

## **Local Support for Council Tax Scheme and Council Tax Technical Reforms**

**EXECUTIVE MEMBER:** Cllr G Troughton  
**LEAD OFFICER:** Darienne Law, Head of Corporate Resources  
**REPORT AUTHOR:** Angela Brown, Finance Manager

### **WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS**

To enable residents of Copeland to see the progress that the Council is making in delivering a new Local Support for Council Tax scheme (LSCT) and reviewing other Council Tax Technical reforms, as required by the Local Government Finance Bill.

### **WHY HAS THIS REPORT COME TO THE EXECUTIVE?**

**(E.g. Key Decision, Policy recommendation for Full Council, at request of Council, etc.)**

Following Executive consideration of the draft LSCT scheme on 10<sup>th</sup> July the County Council and Police Authority were consulted and their responses are detailed in this report. Following consideration of these responses by the Executive, the proposed LSCT scheme will be considered by Council on 6<sup>th</sup> September prior to being consulted on more widely.

The report also considers early options for other potential Council Tax Technical reforms.

### **RECOMMENDATION:**

1. It is recommended that the Executive considers the consultation responses from the County Council and Police Authority on its proposed Local Support for Council Tax (LSCT) scheme and makes recommendations to Council on 6<sup>th</sup> September on the proposed scheme for wider consultation.
2. It is recommended that the Executive consider the various options available to it for the Council Tax Technical reforms and notes that a further report will be considered in September once the working group that has been established have met to consider the options in more detail (see para 3.1).

### **Background**

- 1.1. CBC's proposed scheme for the Localised Support for Council Tax was considered by the Executive on 10<sup>th</sup> July 2012. It was agreed that for 2013/14 the local scheme adopted would be identical to the DCLG default scheme. This in effect replicates the existing benefit scheme as far as claimants are concerned albeit there are significant technical and accounting changes arising from the changes.
- 1.2. The County Council and the Police authorities were consulted on this proposal and their responses are attached at **Appendix A and B** respectively (NB: at the time of

writing the report we are still awaiting Appendix B although an informal response has been received from the Police).

- 1.3. It should be noted that the Local Government Finance Bill is still progressing through Parliament and the Regulations have still not been made to enable the changes to take place.
- 1.4. In particular there is continued uncertainty surrounding how Parishes will be affected by the proposals and this is currently subject to continued discussion by Government to try to come up with a workable solution. For the purpose of this report therefore the issue of the impact on Parishes has not been taken into account and a further report will be presented to Members once more detailed proposals are received. The Parishes themselves will be consulted at that stage.
- 1.5. At the last meeting of the Executive, Members requested that officers look at how this issue could be best communicated to the public and this will be considered further when drawing up the consultation proposals to go out after the approval of the scheme by Council on 6<sup>th</sup> September. This will be accompanied by fact sheets and briefing sessions for members.
- 1.6. This report also outlines proposals for the Council's use of Council Tax Technical Reforms, due to take effect on 1<sup>st</sup> April 2013, in order to reduce the financial impact of the Local Support for Council Tax (LSCT) Scheme.

## **2. County Council and Police Authority response to initial consultation**

- 2.1 The County Council response is attached at **Appendix A** and the Police response at **Appendix B** (formal response still awaited).
- 2.2 The main thrust of both of the responses is positive and supportive of the Council's reasons for the proposals it has made.
- 2.3 There is predictable concern over the funding gap that arises from the proposals, which for the County amount to between £4.2m and £6.3m, before mitigations which could be made from the Council Tax Technical Reforms. For CBC the funding gap of LSCT (before considering the mitigations of Council Tax Technical Reforms) is estimated at £140,000 p.a.
- 2.4 The potential Council Tax Technical Reforms mitigations are considered further in paragraph 3 and 4.
- 2.5 The County Council and Police authorities will be consulted further on the Council's proposals following approval of the draft scheme by Council on 6<sup>th</sup> September.

## **3. COUNCIL TAX TECHNICAL REFORMS**

- 3.1. A briefing note on the Council Tax technical reforms was included within the original LSCT paper presented to the Executive in July. The main options are set out below for

members' information and initial consideration. Because the options will need more detailed consideration a small working group of members and officers has been established to consider the options in more detail and will report back to a future meeting in September.

