

Scrutiny Committee Agenda



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Date: 20 November 2014
Website: www.whitehorsedc.gov.uk

A meeting of the
Scrutiny Committee
will be held on Thursday, 28 November 2013
at 6.30 pm
Council Chamber, The Abbey House, Abingdon

Members of the Committee:

Councillors

Jim Halliday (Chairman)
Charlotte Dickson (Vice-chairman)
Eric Batts
Tony de Vere
Jason Fiddaman
Debby Hallett

Mohinder Kainth
Sandy Lovatt
Julie Mayhew-Archer
Fiona Roper
Alison Thomson
Richard Webber

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A handwritten signature in black ink, appearing to read "M Reed".

Margaret Reed
Head of Legal and Democratic Services

Agenda

Open to the Public including the Press

Map and vision

(Page 5)

A map showing the location of the venue for this meeting is attached. A link to information about nearby car parking is http://www.whitehorsedc.gov.uk/transport/car_parking/default.asp

The council's vision is to take care of your interests across the Vale with enterprise, energy and efficiency.

1. Notification of substitutes and apologies for absence

To record the attendance of substitute members, if any, who have been authorised to attend in accordance with the provisions of standing order 17(1), with notification having been given to the proper officer before the start of the meeting and to receive apologies for absence.

2. Minutes

To adopt and sign as a correct record the minutes of the committee meeting held on 24 October 2013 (previously published).

3. Declarations of interest

To receive any declarations of disclosable pecuniary interests in respect of items on the agenda for this meeting.

4. Urgent business and chairman's announcements

To receive notification of any matters, which the chairman determines, should be considered as urgent business and the special circumstances, which have made the matters urgent, and to receive any announcements from the chairman.

5. Statements, petitions and questions from the public relating to matters affecting the Scrutiny Committee

Any statements and/or petitions from the public under standing order 32 will be made or presented at the meeting.

6. Proposed letting of Abbey House and relocation of Vale staff

(Pages 6 - 22)

To receive the strategic director's report.

7. Council tax reduction scheme

(Pages 23 - 59)

To receive the head of finance's report.

8. Council tax reduction scheme: grant for town and parish councils

(Pages 60 - 64)

To receive the head of finance's report.

9. Councillor's access to IT facilities at the council

To receive an update from Councillor Mohinder Kainth.

10. Action List

To review actions taken since previous meeting and any outstanding actions (circulated separately/ tabled at meeting).

11. Scrutiny work programme

(Pages 65 - 68)

To review the attached scrutiny work programme.

12. Dates of meetings

To note the dates of the forthcoming committee meetings (Thursdays at 7pm unless stated):

- (19 December CANCELLED)
- 23 January 2014
- Wednesday 12 February
- 20 March
- 17 April
- 22 May

13. Exclusion of the public, including the press

The chair to move that in accordance with Section 100A(4) of the Local Government Act 1972, the public, including the press, be excluded from the remainder of the meeting to prevent the disclosure to them of exempt information, as defined in Section 100(I) and Part 1 of Schedule 12A, as amended, to the Act when the following items are considered:-

Item 14 Proposed letting of Abbey House and relocation of staff

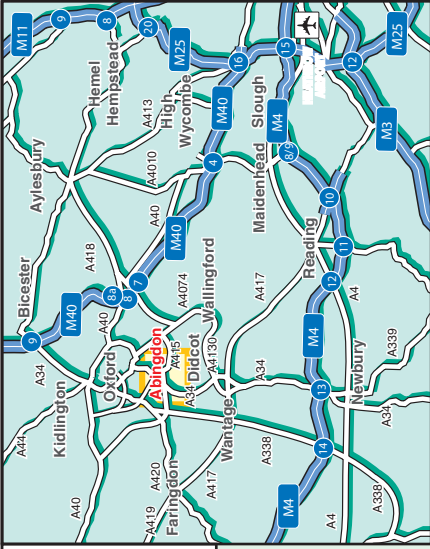
Category 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information.)

EXEMPT INFORMATION UNDER SECTION 100A(4) OF THE LOCAL GOVERNMENT ACT 1972

14. Proposed letting of Abbey House and relocation of staff (exempt)

To receive confidential documents relating to this item.

Vale of White Horse District Council
 Abbey House, Abbey Close, Abingdon, OX14 3JE
 Tel: 01235 520202 Fax: 01235 532217
www.whitehorsedc.gov.uk



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 Mapping sourced from
 OS data. PU100040256. Crown © 2008.

KEY: Car Parks	
	Abbey Close
	Cattle Market
	Charter Multi-storey
	Civic
	Rye Farm
	Hales Meadow
	Audlett Drive
	West St Helen Street

By rail – the nearest main line railway stations to Abingdon are either Didcot Parkway (seven miles) or Oxford (eight miles). Radley railway station is located on the main line between Oxford and Didcot and is three miles from Abingdon town centre. For details of train times visit www.nationalrail.co.uk or call 08457 484950

By bus – there are a number of bus routes serving Abingdon town centre. For details of services and timetables, visit Oxfordshire County Council's website at www.oxfordshire.gov.uk. Contact details for bus operators can be found on the travel information pages on our website www.whitehorsedc.gov.uk

Parking – details of car parks charges can be found on our website

Cabinet & Scrutiny Report



Report of the Strategic Director

Author: Steve Bishop

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Wards affected: All

Cabinet member responsible: Matthew Barber

Tel: 07816481452

E-mail: councillor@matthewbarber.co.uk

To: CABINET AND SCRUTINY COMMITTEE

DATE: 28 November 2013

Sharing of Abbey House with Oxfordshire County Council

Recommendations

Scrutiny Committee 28th November 2013:

(a) That the Scrutiny Committee considers the proposed terms of the lease and makes any comments or recommendations to Cabinet for consideration.

Cabinet 28th November 2013:

(b) That Cabinet approves the proposed terms as detailed in the report for the proposed occupation by Oxfordshire County Council of part of Abbey House

(c) That Cabinet delegates to the Strategic Director in consultation with the Leader of the Vale Council authority to agree any variation to the terms outlined in this report and to enter into the agreement for lease, lease, licence to alter and facilities management agreement and any other related or ancillary agreements or documents

(d) That Cabinet notes a further report will be presented for approval to the Leader, setting out the necessary arrangements between the Vale of White Horse and South Oxfordshire District Councils regarding the use of office space at Crowmarsh Gifford.

Purpose of Report

1. The purpose of this report is to seek Cabinet's approval to the proposed terms of a lease and other agreements in respect of the proposed occupation of part of Abbey House by Oxfordshire County Council (OCC).

Corporate Objectives

2. The proposals would make a significant contribution to the corporate objective of effective management of resources. The proposals also have the potential to further the objective of excellent delivery of key services.

Background

3. On 4 October 2013 Cabinet considered a report of the head of economy, leisure, and property on a proposal to let part of Abbey House in Abingdon and relocate significant numbers of staff to South Oxfordshire District Council's (South's) offices at Crowmarsh Gifford. The proposal included letting part of the ground floor of Abbey House and all of the office accommodation on the first and second floors to OCC, together with shared use of the reception area. The report also raised the possibility that part of Abbey House is let to the Citizens Advice Bureau

(CAB). The report sought approval in principle to these proposals, and sought delegated authority for the strategic director to finalise the agreements, and appoint a consultant to manage the project, plan space requirements, and specify and oversee works at Abbey House.

4. Cabinet approved the principle of a letting to OCC, to include shared use of the reception area, but requested that the strategic director in consultation with the Cabinet member for property bring the final agreement back to Cabinet for approval. This report therefore details the terms provisionally agreed with OCC. It does not deal with the terms of any letting of space to the CAB which has not been discussed in detail.
5. A number of documents will ultimately be required to cover the proposed arrangements between the Vale Council and OCC. In addition to the lease these will include a facilities management (FM) agreement (which will detail responsibility for the provision of various services in the building and allocation of cost), an agreement regarding provision of the combined reception facility (which may be included in the FM agreement), and a licence for alterations giving consent to proposed works by OCC prior to occupation.
6. The proposal is that the parties will, at an early stage, enter into an overarching agreement for lease whereby the Vale Council undertakes to give access to allow OCC to carry out the required alterations (with full access from no later than 10 March 2014) and with the parties committing to entering into a lease from 1 June 2014. Whilst the lease is in a form which is essentially agreed (subject to Cabinet approval) and would therefore be attached to the agreement, the other documents, despite good progress having been made, are not yet all in agreed form. If they are in a final form at the time of the agreement being ready for execution then they can be attached, but otherwise the parties will commit to agreeing them before grant of the lease.
7. The principal terms of the proposed lease are as follows:
 - accommodation includes part ground, first and second floors as shown edged red on the attached plan
 - a term of 10 years with mid term break provisions in favour of the tenant
 - a rent of £237,953 a year subject to upward only rent review after 5 years
 - OCC to be responsible for fitting out works in accordance with a schedule to be agreed and completed to the Vale Council's reasonable satisfaction and in addition OCC would be responsible for all their own furnishings, desks, chairs etc.
 - OCC to pay for usual outgoing including utilities and rates (it is intended that the space will be separately metered for electricity)
 - OCC to pay a service charge based on their floor area relative to the whole to cover common costs such as heating, maintenance of common parts, external repairs and landscaping

- OCC will be permitted to assign the lease, or underlet the whole but only where the new occupier is a public body or one which shares the same values or goals and where in the Vale Council's opinion the activities of the proposed occupier would not be in conflict with its own activities or would not impact on security of the building

External solicitors have been advising the Vale Council and they have prepared a report on the proposed lease terms and this is also attached.

