reduction and a *second adult rebate* or *alternative maximum council tax reduction*, a comparison of the two reductions will be made. The applicant will be awarded the greater reduction of the two.

### Extended payments

4.58 Prescribed regulations for all schemes will set out that an individual who is:

(i) approaching pension credit eligible age, *and* who is

(ii) in receipt of a local council tax reduction and not in receipt of working age benefits (income support, income-related jobseeker's allowance, income related employment and support allowance), *or*

(iii) whose partner has claimed state pension credit, will continue to receive an *extended payment* of their localised council tax reduction for a prescribed period of four weeks, whilst they or their partner apply for the state pension credit eligible age scheme (See SI 2006/215 regulations 5 and 60 and SI 2006/216 regulation 41).

4.59 The pension-credit eligible age regulations will state that from the point at which the person already in receipt of a council tax reduction reaches the eligible age for pension credit they will, for the prescribed *extended payment* period of four weeks, be entitled to whatever award

is greater – the local *working age* scheme award or the award under the scheme for those of state pension credit eligible age.<sup>31</sup>

**Extended payments – *qualifying contributory benefits* –  
i.e. (i) severe disablement allowance; (ii) incapacity benefit;  
(iii) contributory employment and support allowance**

- 4.60 Regulations will set out that a person in receipt of one of the above benefits, who ceases to receive that benefit because they have returned to work, increased their earnings or increased their hours (and where that improvement in their situation is expected to last five weeks or more), will continue to receive a council tax reduction calculated as if they were still in receipt of these benefits for four weeks (where the resulting reduction amount is greater than the reduction amount taking into account their loss of these benefits).<sup>32</sup>
- 4.61 If a pension credit age person moves to the area of a new billing authority, in the period from the Monday following the move to the point where entitlement to the qualifying benefit ceases (when the extended payment rule applies), the first billing authority will pay the second billing authority or the individual their reduction amount for the extended payment period.
- 4.62 If the person applies for a council tax reduction in the second billing authority the second billing authority will net off the reduction amount received from the first authority. Any balance of reduction award will be paid to the applicant (and the full amount will be paid to the applicant if there is no council tax liability in the second billing authority). After the extended payment period ends, the first billing authority's liability in relation to extended payments will cease and the new billing authority's reduction will apply.

## **Applications**

- 4.63 Prescribed requirements for those of pension credit age will continue to provide that the date of the original application will apply where individuals need to amend a properly completed application. If a billing authority chooses to accept amendments over the phone, it will have to confirm these with the applicant.<sup>33</sup>
- 4.64 Billing authorities will also be able to accept withdrawal of applications (where the billing authority has not yet made a decision). This will have effect on the same day any notice of withdrawal is received by the billing authority.<sup>34</sup>

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<sup>31</sup> See SI 2006/216, regulation 41.

<sup>32</sup> See SI 2006/216, regulation 44 (A-D).

<sup>33</sup> See SI 2006/216, regulations 53(4CA following) and 58.

<sup>34</sup> See SI 2006/216, regulation 58.

- 4.65 Provision will also be made for the use of electronic forms, should billing authorities wish to use these.<sup>35</sup>

## **Entitlement**

- 4.66 Entitlement to pension-credit eligible age council tax reduction will begin on the first day of the first week after the application is made.<sup>36</sup> In terms of back-dating, regulations will set out that people of pension-credit eligible age will be able to back-date their applications by three months, provided they were entitled to pension-credit age reduction at the start of the three month back-dated period.<sup>37</sup>
- 4.67 Applicants will be able to notify the relevant billing authority of their intent to apply for a reduction, which can then be treated as the date of the application or, where appropriate, the basis for determining the date of entitlement, provided the applicant submits a completed application in the manner prescribed. These arrangements will include any advance applications made for council tax reduction support.<sup>38</sup>

## **Decisions**

- 4.68 The regulations for the scheme for persons who have attained the qualifying age for state pension credit will require a billing authority to notify the applicant in writing of its decision within 14 days from the date that all relevant information and evidence relating to the application has been received by the billing authority, and will include information on how an appeal to the council tax bill can be made by the applicant.<sup>39</sup>

## **Changes of circumstance**

- 4.69 Matters relating to the duty for an applicant to notify the billing authority of a change of circumstances may not need to be regulated for specifically. Existing council tax regulations (as amended, if necessary) could be used to cover this.<sup>40</sup> We are also considering how this interacts with the proposed amendment to the Bill to provide additional regulatory powers for the investigation and prosecution of fraud.
- 4.70 However, the regulations will set out the dates from which various prescribed changes of circumstance are to take effect. In particular, regulations will set out the dates from which changes of circumstance in relation to awards of state pension credit will be taken into account, replicating SI 2006/216 regulations 48 - 51.

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<sup>35</sup> See SI 2006/216, Schedule 8.

<sup>36</sup> See SI 2006/216, regulation 48.

<sup>37</sup> See SI 2006/216, regulation 53 (1ZA) and (1ZB).

<sup>38</sup> See SI 2006/216, regulation 53 and SI2006/215, regulation 69 (12).

<sup>39</sup> See SI 2006/216, regulations 60, 61 and Schedule 7.

<sup>40</sup> See SI 1992/613, regulation 16.

- 4.71 Regulations will prescribe that applicants will have one month to provide additional information and evidence when requested by the relevant billing authority. The billing authority, under local discretion, may allow more time if it sees fit.<sup>41</sup>

### **Time and manner of granting relief and recoveries / over-payments**

- 4.72 Matters relating to the time and manner of granting relief, persons paid and dealing with over- and under-payments<sup>42</sup> will, for clarity, be regulated for in the prescribed scheme for those of pension credit age and the default scheme in the same way they currently are under council tax benefit to allow for consistency of treatment. Existing council tax powers already in place under the Local Government Finance Act 1992 are adequate to deal with these matters.
- 4.73 This will include payments to next of kin where a person in receipt of a council tax reduction dies, allowing the billing authority to make payment of the reduction amount to his personal representative or next of kin.<sup>43</sup>
- 4.74 Where the taxpayer is entitled to an increase or decrease in their reductions following a reported change of circumstance, the billing authority can issue a substitute demand notice taking into account the increase or decrease in liability.
- 4.75 The local authority already has the scope of authority to:
- a. recover over-entitlement of council tax support – this effectively becomes underpayment of council tax;
  - b. take recovery action according to the circumstances of the applicant; and
  - c. provide a refund of under payment of reductions including as a cash payment.

## **Prescribed default scheme**

### **Introduction – default scheme**

- 4.76 The new Schedule 1A to be inserted by the Local Government Finance Bill sets out that the Secretary of State will prescribe a *default scheme* which will take effect if the authority fails to make a scheme on or before 31 January 2013. In relation to how an award is calculated, is

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<sup>41</sup> See SI 2006/216, regulation 53(4F).

<sup>42</sup> See SI 2006/216, regulations 62 – 75.

<sup>43</sup> See SI 2006/216 regulation 65.

intended that the default scheme will operate in as close a way as possible to the council tax benefit system SI 2006/215.

- 4.77 Whatever the content of a local authority scheme (and even if it is very close or identical to the default scheme), if the authority makes a scheme in advance, this is not the default scheme since it has been decided by the local authority, rather than triggered as a result of the authority's failure to meet its requirement to make a scheme by the specified date.
- 4.78 The default scheme is intended to enable the ongoing administration of council tax reductions if an authority does not have its scheme in place on or before 31 January 2013.
- 4.79 As it reflects the existing council tax benefit scheme, it is important to note that it will not deliver the 10 per cent saving. As mentioned in the introduction to this section, at paragraphs 4.14 - 4.15, the default scheme will also incorporate/ cross reference prescribed arrangements for those of pension credit age, and any prescribed requirements for all schemes, such as exclusion of certain people from abroad (as set out at paragraph 4.8).
- 4.80 Once the default scheme has taken effect in the area of a billing authority, the Bill (new Schedule 1A, paragraph 4(5)) says Part 2 of the Local Government Finance Act 1992 applies to the scheme *as if it had been made* by the local authority. The new scheme will therefore operate as if it is a local scheme from the time it takes effect. Each year, the Bill provides that authorities will need to consider whether to revise or replace their local scheme, and the same considerations will apply for a local authority where the default scheme is in place.
- 4.81 The regulations for the default scheme will incorporate (by reproducing the regulations) the prescribed requirements for all schemes, as well as prescribed requirements for those of pension credit age, as set out above (paragraph 4.79).
- 4.82 Aside from this, the main function of the regulations prescribing the requirements in relation to individuals on the default scheme will be to prescribe the classes of persons *below* state pension credit age which must, or must not, be included in a billing authority's council tax reduction scheme under the default arrangements and to prescribe the reductions applicable to individuals who are within a class included in the default scheme (see paragraph (4) of new Schedule 1A, particularly (4)(3)).
- 4.83 The Government intends to introduce regulations to determine the reductions to which people in these classes will be entitled. The intended effect of the regulations will be almost identical to those governing council tax benefit means-testing, and should mean that council tax support for those of state pension credit age and working

age will not be reduced under the default scheme. Details of the working-age classes are set out at paragraphs 4.88 – 4.90 and information on how the reductions will be calculated is at paragraphs 4.91 – 4.95.

- 4.84 The amount of support will continue to be based on individual circumstances and changes of circumstances will also be taken into account.
- 4.85 Once the scheme is in place for a local authority future updates for those of working age will be determined under provisions in the Bill which state that each year billing authorities will need to consider whether to retain or revise/ replace their local scheme (see new Schedule 1A, paragraph (5)).

