

Open

# Overview & Scrutiny Committee

## Agenda

6.00pm  
Thursday, 8th November 2012  
Council Chamber  
Wyre Forest House  
Finepoint Way  
Kidderminster



## Overview & Scrutiny Committee

### Members of Committee:

	<b>Chairman: Councillor H E Dyke</b>
	<b>Vice-Chairman: Councillor T Ingham</b>
<b>Councillor R Bishop</b>	<b>Councillor C Brewer</b>
<b>Councillor L Davies</b>	<b>Councillor N Gale</b>
<b>Councillor J Greener</b>	<b>Councillor P B Harrison</b>
<b>Councillor J A Hart</b>	<b>Councillor P V Hayward</b>
<b>Councillor V Higgs</b>	<b>Councillor H J Martin</b>
<b>Councillor D C H McCann</b>	<b>Councillor B McFarland</b>
<b>Councillor M Rayner</b>	<b>Councillor C Rogers</b>
<b>Councillor A M Sewell</b>	<b>Councillor D R Sheppard</b>
<b>Councillor S J Williams</b>	<b>Councillor G C Yarranton</b>

Would Members please note that, to ensure continuity in scrutiny, substitutes should only be appointed for the Scrutiny Committee in exceptional circumstances.

### **Information for Members of the Public:**

**Part I** of the Agenda includes items for discussion in public. You have the right to inspect copies of Minutes and reports on this Agenda as well as the background documents used in the preparation of these reports.

**Part II** of the Agenda (if applicable) deals with items of "Exempt Information" for which it is anticipated that the public may be excluded from the meeting and neither reports nor background papers are open to public inspection.

### **Declaration of Interests by Members – interests of members in contracts and other matters**

Declarations of Interest are a standard item on every Council and Committee agenda and each Member must provide a full record of their interests in the Public Register.

In addition, alongside the Register of Interest, the Members Code of Conduct ("the Code") requires the Declaration of Interests at meetings. Members have to decide first whether or not they have a disclosable interest in the matter under discussion.

Please see the Members' Code of Conduct as set out in Section 14 of this constitution for full details.

### **Disclosable Pecuniary Interest (DPI) / Other Disclosable Interest (ODI)**

DPI's and ODI's are interests defined in the Code of Conduct that has been adopted by the District.

If you have a DPI (as defined in the Code) in a matter being considered at a meeting of the Council (as defined in the Code), the Council's Standing Orders require you to leave the room where the meeting is held, for the duration of any discussion or voting on that matter.

If you have an ODI (as defined in the Code) you will need to consider whether you need to leave the room during the consideration of the matter.

### **Co-opted Members**

Scrutiny Committees may wish to appoint Co-Opted Members to sit on their meetings in order to add value to the scrutiny process. To appoint a Co-Opted Member, a Committee must first agree to appoint either a specific person or to approach a relevant organisation to request that they put forward a suitable representative (e.g. the local Police Authority). Co-Optees are non voting by default but Committees can decide to appoint voting rights to a Co-Optee. The Co-Option of the Member will last no longer than the remainder of the municipal year.

Scrutiny Committees can at any meeting agree to terminate the Co-Option of a Co-Opted Member with immediate effect. Where an organisation is appointed to put forward a Co-Opted Member, they are able to send a substitute in exceptional circumstances, provided that they notify Democratic Services in advance. Co-Opted Members must sign up to the Members Code of Conduct before attending their first meeting, failure to sign will mean that they are unable to participate. This also applies to substitute Co-Opted Members, who will need to allow sufficient time before a meeting in order to sign the Code of Conduct.

The following will apply:

- i) The total number of voting co-opted members on any Scrutiny Committee will not exceed 25% at any one time.
- ii) The total number of voting Co-opted Members on any Review Panel will not be limited.
- iii) Those Co-opted Members with voting rights will exercise their rights in accordance with the principles of decision making set out in the constitution.

**For Further information:**

**If you have any queries about this Agenda or require any details of background papers, further documents or information, you should contact Louisa Bright, Democratic Services Officer, Civic Centre, Stourport-on-Severn. Telephone: 01562 732763 or email [louisa.bright@wyreforestdc.gov.uk](mailto:louisa.bright@wyreforestdc.gov.uk)**

Wyre Forest District Council

Overview & Scrutiny Committee

Thursday, 8th November 2012

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

<b>Agenda item</b>	<b>Subject</b>	<b>Page Number</b>
1.	<b>Apologies for Absence</b>	
2.	<b>Appointment of Substitute Members</b>  To receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Director of Community Assets & Localism, together with the name of the Councillor for whom he/she is acting.	
3.	<b>Declarations of Interests by Members</b>  In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered.  Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
4.	<b>Minutes</b>  To confirm as a correct record the Minutes of the meeting held on the 4th October 2012.	6
5.	<b>Council Tax Benefit Reform</b>  To consider a report from the Director of Resources which provides feedback from the consultation on the Council Tax Discount Scheme (CTDS), and to consider recommendations from the Cabinet meeting of 23 <sup>rd</sup> October 2012.	11
6.	<b>Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2012/13</b>  To consider a report from the Director of Resources which provides a mid-year review of the Council's treasury management policies, practices and activities in accordance with the revised CIPFA Treasury Management Code of Practice.	60

7.	<b>How Are We Doing? Performance Update</b>  To consider a report from the Business Improvement Officer that updates Members on the performance of the Council for Quarter 2 (from 1 <sup>st</sup> July to 30 <sup>th</sup> September 2012).	77
8.	<b>Provision of Splash Pads and Review of Paddling Pools</b>  To consider a report from the Cultural Services Manager on the provision of splash pads and a review undertaken of the paddling pools within the District. <i>(Report to follow)</i>	-
9.	<b>Feedback from Cabinet</b>  To note the content of the Cabinet action list, following consideration of the recommendations from	83
10.	<b>Work Programme</b>  To review the work programme for the current municipal year with regard to the Sustainable Community Strategy Theme, Corporate Plan Priority, Annual Priorities and the Forward Plan.	85
11.	<b>Press Involvement</b>  To consider any future items for scrutiny that might require publicity.	
12.	<b>To consider any other business, details of which have been communicated to the Director of Community Assets &amp; Localism before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</b>	
13.	<b>Exclusion of the Press and Public</b>  To consider passing the following resolution:  “That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in paragraph 3 of Part 1 of Schedule 12A to the Act”.	

Part 2

Not open to the Press and Public

14.	<b>To consider any other business, details of which have been communicated to the Director of Community Assets &amp; Localism before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</b>	
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WYRE FOREST DISTRICT COUNCIL

OVERVIEW & SCRUTINY COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY, KIDDERMINSTER

THURSDAY, 4TH OCTOBER 2012 (6.00PM)

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**Present:**

Councillors: H E Dyke (Chairman), T Ingham (Vice-Chairman), R Bishop, C Brewer, L Davies, N Gale, J Greener, P B Harrison, J A Hart, P V Hayward, V Higgs, H J Martin, D C H McCann, B McFarland, M Rayner, C Rogers, J A Shaw, D R Sheppard, S J Williams and G C Yarranton.

**Observers**

Councillors: J-P Campion, I Hardiman, A T Hingley, M J Hart and M Price.

**OS.42 Apologies for Absence**

Apologies for absence were received from Councillor A M Sewell.

**OS.43 Appointment of Substitutes**

Councillor J A Shaw was appointed as a substitute for Councillor A Sewell.

**OS.44 Declarations of Interests by Members**

Councillor H E Dyke declared a Disclosable Pecuniary Interest in agenda item no. 5 - Wyre Forest District Council Tenancy Strategy as her husband is employed by The Community Housing Group.

Councillor G C Yarranton declared a Disclosable Pecuniary Interest in agenda item no. 5 - Wyre Forest District Council Tenancy Strategy, as he is a board member of The Community Housing Group.

Councillor N Gale declared a Disclosable Pecuniary Interest in agenda item no. 5 - Wyre Forest District Council Tenancy Strategy, as she is a board member of The Community Housing Group.

Councillor M Rayner declared a Disclosable Pecuniary Interest in agenda item no. 5 - Wyre Forest District Council Tenancy Strategy, as she is a board member of The Community Housing Group.

Councillor B McFarland declared an Other Disclosable Pecuniary Interest in agenda item no. 5 - Wyre Forest District Council Tenancy Strategy, as he is a board member of The Community Housing Group but received no allowance and also an Other Disclosable Pecuniary Interest in agenda item no. 7 – Recommendations from the Housing Review Panel, as his parents were currently undergoing a Disability Facility Grant assessment.

Councillor J Greener declared a Disclosable Pecuniary Interest in agenda item no. 5 - Wyre Forest District Council Tenancy Strategy, as she is a board member of The Community Housing Group.

**OS.45 Minutes**

**Decision: The minutes of the meeting held on 6<sup>th</sup> September 2012 be confirmed as a correct record and signed by the Chairman.**

Councillors H E Dyke, N Gale, J Greener, M Rayner and G C Yarranton left the meeting at this point, (6.06pm).

**OS.46 Wyre Forest District Council Tenancy Strategy**

The Committee considered a report from the Principal Strategic Housing Officer which outlined the District Councils expectations on how social housing stock in the area should be managed in terms of lettings, rents and disposals and also outlined the District Council's policy on use of the private rented sector for the discharge of homeless duty.

Members were led through the report and a debate ensued. In response to a Members question, the Principal Strategic Housing Officer advised that the high value areas related to rural areas and a family sized house would potentially be a three-bedroom plus property.

Members thought that four bedroom houses were not being used to their full potential and they could be adapted more appropriately.

Councillor M J Hart arrived at the meeting at this point, (6.18pm).

In response to a Members' question on social housing and the allocation of houses, the Strategic Housing Services Manager reported that there was an income threshold in the Council's new Allocations Policy but this did not prevent any person from being added to the housing allocation list. Further proposals would be made to the Overview & Scrutiny Committee early in 2013 following the new Code of Guidance and this would include consultation proposals. Properties were allocated depending on housing needs.

Members thought that the number of responses received to the online questionnaire was low and it was confirmed that the questionnaire had been placed on the Council's website, published at the Worcestershire Hub and was able to be viewed on the Homechoice Plus system.

**Agreed: To recommend to Cabinet:**

**The Tenancy Statement be approved.**

Councillors H E Dyke, N Gale, J Greener, M Rayner and G C Yarranton returned to the meeting at this point, (6.26pm).

**OS.47 Revised Statement of Community Involvement – Consultation Draft**

The Committee considered a report from the Senior Forward Planning Officer which asked for Members approval to undertake a six week consultation on the Draft

Revised Statement of Community Involvement.

Members were led through the report and asked what constituted as a neighbourhood forum and who decided if it was viable. The Senior Forward Planning Officer replied that a neighbourhood forum needed to meet certain criteria and consist of 21 members drawn from the community. The Group then applied to the District Council who would establish whether the criteria had been met. Moreover, if planning advice was needed, the Council were duty bound to provide support.

It was confirmed that 30% of the District's population was aged 60 or over.

**Agreed: To recommend to Cabinet:**

**That subject to any additional amendments/comments that the Local Development Framework Review Panel may make, the Draft Statement of Community Involvement as set out at Appendix 1 of the report to Overview & Scrutiny Committee be approved for a six week consultation.**

**OS.48**

### **Recommendations from the Housing Review Panel**

The Committee considered a report from the Principal Strategic Housing Officer which outlined the recommendations from the Housing Review Panel regarding the Disabled Facility Grant (DFG's).

The Chairman of the Housing Review Panel presented the recommendations and reported that the panel had worked hard and had received updates from Worcestershire County Council and occupational therapists which had helped in making the recommendations. He thanked the officers for their involvement which had proved helpful and asked Members of the Overview & Scrutiny Committee to take on board the recommendations and recommend to Cabinet.

Members were concerned about the lack of growth in DFG's as the overall fund had not been increased for many years and felt the Council could do more with help from their internal funding. Moreover, it would also be important to engage with the County Council and the NHS to look towards them for alternative funding methods. Help had been offered by Worcestershire County Council to help the Council in a bid to obtain further funding.

A concern had arisen from the Housing Review Panel was the amount of money being spent inefficiently, i.e. wet rooms being installed instead of a shower and the number of times applications were seen before being agreed.

In response to a Member query, the Committee were advised that the waiting list for adaptations was 265 households equating to an estimated cost of £1.6m for the work to be carried out.

Members congratulated the Housing Review Panel for the in-depth work that had taken place and that it had given everyone a chance to be involved. The meetings had been lengthy and detailed and the advice received from officers had been excellent.



**Agreed: To Recommend to Cabinet**

1. That provision is made in the budget for the 2013/14 financial year and beyond to continue to provide a financial top up above the current minimum government grant of £444k to support DFG provision in order to meet the needs of the Wyre Forest District residents.
2. That Cabinet aims to continue to provide the current level of top up funding from 2013/14 , thus enabling an overall fund of £800k to be maintained or if possible exceeded the support for the funding of DFG's.
3. That a 2 tier element be introduced into the budget allocation to ensure that a proportion of the DFG budget be set aside exclusively for Category 3 needs cases.
4. That Cabinet explores alternative funding mechanisms to support the top up, including, but not limited to:
  - Prudential Borrowing.
  - A first priority for Right to Buy monies.
  - Any unallocated funding from the Regional Housing Pot.
  - Any alternative sources of funding available to the Council, e.g. New Homes Bonus.
  - External Partnership funding from social care partners, e.g. County Council and the NHS.
5. That Cabinet agree the provision of an alternative adaptation grant/loan mechanism that can be achieved as quickly as possible for simple cases of level access showers and/or stairlifts for example and that such an alternative is used to incentivise self funding or alternative funding sources. Such Adaptation assistance to be developed with partner agencies to minimise processes and the number of steps necessary under the full DFG system and to be used as an alternative but not replacement for DFG's.
6. That any necessary amendments to the Housing Assistance Policy be made in support of any of the above alternative funding options.
7. That a review of the process of dealing with DFG's be undertaken on a Systems Thinking basis.
8. The Cabinet provides funding or supports funding from external sources for the post of an Occupational Therapist additional to the current District provision, subject to investigation and confirmation of likely costs and benefits.

**OS.48**

**Feedback from Cabinet**

**Agreed: The content of the Cabinet action list, following consideration of the recommendations from the meeting on 18<sup>th</sup> September 2012 be noted.**

**OS.49 Work Programme**

Members were advised that the Government had announced that they may not make their Autumn budget statement until December 2012 and this could have an effect on the proposals from Cabinet but the Leader of the Council stated he would ensure that papers would be prepared for the December 2012 meeting of the Overview & Scrutiny Committee.

**Agreed: The work programme be noted.**

**OS.50 Press Involvement**

There were no future items that might require publicity.

The meeting ended at 7.13 pm.

**WYRE FOREST DISTRICT COUNCIL****OVERVIEW AND SCRUTINY COMMITTEE****8<sup>th</sup> NOVEMBER 2012****Council Tax Benefit Reform**

<b>OPEN ITEM</b>	
<b>SUSTAINABLE COMMUNITY STRATEGY THEME:</b>	Stronger Communities
<b>CORPORATE PLAN PRIORITY:</b>	Delivering Together with Less
<b>CABINET MEMBER:</b>	Councillor N J Desmond
<b>DIRECTOR:</b>	Director of Resources
<b>CONTACT OFFICER:</b>	Joanne Wagstaffe Ext. 2100 <a href="mailto:joanne.wagstaffe@wyreforestdc.gov.uk">joanne.wagstaffe@wyreforestdc.gov.uk</a>
<b>APPENDICES:</b>	Appendix 1 - Options Consulted On Appendix 2 - Comments from the Consultation Appendix 3 - Worcestershire County Council Response Appendix 4 - Results from Consultation Appendix 5 - Draft Policy and guidance for the Hardship Scheme

**1 PURPOSE OF REPORT**

- 1.1 This report sets out the feedback from the consultation on the Council Tax Discount Scheme (CTDS) which the Council will have to introduce following the Government's decision to replace the national Council Tax Benefit (CTB) scheme with a localised CTDS.
- 1.2 The report outlines the feedback received from proposed options for the scheme which were available for consultation for a 12 week period from 23<sup>rd</sup> July 2012 to 15<sup>th</sup> October 2012.
- 1.3 The results from the consultation have helped the Cabinet refine the details of the proposed scheme and this report also sets out Cabinet's proposal for the final scheme.
- 1.4 The proposed scheme, following the consultation responses, has been recommended by Cabinet to Overview and Scrutiny Committee for consideration. The Overview and Scrutiny Committee will then make recommendations on the scheme to Cabinet and then will be taken to Full Council in November, where a decision on the final scheme will be made. This means there will be sufficient time for consideration and debate by councillors prior to any decisions being taken on the final scheme.
- 1.5 The Council also has the opportunity to change some of the Council Tax discount exemptions which are currently available. Whilst these exemptions are outside of the CTDS these have been considered alongside the CTDS and are also included in this report.

## 2 RECOMMENDATION

The Overview and Scrutiny Committee are asked to recommend to Cabinet that:

- 2.1 The principles for the scheme as set out in paragraph 5.3 are approved.
- 2.2 The changes to the Council Tax exemptions as set out in paragraph 5.6 are approved.
- 2.3 The changes to the eligibility criteria for access to Council Tax support as set out in paragraph 5.12 are approved.
- 2.4 Option 3 is adopted and limit the support available to people of working age to 90% of their Council Tax liability.
- 2.5 A Hardship Fund is created with a maximum contribution from WFDC of £25,000 per annum and approve the proposed criteria for administering the fund included in Appendix 5.

## 3 BACKGROUND

- 3.1 The Government intends to localise support for CTB from 2013/14 and this is being put into effect by the Local Government Finance Bill, currently before Parliament. The main effect of this is to reimburse councils only 90% of the current costs of granting CTB. This 10% reduction in grant funding for the Wyre Forest district with a current CTB cost of £8.51M equates to a shortfall of £851,000 per annum. If the Council took no action, the amount of the shortfall which must be financed by Wyre Forest would be approximately £111,000. If the shortfall was to be funded from Council Tax this would equate to a 1.6% increase to the Council Tax payers.
- 3.2 The 90% of current grant will continue to be funded by Government at a set amount. Any increase / decrease in the level of Council Tax Discount due to demographic pressures will then fall to the local government family to finance.
- 3.3 The Government has decided that pensioners must remain protected from any reductions compared to the current Council Tax Benefit scheme and we may also have to consider protection of other vulnerable groups.
- 3.4 At the same time some of the current mandatory exemptions that are offered on Council Tax will cease. It will then be a local decision if these exemptions will continue and at what level.

## 4 KEY ISSUES

### Cost Implications

- 4.1 The estimated cost of the reduction in CTB grant will fall upon local authorities using the usual collection fund percentages as shown in Table 1 below.

Table 1: Local Authority Collection Fund percentages

Authority	%	£000
Worcestershire County Council	70	596
West Mercia Police	12	102
H&W Fire Authority	5	42
WFDC	13	111
<b>Total</b>	<b>100</b>	<b>851</b>

- 4.2 The Council now has an opportunity to devise a new scheme in the light of national changes. The costs of a local scheme may be partially offset by some changes to Council Tax exemptions. The remaining costs can then either be found by the Council at the expense of

other services or by increasing council tax, or be passed on to the claimants, or any combination of these options.

- 4.3 The demographics of Wyre Forest in terms of the rising number of pensioners who must be protected from reductions (52% of benefit claimants are currently pensioners, with a 1% rise per annum predicted for future years) and unemployment trends mean that the status quo would not be sustainable in terms of costs in future years, as costs would increase under the current scheme.
- 4.4 The Government stipulation that any changes to the CTB scheme will have to protect pensioners means Councils face considering reducing support to working age claimants well in excess of 10% if they are not going to face funding shortfalls.
- 4.5 In order to avoid disproportionate impacts on those who are least able to pay a proportion of their Council Tax bill a Hardship Fund is proposed to be established.

## **5 CONSULTATION RESPONSES**

- 5.1 This section sets out a summary of the responses which have been received on the CTDS. More detailed information relating to the responses can be found in Appendices 2,3 and 4.
- 5.2 Appendices 2 and 3 contain the comments which have been received on the scheme and Appendix 4 contains more detailed information on the responses to the questionnaire.

### **Proposed Principles**

- 5.3 The consultation asked whether people agreed with our proposed principles for the scheme. The proposed principles are:
  - Principle 1 Every household with working age claimants should pay something;
  - Principle 2 The scheme should incentivise people into work;
  - Principle 3 People with greater amounts of savings receive less support;
  - Principle 4 Protection will be provided through a Hardship Fund to those who are least able to pay; and
  - Principle 5 The scheme will be in support of the Council's Corporate Plan Priorities of an increased supply of good quality and decent homes in which people can afford to live.
- 5.4 The results from the consultation broadly support these principles. A summary of the results are shown in below and a full analysis of the results can be found in Appendix 1.

Table 2: Summary of responses on the proposed principles

Principle	Percentage of respondents who Strongly Agree or Agree
Every household with working age claimants should pay something;	84%
The scheme should incentivise people into work;	87%
People with greater amounts of savings receive less support;	55%
Protection will be provided through a Hardship Fund to those who are least able to pay; and	72%
The scheme will be in support of the Council's Corporate Plan Priorities of an increased supply of good quality and decent homes in which people can afford to live	64%

5.5 It is therefore recommended that the principles, as outlined in paragraph 5.3 for the scheme are adopted.

### Council Tax Changes

5.6 The Government has made some changes to the Council Tax Regulations. These changes impact on some of the exemptions which are currently available to Council Tax payers. If a Council Tax payer has an exemption this will reduce the amount of Council Tax payable on a property. Whilst these changes do not form part of the CTDS it is proposed that any savings generated through these exemption changes could be used to offset the reduction in funding for Council tax discounts. The exemptions where the council now has flexibility to introduce new arrangements are shown in Table 3 below, along with the option which was consulted on. The total saving which may be achieved from implementing these changes is currently estimated to be £273,000.

Table 3: Proposed Council Tax Exemption Changes

Exemption	Options consulted on
<b>Class A Exemption</b> – these apply to long term uninhabitable empty properties, which are unfurnished and in the course of renovation e.g. due to refurbishment, flooding. The current exemption is 100% for a twelve month period.	Option to change this exemption to 50% for a maximum of a 12 month period.
<b>Class C Exemption</b> – these apply to short term unfurnished empty properties. The current exemption is 100% support for a six month period.	Option to reinstate exemption at 50% for 6 months in line with business rates properties.

Exemption	Options consulted on
<b>Class L Exemption</b> – these apply to properties repossessed by mortgage lenders. The current exemption is a 100% exemption until the house is sold.	Option to levy a full charge payable by the bank / building society.
<b>Second Homes Discount</b> – The current exemption for second homes must be at least 10%, and this is the level applied in Wyre Forest.	Option to end discount and charge full 100%.
<b>Long Term Empty Properties</b> – these properties currently receive a 100% discount for a six month period, after this time they are charged 100%.	No change.

5.7 The consultation considered the proposed options for changes to the Council Tax exemptions. A summary of the responses are contained in Table 4 below. Further details of the responses can be found in Appendix 4.

Table 4: Summary of Responses to Council Tax Changes

	Class A	Class C	Class L	Second Homes	Long Term Empties
Strongly agree or agree	74%	69%	82%	89%	39%
Neither agree nor disagree	6%	5%	5%	4%	15%
Strongly disagree or disagree	19%	25%	12%	7%	46%
Total	100%	100%	100%	100%	100%

5.8 Currently long term empty properties can receive a six month free period but from this date they incur a 100% charge. No extra charge is currently levied as an incentive to bring these dwellings back into use but councils will be given the power to charge more than 100%. The option consulted on was not to increase the charge beyond the 100%. This view was supported by 46% of the responses indicated that they strongly disagreed or disagreed with the statement that property owners of long term empties should pay more. 39% of respondents indicated that they thought these property owners should pay more than 100%. The response to this question is mixed, and unlike most other issues in the consultation, has not produced a conclusive answer. In view of the mixed response, and that any additional Council Tax charged for long term empty properties might not provide a sufficient incentive to bring the dwellings back into use, it is proposed not to increase the amount of Council Tax charged on such properties at present.

- 5.9 Comments received through the consultation process have also suggested that for landlords the Class C exemption (short term empty) may be changed to help support landlords. There has been a suggestion that this option may be changed to a 3 month 100% exemption.
- 5.10 The Cabinet has considered this view but considers that the proposed 50% exemption has been supported by the consultation response and by implementing a 50% discount for six months will help encourage landlords to bring properties back into use sooner.
- 5.11 It is therefore recommended that the Council Tax exemption changes as set out in paragraph 5.6 are approved.