8. The rent is calculated based on a total area (excluding the reception) of 28,112 square feet and applying a rate of £8.01 per square foot, plus an amount for the shared reception of 3,190 square feet based on half this rate.
9. It is agreed that OCC will have 132 car parking permits which matches the number available at their existing site. These spaces are limited to the Charter (levels 5 and above), Rye Farm and Hales Meadow car parks but provision has been made to terminate parking at the Charter in the event that it is redeveloped. In that case parking will be restricted to the other two car parks mentioned. In addition OCC staff members will be able to purchase permits at a 20 per cent discount to public rates.
10. Given the level of rent involved and the requirement to achieve best consideration, external property consultants have been engaged to consider the proposed transaction. They have indicated that they are satisfied that the proposals represent best consideration, but their formal report confirming such will be required before completion of the agreement.
11. Signage will be an important matter for consideration. Both Vale and OCC will require suitable signage to indicate they occupy the building and the services that are provided. The precise signage has not been discussed in detail.

Facilities management agreement and provision of services to OCC

12. In addition to the services provided via the lease, the parties have also discussed co-operating over the provision of additional services to avoid duplicating provision of a particular service within the building. In a few instances OCC have requested that they provide the service, for which the Vale Council would pay a proportion of the cost and this includes operation of the post room and managing the access control mechanisms on doors. Most other services would continue to be provided by Vale Council's facilities team either directly or via contractors.
13. Whilst all the arrangements over provision of services are still to be finalised, estimates of the cost of providing the various services have been given to OCC. Many of the costs incurred in relation to Abbey House are unlikely to increase, or increase only modestly, as a result of OCC's occupation, such as business rates, insurance, heating, external repairs and maintenance. In some instances, the more intensive use of the building is likely to increase costs, such as use of materials and consumables. However by re-charging the majority of the costs to OCC, the letting will result in substantial savings under the existing Abbey House cost centre. The most significant of these will be business rates (estimated saving of £125,000 but precise figures dependent on whether the two parts are

separately assessed) but significant savings are also expected in heating and electricity, contract cleaning and staff costs (caretakers, management etc).

14. The Vale Council will be recharged a proportion of the costs of services provided by OCC, however this is also expected to reflect pro rata occupation of the building and would therefore be a relatively small proportion. For present purposes these costs have been estimated to be no more than the existing cost incurred directly.
15. Whilst OCC will be undertaking works to the leased area there will be some one-off costs incurred by the Vale Council over works to common areas, such as changes to the secure access door system. The precise extent of these works has not yet been finalised or costed but is expected to be modest.
16. The FM agreement is intended to be personal between the parties and as such would fall away, or have to be renegotiated, if another occupier was proposed and was acceptable to the Vale Council.

Reception sharing agreement

17. A significant benefit of these proposals is that a shared reception service involving two tiers of local government will greatly simplify customer contact from the customer's point of view. Officers have taken the view that, having regard to the existing customer service contract (part of the wider financial services contract) between Vale and Capita, the most workable arrangement is that this contract be extended to incorporate the additional services required for OCC. On that basis Vale would contract directly with OCC to provide those services. Capita has submitted a commercial proposal against a draft specification for the services required by OCC. In most instances the services would replicate what is presently being provided, albeit the number of visitors will increase, but some training will be required in relation to other services, notably social services case meetings and signposting of OCC services. The indications are that some visitors requiring OCC services can occasionally be more challenging or require segregation from other visitors and so this will need to be incorporated in training and protocols. OCC are proposing to take some additional ground floor space to enable visitors to be taken out of the main reception area when appropriate. Three way discussions between Vale, OCC and Capita are ongoing, but generally OCC is happy that the space and facilities being allocated for customer service meet their needs, and OCC are happy with the proposed contractual arrangement.
18. In relation to cost, the proposal is that OCC will be liable for the additional charges made by Capita for the extended service under its contract and the Vale Council will recharge these costs by way of separate agreement to OCC at cost, i.e. without Vale applying any management fee.
19. The agreement will also need to have flexibility to change services over time and would effectively mirror the provisions of the Capita contract where there is a procedure to change services, and which in practice has been done frequently over the years. The Capita contract is due to be retendered by July 2016 so the Vale Council's contract with OCC will reflect this. The contract will also dovetail

termination arrangements so that if OCC's lease was assigned and it was subsequently agreed that the new tenant would no longer require the reception services then suitable notice would have to be given and/or any costs or penalties under the contract would have to be covered by OCC.

20. Because two separate contracts are proposed, i.e. one between Vale and OCC, and separately an extension of the existing customer service contract between Vale and Capita, there are no direct transfers of existing OCC reception staff between OCC and Vale, and after seeking advice officers believe that TUPE does not apply in relation to OCC's existing reception staff. This eliminates Vale's commitment e.g. to redundancy costs.

Options

21. The Cabinet have agreed in principle to the lease and on that basis the available options relate to variation of the terms of the agreement. In part the terms have been driven by a need to be competitive with the terms on offer through OCC's existing landlords, but even so the terms are believed to represent a good deal for the Vale Council.

Financial Implications

22. The proposed rent is as indicated above.
23. As regards services provided in the lease and in the FM agreement, the attached table shows costs incurred in relation to Abbey House for the year 2012/13, a budget estimate based on those costs assuming OCC are in occupation (with costs added in certain categories where these are expected to increase) and the split in responsibility between the Vale Council and OCC based on the proportion of the building occupied by each authority. The totals have been adjusted for inflation. These are presently best estimates – the precise amounts will depend on the final agreement reached with OCC and the actual experience of costs and recharges, but the savings will be substantial.
24. The Capita agreement is expected to be cost neutral.
25. There will need to be an agreement with South over a contribution to reflect the extra staff being located at those offices. This could be in the form of a one-off contribution to adaptation/improvement works to accommodate the new staff numbers and an ongoing charge to reflect the additional outgoings/rent. Officers understand that these discussions have not been concluded, however, the savings generated by recharging operating costs to OCC should comfortably exceed any recharge.
26. Other costs will be incurred as a result of the new arrangements. This includes one-off costs such as rearranging IT within Abbey House and Wantage Civic Hall to service the new working arrangements (estimated at £65,000) and ongoing annual costs such as additional officer travelling arising from relocating well attended committee meetings (full council, planning, scrutiny, audit) to Wantage Civic Hall/Abingdon Guildhall, whilst committee meetings involving fewer numbers (cabinet, licensing) remain in Abbey House council chamber. In

addition, staff that are relocated to South's offices and whose journey to work and back will be longer as a result, will be entitled to claim the additional mileage incurred for two years. The cost of this over two years is currently estimated at a total of £185,000.

Legal Implications

27. As indicated external consultants have been engaged for the purposes of preparing the documents.

Risks

28. Careful treatment of the signage to ensure the building continues to be easily recognised as a Vale Council building as well as an OCC/CAB service centre, advance warning to the public of the changes and ensuring continuity of the services provided from the building will be important to ensure any potential negative impact or public confusion is eliminated or minimised.

29. Any leasing arrangement involves an element of doubt over what will happen at the end of the lease or at break points within it. There is therefore the risk that OCC will operate the break or will not wish to renew on expiry of the lease and that the building will then be empty and, unless another occupier is found, the building could quickly become a liability. This will depend on prevailing market conditions which cannot of course be predicted at this point in time. There is not proposed to be a break in the lease in favour of the Vale so for the duration of the lease the building is not available for its own occupation and if for any reason it was felt that additional space was required in Abingdon then it may mean looking to lease space in the town.

Other implications

30. There are of course a great many implications relating to the accommodation project as a whole, including relocation of many staff to South's offices and the programme of works that flow from that. The Vale and South councils have procured external assistance from a project manager to oversee this complicated process, which has been working effectively. This will be the subject of a future report to the Leader.

Conclusion

31. The proposals will produce a significant financial benefit to the Vale Council. The proposed lease and ancillary agreements have resulted from a negotiation process but are believed to be satisfactory, workable arrangements which will result in greatly more efficient occupation of this public building.

32. In the short term there is a minimal risk to the provision of services during the transition period and in the longer term the proposals represent an opportunity to complement services offered by the two councils for the benefit of the public.

33. Scrutiny is therefore asked to scrutinise the proposed deal and make any comments to Cabinet. Cabinet is asked to approve the proposed terms as

detailed in the report for the proposed occupation by Oxfordshire County Council of part of Abbey House. In addition it is asked to delegate to the Strategic Director in consultation with the Leader of the Vale Council authority to agree any variation to the proposed terms and to enter into the agreement for lease, lease, licence to alter and facilities management agreement and any other related or ancillary agreements or documents.

Background Papers

- None

DRAFT REPORT ON DOCUMENTATION

AGREEMENT FOR LEASE:

The agreement provides for the Grant of the Lease on the terms set out below on the 1 June 2014.

The Agreement also deals with two other matters pre-completion:-

1. In clause 5 the Agreement deals with the approval of the following matters:-

- (a) Plans and specifications for the Tenant's Works which are to be attached to the Licence to Alter.
- (b) A method statement relating to the Tenant's Work again to be attached to the Licence to Alter.
- (c) The Service Schedule which will be attached with the Facilities Management Agreement; and
- (d) The Operating Protocol to be attached to the Lease.