### **Classes – default scheme**

- 4.86 As well as the three classes under the prescribed pension-credit age scheme, there will be three main working age classes under the default scheme, for each of which there will be a number of qualifying criteria.
- 4.87 In all cases individuals must not be of a prescribed class exempted from support, such as a person from abroad with limited leave to remain (see under *prescribed requirements for all schemes* paragraph 4.8).

#### **Class 1**

- 4.88 The applicant must:
- be a person who has not yet attained the qualifying age for state pension credit;<sup>44</sup>
  - be a person whose partner has not yet attained the qualifying age for state pension credit, except where the applicant is in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;<sup>45</sup>
  - be liable to pay council tax in respect of a dwelling in which they are resident;
  - be somebody in respect of whom a maximum council tax

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<sup>44</sup> For the purposes of the regulations, a person is a *pensioner* if they have attained the qualifying age for state pension credit. This is defined by the State Pension Credit Act 2002 as: '*in the case of a woman, pensionable age, and in the case of a man, the age which is pensionable age in the case of a woman born on the same day as a man*'. Womens' pensionable age, as set out in the Pensions Act 1995 (S126 and Schedule 4), is gradually changing over a 10-year period to equalise with that of men. It currently stands at just over 61. Both men and women will continue to qualify for council tax support when they reach state pension credit eligible age.

<sup>45</sup> The working age partner would have to apply. See SI 2006/215, regulation 5.

reduction amount can be calculated;<sup>46</sup>

- not have capital savings above £16,000;
- have applied for the scheme;
- be a person in respect of whom a day in which s/he is liable to pay council tax falls within a week in respect of which the person's *income* is less than their *applicable amount* (as defined in regulations).

## Class 2

4.89 The applicant must:

- be a person who has not yet attained the qualifying age for state pension credit;<sup>47</sup>
- be a person whose partner has not yet attained the qualifying age for state pension credit, except where the applicant is in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;<sup>48</sup>
- be liable to pay council tax in respect of a dwelling in which they are resident;
- be somebody in respect of whom a maximum council tax reduction amount can be calculated;<sup>49</sup>
- not have capital savings above £16,000;
- have applied for the scheme;
- be a person for whom Class 1 is not fulfilled, but amount A exceeds amount B, where amount A is the appropriate maximum council tax liability in his case and amount B is a prescribed percentage (20%) of the difference between his *income* in respect of the week in which the day falls and the

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<sup>46</sup> A similar requirement is set out in the existing system under the Social Security Contributions and Benefits Act (SI 1992/C4) S131.

<sup>47</sup> For the purposes of the regulations, a person is a *pensioner* if they have attained the qualifying age for state pension credit. This is defined by the State Pension Credit Act 2002 as: '*in the case of a woman, pensionable age, and in the case of a man, the age which is pensionable age in the case of a woman born on the same day as a man*'. Women's pensionable age, as set out in the Pensions Act 1995 (S126 and Schedule 4), is gradually changing over a 10-year period to equalise with that of men. It currently stands at just over 61. Both men and women will continue to qualify for council tax support when they reach state pension credit eligible age.

<sup>48</sup> The working age partner would have to apply. See SI 2006/215, regulation 5.

<sup>49</sup> A similar requirement is set out in the existing system under the Social Security Contributions and Benefits Act (SI 1992/C4) S131.

appropriate *applicable amount* in his case (both as defined in regulations).<sup>50</sup>

### Class 3

4.90 The individual must:

- be a person who has not yet attained the qualifying age for state pension credit;<sup>51</sup>
- be a person whose partner has not yet attained the qualifying age for state pension credit, except where the applicant is in receipt of income support, income-based jobseeker's allowance or income-based employment and support allowance;<sup>52</sup>
- be liable to pay council tax in respect of a dwelling in which they are resident;
- be somebody in respect of whom a maximum council tax reduction amount can be calculated;<sup>53</sup>
- have applied for a scheme;
- be somebody who has at least one second adult living with them who is not his partner and not paying rent, and who is either on a prescribed low wage and/or benefit, as set out in regulations.<sup>54</sup>

## Reductions attracted by classes: working age awards

### Class 1 Reduction

4.91 If an individual matches the criteria in Class 1, including that *income* is less than their *applicable amount* (as set out in regulations) in their case, that person qualifies for 100% reduction on their council tax liability.

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<sup>50</sup> This is known as *the taper*. The council tax benefit calculation is the same. See SI 2006/215, regulation 59.

<sup>51</sup> For the purposes of the regulations, a person is a *pensioner* if they have attained the qualifying age for state pension credit. This is defined by the State Pension Credit Act 2002 as: '*in the case of a woman, pensionable age, and in the case of a man, the age which is pensionable age in the case of a woman born on the same day as a man*'. Women's pensionable age, as set out in the Pensions Act 1995 (S126 and Schedule 4), is gradually changing over a 10-year period to equalise with that of men. It currently stands at just over 61. Both men and women will continue to qualify for council tax support when they reach state pension credit eligible age.

<sup>52</sup> The working age partner would have to apply. See SI 2006/215, regulation 5.

<sup>53</sup> A similar requirement is set out in the existing system under the Social Security Contributions and Benefits Act (SI 1992/C4) S131.

<sup>54</sup> See SI 2006/215, regulation 62 and Schedule 2.



### **Class 1 and working age benefits**

- 4.92 Regulations will set out that an individual in receipt of income support, income-related jobseeker's allowance or income-related employment and support allowance will have both income, earnings and capital counted as zero.<sup>55</sup> This means that the individual's income will automatically be less than their applicable amount, and they will qualify for 100% reduction of their council tax liability.<sup>56</sup>
- 4.93 With the introduction of Universal Credit, which will start to replace these benefits for new applicants over a period of five years from September 2013, an equivalent consideration will be identified and introduced into regulations, taking into account requirements for the Department for Work and Pensions to supply data to local authorities.

### **Class 2 Reduction**

- 4.94 If an individual matches the criteria in Class 2,<sup>57</sup> it will mean that the individual's income is greater than his living allowance (both as defined in regulations). Twenty per cent of the difference between the two will then be subtracted from this individual's maximum council tax liability.

### **Class 3 Reduction**

- 4.95 The second adult rebate may be awarded in respect of a second adult sharing the household who would normally be expected to contribute towards the council tax bill, but who cannot afford to do so, based on low wages or prescribed working age benefit indicators. This reduction equates to the existing *second adult rebate* and may be awarded at 25%, 15% or 7.5% of the council tax liability, depending on individual circumstances.<sup>58</sup> See **Annex A** for a summary of the different default scheme classes and reductions applicable to them.

### **Non-dependent deductions**

- 4.96 Once the reduction award is calculated, it will continue to be subject to a downwards adjustment to take into account non-dependent adults that normally reside in the dwelling who would be expected to contribute to council tax.

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<sup>55</sup> See SI/2006 215, regulation 26(2) and Schedule 3 paragraph (12); regulation 30(2) and Schedule 4 paragraph(4), (5), (6) and (8) and regulation 34(2) and Schedule 5 (5) and (6).

<sup>56</sup> See SI 2006/215, regulation 16 and the Social Security Contributions and Benefits Act 1992 (C4) S131 (5).

<sup>57</sup> That is, if amount A exceeds amount B, where amount A is the appropriate maximum council tax liability in his case and amount B is a prescribed percentage (20%) of the difference between his *income* in respect of the week in which the day falls and the appropriate *applicable amount* in his case (both as defined in regulations).

<sup>58</sup> See SI 2006/215, regulation 62 and Schedule 2.

- 4.97 Deductions for such non-dependent adults will be calculated in the same way as under SI 2006/215 regulation 58, with differing prescribed amounts being deducted according to individual circumstances and the same exceptions applying.<sup>59</sup>

### **Determination of class and award**

- 4.98 Determination of the class the individual is put into, and the reduction they will receive, will continue to be determined in two ways: (i) in respect of Class 1 and Class 2 through means-testing, which will continue according to the same rules and criteria in SI 2006/215; and (ii) through application of rules for calculation of Class 3 – currently known under council tax benefit as the *alternative maximum council tax benefit* calculation.

### **Definitions**

- 4.99 In dealing with the means test and *alternative maximum council tax benefit* test, it is intended that the intent and effect of definitions (in SI 2006/215), including in respect of regulations 1-11,<sup>60</sup> will be replicated.

### **Means-test for Class 1 and Class 2**

- 4.100 The means-test will be defined in regulations, aligned with existing regulations for council tax benefit (SI 2006/215). The means-test is based on a comparison of income (as defined in regulations) and a deemed *living allowance* (currently known as the *applicable amount*). The way in which these elements will be defined and evaluated for the default scheme is explained in greater detail below.

### **Living allowance – the *applicable amount***

- 4.101 The individual's *living allowance* or *applicable amount* will be made up four elements. These will be:
- (i) a personal allowance in respect of the applicant (and partner, where relevant);
  - (ii) an amount in respect of any child or young person who is part of his family;
  - (iii) a *family premium* element (where the applicant is part of a family of which at least one member is a child or young person); and
  - (iv) any *premium* amount, set out in regulations, which is applicable to the individual. See SI 2006/215 regulations 12, Schedule 1.

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<sup>59</sup> See SI 2006/215, regulation 58.

<sup>60</sup> In particular, for example, definitions of non-dependents, remunerative work, membership of a family, circumstances in which a person is to be treated as responsible for another, circumstances in which a person is treated as being or not being a part of the household – regulations 2, 3, 6, 9, 10 & 11.

4.102 Where wider welfare reforms necessitate the adjustment of Schedule 1 to recognise new benefits,<sup>61</sup> any necessary technical amendments will be made by Department for Communities and Local Government, working closely with the Department for Work and Pensions.