### Changes to Eligibility

- 5.12 The Council is considering making some changes to the eligibility criteria for accessing Council Tax support. These may mean that less people become eligible for support under the new scheme than would have been under the existing scheme. The changes which were consulted on are shown in Table 5 below:

Table 5: Proposed Changes to Eligibility Criteria

Eligibility Criteria	Options consulted on
<p><b>Second Adult Rebate*</b> – this is awarded to liable Council Taxpayers who are not eligible to claim Council Tax Benefit but have a second adult living with them with either no income (other than benefits) or low income. It is currently worth up to 25%.</p>	<p>Option to abolish this.</p>
<p><b>Minimum Level of benefit/support per week*</b></p> <p>This is currently set by the benefits regulations at 1p per week. Therefore anyone who receives a benefit payment of 1p per week or more receives support.</p>	<p>Option is to increase this threshold to £5 per week. Therefore anyone who is entitled to less than £5 per week support will not receive any support under this scheme.</p>
<p><b>Capital level and Tariffs*</b>– income above £6,000 but below £16,000 assumed in the calculation of benefit, from claimants’ capital is currently subject to a £250 per unit tariff</p>	<p>Option to change the tariff to £200 per unit. This will mean that those with savings will receive less support under the scheme and will have to use their savings towards the payment of their Council Tax bill. If their savings fall below £6,000 then there will be no further reduction in support in relation to this option.</p>
<p><b>Backdating</b> - Officer discretion is currently exercised to backdate benefits (maximum of 6 months)</p>	<p>Option to remove backdating but allow for claims to be considered against the Hardship fund. Thus incentivising people to make claims promptly and to tell us quickly about</p>



Eligibility Criteria	Options consulted on
	any changes in their financial circumstances.

5.13 A summary of results from the consultation are shown in Table 6 below, full responses can be seen in Appendix 4.

Table 6: Responses to the Proposed Changes to Eligibility Criteria

	Abolish Second Adult Rebate	Capital Levels and Tariffs	Minimum support £5 per week
Strongly agree or agree	75%	45%	59%
Neither agree nor disagree	12%	23%	16%
Strongly disagree or disagree	13%	32%	25%
Total	100%	100%	100%

5.14 The results from the consultation broadly support the proposed changes to eligibility and it is therefore recommended that the proposed changes to eligibility for access to support for Council Tax are adopted.

### Reducing the Impact

5.15 Due to the funding reductions proposed as part of the changes to Council Tax Benefit the Council has a choice to make as to whether to fund this reduction in support from Central Government through finding savings in other services, increasing Council Tax, passing the reduction on to claimants or a combination of the above.

5.16 The consultation document sought views on a range of options which designed to help to offset the impact of the scheme on the Council's finances.

5.17 The options which were consulted on are shown in Table 7 below.

Table 7: Proposals for Reducing the Impact

Eligibility Criteria	Options Consulted On
<b>Limitation of support to between 80% and 95% of the Council Tax payable.</b>	Option to limit the maximum amount of Council Tax Discount which is payable to working age claimants to a percentage of the amount of Council Tax payable, current options range from 80 to 95% of Council Tax payable.
<b>Limiting support to lower bands</b>	Option to limit discounts to Band D level for all claimants. Therefore the maximum amount of discount payable under this scheme would be limited to that of a Band D property.

5.18 The consultation asked for responses as to whether savings achieved from the changes to exemptions and eligibility should be used to support the introduction of the CTDS. The

consultation also considered whether support should be limited for claimants. The responses are summarised in Table 8 below. A full set of responses can be found in Appendix 4.

**Table 8: Responses to the Proposals for Reducing the Impact**

	Limit support to 80%	Limit support to 85%	Support should be limited to 90%	Support should be limited to 95%	Support should be limited to Band D properties
Strongly agree or agree	56%	52%	46%	22%	72%
Neither agree nor disagree	20%	25%	21%	26%	15%
Strongly disagree or disagree	24%	23%	33%	51%	13%
Total	100%	100%	100%	100%	100%

5.19 The responses to the consultation indicate that the respondents are broadly happy for the money saved from the proposed changes to Council Tax exemptions is used to fund the Council Tax discount scheme.

5.20 The responses to the consultation show the following:

- 51% strongly disagree or disagree that support should be limited to 95%,
- 46% of the respondents either strongly agreed or agreed with limiting support to 90%, but a greater percentage supported limiting support to 80% or 85%
- 72% of respondents also agree that support should be limited to band D properties.

5.21 The majority of respondents also agreed that support for families living in larger properties should be limited.

## **6 RECOMMENDED OPTION**

6.1 The Council needs to make a decision as to how the reduction in funding for Council Tax for those of working age is applied. This decision needs to be taken in conjunction with an understanding of the other pressures which are facing the Council.

6.2 If the Council decides to cover the reduced funding for the scheme this will mean that £111,000 needs to be found either from Council Tax increases (this would be a 1.5% increase) or service reductions. If a decision to pass the reduction in funding on is taken then this may mean that support towards Council Tax payments for those of working age may be limited to 80%, meaning that they have to fund 20% of their bill themselves. A third option can also be considered which is to fund some of the reduction.

6.3 Following the feedback from the consultation and also considering the other financial pressures facing the organisation the Cabinet feel that there should be some resources provided to support the working age claimants for payment of their Council Tax. To limit support to 80% and 85% may have a disproportionate impact on those of working age and would be against the Council's priority of fostering economic prosperity in the district.

- 6.4 The Government has recently announced plans to provide a further grant to local authorities if they freeze their Council Tax. This grant is currently being offered at a 1% increase. If the Council chooses not to accept this grant then it may only increase Council Tax by 2% before it has to hold a referendum. Both of these increases are less than the increases projected in the current financial strategy. This therefore limits the Council’s ability to cover any shortfall from Council Tax increases.
- 6.5 Local Government is also facing significant further reduction in its funding from central government in future years and as such this may also limit the Council’s ability to cover any funding shortfall for support towards the payment of Council Tax from service reductions.
- 6.6 Taking these factors into account and the results from the consultation it is recommended that Option 3 is approved. This will mean that support towards the payment of Council Tax under the CTDS will be limited to 90%.
- 6.7 The impact on individuals, if option 3 is approved, would be minimal. For an ‘average’ band D property this would equate to approximately £3 per week which a claimant must find to cover their Council Tax bill. In Wyre Forest the majority of those currently claiming Council Tax benefit live in band A and B properties which means that they will have to find less per week to put towards their Council Tax bill.

**Other Issues to Consider**

- 6.8 The consultation also sought views on how the council could limit entitlement where a claimant has made one or more fraudulent claims for council tax discount and on whether the scheme should require claimants to comply with other legal duties such as registering to vote.
- 6.9 A summary of the responses to the questions are set out in Table 9 below and a full set of responses can be seen in Appendix 4.

Table 9: Responses to the Proposals for Those Who Have Previously Committed Fraud and Being Registered to Vote.

	Limit entitlement for those who have previously submitted fraudulent claims	Claimants should be registered to vote
Strongly agree or agree	87%	74%
Neither agree nor disagree	6%	11%
Strongly disagree or disagree	7%	15%
Total	100%	100%

- 6.10 The responses to the consultation support the fact that the scheme should limit entitlement where a claimant has made one or more fraudulent claims for Council Tax Discount and that the claimants should comply with their legal duties. It is therefore recommended that the scheme limits entitlement to access to the Council Support Scheme with the details for this being worked through in due course.
- 6.11 It is also recommended that claimants must comply with their legal duties in order to be able to access support through this scheme. Therefore it is recommended that being registered to vote should be a requirement of the scheme.

## **7 COMMENTS RECEIVED**

7.1 A number of comments on the consultation were received and these have been included in Appendix 2 and 3. All of these comments and responses have been considered and where appropriate they have been included in this report and changes made to the proposed scheme.

## **8 HARDSHIP FUND**

- 8.1 It is not possible to assess the impact of a local scheme for every set of individual circumstances. Therefore it is proposed that a Hardship Fund will be established. This will help to support those who are least able to pay an element of their Council Tax liability
- 8.2 Each application to the Hardship Fund will be considered on a case by case basis and assessed on its own merits. This will ensure that those who are not entitled to a full discount on their Council Tax will still be able to be considered for some additional protection.
- 8.3 The full proposals for the Hardship Fund will be worked up as the proposals for the CTDS are confirmed. The fund should be ring fenced and be a finite amount, although consideration will be given to linking the hardship fund into other available funding streams so as to maximise the Council's use of resources.
- 8.4 The Council is currently working with other partners to consider funding for the Hardship Fund. It is proposed that WFDC contributes a maximum of £25,000 per annum into the fund.
- 8.5 The Hardship Fund draft policy and guidance is attached in Appendix 5.

## **9 FINANCIAL IMPLICATIONS OF THE PROPOSALS**

- 9.1 The Government is changing the way in which existing Council Tax Benefits are to be paid and will be reducing the amount of funding paid to local government by 10%. This will leave a shortfall in funding which the Council needs to consider how to finance. The above proposals set out some options as to how to close this gap but other options still leave an element which will need to be funded either from increased council tax or additional service reductions.
- 9.2 This section sets out a summary of the potential financial implications of the proposed scheme. It must be noted that the figures are draft at this stage and will change as the existing caseload changes. It is also possible that there is some double counting in the numbers, due to the modelling tool used.

Table 10: Responses to the proposals for reducing the impact

<b>£k</b>	<b>Financial impact for Collection fund (£000)</b>	<b>Financial impact on WFDC (£000)</b>
Estimated cost of Government cut to funding	851	110
<b>LESS</b>		
Council Tax exemption changes (table 3)	273	35
Limitation of discount including limiting support to 90% for working age people	452	59
<b>PLUS</b>		
Hardship fund (maximum)	0	25
<b>Total financial impact</b>	<b>126</b>	<b>41</b>

- 9.3 The figures shown in Table 10Table 8: Responses to the Proposals for Reducing the Impact only consider the impact of the payment of the Council Tax Discount scheme payments on the Collection Fund. There will be other impacts on the collection fund, and amounts to be raised from Council Tax collection following the introduction of the Council Tax Discount Scheme
- 9.4 The new scheme will have impacts on the Collection Fund and ultimately the amount which can be raised through Council Tax. This change is brought about due to the support available no longer being classed as a benefit but as a discount. This will impact on the Council’s Tax Base and thus impact on the Council Tax. These costs have not been quantified at this stage but will be built into the Council’s budget setting process, with the final impacts will be built into the budget which will be approved in February 2013.
- 9.5 In addition to the costs identified above there may be additional costs of collection for Council Tax relating to the implementation of this scheme. There may also be an impact on the Council Tax collection rates. They are difficult to quantify at this stage although we expect collection rates to decline as some people who do not pay council tax will have to pay something in future. However, it is not anticipated that the levels of non payment should be a major issue at this stage.
- 9.6 The costs of implementing this scheme are also not known at this stage. The government is providing some money to help support the introduction of these changes. However, it is not known whether the additional support will fully cover the implementation costs, including software changes.
- 9.7 The Government has recently announced that there will be additional funding of £100million available to support the introduction of this Council Tax Discount scheme nationally. At the time of writing this report there were very few details available on this grant, so the implications of the grant have not been considered in this report, but may be built into further reports once guidance is published.

## **10 INTRODUCTION OF CTDS – OVERVIEW OF TIMELINE**

10.1 The legislation requires Councils to adopt a new scheme for council tax discounts by 31 January each year, from implementation on 1<sup>st</sup> April each year. As local schemes will come into force from April 2013, our scheme will need to be ready by January 2013. Given the requirement to establish the principles of the scheme, consult on the principles, design the final scheme and make any software changes this is a challenging timescale and early decisions on changes to the current scheme are essential.

10.2 Key dates in the Timeline are:

- 8 November 2012- Scrutiny Committee considers proposed scheme, alongside results of formal consultation process.
- 12 November 2012 -Cabinet receive report from Scrutiny and make final recommendations to Council.
- 21 November 2012– Council approve Local Scheme effective from 1 April 2013.

10.3 The timetable will ensure that members have the opportunity to consider and debate the proposals, following the consultation, before a final decision on the scheme is made.

## **11 LEGAL AND POLICY IMPLICATIONS**

11.1 The powers under which the council will decide a scheme for council tax discounts are in section 13A of the Local Government Finance Act 1992 as substituted by clause 9 of the Local Government Finance Bill, which is currently before the House of Lords. Clause 9(4) requires a scheme to be adopted by 31 January 2013. Clause 10 provides a power for councils to decide the discount for second homes, while clause 11 inserts section 11B into the 1992 Act which allows councils to set a council tax of up to 150% for long term empty properties.

11.2 Schedule 4 to the Bill inserts Schedule 1A in the 1992 Act. Among other things, this requires the Council to consult major precepting authorities and such other persons as are likely to have an interest in the scheme. Paragraph 3(2) of Schedule 1A provides that the fact that the requirement was not in force when councils undertake consultation is to be disregarded in determining whether there has been compliance with the requirement. In other words, consultation while the Bill is still before Parliament will discharge the (future) legal duty to consult.

11.3 In reaching final decisions on the scheme in the autumn, the Council will have to have regard to its duties under the Equality Act 2010 although as noted below the initial view is that no equality issues arise as the proposed options apply to all potential recipients of council tax discounts. The Council will also have to have regard to any legislation issued by the Secretary of State as a consequence of the Local Government Finance Bill as it may constrain the options that are available; and consideration will need to be given to other relevant legal requirements, such as the duty to co-operate in reducing child poverty in accordance with section 21 of the Child Poverty Act 2010.

11.4 The final decisions should also seek as far as possible to be consistent with the Council's corporate priorities of securing the economic prosperity of the district; improving community well-being; and delivering together, with less.

## **12 RISK MANAGEMENT**

### **12.1 Key risks include:**

- Lack of guidance from central government, making it difficult to plan for new arrangements effectively;
- Risk of judicial review of changes ;
- Level of financial risk passed to the Council as the funding is currently proposed to be a finite amount regardless of the caseload experienced by a local authority; and
- Resources required for implementing new arrangements; external support will be necessary in order for the Council to meet all of the timescales. However the main concern relates to the ability of the software companies to make the necessary changes to the system.

## **13 EQUALITY IMPACT ASSESSMENT**

13.1 An Equality Impact Assessment has being undertaken on the scheme and will be updated once the details of the scheme have been agreed. At present, the only adverse impact which has been identified is that there will be a differential impact on age. This is due to the Government scheme protecting pensioners and the changes to the scheme impacting on working age claimants.

## **14 CONCLUSION**

14.1 This report sets out the feedback received from the consultation process on the options for introducing a CTDS in response to the Government's proposals for the localisation of Council Tax support. The report also recommends a preferred scheme for consideration by the Overview and Scrutiny Committee and then Full Council in November 2012.

## **15 CONSULTEES**

- Cabinet
- Leader of the Council.
- Cabinet Member for Resources and Transformation
- Corporate Management Team
- Worcestershire County Council;
- West Mercia Police Authority;
- Hereford and Worcestershire Fire and Rescue Authority;
- The public; and
- Other relevant stakeholder groups.



**16 BACKGROUND PAPERS**

- 16.1 DCLG guidance on the localisation of Council Tax Benefit, published 17th May 2012 and the 17<sup>th</sup> July 2012.
- 16.2 Council Tax Benefit is Changing – Consultation Document, Wyre Forest, published 23rd July 2012.

## Options for consultation

### **Option 1 – Limitation of discount for working age claimants to the amount funded from Central Government plus the Council Tax exemptions changes**

This option would limit the amount available for the CTDS to the amount funded by Government, plus additional income from the changes to Council Tax exemptions. This would mean that the CTDS would have a neutral impact on the Council's finances. This option would still protect pensioners at 100% and would equate to an approximately 20% reduction in support for claimants of working age. Therefore support would be limited to approximately 80%.

### **Option 2 – Limitation of discount for working age claimants to the amount funded from Central Government plus the Council Tax exemptions changes and changes to eligibility**

This option would limit the amount available for the CTDS to the amount funded by Government, plus additional income from the changes to Council Tax exemptions and also the changes to eligibility to the scheme. This would mean that the CTDS would have a neutral impact on the Council's finances. This option would still protect pensioners at 100% and would equate to an approximately 15% reduction in support for claimants of working age. Therefore support would be limited to approximately 85%.

### **Option 3 – Limitation of discount to 90% for working age claimants**

This option would protect pensioners at 100% of their current entitlement and would reduce support to working age claimants by 10%. This would result in 90% of their current entitlement being met by the scheme. This option also assumes that the options for Council Tax exemptions and changes in eligibility have been accepted.

### **Option 4 – Limitation of discount to 95% for working age claimants**

This option would protect pensioners at 100% of their current entitlement and would reduce support to working age claimants by 5%. This would result in 95% of their current entitlement being met by the scheme. This option also assumes that the options for Council Tax exemptions and changes in eligibility have been accepted.

### **Option 5 – Limiting discount to lower bands**

This option would protect pensioners at 100% of their current entitlement and would impact those claimants of working age. The option is to limit the maximum amount of discount offered by the scheme to the reduction that would be applied to a Band D property. All those claimants in a Band A, B, C or D property would receive a 100% discount on their Council Tax liability for the period they were eligible for the scheme. Discounts would be reduced for claimants living in Band E, F, G or H. This option also assumes that the options for Council Tax exemptions and changes in eligibility have been accepted.

**Comments from the consultation**

The comments have been included as they were received although some spelling mistakes have been corrected. For those comments which we have received verbally (numbers 28 to 31) these have been summarised.

1. I BELIEVE THAT TOO MUCH MONEY HAS BEEN SQUANDERED OVER THE YEARS ON PROVIDING SUBSIDIES etc. PEOPLE WILL HAVE NO INCENTIVE TO SEEK EMPLOYMENT. WHEN I WAS YOUNG FAR FEWER OF THESE "BENEFITS" WERE ON OFFER SO FAR FEWER PEOPLE WERE DEPENDENT ON "THE STATE" - AND TOOK FAR GREATER RESPONSIBILITY FOR THEIR OWN LIVES. I AM STRONGLY OF THE OPINION THAT THE PROLIFERATION OF LOCAL AUTHORITY "RESPONSIBILITIES" IN THIS AREA (THE INTRODUCTION OF WHICH HAS GONE LARGELY UN-NOTICED) HAS BEEN AS MUCH TO BLAME FOR THE PRESENT ECONOMIC HARDSHIPS AS THE "BANKING CRISIS". LOCAL AUTHORITIES NEED TO STOP "EMPIRE BUILDING": (SPENDING MONEY WHICH IS NOT THEIR OWN)! - AND THEREFORE NOT WAIT UNTIL THE CRISIS IS ACTUALLY UPON THEM. AS FAR AS "BENEFIT ENTITLEMENTS" ARE CONCERNED: THESE SHOULD BE STRICTLY LIMITED TO THE ELDERLY AND THE SEVERELY ILL OR DISABLED. THE REST SHOULD SEEK GAINFUL EMPLOYMENT! IF THIS SOUNDS "UNCAREING" I APOLOGISE - HOWEVER I DO BELIEVE THAT THE REALLY CRUEL RESPONSE WOULD BE TO ALLOW PEOPLE TO THINK THEY CAN REMAIN "DEPENDENT ON STATE HANDOUTS" - WHICH NO DOUBT YOU WOULD BE STILL REFUSING TO ALTER: IF THIS PRESENT FINANCIAL MESS HAD NOT DESCENDED UPON YOU AND FORCED YOU BACK TO REALITY.
2. Although it would be difficult for the Authority to recover, I think non-working (working age customers) should be penalised more within the new local scheme than those whom are working but on a low wage. This is the only way we can incentivise non-workers into employment. We also need to make sure that there is adequate protection in place for the most vulnerable households in our community, but make sure that those groups whom we choose to treat as vulnerable really are (I don't necessarily agree that lone-parents should

be classed as vulnerable - when we make a decision to bring a child into the world we shouldn't be relying on the state to finance that decision - I appreciate that some people through no fault of their own find themselves in this predicament but still think it inappropriate to class every lone-parent family as vulnerable) Would we have any discretionary fund where we could top up the Local Scheme award for certain lone-parent cases which we do deem as vulnerable. I would also consider restricting to a Band C (which I assume represents a typical 3 bed semi), If my financial situation changed where I could no longer afford the mortgage or utility bills (inc C/Tax) for the type of property I was living in, one of the first things I would do is look to move to a smaller property in order to reduce my outgoings, why should we offer Council Tax support on high banded properties (If you can't afford to live there, move!). You could always offer a period of protection at a higher Band for those individuals who have fallen upon hard times (i.e., sudden illness/redundancy). This period of protection would give them the opportunity to make any necessary changes (i.e., new employment/move) before the restriction takes affect.

3. Government has cut the funding, to stop a culture of benefits. The Council must not absorb these costs but a hardship fund is a good idea for the real poor
4. I agree that there has to be a support system in place but everyone should have to make a contribution, even if it is small.
5. I believe that money saved can be utilised from people with second homes and those long term empty homes - over 12 months. Also the fact that the Government has refused to include pensioners in this re-assessment puts a massive strain on the system and again should be looked at
6. I do believe that savings should be used but I also believe that people who have spent their money on the highlife (cars, TV, holidays, phones etc.) and therefore don't have any savings should get away with having all those things and then being subsidised in the way of a CT benefit. For example, if people have a Sky subscription or have holidays abroad, they shouldn't have any benefits at all (whether they work or not); they should use the money that they have spent on the Sky or holiday for CT first and then if they are still struggling should be considered for a benefit. The benefits should only be made

available for those who genuinely need them - not those who just use the "saving" to spend on something else.

7. I do not think council taxes should increase to pay for any shortfall in funding.
8. I feel that if there is a change in second adult rebate it should be based on income not savings
9. I feel uneasy about penalising people who live in Bands E to H properties as there can be many reasons why they cannot downsize, particularly in the current housing market.
10. I strongly believe that Second adult rebate be removed as if the main tax payer can afford to pay then they should. I also think that if a property is empty for any length of time it should be exempt from any charges as no facilities (i.e. rubbish collection) is being used.
11. I strongly believe that further savings should be made from those owning a second property or those long term empty property owners. I also believe that the Government should reconsider their decision not to include pensioners in this re-assessment
12. I think empty properties should have an initial exemption for 3 months, and then become liable for a charge. This would be fairer to landlords and tenants. It would also be much straighter forward to administer and prevent the council becoming caught up in disputes between new owners and vendors, and landlords and tenants when people vacate before tenancies end. There are a number of scenarios where properties are frequently left empty and unfurnished for only a short period and the administration of a charge over these periods would be hugely time consuming for an extremely small return.
13. I think regarding the void properties there should still be an exempt period of up to 3 months rather than it being a 50% charge for 6 months.
14. I ticked strong support for 5% reduction but also for 10%. My preference is for the 10% reduction - the design of your questionnaire didn't let me show that
15. If people have no job, they should have to take part in

voluntary work within the District as a way of appreciating what has been done for them. This could be done on a sliding scale depending upon how much they get. If they work part-time this voluntary work could be reduced pro-rata.

16. If someone is on a low income how on earth can they magic the money to pay council tax everything has gone up and it is a struggle for most people and anyone can find themselves out of a job no one is safe how much immigration has in this county added to the council tax bill?
17. In a recession it is important that people who are unemployed but actively seeking work should not be penalised? It is important that foster carers are not penalised when they are holding a bed space for an emergency placement. Also young care leavers must not be penalised when they have no parental home to which to return!
18. Introduce a discount scheme as an encouragement for regular full paying residents of Wyre Forest. Say 10% .No discount for benefit claims and defaulters.
19. My replies relate to housing in the private sector with regards to empty homes. At the moment social landlords keep back empty properties for the council to use as emergency housing especially over the winter period and these and similar examples should be exempt from charges or otherwise the social landlords won't do this and the Councils B&B charges will rise substantially. They also keep properties that have adaptations empty for a little longer to find someone with a disability - again if these are charged then they won't do it and the Council's DFG budget will rise. We would be happy to work with finance on some similar exemptions from charging.
20. No council tax discount should be given to people who have just moved in to the UK.
21. Once an individual has been found to have made a fraudulent claim and punished appropriately I do not believe they should be subject to further punishment by the with-holding of benefits as this could lead to far more severe crime that other public sector bodies and the public at large will end up paying up. I would also be interested to understand how the Council has ensured that the most vulnerable sectors of society have been protected by the design of this scheme. I have read about

Universal Credit in the media and I do not understand how this links into this new scheme - I assume it is another layer of cuts to the Welfare State but some information on this would be useful to understand the big picture. I think a 10% cut is the maximum that should be made and this will be excessive for some.