All of these items are to be approved by the Landlord/agreed by the parties acting reasonably. Accordingly, to some extent, there will be an "agreement to agree" which is unenforceable but the parties are obliged to cooperate in good faith in this regard.

2. The Agreement for Lease also provides in clause 6 that the Tenant may have access to the Property in stages; in respect of the second floor of the Property no later than 1 February 2014 and as to the whole no later than 10 March 2014. Access could be given earlier on two weeks' notice.

As mentioned above, the Agreement provides for the completion of the Lease on the 1 June 2014. On this date there will be an apportionment of rent and insurance rent (there is no rent free period) and the parties will enter in to the Lease, the Licence to Alter and the Facilities Management Agreement.

In addition on completion the Landlord must issue 132 car parking permits for use by the Tenant's employees within any of Rye Farm, Hales Meadow or Charter (levels 5 and above) car parks.

LEASE:

Tenant : The Tenant will be Oxfordshire County Council.

- Premises : The premises demised by the Lease are the part ground floor, first and second floors Abbey House Abingdon. This is an internal demise which is relevant for the Tenant's repairing obligations.
- Term : The Lease Term is a term of ten years commencing on 1 June 2014. The Lease is inside the security of tenure provisions of the Landlord and Tenant Act 1954 which means at the end of the Lease Term the Tenant will have a statutory right to remain in the Property and renew their Lease unless the Landlord can show certain limited grounds (for example redevelopment) apply.
- Tenant's Break : The Tenant has a right to break the Lease on either the 1 June 2019 or 1 June 2020 (Break Dates) on giving no less than twelve months but not more than twenty-four months prior notice. The operation of break is conditional on payment of the annual rent and vacant possession of the property being given at the Break Date. If the Lease is terminated then any rents paid in advance must be repaid to the Tenant to the extent that they relate to a period after the Break Date.
- Rent : The annual rent is £237,953 per annum payable on the usual quarter days.
- Rent Review : The rent is to be reviewed on the fifth anniversary of the term of the Lease to the open market rent. The rent review is upwards only. Note that the open market rent is assessed on the usual assumptions and disregards however, particular attention is drawn to the alienation provisions (see below) which are restrictive and therefore could have a detrimental effect on review.
- Permitted Use: The permitted use of the Premises is offices within Use Class B1 (a) of The Town and Country Planning (Use Classes) Order 1987.
- Repair and Decoration : This is a full repairing Lease on the part of the Tenant so the Tenant is required to keep the premises in good repair and condition (damage by the insured risks accepted). The Tenant is required to decorate the Property as often as reasonably necessary and in the last three months before the end of the Term. Note that there is no dilapidations provision so at the end of the Term the Tenant only has to return the Property in a clean and tidy condition making good any damage caused. The Tenant also has to remove its chattels.
- Insurance : The Landlord covenants to insure the Property against the usual commercial risks (confirmation as to whether this includes terrorism is awaited) for the full reinstatement value. If the Property is destroyed by

the Insured Risks then the Landlord must reinstate the same and during such time as the Property the Annual Rent will be suspended until such time as the Property is reinstated or three years whichever is sooner. If the Landlord considers the Property is impossible to reinstate then the Landlord may terminate the Lease on notice. The Tenant may terminate the Lease if the Property has not been reinstated within three years of the date of damage or destruction.

The Tenant is required to pay a fair and reasonable proportion of the cost of insuring the building and also the cost of insuring up to three years loss of rent. Note that a fair and reasonable proportion is defined in the Lease as being based on the net internal area that the Property bears to the remainder of the lettable units within the Building.

Services : The Landlord is required to use reasonable endeavours to provide the services to the Building which include maintenance of the structure and the common parts of the Building, cleaning the windows maintaining the machinery and equipment on the common parts and the other items set out in clause 8 of the Lease. The Landlord has the ability to vary the services, if reasonable to do so.

The Tenant is to pay a fair and reasonable proportion of the Service Charge on a quarterly estimated basis with a balancing charge or credit after certification at the end of each service charge year.

Note that whilst the Facilities Management Agreement is in place then some of the services may be charged under that document not the lease and there is to be no double counting.

Assignment : The Tenant may assign the whole of the lease with the consent of the Landlord, such consent not to be unreasonably withheld.

Note that there are certain circumstances in which the Landlord may withhold its consent which are:-

- (a) The annual rent or any money due is outstanding or there is an unremedied material breach of covenant.
- (b) The assignee is not of sufficient financial standing in the reasonable opinion of the Landlord.
- (c) The assignee and the Tenant are group companies.

(d) The assignee is not a public body or an organisation which in the opinion of the Landlord shares similar goals and aspirations of the Landlord.

(e) In the opinion of the Landlord the activities of the Assignee would conflict with the Landlord's day to day activities or overall security of the building.

Note that these latter two requirements mean that the Landlord has an effective veto on any assignee which could have a negative impact on rent review; on the other hand you will have greater control over the building than in a usual landlord and tenant situation.

On an assignment any assignee must take a novation of the Facilities Management Agreement unless otherwise agreed by the Landlord. The Landlord is also to re-issue the car parking permits to the assignee.

Underletting : The Tenant may underlet the whole or a permitted part of the Property with consent not to be unreasonably withheld. A permitted part is either whole floors or a part of the Property which is capable of independent occupation. The Landlord may withhold its consent to an underletting of whole where in its opinion the activities of the undertenant would conflict with the Landlord's day to day activities or the overall security of the building. Where the Tenant is Oxfordshire County Council, no consent is required for underletting to a supplier of services to the Tenant or a partner organisation.

All underlettings must be outside the provisions of the Landlord and Tenant Act 1954.

Sharing Occupation : The Tenant may share occupation of the Property with a public body, a subsidiary body or a body which provides services to the Tenant subject to each case in each case to consent not to be unreasonably withheld or delayed where the body will agree with the Landlord's reasonable requirements as to security.

Operating Protocol : There will be an operating protocol attached to the Lease setting out matters such as fire drills and first aid etc.

Rights Granted To the Tenant : The Tenant is granted the usual rights as would be expected over the common parts of the Building also to place refuse bins within a designated area and to place bicycles again in a designated area. There are also rights to load and unload in the exterior area to be

shown on the lease plan. The Tenant also has rights to use the lavatories and wash rooms on the first and second floor of the building and to display the name and logo of the Tenant on a sign provided by the Tenant outside the Building and in reception and at the entrance of the Property.

Landlord's Rights: The Landlord reserves rights to connect in to any Service Media within the Property, rights to develop adjoining property, rights to erect scaffolding, rights to re-route any means of access to the Premises or any service media. The Landlord may also enter the Property to carry out repairs and for any other purpose mentioned in the Lease. These rights of entry may be exercised on reasonable notice except in emergency subject to minimising disruption and making good any damage caused to the reasonable satisfaction of the Tenant.

Permitted Hours: The permitted hours in the Lease are 7am to 7pm, The Tenant will have 24 hour access to the Property but to the extent that services are used outside of this time there will be a separate charge.

Car Parking : As mentioned above, the Tenant will have a 132 car parking permits and will also have the ability to buy other permits on a discounted basis. The Landlord may change the designated car parks from time to time.

LICENCE TO ALTER

The Tenant on completion will also enter in to a Licence to Alter regarding its fit out works. The Tenant is obliged to carry out the works within six months of completion of the Lease.

The Licence provides that the works are carried out in accordance with the Method Statement and the Plans and in compliance with all laws. The Tenant must also comply with CDM requirements.

The Tenant's Works are to be disregarded on rent review.

FACILITIES MANAGEMENT AGREEMENT:

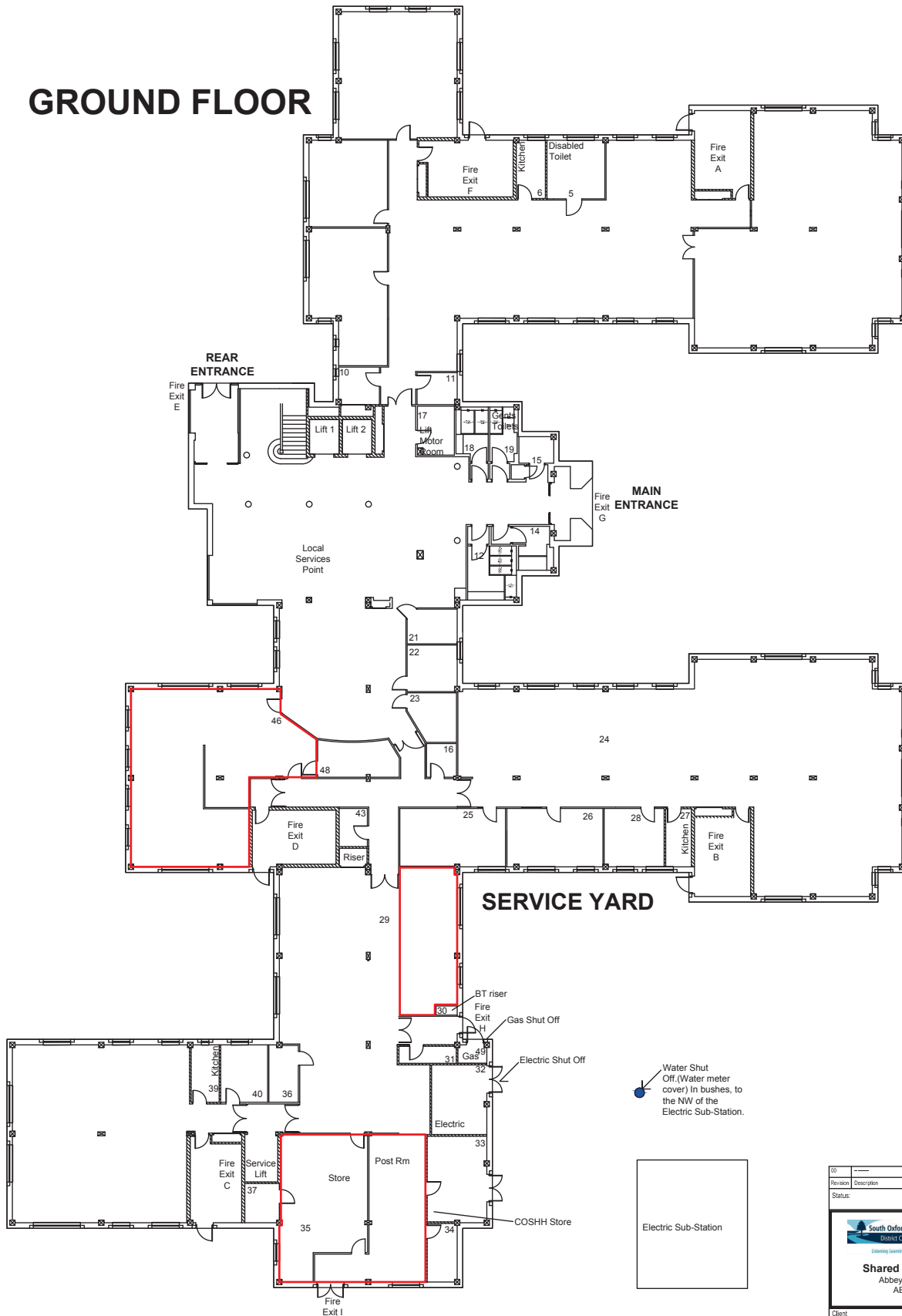
The Landlord is to provide certain services to the Tenant with regard to the Property i.e. cleaning and security etc. and the Tenant is to provide services to the Landlord for example, the post room. In addition the Landlord is to provide reception services to the Tenant or to a specification agreed. This Agreement is currently under discussion and we will add further details once its terms are firmed up.



	2012/13 running costs	Estimated running costs 2012/13 assuming OCC in occupation	Cost to Vale 31.77%	County responsibility 68.23%
Agency staff (to cover non planned absences)	1,596.16	1,596.16	£507.10	£1,089.06
Repairs and maintenance to land and...	19,362.36	24,202.95	£7,689.28	£16,513.67
Repairs & Maintenance of Fixtures &...	3,804.84	4,756.05	£1,511.00	£3,245.05
Repairs & Maintenance of Plant	8,238.98	10,298.73	£3,271.90	£7,026.82
Electricity	54,194.21	67,742.00	£21,521.63	£46,220.37
Gas	14,174.93	14,174.93	£4,503.38	£9,671.55
Non domestic rates	177,647.46	177,647.46	£56,438.60	£121,208.86
Water rates	5,115.88	6,394.85	£2,031.64	£4,363.21
Contract Cleaning	40,428.92	40,428.92	£12,844.27	£27,584.65
Waste Management	5,582.43	6,978.04	£2,216.92	£4,761.11
Premises Insurances	5,908.98	5,908.98	£1,877.28	£4,031.70
Purchase of equipment	349.98	349.98	£111.19	£238.79
Maintenance of equipment	352.34	352.34	£111.94	£240.40
Maintenance contracts	12,576.31	12,576.31	£3,995.49	£8,580.82
Materials & consumables	9,985.50	14,977.00	£4,758.19	£10,218.81
Clothing and uniforms	12	100	£31.77	£68.23
Communications - Telephones & Fax	950.33	950.33	£301.92	£648.41
Subscriptions - Autocad	1,666.25	615.00	£195.39	£419.61
Third Party Payments - Security	7,630.06	7,630.06	£2,424.07	£5,205.99
Payments to South - Salary costs	106,411.31	105,992.62	£33,673.86	£72,318.77
Admin/service charge		5,000.00	£1,588.50	£3,411.50
	£475,989.23	£508,672.70	£161,605.32	£347,067.39
allow 5% inflation for 12/13 to 14/15		£534,106.34	£169,685.58	£364,420.76

Note - it is intended electricity will be sub metered so this will not be split pro rata but charged on actual use

GROUND FLOOR

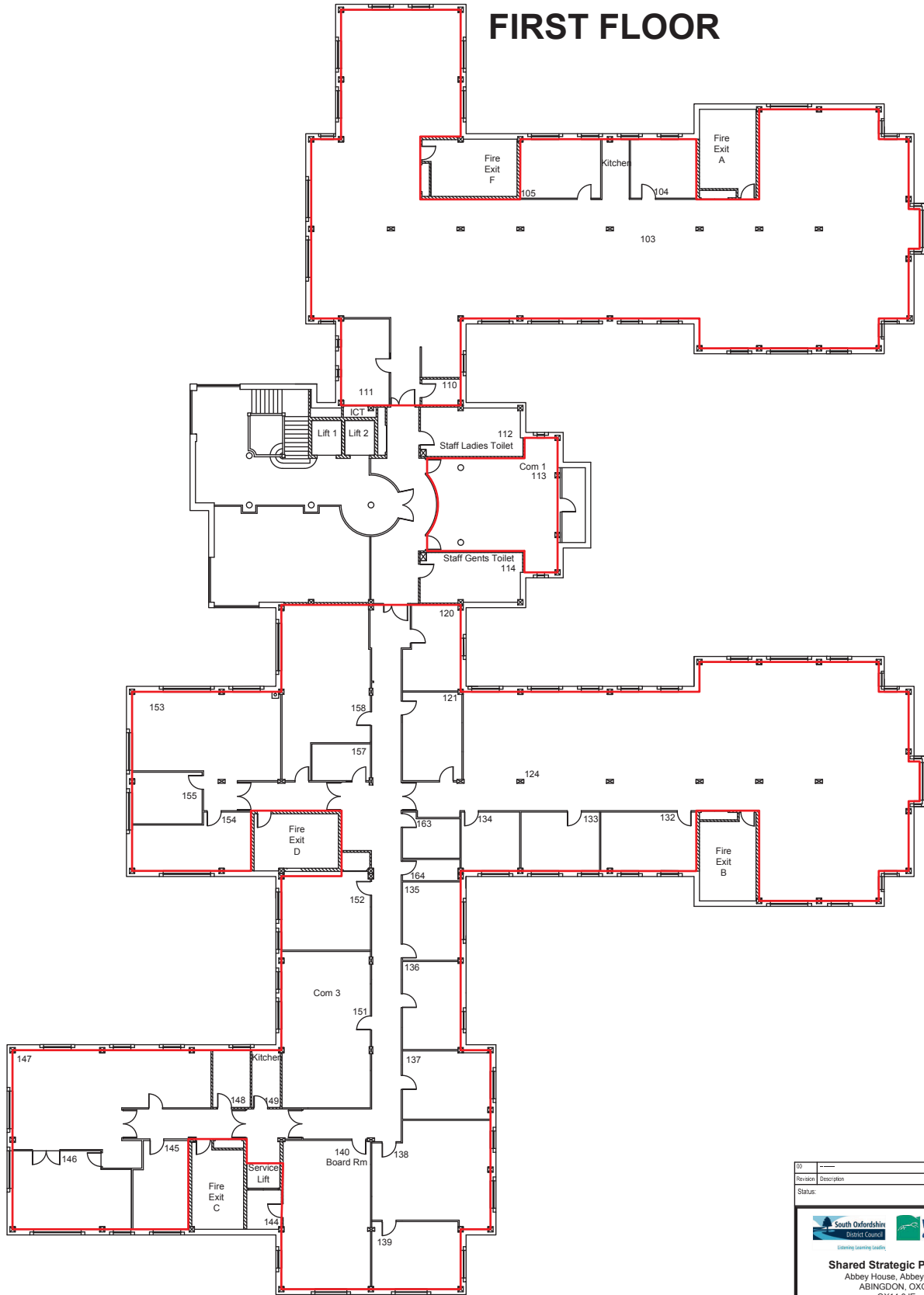
- NOTES:**
1. This drawing to be read in conjunction with all relevant drawings, documents and specifications.
 2. Dimensions not to be scaled from drawing.
 3. Dimensions are in millimetres unless otherwise stated.





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Revision	Description	Date
Status:		
 		
Shared Strategic Property Abbey House, Abbey Close ABINGDON, OXON OX14 3JE		
Client		
South Oxfordshire District Council and Vale of White Horse District Council		
Contract		
Abbey House Abbey Close Abingdon		
Title		
Ground Floor Demised & Common Areas		
Suzanne Malcolm - Shared Economic Development Manager		
Drawn	Economy Leisure & Property	Proj Date
Scale	1:250 @ A3	20/11/2013
Drawn by	RSE	Eng No.
		App by

- NOTES:**
1. This drawing to be read in conjunction with all relevant drawings, documents and specifications.
 2. Dimensions not to be scaled from drawing.
 3. Dimensions are in millimetres unless otherwise stated.