### **Calculation of Income and capital**

4.103 Income and capital will be calculated for a person who has *not* attained the qualifying age for state pension credit in line with current provisions under SI 2006/215 regulations 15 – 56. The income and capital of a applicant's partner (or, to mitigate the risk of over-claiming in a polygamous marriage, partners) will continue to be treated as income of the applicant. Income or capital of any child or young person will also continue not to be treated as income or capital of the applicant.<sup>62</sup> The regulations will also allow for a billing authority to treat the income or capital of a non-dependent as if it were the income or capital of the applicant in a case where it appears to the billing authority that the two have entered into arrangements to take advantage of the system.<sup>63</sup> The same exception to this rule under regulation 16 will apply for those on income-related jobseekers allowance and income-related employment and support allowance.

### **Income and capital for those on prescribed working age benefits (income support, income-related jobseekers' allowance, income-related employment and support allowance)**

4.104 There will be special treatment of income and capital for those in receipt of income support, income-related jobseekers' allowance and income-related employment and support allowance, to make sure this dovetails appropriately with a billing authority's existing system if the default scheme takes effect.

- For those in receipt of these benefits, the whole of their income and capital will be disregarded (see paragraph 4.92). This will mean that they automatically qualify, under Class 1, for 100% council tax reduction.<sup>64</sup>
- An equivalent consideration will be identified for individuals who are in future in receipt of Universal Credit. The nature of this consideration will be set out in draft regulations being placed before Parliament.

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<sup>61</sup> For example, the introduction of Universal Credit which will replace a number of working-age benefits over the next five years and the Personal Independence Payment which replaces Disability Living Allowance for new claimants in April 2013.

<sup>62</sup> See SI 2006/215, regulation 15.

<sup>63</sup> See SI 2006/215, regulation 16.

<sup>64</sup> See SI/2006 215, regulation 26(2) and Schedule 3 paragraph (12); regulation 30(2) and Schedule 4 paragraph(4), (5), (6) and (8) and regulation 34(2) and Schedule 5 (5) and (6)..

## Calculation of income where not in receipt of a prescribed working-age benefit

- 4.105 Other provisions relating to income, its calculation on a weekly basis, what is to be regarded as income and what is to be disregarded as income will operate in the same way as existing SI 2006/215 regulations 15 – 56. In particular, earnings of employed earners<sup>65</sup> and earnings of self-employed earners<sup>66</sup> (both net of tax and contributions) will be taken into account as set out in SI 2006/215.
- 4.106 The council tax benefit regulations also list a number of elements and amounts which *should not* be taken into account in the calculation of earnings. Amounts to be disregarded in this way from an applicant's weekly earnings are set out in SI 2006/215 Schedule 3 and will be included in the new prescribed regulations for the default scheme. Amounts to be disregarded in terms of income other than earnings are set out in SI 2006/215 Schedule 4, and these will also be recreated under the new regulations. Treatment of other income (in relation to which the applicant has deprived himself)<sup>67</sup> will be calculated according to the same rules as under SI 2006/215 regulations 32.

## Students

- 4.107 Regulations will also set out how income is to be calculated for some students who are – under the existing system - liable to pay council tax (and are not therefore excluded from council tax reduction schemes). Such categories of student include, for example, some sandwich students. Regulations will set out these categories of students and how their income will be calculated, taking into account grants, access funds and relevant student income and capital disregards, and some elements of income which will be treated as if they are capital (for example, certain lump sums or tax refunds). The provisions will replicate council tax benefit regulations SI 2006/215 regulations 44 – 56.
- 4.108 Finally, in relation to income, wider welfare changes mean new working age benefits will be introduced to replace some of the existing working age benefits mentioned in SI 2006/215. New applicants will be migrated onto Universal Credit and other new benefits over time, so both benefits will co-exist for a number of years (for example, the Universal Credit migration will take place over five years). Where such benefits are mentioned in these regulations, an equivalent approach for an individual on the new benefit will be identified in draft regulations to be laid before Parliament.

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<sup>65</sup> See SI 2006/215, regulations 25 and 26.

<sup>66</sup> See SI 2006/215, regulations 27-29.

<sup>67</sup> See SI 2006/215, regulation 32.

## Calculation of capital where this is not disregarded

- 4.109 Provisions relating to capital – for example, the capital savings limit of £16,000 (after which individuals will not be eligible for council tax reductions);<sup>68</sup> what is to be regarded as capital<sup>69</sup> and what is to be disregarded as capital;<sup>70</sup> will operate in the same way as existing SI 2006/215 regulations 33 – 42. Amounts to be disregarded as capital will be set out under provisions replicating existing SI 2006/215 Regulation 35 and Schedule 5.
- 4.110 There will be provision for certain elements of income to be treated as capital (for example, in relation to certain lump sum payments or tax arrears).<sup>71</sup>

## Notional income

- 4.111 The regulations will also continue to stipulate that individuals may be treated as possessing capital of which they have deprived themselves for the purposes of securing council tax reductions (and exceptions to this rule).<sup>72</sup> This notional capital (of which the individual is treated as in possession) will be reduced over time to reflect payment of additional council tax liabilities incurred.<sup>73</sup>

## Tariff income

- 4.112 Once an amount of capital is calculated, net of any amounts to be disregarded, this will be treated as if it is income of £1 for every £250 (or part of £250) in excess of £6,000. This amount of *tariff income* will be added to the initial income calculation to give a *total income amount*. (See SI 2005/215, regulation 42.)

## Calculation of Reductions

### Calculation of Class 1 and Class 2

- 4.113 Once the total income amount has been calculated, it will be compared with the living allowance/ *applicable amount*, to determine whether the individual falls into Class 1 (income less than applicable amount) or Class 2 (income greater than applicable amount).
- 4.114 Persons in Class 1 will receive 100% council tax reduction against their liability (net of any council tax discounts under the Local Government Finance Act 1992 and non-dependent deductions under the default scheme regulations).

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<sup>68</sup> See SI 2006/215, regulation 33.

<sup>69</sup> See SI 2006/215, regulations 34 & 36.

<sup>70</sup> See SI 2006/215, regulations 34 & 35 and Schedule 5.

<sup>71</sup> See SI 2006/215, regulation 36.

<sup>72</sup> See SI 2006/215, regulation 39.

<sup>73</sup> See SI 2006/215, regulation 40.

4.115 Persons in Class 2 will receive a reduction equivalent to 20% of the difference between their income and *applicable amount*. This amount is deducted from their net council tax liability (the way the council tax reduction is calculated will be based on SI 2006/215 regulations 57-58 & 59 and the Social Security Contributions and Benefits Act 1992 (C4) S131 (5)).

### Calculation of Class 3

4.116 Where a person of working age is jointly liable for council tax with a second adult who is not their partner and does not pay rent in respect of a dwelling the person may fall into Class 3, where conditions to be set out in regulations (corresponding to SI 2006/215 Regulation 62 and Schedule 2) are fulfilled. The table below sets out the possible reductions on maximum daily council tax liability (after council tax discounts).

4.117 Note that the *alternative maximum council tax reduction* is calculated in relation to the income and circumstances of the second adult – the applicant’s income and capital is not taken into account.

<b>Second adult</b>	<b>Alternative maximum council tax reduction (net of discounts) due in respect of a day.</b>
a) The second adult (or all second adults) are on income support, income-related employment and support allowance, state pension credit or income-based jobseeker’s allowance.	a) 25%
b) If the gross income of the second adult (or aggregate gross income of all second adults, disregarding working-age benefits) is:  (i) less than £177.00 per week;  (ii) greater than £177.00 but less than £231.00 per week.	b)(i) 15%  b)(ii) 7.5%
c) c) If the dwelling is occupied by a second adult/adults on state pension-credit, income-related jobseeker’s allowance, income-related employment and support allowance or income support, living with a full-time student(s).	c) 100%

4.118 If it transpires that the applicant is entitled to both a means-tested council tax reduction and alternative maximum council tax reduction, a comparison of the two reductions will be made. The applicant will be awarded the greater reduction of the two, as under the existing provisions.

## Extended payments

- 4.119 Prescribed regulations for the default scheme will set out that an individual who is approaching pension credit age, and who is in receipt of a local council tax reduction and who is not in receipt of working age benefits (income support, income-related jobseeker's allowance, income related employment and support allowance), or whose partner has claimed state pension credit will continue to receive an *extended payment* of their localised council tax reduction for a prescribed period of four weeks, whilst they or their partner apply for the scheme for people who have reached the eligible age for state pension credit. (See SI 2006/215 regulations 5 and 60).
- 4.120 The regulations for people of pension-credit eligible age will state that from the point at which the person reaches pension-credit eligible age, for the prescribed *extended payment* period, they will continue to be entitled to whatever is greater – the award under the localised scheme or the award under the scheme for those of state pension credit eligible age.<sup>74</sup>

### **Extended payments – *qualifying contributory benefits* – i.e. (i) severe disablement allowance; (ii) incapacity benefit; (iii) contributory employment and support allowance**

- 4.121 Regulations will set out that an applicant (or their partner) in receipt of one of the above benefits for at least 26 weeks, who ceases to receive that benefit because they have returned to work, increased their earnings or increased their hours (and where that improvement in their situation is expected to last five weeks or more), will continue to receive a council tax reduction calculated as if they were still in receipt of these benefits for four weeks where the resulting reduction amount is greater than the reduction amount would be if it were re-calculated to take into account their loss of these benefits.<sup>75</sup>
- 4.122 If a person moves from an area where the default scheme has been implemented to the area of a new billing authority during the week where entitlement to the qualifying benefit ceases (when the extended payment rule applies), the first billing authority will pay the second billing authority or the individual themselves (as appropriate) the reduction amount due to the person for the extended payment period.
- 4.123 If a person subject to such an extended payment arrangement arrives in a billing authority which has implemented the default scheme and applies for a council tax reduction and the new reduction is greater than the extended payments reduction, regulations will prescribe that the billing authority reduce the person's bill by the difference between the

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<sup>74</sup> See SI 2005/215, regulations 5 and 60.

