

POLICY AND FINANCIAL PLANNING PROCESS 2014/15 Outcome from Policy Development Groups

EXECUTIVE MEMBER: Councillor Gillian Troughton,
LEAD OFFICER: Paul Walker – Chief Executive
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Summary:

The Local Government Finance Act 2012 changed the way local government is financed. This means that the council has a greater reliance on income from council tax, business rates and other direct income sources. At the same time Government is reducing the core funding that it allocates to councils. This fundamental change in our funding regime increases the council's financial risk.

The council agreed a new policy framework in February 2013 following the extensive consultation held in Autumn 2012.

The comprehensive spending review (CSR) 13 announced in June 13, set out the Coalition Government's intention to reduce the local government settlement and initial figures out for consultation have identified a further 15.9% cut to the government support that Copeland will receive. This and other spending pressures arising from legislative changes such as complex changes to the pension regime, has required us to review our Medium Term Financial Strategy (MTFS).

Although the final settlement figures for 2014/15 are not expected until 18th Dec 2013, following the Chancellors autumn statement on the 4th December 2013, we need to start work to plan for this further and significant reduction in our resources.

The council will need to make considerable additional savings over and above those already approved by Council in February 2013, these are estimated to be in the region of £1.6M - £2M in the next 2 financial years with some considerable variables such as the settlement and the pension review yet to be confirmed. There are considerable risks to be managed in the setting of the 2014/15 budget including the delivery of a complex programme of budget savings, the agreement and securing of considerable external funding to underpin our discretionary services and the agreement to a new approach to delivering our statutory and essential business services.

This report sets out the findings and recommendation from the Policy Development Groups held in September/October and the service changes and resulting budget saving options for the 2014/15 financial years. The 5 Policy Development Groups considered

- Whitehaven Governance Review
- Discretionary Services
- Income from Fees and Charges
- Waste Management Income and Charges

- Review of Council Tax Discount scheme, and technical changes.

Recommendations:

The Executive is asked to;

1. Note the continued Budget savings options being implemented as per Council decisions in February 2013 and the Council decision on 12th September 2013 regarding the NCL Contract.
2. Agree that the 2014/15 financial planning process include a limited use of one off general reserves of up to £400K to provide time to deliver the existing change programme and establish the future operating model.
3. Agree the Business Basic Target of £225K to be found from the review of senior management (CLT), personal assistant support team, communications team, and review of policy and transformation.
4. Note the work that is ongoing to achieve additional grant income totaling £400K from partner sources.
5. Note the considerable risks in the delivery of the savings programme as set out in section 7 of this report and the continued uncertainty of key elements of our financial picture.
6. Agree to consultation with the public and affected stakeholders in accordance with the Consultation paper also on this Agenda and the Change Management Policy.
7. Agree to receive an updated MTFS in early January following the Announcement of the Settlement on 18th December 2013.
8. Consider the reports from the PDGs attached as Appendices A1-A5
9. Agree the following recommendations from the PDGs and Agree to consult all relevant stakeholder on the budget proposals and the following recommendations from the PDGs

Whitehaven Parish

- The Executive recommends to council agrees to the principle of establishing parish level governance across the unparished areas of the Borough.
- The Council initiates a Community Governance Review (CGR) which seeks views of the community on this principle and also seeks a community perspective on the form that new level of governance should take.

Discretionary

- Agree to consult on the proposed changes to the concurrent services grant for Parish and Town councils - Option 1 a 50% reduction in funding 2014/15 with a 100% reduction in 2015/16. As per Para 3.6.
- Bring forward the requirement for the community regeneration team to be self-financing to April 2014.
- Agree to consult on removing the funding of 2 discretionary grants.

Income

- The Council should set charges for formal preapplication enquiries and review the role of Community Infrastructure Levy as part of the wider formulation of policy through the Local Development Framework
- Agree to consult on an increase to the fees for Crematorium in line with inflation
- Agree to consult on an increase to the fees for Cemeteries in line with inflation
- Agree to consult on an increase to the fees for Car Parking by inflation RPI – 3%

Waste Management Income

- The Council should consider introducing an option for residents to purchase extra green waste collections above the 1 bin base service. Agree to consult on implementing this from April 2015
- The Council should consider charging developers for the bins for newly built properties and landlords for bins which go missing between lets – Agree to consult on implementing this from April 2014
- The Council should consider charging residents for replacement bins where these are 'lost' or damaged through misuse or neglect (subject to larger bins being available for those who meet eligibility criteria and some concessionary rates being developed for the unwaged/low waged). Agree to consult on implementing this from April 2015

Localisation of Council Tax Scheme

- The Council should consider whether to agree the principles of the Localized Council Tax Scheme PDG findings as set out in Appendix A5, and consider the options for the timetable for their introduction
 - a. Agree to consult on implementing this from April 2015 to ensure full consultation and further impact analysis following the changes to welfare reform. Consultation would therefore take place in 2014, possibly alongside other Authorities in the shared service.
 - b. Agree not to implement the changes.

1 INTRODUCTION AND PURPOSE

- 1.1 The comprehensive spending review (CSR 13) announced in June 2013 has required a further review of our MTFS. This work projecting our costs and income highlights the need to make considerable additional savings over and above those already approved by Council in February 2013, in the region of an additional £1.6M- £2M in the next few years in order for the council to balance its budget. The latest MTFS estimates include the 15.8% reduction from DCLG, assumptions about the NNDR (Business rates) appeals and the impact on the council as it enters the Business Rates safety net. The council will also need to determine its strategy for addressing the pension fund deficit as yet unknown (actuarial review will report in Nov 2013).

1.2 The council currently undertakes certain services and functions which are *statutory* in nature and are therefore “must dos”, there are also certain services and functions that the council has chosen to provide which it does not have to under legislation and these are *discretionary* services. There are also services which support the running of the council. In February 2013, the Council agreed a new set of priorities for the Council for 2013-2015 and determined a budget strategy in line with these revised priorities.

1.3 The purpose of this report is to:

- Identify the progress made in delivering the agreed savings targets for 2013/14 and 2014/2015;
- Illustrate the reviewed MTFS including the additional financial pressures; and
- Set out additional policy and savings proposals for 2014 for subsequent public consultation.

2 SAVINGS REALISATION PROGRESS 2013/14

2.1 The current change programme includes the Council’s previous plans as per the February 13 decisions and service options report and includes a commitment to the delivery of the following in 2014/15.

Table 1	Year 2 Savings Agreed at Feb 13 Council			All figures are £’000		
	2013/14	original plan extra savings in 14/15 above 13/14 level	Plan as at 6/11/13	Total	Changes to services	
Reduce grass cuts	68	11	11	79	Full year savings as the one-off early termination costs for grass cutting equipment were incurred in 13/14	
Stop flowers displays	56	19	19	75	Additional saving through lease commitment to St Nicholas Gardens ending in Nov 2013, and with it the obligation to provide annual bedding.	
Stop shrub beds - remove 75% of shrub beds and reseed	0	16	16	16	Full year savings, 2013/14 – decommissioning costs were incurred.	
Reduce Internal Audit Fees	10	10	15	25	Additional reduction (was £20k) in number of days and hence fees following a risk assessment.	

Stop Christmas Lights	0	2	2	2	Marginal savings from transfers in 2012/13. Full budget savings £25K anticipated in 15/16.
Reduce council running costs (BB)	80	84	145	225	Target increased at Aug exec was 164. Includes reviews of CLT/ communications/PA/ P&T
Reduce Grants	61.5	20.5	20.5	82	Full year effects of saving as all recipients were given 3 months grant last year.
NCL costs – Leisure Service Element	287	51	7	292	Target was £338K Result of council report - NB use of reserves to balance 2012/13 position and additional PMP is shown as pressure in MTFS of £83K in 2014/15)
Reduce Copeland centre Costs via increased letting income	60	90	90	150	Further consolidation of staff into smaller area and seeking additional tenants for vacant space
Beacon New No Subsidy Model	109	216	216	325	Assumes new model 1/4/14 was £325K
Close toilets	11	30	18	29	Work on CAT transfers undertaken in 2012/13 and demolition. Future savings linked to utilities and rates savings. (was £41K)
Member Allowances			30	30	Year 2 savings from scheme amendments. Nb Year 1 paid to CAB for additional support for advice ref Bedroom Tax
TOTALS	742.5	549.5	589.5	1330	

- 2.2 The council's financial envelop is being further reduced in the CSR 13 and the reality of these reductions is that the council will need to move to a position of only **financing** the delivery of its statutory services in the near future. This will mean that any remaining discretionary services will need to be cost neutral to the council, either ceasing, being transferred to others e.g. parishes, or operate under a position where they raise income in order to cover their **total** cost.

- 2.3 The council needs to find £1.6M - £2M of savings in the next 2 years **ON TOP of** the programme already agreed and following on from 3 years of “efficiency cuts”. This harsh financial reality also means that the council will need to work to review all of its services and assess:-
- whether discretionary service can be cost neutral to the council or stop or find alternative funding / income for these
 - the level of statutory services provided to an agreed but possibly reduced standard and review the service delivery models for this
 - the way the council provides its services through its property assets
 - the way it’s business basic functions are provided
- 2.4 This is a significant shift for the council and will require a separate programme of work led by the Chief Executive on the types of options which are available to the council, the ones that are politically acceptable and the criteria that will be used to reshape the council for the future. This may include exploring options such as unitary council, contracting out statutory and support services in packages attractive to the market place, sharing services with others or mutual options for staff to consider running services under contract. At the heart of this will be the need to assess and prioritise community needs.
- 2.5 The management of this considerable change agenda and freeing up capacity to do this work alongside the delivery of essential statutory services will mean that a strategic and planned approach is required. A programme management approach has been adopted by the council and attempts to balance the need for reviews alongside the capacity to undertake them.

3 MEDIUM TERM FINANCIAL PLAN

- 3.1 Building on previous experience and in consideration of the further challenges ahead, the Executive agreed the process for policy discussions to take place in 3 main phases as follows:
- Phase 1 – Policy Development Groups (PDGs) covering short term saving areas and some longer term policy reviews. Targets to be set for PDGs to provide options for 14/15 savings
 - Phase 2 –Detailed work on service levels and the future service options for statutory services which would be started in the winter for full implementation and delivery by April 15.
 - Phase 3 – Wider Governance Models– PDGs which would look at the big issues facing the council and the pros and cons of unitary council models, the use of assets and the governance model for the council post 2015.
- 3.2 The council has until now managed to set a balanced budget and has not used any of its general reserve to smooth out its change programme. The scale of the challenge and the need for fundamentally different service delivery models will need considerable planning and development. For example the typical lead in time for the creation of a shared service is 18 months for scoping, outline business case, decision making process, due diligence, staff consultation, and implementation.

- 3.3 The recent work undertaken by Grant Thornton, the Council's External auditors, on the Councils Financial Resilience, and reported to Audit and Governance Committee showed that in terms of revenue and reserves the key financial performance indicators are favourable:

The Council's working capital ratio at 31 March 2012 is 3.86 and remains above the preferred range of 2:1.
Although the Council's liquidity is decreasing it is still maintaining a positive working capital ratio whereas 8 of the comparable councils are now below the 2:1 ratio.
Copeland's usable reserves ratio is 0.26 and the Council is in a better position than most of its comparable councils.

- 3.4 It is therefore proposed that the 2014/15 financial planning process include a limited use of one off general reserves to provide time to deliver the existing change programme and establish the future operating model.
- 3.5 The proposals to meet the financial savings targets currently estimated at £1.4M for 2014/15 will therefore be:

	2014/15
Existing Savings Proposals Table 1	£590K
Additional External Income Grant - paid to CBC and used to support the total cost of Leisure provision	£400K
Discretionary PDG reduction in remaining discretionary grants and 50% reduction in the concurrent services grant to Parish and Town Councils	£8K £8K
Discretionary PDG Community regeneration team not to be funded by the council April 14	£62K
PDG waste income generation for implementation - - Charging for replacement bins to new developers and RSLs	This is unlikely to deliver savings in 2014/15 but may reduce the draw-down on the Bin Replacement Reserve and critically pre-positions future housing developments as requiring a contribution towards refuse containers on completion.

	2014/15
PDG income generation on car parks, crematorium and cemeteries, licences based on increases at RPI (3%)	£30k
Total	£1,098K

One off use of reserves * Currently £1M in general fund but pensions deficit also needs to be provided for the maximum use to be set at £400K for 2014/15 only	£302K
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3.6 Further detail is shown on the outcomes of Phase 1 PDGs below.

4 POLICY DEVELOPMENT WORK PROGRAMME OUTCOME OF PHASE 1

- 4.1 Council agreed to change the way members were involved in the development of the budget and policy to provide an opportunity for all members to be involved in Policy Development Groups (PDGs).
- 4.2 The PDGs work will support the setting of the council's budget for 2014/15 and 2015/16. This will aim to look at options to address the 2013/14 savings whilst the work on the "Council of the Future" begins.
- 4.3 The resulting policies, priorities and service change options will be the subject of public consultation in the autumn to ensure those impacted on by the changes are able to contribute and provide feedback and therefore any views and mitigations can be considered by the Executive and Full Council when it sets its budget for 2014/15.
- 4.4 The 5 Autumn PDGs reports are attached at Appendix A 1-5. The Summary of their recommendations is set out in table 2 overleaf.