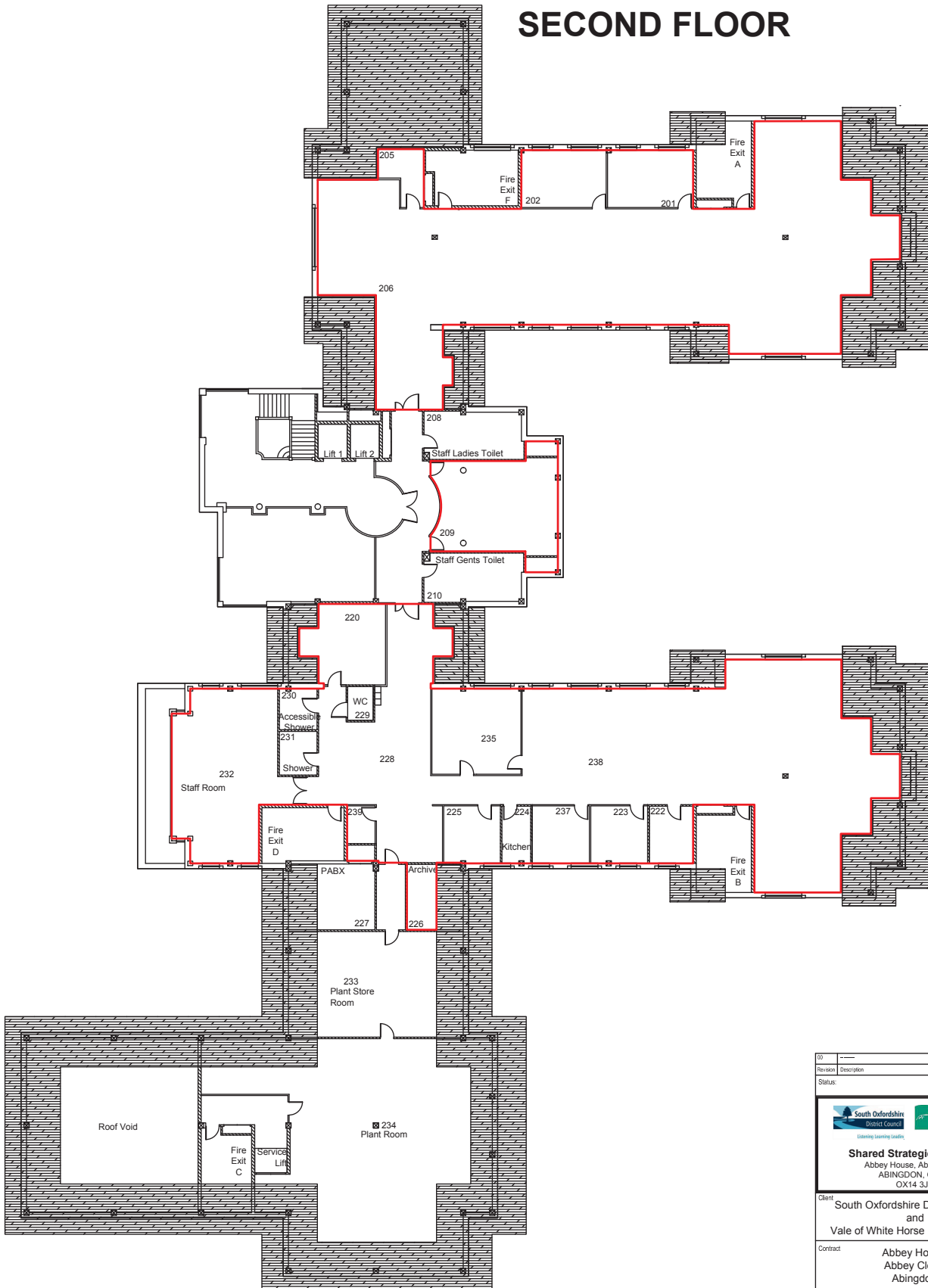
FIRST FLOOR





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Revision	Description	Date
Status:		
 		
Shared Strategic Property Abbey House, Abbey Close ABINGDON, OXON OX14 3JE		
Client		
South Oxfordshire District Council and Vale of White Horse District Council		
Contract		
Abbey House Abbey Close Abingdon		
Title		
First Floor Demised & Common Areas		
Suzanne Malcolm - Shared Economic Development Manager		
Division	Project	Date
Economy Leisure & Property	1230 @ A3	20/11/2013
Scale	Drawn by	Rev.
1:250 @ A3	RSE	
Drawn by	CHK'd by	App'd by
RSE		

- NOTES:**
1. This drawing to be read in conjunction with all relevant drawings, documents and specifications.
 2. Dimensions not to be scaled from drawing.
 3. Dimensions are in millimetres unless otherwise stated.

SECOND FLOOR



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Revision	Description	Date
Status:		
 		
Shared Strategic Property Abbey House, Abbey Close ABINGDON, OXON OX14 3JE		
Client		
South Oxfordshire District Council and Vale of White Horse District Council		
Contract		
Abbey House Abbey Close Abingdon		
Title		
Second Floor Demised & Common Areas		
Suzanne Malcolm - Shared Economic Development Manager		
Division	Project Date	
Economy Leisure & Property	20/11/2013	
Scale	Eng. No.	Rev.
1:250 @ A3		
Drawn by	CHK'd by	App'd by
RSE		

Scrutiny Committee Report



Report of Head of Finance

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To: SCRUTINY COMMITTEE

DATE: 21 November 2013



Council tax reduction scheme 2014/15

Recommendation(s)

that the committee reviews

the proposed council tax reduction scheme commencing 2014/15 following a public consultation and makes any recommendations to the Cabinet member for Finance

Purpose of Report

1. The purpose of this report is to allow the committee to review the proposed council tax reduction scheme that will be adopted for the financial year 2014/15, until such time as members wish to change the scheme and, invites the committee to make any recommendations it may have to the Cabinet member for Finance.

Strategic Objectives

2. The council is required by statute to adopt a scheme to help those on low incomes to meet their council tax liability. In accordance with the strategic objective "excellent delivery of key services", by having a scheme, we should achieve the corporate priority of delivering a high quality value for money service which takes into account the views of residents, service users and other stakeholders.

Background

3. Prior to April 2013 there was a national scheme of financial assistance called “council tax benefit” which was available to taxpayers on low incomes to help them meet their council tax liability. This scheme had been in operation since 1993.
4. Following changes introduced by the Local Government Finance Act 2012, this council adopted its own local “council tax reduction scheme” to take effect from 1 April 2013. This was against a backdrop of reduced Government funding of approximately ten per cent compared to the funding given for the previous council tax benefit scheme.
5. In common with the other district councils in Oxfordshire, the local scheme more or less mirrored the previous council tax benefit scheme which meant that no residents saw a reduction in their entitlement.
6. The ten per cent reduction in Government funding was counteracted by our implementation of technical reforms to the council tax system whereby more council tax was charged on empty properties and second homes.
7. The final scheme that was adopted was for one year only therefore the council is required to formally adopt a scheme for 2014/15. This formal adoption must be undertaken by full Council before 31 January 2014.

Proposal for 2014/15 onwards

8. It is proposed that the scheme adopted for 2014/15 should require everyone (excluding those of Pension Age and certain protected groups - people with disabilities, war widows and war disabled pension recipients) to pay at least 8.5 per cent of their council tax (around £129.00 per year, based on a Band D property). This would mean that the maximum reduction that anyone could receive would be 91.5 per cent of their council tax liability.
9. As set out in the consultation document, the Cabinet Member for Finance believes that the reduction in Government funding mentioned in 6. above should be spread fairly across all council tax payers (apart from the protected groups mentioned above), not just those who aren't claiming a reduction. The Cabinet Member for Finance's rationale being that the proposed reduction scheme should encourage unemployed people to seek work - which was a stated Government policy intention for localising council tax support.
10. It should be noted that for the 2013/14 schemes the Government offered additional “transitional funding” to councils who did not reduce council tax reduction entitlement by more than 8.5 per cent. This council was one of 20 per cent of authorities who made no changes to their scheme in 2013/14, but a further 60 per cent modified their schemes to take advantage of the grant. Although the grant is not being made available in 2014/15, the Cabinet Member for Finance believes that a scheme proposing an 8.5 per cent reduction is clearly regarded as a fair compromise by the Government.
11. In addition to a flat 8.5 per cent reduction across the board, the Cabinet Member for Finance is also recommending that some modifications should be made to entitlement in respect of some specific categories of claimant. This has the effect

of further reducing entitlement for some claimants whilst increasing entitlement for those who are prepared to find work. Presently, when an unemployed claimant takes up a new job, we continue to give a reduction for four weeks after the new job begins, at the same rate they were on before starting work. This is so that they are not faced with having to pay a full council tax bill immediately. Under the new proposal we will continue to give the same level of reduction for **thirteen weeks** which will help people even more.