<sup>75</sup> See SI 2006/215, regulations 60, 60A - D.

two reductions for the extended payment period. If there is a balance left, or no council tax liability, the billing authority with the default scheme in place will pay the balance to the individual.

- 4.124 After the extended payment period, the first billing authority will have no liability in respect of the applicant and the new billing authority's reduction scheme will apply.

## **Applications**

- 4.125 Prescribed requirements will continue to provide that the date of the original application will apply where individuals need to amend a properly completed application. If a billing authority chooses to accept amendments over the phone, it will have to confirm these with the applicant.<sup>76</sup>
- 4.126 Billing authorities will also be able to accept withdrawal of applications (where the billing authority has not yet made a decision). This will have effect on the same day the notification was received by the billing authority.<sup>77</sup>
- 4.127 Provision will also be made for the use of electronic forms, should billing authorities wish to use these.<sup>78</sup>

## **Entitlement**

- 4.128 Entitlement to working age council tax reduction will begin on the first day of the first week after the application is made.<sup>79</sup> In terms of back-dating, regulations will set out that people of working age will be able to back-date their applications by up to six months, provided they are able to prove that from a day (up to six months) in the past, they had continuous good cause for failing to make an application. Provisions will replicate SI 2006/215 regulation 69(14 and 14A).
- 4.129 Applicants will be able to notify the relevant billing authority of their intent to apply for a reduction, which can then be treated as the date of the application or, where appropriate, the basis for determining the date of entitlement, provided the applicant submits a completed application within one month. These arrangements will include any advance applications made for council tax reduction support.<sup>80</sup>

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<sup>76</sup> See SI 2006/215, regulations 69(4BA) and 73.

<sup>77</sup> See SI 2006/215, regulation 73.

<sup>78</sup> See SI 2006/215, Schedule 9.

<sup>79</sup> See SI 2006/215, regulation 64.

<sup>80</sup> See under SI 2006/215, regulation 69.



## **Decisions**

4.130 The regulations for the default scheme will require a billing authority to notify the applicant in writing of its decision within 14 days from the date that all relevant information and evidence relating to the application has been received by the billing authority, and will include information on how an appeal to the council tax bill can be made by the applicant.<sup>81</sup>

## **Changes of circumstance**

4.131 Matters relating to the duty for an applicant to notify the billing authority of a change of circumstances may not need to be regulated for specifically. Existing council tax regulations (as amended, if necessary) could be used to cover this.<sup>82</sup> We are also considering how this interacts with the proposed amendment to the Bill to provide additional regulatory powers for the investigation and prosecution of fraud.

4.132 However, the regulations will set out the dates from which various prescribed changes of circumstance are to take effect, though the governing legislation under which such notifications are required will in future be the Local Government Finance Act 1992 (as amended), but in line with SI 2006/215 regulation 67.

4.133 In particular, regulations will also set out the dates from which changes of circumstance in relation to upcoming attainment of state pension credit eligible age will be taken into account, on the same basis as SI 2006/215 regulations 5 and 60.

4.134 Regulations will prescribe that applicants will have one month to provide additional information and evidence when requested by the relevant billing authority. The billing authority, under local discretion, may allow more time if it sees fit.<sup>83</sup>

## **Time and manner of granting relief and recoveries / over-payments**

4.135 Matters relating to the time and manner of granting relief, persons paid and dealing with over- and under-payments<sup>84</sup> will, for clarity, be regulated for in the prescribed scheme for those of pension credit age and the default scheme in the same way they currently are under council tax benefit to allow for consistency of treatment. Existing council tax powers already in place under the Local Government Finance Act 1992 are adequate to deal with these matters.

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<sup>81</sup> See SI 2006/215, regulations 75-76 and Schedules 8 and 9.

<sup>82</sup> See SI 1992/613, regulation 16

<sup>83</sup> See SI 2006/215, regulation 74.

<sup>84</sup> See SI 2006/215, regulations 77 – 90.

- 4.136 This will include payments to next of kin where a person in receipt of a council tax reduction dies, allowing the billing authority to make payment of the reduction amount to his personal representative or next of kin.<sup>85</sup>
- 4.137 Where the council tax payer is entitled to an increase or decrease in their reductions following a reported change of circumstance, the billing authority can issue a substitute demand notice taking into account the increase or decrease in liability. The local authority already has the scope of authority to:
- a. recover over-entitlement of council tax support – this effectively becomes underpayment of council tax;
  - b. take recovery action according to the circumstances of the applicant; and
  - c. provide a refund of under payment of reductions including as a cash payment.

## Other matters – pension credit age and default schemes

### **Department for Work and Pensions changes to state pension credit age qualifying criteria**

- 4.138 The Department for Work and Pensions is set to make changes to the way in which new applicant couples of mixed age (where one member of the couple has attained state pension credit qualifying age and one has not) are treated for new applications shortly. Currently such couples would be treated under pension credit age regulations, bar certain exceptions (set out, for example, at paragraph 4.11).
- 4.139 We expect this new measure to be implemented by the Department for Work and Pensions at some point in the next two years, and to apply to *new* pension credit applications only. It is likely to mean that in future (from the point of change and for new applicants only) it will not be possible for a couple to claim pension credit until both members have reached the qualifying age. It is expected that these couples will, though, have access to Universal Credit if they meet all the other eligibility criteria.
- 4.140 We intend to align with this change for new applicants on the same basis once it takes effect, so that local authorities do not find themselves defining an individual in a mixed age couple differently from the way they are defined by the Department for Work and Pensions, and so that any information received from the Department for Work and

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<sup>85</sup> See SI 2006/215, regulation 80.

Pensions on assessments relating to that individual continues to make sense for means-testing purposes.

- 4.141 Government's intention is that those mixed age couples already applying for or receiving a pension-credit age council tax reduction at the point of change (whether or not they are also receiving pension credit), will retain pension-credit age council tax reduction whilst their entitlement continues.
- 4.142 Depending on when the change takes place we would either seek to incorporate this into the new draft regulations to become effective at the point of change for new applicants or (if the change takes place later) amend regulations in due course to take this into account.

### **Wider welfare changes to benefits – particularly Universal Credit**

- 4.143 The Government intends to reflect any relevant changes to the welfare and benefits system in regulations governing the default scheme and protection for those of pension credit age, either at the outset or by amending regulations as and when necessary. In particular, it is intended that Universal Credit will be introduced for some new and existing claimants from October 2013.
- 4.144 A number of benefits and tax credits (income support, income-related jobseeker's allowance, income-related employment and support allowance, housing benefit, working tax credit and child tax credit) are expected to be incorporated within Universal Credit.
- 4.145 Where these are mentioned in the existing council tax benefit pension-credit age regulations and working-age council tax benefit regulations (SI 2006/216 and SI 2006/215) an equivalent consideration for Universal Credit will be identified. In addition, starting at the earliest in October 2014, support for eligible rent for customers over pension credit qualifying age may be provided through a new component of pension credit called *housing credit*. The Department for Communities and Local Government is working closely with the Department for Work and Pensions to determine the precise nature of such considerations and potential amendments.

### **Updates**

- 4.146 For the pension-credit age scheme, it is acknowledged increases will be required in future to retain the value of pensioner awards. This will be kept under annual review and any changes deemed appropriate made by amending regulations.
- 4.147 It will not be necessary to apply increases to the default scheme. The Bill sets out that where local authorities fail to make a scheme by 31 January 2013 and the default scheme takes effect, the Bill will apply to the default scheme *'as if it had been made by the authority'* (Schedule

1A (4)(5)). The Bill stipulates that a local authority must, each financial year, '*consider whether to revise its scheme or replace it with another scheme*'. This means that local authorities will be able to address this issue for working age applicants after year one by making any changes they see fit to their scheme. Where the default scheme has taken effect, prescribed requirements will continue to apply to those of pension credit age, including any increases introduced in regulations.

### **Other prescribed requirements reflected in the pension credit age scheme and default scheme - administration**

4.148 It is intended that aspects of administration that may impact on award (particularly in the pension credit age scheme) will be prescribed. For example, existing backdating arrangements for those of pension credit age (who are currently able to backdate their scheme by up to three months more easily under SI 2006/216 regulation 53 (1ZA) and (1ZB), subject to proof of eligibility), will continue.

### **Impact of the proposals**

4.149 Taken together, these proposals mean that provisions for the calculation of reduction awards and their administration by local authorities for those of pension credit age and on the default scheme will be almost identical to existing provisions under council tax benefit. This complies with Government's commitment to protecting pensioners who it does not want to see disadvantaged as a result of the introduction of this reform, and with the Bill, Schedule 1A, paragraph 2(8) and (9) and with the requirement to prescribe a default scheme under Schedule 1A, paragraph 4.

# Chapter 5

## Council Tax Base

- 5.1 This Statement of Intent has been prepared by the Department for Communities and Local Government to set out the policy intention for amendments to the Local Authorities (Calculation of Council Tax Base) Regulations 1992.

### Purpose of the Statement

- 5.2 To set out the policy on changes to the way the council tax base is to be calculated to take account of local council tax reduction schemes when calculating council tax.