- 3.2. **Exemption Class A** – uninhabitable properties which are unfurnished and in the course of renovation. These are generally properties in need of significant modernisation, requiring works to remedy structural defects or affected by natural disaster e.g. flood or fire.
  - 3.2.1. **Currently, these properties can receive a 100% exemption from Council Tax for a period up to 12 months.** They are primarily owned by private individuals, rather than builders, and allow the purchaser to acquire the property at a cheaper market value in lieu of the cost of work required to render it habitable. They also include owners who move out (e.g. live in a caravan on site) in order to remedy structural defects or substantially alter the dwellings e.g. add on another floor.
  - 3.2.2. Setting the discount at less than 100% would require the buyer/owner to factor in the additional costs of Council Tax when purchasing the property and could impact adversely on the first time buyer market or in any strategy to reduce the number of unfit homes within the City. Note, the Council can still introduce local discounts under S13A of the Local Government Finance Act 1992 (LGFA) e.g. properties rendered uninhabitable by localised flooding.
  - 3.2.3. There may be some impact on businesses involved in renovating properties.
- 3.3. **Exemption Class C** – Short term unoccupied and unfurnished properties.
  - 3.3.1. **Currently these properties can receive a 100% exemption from Council Tax for a period up to 6 months.** They are primarily properties that are changing owner or changing tenant and the six months allows for the exchange of contracts/new tenancy agreements to take place. They can also include property left under the terms of a will.
  - 3.3.2. This category includes all property that is rented as unfurnished and includes the majority of Registered Providers of Social Housing. It can also apply to properties that have enjoyed Class A exemption for 12 months and qualify to transfer into Class C exemption for a further period of up to 6 months.
  - 3.3.3. All persons affected would have to factor any discount reduction/increase in liability into their budgets. It might encourage faster re-letting or re-occupation of empty homes. Conversely it may lead to more sub-standard housing where the cost of repairs/re-decoration increases with the increase in liability.
  - 3.3.4. There may be some impact on businesses involved in house-building as a newly completed but unoccupied dwelling would normally enjoy a period of 6 months

before liability arises. There will also be additional costs to Registered Providers of Social Housing in increased housing costs.

- 3.4. **Second Home Discount** – furnished but unoccupied properties.
  - 3.4.1. **Currently these properties can receive a 10% reduction in Council Tax liability for an indefinite period.** They are generally 2<sup>nd</sup> homes or properties between tenancies that are let furnished.
  - 3.4.2. This category does not include properties which are unoccupied due to a planning condition restriction or properties which are unoccupied due to job-related contract provisions. These properties retain a 50% discount.
  - 3.4.3. There will be an incentive to turn round tenancy changes in a faster time period which could increase the local housing provision supply.
  - 3.4.4. The disadvantage of reducing the discount to zero is that there would be no incentive for owners to declare their houses as second homes and the record of second homes may therefore become less accurate over time.
  - 3.4.5. A further consideration is that there is also a ten year agreement (started April 2009) between the County Council and all the Cumbrian Districts. Under this agreement the County granted back to each District a third of the extra Council Tax raised for the County by the Districts (as Billing Authorities) of reducing the discount from 50% to 10%. For Copeland this is £105,000 per annum. The agreement was made to ensure that part of the total Council Tax raised by second homes was retained within the district in which it arose. Members will note that the County Council consultation response makes reference to this and states that ‘the current income sharing agreement may also require review late in the year as the legislation and regulations through which they are financed changes and the full impact becomes clearer’. Members will therefore need to be clear on the implications of a potential change in the grant back conditions before it makes any decision.
- 3.5. **Standard Empty Discount** – longer term unoccupied and unfurnished properties.
  - 3.5.1. **Currently these properties can receive a 50% reduction in Council Tax liability for an indefinite period.**
  - 3.5.2. Existing legislation allows the Authority to set this discount at a percentage it determines. Also to make a determination varying or revoking a determination but only before the beginning of the financial year.
  - 3.5.3. This category contains a mix of circumstances e.g.
    - Additional property acquired under the terms of a will
    - Additional property in need of modernisation but not bad enough to be classed as uninhabitable
    - Property which remains unsold or untenanted