Table 2

PDG	Main recommendations
Whitehaven Governance Review	<p>The Executive/Council agrees to the principle of establishing parish level governance across the unparished areas of the Borough.</p> <ul style="list-style-type: none"> • The Council initiates a Community Governance Review (CGR) which seeks views of the community on this principle and also seeks a community perspective on the form that new level of governance should take. • That a task group is established to oversee the CGR process and to conduct preliminary work into the potential practical and administrative issues which will inform the final decision on the form of any new governance structure. • As the final stage of the CGR to determine whether or not to proceed with the implementation of a new governance structure by recommending Council to make a Community Reorganisation Order for Whitehaven.
Discretionary Services	<ul style="list-style-type: none"> • That the Economic Development function should be externally funded and every effort should be used to seek and secure this funding • Localities should move to a self-sustaining model by April 2015 and earlier if possible and if the Council continues to house the team, then their full costs must be recovered. • Discretionary Partnerships: Status Quo but will be continuously reviewed. • Further work to review grants awarded by the Council – together with concurrent services grant and the transition grant to Parish and Town Councils – see para 3.6

(Continued overleaf)

PDG	Main recommendations
Income from Fees and Charges	<ul style="list-style-type: none"> • There was no clear consensus on the levels of increases on the fees at the Council's discretion as it was noted that these services did have a significant increase in fees last year but that given our financial position and the fact that we are not covering all our costs – some increases above inflation were warranted. • There was a discussion on planning fees and preapplication and community infrastructure levy. It was noted that planning application fees are currently set nationally with no scope for local variation. • It is proposed to set charges for formal preapplication enquiries and review the role of Community Infrastructure Levy as part of the wider formulation of policy through the Local Development Framework.
Waste Management Income and Charges	<ul style="list-style-type: none"> • The Council should consider introducing an option for residents to purchase extra green waste collections above the 1 bin base service. – implement from April 2015 • The Council should consider charging developers for the bins for newly built properties and landlords for bins which go missing between lets – implement from 1 April 2014 if practical. • The Council should consider charging residents for replacement bins where these are 'lost' or damaged through misuse or neglect (subject to larger bins being available for those who meet eligibility criteria and some concessionary rates being developed for the unwaged/low waged) Implement from April 2015

PDG	Main recommendations
Review of Council Tax Discount scheme, and technical changes.	<p>The Executive/Council agrees</p> <ul style="list-style-type: none"> • Technical changes as agreed in 2012/13 remain with an additional change where properties will not be classed as long-term empty until 2 years after the granting of probate • A review of the scheme was undertaken and several principles devised for the future operation of the scheme • The principles and changes recommended as set out in Appendix A5, and include there should be no disincentive to work, the impact on individuals should be capped; the changes should have regard to any government grant that might be available , the county and police should be required to contribute a proportion of their savings to the administration and set up of the scheme

- 4.5 Discretionary Services – Following the work on the PDG additional work was undertaken to review the concurrent services grant paid to town and parish councils. The concurrent scheme was devised some years ago and was set up to support primarily discretionary services such as grass cutting, bus shelters, play grounds etc. This council’s policy is to reduce the funding to discretionary items and so there are 2 proposals for the Executive to consider. These are:
- Option 1 – 50% reduction in the scheme in 2014/15 with the current scheme being terminated in 2015/16.
 - Option 2 – 100% reduction in the scheme in 2014/15.
- 4.6 Town and parish councils could choose to change their own precepts to mitigate the impact of the reductions. However, the Secretary of State for Communities and Local Government has indicated that he may choose to cap parish council increases in their precepts although when and any details of such an approach have not yet been announced.
- 4.7 Whilst the PDG considered above inflation increases, it is proposed that the increase in Crematorium and cemetery fees is in line with inflation and a £10 charge per service is made to support the delivery of improved online booking facilities.

5 BUDGET AND POLICY TIMETABLE 2014/15

5.1 The outline timetable for the policy and budget timetable for 2014/15 is set out in the table below.

Month	Headline Activities
August	Executive agrees process, timetable and PDGs – This report
September	PDG's conduct their work
October	PDG's report their recommendation to Executive
November	Executive Consultation with Public on service change options Actuarial Review - Pension Deficit
December	Settlement Announced – now expected after 4 th December – The Autumn Statement. Executive refine options based on feedback and settlement
January	PDG Phase 2 - Detailed work on service levels and the future service options for Statutory and Business services which would be started in the winter for full implementation and delivery by April 15 – Budget 15/16 Statutory Consultation with Businesses
February	Council Agrees Budget for 2014/15

6. RESOURCE REQUIREMENTS

6.1 The resources for the service options and budget proposal work will need to be managed within existing resources. The main resources will be:-

- The communications section working on the communications and consultation process including the design and of any questionnaires and arrangement for feedback and engagement with the public and our consultative groups.
- CLT members facilitating the wider consultation, including detailed work on the options, and all associated roles as HOS and line managers.

7 STATUTORY OFFICER COMMENTS

- 7.1 The Monitoring Officer's comments are: No further Comment
- 7.2 The Section 151 Officer's comments are: Contained within this report
- 7.3 EIA Comment: EIA will be completed as part of the budget setting process.
- 7.4 Policy Framework: The council continues to experience significant reductions in its financial settlement from government; and uncertainties in its financial model going forward. These pose significant risk to the council and the services it delivers for public benefit going forward. It is also evident that there is a significant gap between public expectation and what the council's budget will now buy. Whilst the council's change programme continues with delivering the necessary savings including cuts to services and addressing the pressures facing service teams, capacity and capability must now also be found to focus on the work which will deliver the 'council of the future'. This is critical to the council for many reasons, not least, because the adjustment to public finance which is taking place throughout the UK and the resulting changes to local public services looks set to continue for some time to come.
- 7.5 Other consultee comments, if any:

8 HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 8.1 The budget process and service options will be managed via CLT and Change Programme Board. This Board reports into the Executive informally on a monthly basis. Changes to services will be managed through the Change management process with appropriate reports and decisions as per the constitution.
- 8.2 There are considerable risks involved in the delivery of the 2014/15 budget savings, the second part of the 2 year programme agreed at Council in February 2013 is still to be delivered and on top of this there are a number of reviews to management and staffing structures which reduce the capacity to deliver these changes. This may require the use of the Transformation earmarked reserve to ensure timely delivery.
- 8.3 This year the budget strategy includes the planned use of general fund reserves which will be one off monies aimed at providing some time for the delivery of the Chief Executive's work on the operating model and commissioning of different levels of statutory services.

8.4 There is also considerable risk to the budget if the 2 significant items are not delivered, there are no contingency monies available and should these not be delivered the facilities would need to be closed and further savings will need to be found. The main risk items are:

- delivering the business plan and proposals for the Beacon
- delivering the external grant income

9 WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

- 9.1 The report sets out the process and timetable for the discussions and decisions the executive and full council need to take to determine the budget options and financial allocations it wishes to set at its February 2014 Council.
- 9.2 The report outlines the work required by staff and members and the timetable for engaging the public in this work so that they may be consulted on the options, service changes and mitigations.

List of Appendices

Appendix A – PDG reports.

- A1 - Whitehaven Governance Review
- A2 -Discretionary Services
- A3 -Income from Fees and Charges
- A4 -Waste Management Income and Charges
- A5-Review of Council Tax Discount Scheme, and Technical Changes.

**Report and Recommendations of the Policy Development Group –
Alternative Governance Arrangements for the Unparished Areas of
Whitehaven - September 2013**

LEAD MEMBER: Councillor Peter Kane
LEAD OFFICERS: John Groves/Tim Capper
BRIEFING AUTHORS: John Groves/Tim Capper

Attendees

The Policy Development Group was attended by:

Cllr Peter Kane
Cllr Peter Tyson
Cllr George Clements
Cllr Graham Sunderland
Cllr David Moore
Cllr Phil Greateorex
Cllr Stephen Haraldsen
Cllr M Hawkins - CCC

The Policy Development Group was facilitated by John Groves and Tim Capper.

1. BACKGROUND

1.1 Whitehaven and Sandwith are the only unparished areas of the Borough of Copeland, dating from local government reorganisation in 1974, when the municipal borough of Whitehaven (including Sandwith) was merged with the rural districts of Ennerdale and Millom. The two former rural districts were fully parished prior to 1974, whereas the former municipal borough of Whitehaven was not. No new parishing arrangements were made when the new Borough of Copeland came into existence on 1 April 1974, hence the split between parished and unparished areas which has persisted until the present day. The boundaries of the unparished areas do not coincide precisely with the ward boundaries of the Borough Council – parts of

the Bransty and Sandwith Wards are covered by Moresby and St Bees Parish Councils.

- 1.2 Historically, the concept of a Whitehaven Town Council reflected a desire to ensure consistency in governance and democratic representation across the Borough. Today on going budgetary pressures which inhibit and frustrate service delivery; the introduction and enactment of the Localism Act 2011 and the wider need to consider alternative delivery models to provide services, provide a different background to the position applicable when this issue has been considered in the past.

2. AIMS

- 2.1 The PDG initially agreed a scoping report which included the following aims and objectives. The Scoping Report is attached at appendix 1 and also sought to establish a range of issues which might be appropriately considered as part of the appraisal of appropriate models of governance for the currently unparished areas of the Borough

- To adopt a 3 stage process of familiarisation with the issues; consider options and alternatives and to reach conclusions and make recommendations
- To understand the processes which have to be followed to establish a town council
- To appraise the possible benefits of a Town Council in terms of greater democratic representation; increased access to resources; more effective service delivery.
- To assess the potential costs of the process and operation of a Town Council
- To assess alternative models of governance which light secure similar benefits
- To provide recommendation of preferred options

3. FAMILIARISATION

- 3.1 Notes of the familiarisation session of the PDG are attached as appendix 2. The session included an initial discussion around the potential benefits and possible costs of establishing parish-level governance for the areas. There was early recognition that the ability to adequately represent and provide services to the local community would be inhibited if nothing changed and the status quo was maintained. It was accepted however that this option should remain to provide an appropriate benchmark in any appraisal process.

- 3.2 Possible alternatives to wholesale review of governance structures were considered. Specifically, the scope for raising a local precept, to fund specific services or projects without establishing a new and permanent tier of governance was appraised. Such an approach has been utilised in the past, notably by Eden Borough Council and has commonly been referred to as “Special Expenses”. Advice from the Council’s Head of Corporate Resources highlighted complexity over the raising of such special expenses as it is subject to nationally imposed controls governing the level of increase in Council Tax which can be proposed by a Local Authority without triggering consultation processes which may include the need for a referendum.
- 3.3 The PDG consequently gave consideration to the process and protocols which need to be followed to enable the formation of a town or parish council. This process essentially requires the Borough Council to initiate a Community Governance Review (CGR), which can, alternatively, be triggered by a petition generated within the local community. The PDG determined not to consider the detailed form of such a review – this being a matter for determination once an in principle decision had been reached. It was noted however that the review, could but was not bound to utilise a referendum as part of a consultation process, though consultation of some kind will be needed as part of the CGR. The consultation stage of the CGR would clearly give a mandate on which to base a decision, but it was ultimately for the Local Authority to determine whether or not to proceed.
- 3.4 With the support of colleagues within the Council’s Finance Team, the PDG was provided with details of some of the current precepts for Parish and Town Council’s across the Borough. These range from £52.09 per annum per Band D property in Parton to £9.04 in Irton with Santon. The total precepts raised vary from just £1200 per annum to £96 851 in the urban areas with Town Councils. The PDG was able to consider the potential precept raised for the unparished areas of Whitehaven, based on an annual addition to the Council Tax of £45 – comparable with the current precepts for Cleator Moor and Egremont. This would provide in the region of £275k to support the activities of a new town/parish council or councils.
- 3.5 Members of the group were concerned that the introduction of the addition of a parish precept on top of existing council tax payments might become an unacceptable additional burden on households, especially when account was taken of those households who would not be required to contribute as a result of council tax reduction schemes. The Finance team was again able to provide the information contained in the tables attached as appendix 4. These tables illustrate the relative proportion of households currently benefiting from relief and the impact of either a town council precept of £300k or the level of precept potentially raised raised through the equivalent of £1.00 a week additional payment per household. The table indicates that 24% of households in Whitehaven currently receive full or part CTRS. This is comparable with other urban areas in the Borough. If more than one town council for the currently unparished area proved to a preferred option, this

figure would reflect the grouping of wards where indicators of deprivation are highest. This may be an influencing factor over the decision to have a single or multiple town councils. The PDG concluded that this was a detailed point which should be considered by the working group suggested in the attached recommendations. The second table indicates that a precept of £300k would be raised through the additional payment of £48.46 on a band D property - £37.69 on band B. An additional payment equivalent to £1.00 a week on a band D property would raise a precept of £322k. It was concluded that whilst further detailed appraisal of levels of precept would be required, these figures illustrated that the formation of a Whitehaven Town Council was generally a viable proposition and that there was no obvious impediment to progressing the Community Governance Review in this regard.

3.6 Members of the group were also presented with details of the setting up of a Town Council for Morecambe within the area covered by Lancaster City Council in 2008/9. Whilst changes in legislation mean that the process of set up would be different – the population and scale of the area covered by the Morecambe Town Council was broadly comparable to that covered by the unparished areas of Whitehaven. Appraisal of the precept and recent budgetary activity and of the number of members provided scope to consider the scale and form of an equivalent tier of governance in Whitehaven.

3.7 Workington Town Council serves as a useful comparator due to its similarities in terms of location, size and population. Workington Town Council came into existence in 1982 and has 30 members representing 11 town wards (increased from 6 as a result of changes arising from the 2012 County Council electoral division boundary changes). There are 6 committees of the Council (Policy and Resources; Allotments; Planning; Environment; Finance, Property and Employment; Culture). The Town Council has an annual budget of £490,000, resulting in a precept of £40 per Band “D” property. It employs a full-time Town Clerk plus two other employees – a total of 2.75 full-time equivalents, and its employment budget is £103,000. The Council’s service plan envisages this increasing to 5 FTE’s within the next 2-3 years. The Town Council’s administrative area includes a number of communities on the periphery of Workington, including Siddick, Stainburn and High Harrington. The population of Workington Town Council’s administrative area is 25,207 (2011 census data). The equivalent figure for the unparished area of Whitehaven is 24,820 (estimated due to non-contiguous parish and ward boundaries in Bransty and Sandwith areas).”

4. OPTIONS

4.1 As a consequence of information considered through the familiarisation process it

was concluded that three principal options merited further appraisal

- Maintain status quo
- Single
- Multiple

4.2 As noted above it was determined, for the sake of an initial appraisal to consider the principle of introducing parish level governance to areas currently unparished. No specific consideration has been given to boundary details particularly where existing ward boundaries are inconsistent with the extent of currently parished areas. Part of Bransty ward in Moresby Parish, part of Sandwith ward in St Bees Parish.

4.3 Similarly, division of the unparished areas into two or more areas with parish level governance was not appraised in terms of the detail or practicality of detailed boundaries. The potential issues resulting from any such subdivision were noted as potential strengths/weaknesses of relevant options. This would necessarily be a matter of consideration by a task group once an in principle decision had been reached.