22. The Civil service pension, new HQ, and massive dept you are currently running up is simply wrong. If someone moves away from Kidderminster (and I am due in part to the councils running of the shambles of a dying town) why should I support you in paying on an unsellable house? If you made the place more business friendly and stopped wasting money (my money not yours) people would want to visit/move to Kidderminster more and thus no issue.
23. The worst offenders, as such, for non council tax paying households are those that are student let. I presume this is because of the inability of students to pay but the charge should be levied on the landlords. Landlords of such properties are making huge profits and these properties take up far more council resources than family homes when one factors in council time in dealing with noise abuse, unruly behaviour etc. Being a qualified accountant who deals with a number of clients with student let properties then I have firsthand experience of the huge profits generated, typically £15k to £20k on a five bed roomed let. This is without factoring in the large gains that can be made on the eventual sale of the property. Many landlords own numerous properties so profits can run into the hundreds of thousands yet they are not required to contribute a penny of council tax, but the resources used are far greater than anyone else. Thus, the majority of us are funding the huge profits that these landlords are allowed to make. You will probably argue that this will result in landlords seeking to increase their rent to cover this cost, but this should not be allowed, and in any event, with the ever increasing number of homes being lost to students, competition is high and landlords have to be mindful not to charge more than the University campus anyway, which I am led to believe does not have full occupancy in any event. Landlords have been enjoying the fruits of record low interest rates for the past few years which have bumped up their profits, I presume that this saving was not passed onto tenants? Houses are not selling at present due to the economy, landlords have easy pickings for those wanting a quick sell so more and more council tax

paying properties are being lost and unless something is done about it it will be down to the remainder of us to cover this cost. In the street I live, 6 properties have fallen into landlords hands in the last 12 months alone, perhaps the

24. There are too many people claiming housing tax benefit, many people who make a deliberate choice not to work, or only work limited hours so they can claim. The system is too easy and must incentivise people into work. I agree with the council plans to reduce the benefit, as its one big scam
25. Very difficult questionnaire! Not well advertised - only heard about it today by word of mouth! Only applicable to those on line so a very restricted sample of population.
26. We should be helping those in need not looking to cut them off, forcing the worse off to pay when they cannot afford it is immoral for a government body to cut benefits is just plain wrong. Also by forcing landlords to take tenants into empty properties it puts tenants at risk and a cycle of poor property getting worse we should be helping landlords get property into a good state of repair and tenanted thus getting more money in
27. With a National move to a single benefit system (to encourage back-to-work) why are we discussing a separate benefit system at all? Abolish it! As for empty & 2nd property discounts - the problem relates to why the property is empty. As pensioner volunteers in disadvantaged majority world, non resident in UK and self funded from own pension + savings we had to pay Council Tax on flat in its part refurbished state - this didn't appear to be just! The rest of our property was producing a 'commercial rent' and tenants were paying Council tax which paid for all services they were using so why were we 'penalised' when doing self-funded charity work abroad - even when in UK on furlough most of our time was spent making the place fit to live in; for much of the 5 years it didn't even have a working toilet or bath!
28. The questions in the questionnaire are not broad enough and the Council has many bigger issues and therefore the questions are too narrow. The Council are the only one in the Country to give a private company land and money for a cemetery. Kidderminster and surrounding area are not being well run and are becoming run down and have high



unemployment, car parks are expensive and there is no direct route to the motorway to encourage new businesses.

Worcester has more to offer. Planning have not done enough for local businesses and there are not enough incentives given to encourage new businesses. The empty shop scheme is not good as other areas. Not enough has been done at the Sugar beet site. Unhappy about Wyre Forest giving themselves permission to build Wyre Forest house where they did when there is a brown field site next door which the Council is expecting private companies to pay more to develop.

29. Good questionnaire but cannot say what really think as the Council are only following Government rules.
30. Questions are limited and I would like to have left comments for each question. The whole of the benefits scheme needs looking at.
31. Council Tax benefit should be scrapped and the owner of each property should pay then everyone is paying something for the services which they use.

Joanne Wagstaffe  
Director of Resources  
1. Wyre Forest District Council,  
Wyre Forest House,  
Finepoint Way,  
KIDDERMINSTER  
DY11 7WF

Our ref: CTS/WFDC

12 October 2012

Dear Joanne,

**Response to Wyre Forest District Council's consultation on Council Tax Support**

I welcome the opportunity to contribute to your consultation exercise with regard to the localisation of Council Tax support. I also recognise the efforts made by colleagues at Wyre Forest District Council to consider how best to make some difficult decisions with regard to the localisation of Council Tax Support.

I have valued the approach taken by you to develop and maintain an open dialogue with my team in your development of a set of proposals as a result of Central Government's localisation of Council Tax support alongside at least a 10% cut in funding.

Worcestershire County Council estimates the financial gap created by this policy developed in Central Government to be at least £4 million across all Worcestershire local authorities, West Mercia Police and Hereford and Worcester Fire Service.

The latest estimate of the potential financial gap for Worcestershire County Council is in excess of £3 million alone for 2013/14. Working with colleagues from your local authority, the potential financial gap for Worcestershire County Council is £0.85 million in 2013/14 should the default scheme for Council Tax Support be operated by Wyre Forest District Council.

The main principles of our response to your consultation are that you should:

- confirm and implement changes set out in your consultation in 2013/14 to meet at least half of the Worcestershire County Council's financial gap subject to consideration of my comments on Class C exemptions; and
- support a fundamental review of the Council Tax Support system during 2013 in order to design a Council Tax Support scheme in 2014/15 that meets the County Council's financial gap fully in the future.

I welcome the measures that Wyre Forest District Council are currently consulting upon that seek to address more than half of the financial gap in 2013/14 and support those in full. In particular, the County Council is keen to support your proposals to limit the support provided to existing Council Tax

**Patrick Birch**

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Benefit claimants of working age to either 80% or 85% of entitlement as a way to addressing the financial gap.

I recognise this may involve difficult decisions around the levels of Council Tax Support and as such you have my support in continuing to review this area of expenditure. My view is that reform in this area is preferable in continuing to support increased employment and economic prosperity in Worcestershire as well as minimising the impact of Central Government's austerity agenda on vital services provided to residents and service users.

I am aware of changes being considered in some neighbouring County areas that intend to cover the full potential financial gap in 2012/13. Notably this includes:

- introducing smaller exemptions from Council Tax for Classes A and C; and
- reviewing eligibility criteria and calculations.

I request that Wyre Forest District Council considers the potential for further measures to be implemented with effect from 1 April 2014 to recover the full financial gap in 2014/15 in line with the aspiration agreed at the Worcestershire Leaders Board.

I also support the aim of developing a more open and timely sharing of data with regard to Council Tax Support particularly as it now has a direct financial interest in this area of District Council business. I am interested in exploring the topic of in year data sharing further with you to maintain and develop the already close working relationship between us.

I have provided a response in Attachment 1 rather than completing the Questionnaire as the questions are phrased more towards residents than the County Council. This covers those questions of relevance to the County Council in Part 2 to Part 5 of your Questionnaire.

Yours sincerely

A handwritten signature in black ink that reads "Patrick Birch". The signature is written in a cursive style with a large initial 'P'.

**Patrick Birch**  
**Director of Resources**

**Attachment 1: Response to Wyre Forest District Council**

Part 2: Council Tax changes

**Question 2:**

If you have a property which has been empty for a long time and is unfurnished and in need of renovation you don't have to pay Council Tax for a year. To what extent do you agree that this should be changed so the property owner would have to pay 50% of the Council Tax Bill for the first year and then full Council Tax after that?

Agree

**Question 3:**

If you have an unfurnished property which is empty and has had no one living in for a short time you don't have to pay Council Tax for six months. To what extent do you agree that this should be changed so the property owner would have to pay 50% of their Council Tax bill for the first six months and then full Council Tax after that?

Agree

**Question 4:**

To what extent do you agree that where a property has been repossessed, the mortgage lenders should be liable for the Council Tax on the property?

Agree

**Question 5:**

To what extent do you agree that those who own second homes should pay 100% of the Council Tax on the second property?

Agree

**Question 6:**

If someone has a long term empty property they currently have to pay 100% Council Tax. To what extent to you agree that they should have to pay more?

Agree

Part 4 – Your view on options

**Question 10:**

To what extent do you agree that the money saved from the proposed Council Tax changes (set out in part 2 of this questionnaire) are used to help fund the Council Tax Discount Scheme?

Strongly Agree

**Question 11:**

To what extent do you agree that the money saved from the proposed Council Tax Changes and eligibility changes (set out in parts 2 and 3 of the questionnaire) are used to help fund the Council Tax Discount Scheme?

Strongly Agree

**Question 12:**

To what extent do you agree that any reduction in support for paying Council Tax should be limited to 10%? (Please note pensioners' Council Tax Benefit will remain unchanged)

Disagree – based on the County Council's shared aspiration to recover the full financial gap and from an analysis of Wyre Forest District Council's figures, this requires a reduction in support of at least 15%

**Question 13:**

To what extent do you agree that any reduction in support for paying Council Tax should be limited to 5%? (Please note pensioners' Council Tax Benefit will remain unchanged)

Disagree – based on the County Council's shared aspiration to recover the full financial gap and from an analysis of Wyre Forest District Council's figures, this requires a reduction in support of at least 15%

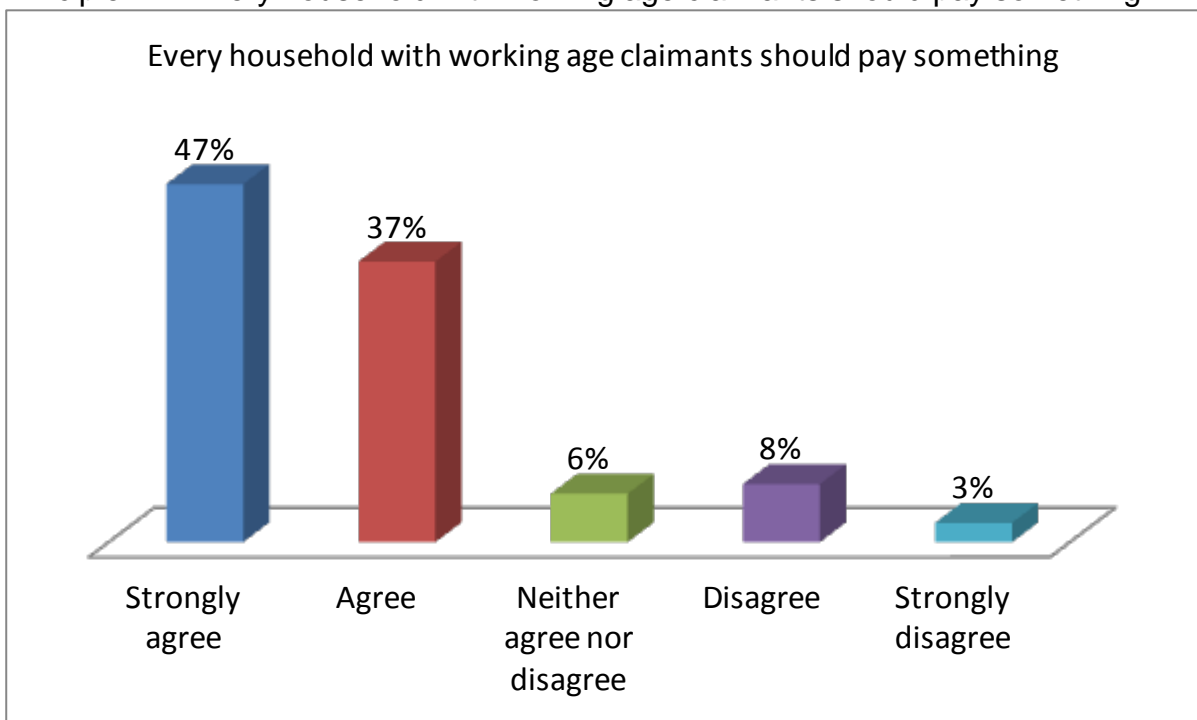
**Question 14:**

To what extent do you agree that families living in larger properties should have their support limited?

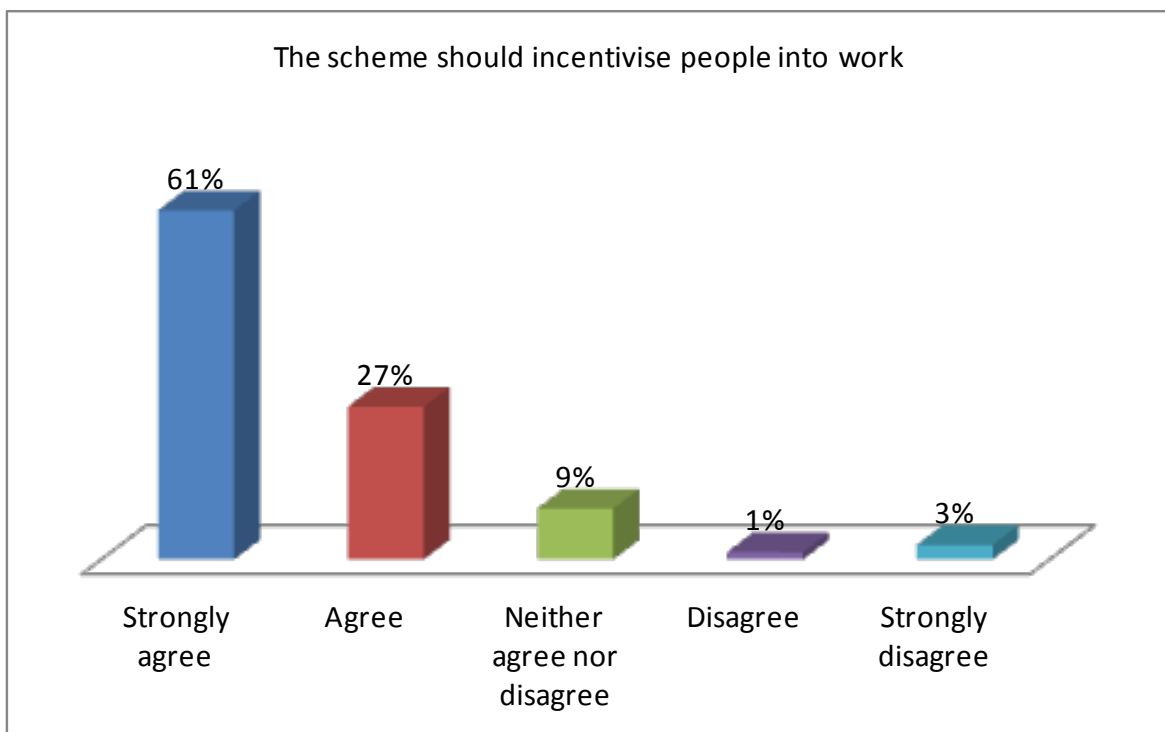
Agree – to be consistent with the other District Council consultations in Worcestershire.

**Council Tax Discount Scheme Responses**  
**Part 1 – The Principles**

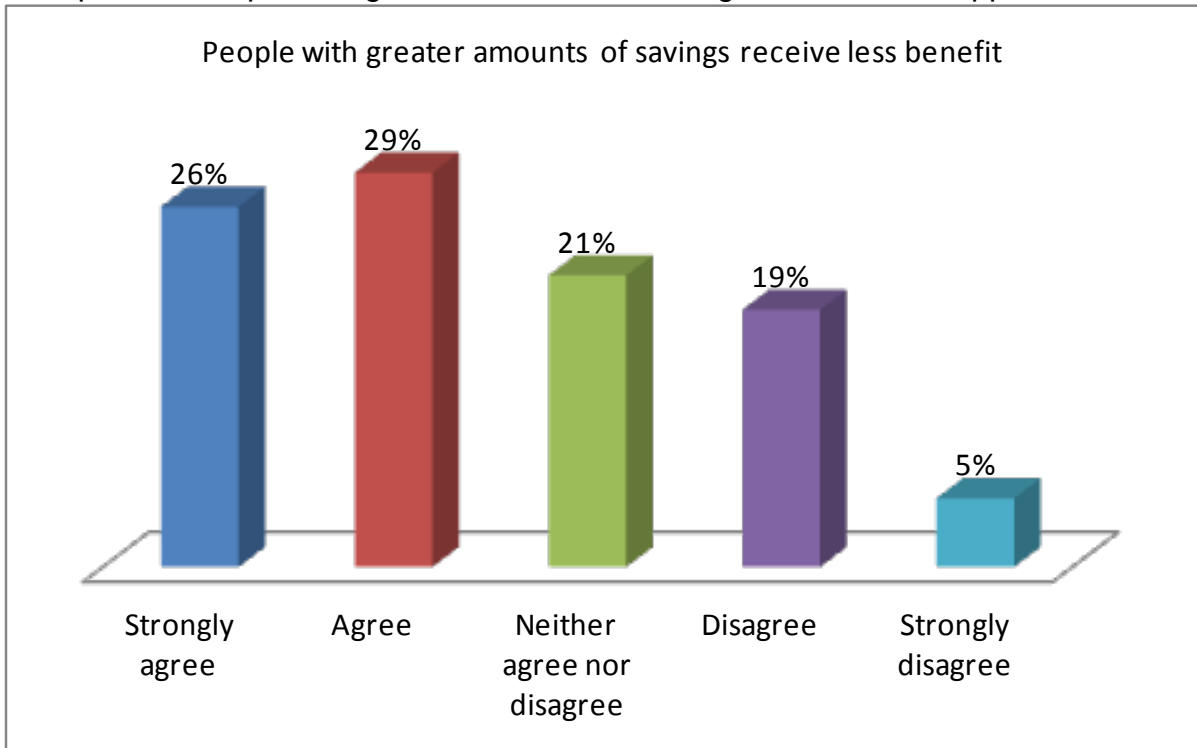
Principle 1 Every household with working age claimants should pay something.



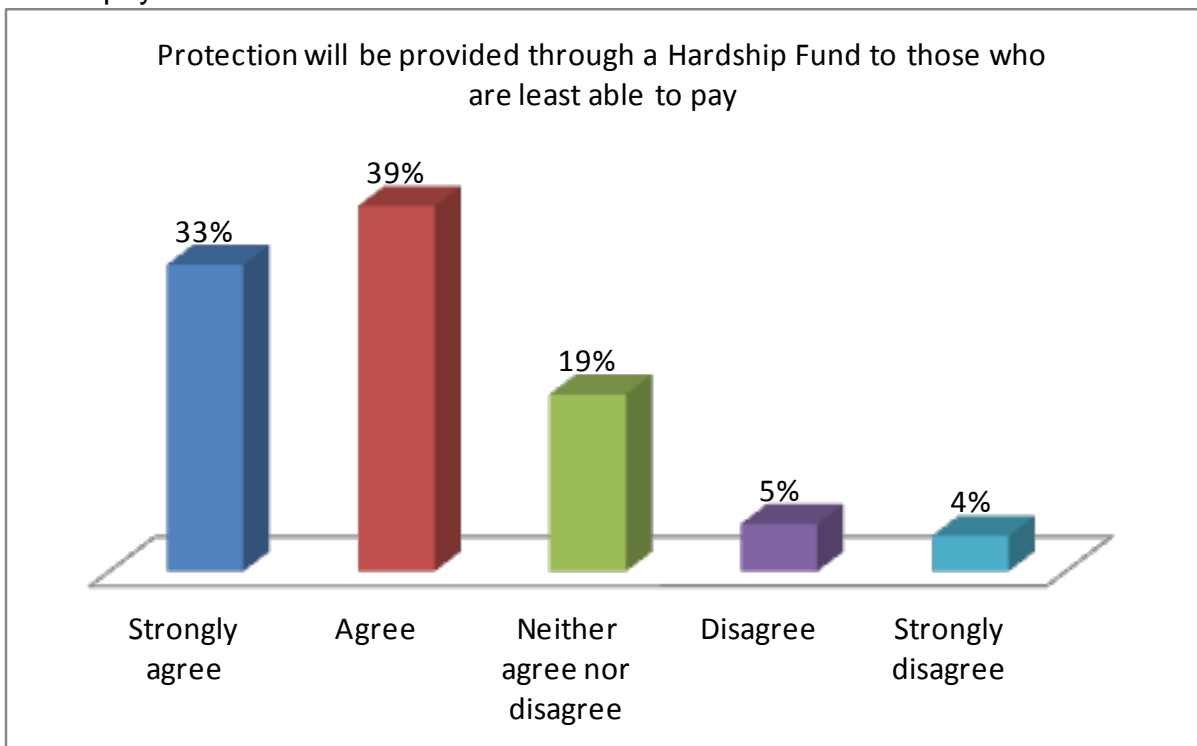
Principle 2 The scheme should incentivise people into work



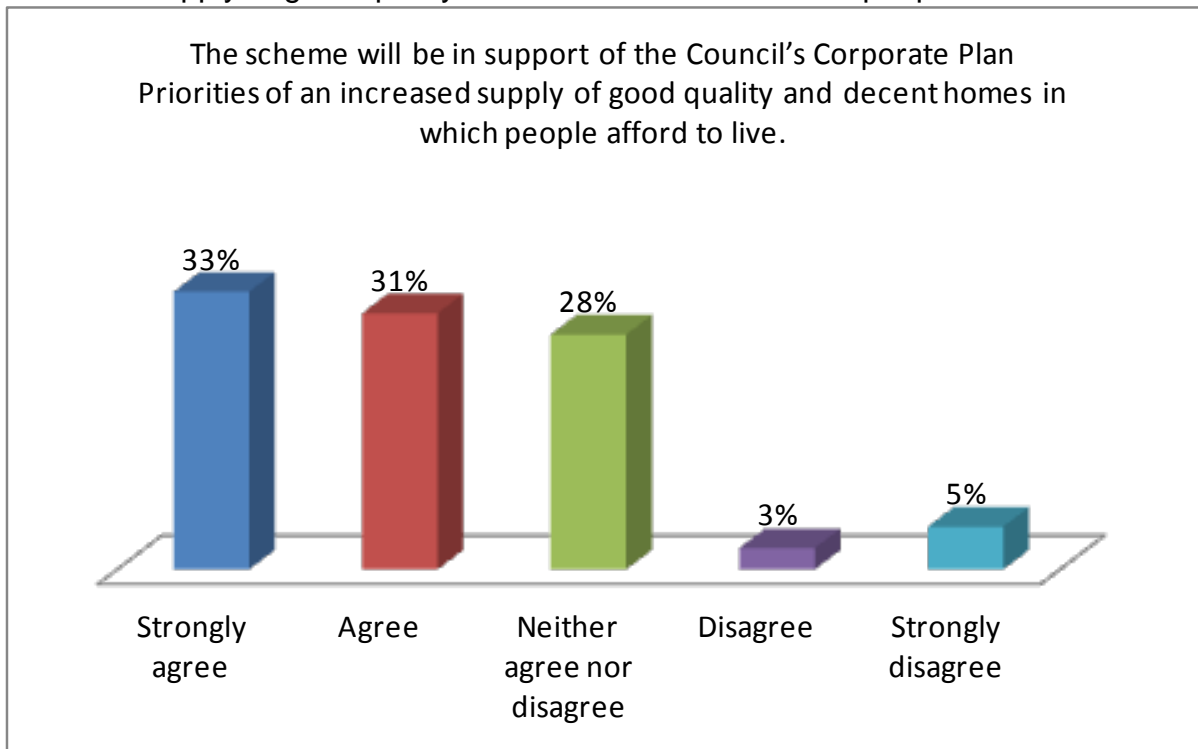
Principle 3 People with greater amounts of savings receive less support.



Principle 4 Protection will be provided through a Hardship Fund to those who are least able to pay.



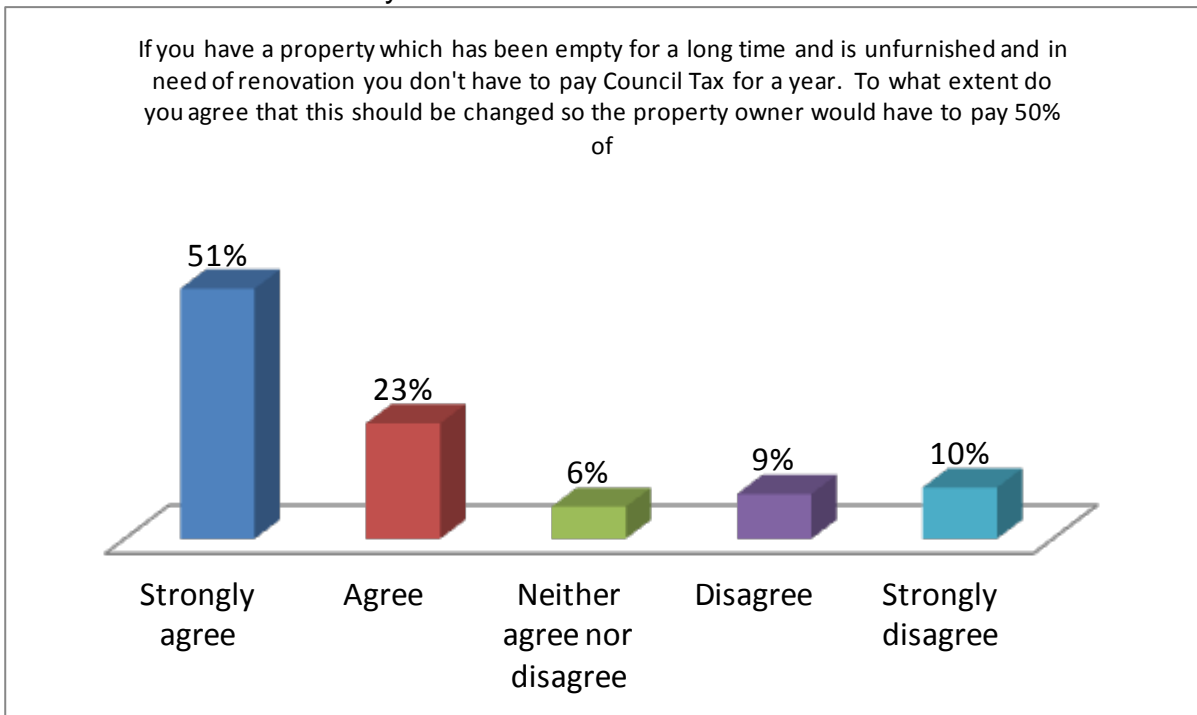
Principle 5 The scheme will be in support of the Council's Corporate Plan Priorities of an increased supply of good quality and decent homes in which people can afford to live.