- Property which is an asset but where the owner does not want to be involved in the business of renting it out
  - Property being held for future occupation
- 3.5.4. Reducing the discount may fit with wider Council strategy or policy objectives around increasing the local housing provision by bringing empty homes back into use or increasing funding through the New Homes Bonus Scheme.
- 3.5.5. However, there may be a number of cases where the owner does not have the financial capacity to bring the home back into use and increasing the Council Tax liability could cause hardship.
- 3.6. **Long Term Empty Premium** – long term unoccupied and unfurnished properties.
- 3.6.1. Currently these properties can receive a 50% reduction in Council Tax liability for an indefinite period.**
- 3.6.2. Similar profiles to standard empty discount properties (detailed above), similar considerations and potential for greater impact if premium applied on top of erasing the current discount.
- 3.7. **Other changes** – a number of other changes are to be made to Council Tax, the main ones are:
- (i) Council Taxpayers will be given a legal right to pay by twelve instalments on request, although the default will still be ten instalments
  - (ii) Councils will no longer need to provide each Council taxpayer with a hard copy of the information that supports the Council Tax Bill.

As previously advised there is no discretion being allowed on the Single Person discount and this will continue to be set nationally by the Government at 25%. This is despite lobbying by a number of Councils to be allowed to set this discount locally.

#### **4. FINANCIAL IMPACT**

- 4.1. For CBC the estimated funding gap resulting from the proposed LSCT scheme is £140,000 from 1<sup>st</sup> April 2013.
- 4.2. Council Tax technical reforms are also due to take effect on 1<sup>st</sup> April 2013 and, under the new proposals, local authorities will have limited discretion to reduce the exemption/discounts (increase the Council Tax liability) on empty dwellings and second homes. The changes could have a significant impact upon the funding gap resulting from the introduction of LSCT and the various range of options available are considered in **Appendix C**.

- 4.3 As can be seen from Appendix C the estimated maximum amount that could be raised, if ALL discounts were set to zero and the premium to 50%, is c. £1.4m. The Copeland share of this would be approximately £160,000 p.a. maximum (with the majority of the benefit going to the County Council and Police). However it should be noted that the potential benefit to CBC does not take into account the risk of the potential of income share claw back from second homes from the County Council of £105,000, or any negative impact on collection rates. The net benefit to CBC itself could therefore be relatively neutral.
- 4.4 The County Council consultation response has 'encouraged' a consistent approach to the Council Tax Technical Reforms across the Districts and a further meeting of the Cumbria Chief Finance Officers is due to take place on 31<sup>st</sup> August.
- 4.5 Members are asked to consider the individual levels of local discount to be applied at Copeland Borough Council, on a range of categories of discounts with due regard to the levels of additional funding raised and in light of the considerations set out above. Due to the complexity and interaction of the various options and the impact on Council's wider policies a member / officer working group has been established and will report back with recommended options to a meeting in September.

## **5. RISK ASSESSMENT**

- 5.1. The Key risks are:
- For the LSCT scheme the challenging timetable and lack of significant additional resource to implement leading to a poorly designed and implemented local scheme. This strengthens the case for proposing to adopt the existing scheme;
  - Risk of the software not being available in time or not being able to deliver the LSCT design. Further strengthens the case for proposing to adopt the existing scheme and the Partnership's Services Performance Manager sits on the Capita LSCT Design Group.
  - Risk of the consultation not including all parties 'who have a reasonable expectation' to be consulted or not consulting on the appropriate issues.
  - Risk of judicial review due to equalities impact or insufficient consideration of statutory duties regarding claimants classed as vulnerable. Detailed Impact Assessments will be required and also strengthens the case for proposing to adopt the existing scheme;
  - It is difficult to accurately predict the net cost of the differing options both for LSCT and for the Council Tax Technical reforms as trend analysis is affected by the on-going timetable of welfare reforms together with the unknown impact on collection levels.
  - If the deficit reduction position worsens, the next Government Comprehensive Spending Review (CSR) may well reduce the LSCT grant from 2015-16 onwards.

- Financial monitoring procedures will need to be strengthened to ensure movements' in caseload and the resulting impact on the overall Council's finances are picked up at an early stage. There will be considerable financial risk attached to the localisation of Council Tax Benefit and the impact on the Councils Medium Term Financial Strategy and reserves levels will need to be assessed.

## **6. CONCLUSION**

- 6.1. The consultation responses from the County Council and the Police are generally supportive of the LSCT scheme proposed by CBC, albeit there are concerns around the funding gap, and mitigations for the gap will need to be explored in more detail.
- 6.2. The decisions to be made around setting levels of discount and premium for the wider Council Tax Technical Reforms need to be carefully considered with regard to financial, economic and wider community impact and a working group has been established to look at this in more detail.
- 6.3. Once a decision is made, both the LSCT and new Discounts proposed will be consulted on with the wider community to assess their views. Clearly current benefit claimants and owners of second and empty homes are unlikely to welcome any reduction in their current discounts and benefits.