5. OPTIONS APPRAISAL

5.1 An analysis of the strengths, weaknesses, threats and opportunities (SWOT) was completed for each option. This methodology was selected as providing a relatively simple, but effective way of articulating the potential benefits and costs of new models of governance. In order to provide some focus members of the group reflected on the core subject areas which might be applied through a PESTLE analysis – Political, Economic, Social, Technical, Legal and Environmental.

5.2 At this stage it was considered that there would be no clear benefit in seeking to give different weights to the strengths and weaknesses if identified. There was sufficient clarity in relating key issues to core, corporate ambitions of the Council in securing effective delivery of statutory functions, whilst creating opportunity to establish relationships and opportunities for other partners and stakeholders to provide services to communities within the Borough.

5.3 Outcomes from the appraisal exercise are tabulated at appendix 3.

5.4 The principle conclusions from the appraisal exercise are summarised below

Status Quo

- There are limited strengths in maintaining the status quo. The only clear benefits of doing nothing relate to the avoidance of set up costs and concerns around the additional burden placed on council tax payers.

- Weaknesses focus on the failure to address a current democratic deficit and the missed opportunity to provide an alternative means of delivering services which can no longer be supported by the Council.

Single Council

- Strengths focus on additional opportunities for service delivery and provision of a democratic voice for a community currently not represented at this level. The significance of such considerations was heightened by financial pressures on other tiers of governance, and the likelihood of changes in that governance which reinforce the need to parish level engagement and intervention. Scale brought opportunity for intervention in key, larger scale projects.
- Weaknesses reflect concerns over set up costs and whether a single town council could adequately represent a large and diverse community, effectively and apolitically.

Multiple Councils

- Many strengths in common with single council option, but with added benefits of smaller scale which enable greater scope for engagement, participation within communities. Consensus more readily secured. Easier to reflect the diverse communities within the wider unparished area.
- A number of weaknesses relating to set up costs are shared with the single council option although some of these might be increase with multiple bodies to set up and establish. The smaller units of governance may not have the scale to operate economically or effectively in delivering larger scale projects. Whilst accepting diversity across the area, it may prove difficult to identify clear and meaningful boundaries to divide the area into multiple units of governance.

6 CONCLUSIONS

There is very limited rational basis to support maintenance of the status quo. Current economic, financial and organizational requirements reinforce the need to find new ways of providing services and supporting the community, which are not necessarily best provided through current structures.

The strengths and weakness of single or multiple bodies are finally balanced. The greater engagement of a greater number of smaller councils is balanced with the economies of scale and greater level of intervention possible through a larger, single body.

7. RECOMMENDATIONS

7.1 It is a clear conclusion of the Policy Development Group, that a CGR process should be undertaken with a view to attracting community support and mandate to establish parish level governance in the unparished areas of Whitehaven. There is no current clarity as to the form which this governance might take. Deliberation over this point should be included in consultation through the CGR process and through the concurrent work of a task group mandated to explore the practical and administrative issues, including debate over possible boundaries. The task group would be mandated to implement the decision of the Council as the final stage of the CGR.

The following recommendations are made.

- The Executive/Council agrees to the principle of establishing parish level governance across the unparished areas of the Borough.
- The Council initiates a Community Governance Review which seeks views of the community on this principle and also seeks a community perspective on the form that new level of governance should take.
- That a Panel is appointed to oversee the CGR process with delegated powers to conduct all stages of the Review, other than the making of a Community Reorganisation Order, which will be the final decision on the form of any new governance structure, this to be reserved to Council
- That the Panel comprises eight Members, one from each of the non-parished wards, plus one Member from outside Whitehaven who is also a parish councilor.

Appendix 1

Policy Development Group – Whitehaven Town Council - Scoping Brief 2013/14

LEAD MEMBER: Councillor Peter Kane
LEAD OFFICER: John Groves/Tim Capper
BRIEFING AUTHOR: John Groves/Tim Capper

SUMMARY

- To consider the potential benefits and costs in establishing a town council for the unparished areas of the Borough - Whitehaven and Sandwith.
- To consider issues which might influence the role of a town council – Localism Act; changes in local government structures and governance.
- To develop awareness and understanding of process, timescales and costs for conducting a Community Governance Review and wider process to establish alternative governance arrangements for the delivery of services.
- To review recent precedent/good practice to support appraisal
- To explore other options for charging for locally delivered services in the unparished area, specifically Special Expenses.
- To reach conclusions sufficient to make recommendations as to preferred options for the Council

1. BACKGROUND

- 1.1 Whitehaven and Sandwith are the only unparished areas of the Borough of Copeland, dating from local government reorganisation in 1974, when the municipal borough of Whitehaven (including Sandwith) was merged with the rural districts of Ennerdale and Millom. The two former rural districts were fully parished prior to 1974, whereas the former municipal borough of Whitehaven was not. No new parishing arrangements were made when the new Borough of Copeland came into existence on 1 April 1974, hence the split between parished and unparished areas which has persisted until the present day.

- 1.2 Historically, the concept of a Whitehaven Town Council reflected a desire to ensure consistency in governance and democratic representation across the Borough. Today on going budgetary pressures which inhibit and frustrate service delivery; the introduction and enactment of the Localism Act 2011 and the wider need to consider alternative delivery models to provide services, provide a different background to the position applicable when this issue has been considered in the past

2. AIMS

- To adopt a 3 stage process of familiarisation with the issues; consider options and alternatives and to reach conclusions and make recommendations
- To understand the processes which have to be followed to establish a town council
- To appraise the possible benefits of a Town Council in terms of greater democratic representation; increased access to resources; more effective service delivery.
- To assess the potential costs of the process and operation of a Town Council
- To assess alternative models of governance which might secure similar benefits
- To provide recommendation of preferred options

3. WHAT IS INCLUDED?

- What actions are required to start the process? Community Governance Review
- Other forms of community governance – area committees, neighborhood management, tenant organisations, area/community forums, residents & tenants associations, community associations
- Special Expenses
- Are there examples of best practice to follow – Morecambe Town Council
- Can we make judgments about the cost to the Council and Council Tax payers

4. SPECIFIC QUESTIONS AND ISSUES

- Do we understand the potential benefits and any disadvantages of establishing a town council/
- Do we want to conduct a Community Governance Review (CGR) and if so on what timescale, bearing in mind the next parish council elections are in 2015 and 2019 and a review must be completed within 12 months? What should the terms of reference of a CGR be? For example to consider the following:

- Consideration of whether a new parish or parishes should be created for the Whitehaven area
 - Determination of the parish boundaries and the parish wards within it/them, in context of statutory guidance on councillor:elector ratios
 - Determination of the number of Councillors to be elected for each ward, their terms of office and date of first election
 - Determination of how the electors of the Review area are to be consulted during the review (consultation is a statutory requirement but the method of consultation is not prescribed). Consideration of a referendum as part or whole of consultation, but at what stage?
 - Consideration of whether there are any other (non-parish) forms of community governance than a parish/town council which may be more appropriate, or which may provide stages towards creation of a parish/town council in the future (such as community associations, tenants associations, area committees, neighbourhood management arrangements, area/community forums, etc
- What should the governance arrangements for the review be at member level? The existing Electoral Review Working Party or ad hoc group of members specially appointed for the task?
 - What are the cost implications of the review, particularly of consultation, and what will be the impact on other resources including member and officer capacity? What costs and benefits will be seen by the public?
 - Are there any other recent reviews of comparable scale which have been conducted in other local authorities from which we could draw useful experience?
 - As an alternative to parishing, should we consider a scheme of special expenses for Council services provided in Whitehaven mainly for residents of Whitehaven, that are provided for local people by parish councils in at least one parish in the Borough? Does current legislation relating to Council Tax mean that the way in which other Councils have used special expenses effectively rule out this option.

6.7 Should we retain the status quo?

7. STAKEHOLDERS AND PARTNERS

The range of stakeholder includes:

- Local electors
- Local businesses & other organisations
- Local members
- Other town and parish councils in Copeland

8. EQUALITY & DIVERSITY

- Initial EIA s will be required for all areas of change and cumulative impacts will need to be monitored
- Recommend whether Full EIA is required

Appendix 2

Whitehaven Town Council PDG
Familiarisation Session
6th September 2013

Notes

1. Aims and purpose
 - agreed that section 2 of the scoping document previously issued suitably establish the aim and purpose of the PDG
2. Historic perspective
 - TC commentary on historic reasons why wards covering the town and its immediate environs had not been parished alongside the rest of the Borough. Noted previous discussion and lack of appetite previously to progress establishment of TC – changing circumstances – budget/potential future operating models of LA's and government policy prompt further appraisal now
3. Potential benefits of a town council
 - statutory powers for formalised TC
 - Ability to secure service provision now impossible for BC
 - Access to funding grants etc.
 - Powers through Localism Act – CAT and Neighbourhood Planning
 - Poss unitary status
 - Democratic voice
 - Opportunity for CBC to reprioritise spending elsewhere
4. Potential costs – including costs to Council tax payers
 - Procedural costs of implementation
 - Cost of precept to local residents
 - No management fee to CBC but cost of elections
 - How does is the precept managed in cases where council tax relief is provided.
 - Need to assess potential risks including the ability to realise benefits
 - Would new council be able to fund new officers of adequate calibre?
 - Decision would need to have regard to wider social impacts
5. Process
 - TC outline of process through CGR

- Seek to avoid review of process here
- CBC would set initial budget
- Process would need to consider the right method for consultation – referenda?
- Final decision is Copeland's

6. Examples/Illustrations

- Review of process to establish Morecambe Town Council to enable appraisal of scale of precept
- Examples provided of precept if those of other town and parish council is Copeland applied Question – is the £52.09 precept at Parton a maximum?

7. Possible alternative options

- No equivalent options to deliver resources – Special expenses route used elsewhere in Cumbria is no longer consistent with legislation and conflicted by rules relating to council tax increase
- Options are – therefore status quo; Whitehaven TC for whole of unparished area; Whitehaven TC with separate Sandwith PC – Action - Plan required

8. Issues and actions for next session – 16th September 10 am Carlisle/Spedding

Appendix 3

ALTERNATIVE GOVERNANCE ARRANGEMENTS FOR WHITEHAVEN UNPARISHED AREAS – POLICY DEVELOPMENT GROUP	
OPTIONS APPRAISAL	
OPTION 1 – MAINTAIN STATUS QUO	
Strengths <ul style="list-style-type: none"> • No set up costs • No additional costs to council tax payers in unparished areas • Relates to well established governance, protocols, administration and organisation 	Weaknesses <ul style="list-style-type: none"> • Lost opportunity for additional resource through precept • Inability to fund services • Status quo position unsustainable • Democratic deficit – no voice for Whitehaven • Limits scope for refreshed stakeholder engagement • Limits scope to secure management of community benefits
Opportunities <ul style="list-style-type: none"> • Other non parished options – (special expenses route rejected as specific option because of complexity of Council Tax rules 	Threats <ul style="list-style-type: none"> • Create scope for others to set the agenda • If not resolved before any LG reorganisation – others would become empowered to make decisions

ALTERNATIVE GOVERNANCE ARRANGEMENTS FOR WHITEHAVEN UNPARISHED AREAS – POLICY DEVELOPMENT GROUP	
OPTIONS APPRAISAL	
OPTION 2 – SINGLE NEW TOWN COUNCIL	
<p>Strengths</p> <ul style="list-style-type: none"> • Creates ability to fund services • Opportunity to precept • Democratic – locally made decisions • Set up rests with current establishment – not imposed by others • Match funding opportunities • Economy of scale – by comparison to multiple Council option • Access to community benefits, e.g. community asset transfer • Fit with CBC future operating model • Supports maintenance/delivery of key assets in town centre • Greater community focus 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Set up cost • Additional cost to council tax payers through precept • Potential complexity with council tax relief • More likely to have a political focus because of scale • Large diverse area – different needs and character of communities difficult to represent with a single body • Consensus difficult to achieve • Too large • Complex organisation – full time staff/accommodation – high operating costs. Organisation and administration potentially cumbersome • Resentment that resources raised in one area are used in others and not to the benefit of the immediate community.
<p>Opportunities</p> <ul style="list-style-type: none"> • Fits with Government’s Localism agenda • Scope to engage and empower those unwilling to participate in district level governance • Creates alternative options for prioritisation of CBC spend 	<p>Threats</p> <ul style="list-style-type: none"> • Difficult to distinguish from “The Council” • Participation – the same people? • Protracted debate over constitutional/organisational arrangements

ALTERNATIVE GOVERNANCE ARRANGEMENTS FOR WHITEHAVEN UNPARISHED AREAS – POLICY DEVELOPMENT GROUP	
OPTIONS APPRAISAL	
OPTION 3 – MULTIPLE TOWN AND PARISH COUNCILS	
<p>Strengths</p> <ul style="list-style-type: none"> • Creates ability to fund services • Opportunity to precept • Democratic – locally made decisions • Set up rests with current establishment – not imposed by others • Match funding opportunities • Access to community benefits e.g. community asset transfer • Fit with CBC future operating model • Smaller units – less politicised • 2 or 3 smaller parishes with smaller number of councillors easier to manage • Easier to secure consensus • Easier engagement at local/neighbourhood level • Smaller, greater agility – scope for lesser accommodation/employment costs • Better reflects diversity of the unparished area 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Set up cost • Additional cost to council tax payers through precept • Potential complexity with council tax relief • Lacks economy of scale – by comparison to single Council option • Too small • Duplication of activities and costs compared to single Council option • No obvious boundaries or natural communities • Not able to support or fund “big ticket items” – Whitehaven Town Centre projects • Too many Councillors • Inconsistency across currently unparished area
<p>Opportunities</p> <ul style="list-style-type: none"> • Fits with Government’s Localism agenda • Scope to engage and empower those unwilling to participate in district level governance • Scope for collaborative working • Creates alternative options for prioritisation of CBC spend 	<p>Threats</p> <ul style="list-style-type: none"> • Too locally focused and unable to engage effectively in wider agenda • Protracted debate over constitutional/organisational arrangements