### Legislative Context and Territorial Application

- 5.3 The Local Authorities (Calculation of Council Tax Base) Regulations 1992 (the council tax base regulations), made under powers of the Local Government Finance Act 1992, specify formulae for calculating the council tax base.
- 5.4 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating a billing authority's and major precepting authority's band D council tax.
- 5.5 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 5.6 The relevant amounts are calculated as
- a. number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
  - b. adjusted for the number of discounts, and reductions for disability, that apply to those dwellings
- 5.7 The Government intends to amend the council tax base regulations to ensure that that the calculation of the tax base by billing authorities takes into account the new council tax reductions under local schemes,

in addition to existing discounts and reductions. These changes will apply to England only

## Policy

- 5.8 The Government's response to the consultation on localising council tax support recognised that the proposed approach to implementing local reduction schemes would have the effect of reducing the council tax base.<sup>86</sup>
- 5.9 It is intended that amendments to the council tax base regulations will require billing authorities to calculate the council tax base taking into account the reductions to be offered under local council tax reduction schemes.
- 5.10 The number of dwellings to which council tax is chargeable in an area or part of an area is normally calculated by the billing authority and represent the estimated number of dwellings in each valuation band to which council tax will be charged, after allowing for discounts (for example - such as single person discount).
- 5.11 The current legislation requires the existing discounts and reductions to be taken into account as percentage reductions to the council tax base. For example, if there are four dwellings each occupied by a single person in receipt of 25 per cent single person discount, they would be represented as 1 dwelling removed from the council tax base ( $4 \times 0.25$  (single person discount) = 1). The billing authority will, in effect, receive the equivalent of full council tax liability from 3 of the 4 dwellings.
- 5.12 Under the existing council tax benefit system, the council tax base is unaffected by changes in council tax benefit granted, because the billing authority receives payment for element of the liability eligible to be covered by council tax benefit.
- 5.13 However, under the new local council tax reduction schemes, the council tax base will be affected by whether persons living in a dwelling within an authority area are in receipt of a council tax reduction awarded under the scheme, as the billing authority will be foregoing council tax income from those dwellings.
- 5.14 These local council tax reductions will need to be reflected in the calculation of the council tax base, in order to calculate the correct amount of band D council tax for the billing or major precepting authority area.

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<sup>86</sup> See Chapter 5 of Localising support for council tax in England.  
<http://www.communities.gov.uk/documents/localgovernment/pdf/2053712.pdf>

### Council tax requirement

*Will be reduced as billing and major precepting authorities receive new funding, reducing the amount they need to raise through council tax*

$$\text{Band D council tax} = \frac{\text{Collection rate} \times \text{Number of Band D equivalents}}{\text{Proportion of council tax which billing authority thinks it will collect}}$$

*Proportion of council tax which billing authority thinks it will collect*

*Will be reduced because more dwellings will be eligible for reductions under the new scheme*

*Under the proposals for the new scheme the number of Band D equivalents will be reduced. There was no reduction in the number of band D equivalents under council tax benefit as authorities received 100% funding for council tax liable via DWP.*

- 5.15 Unlike the single person discount the amounts may not be a set percentage, and local authorities will therefore need to make their own estimate of the total cash value of the reductions to be offered.

## Regulatory proposals

- 5.16 Government intends to amend the calculation under regulation 5AA of the council tax base regulations to allow for an adjustment for the council tax reduction schemes (under section 13A of the Local Government Finance Act 1992, as inserted by the Local Government Finance Bill).
- 5.17 This amendment will not set out the underlying calculation and it will be up to each billing authority to estimate the impact in their area based upon the local schemes they will have adopted.
- 5.18 For example, to arrive at the total value number of dwellings to be removed from the council tax base as a result of local council tax reduction schemes a billing authority may need for the following year to:
- estimate the total amount of reductions granted in each band; and
  - divide that figure by the estimated council tax bill for the band.

For example: if the total cash value reductions for band D is estimated by the billing authority at £27,000 and the band D council tax bill is estimated to be £1,350, the estimated number of dwellings removed from the council tax base would be:

$$27000 / 1350 = 20 \text{ dwellings}$$

## Impact of the proposals

### **Billing authorities, major precepting authorities and other interested parties – tax payers – recipients of reductions**

5.19 The calculations that billing authorities will be required to undertake to calculate the council tax base will require them to take account of the new council tax reductions.

5.20 This may lead to some variation in the Band D amount, depending on:

- (i) the billing authority council tax requirement, and the degree to which that is reduced by the new funding<sup>87</sup> to be allocated to them;
- (ii) the impact on the tax base of the new reductions.

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<sup>87</sup> Localising Support for Council Tax - Funding arrangements consultation



# Chapter 6

## Sharing of financial pressures

- 6.1 This Statement of Intent has been prepared by the Department for Communities and Local Government to set out its policy intention in relation to the sharing of possible financial pressures following the introduction of council tax reduction schemes.

### Purpose of the Statement

- 6.2 To set out the intention of provisions in the Bill for the sharing of financial pressures between billing and major precepting authorities to support the sharing of risk between billing and major precepting authorities as the result of sudden or unexpected increases in demand for council tax reductions.

### Legislative Context and Territorial Application

- 6.3 The Local Authorities (Funds) (England) Regulations 1992 (*the funds regulations*) set out how a billing authority may discharge its liability to pay:
- any precepts issued to it by a major precepting authority (from its collection fund);
  - a share of any surplus on the collection fund due to the relevant major precepting authority; and
  - any precepts issued by relevant local precepting authorities (from its general fund).
- 6.4 Major precepting authorities issue precepts to billing authorities under section 40 of the Local Government Finance Act 1992. In accordance with regulation 4(1) of the funds regulations, a billing authority must determine a schedule of instalments for the payment of precepts issued for each financial year. The schedule of instalments must generally be determined in accordance with Schedule 1 to the funds regulations.
- 6.5 However, a billing authority may determine a different schedule of instalments where it has the agreement of each of its major precepting authorities before 31st January in the financial year preceding that to which the schedule will relate (see regulation 4(4)).

- 6.6 Where such an agreement is reached, payments to major precepting authorities from the billing authority's collection fund must be made in at least two instalments, the total of which will discharge the billing authority's liabilities within the financial year to which it relates (see regulation 4(5)).
- 6.7 Therefore, broadly speaking, under the current funds regulations billing authorities are restricted to paying the total amount of the precept by the end of the year, regardless of how much council tax is collected.
- 6.8 If during the financial year, the billing authority collects less or more council tax than anticipated, a deficit or surplus will exist on the billing authority's collection fund and that surplus or deficit will be shared between the billing authority and its major precepting authorities in accordance with regulation 11 and Schedule 2 to the funds regulations.
- 6.9 However, a major precepting authority is not required to pay its share of a deficit or receive its share of any surplus in a billing authority's collection fund for a financial year until the end of the following financial year.
- 6.10 The funds regulations currently apply to England only.
- 6.11 New paragraph 6 of Schedule 1A to the Local Government Finance Act 1992 (inserted by Schedule 4 of the Local Government Finance Bill) provides billing and major precepting authorities with the power to make arrangements to deal with a deficit on a billing authority's collection fund. In such circumstances, authorities may make payments to each other and agree to vary the payments or instalments that are required to be made under the funds regulations.

## Policy

- 6.12 The Government indicated in its response to the outcome of consultation<sup>88</sup> on localising support for council tax that it is minded to enable billing authorities to vary the amount of precept to be paid to the major precepting authorities, in the financial year to which a deficit relates.
- 6.13 This is to help protect billing authorities from the totality of any cash flow pressure as a result of fluctuations in the level of council tax collected, which could otherwise only be addressed in the following year through the surpluses and deficits process set out in the funds regulations.

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<sup>88</sup> See chapter 4 of Localising support for council tax in England.  
<http://www.communities.gov.uk/documents/localgovernment/pdf/2053712.pdf>

- 6.14 New paragraph 6 of Schedule 1A to the Local Government Finance Act 1992 (inserted by Schedule 4 the Local Government Finance Bill) enables billing authorities to vary the payments or instalments that are required to be made under the funds regulations enabling cash flow pressures to be shared with major precepting authorities, subject to the agreement of major precepting authorities.
- 6.15 Should billing authorities anticipate that such arrangements are likely, then billing authorities should sensibly discuss the proposals with major precepting authorities when formulating their council tax reduction schemes. This would allow authorities to come to an agreement in advance of any need to manage in-year pressures.
- 6.16 We continue to work with representatives from local government, the Local Government Association, the Chartered Institute of Public Finance and Accountancy and the Institute of Revenues Rating and Valuation to consider what, if any, further powers required to manage the pressure on billing authorities while minimising complexity and uncertainty for all authorities.

## Impact of the proposals

### **Local authorities, major precepting authorities and other interested parties**

- 6.17 Although not a regulatory requirement, discussions between billing and major precepting authorities on how any in-year pressures should be managed should sensibly take place when schemes are being formulated.