## **7. OPTIONS TO BE CONSIDERED**

Executive can decide to accept the proposed LSCT scheme for recommendation to Council based on the responses received from the County Council and Police or reject it and consider alternative options (albeit constrained by timescales).

## **8. STATUTORY OFFICER COMMENTS:**

The Monitoring Officer's comments are: None, other than to reiterate that there is still uncertainty over the detailed regulatory framework for LSCT as the relevant legislation has not completed its passage through Parliament. This uncertainty compounds the risks outlined in para 5 above.

The Section 151 Officer's comments are: included in the report.

EIA Comments: Equality will be an important factor in any scheme design and an initial impact assessment is attached at **Appendix D**.

Other consultee comments, if any: A full consultation will be carried out on the proposed scheme once approved by Council on 6<sup>th</sup> September.

**9. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?**

Project and risk management is being carried out and will be on-going throughout the project. The current Risk Log is attached at **Appendix E**.

**10. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?**

This report provides information about measurable outcomes from the Council's work in delivering a new scheme for Local Support for Council Tax.

**11. APPENDICES AND BACKGROUND DOCUMENTS:**

- **Appendix A:** Response from Cumbria County Council
- **Appendix B:** Response from Cumbria Police Authority (awaited) – **To Follow**
- **Appendix C:** Technical Council Tax Changes – Example Financial Impact
- **Appendix D:** Initial Equality Impact Assessment
- **Appendix E:** Risk Log

**Background documents:**

- Localising Support for Council Tax - A Statement of Intent. *Summarises what the regulations will contain.*
- Localising Support for Council Tax - Funding Arrangements Consultation (closing date 12<sup>th</sup> July 2012). *Sets out the proposed arrangements for funding.*
- Localising Support for Council Tax - Taking Work Incentives into Account. *Sets out issues that local schemes may want to take into account.*
- Localising Support for Council Tax Vulnerable People – key local authority duties. *Gives guidance on how vulnerable groups might be defined in local schemes*
- Council Tax Technical Changes – Government consultation document



**APPENDIX C**

**Technical Council Tax Changes – Example Financial Impact**

<b>Exemption / Discount:</b>	<b>Period of Application:</b>	<b>Current Reduction in Liability:</b>	<b>Value of awards in 2011/12:</b>	<b>Example Reduction in Liability:</b>	<b>Financial Impact: (Based on 2011/12 awards)</b>
<b>Class A Exemption</b> Currently applies to uninhabitable properties which are unfurnished and in the course of renovation e.g. due to refurbishment, flooding etc.	Up to 12 months	100%	£100,003.85	50%	£50,001.93
				25%	£75,002.89
				10%	£90,003.47
				Zero	£100,003.85
<b>Class C Exemption</b> Currently applies to short-term unfurnished and unoccupied properties usually between periods of occupation. <i>Note: periods of non-occupation of less than 6 weeks are ignored.</i>	Up to 6 months	100%	£477,673.44	50%	£238,836.72
				25%	£358,255.08
				10%	£429,906.10
				Zero	£477,673.44
<b>Class L Exemption</b> Currently applies to properties repossessed under the terms of the mortgage.	Indefinite	100%	£24,279.88	100%	None – Ability to change exemption subject to wider consultation and delayed implementation.
<b>Second Homes Discount</b> Currently applies to unoccupied but furnished properties – Class B of the prescribed dwellings.	Indefinite	10%	£105,194.29	5%	£52,597.15
				Zero	£105,194.29

<b>Exemption / Discount:</b>	<b>Period of Application:</b>	<b>Current Reduction in Liability:</b>	<b>Value of awards in 2011/12:</b>	<b>Example Reduction in Liability:</b>	<b>Financial Impact: (Based on 2011/12 awards)</b>
<b>Standard Empties</b> Definition applies after exemption classes A or C no longer apply – Class C of the prescribed dwellings.	Indefinite	50%	£399,486.48 <i>(This figure includes &gt; and &lt; 2 years empty)</i>	25%	£199,743.24
				10%	£319,589.18
				Zero	£399,486.48