12. The effects of the new proposals (based on current data) can be seen in the following table:

Group	Numbers affected	(Saving)/Cost
Reducing maximum entitlement to 91.5 per cent (i.e. 8.5 per cent reduction)	2,050	(£18,425)
People who have more than £6,000 capital	62	(£3,757)
People who receive a reduction because they live with another adult who is on a low income	27	(£525)
People who will no longer have their child maintenance disregarded	125	(£6,546)
People who will have their entitlement capped to a band E rate	43	(£1,237)
People who move into work and continue to receive the same level of reduction	214	£2,427
	NET SAVING	£28,063
There could be some overlap between these different groups i.e. someone could be affected by more than one of the proposed changes		

The financial effect on claimants in band C (the band in which most claimants are affected) can be seen in the following table:

Group	Average annual reduction/(increase)	Highest annual reduction/(increase)
Reducing maximum entitlement to 91.5 per cent (i.e. 8.5 per cent reduction)	£80.54	£152.53
People who have more than £6,000 capital	£785.64	£1,387.36
People who receive a reduction because they live with another adult who is on a low income	£236.67	£346.81
People who will no longer have their child maintenance disregarded	£635.88	£1,387.36
People who will have their entitlement capped to a band E rate	£266.40	£346.84
People who move into work and continue to receive the same level of reduction	(£154.68)	(£236.07)
There could be some overlap between these different groups i.e. someone could be affected by more than one of the proposed changes		

13. Within the scheme for 2014/15 the Cabinet Member for Finance is also recommending a clause for uprating. This will ensure personal allowances increase each year so that residents will see an increase in their entitlement and conversely it will also ensure that non-dependents (adult children for example) increase their household contributions. The recommendation is to **uprate by 1 per cent** each year, starting in 2014/15. This is in line with the uprating for national welfare benefits announced by the Chancellor of the Exchequer in his December 2012 autumn statement.
14. Finally, when council tax support fell under benefits legislation, the council could use the Discretionary Housing Payment (DHP) fund to temporarily increase entitlement where claimants were experiencing financial hardship. Now that the scheme falls under council tax legislation, the DHP fund cannot be utilised in this way. Therefore, the Cabinet Member for Finance is considering a discretionary fund to be set at **10 per cent** of the total expenditure reduction achieved (which would be approximately **£30,000** if all the modifications above are implemented). This will be funded by the Vale and the major precepting authorities i.e. County Council and the Police and Crime Commissioner (Thames Valley).

Consultation on the proposed scheme

15. An eight week public consultation was undertaken between 27 August and 18 October. It chose random samples of 500 current council tax reduction scheme recipients and 500 council tax payers not currently receiving a reduction. Additionally, all members of the council's Resident's Panel who have an email address (approximately 400 members) were invited to take part in the consultation. Local stakeholders (advice agencies and registered housing providers) and town and parish councils were also invited to take part in the consultation.
16. A total of 412 responses were received; 253 on line and 159 postal returns. 95 of the respondents were existing council tax reduction scheme recipients; 300 were non recipients; 10 were stakeholder organisations; and seven were unclassified.
17. The consultation document (which the Chairman of Scrutiny Committee helped to design) asked questions, not only on the general proposal requiring everyone to pay at least 8.5 per cent of council liability (apart from pensioners and other protected groups) but also in respect of a number of other changes, The following table shows the response to the six proposals, split between council tax reduction scheme recipients and non recipients.

Summary of agreement with proposed changes to the Council Tax Reduction Scheme for 2014/15

		<i>Reduction recipients</i>	<i>Full Council Tax Payers</i>
Proposal:			
To reduce the maximum entitlement to 91.5%	<i>% agree</i>	34%	67%
	<i>% disagree</i>	43%	22%
To reduce the upper capital limit to £6,000	<i>% agree</i>	49%	55%

	<i>% disagree</i>	34%	32%
To remove the second adult rebate	<i>% agree</i>	43%	63%
	<i>% disagree</i>	44%	24%
To treat child maintenance as income	<i>% agree</i>	35%	54%
	<i>% disagree</i>	59%	38%
To cap entitlement for properties in bands F, G and H	<i>% agree</i>	59%	76%
	<i>% disagree</i>	18%	14%
To extend entitlement to 13 weeks when a claimant moves into work	<i>% agree</i>	65%	60%
	<i>% disagree</i>	23%	27%

As this table shows, the consultation found:

- General support for..
 - Capping entitlement for properties in bands F, G and H
 - Extending entitlement to 13 weeks when a claimant moves into work
- Recipients of Council Tax reduction are more likely to disagree than agree with three of the six proposals. The strongest disagreement is with the proposal to treat child maintenance as income. The most marginal is proposal to remove the second adult rebate.
- Full Council Tax payers are more likely to agree than disagree with all proposals. The most marginal is the proposal to treat child maintenance as income where more than a third disagree.

Comments included:

- Reservations about how proposals might impact single parents.
- That exceptions for carers should be considered.
- That child maintenance is for the support of the child and not intended for use in payment of household bills.

A full report on the consultation findings including charts showing the **responses** to the questions and general comments can be found at **Appendix 1**.

Alternative option(s)

18. When considering the principles of an amended scheme, it should be noted that most authorities that changed their scheme in 2013/14 opted for some level of blanket reduction (meaning that all working age claimants pay some council tax) and, as the criteria for council tax reduction schemes are at the council's discretion, various alternatives and options are open to the council.

19. Like some other councils in the county, the council could opt for continuing with the current scheme, which replicates the old council tax benefit scheme. However, this would not share the council tax burden or incentivise work, which is the rationale for the proposed change.

20. Alternatively, the council could contemplate a reduction of 20 per cent, which is the level opted by the majority of councils that changed their schemes in 2013/14 or, a variety of other reductions. However, the council would have further consult if it was minded to further reduce entitlement.

Financial Implications

21. Initial modelling work undertaken has shown that reducing entitlement by 8.5 per cent would be likely to save the council approximately **£18,425** (which rises to **£28,063** when applying the additional modifications **in 12 above**).
22. On a countywide basis, whilst the final savings figure will be dependent on the final scheme design, at present the savings to the County Council and the Police and Crime Commissioner (Thames Valley) are estimated to be at least £240,000 and £32,000 respectively.
23. There may be additional costs of recovering council tax from those affected by reducing the entitlement in council tax reduction. There could be around **2,050** households having to pay council tax for the first time and feedback from other authorities confirm that more time and effort is having to be made with this new tranche of payers, to collect new liabilities and maintain collection rates.
24. The Government has however, awarded the council further “new burdens” grant for 2014/15, totalling **£68,392** to recognise the work required to implement a local council tax reduction scheme. In addition, the County Council and the Police and Crime Commissioner (Thames Valley) have agreed to contribute to additional costs, as they will both be benefiting from changes to the scheme. So, if the council does change the scheme, it should have adequate funds to deal with any additional administrative tasks.

Legal Implications

25. The current council tax reduction scheme was adopted for 2013/14 only. There is a statutory duty to adopt a 2014/15 scheme by 31 January 2014. If this deadline is not adhered to, the council’s 2013/14 will automatically be rolled over as a consequence.

Risks

26. There is a risk that benefit caseload could increase significantly, resulting in expenditure exceeding current estimates. However, we have recently seen a stabilisation in the caseload and in fact a reduction in some months – which has not been seen since the start of the economic downturn in 2008.
27. The development of a council tax reduction scheme that reduces benefit expenditure, without being supported by robust principles and consultation, could be open to legal challenge on equalities grounds. However, to mitigate this, the council has ensured that it has complied with the necessary consultation and equality requirements.
28. Council tax collection rates could fall and, collection and recovery costs (including the cost of write-offs) could increase as a result of creating additional and, relatively small, council tax liabilities. However, the council does have new burdens funding at its disposal and pledges of financial contributions from the County

Council and the Police and Crime Commissioner (Thames Valley) to counteract these possible effects.

Equality Implications

29. The council has conducted an equalities impact assessment (EIA) in accordance with its statutory obligations. The EIA is attached at **Appendix 2**.

30. The proposed council tax reduction scheme intends to support residents on a low income with help towards paying their council tax, with the proviso that all working age claimants should pay some council tax. As well as reducing entitlement by 8.5 per cent, it also proposes changes to elements of the scheme, further reducing entitlement to some groups, but also incentivising moving into work.

31. The biggest impact will be felt by single parent families, particularly through treating child maintenance as income. Single parents may also have another young adult who is on a low income living with them, which would result in a further reduction in entitlement.