Appendix 4

Number of households in receipt of Council Tax Reduction Scheme (CTRS) as at 02.10.2013

Parish Name	Total number of households	Number of households in receipt of CTRS	Proportion of households in receipt of CTRS	Of those receiving CTRS the proportion of those receiving a full or part CTRS award	
				Full CTRS	Part CTRS
Arlecdon and Frizington	1786	410	23%	64%	36%
Beckermest with Thornhill	763	86	11%	57%	43%
Bootle	364	48	13%	58%	42%
Cleator Moor	3265	900	28%	61%	39%
Distington	1042	293	28%	69%	31%
Drigg and Carleton	237	16	7%	63%	38%
Egremont	3854	863	22%	61%	39%
Ennerdale and Kinniside	161	8	5%	50%	50%
Eskdale	149	9	6%	78%	22%
Gosforth	636	46	7%	54%	46%
Haile and Wilton	183	7	4%	71%	29%
Irton and Stanton	134	6	4%	50%	50%
Lamplugh	333	27	8%	78%	22%
Lowca	371	70	19%	51%	49%
Lowside Quarter	319	25	8%	52%	48%
Millom	3559	885	25%	61%	39%
Millom Without	372	33	9%	58%	42%
Moresby	742	74	10%	62%	38%
Muncaster	180	18	10%	72%	28%
Parton	432	139	32%	64%	36%
Ponsonby	149	18	12%	50%	50%
Seascale	857	62	7%	60%	40%
St Bees	849	47	6%	43%	57%
Ulpha	78	5	6%	40%	60%
Waberthwaite and Corney	113	8	7%	75%	25%

Wasdale	74	1	1%	0%	100%
Weddicar	191	11	6%	91%	9%
Whicham	220	11	5%	36%	64%
Whitehaven	11643	2788	24%	65%	35%
Total	33056	6914	21%	63%	37%

WHITEHAVEN ESTIMATE BASED ON 13/14 TAX BASE											
				PARISH PRECEPT 2013/14			£300,000				
	<u>BAND A DISA</u>	<u>BAND A</u>	<u>BAND B</u>	<u>BAND C</u>	<u>BAND D</u>	<u>BAND E</u>	<u>BAND F</u>	<u>BAND G</u>	<u>BAND H</u>	<u>TOTAL</u>	
TOTAL DWELLINGS (December 12)	0	7688	1638	1292	734	203	34	0	7	11596	
TOTAL AFTER DISCOUNTS & CTRS	27.46	4759.82	1450.23	1164.55	683.95	192.34	27.75	2.50	1.00	8309.6	
RATIO TO BAND D	0.56	0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00		
BAND D DISCOUNTED EQUIVALENT	15.26	3173.21	1127.96	1035.16	683.95	235.08	40.08	4.17	2.00	6316.87	
Collection rate	98%									6190.53	
COST OF PRECEPT PER PROPERTY	26.92	32.31	37.69	43.08	48.46	59.23	70.00	80.77	96.92		
AMOUNT RAISED	724.51	#####	53568.78	49161.48	32482.07	11164.50	1903.63	197.88	94.98	#####	
				WEEKLY AMOUNT BAND D			£1.00				
	<u>BAND A DISA</u>	<u>BAND A</u>	<u>BAND B</u>	<u>BAND C</u>	<u>BAND D</u>	<u>BAND E</u>	<u>BAND F</u>	<u>BAND G</u>	<u>BAND H</u>	<u>TOTAL</u>	
TOTAL DWELLINGS (December 12)	0	7688	1638	1292	734	203	34	0	7	11596	
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RATIO TO BAND D	0.56	0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00		
BAND D DISCOUNTED EQUIVALENT	15.26	3173.21	1127.96	1035.16	683.95	235.08	40.08	4.17	2.00	6316.87	
Collection rate	98%									6190.53	
COST OF PRECEPT PER PROPERTY	28.89	34.67	40.44	46.22	52.00	63.56	75.11	86.67	104.00		
AMOUNT RAISED	777.42	#####	57480.67	52751.53	34854.09	11979.79	2042.65	212.33	101.92	#####	

Discretionary Services PDG – September 2013 Outcome Summary

Recommendations

1. The Council needs to maintain an Economic Development function.
2. That the Economic Development function should be externally funded and every effort should be used to seek and secure this funding. However, if this funding cannot be found, the Council should continue to bear the cost of this service until it is found.
3. That officers should prepare funding bids of not less than 100k to nuclear funding pots, including Energy Coast West Cumbria, and other regeneration resources, to secure the service (as a minimum).
4. This function should be retained within the Council
5. All project delivery utilising external funding should as a matter of course look to operate on a full cost recovery model, unless specifically prioritised and agreed by the council.
6. That an Accountable Body policy is established to ensure a standardised approach and management fee arrangement.
7. Localities should move to a self-sustaining model by April 2015 and earlier if possible and if the Council continues to house the team, then their full costs must be recovered.
8. Discretionary Partnerships:
 - a. The Council maintains our active role in CCF.
 - b. The Copeland Partnership work be aligned to the recommend approach for community regeneration and should be independently financed from April 2015 and the costs should be covered by the Council until then.
 - c. The Locality Partnerships should be self -financing from April 2015.
 - d. The Council should continue to lead and participate in the Copeland Work and Skills Partnership.
 - e. Participation in Energy Coast West Cumbria at all levels should be reflected in the bid to BEC to cover the costs of our ED function.
 - f. The Council should continue to participate in Energy Coast Properties Company.
 - g. The Council should continue to attend West Cumbria and Cumbria Tourism Partnerships and continue to be Accountable Body for West Cumbria Tourism but only on a full cost recovery basis.
 - h. The Council should continue to lead the Copeland Coastal Initiative Partnership and Board to a) complete the work of the current

programme and b) pursue the Coastal Communities Fund Whitehaven bid for 2014 but in line with session 2 recommendations enable a scheme with a full cost recovery management fee and that a successful bid should be top sliced to cover office time in developing the bid.

- i. The Council should actively engage in the Cumbria LEP.
- j. Members should continue to lead attendance for Lake District Park Board and Partnership meetings and that officers only attend as agenda demands and time allows.

9. Grants

- a. Cumbria Rural Housing Trust - The Parishes should fund this support directly and the grant of £3,000 be withdrawn from 2014/15.
- b. To withdraw the £5,000 grant from DIGS from 2014/15.

10 That operation of Community Regeneration through a community trust be investigated.

- The savings potentially offered are not large –
 - £61,000 re community regeneration in 2015,
 - £8,000 from grants in 2014
 - and potentially £100,000 from external resources to underpin our economic development function by 2015

October 2013

Julie Betteridge / Pat Graham

Summary of Income PDG Discussions

The PDG reviewed each fee and charge within its terms of reference noting many are not at our discretion being set by statute or subject to high risk due to on-going litigation.

The focus therefore was on the fees for Car parking, Cemeteries and Crematorium.

A detailed piece of work is being conducted on Licensing fees to build the costs up to compare with fees to see if a profit or loss is made in this area – this is primarily due to the need to be able to defend our fees in light of recent legal cases.

The PDG looked at the legal cases and also at VAT advice for grants to the council vs sponsorship.

The table below summarises the background to each fee and charge and further information is provided on costs and sensitivity analysis for car parking.

There was no clear consensus on the levels of increases as it was noted that these services did have a significant increase in fees last year but that given our financial position and the fact that we are not covering all our costs – some increases above inflation were warranted.

There was a discussion on planning fees and preapplication and community infrastructure levy. It was noted that planning application fees are currently set nationally with no scope for local variation.

It is proposed to set charges for formal preapplication enquiries. This will not raise large sums and needs to remain proportionate in order to avoid discouraging discussion – poorly considered planning applications increase handling times and CBC staff input adding costs. Payments through Planning Obligations and Community Infrastructure are complex, and can generally only relate to delivery of infrastructure required to mitigate the impact of new development. Consideration also needs to be given to impact on the viability of development subject to large additional costs in difficult market conditions, particular if other locations competing for development are not imposing similar charges. It is relevant to review S106 contributions and Community Infrastructure Levy as part of the wider formulation of policy through the Local Development Framework.

MANAGER	STATUTORY SERVICE	COST CENTRE	STAT	NON-STAT	MIXED	NOTES	INCREASE?
Mark Key	Plan Printing	11002		Y		Increase approved in conjunction with Portfolio Holder to be charged with immediate effect	Already increased this year
	Building Control	31401 Fee /31402 Non	Y			Levied charges on a cost recovery basis	Charges are currently at a level where costs to provide the service can be justified. If the cost of the service increased, the fees would increase accordingly. Current fees are in line with the market including other Local Authorities.
	Development Control	31600	Y			Nationally set fees with no scope for variation	N/A - Statutory
Debbie Conchrane	Homelessness	35202	Y			Fees nationally set or are only allowed to be recharged at cost. Reviewed annually as part of the Housing Benefit Regulations	Management fees are set at the £35 per wk maximum limited by the HB Regulations. Emergency accommodation and Temporary Accommodation are charged at cost (per accommodation) and we are unable to make any profit.
John Davis	Cemeteries	48003			Y	Mixture of statutory and non-statutory fees - see sheet	Current fees are above average across Cumbria. Some Authorities don't charge for under 16's.
Jackie O'Reilly	Food Safety & PWS	31110			Y	Various comments see attached sheets for further details	Those fees that we can increase are not widely used so not much scope for generating a material income stream.
	Health & Safety	31101			Y		H&S private training providers available & unlikely be able to compete. Some of the cosmetic licence fees ie tattoo and skin piercing are under review across Cumbria. Swimming Pool sampling new premises are charged but existing sites ie schools, caravan sites not so could be ceased or begin charging.
	Environmental Protection	31204			Y		Animal licensing fees are statutory duty but no stat fees set. We control what level of fees are charged but try and keep similar charges to other Local Authorities in the County and is discussed at a county wide information sharing group.
Janice Carrol	Waste	33200-33212				Income PDG agreed that Waste & Recycling PDG would deal with this services fees & charges	Waste and Recycling PDG to determine
Clinton Boyce	Land Charges	27300		Y		Current Land Charges Litigation - any changes to the fees would need to be subject to a full Service assessment. Probably be avoided while the litigation is on-going.	Advice is to leave while the current litigation claim is on-going. Further work required to establish real costs of service - to follow via e-mail update.
	Licences	27500-27512		Y		Given the Henning case (Hemming V Westminster CC) couldn't say with any certainty that the fees could be increased. Again, a full service assessment would need to be carried out. Taxis are able to be increase but this in turn would inflate the charges borne by the taxi passenger as the fares would increase (currently £3 per mile). Gambling fees are running at a profit and fees should be decreased.	Advice is to leave while the current litigation claim is on-going. It is thought that gambling fees should be reduced, however further work is required to establish real costs of service which will follow via e-mail update.
Angela Brown	Benefits	38007		Y		Levied by statute but no set figure for level of costs	The costs are levied by statute, but that statute does not set any figure for the level of costs. The level of costs on a summons is decided by the Local Authority with approval of the clerk to the Magistrates. CBC currently charge the maximum of £60 plus £3 granting the liability order. Costs are normally agreed county wide. No known increases expected from Carlisle and Allerdale.

Car Parking Income – Sensitivity Analysis

	Budget 2013/14	Actual collection to Date Pd 5	Managers projection to 31/03/14 at Pd 5	Achieve/Miss Target 2013/14
Car Parking Fees	(391,655)	(162,035)	(349,133)	M

Methodology and Caveats on Car parking, Sensitivity Analysis

To calculate future fees and charges (see separate sheets for actual data)

- RPI – the figures available are to July 2013, which is equal to 3.1% annual rate.
- For estimation purposes the 2011/12 volumes were used and RPI and % increase figures applied to this activity.
- in a lot of cases due to rounding up or down to the nearest 10p % increases have not resulted in any increase to charges eg £1.50 x 3.1% results in £1.5465 which would then need to be rounded to £1.50.
- The budget amount for car parking fees differs to the fee sheet as the budget includes excess charges also (fee sheet has £356k for 13/14 and base budget is £392k.
- The car parking fees have had the RPI applied to them individually and the total value of the fee sheet is a result of RPI fee increase x activity (as opposed to base figure on fees sheet x RPI – although resulting difference is only about £1k)

2013/14 Projected car park fees (net) INCOME	356000
Excess Charges	36000
Budget	392000

	RPI at 3.1%	5%	10%	15%
Calculated as increase on base (ie not activity)	£ 367,036.00	£ 373,800.00	£ 391,600.00	£ 409,400.00
additional income	£ 11,036.00	£ 17,800.00	£ 35,600.00	£ 53,400.00
Calculated as 2011/12 activity X fee increase	£ 439,648.50	£ 451,009.30	£ 471,038.70	£ 492,183.70
	£ 83,648.50	£ 95,009.30	£ 115,038.70	£ 136,183.70

PDG Outcome – No consensus a vote was taken

Working assumption - 10% increase on based – assumed budget increase of £25K to allow for some volume changes and underachievement of this years budget.

NB market conditions affect this considerably 14/15 assumed more favourable as possible changes to on street car parking and also Albion square due to open in august 14.