<b>Premium:</b>	<b>Period of Application:</b>	<b>Current Reduction in Liability:</b>	<b>Value of awards in 2011/12:</b>	<b>Example Increase in Liability:</b>	<b>Financial Impact: (Based on 2011/12 awards)</b>
<b>Long Term Empties</b> Definition applies after exemption classes A or C no longer apply – Class C of the prescribed dwellings (for at least 2 years).	Indefinite	50%	£168,292.64	25%	£252,018.15
				50%	£336,024.21

**Note: Financial Impact:**

The financial impact is the total estimated impact on all preceptors - Copeland Borough Council would receive c.11.5% of the above amounts directly with the balance going to the County Council (74.3%) and the Police (12.9%). It is not yet known how the Parishes will be affected.

The above figures do not take into account any negative impact on collection rates as a result to changes to the discounts.

**Copeland Borough Council Initial Equality Impact Assessment-Valid from 1 November 2011**

<b>Directorate/Service Area</b>	<b>Corporate Resources</b>	<b>Persons undertaking the assessment</b> Person responsible for implementation of the policy/ function/ service or proposal		<b>Assessment: Angela Brown</b> <b>Lead Officer: Darienne Law</b>	
<b>Name of policy/ function/ service or proposal to be assessed</b>	<b>Proposed scheme for Local Support for Council Tax (based upon existing Council Tax Benefit scheme)</b>	<b>Date of assessment</b>	<b>August 2012</b>	<b>New or Change to existing circumstances</b>	<b>Change</b>

**Positive Equality Duties**

This initial EIA will also help you identify whether there are opportunities for promoting equality. Even if there are no adverse impacts, this part of the process is essential as it will ensure we meet our equality duties. These equality duties are set out in a number of pieces of [legislation](#) and are summarised below for reference:

**The need to eliminate unlawful discrimination, promote equality of opportunity and foster good relations between and for different groups based on:**

- Gender
- Gender reassignment (i.e. transgender individuals)
- Age
- Disability (mental and physical)
- Sexual orientation (heterosexuality, homosexuality, etc)
- Religion and belief (including no belief)
- Race
- Pregnancy and maternity
- There is a further protected characteristic of marriage and civil partnerships where the duty is to eliminate unlawful discrimination.

If you require any assistance with the completion of this form please contact the Equalities Officer:  
Alison Walton (59 8358)Email: [awalton@copeland.gov.uk](mailto:awalton@copeland.gov.uk)

<p>1. Briefly describe the aims, objective or purpose of the policy/service/ function or proposal being assessed. If this EIA is assessing the impact of a proposed change please describe the proposed change.</p>	<p>The Local Government Finance Bill currently progressing through parliament includes proposals for a Local Support for Council Tax scheme to replace the current Council Tax Benefit scheme. The new local scheme must be operational by 1<sup>st</sup> April 2013. The proposed new scheme for CBC mirrors the existing benefit scheme for 2013/14 and so the impact on claimants is negated. However the Council will need to find c £140,000 of other savings to offset the cost of the scheme arising from the decision by the Government to reduce funding for the scheme by 10%.</p>
<p>2. What are the required outcomes from this policy/service/function or proposal?</p>	<p>A new local scheme for Council Tax Support must be in place by April 2013</p>
<p>3. Who will be affected by this policy/service/function or proposal?</p>	<p>There will be no impact on claimants in 2013/14 from the proposed scheme. There will be a negative impact on the Councils finances of c. £140,000 which will need to be met potentially from changes to other discounts / services.</p>
<p>4. How do these outcomes align with the Councils priorities? (Council Plan)</p>	<p>Statutory obligation</p>
<p>5. Are there any wider impacts associated with the policy/service/function or proposal that should be considered, e.g. the proposed impact on the effectiveness of other service areas of the Council or any assistance to implement that would be required.</p>	<p>See section 3 above.</p>