Conclusion

32. The council must adopt a local council tax reduction scheme for 2014/15 by 31 January 2014 and it is proposed that this be based on a scheme which intends to support residents on low incomes with help towards paying their council tax. The rationale of the scheme, as proposed by the Cabinet Member for Finance, is to introduce a scheme that is fair on all residents; protects the vulnerable; and, encourages residents back to work by the inclusion of work incentives

Background Papers

- Consultation papers
- EIA

Vale of White Horse District Council
Council Tax Reduction Scheme 2014/2015
Consultation

Report

Prepared for:
Vale of White Horse District Council

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October 2013

Contents

Summary of agreement with proposed changes to the Council Tax Reduction Scheme for 2014/15 ..	3
1. Background	4
2. Methodology.....	5
2.1 Postal survey.....	5
2.2 Online consultation	5
2.3 Response rates.....	6
2.4 Analysis and reporting.....	6
3. Profile of respondents.....	7
4. Key findings	10
4.1 Proposal to reduce the maximum entitlement to a Council Tax reduction from 100% to 91.5%	10
4.2 Proposal to reduce the upper capital limit from £16,000 to £6,000.....	12
4.3 Proposal to remove the second adult rebate.....	13
4.4 Proposal to treat child maintenance as income rather than disregarding it	14
4.5 Proposal to cap entitlement for properties in bands F, G and H.....	16
4.6 Proposal to extend “run-on” entitlement when a claimant moves into work from four weeks to thirteen weeks.....	18
4.7 Other comments.....	19

Summary of agreement with proposed changes to the Council Tax Reduction Scheme for 2014/15

		Reduction recipients	Full Council Tax Payers
Proposal:			
To reduce the maximum entitlement to 91.5%	% agree	34%	67%
	% disagree	43%	22%
To reduce the upper capital limit to £6,000	% agree	49%	55%
	% disagree	34%	32%
To remove the second adult rebate	% agree	43%	63%
	% disagree	44%	24%
To treat child maintenance as income	% agree	35%	54%
	% disagree	59%	38%
To cap entitlement for properties in bands F, G and H	% agree	59%	76%
	% disagree	18%	14%
To extend entitlement to 13 weeks when a claimant moves into work	% agree	65%	60%
	% disagree	23%	27%

1. Background

Vale of White Horse District Council is required by law to have a scheme to help people on low incomes pay their council tax. For people of pensionable age there is a prescribed scheme to follow but for people of working age, subject to a few prescribed requirements, the council is free to design such a scheme as they see fit.

This requirement replaced the national council tax benefit scheme that had been in operation since 1993. The costs of the council tax benefit scheme were more or less met in full by the Government. For the new local schemes, however, the Government had reduced the amount of funding available by approximately ten per cent. For Vale of White Horse this meant approximately £59,000.

For the 2013/14 financial year the council's scheme for working age people is largely based on the previous national council tax benefit scheme. This has meant that, providing their circumstances have not changed, no residents have seen a reduction in the level of support they receive. The council funded this scheme through Government grants (which accounted for approximately 90 per cent of the costs) and increased council tax charges for empty properties and second homes.

The council took this approach because of several factors including:

- due to the lateness of legislation there was very little time to design and prepare robust schemes
- all of the Oxfordshire councils were working towards a common scheme
- there was additional Government transitional funding for councils who made no, or very little, cuts to entitlement

The scheme did, however, mean that there were no additional incentives for out of work residents to seek work, and the cut in Government funding was shouldered by council tax payers who were not claiming support. In view of this, the council is proposing that their scheme for 2014/15 will increase the incentive for residents to seek work but will generally have reduced support available. However, it is proposed that working age disabled claimants will be protected from these changes.

In August 2013, Alpha Research Ltd was commissioned to undertake a consultation on the proposed Council Tax Reduction Scheme for 2013/14 amongst residents and other stakeholder groups in the Vale of White Horse.

2. Methodology

A postal and online survey was carried out between 27 August and 18 October 2013.

2.1 Postal survey

A consultation questionnaire was sent to the following groups of residents:

1. A representative sample of 500 households selected at random from the Vale of White Horse District Council's database of council tax reduction claimants who may be affected by this change – i.e. excluding people of pensionable age and those with disabilities.
2. A representative sample 500 households selected from the council's database of those paying full council tax.

In each case the sample was selected at random from the database, following stratification by postcode to ensure geographic spread.

2.2 Online consultation

An online version of the same questionnaire was made available via the council's website. The online consultation was promoted via the website, press releases and other local publicity.

An email inviting participation in the consultation was sent to a range of stakeholders and interested parties, including registered housing providers, local Citizens Advice Bureaux, other welfare organisations, care organisations and parish councils.

Members of the Vale of White Horse citizen's panel were also invited to take part in the online consultation.

2.3 Response rates

In total 412 responses were received (159 postal returns and 253 online responses). The profile of response is detailed in section 3.

2.4 Analysis and reporting

This report highlights and comments on the key findings from the consultation. Full tabulations of the results have been provided under separate cover.

Throughout the report the results are reported separately for three key groups of respondents:

1. Those currently in receipt of any Council Tax Reduction (full or partial)
2. Full Council Tax Payers
3. Stakeholder groups / interested parties

3. Profile of respondents

The vast majority of respondents were individuals responding on their own behalf, or carers/ family members responding on behalf of an individual. [Table 3.1]

There were ten responses representing stakeholder organisations or other interested parties:

- Four Parish Councils
- Four Housing Associations
- Two voluntary organisations (South and Vale CAB, and Gingerbread the national charity working with and on behalf of single parents)

95 of the 412 consultation respondents (23%) claimed to be in receipt of a Council Tax Reduction. Of these 31 said they receive a full reduction and 61 claimed to receive a partial reduction. Around a quarter of reduction recipients responding were pensioners or people with disabilities, who are protected from the impact of the proposed scheme.

Table 3.1: Sample profile – Type of respondent

	<i>No. of respondents</i>	<i>% of respondents</i>
All respondents	412	100%
Responding as (Q1/Q2):		
On own behalf	395	96%
Housing Association	4	1%
Parish Council	4	1%
Carer	2	<0.5%
Voluntary organisation	2	<0.5%
Other	1	<0.5%
Not stated	3	1%
Receipt of council tax reduction (Q4/Q4a):		
Any reduction	95	23%
- 100% Full reduction	31	8%
- Partial reduction	61	15%
Recipients in protected groups (Q4b):		
Any protected group	28	7%
- Pensioner	21	5%
- Person with disabilities	9	2%
- Recipient of War Widows Pension	-	-
- Recipient of War Disablement Pension	-	-
Recipients not in protected groups	67	16%

The demographic profile of reduction recipients responding to the consultation was relatively young (61% aged under 55) and female biased (68%). Four in ten of those in receipt of a reduction were single person households (44%) while around a quarter were lone parents (27%). The profile of full council tax payers was significantly older (57% aged 55 and over), and predominantly married or co-habiting couples (77%). [Table 3.2]

Table 3.2: Sample profile – Demographic

	<i>Reduction recipients</i>		<i>Full Council Tax Payers</i>	
TOTAL	95	100%	299	100%
Gender:				
Male	29	31%	163	55%
Female	65	68%	130	43%
Not stated	1	1%	6	2%
Age:				
Under 18	-	-	-	-
18 to 24	3	3%	3	1%
25 to 34	11	12%	16	5%
35 to 44	17	18%	53	18%
45 to 54	27	28%	55	18%
55 to 59	5	5%	30	10%
60 to 64	6	6%	50	17%
65 to 74	13	14%	60	20%
75 or over	12	13%	31	10%
Not stated	1	-	2	1%
Health problem or Disability:				
Yes	30	32%	41	14%
No	64	67%	254	85%
Not stated	1	1%	4	1%
Ethnic group:				
White British	92	97%	265	89%
Other white background	3	2%	16	5%
Other	-	-	5	2%
Not stated	-	-	13	4%
Household composition:				
Single person	42	44%	41	14%
Lone parent	26	27%	16	5%
Couple with children	21	22%	132	44%
Couple with no children	4	4%	99	33%
Other	1	1%	3	1%
Not stated	1	1%	8	3%