Charges at Different Rates of Increase

PROPOSED FEES & CHARGES 2013/14 [ALL INCLUDING VAT]	2013-14	RPI	5%	10%	15%	Tariff count taken April - Mar 2011/12	RPI applied to 11/12Volum e	5%	10%	15%
		2013/14	Proposed Fees 14-15							
		£	£	£	£	£	£	£	£	£
SCHOOLHOUSE LANE WHITEHAVEN										
Up to 1 hr	1.40	1.40	1.50	1.50	1.60	21,210	29,694	31,815	31,815	33,936
Up to 2 hrs	2.00	2.10	2.10	2.20	2.30	17,409	36,559	36,559	38,300	40,041
Up to 3 hrs	2.60	2.70	2.70	2.90	3.00	7,354	19,856	19,856	21,327	22,062
Overnight parking	4.60	4.70	4.80	5.10	5.30	52	244	250	265	276
SENHOUSE STREET WHITEHAVEN										
Up to 1 hr	1.40	1.40	1.50	1.50	1.60	24,488	34,283	36,732	36,732	39,181
Up to 2 hrs	2.00	2.10	2.10	2.20	2.30	17,409	36,559	36,559	38,300	40,041
Up to 3 hrs	2.60	2.70	2.70	2.90	3.00	7,319	19,761	19,761	21,225	21,957
Up to 4 hrs	3.50	3.60	3.70	3.90	4.00	7,307	26,305	27,036	28,497	29,228
Overnight parking	4.60	4.70	4.80	5.10	5.30	96	451	461	490	509
THE COPELAND CENTRE WHITEHAVEN (weekends only)										
Up to 1 hr	1.40	1.40	1.50	1.50	1.60	289	405	434	434	462
Up to 2 hrs	2.00	2.10	2.10	2.20	2.30	665	1,397	1,397	1,463	1,530
Up to 3 hrs	2.60	2.70	2.70	2.90	3.00	301	813	813	873	903
Up to 4 hrs	3.50	3.60	3.70	3.90	4.00	188	677	696	733	752
Over 4 hours	4.60	4.70	4.80	5.10	5.30	179	841	859	913	949
SPORTS CENTRE WHITEHAVEN										
Up to 1 hr	1.40	1.40	1.50	1.50	1.60	12,132	16,985	18,198	18,198	19,411
Up to 2 hrs	2.00	2.10	2.10	2.20	2.30	15,975	33,548	33,548	35,145	36,743
Up to 3 hrs	2.60	2.70	2.70	2.90	3.00	8,349	22,542	22,542	24,212	25,047
Up to 4 hrs	3.50	3.60	3.70	3.90	4.00	4,248	15,293	15,718	16,567	16,992
Over 4 hrs	4.60	4.70	4.80	5.10	5.30	10,949	51,460	52,555	55,840	58,030
Overnight parking	4.60	4.70	4.80	5.10	5.30	119	559	571	607	631
Season Tickets per month (59bays only)	60.00	62.00	63.00	66.00	69.00	0	0	0	0	0
BEACON WHITEHAVEN										
Up to 1 hour	1.40	1.40	1.50	1.50	1.60	1,898	2,657	2,847	2,847	3,037
Up to 2 hrs	2.00	2.10	2.10	2.20	2.30	3,089	6,487	6,487	6,796	7,105
Up to 3 hrs	2.60	2.70	2.70	2.90	3.00	1,199	3,237	3,237	3,477	3,597
Up to 4 hrs	3.50	3.60	3.70	3.90	4.00	501	1,804	1,854	1,954	2,004
Over 4 hrs	4.60	4.70	4.80	5.10	5.30	730	3,431	3,504	3,723	3,869
Overnight parking	4.60	4.70	4.80	5.10	5.30	3	14	14	15	16
NORTH SHORE, WHITEHAVEN										
Up to 1 hour	1.40	1.40	1.50	1.50	1.60	541	757	812	812	866
Up to 2 hrs	2.00	2.10	2.10	2.20	2.30	512	1,075	1,075	1,126	1,178
Up to 3 hrs	2.60	2.70	2.70	2.90	3.00	457	1,234	1,234	1,325	1,371
Up to 4 hrs	3.50	3.60	3.70	3.90	4.00	410	1,476	1,517	1,599	1,640
Over 4 hrs	4.60	4.70	4.80	5.10	5.30	2,539	11,933	12,187	12,949	13,457
Overnight parking	4.60	4.70	4.80	5.10	5.30	28	132	134	143	148
Monthly car park pass (10 bays only)	60.00	62.00	63.00	66.00	69.00	0	0	0	0	0
SOUTH SHORE, WHITEHAVEN (CAR PARK)										
Up to 1 hour	1.40	1.40	1.50	1.50	1.60	162	227	243	243	259
Up to 2 hrs	2.00	2.10	2.10	2.20	2.30	104	218	218	229	239
Up to 3 hrs	2.60	2.70	2.70	2.90	3.00	60	162	162	174	180
Up to 4 hrs	3.50	3.60	3.70	3.90	4.00	17	61	63	66	68
Over 4 hours	4.60	4.70	4.80	5.10	5.30	7	33	34	36	37
Overnight parking	4.60	4.70	4.80	5.10	5.30	26	122	125	133	138
Monthly car park pass(5 bays only)	60.00	62.00	63.00	66.00	69.00	0	0	0	0	0
SOUTH SHORE, WHITEHAVEN (BUS BAYS)										
Up to 4 hrs	6.30	6.50	6.60	6.90	7.20	14	91	92	97	101
Over 4 hrs	14.70	15.20	15.40	16.20	16.90	0	0	0	0	0
Overnight parking	4.60	4.70	4.80	5.10	5.30	0	0	0	0	0
CHAPEL STREET EGREMONT										
Up to 1 hr	0.90	0.90	0.90	1.00	1.00	2,193	1,974	1,974	2,193	2,193
Up to 2 hrs	1.20	1.20	1.30	1.30	1.40	1,054	1,265	1,370	1,370	1,476
Up to 3 hrs	1.40	1.40	1.50	1.50	1.60	2,141	2,997	3,212	3,212	3,426
Up to 4 hrs	1.70	1.80	1.80	1.90	2.00	752	1,354	1,354	1,429	1,504
Over 4 hrs	2.80	2.90	2.90	3.10	3.20	3,451	10,008	10,008	10,698	11,043
Monthly Car Passes (25 bays only)	40.00	41.00	42.00	44.00	46.00	0	0	0	0	0
BECK GREEN EGREMONT										
Up to 1 hr	0.90	0.90	0.90	1.00	1.00	1,682	1,514	1,514	1,682	1,682
Up to 2 hrs	1.20	1.20	1.30	1.30	1.40	445	534	579	579	623
Up to 3 hrs	1.40	1.40	1.50	1.50	1.60	872	1,221	1,308	1,308	1,395
Up to 4 hrs	1.70	1.80	1.80	1.90	2.00	200	360	360	380	400
Over 4 hours	2.80	2.90	2.90	3.10	3.20	637	1,847	1,847	1,975	2,038
ST BEES FORESHORE										
Up to 1 hr	1.40	1.40	1.50	1.50	1.60	7,554	10,576	11,331	11,331	12,086
Up to 2 hrs	2.00	1.90	2.10	2.20	2.30	4,738	9,002	9,950	10,424	10,897
Up to 3 hrs	2.60	2.60	2.70	2.90	3.00	2,694	7,004	7,274	7,813	8,082
Up to 4 hrs	3.20	3.30	3.40	3.50	3.70	1,116	3,683	3,794	3,906	4,129
Up to 5 hrs	3.80	4.10	4.00	4.20	4.40	246	1,009	984	1,033	1,082
Over 5 hrs	5.00	5.20	5.30	5.50	5.80	339	1,763	1,797	1,865	1,966
7 Day Permit	15.00	15.50	15.80	16.50	17.30	10	155	158	165	173

RECYCLING POLICY DEVELOPMENT GROUP

DATE: 4 October 2013

LEAD OFFICER: Keith Parker

AUTHOR: Keith Parker

1.0 Attendees: Cllrs Clements (Exec Lead), McVeigh, Pollen, Docherty, Woodman and Eastwood.

2.0 Background

1.1 The Council has a statutory obligation to “arrange” for the collection of household and trade wastes. However, the mechanism by which it fulfills this obligation is in large part open to the Council to determine. The Council’s Waste and Recycling Service is already low cost (In 2011-12 the cost per household was £22.39 against a national average of £67.84, after 12/13 and 13/14 budget reductions the Council’s figure is now circa £17.50)and it is still going through a period of change in relation to the service provided to the public. It has poor IT systems and an increased need to develop new and more efficient systems across the organisation a process underway, but incomplete, through the Council’s transformation programme.

1.2 The PDG reviewed all aspects of the service including information from specialist reports, benchmarking data and information from other local authorities. This information was evaluated in light of the current cost of services, potential income generation and cross service impacts of any change to current arrangements going forward.

1.3 Collecting waste through black bins should be the outlet of last resort. Not creating waste in the first place avoids any disposal costs. Recycling or composting waste is a significantly cheaper waste disposal option because an income is received through material sales and recycling credits. (Current figures are £55 per tonne for black bin waste, dry recycling costs £29 per tonne and compost £17 per tonne to collect.)

1.4 The service is operating at the limit of financial, people and fleet availability. Existing demand for new and replacement bins outstrips revenue budget availability (The average annual cost of bins is £28k exceeding the annual £15k budget). This is unsustainable and a mechanism needs to be developed to overcome these limitations.

3.0 Scope

3.1 Included, all aspects of:

- Kerbside Recycling

- Bring Bank Recycling
- The recycling of materials collected by street sweeping.
- Bulky waste collections
- Trade waste collections
- Trade waste recycling
- Income and charging
- Future areas of development
- The interaction of the above with the 'core' refuse collection service

3.2 Not included, initially fees and charges due to potential cross over with the concurrent income PDG, included at meeting 2.

4.0 Outputs from each PDG

4.1 Policy Outcomes

a) in relation to green waste collections a charged higher level service should be considered for those wishing to access the service. This service should be offered on a digital by default basis only.

b) charges could be introduced for refuse containers under certain circumstances, these being; for newly developed properties; where bins have been damaged by mis-use and where bins have gone missing between lets in the rented property sector. Concessions should be available to those on benefits but larger bins should continue to be provided free of charge to those who meet the Council's eligibility criteria through the size of the household or medical need. Copeland is now one of the few authorities not charging for bins, but the PDG considered that larger bins should continue to be provided to eligible households free of charge.

c) S106 agreements need to be established via the planning process so that developers contribute the initial cost of provision and delivery of refuse containers before properties are occupied and the revenue budget increased by the average cost of collection for each new property to provide the capacity to deliver the refuse and recycling service to these new properties

4.2 Service change outcomes

a) Options to provide a comingled recycle collection system should be developed prior to the decision needed around replacement of the 'kerbside' vehicles, circa December 2014, and if financially viable this system adopted.

- b) FAQ's sheets in-line with those presented to the PDG (especially Traffords) alongside other communications with customers should be developed to outline the Council's policies in relation to waste and recycling and to encourage behaviour change.
- c) Trade waste income should be pursued to generate a greater return for the Council and Trade waste recycling options developed if cost effective.
- d) community based initiatives that support the waste hierarchy and reduce the Council's costs should be supported if viable as opportunity arises.

4.3 Items for consideration elsewhere

- a) It was noted the Council's existing transformation programme has objectives around improving the IT infrastructure used by the waste service and its customers. Progress on this should be made cognisant of the recommendations of this PDG.
- b) the County Council's recently stated desire to reduce it's £5.5 million recycling credits payment bill is a significant and unknown factor in the future cost effectiveness of waste disposal options and officers will need to report back on developments as this progresses.

5.0 Conclusion

5.1 Policy changes - at above in 4.1 a-c

5.2 Service change and associated savings.

Greenwaste charging – Assuming 5 – 10% of properties opt in £60,000 - £120,000 p.a

Replacement Bin Charges – Assuming 50% of current demand of around 34 bins per month at £30 each income would be £6,100 – in isolation this measure would leave an overall deficit between annual expenditure and revenue funding of £7,000 to be met by the bin replacement fund. (ie 3yr average spend is £28,000 less revenue budget of £15,000 less £6,100 new income = £6,900) No account for concessions have been factored in.

New Development Bin Charges – So far this year 125 new planning approvals have been granted assuming a charge of £100 for the provision, delivery and administration of two bins and a recycling box on completion of each property this equates to a half year income of £12,500. In reality such a charge would offset the cost of actual service provision as opposed to generating a surplus. It would however reduce the draw on the bin replacement fund which could itself be reduced as a one off saving, say £40,000

5.3 Implications (including activities stopped and IEIA)

Implications are largely around introducing charges and the back office systems requirements to enable the management changes to be effected.

If introduced bin replacement charges will impact particularly on the low waged and unwaged although it is recommended a consessionary system is put in place offering a reduced price replacement on proof of entitlement and that responsibility is placed on landlords for bins which go missing between lets.

It is not considered there are any significant customer related implications from an opt in supplementary greenwaste service. Although there are planning, programming and resourcing issues to be worked through from a service and IT angle.

Charges for new developments are not felt to have any significant impacts beyond information and agreement at the planning stage

6.0 Recommendations

It is recommended to Executive the outcomes in 4.1 – 4.2 are adopted and the issues raised in 4.3 noted.

Attach: IEIA

Policy Development Group - Recommendations

Localisation of Council Tax - Council Tax Support Scheme and Council Tax Discounts

PDG DATES: 11th, 18th and 26th September 2013

EXECUTIVE MEMBER: Cllr G Troughton

LEAD OFFICER: Angela George, Finance Manager

AUTHOR: Angela George, Finance Manager

1. ATTENDEES

Cllr J Downie

Cllr J Park

Cllr P Connolly

Cllr F Wilson

2. PDG SCOPE

Policy Area:

- Review of the localised Council Tax Support Scheme introduced on 1st April 2013.
- Review of the localised Council Tax Discounts introduced on 1st April 2013.

Aim:

- To explore whether the cost of the schemes introduced are within budgets set and to explore options for further changes and income generation.

Excluded from the Review:

- Parish Council implications and grant funding.
- Universal Credit / Welfare Reform implications e.g. Spare Room Subsidy (aka Bedroom Tax)
- Single Persons Discount (Government Regulations do not currently allow changes to SPD)

3. BACKGROUND TO THE COUNCIL TAX SUPPORT (CTS) SCHEME

3.1 The background to the CTS Scheme is set out in **Annex A**.

3.2 The current CBC scheme introduced for 2013/14 is set out in **Annex B**.

3.3 Information on Schemes that have been introduced throughout the country in 2013/14 is set out in **Annex C**.

3.4 Following the review of all of the options available, the estimated financial impact of the PDG recommended options for change are set out in **Annex D**. The options are set out in the following format:

- (i) Option 1 - Applying all of the recommended options for change.
- (ii) Option 2 – Applying all of the recommended options except the 8.5% criteria

- (iii) Option 3 – Applying all of the recommended options except the 8.5% criteria but ensuring that everyone pays at least 5%.
- (iv) Option 4 – Only applying the 8.5% criteria (i.e. everyone pays at least 8.5%)

The principles that the PDG group proposed in recommending the changes were:

- (i) There should be no disincentive to work
- (ii) Child Maintenance payments should not be disregarded as income.
- (iii) The impact on individuals should be capped and a hardship fund introduced.
- (iv) The County Council and Police Authorities should be required to contribute to the set up costs and increased costs of administration as they are the largest beneficiaries of the scheme.
- (v) The scheme should be devised to try to take advantage of any government grant incentives e.g. the 8.5% maximum charge.
- (vi) The resource implications of implementing changes to the scheme should be fully explored and not under-estimated. Currently the cost of assessing the new claims including finding out additional information from claimants necessary to enact the changes are estimated at £45k. In addition to this would be the cost of consultation and drawing up the new legal scheme (which used external resources last time).