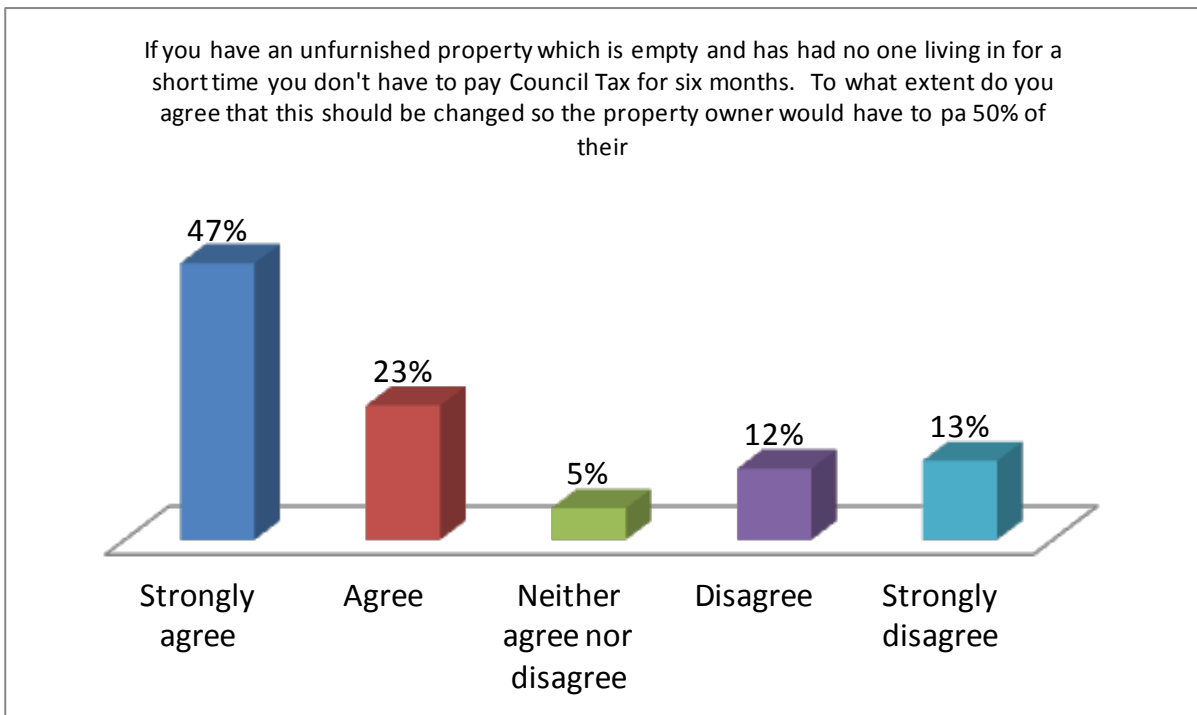


**Part 2 – Council Tax Changes**

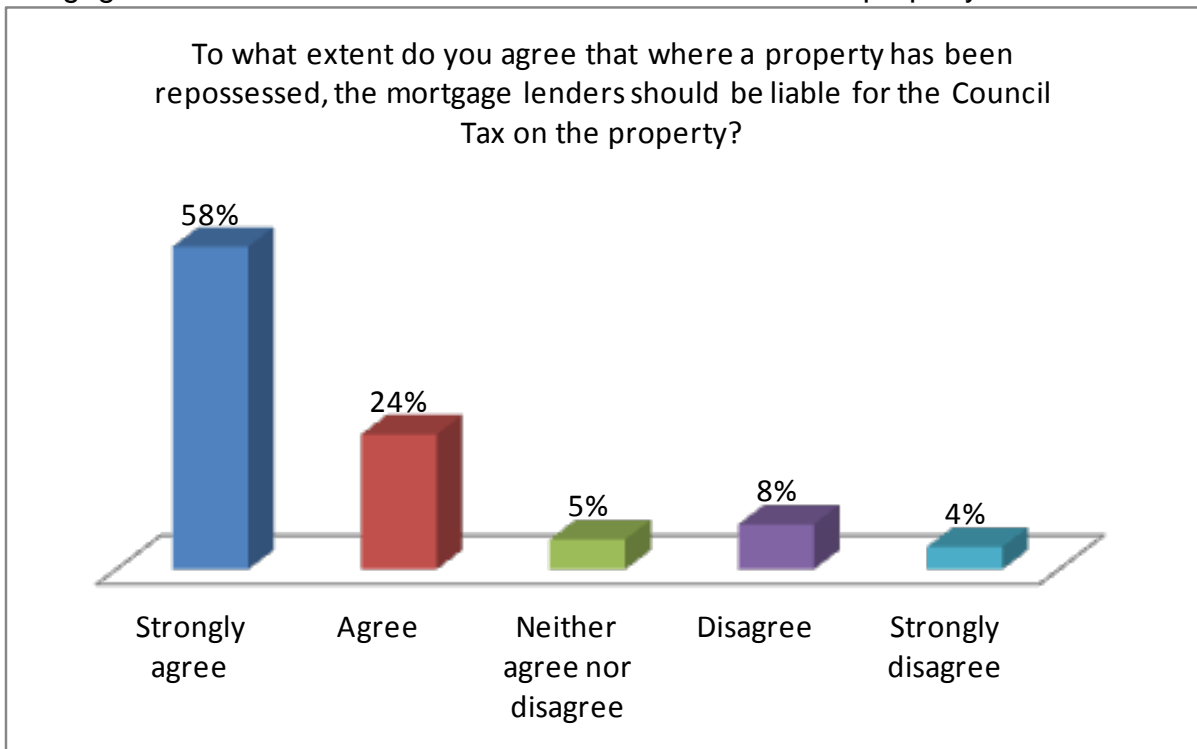
Q2 - If you have a property which has been empty for a long time and is unfurnished and in need of renovation you don't have to pay Council Tax for a year. To what extent do you agree that this should be changed so the property owner would have to pay 50% of the Council Tax bill for the first year and then full Council Tax there after?



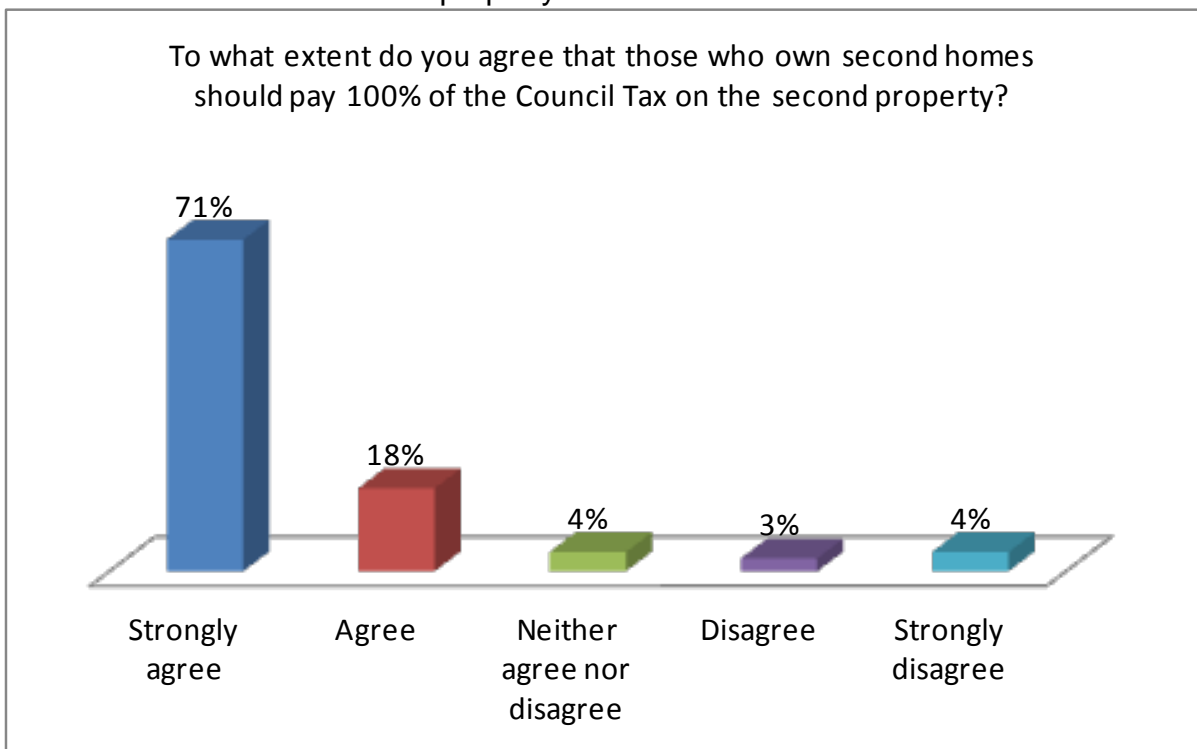
Q3 – If you have an unfurnished property which is empty and has had no one living in for a short time you don't have to pay Council Tax for six months. To what extent do you agree that this should be changed so the property owner would have to pay 50% of their Council Tax bill for the first six months and then full Council tax after that



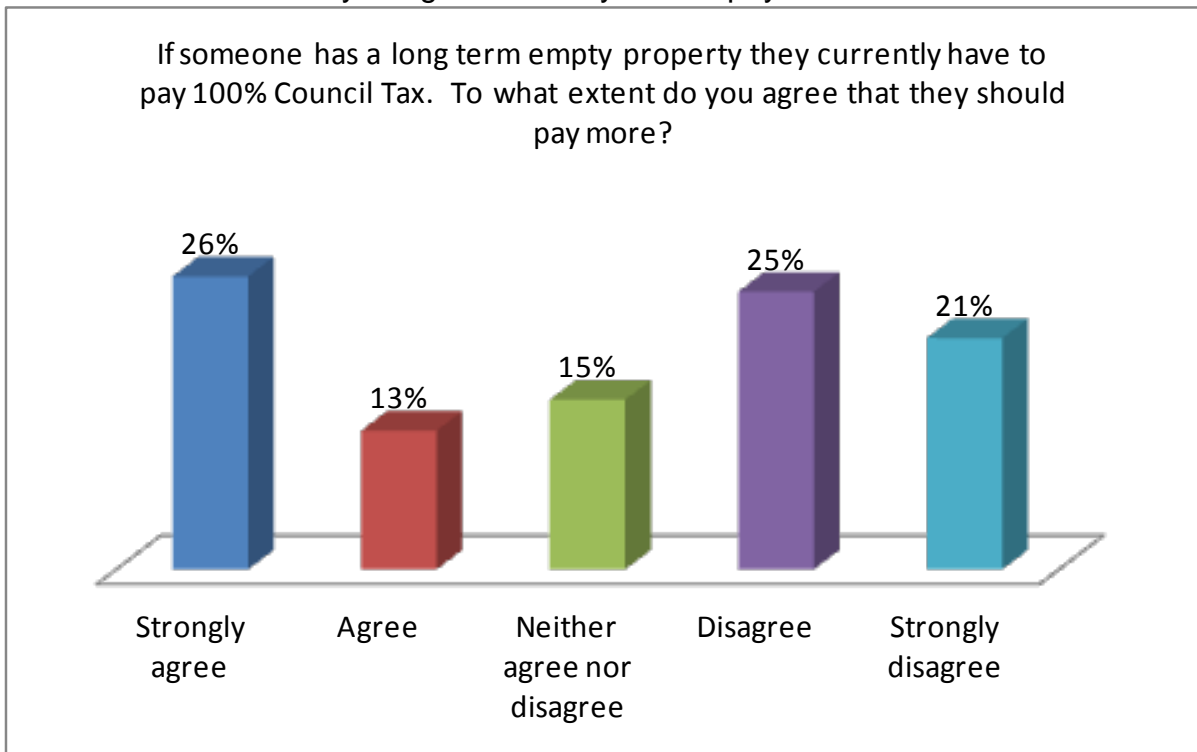
Q4 – To what extent do you agree that where a property has been repossessed, the mortgage lenders should be liable for the Council Tax on the property?



Q5 – To what extent do you agree that those who own second homes should pay 100% of the Council Tax on the second property?

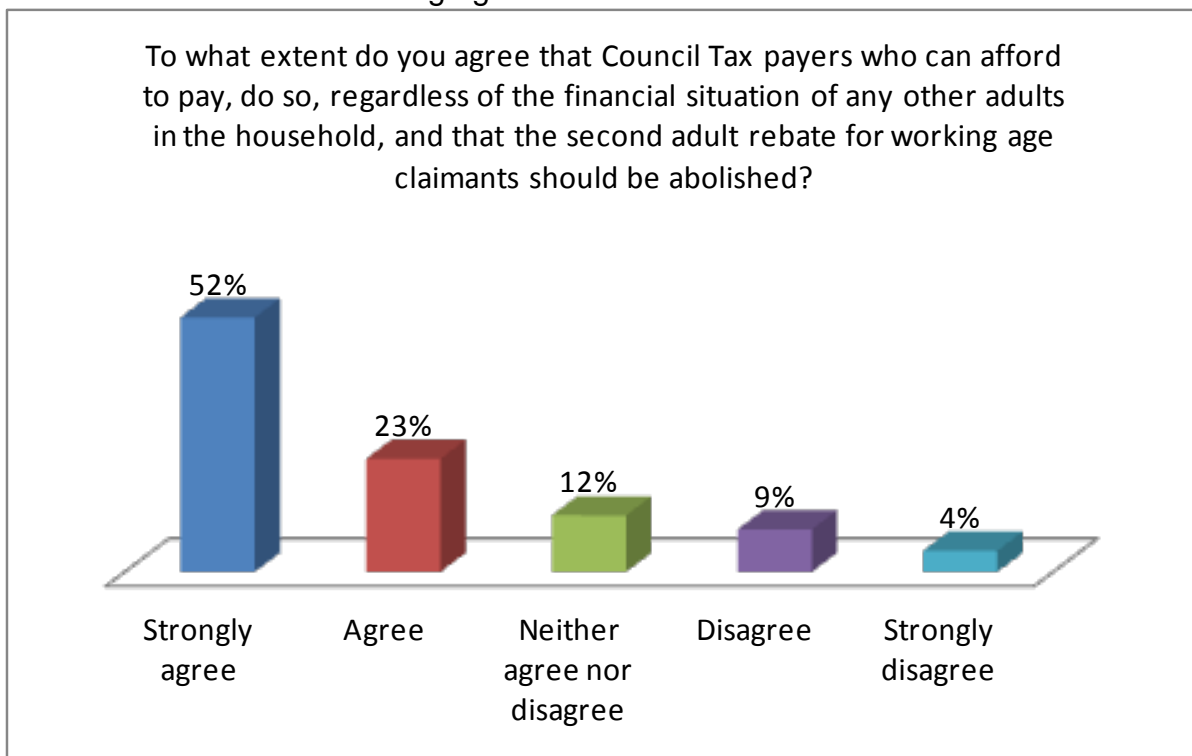


Q6 – If someone has a long term empty property they currently have to pay 100% Council Tax. To what extent do you agree that they should pay more?

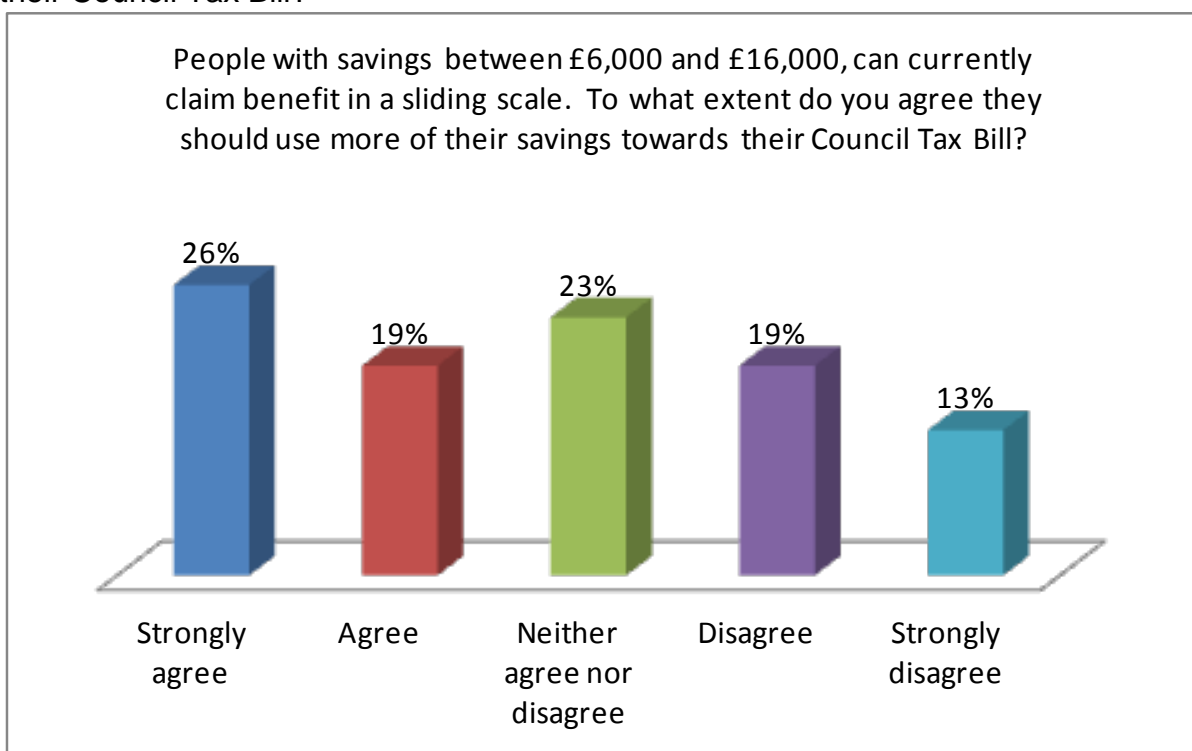


**Part 3 – Changes to Eligibility**

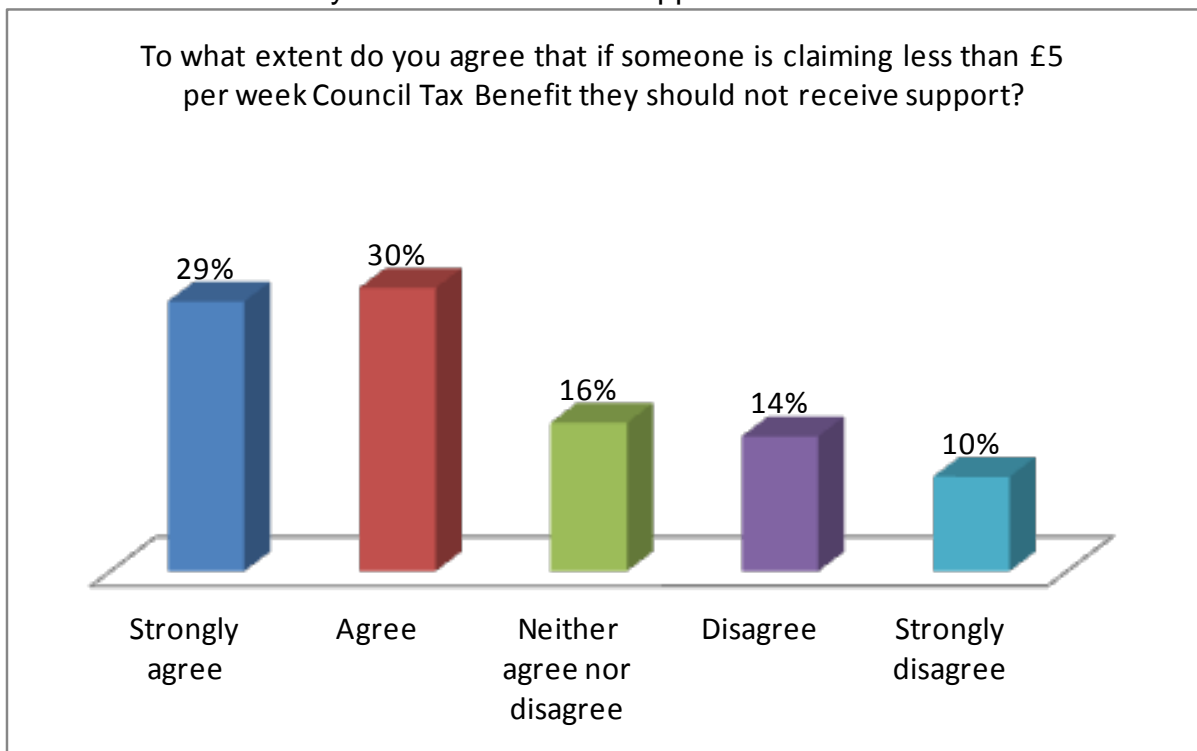
Q7 – To what extent do you agree that Council Tax payers who can afford to pay, do so, regardless of the financial situation of any other adults in the household, and that the second adult rebate for working age claimants should be abolished?



Q8 – People with savings between £6,000 and £16,000, can currently claim benefit in a sliding scale. To what extent do you agree they should use more of their savings towards their Council Tax Bill?

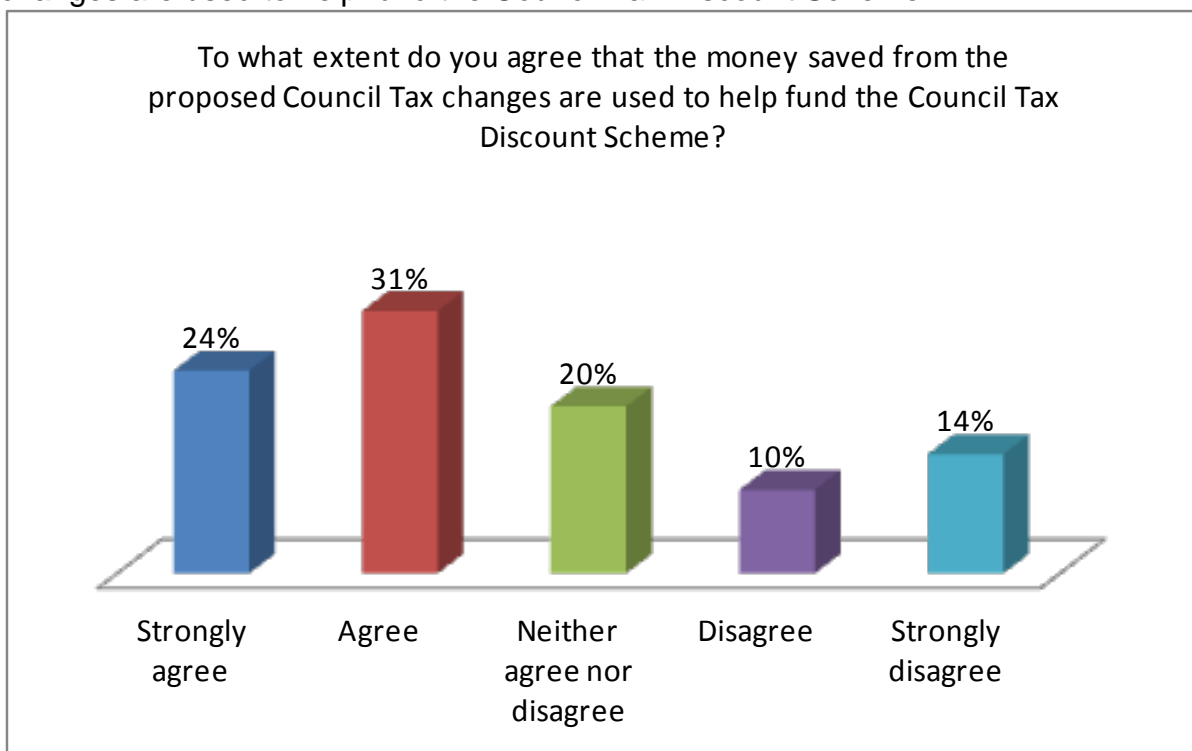


Q9 – To what extent do you agree that if someone is claiming less than £5 per week Council Tax Benefit they should not receive support?