# Annex A

## Summary of classes and reductions in the scheme for people of pension credit age and default scheme

Class for pension credit age and default schemes	Reduction	Who is included?
A. Income less than applicable amount	100% of liability (net of any council tax discounts, such as single person discount), adjusted down for any non-dependent deductions	<b>Pension-credit age scheme</b> Means-tested individuals. Those on pension credit guarantee credit (whose income and capital counted as zero – they will get 100%)
		<b>Default scheme</b> Means-tested individuals Those on prescribed working age benefits (whose income will be counted as zero – they will get 100%).
B. Income more than applicable amount	100% of liability (net of any council tax discounts, such as single person discount), minus 20% ( <i>the taper</i> ) of the difference between income and applicable amount, adjusted down for any non-dependent deductions	<b>Pension-credit age scheme</b> Means-tested individuals who do not qualify for Class A, and who are left with some reduction amount after this calculation is performed.
		<b>Default scheme</b> Means-tested individuals who do not qualify for Class A, and who are left with some reduction amount after this calculation is performed.
Those entitled to <i>Second Adult Rebate</i> – due to a second adult living with the applicant on working age benefits or low wage	As set out in Schedule 6 of SI 2006/215 and 216 today, 25%, 15%, 7.5% or 100% of liability, depending on the individual's circumstances.	<b>Pension-credit age scheme</b> Included.
		<b>Default scheme</b> Second Adult Rebate will be included, as the default scheme seeks to replicate the status quo for working age applicants

# Annex B

## Illustration of maximum council tax reduction amount and council tax calculation methodology

Council tax reductions and non-dependant deductions are taken into account when calculating maximum council tax reduction. This allows local authorities to tell at once whether someone's maximum council tax liability, and therefore their entitlement to reduction, is extinguished by council tax discounts and non-dependant deductions alone.

**NB: Figures are purely illustrative**

<b>STEPS FOR CALCULATING COUNCIL TAX REDUCTIONS – DEFAULT AND PENSION CREDIT AGE SCHEMES – ILLUSTRATIVE EXAMPLE</b>				
<b>A.</b> Annual gross council tax liability – the amount set by appropriate authority as council tax for the relevant financial year, in respect of the dwelling for which applicant is liable  Demo figures only	<b>B.</b> Subtract any appropriate discount under the LGFA 1992 Schedule 1 to give discounted CT due: for example:	<b>C.</b> Divide by number of days in financial year and multiply by 7 to get weekly liability.	<b>D.</b> Subtract any non-dependent deductions under the regulations	<b>E.</b> Maximum weekly net council tax liability (net of non dependent deductions) is:  (Reduction may be 100% of this amount or less)
£500 for a Band B property	25% single person reduction: £500 – (£500 x 0.25 = £125) = £375.00	£375/ 366 = £2.049180 (daily amount) £2.049180 x 7 = £7.172130 per week	For example, if non dependent earns less than £306 per week but more than £178 – deduction is £1.00 per week (set amount set out in schedule – as currently).	(£7.172130 - £1.00) = £6.172130 per week maximum reduction amount.
<b>F.</b> Calculate applicable amount (weekly)	<b>G.</b> Calculate income (weekly)	<b>H.</b> Calculate excess income ( <b>G-F</b> )	<b>I.</b> Taper excess income (20% <b>H</b> )	<b>J.</b> Weekly council tax reduction entitlement ( <b>E – I</b> )
Applicable amount:  Personal allowance £50.00 Premium £4.65 Total £54.65	Income: Earnings £80.65 Less disregard £5.00 Total £75.65	(£75.65 - £54.65) = £21.00	£21 x 20% = £4.20	£6.172130 - £4.20 = £1.972130
<b>K.</b> Daily CT reduction entitlement ( <b>J</b> divided by 7)	<b>L.</b> Daily un-rounded reduction figure is annualised and deducted from the council tax liability net of council tax discounts ( <b>B – (K x 366)</b> ).	<b>M.</b> Outcome		
£1.972130 / 7 = £0.281732	£0.281732 x 366 = £103.11  £375 - £103.11 = £271.89	Annualised reduction = <b>£103.11</b>  Annual net council tax liability = <b>£271.89</b>		

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## Changes to Council Tax Benefit

Some residents of working age on low incomes currently get council tax benefit to help pay their council tax bill. This could be people who work part time or who are in low paid jobs or who have retired early and are living on small private pensions. It also includes people living on state benefits because they do not have a job or are unable to work because of health problems or disabilities or because they have responsibilities caring for family members.

From April 2013, the government has announced that council tax benefits will no longer exist in their current form. Instead, councils will need to operate a local council tax support scheme. The amount of financial support the Council will receive from the government to run such a scheme will be approximately 10% less than it currently receives. This means that the Council has to consider whether the amount of help it can give to residents on low incomes has to be reduced next year.

The government has told councils that people of state pension age who are also entitled to council tax benefit must be protected from the changes so they will continue to receive help paying their council tax at the same level as they get now. In real terms this means that someone of working age who receives council tax benefit could receive over 20% less next year than they currently get.

**In operating the new scheme the Council is proposing not to pass on the reduction in council tax benefit to claimants and will look at alternative ways to fund this enforced change.**

Please let us have your comments: [email@barrowbc.gov.uk](mailto:email@barrowbc.gov.uk)

The consultation is open between the 30<sup>th</sup> July 2012 and the 19<sup>th</sup> October 2012.

<b>EXECUTIVE COMMITTEE</b>	<b>(D) Agenda Item 9</b>
<b>Date of Meeting: 18th July, 2012</b>	
<b>Reporting Officer: Borough Treasurer</b>	
<b>Title: Barrow Sports Council</b>	
<b>Summary and Conclusions:</b>	
It is proposed that the discretionary grant to Barrow Sports Council be reinstated in line with the other external support and be transitioned over three years in line with the other funding distributed from the Transition Grant Fund. The total cost being £6,000.	
<b>Recommendations:</b>	
To consider reinstating this grant as set out in the report.	

**Report**

The Grants to External Bodies Sub-Committee met on the 5<sup>th</sup> March 2012 and agreed the distribution profile of the £400,000 earmarked from the Restructuring Reserve to transition the removal of support to external bodies.

The starting point for the distribution was the removal of all of the discretionary support apart from reduced funding for the Citizen's Advice Bureau and Barrow Disability Association. The Sub-Committee then considered the distribution options set out in the report and recommended that the £400,000 be distributed over four years, the headline items being:

- Citizen's Advice Bureau and Barrow Disability Association: 100% of previous grant for 2012-2013, reducing over the next 3 years to, 80%, 60% and 50%.
- Arts Organisations: set grant for 2012-2013, reducing by a third in 2013-2014 and 2014-2015, and nil thereafter.
- Rate relief for registered charities and community amateur sports clubs: these organisations were receiving 20% of the NNDR bill as discretionary relief, this was agreed to continue for 2012-2013, reduce to 10% in 2013-2014, 5% in 2014-2015 and nil thereafter.
- Rate relief for non-profit making organisations: 100% discretionary relief ending in but including 2014-2015, nil thereafter.

Previously the Council's budget included a grant to Barrow Sports Council which was removed as was all discretionary support. However, it is proposed that this grant be reinstated in line with the other transitioned support and be



paid for three years, 2012-2013 to 2014-2015, starting at the previous grant level of £3,000, then £2,000 and finally £1,000 for those years. For the three years this totals £6,000. Members will note that the Transition Grant Fund is now fully distributed.

## Background

### (i) Legal Implications

The recommendation has no legal implications.

### (ii) Risk Assessment

The recommendation has no significant implications.

### (iii) Financial Implications

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

### (iv) Health and Safety Implications

The recommendation has no significant implications.

### (v) Key Priorities or Corporate Aims

The recommendation has no detrimental impact on providing good quality efficient and cost effective services.

The recommendation has no detrimental impact on the quality of housing.

The recommendation has no detrimental impact on the long term economic recovery for our community

The recommendation has no detrimental impact the built environment or public realm.

### (vi) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

### (vii) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

## Background Papers

Nil

<b>EXECUTIVE COMMITTEE</b>		<b>Part One (D) Agenda Item 10</b>
<b>Date of Meeting:</b>	<b>18th July, 2012</b>	
<b>Reporting Officer:</b>	<b>Executive Director</b>	
<p><b>Title: Cumbria County Council Parking Agreement</b></p> <p><b><u>Summary and Conclusions:</u></b></p> <p>The Borough Council has received the proposed On-street Parking Agreement from Cumbria County Council.</p> <p><b><u>Recommendations:</u></b></p> <p>To agree the Cumbria County Council Parking Agreement.</p>		

### **Report**

I am pleased to report that we have received an acceptable Parking Agreement covering administration and enforcement of on-street parking from Cumbria County Council. The key clauses in the Agreement are:

- a) The Agreement operates for a period of 12 months commencing 1st August 2012 and continue thereafter on a rolling basis with either side having to give six months notice of termination.
- b) The Borough Council will be required to maintain an on-street parking account.
- c) Cumbria County Council will finance any deficit on the on-street account by a maximum of £60,000 pa.
- d) Payments will be made to the Borough Council quarterly.

I consider the Agreement is acceptable, protecting the Borough Council from operating the on-street parking account in deficit and it maintains administration and enforcement of on and off street parking within the Council.

(i) **Legal Implications**

The recommendation has no legal implications.

(ii) **Risk Assessment**

The recommendation has no implications.

(iii) Financial Implications

The Agreement would protect the Council from an annual deficit on the on-street parking account provided the deficit did not exceed £60,000.

(iv) Health and Safety Implications

The recommendation has no implications.

(v) Key Priorities or Corporate Aims

The recommendation has no detrimental impact on providing good quality efficient and cost effective services.

(vi) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vii) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Correspondence held by the Executive Director.