The overall savings range from £229k to £485k p.a. with the Copeland share ranging from £27k to £57k p.a. (The County Council and Police take a share of the savings in proportion to their precepts). This does not take into account any hardship fund that was recommended by the PDG to protect the hardest hit, nor any increase in debt / collections costs. As the County Council and Police take the biggest share of the savings they will be asked to contribute on an on-going basis to the costs involved in changing and administering the scheme.

4 BACKGROUND TO CHANGES TO COUNCIL TAX DISCOUNTS AND EXEMPTIONS

- 4.1 The changes introduced in 2013/14 together with the options for further changes in 2014/15 are set out in **Annex E**.
- 4.2 The recommendations from the PDG following the review were:
 - (i) An exemption is granted to empty properties in probate so that the two year empty period only runs from when the property comes out of probate. It is estimated that approximately 25 properties are affected and the cost to the Council is minimal.
 - (ii) No further changes to the other discounts currently in place were proposed.
- 4.3 It was noted that there is currently a Government consultation on Council Tax Discounts on Annexes which closes on 8th October. The proposal is that annexes are further exempted from Council Tax. It is not possible to calculate what the financial impact on the Council would be if this discount were introduced as the number of annexes is not known.

5. FINANCIAL REVIEW OF CURRENT SCHEME 2013/14

- 5.1 The changes to the CTS scheme were funded to a level of 90% of previous spend levels by the Government with Councils being required to find the remaining 10% cut.
- 5.2 The fixed grant for 2013/14 to fund the cost of the CTS scheme was based on DWP forecasts of future spend. The final grant allocation was c. £623k. This amount will not be identified separately in 2014/15 and future grant settlements – it will be included within the overall government grant funding figure and therefore the level of overall funding will not be known.
- 5.3 The Council determined not to change the CTS scheme for 2013/14 for claimants and to address the shortfall in funding, the Council implemented a number of changes to certain council tax exemptions and discounts from April 2013.
- 5.4 The cost of the CTS scheme shortfall was estimated at c. £140k. To address this, changes to certain discounts and exemptions were introduced as set out in Appendix F and which were estimated to increase income by c. £108k. The estimated shortfall included in the 2013/14 budget was £40k.
- 5.5 To September 2013, financial projections indicate that:
- The income received from the technical changes to Council Tax discounts is forecast to be c. £10k below the target of £108k.
 - Although reduced, this more than covers the additional 10% cost of the CTS scheme, principally because the additional risk elements built into the projections have so far not been required i.e. collection rates are holding up and claimant numbers have not risen.
 - Therefore current projections suggest that for 2013/14 there should be a surplus of c. £40k against an original projected deficit of £40k i.e. an improvement of c. £80k. This will continue to be monitored carefully each month.
- 5.6 For 2014/15 it is anticipated that the income from discounts and in particular the long term empty premium of 50% could drop sharply as homes are brought back into use. It is anticipated that there will be a continued reduction in the number of empty properties as there is no longer a significant financial benefit from retaining an empty home. On top of this there are also potential increases in CTS claimant numbers and changes in government funding which will impact proportionately on the amount of money available to fund CTS. The projections therefore would suggest that the improvement forecast in 2013/14 will not be sustained through to 2014/15 and so it would be prudent to retain the budget deficit projections of £40k for 2014/15.

6. TIMETABLE AND IMPACT OF CHANGES

- 6.1 It should be noted that the timescale for implementing a new scheme in time for 1st April 2014 is extremely tight. The estimated timescale is as follows (but the dates will need to be firmed up):

Date	To	Purpose / Notes / Queries
By 26 th September	PDG's	There were 3 PDG's during September. Recommendations are contained in this report.
October	CLT / Informal Executive	To consider initial outcome from PDG's
22 nd October	Executive	Executive agree any PDG recommendations. Any changes proposed to be referred for Consultation.
October special	Council?	Do Council need to also approve at this stage?? – if so special will be required.
23/10 to 18/12	Consultation period	8 weeks. Link to Budget consultation? (recommended consultation period is 12 weeks which takes the date to 15 th Jan)
Early January	Exec review consultation responses	Special required to fit with consultation timescale. Review consultation responses and make recommendations for change to Council. Consider impact on Parish Tax Base.
January	Council	Will need a special Council by 31 January (latest) to agree any changes so that the impact on Council Tax Base can be assessed and the full scheme can be implemented in time for 1 st April 2014.

6.2 There is a considerable amount of work involved in implementing any changes to the CTS scheme including :

- Cost of additional resources to find data and implement the changes.
- Impact on the rest of the shared service work
- Consultation, publicity, advice, guidance and communication. CBC resources will be required
- Software Implementation – design, delivery, testing, training and suitability for producing appropriately discounted Council Tax bills and CTS notifications in February 2013.
- Implementation – staff training, administration forms, procedures, partner agreements, data-sharing, counter fraud measures, anti-poverty measures etc.
- Ensuring that officers have the appropriate delegated powers in place to administer and operate CTS when it comes into force.
- Putting in place robust financial and management reporting tools to ensure sound budgetary processes.
- The Council is required to have due regard to its statutory responsibilities in the design of any local scheme e.g. the Child Poverty Act 2010, the Disabled Persons (Services, Consultation and Representation) Act 1986, the Chronically Sick and Disabled Persons Act 1970, the Housing Act 1996, S149 of the Equality Act 2010 etc.

COUNCIL TAX SUPPORT SCHEME – BACKGROUND:

- From 1st April 2013 Council Tax Benefit (CTB) was replaced by Council Tax Support (CTS).
- Entitlement to CTS is decided at the local authority level, rather than at the national level as under CTB. All 326 authorities in England had to devise and implement their own schemes.
- CTS is a Council Tax discount based scheme (like single person discounts), and is no longer a benefit. This has no impact on claimants but has the effect of reducing the tax base (expressed as a number of Band D properties), and therefore the Council Tax collected by the Council for itself and its preceptors. The Billing Authority (i.e. CBC) and major precepting authorities (i.e. County and Police) are compensated through direct grant payment (albeit at 90% of current cost). The percentage split of the Council Tax Bill for 2013/14 is CBC 11.9%, Cumbria CC 74.9% and Police 13.2% - **this means that the costs / savings involved are split in those proportions**. Because the new scheme operates such as to change the Council Tax Base, the Parish Councils are also affected by the operation of the CTS scheme and a grant is available to compensate them for the impact on their Council Tax Base.
- The money provided by central government to fund the new CTS schemes was at least 10% less than under the previous CTB system. Previously CTB was a demand led benefit, with the Government fully refunding the Council for the benefit it had paid out. Each authority is now responsible for devising its own scheme within the reduced budget. The CTS scheme is still demand led but authorities are now solely responsible for any shortfall (or surplus) in the CTS budget e.g. by a rise (or drop) in claimant numbers. The parishes are dealt with in a different way as explained later.
- The entitlement of pensioners is protected under CTS at the same level as they previously received for CTB – this means that the savings required to be found to fund CTS have to be found from working age claimants only.
- Other than the protection to pensioners, local authorities were told they had autonomy to create new schemes as they saw fit, albeit advice was given to devise schemes to encourage work and protect the vulnerable (the definition of vulnerable was at the discretion of each authority). Subsequently however, additional funding became available to councils from central government if their proposed scheme met three requirements:
 - That those who currently pay no council tax are not made to pay more than 8.5% of their council tax liability
 - That the taper rate does not increase above 25% (the amount of CTB a household is entitled to falls by 20p for every extra £1 of income – this rate of withdrawal or ‘taper’ could be reduced)
 - There is no sharp reduction in support for those entering work

COUNCIL TAX SUPPORT SCHEME – COPELAND BOROUGH COUNCIL SCHEME 2013/14:

- In January 2012 following consultation, the full Council approved a scheme for CTS to be implemented from 1 April 2013 which fully replicated the existing 2012/13 CTB scheme i.e. there was no change from a claimant perspective. The same scheme was implemented across the other Cumbrian authorities and was supported by the County Council and Police Authority. It should be noted that the Police have formally notified us that they are happy to support a continuance of the current scheme. The County have given no indication of their position however current indications are that the majority of the other Cumbrian authorities are not intending to review their schemes for 2014/15.
- Because there was no impact on the claimant, the Council was entitled to the transitional funding offered by the Government of £17k. It is not known if this transitional funding will be made available for a second year.
- The Council absorbed the cost of the 10% cut by changing other Council Tax Discounts. The cost of the 10% cut is shared between the other major precepting authorities in proportion to their Council Tax precepts.
- Parish Councils are also impacted by the CTS scheme and the government gave District Councils a grant to recompense Parish Council's for the impact on Parish Budgets, to be distributed as they felt best. CBC passed the full amount of this grant of c. £63k to the Parishes in 2013/14. A decision will be required on whether CBC will pass on the (full) grant to Parishes again for 2014/15 in the light of the reductions in government grant funding. There are a number of issues arising from the Parishes impact and the Parishes obviously need this information before they can set their precepts which CBC require to enable the overall Council Tax to be set in February. A separate paper will be prepared for the Executive on this issue.
- When approving the 2013/14 scheme, Council also approved that a full review of the first year of the scheme should be undertaken by December 2013 with a view to recommending any changes for 2014/15. The deadline of December 2013 will need to incorporate the public consultation period and take into account that the setting of the scheme is reserved to full Council.

3.3 CTS Scheme – Key facts and figures

- Currently **63.57%** of claimants are awarded 100% benefit.
- During 2011/12, the Council spent £5.5m on Council Tax Benefit. For 2012/13 this figure was £5.4m (subject to Audit). For 2013/14 to date the estimate is £5.3m.
- Impact on collection rates 2013/14 – negligible to date as no change to claimants.

Background to 13/14 Schemes:**Source: Society of District Council Treasurer's Survey August 2013:**

The PDG considered the results of the Society of District Council Treasurer's survey on current CTS Schemes and Council Tax Discount changes conducted in August 2013. In total 113 of the 201 district councils responded to the survey. Of the 113 respondents, 31 (27%) had adopted a scheme with no cut to working age claimants benefits. The full survey results are available if required.

Source: New Policy Initiative (NPI):

All 326 lower tier and unitary authorities introduced new schemes from 1st April 2013. The figures below are taken from Council's *proposed* schemes (i.e. prior to implementation in April 2013) and it is acknowledged by NPI that there may be some inaccuracies in the data. The data does however give a good feel for the options introduced.

- 34% of Councils intended to introduce a discretionary fund for persons experiencing exceptional hardship.
 - Those affected by the changes will lose an average £138 per annum however there are local and regional differences.
 - On average workless claimants were estimated to lose c £8 a year more than working claimants. Whilst some councils' intended to reduce support for working age claimants by less than £50 per year, others intended to reduce support by over £320 per year.
1. **Replicating the previous CTB scheme** i.e. not making any cuts to the level of benefit received by the claimant and finding the savings elsewhere. This is what Copeland Borough Council (and the rest of the Cumbrian authorities) agreed for 2013/14.
 - Of the 326 new schemes, 82% of councils reduced the level of support for recipients.
 - 18% made no change, thus absorbing the cut into their Council budget (incl CBC)
 2. **Introduce a minimum payment:** i.e. require all working age people to pay at least some Council Tax.
 - 72% of Councils introduced a minimum payment. A minimum payment could be in the form of a maximum cap on the amount of CTS available to households (e.g. capping the amount available at 80% so that all working age adults pay at least 20% of their council tax) or a uniform reduction in support (e.g. £5 per week).
 - Within the previous bullet point, 46% of councils have opted for a minimum payment of 8.5% - this means that all working age people will have to pay at least 8.5% of their council tax regardless of income (and means that the relevant council will qualify for the Governments transitional grant funding assuming the other

conditions are met. CBC received £17k of transitional funding). Around 40% have opted for a minimum payment of between 10 and 20%, and the remainder a payment of above 20%.

3. **Introduce a minimum level of support:** i.e. remove the entitlement entirely for those who only receive a small amount of benefit.
 - 13% have introduced a minimum CTS payment (e.g. £5 per week minimum)
4. **Lower the savings cap:** under CTB those with savings over £16,000 are not eligible for help however low their income is – this saving level could be lowered.
 - 18% are reducing the savings limit with most reducing the threshold to £6,000 from £16,000.
5. **Increase the income taper:** the amount of CTB a household is entitled to falls by 20p for every extra £1 of income – this withdrawal or ‘taper’ could be increased.
 - 7% have changed the income taper
6. **Count other Benefits as Income:** in calculating how much Council Tax someone can afford to pay some benefit income is disregarded – this could be changed.
 - 10% are counting other benefits as income (child maintenance appears to be the most common)
7. **Introduce a Band Cap:** Council Tax varies by the value of the property. The lowest value properties (Band A) have lower council tax than the highest properties (Band H). Councils could limit the amount of benefit received in higher value properties to the amount provided to those in lower value properties.
 - 19% introduced a band cap to limit the amount received in higher value properties (most are applying the cap at the Band D level).
8. **Remove / reduce the second person rebate:** under CTB homeowners not on a low income are entitled to some benefit if they share their home with someone on a low income. This entitlement could be changed.
 - 52% proposed removal of the second adult rebate
9. **Remove / reduce the non-dependent deductions:** under CTB low income householders are entitled to some benefit even if they share their house with someone not on a low income. This entitlement could be changed.
 - 25% will be changing non-dependent deductions.
10. **Back Dating**
 - 18% are changing the rules relating to back dating

Modelling the Financial Impact of the PDG Recommendations

1. Option 1 - Applying all the Recommendations for working age claimants gives the following results:

i.e:

- Removal of the second adult rebate
- 50% increase in the rate of non dependent deductions

Per week:	April 2013	April 2014
Age 18 and over and <u>not</u> in remunerative work	£3.65	£5.47
Age 18 and over and in remunerative work:		
- gross income less than £186.00	£3.65	£5.47
- gross income not less than £186.00 but less than £322.00	£7.25	£10.87
- gross income not less than £322.00 but less than £401.00	£9.15	£13.72
- gross income equal to or greater than £401.00	£10.95	£16.42
In receipt of Pension Credit, IS, JSA(IB), or ESA(IR)	Nil	Nil

- Removal of the child benefit and child maintenance disregards
- Restricting maximum Council Tax liability to Band D
- Increasing the Council Tax taper from 20% to 25%
- Restricting the CTS entitlement to 91.5% of the calculated entitlement.