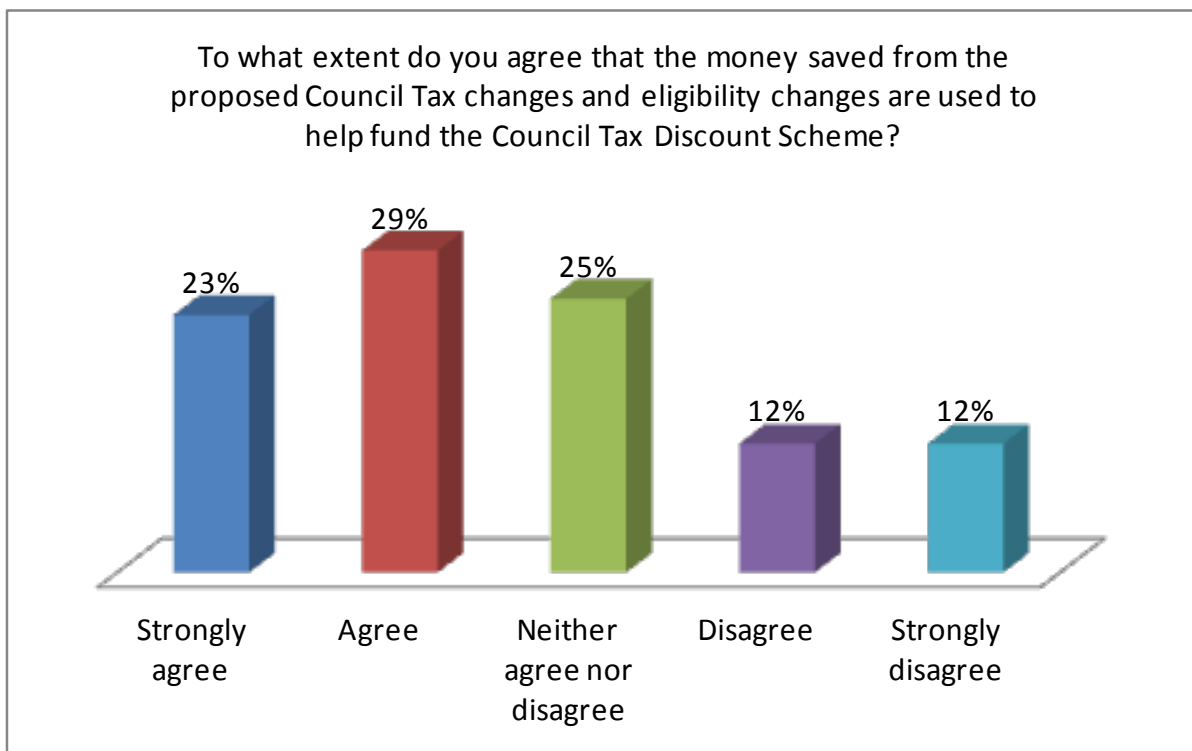


**Part 4 – Your Views on Options**

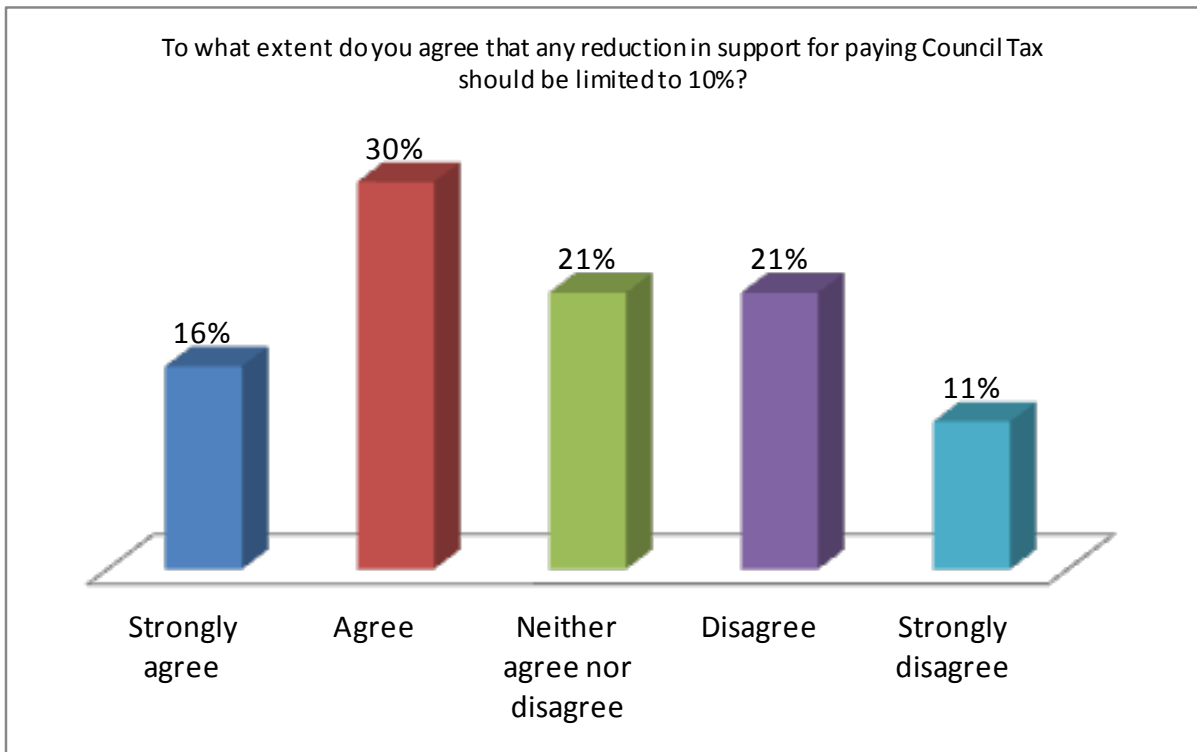
Q10 – To what extent do you agree that the money saved from the proposed Council Tax changes are used to help fund the Council Tax Discount Scheme?



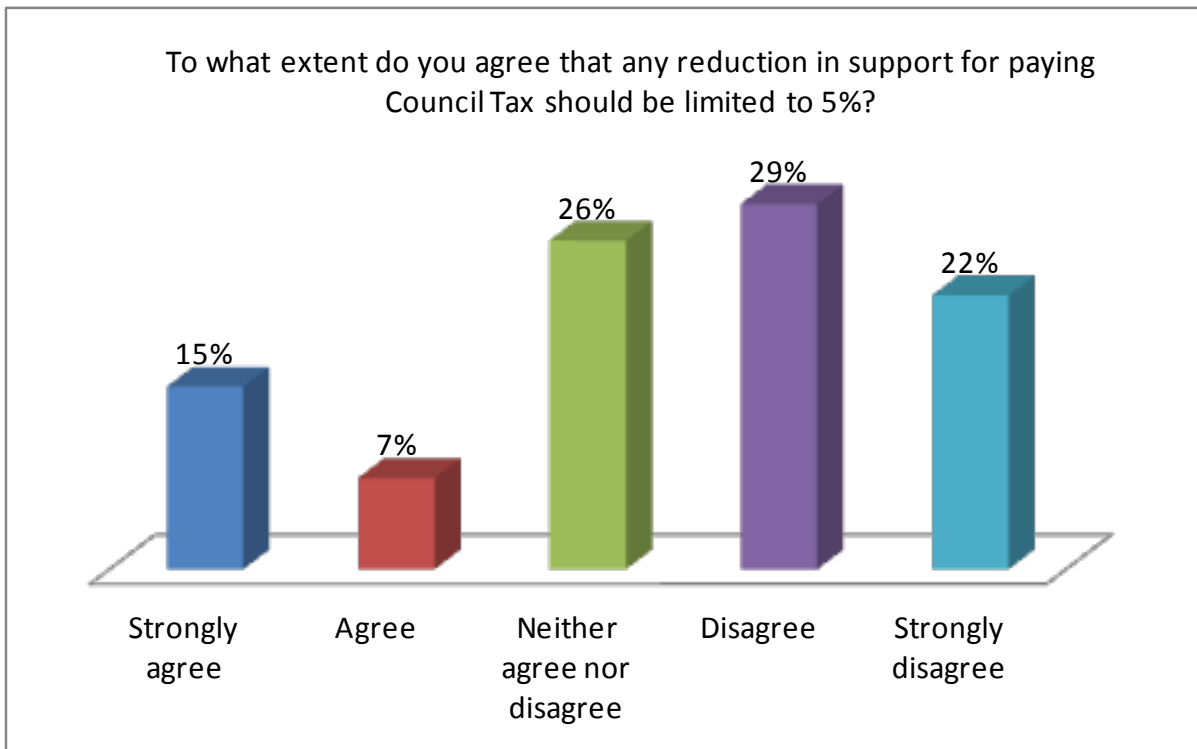
Q11 – To what extent do you agree that the money saved from the proposed Council Tax changes and eligibility changes are used to help fund the Council Tax Discount Scheme?



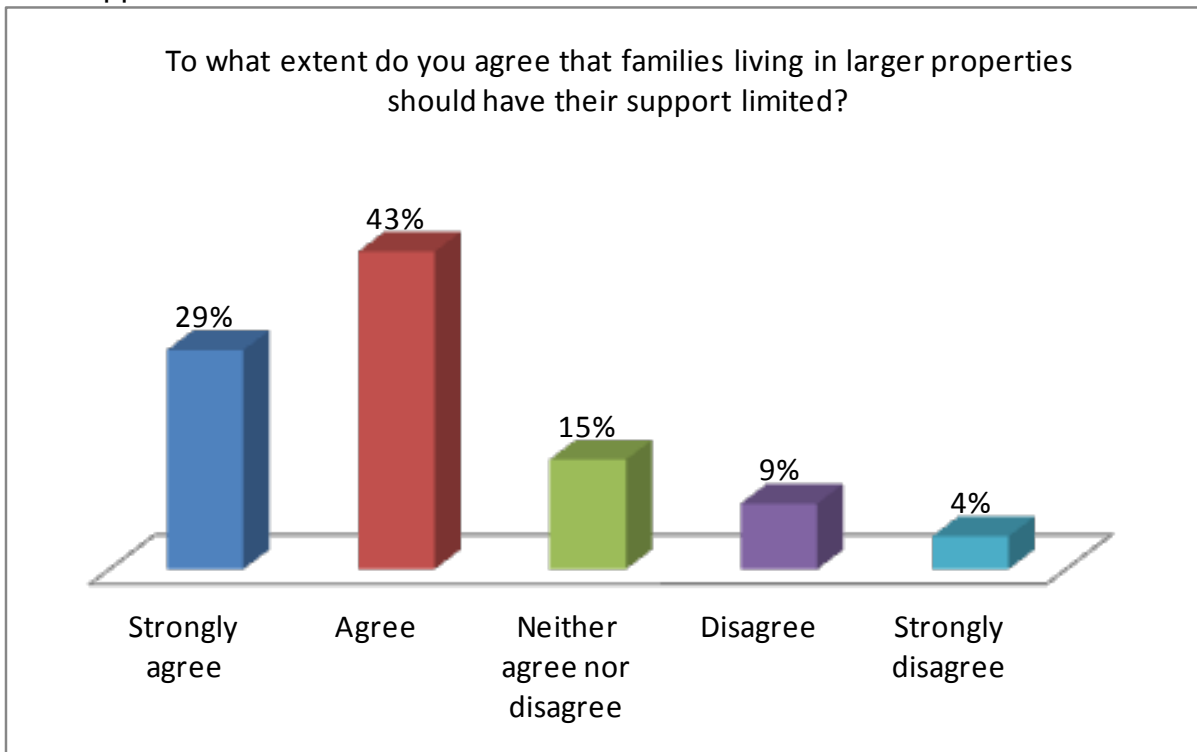
Q12 – To what extent do you agree that any reduction in support for paying Council Tax should be limited to 10%?



Q13 – To what extent do you agree that any reduction in support for paying Council Tax should be limited to 5%?



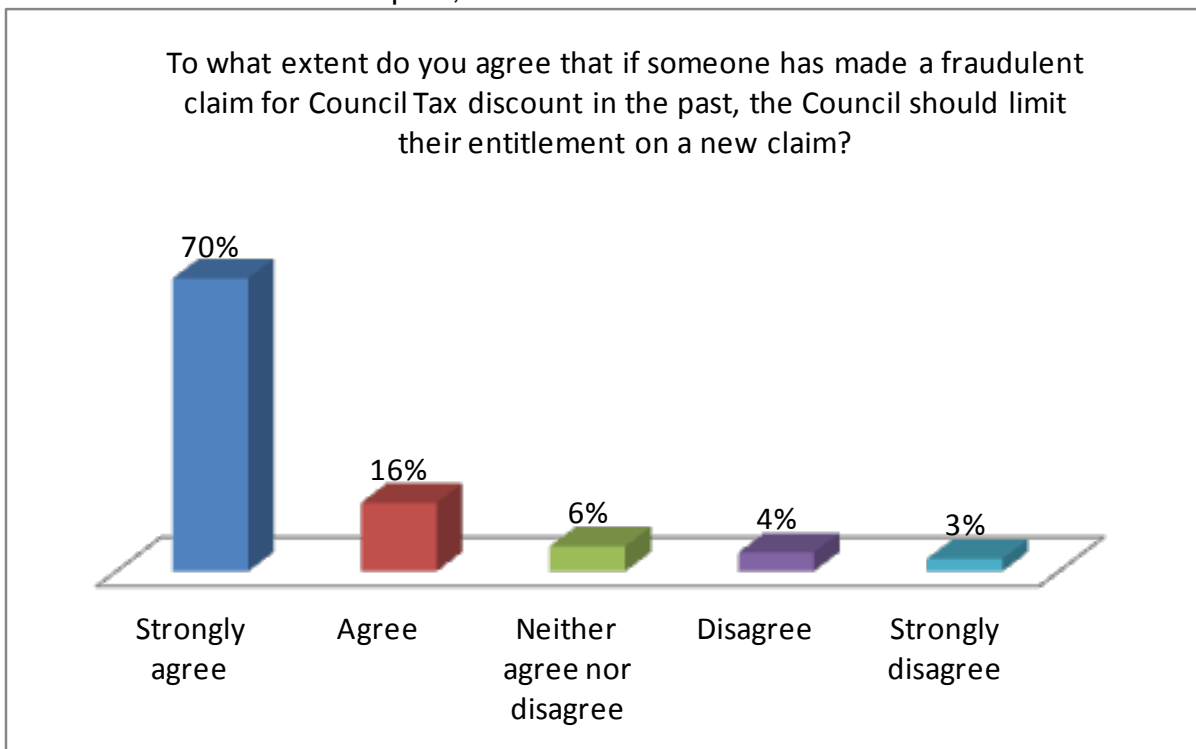
Q14 – To what extent do you agree that families living in larger properties should have their support limited?



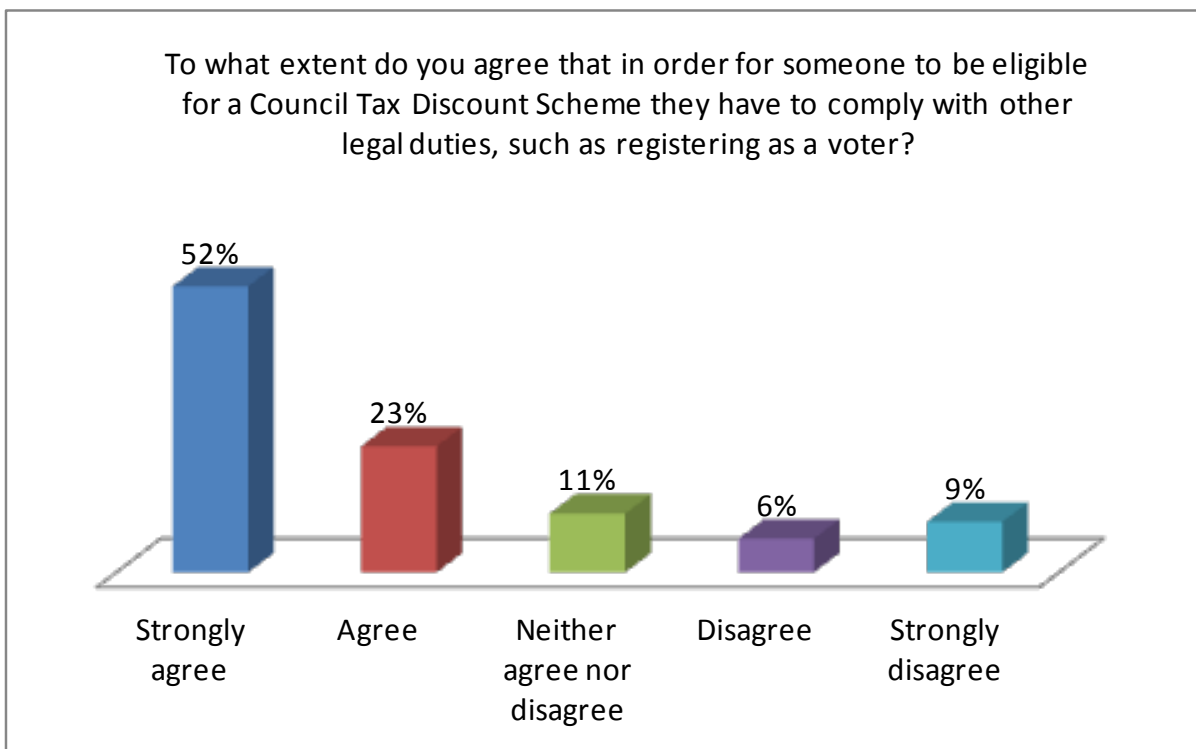


**Part 5 – Other Options to Consider**

Q15 – To what extent do you agree that if someone has made a fraudulent claim for Council Tax discount in the past, the Council should limit their entitlement on a new claim?



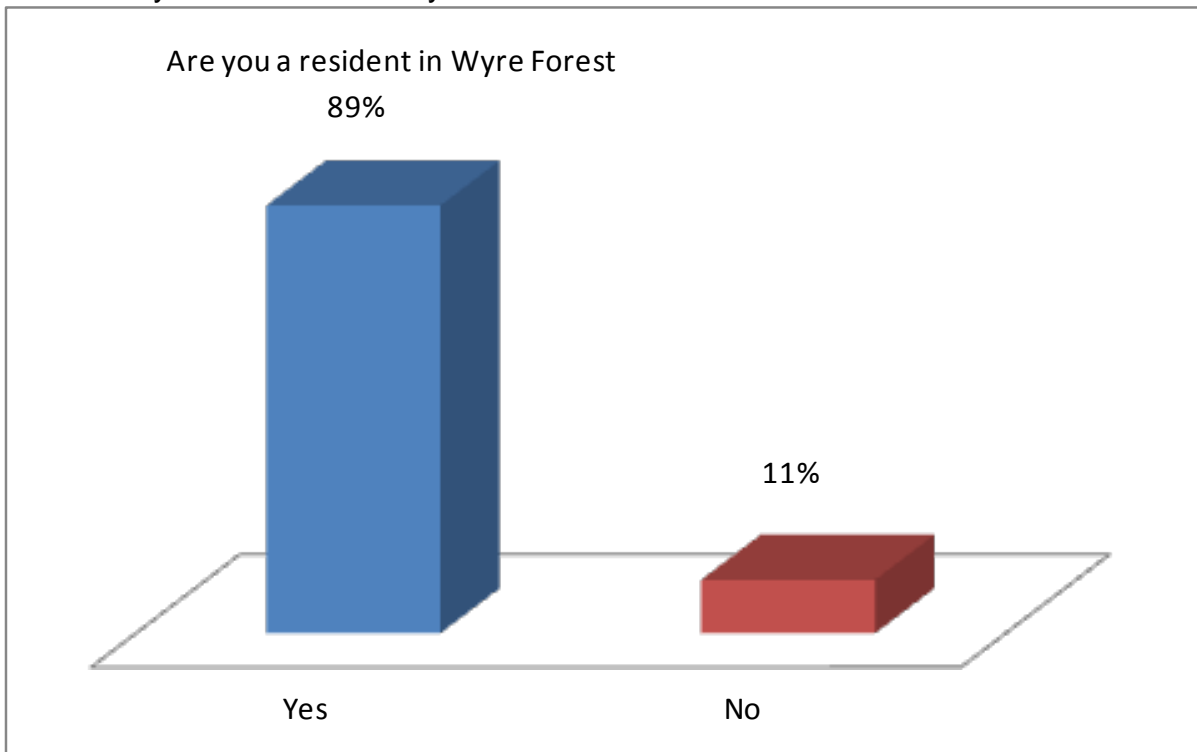
Q16 – To what extent do you agree that in order for someone to be eligible for a Council Tax Discount Scheme they have to comply with other legal duties, such as registering as a voter?



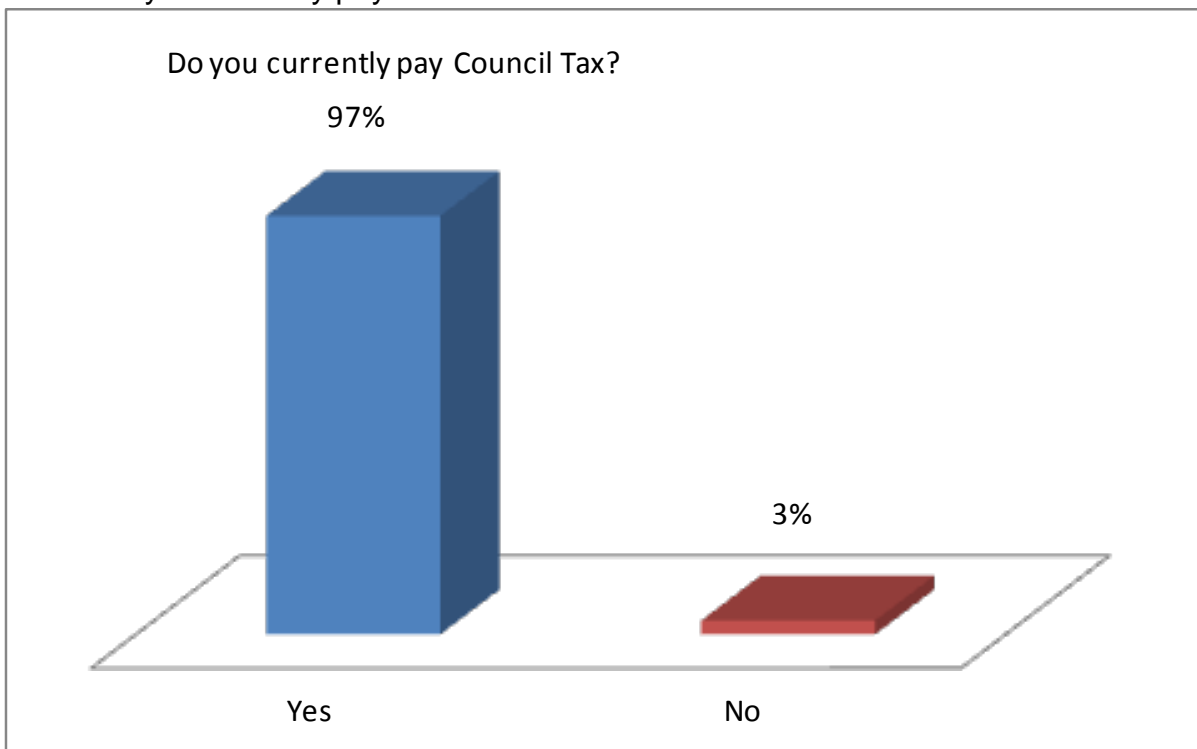
Q17 - For responses to this question please see Appendix 2 and 3.