<p>6. What factors/risks could affect the intended outcome.</p>	<p>The risks to the project are set out in paragraph 5 of the report to the Executive dated 21<sup>st</sup> August. Main risks are tight timescales; legislation not yet in place; systems implementation / failure; consultation process; judicial review; impact on financial position of CBC and other precepting authorities; financial monitoring procedure improvements required.</p>
<p>7. Who are the main stakeholders in relation to this policy/service/function or proposal (e.g. partners, community groups etc.)?</p>	<p>Current recipients of Council Tax benefit, Cumbria County Council, Cumbria Police Authority, other recipients of Council services particularly of other discounts and users of other services.</p>
<p>8. What quantitative data have you used for this assessment (Statistics, demographics, indicators, and partner data)? Please note that data should relate to each equality group (race, disability, etc.).</p> <p>All evidence to be kept and recorded</p>	<p>Statistical data on current council tax benefit claimants.</p>
<p>9. What qualitative data have you used for this assessment (Consultation, complaints and comments)? Please note that data should relate to each equality group (race, disability, etc.).</p> <p>All evidence to be kept and recorded</p>	<p>Impact on Cumbria County Council and Police Authority who have already been consulted on the proposal.</p>

## Conclusion

Are there concerns that the policy/procedure/function or proposal could have specific negative impact on people from the following groups?

Group	Will the implementation of this policy/procedure/function or proposal have any <b>negative</b> impact on people from any of these equality groups?		If yes, can the policy/procedure/function or proposal be amended or altered to help <b>mitigate the negative impact</b> ?		If yes, have you considered any <b>alternative courses of action</b> ? Within the initial EIA, this should relate to immediate alternatives.	
	Y	N	Y	N	Y	N
Gender		N				
Gender reassignment		N				
Age		N				
Disability		N				
Sexual Orientation		N				
Religion or Belief (inc non-belief)		N				
Race		N				
Pregnancy and maternity		N				
Marriage and civil partnership		N				

If you have recorded a possible alternative course of action, please provide a short description. If you have indicated a mitigating action, please provide a short description.

### Note:

One of the main reasons for proposing a scheme to mirror the existing benefit scheme is so that the status quo is maintained and there is no impact on the above groups.

If the Council moves away from the default scheme in future years and implements its own scheme to achieve the 10% saving then there would be an impact on the above groups. In particular the Government has determined that pensioners should be protected and so working age claimants will be adversely affected. Also the Council would need to identify 'vulnerable groups' and (for example) those with disabilities or with children would need to be considered for inclusion in this group.

**Conclusion**

**Could the implementation of this policy/service/function or proposal disproportionately affect any particular neighbourhoods i.e. Localities/Parishes?**

<p>If yes, please describe.</p> <p>Indicate what alternatives have been considered or mitigating actions are planned.</p>	<p><b>No</b></p>
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**Will the implementation of this policy/procedure/ function or proposal have any positive impact on people from any of these equality groups?**

Gender	Yes	No	Please describe
Gender reassignment		<b>No</b>	
Age		<b>No</b>	
Disability		<b>No</b>	
Sexual orientation		<b>No</b>	
Religion or Belief (inc non-belief)		<b>No</b>	
Race		<b>No</b>	
Pregnancy and maternity		<b>No</b>	
Marriage and civil partnership		<b>No</b>	

<p>Are you satisfied the implementation of this policy/service/function or proposal could not be challenged for unlawful discrimination or failure to meet statutory equality duties.</p> <p>YES</p>			
<p>Should the policy etc. proceed to a full impact assessment? (if at this stage of the process there is evidence of adverse impact on any equality groups then you must answer yes).</p>	No	Yes	Date Full EIA Completed
	No		Not required

<p>Completing Officer (Name)</p>	<p>Angela Brown</p>
<p>Completing Officer (Signature)</p>	
<p>Authorising Manager (Name)</p>	<p>Darienne Law</p>
<p>Authorising Manager (Signature)</p>	



## LSCT PROJECT – RISK LOG

## APPENDIX E

Throughout the whole implementation project there will be risks attached to certain processes below is a table of risks identified to date. Again this will be a dynamic log detailing the risks associated with various elements of implementation. Below is the initial risk log for the project.

Updated August 2012

No	Risk Description	Likelihood 1-4 1 – Low 4 - High	Impact 1-4 1 –Low 4 – High	Gross Impact (Likelihood x Risk)	Mitigation Action
1.	Lack of availability of key resource to meet the challenging timetable thus delaying the project implementation and resulting in the Government imposing the ‘default scheme’.	3	3	9	<ul style="list-style-type: none"> <li>▪ 0.6 FTE Project Manager appointed Jun 2012 to undertake project work on behalf of the partnership</li> <li>▪ Ensure that the scope of the post holder is clearly defined and will not place excessive or unreasonable demands upon the post holder</li> <li>▪ Ensure a more diverse corporate group oversees the project and timetable and that the Operational and Strategic boards are kept informed.</li> <li>▪ Consider working in partnership at county/district level</li> <li>▪ Keeping the local scheme simple i.e. adopting the existing scheme but ‘re-badging’ as a discount (proposed).</li> </ul>
2.	Delay in the implementation of the IT requirement, due to lack of development time for the software provider, to meet the Council Tax billing timetable for 2013 / 2014.	2	4	8	<ul style="list-style-type: none"> <li>▪ Ensure a presence at the Software provider’s user-design and user group meetings.</li> <li>▪ Field a representative for the focus group looking at this specific design project.</li> <li>▪ Ensure sufficient funding is retained to purchase required software.</li> </ul>