Claimant Group:	Current expenditure:	Forecast expenditure:	Overall Savings:	CBC Savings @11.9%:	No. of Claims:
Non-Passported	£738,707	£463,181	£275,526	£32,788	1,135
Passported	£2,273,628	£2,063,517	£210,111	£25,003	2,613
			£485,637	£57,791	3,748

Examples of some of the most affected claimants are detailed in the following examples:

- a. Married couple with 4 children (aged 20, 18, 15 and 11). Three children are the subject of child benefit payments and the eldest child is a non dependent earning £100 per week. Claimant is disabled with lower rate care component but higher rate mobility component. Claimant is also in receipt of employment support allowance. The family live in a Band G property (valued at being worth between £160,000 and £320,000 in 1991).

This claimant will be affected by 3 of the recommendations:

- Band D liability restriction
- Restriction of 91.5% of calculated entitlement
- child benefit no longer disregarded as income

Before:

Council Tax Support of **£49.89 per week or £2,601 per year** (maximum entitlement as income less than applicable amount and disability negates non-dependant deduction).

After:

Council Tax Support of **£22.50 per week or £1,173 per year** (maximum entitlement as income less than applicable amount and disability negates non-dependant deduction).

- b. Single Claimant with one non dependant who is in receipt of Jobseekers Allowance (income-based). The family live in a Band F property.

This claimant will be affected by 1 of the recommendations:

- Removal of second adult rebate

The other recommendations take no effect due to the removal of the Benefit altogether.

Before:

Second Adult Rebate of **£10.73 per week or £560 per year** (maximum second adult rebate of 25% of the weekly liability) as the non dependant is in receipt of Jobseekers Allowance (income-based).

After:

Council Tax Support is **Nil** as there is no second adult rebate.

- c. Married couple with 3 children (aged 19, 15 and 7) and one non dependant elderly relative. Two children are the subject of child benefit payments and the eldest child is a non dependant who is in receipt of Jobseekers Allowance (income-based) and the non dependant elderly relative is in receipt of Guarantee Pension Credit. The claimant is working 37 hours per week and receives Child and Working Tax Credit. The family live in a Band E property (valued at being worth between £88,001 and £120,000 in 1991).

This claim is affected by 3 of the recommendations:

- Band D liability restriction
- Child benefit no longer disregarded as income
- Increase in the Excess income taper to 25p in the £

Before

Council Tax Support of **£9.97 per week or £519 per year** (income is more than applicable amount but there are no non dependant deductions as the non dependant child is in receipt of passported benefit and under 25 and the non dependant elderly relative is in receipt of Pension Credit)

After

Council Tax support is **Nil** (income is more than applicable amount but there are no non dependant deductions as the non dependant child is in receipt of passported benefit and under 25 and the non dependant elderly relative is in receipt of Pension Credit)

- d. Single claimant with one non dependant child. Claimant currently receives an occupational pension and an annuity. The non dependant is currently on the highest deduction. The family live in a band E property (valued at being worth between £88,001 and £120,000 in 1991). .

This claimant will be affected by 4 of the recommendations:

- Band D liability restriction
- Increase in the Excess Income taper to 25p in the £
- Increase in the non dependant deductions.
- Restriction of 91.5% of calculated entitlement

Before

Council Tax Support of **£19.75 per week or £1030** per year (income is more than applicable amount by £32.20 per week and there is a non dependant deduction of £10.95 per week)

After

Council Tax Support of **£5.42 per week or £282 per year** (income is more than applicable amount by £32.20 per week and there is a non dependant deduction of £16.42 per week)

- e. Lone parent with 3 children (aged 22, 12 and 9). Two children are the subject of child benefit and child maintenance payments and the eldest child is a non dependant earning £674.40 per week. Claimant is employed and receives working tax and child tax credit, child maintenance and child benefit.

This claimant will be affected by 4 of the recommendations:

- Child Benefit no longer disregarded as income
- Child maintenance no longer disregarded as income
- Increase in the non dependant deductions
- Increase in the Excess income taper to 25p in the £

Before

Council Tax Support of **£15.09 per week or £787 per year** (income is more than applicable amount by £20.85 per week and there is a non dependant deduction of £10.95 per week)

After

Council Tax Support is **Nil** (income is more than applicable amount by £169.93 per week and there is a non dependant deduction of £16.42 per week)

- f. Married couple with 2 children (aged 18 and 17). Both children are the subject of Child Benefit payments. Claimant is in receipt of Child Tax Credit and partner is working and receives Working Tax Credit.

This claimant will be affected by 3 of the recommendations:

- Child benefit no longer disregarded as income
- Increase in the Excess income taper to 25p in the £
- Restriction of 91.5% of calculated entitlement

Before

Council Tax Support of **£11.82 per week or £617 per year** (income is more than applicable amount by £59.81 per week)

After

Council Tax Support of **£0.38 per week or £19.56 per year** (income is more than applicable amount by £93.51 per week)

- g. Married couple with 4 children (aged 13, twins aged 9 and a 5 year old). All 4 of the children are the subject of Child Benefit payments. Claimant is disabled with higher rate care component and receives Child Tax Credit. Partner is working but also receives an occupational pension from the Army. The family live in a Band E property (valued at being worth between £88,001 and £120,000 in 1991).

The claimant will be affected by 4 of the recommendations:

- Band D liability restriction
- Child benefit no longer disregarded as income
- Increase in the excess income taper to 25p in the £
- Restriction of 91.5% of the calculated entitlement

Before

Council Tax Support of **£25.42 per week or £1325 per year** (income is more than applicable amount by £58.95 per week)

After

Council Tax Support of **£0.53 per week or £28 per year** (income is more than applicable amount by £119.45 per week)

2. Option 2 - Applying all the recommendations except the 91.5% eligibility restriction provides the following results:

Claimant Group:	Current expenditure:	Forecast expenditure:	Overall Savings:	CBC Savings @11.9%:	No. of Claims:
Non-Passported	£738,707	£525,735	£212,972	£25,344	1,135
Passported	£2,273,628	£2,257,832	£15,796	£1,880	2,613
			£228,768	£27,224	3,748

3. Option 3 - Applying all the recommendations except the 91.5% eligibility restriction yet ensuring everyone pays a minimum of 5% of their Council Tax liability provides the following results:

Claimant Group:	Current expenditure:	Forecast expenditure:	Overall Savings:	CBC Savings @11.9%:	No. of Claims:
Non-Passported	£738,707	£488,388	£250,369	£29,794	1,135
Passported	£2,273,628	£2,143,526	£130,102	£15,482	2,613
			£380,471	£45,276	3,748

The above modelling suggested 85 passported claims would breach the 8.5% increase in Council Tax Liability so the only way to ensure the threshold is not breached is to apply an 8.5% minimum Council Tax liability and no other changes otherwise the software is not capable of guaranteeing no breaches.

None of the three preceding sets of figures can include the impact of forecasting the financial impact of disregarding child benefit and child maintenance on the passported cases as we do not hold that information within the software system to be able to calculate the figures. Also, the non-passported cases information may be well out of date and could therefore be unreliable.

Disregarding Child Benefit would involve inviting new claims from all 2,613 currently passported claimants and reviewing the existing 1,135 non-passported cases to ensure information was accurate for assessment purposes

There are 2 Child Benefit rates. These rates are fixed until April 2014.

Who the allowance is for	Rate (weekly)
Eldest or only child	£20.30
Additional children	£13.40 (per child)

4. Option 4 - Applying none of the recommendations but ensuring all working age are liable for 8.5% of their Council Tax liability provides the following results:

Claimant Group:	Current expenditure:	Forecast expenditure:	Overall Savings:	CBC Savings @11.9%:	No. of Claims:
Non-Passported	£738,707	£651,664	£87,043	£10,358	1,135
Passported	£2,273,628	£2,077,078,	£196,550	£23,389	2,613
			£283,593	£33,747	3,748

The impact for the same examples given previously, for the year, are as follows :

	CTS Before::	CTS After:	Additional CTAX to Pay p.a.:
a.	£2601	£2,380	£221
b.	£560	Nil	£558
c.	£519	£353	£166
d.	£1,030	£865	£165
e.	£787	£653	£134
f.	£617	£512	£105
g.	£1,325	£1160	£165

Note:

There is also the consideration of putting aside a sum of money from the savings to fund a Council Tax Support Discretionary Payment fund i.e. a hardship fund for those affected.

ANNEX D

POTENTIAL COUNCIL TAX SUPPORT SAVINGS FROM CHANGING WORKING AGE PARAMETERS

Description of Change:	Forecast Expenditure for 2014/15:	Adjusted Expenditure for 2014/15:	Total Potential Savings:	CBC Share (11.9%)	No of Claims:
Removal of the Second Adult Rebate Non-Passported Claimants	£738,706.55	£725,988.70	£12,717.85	£1,513.42	35
Reduction in the Family Premium from £17.40 to £10.00 Non-Passported Claimants Passported Claimants	£738,706.55 No Claim	£706,331.26 No Claim	£32,375.29 No Claim	£3,852.66	860
50% Increase in the Rate of Non Dependent Deductions Non-Passported Claimants Passported Claimants	£738,706.55 £2,273,627.72	£729,622.97 £2,263,128.16	£9,083.58 £10,499.56	£1,080.95 £1,249.45	93 123
Removal of the Child Benefit Disregard for all Non-Passported Claimants Passported Claimants	£738,706.55 No Claim	£616,608.54 No Claim	£122,098.01 No Claim	£14,529.66	857
Restrict Maximum CTS Entitlement to 80% of calculated Entitlement Non-Passported Claimants Passported Claimants	£738,706.55 £2,273,627.72	£591,508.70 £1,819,012.60	£147,197.85 £454,615.12	£17,516.54 54,099.20	1135 2613

Description of Change:	Forecast Expenditure for 2014/15:	Adjusted Expenditure for 2014/15:	Total Potential Savings:	CBC Share (11.9%)	No of Claims:
Increasing the Excess Income Taper from 20p to 25p in the £ Non-Passported Claimants	£738,706.55	£735,986.48	£56,460.57	£6,718.81	1136
Capping the Eligible Council Tax Liability to Band D Non-Passported Claimants Passported Claimants	£738,706.55 £2,273,627.72	£730,662.49 £2,268,795.78	£4,265.58 £5,323.99	£507.60 £633.55	16 14
Removal of the Child Maintenance Disregard for all Non-Passported Claimants Passported Claimants	£738,706.55 No Claim	£717,173.05 No Claim	£21,533.50 No Claim	£2,562.49	88

**Council Tax Support Calculation for People of Working Age –
Explanatory Notes**

Conditions of entitlement:

- Claimant or partner must be liable to pay Council Tax
- Claimant or partner are not in receipt of State Pension
- Claimant and partner's combined capital is not more than £16,000

Calculation Steps:

Stage 1: - Passported Cases

If the claimant and partner are in receipt of one of the ¹qualifying welfare benefits, they will currently receive the maximum amount of Council Tax Support. This will be equivalent to 100% of Council Tax liability but the award notification will show a weekly award equal to the annual liability divided by 365 days (in a year) and multiplied by 7 (to give a weekly figure).

Stage 2: - Standard Cases

1. Calculate the Applicable Amount which is comprised of three parts:
 - Basic Applicable Amount; plus
 - Premium; plus
 - Employment and Support Allowance Component (where applicable)
2. Calculate the household income. The household income includes:
 - Income (including earnings and self employed earnings)
 - ²Capital treated as income (known as tariff income)
 - Certain state benefits
 - Rent from a lodger

Note that some incomes are disregarded in full e.g. Attendance Allowance, Child Benefit, Child maintenance Disability Living Allowance/Personal Independence Payment etc. There are also some earnings disregards based on family circumstances.
3. If the household income is less than the Applicable Amount, the claimant and partner will be entitled to the maximum amount of Council Tax Support at this stage. If the household income is more than the Applicable Amount, this is termed excess income and the maximum amount of Council Tax Support is reduced by 20% of the of the excess income.

¹ Qualifying welfare benefits are: Income Support, Job Seekers' Allowance (Income Based) and Employment Support Allowance (Income Related)

² Capital is a term used to refer to assets e.g. cash, bank/building society balances, shares, property etc. Capital below £6,000 is ignored and capital between £6,000 and £16,000 is calculated as £1 of weekly income for every £250 or residual part of £250.

4. Any non-dependant deduction is applied before the award of Council Tax Support is determined.
5. Calculate the weekly Council Tax Liability i.e. divide the annual liability by 365 (to give a daily figure) then multiply by 7 (to give a weekly figure).
6. The amount of Council Tax Support is offset against the amount of weekly Council Tax liability to determine what Council Tax the claimant needs to pay.

Sample Calculation: (Disabled lone parent with 2 children aged 16 and 18 still in Full-time education)

Step 1:	£	£
<u>Applicable Amount</u>		
Lone Parent	71.70	
Disability Premium (single)	31.00	
Severe Disability Premium	59.50	
Family Premium	17.40	
Dependent Children Premium	<u>131.24</u>	310.84
Step 2:		
Less <u>Weekly Income:</u>		
Child Benefit	³ 33.70	
Child Tax Credit	110.14	
DLA Care (middle rate)	53.00	
DLA Mobility (high rate)	55.25	
Private Pension	<u>5.86</u>	⁴ 116.00
Equals Excess Income		<u>0.00</u>

Calculating Weekly Council Tax Benefit Entitlement

	£
Council Tax liability	<u>15.290685</u>
Housing Benefit Entitlement	<u>15.290685</u>

³ £141.95 disregarded in full (Child Benefit of £33.70 + DLA (C) of £53.00 + DLA (M) of £55.25)

⁴ £25.00 of earnings is disregarded for a Lone Parent and £17.10 for the additional disregard due to hours worked

1. Removal of the Second Adult Rebate

If the Council Tax Payer is excluded from claiming a 25% Single Person Discount due to non-dependants living in the household they can claim a Second Adult Rebate (2AR) based on the personal circumstances of the non-dependants.