**Part 6 – About You**

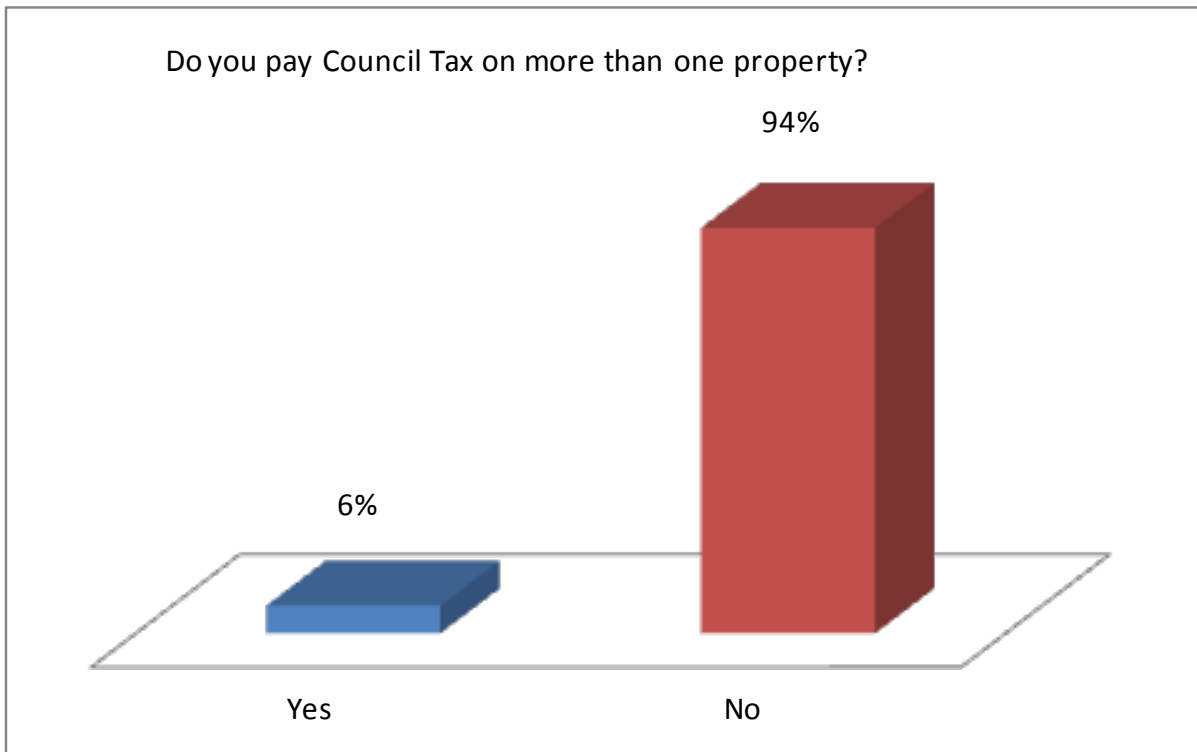
Q18 – Are you a resident in Wyre Forest



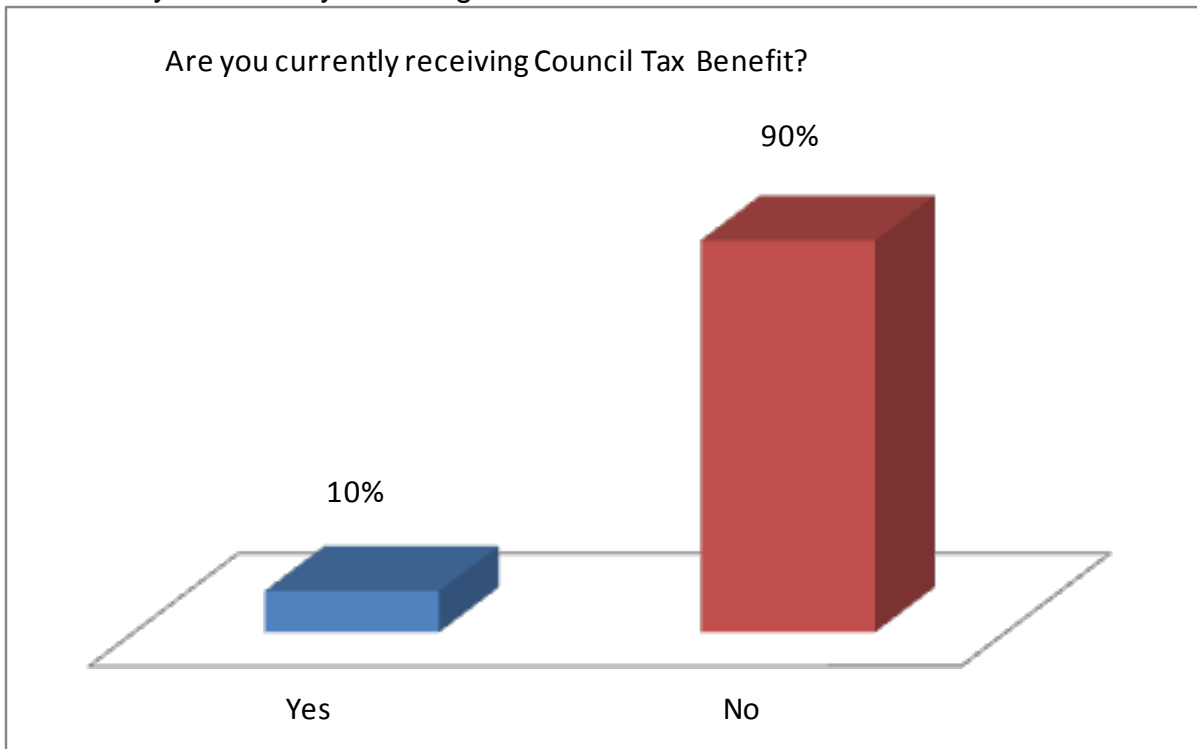
Q19 – Do you currently pay Council Tax?



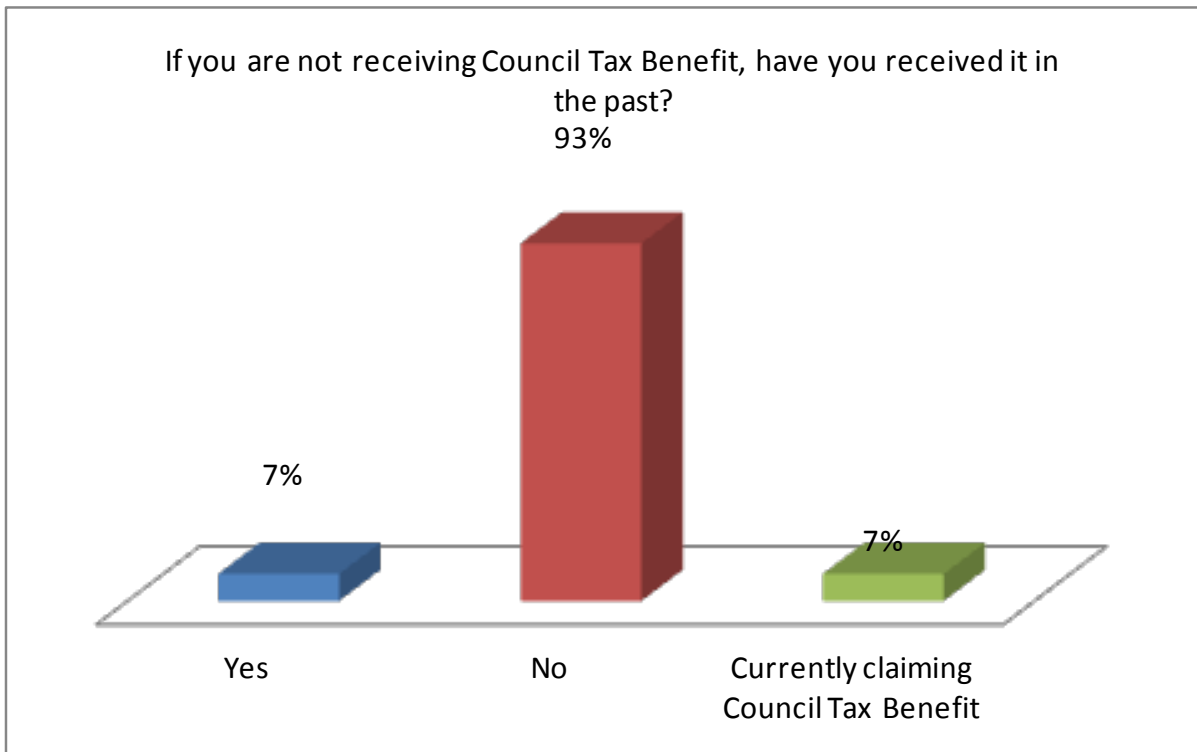
Q20 – Do you pay Council Tax on more than one property?



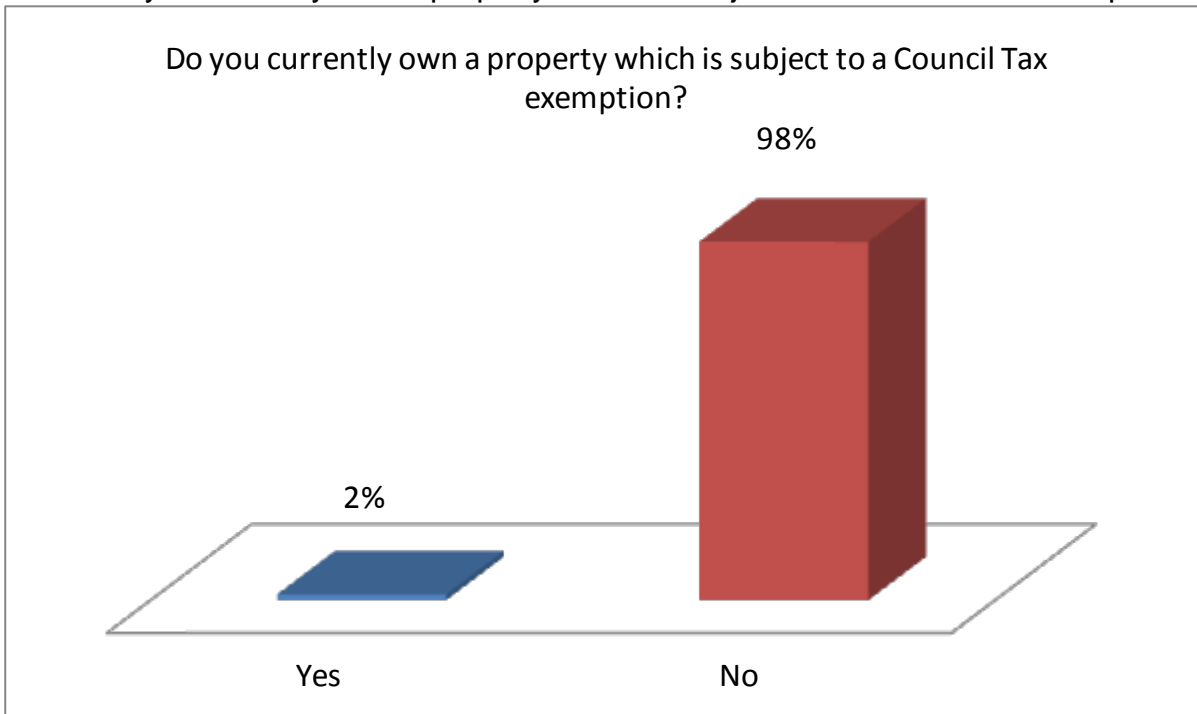
Q21 – Are you currently receiving Council Tax Benefit?



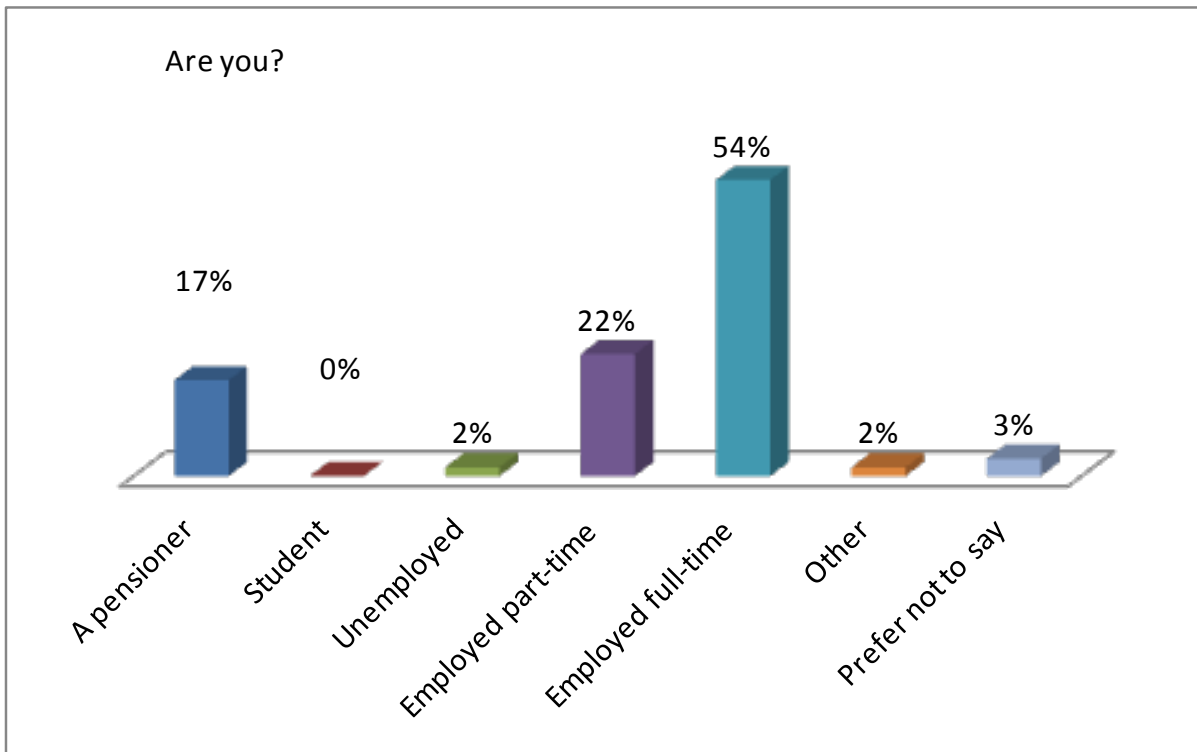
Q22 – If you are not receiving Council Tax Benefit, have you received it in the past?



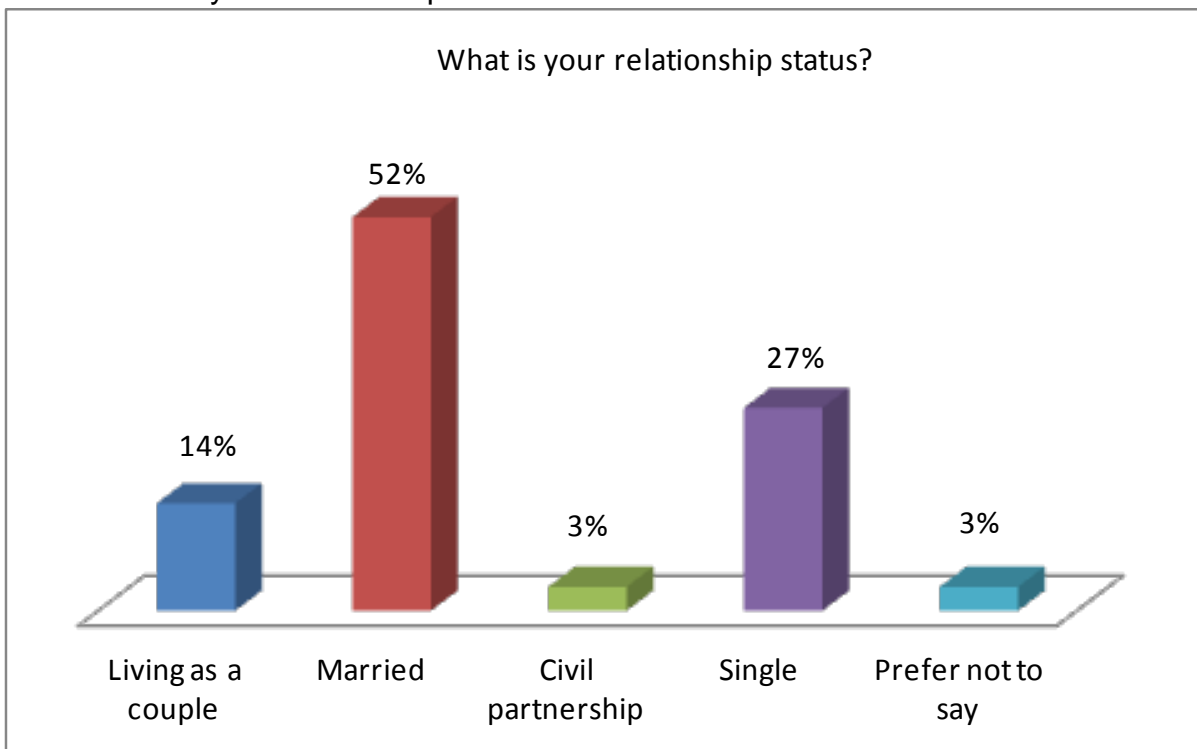
Q23 – Do you currently own a property which is subject to a Council Tax exemption?



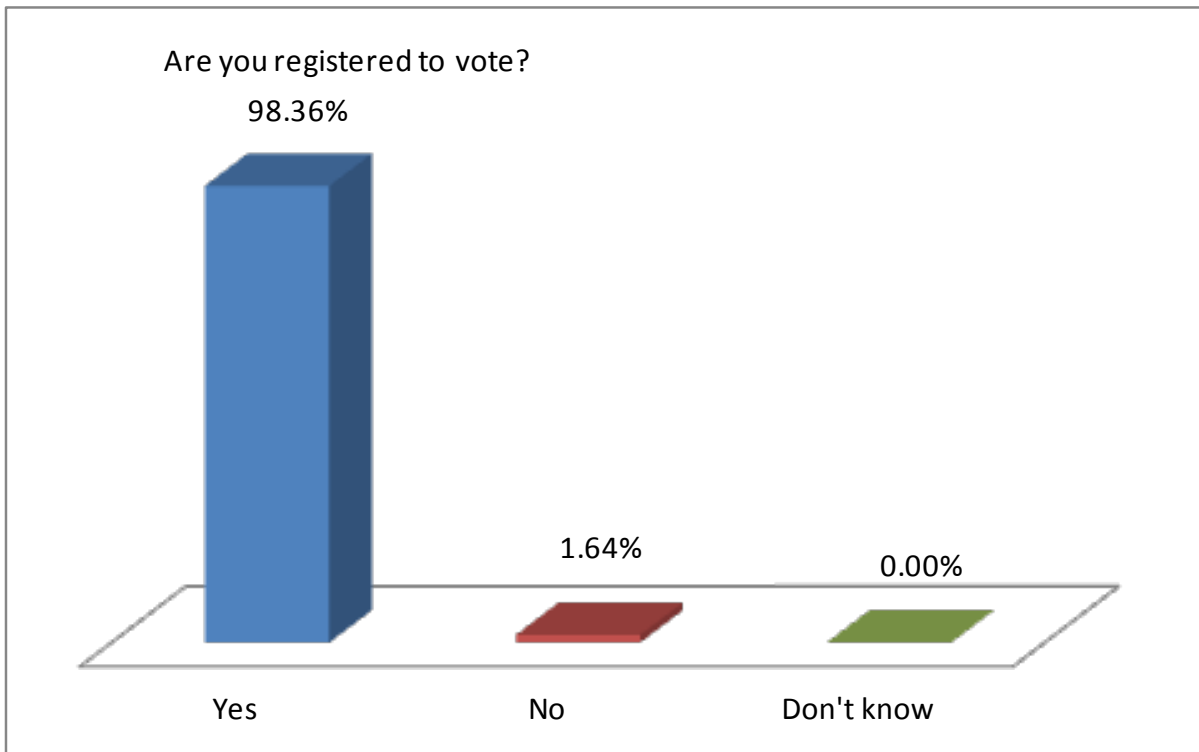
Q24 – Are you?



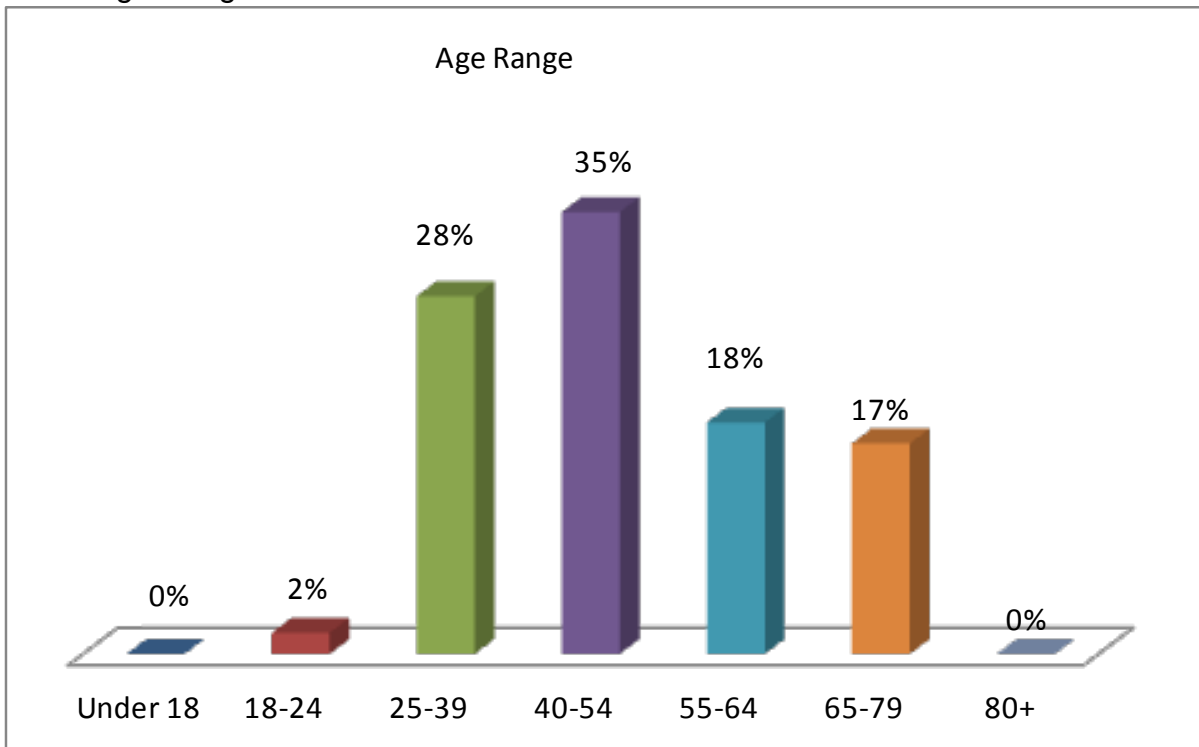
Q25 – What is your relationship status?



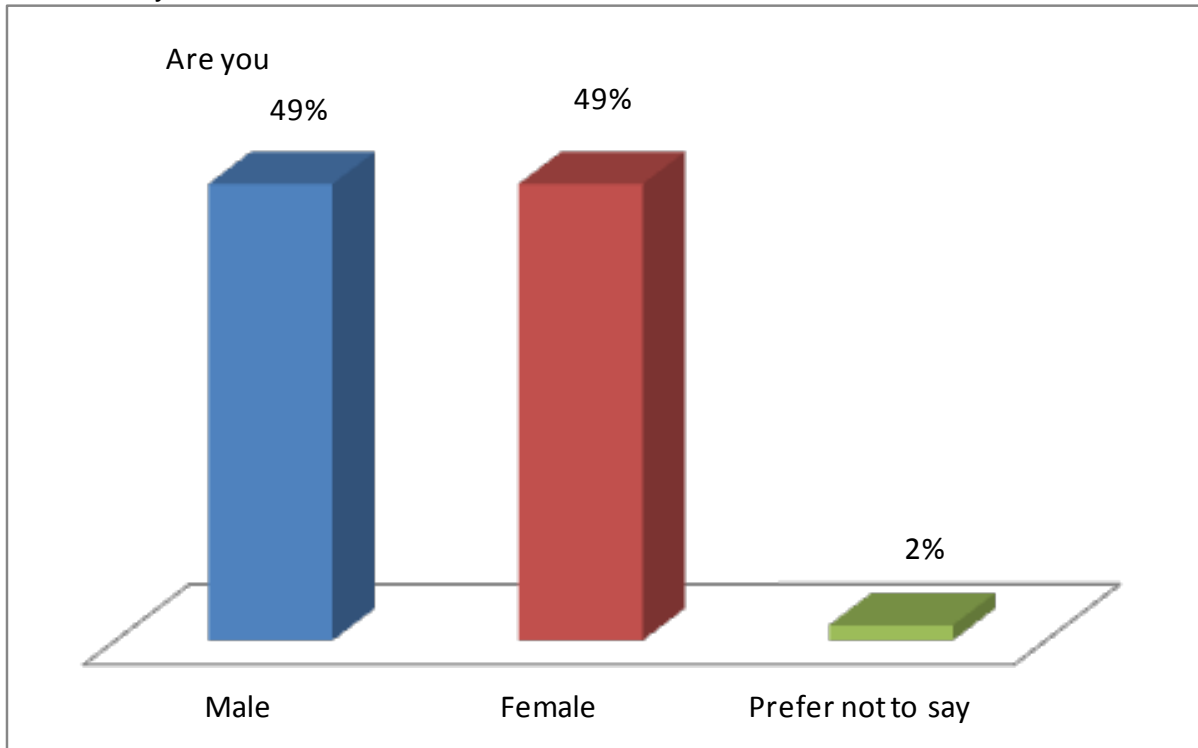
Q26 – Are you registered to vote?



Q27 – Age Range



Q28 – Are you



**DRAFT****Hardship Funding for Local Council Tax Discount – Policy and Guidance****Introduction**

Hardship Funding is not a payment of Benefit or Local Council Tax Discount. They are stand-alone payments made at the discretion of the local authority, subject to an annual cash limit, in cases where the local authority considers that extra help with Council Tax liability is needed as a result of the Local Council Tax Discount scheme introduced from April 2013.

**Legislation**

The Local Government Finance Bill was introduced to Parliament on 19<sup>th</sup> December 2011. The Bill makes provision for the localisation of council tax support in England by imposing a duty on billing authorities to make a localised council tax discount scheme by 31<sup>st</sup> January 2013. This new local council tax discount replaces Council Tax Benefit from April 2013.