No	Risk Description	Likelihood 1-4 1 – Low 4 - High	Impact 1-4 1 –Low 4 – High	Gross Impact (Likelihood x Risk)	Mitigation Action
3.	Cost projections are underestimated and identified savings are insufficient to meet the actual costs.	3	4	12	<ul style="list-style-type: none"> <li>▪ LG futures providing forecast data, using national, local or requested data to project financial impacts for all preceptors. Also providing modelling tool for Finance to producer new forecasts.</li> <li>▪ Continue to monitor caseloads carefully and provide early alert to unnatural trends.</li> <li>▪ Proactively monitor for changes by major employers leading to increased local unemployment levels.</li> <li>▪ Not plan to undertake unusual activity during the first year of operation.</li> </ul>
4.	Major preceptors disagree on being able to absorb / finance the reductions in Government Grant and provide the existing level of reductions to claimants	2	3	6	<ul style="list-style-type: none"> <li>▪ Early communication on potential financial impact and independent analysis.</li> <li>▪ Good Member communication and information availability.</li> </ul>
5.	Consultation process does not meet the reasonable expectations of stakeholders and is subjected to challenge	3	4	12	<ul style="list-style-type: none"> <li>▪ Detailed stakeholder analysis</li> <li>▪ Involvement of corporate communications, ICT Connect and policy and performance staff for web design &amp; functionality</li> <li>▪ Involve sufficient but easily digestible documentation</li> <li>▪ Use a variety of approaches e.g. direct mailing, on-line access, local roadshows or information sessions.</li> <li>▪ Ensure all Members are well briefed</li> <li>▪ Access to full S13A policy when drafted on line or by request</li> <li>▪ Draft outline of policy for easy reading</li> <li>▪ Plain English version of S13A policy</li> <li>▪ Additional resources to be drafted in to staff drop in sessions</li> <li>▪ Adoption of default scheme.</li> </ul>

No	Risk Description	Likelihood 1-4 1 – Low 4 - High	Impact 1-4 1 –Low 4 – High	Gross Impact (Likelihood x Risk)	Mitigation Action
6.	Insufficient impact equality assessments leave the policy open to risk of judicial review on grounds of inequality or insufficient consideration of statutory responsibilities	1	4	4	<ul style="list-style-type: none"> <li>▪ Adopting the existing scheme ensures lower risk as existing DWP IEA will have been challenged sufficiently to ensure fit-for-purpose (proposed).</li> </ul>
7.	Insufficient planning for year 2 of operation could lead to financial risk if Government reduce funding further	2	4	8	<ul style="list-style-type: none"> <li>▪ Project Manager appointment to 31<sup>st</sup> March 2014</li> <li>▪ Forward planning for year 2 as soon as year 1 becomes effective</li> <li>▪ Be clear that current scheme is for 2013/14 only.</li> </ul>
8.	Local Government Finance Bill fails to receive Royal Ascent before the summer recess in parliament.	4	3	12	<ul style="list-style-type: none"> <li>▪ The Local Government Bill did not receive Royal Ascent before the summer recess. Largely outside of our control but keeping a watching brief on current progress of bill and progressing with scheme in the meantime.</li> </ul>
9.	Claimants are unaware of forthcoming changes and are alarmed by headlines from other Councils' local schemes.	2	3	6	<ul style="list-style-type: none"> <li>▪ Formal consultation process to include all current claimants and stakeholders.</li> <li>▪ Close liaison with Customer Services Manager</li> <li>▪ Gathering nationally published information for use by customer facing staff</li> <li>▪ Meeting with Policy and Performance and ICT Connect to publish early indication of consultation on website following approval by Council on 6<sup>th</sup> September.</li> </ul>