<b>EXECUTIVE COMMITTEE</b>		<b>Part One</b> <b>(D)</b> <b>Agenda</b> <b>Item</b> <b>11</b>
<b>Date of Meeting:</b>	<b>18th July, 2012</b>	
<b>Reporting Officer:</b>	<b>Housing Manager</b>	
<p><b>Title: Barrow Borough Council Housing Statement</b></p> <p><b>Summary and Conclusions:</b></p> <p>The purpose of this Report is to seek endorsement of Council's Housing Statement which seeks to summarise the council's priorities and objectives with regard to the local housing market.</p> <p><b>Recommendation:</b></p> <p>To endorse the Council's Housing Statement.</p>		

### **Report**

The purpose of this Report is to seek endorsement of the Council's Housing Statement which seeks to summarise the Council's priorities and objectives with regard to the local housing market.

At your meeting on 14th December, 2011 (Minute No. 90), the Council agreed to participate in the County Housing Strategy 2011-15 along with other districts and partners in the County. In agreeing to participate, it was also agreed that officers would draft a Housing Statement which reflected the Borough Council's housing objectives.

Attached for your perusal at **Appendix 4** is a copy of the resultant document.

The purpose of the document is to provide a summary of the Council's housing priorities and objectives. In drafting the document it summarises a number of key Council objectives that have previously been agreed over a period of time and summarises them in one document. In doing so, it will serve as a point of reference for Members, other stakeholders and to promote the needs of the Borough where appropriate, including pursuing possible funding opportunities as they arise.

The document has also been considered by the Council's Planning and Policy Working Group and was also raised for information at our regular Housing Strategy Consultation event held in June with local stakeholders.

(i) Legal Implications

The recommendation has no legal implications.

(ii) Risk Assessment

The recommendation has no implications.

(iii) Financial Implications

Not Applicable.

(iv) Health and Safety Implications

The recommendation has no implications.

(v) Key Priorities or Corporate Aims

The recommendation has no detrimental impact on providing good quality efficient and cost effective services.

(vi) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vii) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil

## **Barrow Borough Council: The Housing Offer for the Borough**

### Introduction

The purpose of this paper is to provide the reader with an understanding of the Housing aspirations of the Borough. It is deliberately short and sets out clearly the aspirations for the area.

Where appropriate it draws on research, and on policy and strategy papers agreed by the Borough Council. These have built up our understanding of the current housing market in relation to the economic development of the Borough and the aspirations we seek to achieve.

The aspirations have been developed in consultation with a wide range of private sector organisations, other public bodies, and various individual stakeholders in the Borough. The Council's Vision is:

*“To enhance the economic and social future of the Borough to meet the needs and aspirations of the community.”*

The Council's key priorities are:

1. Provide good quality efficient and cost effective services while reducing overall expenditure.
2. Continue to support housing market renewal including an increase in the choice and quality of housing stock and the regeneration of our oldest and poorest housing.
3. Work to mitigate the effects of the recession and cuts in public expenditure and their impact on the local economy and secure a sustainable and long term economic recovery for our community
4. Continue to improve and enhance the built environment and public realm, working with key partners to secure regeneration of derelict and underused land and buildings in the Borough.

These key priorities will be delivered through a range of actions and will be reviewed annually.

### **Overview of the current market**

- The housing stock of the Borough is dominated by older, terraced housing. 52% of the stock is terraced and 45% was built pre-1919.
- A high proportion of the older stock is in poor condition.
- Much of the stock is of low value. Average house prices have fallen slightly since 2008, and prices at the lower end of the market have fallen more sharply over the last 12 months, to as little as £30,000 or even less for the cheapest houses.

- Mean earnings in the Borough are lower than the county, regional or national averages, although lower quartile earnings are higher than the comparable values for the county, region or the country as a whole.
- Housing is more affordable than in other parts of the country, with approximate income to price ratios of 1:4.
- There is a lack of choice in the current Housing market to meet the needs of industry to attract the highly skilled workers it requires and meet the housing aspirations of many existing residents.
- The Borough has a high proportion of residents with a disability, and there is therefore a high need for suitable adapted housing or housing with support.
- The proportion of social rented housing in the Borough is low compared with the county, regional and national figures. Demand for social rented housing is high.

### **Delivering the Housing Option**

The Council is required to have a number of key policies in place to inform the development of residential opportunities.

The Council will adopt a strategic approach, but will be flexible in the tools it utilises to achieve its objectives. The Council will seek to be innovative and to take advantage of any suitable opportunities that present themselves.

The Government has recently placed new requirements on Housing Authorities, for example the National Housing Strategy, the Localism Act and the revised National Planning Policy Framework.

The Council views these as a new opportunity to tackle the identified problems of the current Housing market and will be considering how they can be taken forward in the Borough.

The Council's formal planning documents can be summarised as:

- The Annual Monitoring Report summarises the current targets for housing and reports on progress towards meeting these targets and future projections for new housing.
- The Council's Strategic Housing Market Assessment (SHMA) was published for consultation in November 2011. This provides a range of information on the current Housing Market and acts as a background study on which to base future planning policies related to housing.
- Spatial targeting of new housing; the Strategic Housing Land Availability Assessment (SHLAA) was published for consultation in October 2011. The SHLAA provides a framework for the identification of land for new housing, and a "call for sites". The consultation period has now expired. The potential sites identified in the SHLAA will now be individually assessed, and used as a basis for future site allocations.

- Key policies of the Core Strategy are not yet available. The evidence from the SHLAA and SHMA will influence the Core Strategy policies. Progress towards the development of the Core Strategy will be a priority for 2012.

The Council's planning policy documents can be accessed at:  
<http://www.barrowbc.gov.uk/Default.aspx?page=332>

## **Understanding the Council's approach**

### ***1) Renewal of private sector housing and fuel poverty***

- The Council carried out a condition survey of the private sector housing stock during 2011. This found that out of a private sector housing stock of 29,550, 14% contained Category 1 hazards as defined by the Housing Health and Safety Rating System, and 30% did not meet the Decent Homes Standard. Non decency is more prevalent in older stock and in the private rented sector. 42% of pre-1919 dwellings fail to meet the decency standard, as do 44% of privately rented properties.
- There is therefore a strong case for concentrating private sector renewal policies on areas with older stock and higher concentrations of privately rented property. The Council has for many years adopted a policy of area-based action. This has been mainly targeted at the wards of Central, Hindpool and Barrow Island.
- The value of property in the Borough is very low. The mean value was c£114k in 2010, although prices have fallen since. Figures published previously show Barrow being within the bottom three areas in the North West affordability tables. Our most recent Housing Needs Survey identified the requirement for 11 new units of affordable housing per year. We have interpreted this as accommodation to rent and because of the low market value of Housing generally have not seen the need to adopt a specific affordable housing or local occupancy policy within our Planning Policies.
- Current priorities are based around Housing Market Renewal activity and public realm improvements in the North Central and Hindpool Renewal Areas. See <http://www.barrowbc.gov.uk/Default.aspx?page=1881> for more information. The need for this activity is set out in the HMR prospectus, which can be found at <http://www.barrowbc.gov.uk/Default.aspx?page=2271>. We consider that the problems identified in that document are still relevant.
- The average energy efficiency of the housing stock in Barrow is similar to the national average. The levels of deprivation increase the prevalence of fuel poverty over the national average. Fuel poverty is said to exist where a household must spend over 10% of its income on an adequate heating regime. To replace existing energy efficiency schemes, the government will launch the Green Deal later in 2012. This is a major scheme that the government expects to deliver £14bn worth of home energy efficiency work, and to support 65,000 jobs.



- At October 2011, there were 685 long-term empty properties in the Borough (vacant and unfurnished for over six months). This represents 2.1% of the total housing stock. This is high by Cumbrian standards but considerably lower than other of the more deprived districts in the North West\*. Most of these long term empty properties (76%) are in Council Tax Band A. Apart from the obvious benefits of making the fullest use of the Borough's housing stock, the advent of the New Homes Bonus provides a financial incentive for local authorities to reduce the number of long term empty properties.

## **2) Enforcement of standards in the private rented sector**

- We estimate that there are as many as 4,000 privately rented properties in the Borough\*\*. This represents about 12% of the total housing stock in the Borough. However, the available estimates show substantial variation and we do not have a full understanding of the effects on this sector of the credit crunch and recent falls in house prices. Anecdotal evidence exists on the one hand of landlords seeking to sell and leave the sector, and on the other of owners unable to sell for an acceptable price, and being forced to rent their property out. Whether these effects balance one another out is not known.
- The growth in buy to let mortgages and low property prices in Barrow led to a substantial growth in the private rented sector in the late 1990s and throughout the 2000s. Much of this growth has been targeted in the central areas of the Borough, within the older low value housing. The effect has been to de-stabilise these communities and to accentuate existing social problems. A significant proportion of Housing Benefit is paid to residents in the private sector suggesting the sector is dependent on the Benefits system to sustain it.
- There are about 750 privately rented tenement flats situated in 10 blocks on Barrow Island. The ownership of these is typically in large portfolios. In the region of half the flats are vacant. The Council has previously provided some grant assistance. Whilst one landlord has embarked on renovating the blocks in their ownership, the Council has had to take action against others due to failure to maintain. The Council is keen to determine whether a programme of improvements can be implemented and whether these properties will continue to offer a commercially viable proposition.

## **3) Management of the Councils Housing Stock.**

The Councils Policy at the present time is one of retention and direct management of the stock.

We have prepared for and welcome the introduction of self-financing which provides the opportunity for the Council to plan with more certainty for the continued investment in the stock and the services provided to tenants and the wider community.

The Housing Service's vision is to:-

*“provide well maintained homes and estates where people choose to live”*

To achieve our vision we will ensure:

- we will deliver maintenance services to the standards and local offers agreed with our customers
- the housing stock and public spaces on estates is maintained in good, safe and lettable condition
- we meet our statutory, regulatory and contractual repairs and maintenance obligations
- we use short-term and long term assessment to plan and deliver our services
- we engage and empower our customers to be involved in all decisions
- we ensure equality and diversity is at the fore front of service delivery
- we will make best use of the resources available
- we will ensure effective performance management through evaluation and best practice.