To qualify for a Second Adult Rebate the second adult(s) i.e. non-dependants must be:-

- Aged 18 or over
- Not liable to pay rent to the claimant and
- Not jointly liable to pay Council Tax

Non Dependants Income	% of Council Tax Bill which will be rebated
Second adult in receipt of Income Support (IS), Income based Job Seekers Allowance (JSA (IB)) or Pension Credit (PC)	25%
Second adult not receiving IS, JSA(IB) or PC and gross income is less than £183.00 per week	15%
Second adult not receiving IS, JSA(IB) or PC and gross income is between £183.00 and £238.99	7.5%
Second adult not receiving IS, JSA(IB) or PC and gross income is £239.00 per week or more	Nil

If there is more than one second adult, the combined gross income of them all is taken into account.

In some circumstances a person may be entitled to both Council Tax Benefit and Second Adult Rebate. In these cases, the Local Authority will award the higher of the two benefits. This is known as a “Better Buy” calculation.

Potential Savings:

The potential saving from removing second adult rebate is £12,717.85 and impact on people who are not in receipt of Passported benefits and who are not better off claiming Council Tax Support.

2. Reduction in the Family Premium from £17.40 to £10.00

The Applicable Amount is a weekly figure set by the government and represents the basic living needs of the claimant and family.

An applicable amount is made up of:

- A claimant's personal allowance, personal allowances for a partner and/or dependant children; plus
- Premiums - relate to age, number of children or whether someone in the family is disabled.

The following tables show the current applicable amounts and premiums:

Personal Allowances	Age	From April 2013
Single Claimants	under 25	£56.80
	25 and over	£71.70
Lone Parent	18 or over	£71.70
Couples	18 or over	£112.55
	both under 18	£85.80

Child or young person additions		From April 2013
Aged under 16	(from the first Monday in the September following the 11th birthday to the first Monday in the September following the 16th birthday)	£65.62
Aged 16 and over	(from the first Monday in the September following the 16th birthday)	£65.62

The above additions only apply as long as child benefit is payable and the child or young person does not have capital in excess of £3,000.

Personal Allowances	Category	From April 2013
Family Premium Lone Parent (protected prior to 06.04.1998)	Protected	£22.20
	Not protected	£17.40
Lone Parent	18 or over	£71.70
Disability	Single	£31.00
	Couple	£44.20
	Disabled child	£57.89
	Carer	£33.00
Enhanced Disability	Single	£15.15
	Lone Parent	£15.15

Personal Allowances	Category	From April 2013
Severe Disability	Couple	£21.75
	Child	£23.45
	Single	£59.50
	Couple (one qualifies)	£59.50
	Couple (both qualify)	£119.00

Potential Savings:

The potential saving of reducing the family premium from £17.40 to £10.00 is £32,375.29 and can only impact people who are not in receipt of passported benefits unless we collect and assess new claims for the others i.e. 2,613 new claims.

Example of Affected Claim: (lone parent with 2 children under 16 and 1 child aged 19 and still in full-time education i.e. a non)

Step 1:	£	£	After
<u>Applicable Amount</u>			
Lone Parent	71.70		
Family Premium	17.40		10.00
Dependent Children Premium	<u>131.24</u>	220.34	<u>212.94</u>
Step 2:			
Less <u>Weekly Income:</u>			
Child Benefit	⁵ 33.70		
Child Tax Credit	122.83		
Statutory Sick Pay	86.70		
Working Tax Credit	<u>87.92</u>	⁶ 255.35	
Equals Excess Income		- <u>35.01</u>	- <u>42.41</u>

Calculating Weekly Council Tax Benefit Entitlement

	£	
Council Tax liability	22.976493	
Less 20% of excess income (see step 1 above)	<u>7.002</u>	<u>8.482</u>
Housing Benefit Entitlement	<u>15.974493</u>	<u>14.494493</u>

The impact is a reduction of £1.48 per week or £76.96 per year

⁵ £33.70 disregarded in full as Child Benefit payment

⁶ £25.00 of earnings is disregarded for a Lone Parent and £17.10 for the additional disregard due to hours worked

3. 50% Increase in the Rate of Non Dependent Deductions

A non-dependent, in broad terms, is a grown-up son/daughter or an adult friend/relative who lives in the claimant's home on a non-commercial basis (i.e. not a boarder, sub-tenant or joint tenant). The calculation of Housing Benefit and Council Tax Support assumes they will make a contribution to the claimant's household expenses so a non-dependent deduction is applied to the claimant's Benefits calculation to assume that notional income and it effectively reduces the amount of benefit they would otherwise have received.

Non-dependent rates for persons of pension age claiming Council Tax Support are set, nationally, by the Department for Work and Pensions (DWP).

No deductions are made if claimant or partner is:

- Registered Blind
- Receiving Attendance Allowance
- Receiving the care component of Personal Independence Payment/Disability Living Allowance (at any rate)

No deductions are made if the non-dependant is:

- Receiving Pension Credit
- Aged under 18
- Aged under 25 who are on Income Support or Job Seekers Allowance (Income Based)
- Aged under 25 and in the assessment phase (first 13 weeks) of ESA (Income Related)
- A prisoner
- A student
- Has been in hospital for 52 weeks or more

Non-Dependant deductions - Council Tax Support aged over 18

	April 2013
Age 18 and over and <u>not</u> in remunerative work	£3.65
Age 18 and over and in remunerative work:	
- gross income less than £186.00	£3.65
- gross income not less than £186.00 but less than £322.00	£7.25
- gross income not less than £322.00 but less than £401.00	£9.15
- gross income equal to or greater than £401.00	£10.95
In receipt of Pension Credit, IS, JSA(IB), or ESA(IR)	Nil

Potential Savings:

The potential saving from increasing the non-dependant deductions by 50% is £19,016.78 and will impact on passported and non-passported claims.

4. Removal of the Child Benefit Disregard for all Potential Savings:

The potential saving from removing the Child Benefit disregard is £122,098.01 and can only impact people who are not in receipt of passported benefits unless we collect and assess claims for the others i.e. 2,613 new claims.

5. Removal of the Child Benefit Disregard for all Except Lone Parents Potential Savings:

The potential saving from removing the Child Benefit disregard for those who are not lone parents is £121,381.34 and can only impact people who are not in receipt of passported benefits unless we collect and assess claims for the others i.e. 2,613 new claims.

Example of Affected Claim: (lone parent with 2 children under 16 and 1 child aged 19 and still in full-time education)

Step 1:	£	£	After
<u>Applicable Amount</u>			
Lone Parent	71.70		
Family Premium	17.40		
Dependent Children Premium	<u>131.24</u>	220.34	
Step 2:			
Less <u>Weekly Income:</u>			
Child Benefit	⁷ 33.70		33.70
Child Tax Credit	122.83		
Statutory Sick Pay	86.70		
Working Tax Credit	<u>87.92</u>	⁸ <u>255.35</u>	<u>289.55</u>
Equals <u>Excess Income</u>		- <u>35.01</u>	- <u>68.71</u>

Calculating Weekly Council Tax Benefit Entitlement

	£	
Council Tax liability	22.976493	
Less 20% of excess income (see step 1 above)	<u>7.002</u>	<u>13.742</u>
Housing Benefit Entitlement	<u>15.974493</u>	<u>9.234493</u>

The impact is a reduction of £6.74 per week or £350.48 per year

⁷ £33.70 disregarded in full as Child Benefit payment

⁸ £25.00 of earnings is disregarded for a Lone Parent and £17.10 for the additional disregard due to hours worked

6. Restrict Maximum CTS Entitlement to 80% of calculated Entitlement

Potential Savings:

The potential saving from restricting the actual award of Council Tax Support to 80% of calculated entitlement is £601,812.97 and will impact on passported and non-passported claims.

The passported claimants will effectively be paying the amount due out of their DWP welfare benefit entitlements.

Example of Affected Claim: (lone parent with 2 children under 16 and 1 child aged 19 and still in full-time education)

Step 1:	£	£	After
<u>Applicable Amount</u>			
Lone Parent	71.70		
Family Premium	17.40		
Dependent Children Premium	<u>131.24</u>	220.34	
Step 2:			
Less <u>Weekly Income:</u>			
Child Benefit	⁹ 33.70		
Child Tax Credit	122.83		
Statutory Sick Pay	86.70		
Working Tax Credit	<u>87.92</u>	¹⁰ 255.35	
Equals Excess Income		- <u>35.01</u>	
Calculating Weekly Council Tax Benefit Entitlement			
	£		
Council Tax liability	22.976493		
Less 20% of excess income (see step 1 above)	<u>7.002</u>	@80%	
Housing Benefit Entitlement	<u>15.974493</u>		<u>12.7795944</u>

The impact is a reduction of £3.19 per week or £165.88 per year

Limit increase to 8.50% for Passported Claimants

Applying a maximum increase of 8.5% for passported claimants would reduce the potential additional revenue from £454,615.12 to £195,040.45.

Example of Affected Claims

Examples of 2 impacted claims are reductions of £1.30 per week or £67.60 per year for a claimant without a non-dependant or a reduction of £2.02 per week or £105.14 per year for a claimant with one non-dependant in the household.

⁹ £33.70 disregarded in full as Child Benefit payment

¹⁰ £25.00 of earnings is disregarded for a Lone Parent and £17.10 for the additional disregard due to hours worked

7. Increase the Excess Income Taper from 20p to 25p in the £

If the claimant's income is more than their applicable amount, the difference between the two is called "excess income". The claimant qualifies for maximum benefit minus a percentage of this excess income. The percentage is called the taper and is currently set at 20%.

Potential Savings:

The potential saving from increasing the taper by 5p in the £ is £56,460.57 and will only impact on non-passported claims as the claimant's income is less than the applicable amount for passported claims.

Example of Affected Claim: (lone parent with 2 children under 16 and 1 child aged 19 and still in full-time education)

Step 1:	£	£	After
<u>Applicable Amount</u>			
Lone Parent	71.70		
Family Premium	17.40		
Dependent Children Premium	<u>131.24</u>	220.34	
Step 2:			
Less <u>Weekly Income:</u>			
Child Benefit	¹¹ 33.70		
Child Tax Credit	122.83		
Statutory Sick Pay	86.70		
Working Tax Credit	<u>87.92</u>	¹² 255.35	
Equals Excess Income		- <u>35.01</u>	

Calculating Weekly Council Tax Benefit Entitlement

	£	
Council Tax liability	22.976493	
Less 20% of excess income (see step 1 above)	<u>7.002</u>	<u>8.7525</u>
Housing Benefit Entitlement	<u>15.974493</u>	<u>14.223993</u>

The impact is a reduction of £1.75 per week or £91.00 per year

¹¹ £33.70 disregarded in full as Child Benefit payment

¹² £25.00 of earnings is disregarded for a Lone Parent and £17.10 for the additional disregard due to hours worked

8. Cap the Eligible Council Tax Liability to Band D

Each property is assigned a Council Tax Band based on the amount the property is expected to realise if sold on the open market, based on a number of assumptions, at the Antecedent Valuation Date (i.e. 1st April 1991). The bands and their values are as follows.

Band	Value
A	Up to and including £40,000
B	£40,001 - £52,000
c	£52,001 - £68,000
D	£68,001 - £88,000
E	£88,001 - £120,000
F	£120,001 - £160,000
G	£160,001 - £320,000
H	More than £320,000

A large percentage of the properties in Cumbria fall within bands A and B.

Potential Savings:

The potential saving of calculating Council Tax liability on a maximum of Band D is £9,589.57 and will impact on passported and non-passported claims.

The passported claimants will effectively be paying the amount due out of their DWP welfare benefit entitlements.

9. Removal of the Child Maintenance Disregard for all

Potential Savings:

The potential savings of removing the Child Maintenance disregard is £21,533.50 and can only impact people who are not in receipt of passported benefits unless we collect and assess claims for the others i.e. 2,613 new claims.

BACKGROUND TO CHANGES TO COUNCIL TAX DISCOUNTS AND EXEMPTIONS

The Local Government Finance Act 2012 contained a number of changes which gave Councils greater freedom to vary existing discounts and exemptions on Council Tax.

The Table below sets out changes to the discounts introduced in 2013/14 with the reductions approved set out in Column 2; the full financial impact set out in Column 3 and the Copeland Borough Council estimate of financial impact set out in Column 4 (NB: the financial savings are shared according to the precepts so the greatest gain goes to the County Council)

Column 5 sets out further reductions that could be introduced in 2014/15 with the financial impact on CBC set out in Column 6.

1	2	3	4	5	6
Exemption / Discount	Reduction in Discount introduced 2013/14	Full financial impact 2013/14 £000	Financial Impact on CBC 2013/14 £000	Further options for review 2014/15	Financial Impact on CBC 2014/15 £000
Class A Major repair	From 100% for 12 months to 50% for 12 months	50	6	Reduce discount to zero	6
Class C Unoccupied and unfurnished	From 100% for 6 months to 50% for 3 months	315	36	Reduce discount to zero	25
Second Homes	From 10% for an indefinite period to zero	105	12	Currently none	0
Standard Empties	From 50% for an indefinite period to 10% for an indefinite period	185	21	Reduce discount to zero	5
Long Term Empties	From 50% discount for an indefinite period to a premium of 50% for an indefinite period	335	40	Currently none. Review exemptions to the charge	Probate change minimal
Flood Discount	From zero to 100% for an indefinite period but subject to inspection.	(7)	(7)	Remove local discount	7
Other Local Discounts	Beach Bungalows – 50% discount			Remove local discount	Minimal
TOTAL		983	108		43