**Policy on eligibility for Hardship Funding**

- Only Customers of working age status are eligible to make an application
- Only working age Customers who are in receipt of local council tax discount can make an application
- We must be satisfied that the Customer requires further help towards his/her council tax liability
- The Hardship Funding is only in respect of Council Tax and no other housing related costs. We will use the Hardship Fund to reduce potential council tax arrears and recovery action which would generate additional costs to the Customer.
- There is no limit on the numbers of customers who will be able to apply for Hardship Funding. However we will not exceed our overall Hardship Funding Budget set by the Council each year

**Duties of the Customer**

- The Customer must provide such information as we may require to make a decision or to look again at a decision.
- The Customer must notify us of any change in circumstances that may be relevant to the continuation of their Hardship Fund award.
- The Customer must give us such other information as we may require in connection with their application.



**DRAFT**

**Factors that we will take into account in reaching a decision will include:**

- The extent of the council tax liability, including whether the Customer has any capital or disregarded income which can be used to meet it or whether anyone else is able and willing to help to meet it
- What steps has the Customer taken to alleviate the problem?
- We will determine if the Customer has any special circumstances which affect living costs and the choice of where to live – e.g. single parent, disabled, under threat of violence, children at local school etc
- We will compare expenditure costs with similar properties and family size if possible
- Is there cheaper suitable accommodation available in the locality to which the Customer can move? Could the customer let out any spare bedrooms in the house to tenants?
- Does the Customer or anyone in his/her household suffer from a health problem illness, or disability which means that his/her choice of housing is restricted either temporarily or permanently?
- Does the Customer have other debts to pay which make paying the council tax bill more difficult?
- Does the Customer or anyone in his household have any unusual or unusually large expenses which make it harder than normal for the Customer to pay the council tax bill (e.g. frequent travel to hospital)?
- Has there been a change in circumstances which makes it more difficult to pay the council tax bill?
- Could the Customer reduce other outgoings and therefore reduce the hardship him/herself? It is reasonable to look at the Customer's spending patterns in order to ascertain whether he is able to avoid any hardship. It may be reasonable to expect expenditure to be reduced on non-essential items (e.g. mobile phones, cable television other than main terrestrial channels, running a car, entertainment etc)

**Administration of Applications**

Applications for Hardship Funding must be made on the Hardship Funding Application Form.

If an application is approved the Customer will be issued with a revised Council Tax Bill and a covering letter to confirm the period and amount of award.

If an application is not approved the Customer will be advised by letter and given the opportunity to ask us to reconsider the decision, which must be made in writing.

- The council will ensure that the Hardship Funding is promoted, on the back of the council tax bills and on their website.
- All Revenues, Benefits and Customer Service Staff will be aware of the Funding and be able to give appropriate advice.

- The duration and level of the award will be determined individually for each application.
- Awards will be set at a weekly amount.
- All awards will cease on or before 31<sup>st</sup> March each year, being the end of the financial year.
- When an award period comes to an end the claimant will be required to reapply for Hardship Funding and their circumstances will be reviewed. There will only be one award period per financial year.
- An award of Hardship Funding will not exceed the applicant's Council Tax liability.
- There is no prescribed time limit for the supply of information in support of a Hardship Funding application, but Customers should be advised that their applications may not always be backdated.
- Payment will be credited to the Customer's Council Tax account.
- As this is a local discretionary Hardship Fund and not dictated by Regulations, the council will decide the date an application should be treated as having been made or the date that an award should start or end – each case will be considered on its merits, including request to backdate such awards.

### **Repeat Applications**

Where an application is granted, only one application per financial year per Customer will be accepted.

Where the Customer could have taken action, but has failed to do so, then it is less likely that there will be a positive decision to pay a repeat award of Hardship Funding in the following financial year.

In cases where the Customer is unable to reduce expenditure, and circumstances remain the same (or worse), generally the decision would be to continue to make further awards of Hardship Funding in future financial years as long as the budget was available.

### **Reconsidering Decisions**

If a Customer disagrees with a decision we have made they will be given one calendar month to ask us – in writing - to reconsider.

When we are asked to reconsider a decision the case will be passed to the Manager for re-consideration and will review the reasons for the original decision and take in to account any new information supplied. The Customer will then be informed in writing of the reviewed decision. There is no further right of appeal within the council.

**WYRE FOREST DISTRICT COUNCIL**

**Overview and Scrutiny Committee  
8<sup>th</sup> November 2012**

**Recommendations from Cabinet 23<sup>rd</sup> October 2012**

**Council Tax Benefit Reform**

The Committee had considered a report from the Director of Resources on the Council Tax Benefit Reform.

The Cabinet Member for Resources and Transformation outlined the content of the report and informed Members that the consultation process had been helpful when making the recommendations. These would be presented to the Overview & Scrutiny Committee for their comments and be reported to Cabinet at their November 2012 meeting.

**Decision:**

**To Recommend to the Overview and Scrutiny Committee that:**

- 1. The principles for the scheme as set out in paragraph 5.3 of the report to Cabinet be approved.**
- 2. The changes to the Council Tax exemptions as set out in paragraph 5.6 of the report to Cabinet be approved.**
- 3. The changes to the eligibility criteria for access to Council Tax support as set out in paragraph 5.12 of the report to be Cabinet be approved.**
- 4. Option 3 as detailed in the report to Cabinet be adopted and limit the support available to people of working age to 90% of their Council Tax liability.**
- 5. A Hardship Fund be created with a maximum contribution from Wyre Forest District Council of £25,000 per annum and the proposed criteria for administering the fund included in Appendix 5 of the report to Cabinet be approved.**

**WYRE FOREST DISTRICT COUNCIL**

**OVERVIEW AND SCRUTINY COMMITTEE**

**8<sup>TH</sup> NOVEMBER 2012**

**Treasury Management Strategy Statement and  
Annual Investment Strategy  
Mid-year Review Report 2012/13**

<b>OPEN</b>	
<b>SUSTAINABLE COMMUNITY STRATEGY THEME:</b>	Stronger Communities
<b>CORPORATE PLAN PRIORITY:</b>	Delivering Together, With Less
<b>CABINET MEMBER:</b>	Councillor N J Desmond
<b>DIRECTOR:</b>	Director of Resources
<b>CONTACT OFFICERS:</b>	Joanne Wagstaffe - Ext. 2100 joanne.wagstaffe@wyreforestdc.gov.uk Tracey Southall - Ext. 2125 tracey.southall@wyreforestdc.gov.uk
<b>APPENDICES:</b>	Appendix 1 - Prudential and Treasury Indicators

**1. PURPOSE OF REPORT**

- 1.1 To provide Members with a mid-year review of the Council's treasury management policies, practices and activities in accordance with the revised CIPFA Treasury Management Code of Practice.

**2. RECOMMENDATION**

**The Overview and Scrutiny Committee is asked to:-**

- 2.1 **Note this Treasury Management Mid-year Review.**
- 2.2 **Recommend this Mid-year Review and updated Prudential Indicators to Cabinet on 12<sup>th</sup> November 2012 for final approval by Council on 21<sup>st</sup> November 2012.**

**3. BACKGROUND**

- 3.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.
- 3.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term

cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

3.3 As a consequence, Treasury management is defined as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

3.4 The Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management 2011 was adopted by this Council on 29<sup>th</sup> February 2012.

3.5 The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council’s Treasury Management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the Full Council of an Annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Treasury Management Review Panel who will consider and endorse this report on 6<sup>th</sup> November 2012, and make recommendations to the Overview and Scrutiny Committee to be held on 8<sup>th</sup> November 2012. Cabinet and Council approval will then be sought.

3.6 This mid-year report has been prepared in compliance with CIPFA’s Code of Practice on Treasury Management, and covers the following:

- An economic update for the first six months of 2012/13;

- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure (prudential indicators);
- A review of the Council's investment portfolio for 2012/13;
- A review of the Council's borrowing strategy for 2012/13;
- A review of any debt rescheduling undertaken during 2012/13;
- A review of compliance with Treasury and Prudential Limits for 2012/13.

#### **4. ECONOMIC UPDATE**

##### **4.1 Economic performance to date**

Economic sentiment, in respect of the prospects for the United Kingdom (UK) economy to recover swiftly from recession, suffered a major blow in August when the Bank of England substantially lowered its expectations for the speed of recovery and rate of growth over the coming months and materially amended its forecasts for 2012 and 2013. It was noted that the UK economy is heavily influenced by worldwide economic developments, particularly in the Eurozone, and that on-going negative sentiment in that area would inevitably permeate into the UK's economic performance.

With regard to the Eurozone, investor confidence remains weak because successive "rescue packages" have first raised, and then disappointed, market expectations. However, the uncertainty created by the continuing Eurozone debt crisis is having a major effect in undermining business and consumer confidence not only in Europe and the UK, but also in America and the Far East/China.

In the UK, consumer confidence remains very depressed with unemployment concerns, indebtedness and a squeeze on real incomes from high inflation and low pay rises, all taking a toll. Whilst inflation has fallen considerably (Consumer Price Index (CPI) at 2.6% in July), UK Gross Domestic Product (GDP) fell by 0.5% in the quarter to 30<sup>th</sup> June, the third quarterly fall in succession. This means that the UK's recovery from the initial 2008 recession has been the worst and slowest of any G7 country apart from Italy (G7 = United States (US), Japan, Germany, France, Canada, Italy and UK). It is also the slowest recovery from a recession of any of the five UK recessions since 1930 and total GDP is still 4.5% below its peak in 2008.

This weak recovery has caused social security payments to remain elevated and tax receipts to be depressed. Consequently, the Chancellor's plan to eliminate the annual public sector borrowing deficit has been pushed back further into the future.

The Monetary Policy Committee (MPC) has kept Bank Rate at 0.5% throughout the period while quantitative easing was increased by £50bn to £375bn in July. In addition, in June, the Bank of England and

the Government announced schemes to free up banking funds for business and consumers.

On a positive note, despite all the bad news on the economic front, the UK's sovereign debt remains one of the first ports of call for surplus cash to be invested in and gilt yields, prior to the European Central Bank (ECB) bond buying announcement in early September, were close to zero for periods out to five years and not that much higher out to ten years.

### 4.2 Sector's view for the next six months of 2012/13

The risks in economic forecasts continue unabated from the previous treasury strategy. Concern has been escalating that the Chinese economy is heading for a hard landing, rather than a gentle slowdown, while America is hamstrung by political deadlock which prevents a positive approach to countering weak growth. Whether the presidential election in November will remedy this deadlock is debatable but urgent action will be required early in 2013 to address the US debt position. However, on 13<sup>th</sup> September the Federal Reserve Bank (Fed) announced an aggressive stimulus programme for the economy with a third round of quantitative easing focused on boosting the stubbornly weak growth in job creation, and this time with no time limit. They also announced that it was unlikely that there would be any increase in interest rates until at least mid 2015.

Eurozone growth will remain weak as austerity programmes in various countries curtail economic recovery. A crunch situation is rapidly developing in Greece as it has failed yet again to achieve deficit reduction targets and so may require yet another (third) bail out. There is the distinct possibility that some of the northern European countries could push for the ejection of Greece from the Eurozone unless its financial prospects improve, which does not seem likely at this juncture.

A financial crisis was also rapidly escalating over the situation in Spain. However, in early September the ECB announced that it would purchase unlimited amounts of shorter term bonds of Eurozone countries which have formally agreed the terms for a bailout. Importantly, this support would be subject to conditions (which have yet to be set) and include supervision from the International Monetary Fund (IMF). This resulted in a surge in confidence that the Eurozone has at last put in place the framework for adequate defences to protect the Euro. However, it remains to be seen whether the politicians in charge of Spain and Italy will accept such loss of sovereignty in the light of the verdicts that voters have delivered to the politicians in other peripheral countries which have accepted such supervision and austerity programmes.

The Eurozone crisis is therefore far from being resolved as yet. The immediate aftermath of this announcement was a rise in bond yields in safe haven countries, including the UK. Nevertheless, this could prove to be as short lived as previous "solutions" to the Eurozone crisis.

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The Bank of England Quarterly Inflation Report in August pushed back the timing of the return to trend growth and also lowered its inflation expectations. Nevertheless, concern remains that the Bank's forecasts of a weaker and delayed robust recovery may still prove to be over optimistic given the world headwinds the UK economy faces. Weak export markets will remain a drag on the economy and consumer expenditure will continue to be depressed due to a focus on paying down debt, negative economic sentiment and job fears. The Coalition Government, meanwhile, is likely to be hampered in promoting growth by the requirement of maintaining austerity measures to tackle the budget deficit.

The overall balance of risks is, therefore, weighted to the downside:

- Sector expect low growth in the UK to continue, with Bank Rate unlikely to rise in the next 24 months, coupled with a possible further extension of quantitative easing. This will keep investment returns depressed.
- The expected longer run trend for PWLB borrowing rates is for them to eventually rise, primarily due to the need for a high volume of gilt issuance in the UK and the high volume of debt issuance in other major western countries. However, the current safe haven status of the UK may continue for some time, tempering any increases in yield.
- This interest rate forecast is based on an assumption that growth starts to recover in the next three years to a near trend rate (2.5%). However, if the Eurozone debt crisis worsens as a result of one or more countries having to leave the Euro, or low growth in the UK continues longer, then Bank Rate is likely to be depressed for even longer than in this forecast.

### 4.3 Sector's interest rate forecast:

#### 4.3.1 The Council's treasury advisor, Sector, provides the following forecast:

	17.9.12 actual	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
<b>BANK RATE</b>	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00
<b>3m LIBID</b>	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.70	0.90	1.10	1.40
<b>6m LIBID</b>	0.85	0.85	0.85	0.85	0.85	0.85	1.00	1.10	1.30	1.50	1.80
<b>12m LIBID</b>	1.30	1.30	1.30	1.30	1.40	1.50	1.70	1.90	2.10	2.30	2.60
<b>5yr PWLB</b>	1.89	1.50	1.50	1.50	1.60	1.70	1.80	1.90	2.00	2.10	2.30
<b>10yr PWLB</b>	2.91	2.50	2.50	2.50	2.60	2.70	2.80	2.90	3.00	3.20	3.30
<b>25yr PWLB</b>	4.15	3.70	3.70	3.70	3.80	3.80	3.90	4.00	4.10	4.20	4.30



50yr PWLB	4.32	3.90	3.90	3.90	4.00	4.00	4.10	4.20	4.30	4.40	4.50
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4.3.2 The above Sector forecasts for Public Works Loan Board (PWLB) rates incorporate the introduction of the **PWLB Certainty Rate** which will reduce PWLB borrowing rates by 0.20% for most local authorities. This Council will have access to this reduced rate with effect from 1<sup>st</sup> November 2012. The actual PWLB rates on 17<sup>th</sup> September 2012 will therefore need to be reduced by 20bps to provide a true comparison to the above forecasts.

**5. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY UPDATE**

- 5.1 The Treasury Management Strategy Statement (TMSS) for 2012/13 was approved by this Council on 29<sup>th</sup> February 2012.
- 5.2 The Investment Policy and Strategy Statement was amended by Council on 26<sup>th</sup> September 2012 to increase the counterparty/group limit to 50% with a maximum limit of £5m (whichever is the lower) for the UK part-nationalised banks, by exception only. Where an investment is above 25% this will need prior approval by the Director of Resources.
- 5.3 This change, that took immediate effect following approval, allows the Council to secure effective rates of return whilst ensuring that the funds are placed with those counterparties that are considered to be a low risk, demonstrating security and liquidity over yield.
- 5.4 There are no further policy changes to the TMSS that require Council approval. The details in this report update the position in the light of the updated economic position and budgetary changes already approved.
- 5.5 The Council's Annual Investment Strategy, which is incorporated in the TMSS, outlines the Council's investment priorities as follows:
- Security of Capital
  - Liquidity
- 5.6 The Council will also aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term (maximum loan period of 3 months), and only invest with highly credit rated financial institutions, using Sector's suggested creditworthiness approach, including sovereign credit rating and credit default swap (CDS) overlay information provided by Sector. The Council placed an investment on 25<sup>th</sup> July 2012 with Lloyds Bank plc for just under 12 months duration. This was in accordance with our risk appetite to improve yield and in line with Sector's guidance and counterparty creditworthiness indicators at that time.

- 5.7 A breakdown of the Council's current investment portfolio as at 30<sup>th</sup> September 2012 is shown in Section 7 of this report.
- 5.8 Borrowing rates have been at historically low rates during the first six months of the 2012/13 financial year. There continued to be no requirement for external borrowing as at 30<sup>th</sup> September 2012. Investments during the first six months of the year have been in line with the strategy, and there have been no deviations from the strategy.
- 5.9 As outlined in Section 4 above, there is still considerable uncertainty and volatility in the financial and banking market, both globally and in the UK.

**6. THE COUNCIL'S CAPITAL POSITION (PRUDENTIAL INDICATORS)**

- 6.1 This part of the report is structured to update:
- The Council's capital expenditure plans;
  - How these plans are being financed;
  - The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
  - Compliance with the limits in place for borrowing activity.

6.2 Prudential Indicator for Capital Expenditure

This table below shows the revised estimates for capital expenditure and the changes since the capital programme was agreed for the Budget.

<b>Capital Expenditure by Service/Major Schemes</b>	<b>2012/13 Original Estimate £'000</b>	<b>Mid Year Position £'000</b>	<b>2012/13 Revised Estimate £'000</b>
New Headquarters - Accommodation	3,226	2,811	3,855
Contribution towards replacement of Civic Facilities in Stourport-On-Severn	450	-	450
Economic Prosperity and Place	2,445	202	2,211
Community Well-being and Environment	2,197	2	2,351
Resources	1,143	275	1,768
Community Assets and Localism	-	-	10
Vehicle, Equipment and Systems Renewals	705	3	808
<b>Total</b>	<b>10,166</b>	<b>3,293</b>	<b>11,453</b>

6.3 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the

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Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

<b>Capital Expenditure</b>	<b>2012/13 Original Estimate £'000</b>	<b>Mid Year Position £'000</b>	<b>2012/13 Revised Estimate £'000</b>
Supported (Revenue Support Grant Settlement)	-	-	-
Unsupported	10,166	3,293	11,453
<b>Total spend</b>	<b>10,166</b>	<b>3,293</b>	<b>11,453</b>
Financed by:			
Capital receipts	4,292	3,086	5,659
Capital grants	1,419	202	1,494
Revenue	20	-	-
<b>Total financing</b>	<b>5,731</b>	<b>3,288</b>	<b>7,153</b>
<b>Borrowing need</b>	<b>4,435</b>	<b>5</b>	<b>4,300</b>

### 6.4 Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

The table shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

The latest estimate of the Capital Financing Requirement is lower due to slippage in several capital schemes.

Prudential Indicator – External Debt / the Operational Boundary

	<b>2012/13 Original Estimate £'000</b>	<b>2012/13 Revised Estimate £'000</b>
<b>CFR</b>	10,996	8,668
<b>External Debt/Operational Boundary</b>	15,000	15,000

### 6.5 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2012/13 and next two financial years. This allows some flexibility for borrowing

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for the current and future years. The Council has approved a policy setting out the parameters for borrowing in advance of need which will be adhered to if this proves prudent (TMSS Section 9.6).

<b>Limits to Borrowing Activity</b>	<b>2012/13 Original Estimate £'000</b>	<b>2012/13 Revised Estimate £'000</b>
Gross Borrowing	8,233	5,524
Less Investments	-	(5,274)
Less Icelandic Investments (currently frozen)	(1,796)	(1,903)
Net Borrowing	6,437	(1,653)
CFR (year end position)	10,996	8,668

The Director of Resources reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

- 6.6 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

<b>Authorised Limit for External Debt</b>	<b>2012/13 Original Indicator £'000</b>	<b>2012/13 Revised Indicator £'000</b>
Borrowing	20,000	20,000

## 7. INVESTMENT PORTFOLIO 2012/13

- 7.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. The continuing Euro zone sovereign debt crisis, and its potential impact on banks, prompts a low risk and short term strategy. Given this risk adverse environment, investment returns are likely to remain low.
- 7.2 The Council has invested in the Blackrock Money Market Investment Fund, initially depositing £2million on 24<sup>th</sup> September 2012. This is a AAA rated Money Market Fund that gives the advantage of low risk

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with slightly improved returns. This is the second time that Money Market Funds have been used. Given their high credit ratings it is likely that the Council will continue to utilise this form of investment. For further information, the Council subsequently invested in the AAA rated Ignis Money Market Investment Fund, depositing an initial £1.62million on 4<sup>th</sup> October 2012.

- 7.3 The investment portfolio yield for the first six months of the year against the benchmark (7 Day LIBID) as shown below:

Benchmark	Benchmark Return	Council Performance to 30/09/2012	Investment Interest Earned to 30/09/2012
7 day LIBID	0.43%	0.67%	£39,210

As illustrated, the authority outperformed the benchmark by 24 bank basis points (bps). The Council's original budgeted investment return for 2012/13 is £15,380, and performance for the year to date is £39,210. The main reason for this increase is that the Council currently has more funds to invest due to Capital Programme slippage. The Council is also a member of the Sector Benchmarking Club, the results of which are reported separately to the Treasury Management Review Panel.

- 7.4 The tables below show investments held at 2<sup>nd</sup> April 2012 compared to investments held at 30<sup>th</sup> September 2012, excluding Icelandic investments.

Investments Held With	2 <sup>nd</sup> April 2012 £	Average Rate of Return	Duration
Royal Bank of Scotland	1,000,000	0.85%	Instant Access
NatWest Bank	1,000,000	0.85%	Instant Access
Lloyds TSB Bank	865,000	0.50%	Instant Access
Lloyds TSB Bank	1,200,000	0.75%	32 Day Notice
Barclays Bank	1,500,000	0.515%	Fixed to 13/04/12
Nationwide Building Society	1,400,000	0.55%	1 Month Fixed
Nationwide Building Society	1,000,000	0.60%	Fixed to 11/05/12
Bank of England	3,880,000	0.25%	Fixed to 10/04/12
<b>Total</b>	<b>11,845,000</b>		

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Investments Held With	30 <sup>th</sup> September 2012 £	Average Rate of Return	Duration
Royal Bank of Scotland	1,400,000	0.85%	Instant Access
NatWest Bank	1,665,000	0.85%	Instant Access
Lloyds TSB Bank	700,000	0.50%	Instant Access
Lloyds TSB Bank	1,000,000	3.00%	Fixed to 04/07/13
Lloyds TSB Bank	1,000,000	1.40%	Fixed to 22/11/12
Nationwide Building Society	2,000,000	0.40%	Fixed to 17/10/12
Blackrock Money Market Fund	2,000,000	0.4214%	Instant Access
<b>Total</b>	<b>9,765,000</b>		

7.5 As illustrated in the economic background section above, investment rates available in the market are at a historical low point. The average level of funds available for investment purposes in the first six months of 2012/13 was £11,712,229. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.

### 7.6 Investment Counterparty criteria

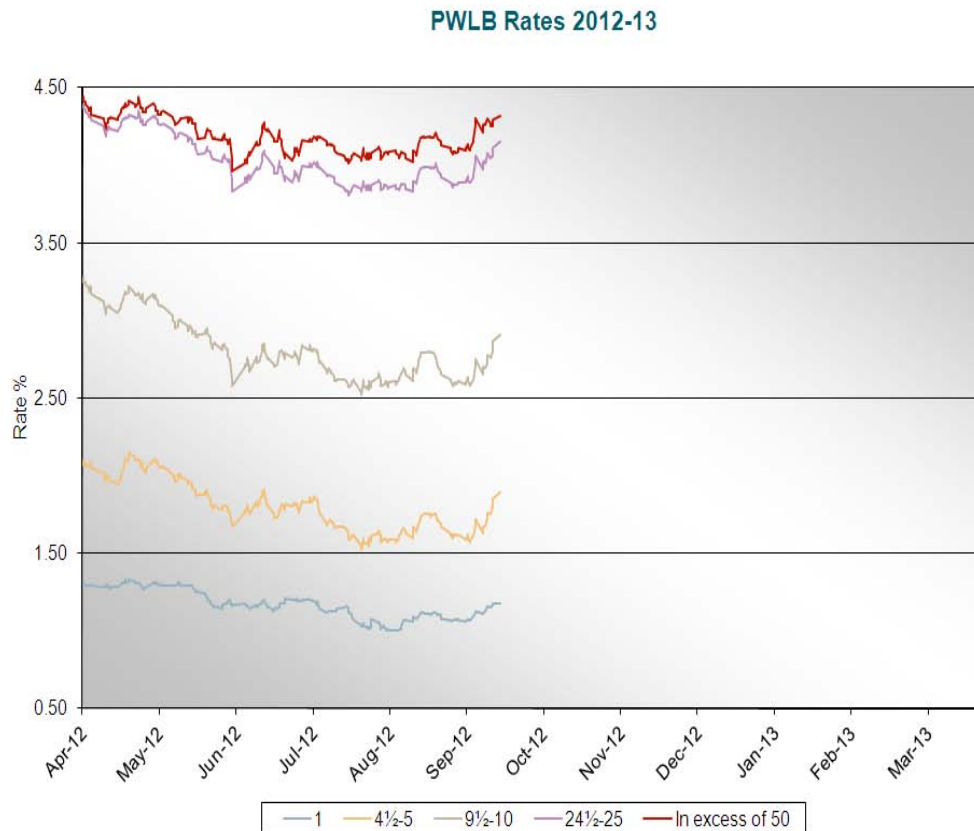
The current investment counterparty criteria selection approved in the TMSS, amended by Council on 26<sup>th</sup> September 2012, is meeting the requirement of the treasury management function. However, yields continue to be low whilst the Council adheres to the low risk strategy due to the current economic climate.