The Council has a relatively small housing stock of c2700 properties. Approximately half are houses, and half are flats, of which significant proportions are one bedroom. The housing stock is approximately half the size it was at its peak due to Right to Buy. This means much of property is now on mixed estates and in some areas privately owned property outnumbers the Council stock.

To take account of this, as well as working in collaboration with tenants, the Council values the contribution of other owners and they are included in our consultation forums.

In contrast with the problems of disrepair and under investment in much of the private sector, the Council’s stock is in good condition and meets the Decent Homes Standard. The housing service also values the importance of the public realm in areas of Council or ex-Council housing and also invests in the quality of the environment.

As a relatively small landlord the Council works in partnership with other organisations to improve its services both for investment and provision of housing services. For example:

- *Investment in the Housing Stock*

Our approach to investment is based on a component replacement process. Properties are identified by an independent stock condition survey, validated

against our in-house asset management records, which then dictate the investment required on a five yearly rolling basis.

To deliver this work we work in partnership through Cumbria Housing Partners and Procure Plus. This has resulted in a more efficient procurement and delivery process. The National Change agent has calculated an average savings of between % and % depending on the particular component being upgraded.

- *Investment in Services*

The Housing Management service is delivered through specialist teams to provide a comprehensive service. It is our practice to work in collaboration with other agencies where this will improve services to tenants. We have recently engaged with the majority of other social landlords in Cumbria to deliver a County-wide service. This includes a common Allocation Policy and jointly commissioned IT to deliver a Choice Based Lettings Service.

- *Moving Forward*

The Council's own stock plays a valuable role in meeting the Housing needs of the Borough. In moving forward we will be considering how we can maximize the benefits a self financing model provides and to ensure the direct provision of Housing continues to contribute to improving the housing offer for the area.

#### **4) Meeting housing needs of the Borough**

As referred to earlier in this document the Councils approach to the housing market is one of remodelling, not just of increasing overall numbers per se.

We have already demolished a number of houses in the most depressed area of the market in the Borough. This has provided sites suitable for new housing built for sale when the economy recovers.

To re-model the housing market it is important we create a range of accommodation to meet the aspirations of those people who want to buy and for those who want to rent. We also need to create the types of property required to meet the needs of very specific sections of our community.

The main provider of social housing in the Borough, apart from the Council, is Accent Foundation. The Council has worked with Accent for many years as the preferred social housing partner in the Borough, and remains committed to this partnership as the main means of delivering new social housing. We do not, however, rule out working with other Registered Providers where appropriate.

- *Property for sale*

The Council is committed to the development of the Waterfront as a significant opportunity to create new modern Housing for sale and improve the housing offer of the Borough.

The policies of the developing LDF Core Strategy will also give clear guidance on the future development of the housing market. There will be a need to balance the aspirations for large house types, take account of any new build in neighbouring areas, particularly Ulverston, and consider the possible effects of new development on the lower value areas of the Barrow housing market.

- *Housing Needs Survey*

We completed a Survey in 2006. It was our intention to complete such surveys on a five year cycle. However, the effect of the downturn in the economy has led to uncertainty in the local market and at present the Council's view is that it will not invest in such a survey until some stability returns in the economy.

The 2006 survey highlighted a number of key factors that support the Councils overall approach and can be viewed in summary form at <http://www.barrowbc.gov.uk/pdf/HousingNeedsStudyOct06.pdf>

- *Supported Housing Needs*

The identification of supported Housing needs is more difficult. We engage with the County Council through the Supporting People programme and "iteration process" and the development of a Local Strategic Needs Assessment for Cumbria. This process has identified a particular need for accommodation for people with complex and multiple needs.

Some needs can be met by providing support services in ordinary housing, however others that have been identified include accommodation for young people, people with complex needs (linked to substance abuse) and accommodation for frail elderly in recognition of the aging population. Cumbria County Council has recently agreed the need for a new frail elderly scheme on Walney, as part of its approach to modernising older persons' services. This is supported by the Borough.

Through our work providing assistance to residents whose homes are unsuitable due to a disability and information gathered through the Housing Needs Survey we are very conscious of the fact that there is a scarce supply of suitable accommodation for people with a disability. Within our own stock there are only 6x2b bungalows and 8x3b bungalows suitable for families with a disability. Through our enabling role we have constructed additional family sized accommodation with our Housing Association partner and have added 8? further units. In re-modelling the Housing Market the inclusion of more accommodation of this type is seen as important.

- *Support for the Homeless and potentially homeless*

In the last twelve months we have seen the number of people approaching the Council with insecure housing increasing. At the present time by improving our approach to prevention we have been able to help many of these people and prevent them from becoming homeless. The number of Homeless people for whom the Council accepts a full duty remains stable. The Government has

retained the Homeless Prevention Funding to extend the range of services available.

- *Gypsies and Travellers*

There are currently 17 authorised pitches on a residential caravan site in the Borough. Although occupation is not restricted to Gypsies and Travellers, it is understood that the pitches are currently occupied by Gypsy and Traveller families and have been for a considerable time. A Gypsy and Traveller Accommodation Assessment was carried out during 2007. This found a small additional need for Traveller pitches of 6 pitches over 10 years. However, this was based on the assumption of no current provision. It is therefore considered that the provision of new pitches is a low priority.

### **Delivering the Housing Offer**

There are four strands to the Council's approach to re-modelling the Housing market:

- Transformational improvement of the housing offer driven by the comprehensive development of residential and commercial property on the Waterfront site
- Tackling the most obsolete housing through targeted intervention in the Housing Market Renewal area
- Through our Planning arrangements and Council's enabling role to encourage the development of the required types of housing.
- Working with Registered Providers to expand the stock of Social Housing in the Borough

The Borough Council has seen a significant reduction in its funding. In addition the stagnation in the economy and the local Housing Market has an impact on encouraging investment from the private sector.

The Council's long term objectives for the housing market have not changed. However, the speed at which they can be delivered will have to be progressed as resources and investment become available.

Attached is a summary showing the short term approach we are adopting to maximise delivery during these difficult times.

### **Summary of Housing Actions 2012/13**

Key Priority	Action
2 & 4	On the Waterside development the Council will continue to assemble sites and work with partners to progress this transformational project as resources are available.

2	<p>To continue to progress the long term plans contained in the HMR prospectus through external refurbishment of housing stock in the identified priority areas to improve confidence in the weakest areas of the housing market.</p> <p>The Council will continue to pursue an area-based strategy for private sector renewal. The policies approved as part of the declaration of the North Central Renewal Area will remain in place. However, the ability to fund the various grant regimes mandated by the Council will be greatly diminished. Although the Council will in principle consider the declaration of further Renewal Areas, following appropriate Neighbourhood Renewal Assessments, it is unlikely that this will be done unless the level of capital funding available increases substantially.</p>
4	Complete and publish the LDF Core Strategy, SHLAA and SHMA
4	Using HCA funding secured with Accent HA to deliver 27 family houses for rent between now and 2015. The Council will work actively to bring sites into use for social housing. We will in appropriate cases use our statutory powers to acquire land for housing. We will continue to consider on a case by case basis the disposal of land at below market value for the provision of new social housing to maximise the use of capital grant funding from the HCA. Furthermore, we will work with other statutory bodies, such as Cumbria County Council, to bring their land holdings into use for the development of social housing at below market value wherever possible.
1	Ensure the Homeless prevention funding continues to assist people avoid homelessness and in particular, commission a Court Desk Facility, agree a process to use the prevention of repossession monies to minimise the numbers of households facing eviction and agree use of the funding for single homeless services.
2 & 4	We will aim to take a structured approach to empty homes. We will map the locations of empty properties and prioritise our attention on hot spots, particularly within the priority wards for Housing Market Renewal, and on properties that are causing the greatest nuisance. Informal encouragement and advice will initially be offered, but if this is ineffective, appropriate enforcement action will be considered. We will also seek to take advantage of any suitable funding opportunities that may arise.
4	Enforcement of standards in the private sector will be

	<p>determined by available resources and capacity. Our policy to date has been twofold; responding to complaints and carrying out programmed inspections. The latter will be discontinued for the foreseeable future, and we will concentrate on responding to complaints from tenants.</p> <p>The Council recognises its core statutory obligations under Housing Act 2004, with regard to the need to improve housing conditions, and also with regard to mandatory licensing of HMOs. These will necessarily form the main focus of the Council's work with this sector.</p>
3 & 4	<p>In relation to the Green Deal, the Council will work with local advice agencies to ensure that they are in a position to provide appropriate advice on the scheme, work with local businesses to ensure that they are in a position to compete effectively for Green Deal contracts and assist in the identification of households who may benefit from the energy company obligations to assist the most fuel poor.</p>
1	<p>A joint funding bid from all the districts in the County has resulted in £1.3m being allocated to develop 40 new G&amp;T pitches in Cumbria. If a local need arises, we will seek to use a portion of this funding for new provision in the Borough.</p>

Should you wish to discuss the content of this paper or require more information about the Councils plans to improve the housing offer of the area please contact.....

(\*) Allerdale 2.0%, Carlisle 1.5%, Copeland 2.3%, Eden 1.6%, South Lakeland 2.1%. Pendle 4.5%, Burnley 4.1%

(\*\*) Census 1991: 1,991, Census 2001: 2,572, Stock Condition Survey 2006: 2,930, Housing Needs Survey 2006: 3,303, Stock Condition Survey 2011: 4,000.