## Cumbria County Council

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19 July 2012

Mr Paul Walker  
Chief Executive  
Copeland Borough Council  
The Copeland Centre  
Catherine St  
Whitehaven  
Cumbria  
CA28 7SJ

COPELAND BOROUGH COUNCIL  
CHIEF EXECUTIVE

20 JUL 2012

PASSED TO:  
ACTION/INFO:

Dear Paul

### Local Support for Council Tax Scheme

Thank you for the opportunity to comment on Copeland Borough Council's proposed Local Support for Council Tax Scheme that will be replacing the national Council Tax Benefit arrangements from 1 April 2013. It has been really helpful to get an early sight of Copeland Borough Council's proposed scheme and possible mitigations. The report was very informative and allowed an effective and considered discussion of the impact these changes will have for all tiers of Local Government within Cumbria.

A presentation on the impact of the changes from a national Council Tax Benefit Scheme to a Local Council Tax Discount Scheme, administered by the Districts, was received by Cumbria County Council Cabinet on the 2<sup>nd</sup> July. Members clearly understood the enormity of the changes being presented and welcomed the level of joint working and discussions that have been ongoing between the County Council and the District Councils over the last few months. To achieve a consistent and informed understanding of the wider impacts that this change will bring across Cumbria is essential. Continued joint working will provide the opportunity to treat the people of Cumbria fairly and that Local Government in Cumbria as a whole can be satisfied that an appropriate solution has been developed.

Members recognise the concerns raised in Copeland Borough Council's report with respect to the implications of designing a new local discount scheme. Passing on the cost of the reduced Government support to existing claimants challenges Cumbria CC's key priority of Challenging poverty in all its forms. As pensioner claimants (discount holders) are protected the cost burden is placed on a minority of the existing benefit claimants. This has the potential to create further hardship to those least able to pay additional Council Tax. The concerns about collection rates and increased costs of collection from this option, which will be picked up by the Districts and County Council, are also understood and need to be further analysed before decisions on changes to local schemes can be put forward as a workable scheme.

This however needs to be balanced with the funding gap emerging for the County Council due to these changes which have been estimated for 2013/14 as being between £4.2m and £6.3m before mitigation are considered.

## Cumbria County Council

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The proposal by Copeland Borough Council to use the technical changes to the existing discount scheme is welcomed. In particular, a consistent approach across Districts to both the changes to second home discounts and empty homes discounts is encouraged. Cumbria CC is keen to fully explore the options available and supports the reduction of the second homes discount to 0%.

Likewise with the options to vary discounts in respect of empty homes the Council is keen to explore the views of District colleagues to utilise these to mitigate the funding gap. This aligns with supporting the economic growth argument for bringing empty homes back into use.

Given the enormous uncertainties within the overall Local Government Resource Review for 2013/14 onwards it would not be possible for Cumbria CC to commit to any agreement in principle with respect to numbers of second homes being fixed for a number of years to come. The current income sharing agreement may also require review later in the year as the legislation and regulations through which we are financed changes and the full impact becomes clear.

A full report will be taken to Cumbria CC Cabinet on the 8<sup>th</sup> November 2012 and before that to Corporate Management Team on the 4<sup>th</sup> October 2012. It is hoped that public consultations will have concluded at that stage and agreed schemes approved by Districts prior to that date. This will allow Cumbria CC to understand its overall funding envelope for 2013/14. It is important that mitigations have been reviewed as part of the process. Continuing joint discussions will be key to maintaining and building on consistent and effective solutions to the funding gaps that we are all facing due to these changes.

In conclusion Cumbria CC notes Copeland Borough Council's recommendation in principle that the 2013/14 Local Council Tax scheme will be the Department for Communities and Local Government's default scheme. This is in recognition of the limited timescales for introduction; complexities involved in ensuring systems are in place and also importantly that the default scheme achieves the same impact on claimants as the existing Council Tax Benefit Scheme.

It is expected though that the scheme will be reviewed on an annual basis reflecting the uncertainties of Local Government Financing and the significant impact that increased demand or take up of the discounts will have on County Council funding. It will be a difficult balance to achieve between protecting the most vulnerable and minimising the impact on services throughout the County whilst making budget savings.

Cumbria County Council looks forward to responding again as part of the wider public consultation process over the summer and signing off the final schemes by 31 December 2012.

Yours sincerely



Jill Stannard  
Chief Executive

c.c. Julie Crellin  
Acting Assistant Director (Finance)