## 8. EXTERNAL BORROWING

8.1 The Council's capital financing requirement (CFR) – as at 1<sup>st</sup> April 2012 was £4.570m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. In previous years the Council utilised cash flow funds in lieu of borrowing. This has been a prudent and cost effective approach in the current economic climate; it is no longer sustainable as the Council's cash balances are utilised. It is anticipated that the Council will undertake some external borrowing in this financial year.

8.2 As outlined below, the general trend has been a reduction in interest rates during the six months, across all maturity bands.

- 8.3 The graph below shows the movement in PWLB rates for the first six months of the year and provide benchmarking data showing high and low points etc:



**9. DEBT RESCHEDULING**

- 9.1 Since this Council currently has minimal external debt, there has been no requirement for debt rescheduling during the first six months of 2012/13.

**10. COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS**

- 10.1 It is a statutory duty for the Council to determine and keep under review the “Affordable Borrowing Limits”. Council’s approved Treasury and Prudential Indicators (affordability limits) are outlined in the approved Treasury Management Policy and Strategy Report.
- 10.2 During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council’s Treasury Management Strategy Statement and in compliance with the Council’s Treasury Management Practices.
- 10.3 The Prudential and Treasury Indicators are shown in Appendix 1. These have been updated for the slippage in the Capital Programme and the associated requirements to undertake external borrowing.

**11. LOCAL ISSUES**

- 11.1 The most significant issue to affect the Council relates to the exposure of investments with links to Icelandic Banks. The Council established the Treasury Management Review Panel which examined the circumstances leading up to the placing of the particular investments and continues to consider recommendations in relation to the Council's lending lists and other relevant Treasury Management matters.
- 11.2 The Council had £9m invested in Icelandic Banks at the time of collapse. Eight dividends have been received up to 30<sup>th</sup> September 2012 from Kaupthing Singer & Friedlander (KSF). Twelve dividends have been received up to 30<sup>th</sup> September 2012 from Heritable Bank. Two dividends have been received up to 30<sup>th</sup> September 2012 from Landsbanki. Further dividends are anticipated before the end of the current financial year.
- 11.3 The table below details the Council's Icelandic investments as at 30<sup>th</sup> September 2012. A third dividend was paid by Landsbanki on 9<sup>th</sup> October 2012, reducing the principal investment to £1,581,434. It is expected that both KSF and Heritable will pay further dividends in January 2013.

**Icelandic Investments as at 30<sup>th</sup> September 2012**

Bank	Original Investment £	Interest Claimed £	Total Claim £	Dividends Received £	Balance Outstanding including Interest Due £	Balance Outstanding Principal Only £
Landsbanki	3,000,000	183,097	3,183,097	1,319,647	1,863,450	1,756,254*
Kaupthing Singer & Friedlander	5,000,000	156,378	5,156,378	3,764,156	1,392,222	1,350,000
Heritable Bank	1,000,000	31,110	1,031,110	768,817	262,293	254,640
<b>Total</b>	<b>9,000,000</b>	<b>370,585</b>	<b>9,370,585</b>	<b>5,852,620</b>	<b>3,517,965</b>	<b>3,360,894</b>

\*Further dividend of £185,496 received on 9<sup>th</sup> October 2012

- 11.4 Over this, and the ensuing years, the funds available for investment will reduce as the Council progresses its Transformation Agenda in areas such as finalising the New Headquarters, the completion of the implementation of the ICT Strategy, the Carbon Management Plan and the Future Leisure Provision. Each of the schemes above are being pursued to ensure that the Council can reduce the on-going cost of delivering services.
- 11.5 Over the coming years the Council is also scheduled to make disposals of assets. Careful consideration will be made on each opportunity to ensure that the Council sells at a time that maximises the return to the authority.



**12. KEY ISSUES**

- 12.1 The Key issues are contained in sections 3 to 11 of this report.
- 12.2 As reported previously, the returns the Council is currently receiving from investments are significantly lower than those achieved during years up to 2007/08. Although we are forecasting increases in interest rates in later years, increases are expected to be modest and implemented over a long period.

**13. FINANCIAL IMPLICATIONS**

- 13.1 The Financial Implications of the treasury management function will be included in the Council's Medium Term Financial Strategy and Three Year Budget and Policy Framework, currently being prepared.

**14. LEGAL AND POLICY IMPLICATIONS**

- 14.1 The Local Government Act 2003 supplemented by Regulations set out a new framework for a prudential system for local authority capital finance. This Act, together with CIPFA's Prudential Code for Capital Finance in Local Authorities, came into effect on 1<sup>st</sup> April 2004. This code together with recent revised editions, guides decisions on what Local Authorities can afford to borrow and has statutory backing under Regulations issued in accordance with the Local Government Act 2003.
- 14.2 Adoption of the CIPFA Code of Practice on Treasury Management in the Public Services as part of the Authority's Standing Orders and Financial Regulations, gives it the status of a "code of practice made or approved by or under any enactment", and hence proper practice under the provisions of the Local Government and Housing Act 1989.

**15. RISK MANAGEMENT**

- 15.1 The Council is aware of the risks of passive management of the treasury portfolio. With the support of its external consultants we continue to proactively manage our investments. Sector are the Council's advisors, appointed from 1<sup>st</sup> September 2010.
- 15.2 Shorter-term variable rates and likely future movement in these rates predominantly determine the Council's investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised through the lending list, accurately forecasting returns can be difficult.

**16. EQUALITY IMPACT ASSESSMENT**

- 16.1 This is a financial report and there is no requirement to consider an Equality Impact Assessment.

**17. CONCLUSION**

17.1 See Recommendations.

**18. CONSULTEES**

18.1 Sector Treasury Advisors.

18.2 Leader of the Council.

18.3 Cabinet Member for Resources and Transformation.

18.4 Corporate Management Team.

**19. BACKGROUND PAPERS**

19.1 Local Government Act 2003.

19.2 CIPFA's Revised Prudential Code for Capital Finance in Local Authorities, 2011.

19.3 CIPFA's Revised Code of Practice on Treasury Management in the Public Services, 2011.

19.4 Local Government and Housing Act 1989.

19.5 Council 29/02/12 – Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and updated Prudential Indicators.

19.6 Council 26/09/12 - Annual Report on Treasury Management Service, Actual Prudential Indicators 2011/12 and Revision to the Investment Policy and Strategy Statement 2012/13.

**APPENDIX 1 Prudential and Treasury Indicators**

<b>PRUDENTIAL INDICATORS</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>actual</b>	<b>estimate</b>	<b>estimate</b>	<b>estimate</b>	<b>estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure</b>	7,763	11,453	2,794	12,195	995
<b>TOTAL</b>	7,763	11,453	2,794	12,195	995
<b>Ratio of financing costs to net revenue stream</b>	0.08%	1.66%	4.69%	6.51%	11.62%
<b>Net borrowing requirement</b>					
brought forward 1 April	(17,609)	(11,111)	(1,653)	1,826	12,943
carried forward 31 March	(11,111)	(1,653)	1,826	12,943	14,632
<b>Capital Financing Requirement as at 31 March</b>	4,570	8,668	9,233	18,704	18,493
<b>Annual change in Capital Financing Requirement</b>	1,611	4,098	565	9,471	(211)
<b>Incremental impact of capital investment decisions</b>			<b>£ p</b>	<b>£ p</b>	<b>£ p</b>
Increase in council tax (band D) per annum			6.71	14.27	22.11

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TREASURY MANAGEMENT INDICATORS	2011/12	2012/13	2013/14	2014/15	2015/16
	actual	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
<b>Authorised Limit for external debt -</b>					
borrowing	15,000	20,000	20,000	30,000	33,000
other long term liabilities	0	0	0	0	0
<b>TOTAL</b>	<b>15,000</b>	<b>20,000</b>	<b>20,000</b>	<b>30,000</b>	<b>33,000</b>
<b>Operational Boundary for external debt -</b>					
borrowing	7,000	15,000	15,000	25,000	27,000
other long term liabilities	0	0	0	0	0
<b>TOTAL</b>	<b>7,000</b>	<b>15,000</b>	<b>15,000</b>	<b>25,000</b>	<b>27,000</b>
<b>Actual external debt</b>	<b>27</b>	<b>5,524</b>	<b>7,521</b>	<b>17,653</b>	<b>19,650</b>
<b>Upper limit for fixed interest rate exposure</b>					
Net principal re fixed rate investments	100%	100%	100%	100%	100%
<b>Upper limit for variable rate exposure</b>					
Net principal re variable rate borrowing / investments	100%	100%	100%	100%	100%
<b>Upper limit for total principal sums invested for over 364 days</b>	£	£	£	£	£
(per maturity date)	4m	2m	2m	2m	2m

Maturity structure of fixed rate borrowing during 2012/13	upper limit	lower limit
under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%



## Overview & Scrutiny Committee

### Briefing Paper

Report of: Rhiannon Foxall, Business Improvement Officer  
Date: Thursday 8<sup>th</sup> November 2012  
Open

### How Are We Doing? Performance Update

#### 1. Summary

1.1 To update Members on the performance of the Council for Quarter2 (from 1<sup>st</sup> July to 30<sup>th</sup> September 2012).

#### 2. Background

2.1 Performance management is instrumental in all council activities as it helps us to keep track of how well we are performing and enables any potential issues to be identified at an early stage so remedial action can be taken. It also informs our decision making processes which underpin the delivery of our Corporate Plan 2011-14 (*Engage, Consult, Deliver*).

2.2 The Council has a number of processes in place to monitor our performance including:

- Corporate Plan Actions
- Leading Measures
- Lagging Measures

We are currently reviewing how best the Leading and Lagging Measures are reported via the covalent system to ensure they are as meaningful as possible for Members. They are therefore not included in this report.

#### 3. Progress

3.1 **Appendix 1** details the current status of the actions that impact on the Corporate Plan 2011-14.

#### 4. Key Issues

4.1 Any overdue items are listed in Appendix 1. However, for many of these, the delays have clear reasons and revised timescales are identified. At this stage, none of the projects seem significantly adrift or unlikely to be completed.

**5. Options**

5.1 That the progress in performance for quarter 2 be noted.

**6. Consultation**

6.1 Cabinet Member for Community Well-Being.

6.2 Corporate Management Team.

**7. Related Decisions**

7.1 None.

**8. Relevant Council Policies/Strategies**

8.1 Wyre Forest District Council Corporate Plan 2011 – 2014.

8.2 Wyre Forest Forward Annual Plan 2012/13.

**9. Implications**

9.1 None.

**10. Equality Impact Needs Assessment**

10.1 An equality impact assessment has been undertaken and it is considered that there are no discernible impacts on the nine protected characteristics as set out by the Equality Act 2010.

**11. Wards affected**

11.1 None.

**12. Appendices**

12.1 Appendix 1 – Corporate Plan Priorities Report.

**13. Background Papers**

Corporate Plan action information is available on the Council's Performance Management System, Covalent. Alternatively, reports can be requested from the Business Improvement Officer.

**Officer Contact Details:**

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## Corporate Plan Priorities 2011/14

Headline progress of the Corporate Plan Priority Actions since 1 April 2012

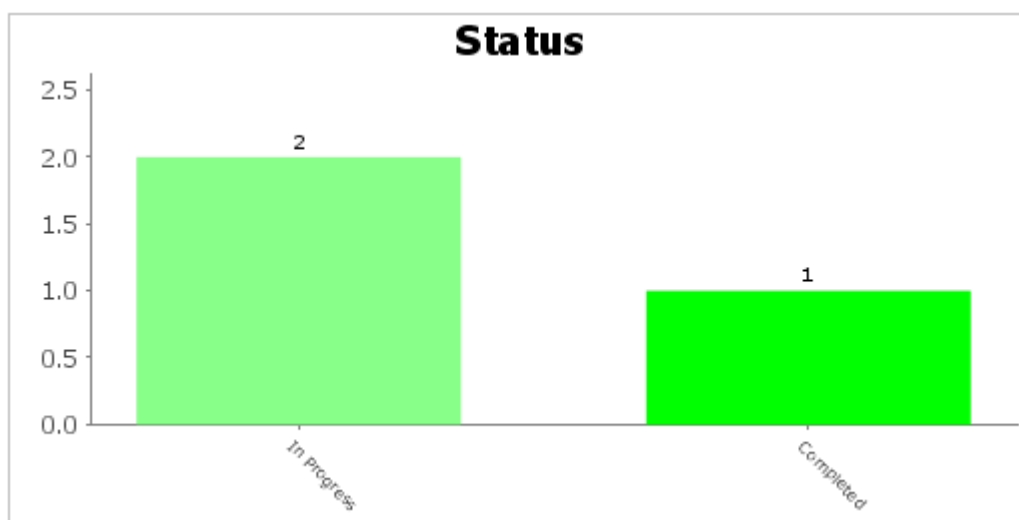


### CORP P1 Securing the economic prosperity of the district



Due Date

31-Mar-2015



Any overdue actions for Priority 1 are listed below

None to report

CORP P2 Delivering together with less



Due Date


31-Mar-2021




Any overdue actions for Priority 2 are listed below

<b>FS01.1 Completion of new HQ and within budget</b>			
	<b>Due Date</b>	30-Sep-2012	<b>Managed By</b> Caroline Newlands
<b>Latest Note</b>	Rhiannon Foxall	26-Oct-2012	Staff moves completed 8 October. Snagging issues being progressed with contractor.
<b>FS02.2 Contract</b>		<b>Extend leisure contract with DC leisure</b>	
	<b>Due Date</b>	31-May-2012	<b>Managed By</b> Linda Collis
<b>Latest Note</b>	Rhiannon Foxall	26-Oct-2012	Extension to DC Leisure contract expected to be complete by the end of November.
<b>FSBC01.2 Revenues and Benefits and the Hub</b>		<b>Undertake and complete a review of revenues and benefits and the Hub</b>	
	<b>Due Date</b>	31-Jul-2012	<b>Managed By</b> Linda Collis; Joanne Wagstaffe
<b>Latest Note</b>	Rhiannon Foxall	26-Oct-2012	Consultation ended on structures on 21st September. Implementation of new system expected December.
<b>FSBC01.3 Leadership</b>		<b>Undertake and complete a review of Leadership</b>	
	<b>Due Date</b>	31-Jul-2012	<b>Managed By</b> Linda Collis; Ian Miller
<b>Latest Note</b>	Rhiannon Foxall	26-Oct-2012	Consultation with all staff on work done by CMT and WF20 on 'what good looks like'. To be finalised in November.



FSBC02.1 Stourport Civic Centre and Hall Decision			Delegated Member decision taken on transfer to Stourport Holding Body after County Council's decision on relocation of Library	
	<b>Due Date</b>	31-Aug-2012	<b>Managed By</b>	Caroline Newlands
<b>Latest Note</b>	Rhiannon Foxall	26-Oct-2012	County Council decision on library move expected 13th December; delegated decision to be taken as soon as possible after that.	

FSBC02.2 Stourport Civic Centre and Hall project			Implementation of project	
	<b>Due Date</b>	31-Aug-2012	<b>Managed By</b>	Caroline Newlands
<b>Latest Note</b>	Rhiannon Foxall	26-Oct-2012	<p><b>This is a multi partner project between the 3 tiers of councils :-</b></p> <p><b>Wyre Forest District Council :-</b> Have agreed to convey the Civic Centre to Stourport-on-Severn Town Council for nil consideration fund a capital grant of £450,000. plus a revenue grant of £50,000.</p> <p><b>Stourport-on-Severn Town Council to :-</b> Accept ownership of the Civic Centre, to obtain a PWLB loan of up to £500,000 and to meet the overall revenue deficit from the precept in 2013/14 onwards.</p> <p><b>Worcestershire County Council to :-</b> Approve relocation of the Library and other County services (subject to appropriate consultations –see below) approve a capital grant of £600,000 enter into lease(s) for occupation of offices in the Civic Centre</p> <p>WCC's public consultation on the proposal to relocate the Stourport Library into the Civic Centre, which ends 9th November.</p> <p>A range of potential tenants of the multi-use hub have been approached and expressions of interest are being explored from potential tenants of the lower ground floor</p>	

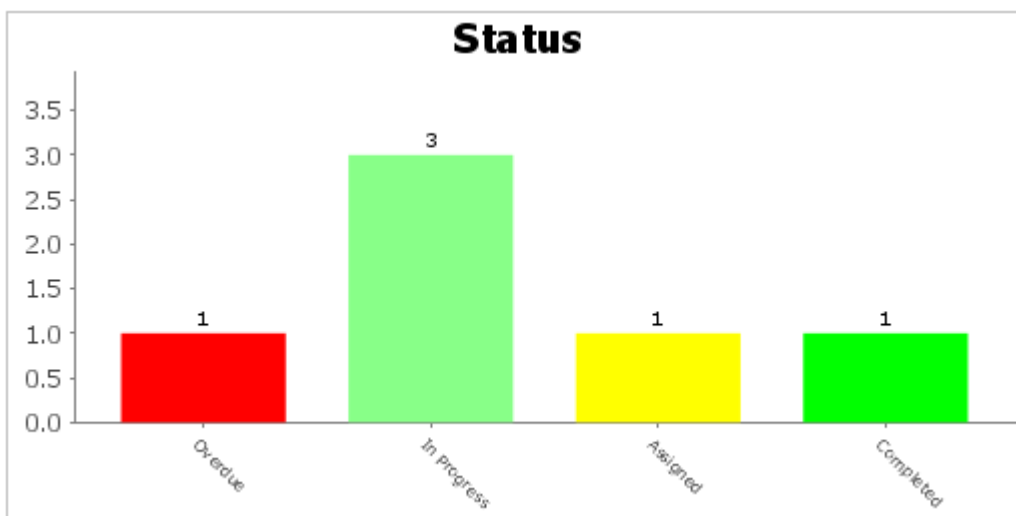
FSBC02.3 My Street, My Community localism offer draft			Pilot scheme drafted	
	<b>Due Date</b>	30-Sep-2012	<b>Managed By</b>	Caroline Newlands
<b>Latest Note</b>	Rhiannon Foxall	26-Oct-2012	Policy statement to be approved by Cabinet in November or December.	

CORP P3 Improving community wellbeing



Due Date

31-Mar-2015



Any overdue actions for Priority 3 are listed below

CORPP3 - SA2.1.2 Consultation			Consultation with public and partners to support development of design brief	
	Due Date	30-Sep-2012	Managed By	Linda Collis
Latest Note	Rhiannon Foxall	26-Oct-2012	Cabinet decision on site acquisition taken on 18th September. Consultation on planning application expected Jan/Feb 2013. Consultation on design brief expected Jan/Feb 2013.	

**WYRE FOREST DISTRICT COUNCIL  
FEEDBACK FROM CABINET  
MEETING HELD ON TUESDAY 23<sup>RD</sup> OCTOBER 2012**

**Agenda  
Item No.**

**DECISION**

**9.1 Wyre Forest Tenancy Strategy**

**Decision: The Wyre Forest District Council Tenancy Strategy be adopted.**

**10.1 Recommendations from the Overview and Scrutiny Committee , 4<sup>th</sup> October 2012**

**(a) Noted the recommendations from the Housing Review Panel 28<sup>th</sup> August 2012 as follows:**

- 1. Provision be made in the budget for the 2013/14 financial year and beyond to continue to provide a financial top up above the current minimum government grant of £444k to support DFG provision in order to meet the needs of the Wyre Forest District residents.**
- 2. Cabinet continue to provide the current level of top up funding from 2013/14 , thus enabling an overall fund of £800k to be maintained or if possible exceeded the support for the funding of DFG's.**
- 3. A 2 tier element into the budget allocation to ensure that a proportion of the DFG budget be set aside exclusively for Category 3 needs cases be introduced.**
- 4. Cabinet to explore alternative funding mechanisms to support the top up, including, but not limited to:**
  - Prudential Borrowing.**
  - A first priority for Right to Buy monies.**
  - Any unallocated funding from the Regional Housing Pot.**
  - Any alternative sources of funding available to the Council, e.g. New Homes Bonus.**
  - External Partnership funding from social care partners, e.g. County Council and the NHS.**
- 5. Cabinet agree the provision of an alternative adaptation grant/loan mechanism that can be achieved as quickly as possible for simple cases of level access showers and/or stairlifts for example and that such an alternative is used to incentivise self funding or alternative funding sources. Such Adaptation assistance to be developed with partner agencies to minimise processes and the number of steps necessary under the full DFG system and to be used as an alternative but not replacement for DFG's.**
- 6. Any necessary amendments to the Housing Assistance Policy be made in support of any of the above alternative funding options.**

- 7. A review of the process of dealing with DFG's be undertaken on a Systems Thinking basis.**
- 8. Cabinet provide funding or supports funding from external sources for the post of an Occupational Therapist additional to the current District provision, subject to investigation and confirmation of likely costs and benefits.**

**(b) Revised Statement of Community Involvement – Consultation Draft**

**Noted: The Draft Statement of Community Involvement as set out at Appendix 1 of the report to the Overview & Scrutiny Committee at the meeting on 4<sup>th</sup> October 2012 be approved for a six week consultation.**

**Overview & Scrutiny Committee 2012/2013  
Work Programme**

**June 2012 (Special)**

LDF Development Plan Documents

**July 2012**

Qtr 4 (2011/12) exception reporting incorporate directorate business plans

Set up Treasury Management Review Panel

Set up Housing Review Panel

Affordable Warmth Action Plan

Climate Change Action Plan

**August 2012 (Special)**

Recommendations from Housing Review Panel

Planning for Infrastructure in Worcestershire

**September 2012**

Recommendations from Treasury Management Panel:

- Local Authority Mortgage Scheme
- Treasury Management Strategy Backward Look 2011-12
- Annual Report on TM Service, Actual Prudential Indicators 2011/12 and review of Counterparty Criteria

Recommendations from Sports & Leisure Centre Review Panel

Air Quality Monitoring – Stourport

South Worcestershire Development Plan

Performance Management Quarter 1 Update

Affordable Housing Funding

**October 2012**

WFDC Tenancy Strategy

Recommendations from Housing Review Panel

Statement of Community Involvement Consultation Draft

**November 2012**

Council Tax Benefit Reform (Rec from Cabinet following consultation period)

Recommendations from Treasury Management Panel (Treasury Management Strategy Statement & Annual Investment Strategy Mid Year Review Report)

Performance Management Quarter 2 Update (including September and six monthly lagging measures)

Splash Park Provision

**December 2012**

Budget Review Panel – Terms of Reference

Annual Crime & Disorder Review

Wyre Forest Health and Ageing Well Action Plan

Recommendations from Treasury Management Strategy Statement & Annual Investment Strategy Mid Year Review Report 2012/13

Financial Strategy 2013-2016

Wyre Forest District Draft Infrastructure Delivery Plan

**January 2013**

Consultation of Financial Strategy 2013-16

**February 2013**

Designation of Conservation Area – New Road / Marlborough Street (RM)  
Recommendations from Treasury Management Panel (Treasury Management Strategy Statement)  
Consultation of Financial Strategy 2013-16 (Recs from Budget Review Panel)  
Performance Management Quarter 3 Update  
Revised Statement of Community Involvement

**March 2013**

Potential adoption of LDF Documents (RM - TBC)  
Potential Parish Neighbourhood Plan (RM - TBC)  
Carbon Management Plan  
Green Deal  
WFDC Housing Assistance Policy (Inc. Recs from Housing Review Panel)

**April 2013**

**May 2013**

**June 2012**

Performance Management Quarter 4 Update (including March and annual lagging measures)

**Items for Members Forum**

North Worcestershire Community Safety Partnership update – Kathryn Washington (January 2013)  
Police and Crime Commissioner – Kathryn Washington (January 2013)  
Local Development Framework Documents – Rebecca Mayman (date TBA)  
Carbon Management Plan (date TBA)

**Review Panels**

Housing Review – 11<sup>th</sup> July 2012, 31<sup>st</sup> July 2012, 9<sup>th</sup> August 2012, 22<sup>nd</sup> August 2012, 29<sup>th</sup> August 2012, 13<sup>th</sup> September 2012, 27<sup>th</sup> September 2012, 25<sup>th</sup> October 2012 (Site Visit), 29<sup>th</sup> November 2012

Sports & Leisure Centre – 4<sup>th</sup> September 2012

Treasury Management – 5<sup>th</sup> September 2012, 6<sup>th</sup> November 2012

AOHN – 12<sup>th</sup> September 2012, 26<sup>th</sup> November 2012

Flooding – Date to be arranged following conclusion of Housing Review Panel