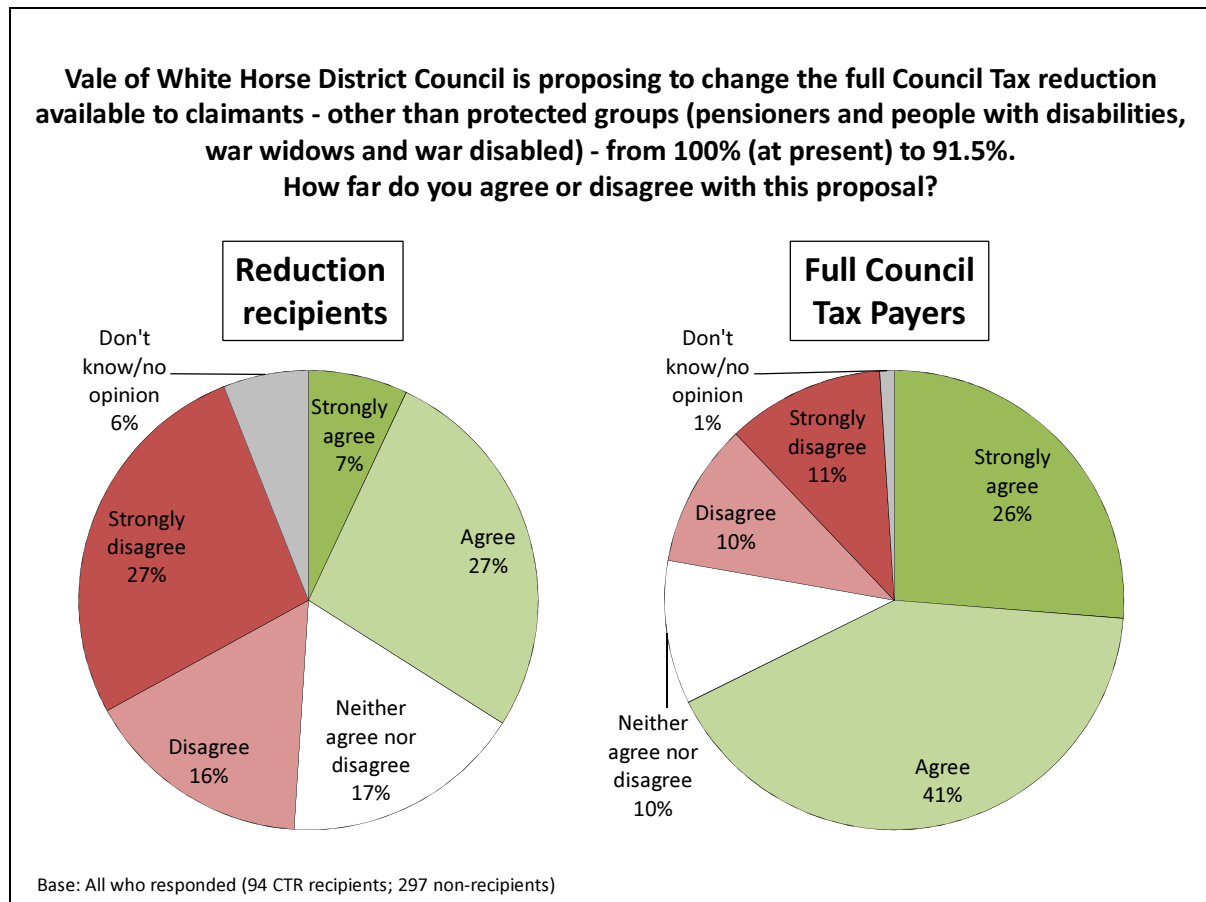
4. Key findings

4.1 Proposal to reduce the maximum entitlement to a Council Tax reduction from 100% to 91.5%

Respondents were presented with details of the council’s proposals to reduce the maximum entitlement to a council tax reduction from 100% to 91.5%. They were given an explanation of the rationale for the proposals and two examples of how the changes might affect individual households. Respondents were then asked to what extent they agreed or disagreed with the proposal to reduce maximum entitlement to 91.5%. [Chart 4.1]

Agreement was significantly lower amongst those currently in receipt of a reduction than amongst full council tax payers. Two thirds of full council tax payers (67%) agreed with the proposal, with around a quarter (26%) agreeing strongly. However, only around a third of those currently receiving a reduction (34%) agreed with the proposal and slightly more (43%) disagreed, with a quarter of current recipients expressing strong disagreement (27%). One in five full council tax payers (22%) disagreed with the proposals, and around one in ten (11%) strongly disagreed.

Chart 4.1: Agreement with proposal to reduce the maximum entitlement to a Council Tax reduction from 100% to 91.5%



Respondents were given the opportunity to mention anything they thought the council should take into account when considering the proposed change. The issues most commonly raised for consideration were as follows:

- While there was some agreement with the principle that every resident should contribute something toward their council tax, a number of respondents expressed concern that the proposals appear to put an **additional burden on low income households** and could cause **undue financial hardship** for some households who are already struggling.
- Some felt the proposals gave insufficient consideration to the issue of **ability to pay** and felt that the scheme should take more account of the household's income (and in some cases outgoings), and/or make more allowance for individual circumstances.
- There was also some concern that those who would be expected to pay more under the proposed scheme may not be able to find the money to do so, resulting in **debt and defaults on payments**, which would in turn increase the administrative burden on the council in recovering arrears.
- It was felt important that the proposed scheme **should not penalise working people**, and there was concern about the **impact on single parent families**. Some respondents expressed sympathy with the single working mother described in Example B and worried that single mothers would struggle to afford the additional council tax payments which could in turn have a direct impact on their children. In particular, several were unhappy about the move to treat child maintenance payments as income (see also Section 4.4).
- There was somewhat more acceptance of the scenario described in Example A (a single man seeking work) since the increase in contributions was considered more affordable.
- However, not all respondents agreed that the proposals would be an **effective incentive to work**, several noting the difficulties of finding work in the current economic climate.

Of the ten stakeholder groups responding, two agreed with the proposal and three disagreed. The others either stated that they "neither agree nor disagree" or offered no opinion. Comments from stakeholder organisations included the following:

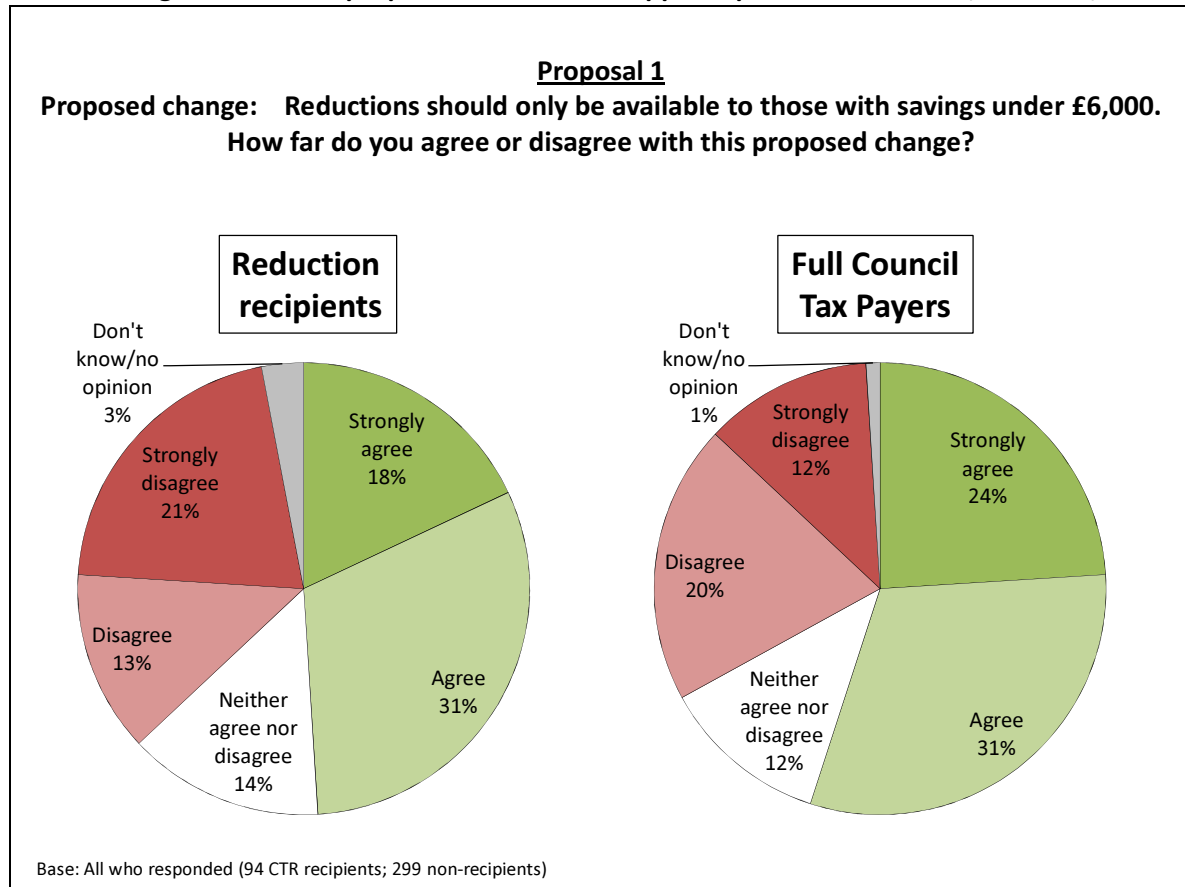
- Oxfordshire South and Vale Citizens Advice Bureau expressed a concern that the proposed change will add to the existing stress of households on a limited budget who are faced with a rising cost of living. The point was made that means tested benefits are intended only to be sufficient to cover basic needs. It was therefore felt unreasonable to expect people to pay a proportion of council tax from this income and may lead to increased arrears and consequent enforcement action.
- One parish council expressed the view that the proposal appears to hit hard those disadvantaged people who are trying to work out of their situation.
- Another parish council suggested that additional consideration should be given to individual circumstances and the benefits received by claimants.

4.2 Proposal to reduce the upper capital limit from £16,000 to £6,000

Respondents were asked to give their views on the proposal to reduce the maximum amount of capital a person can have before being excluded from the council tax reduction scheme from £16,000 to £6,000. [Chart 4.2]

On this proposal agreement was at a similar level amongst full council tax payers and those in receipt of a reduction, with around half of each group agreeing with the reduction in the capital limit (55% of full council tax payers; 49% of reduction recipients). Similarly around a third of respondents in each group disagreed with the proposal (32% of full council tax payers; 34% of reduction recipients).

Chart 4.2: Agreement with proposal to reduce the upper capital limit from £16,000 to £6,000



97 respondents provided additional comments relating to this proposal:

- Some of those who agreed with the proposal felt that a person with savings of £6000 or more **should not be considered in need of support** to pay their council tax, and that to provide support in these circumstances could be deemed unfair on those paying full council tax who may have no savings.

- However several of those who opposed the proposed change suggested that it would **penalise those who had been prudent** and might **discourage people from saving** for their future
- A number of respondents (both those receiving a reduction and those paying full council tax) felt that **the reduction in the limit should be smaller**, £10,000 being commonly suggested.

Of the ten stakeholder groups responding, five supported the proposed reduction in the capital limit and two opposed it. No supporting comments on this proposal were provided by stakeholders.

4.3 Proposal to remove the second adult rebate

Respondents were asked to give their views on the proposal to remove the second adult rebate which allows a single person who lives with another adult who is on a low income to receive up to 25% reduction on their council tax, regardless of their own income. [Chart 4.3]

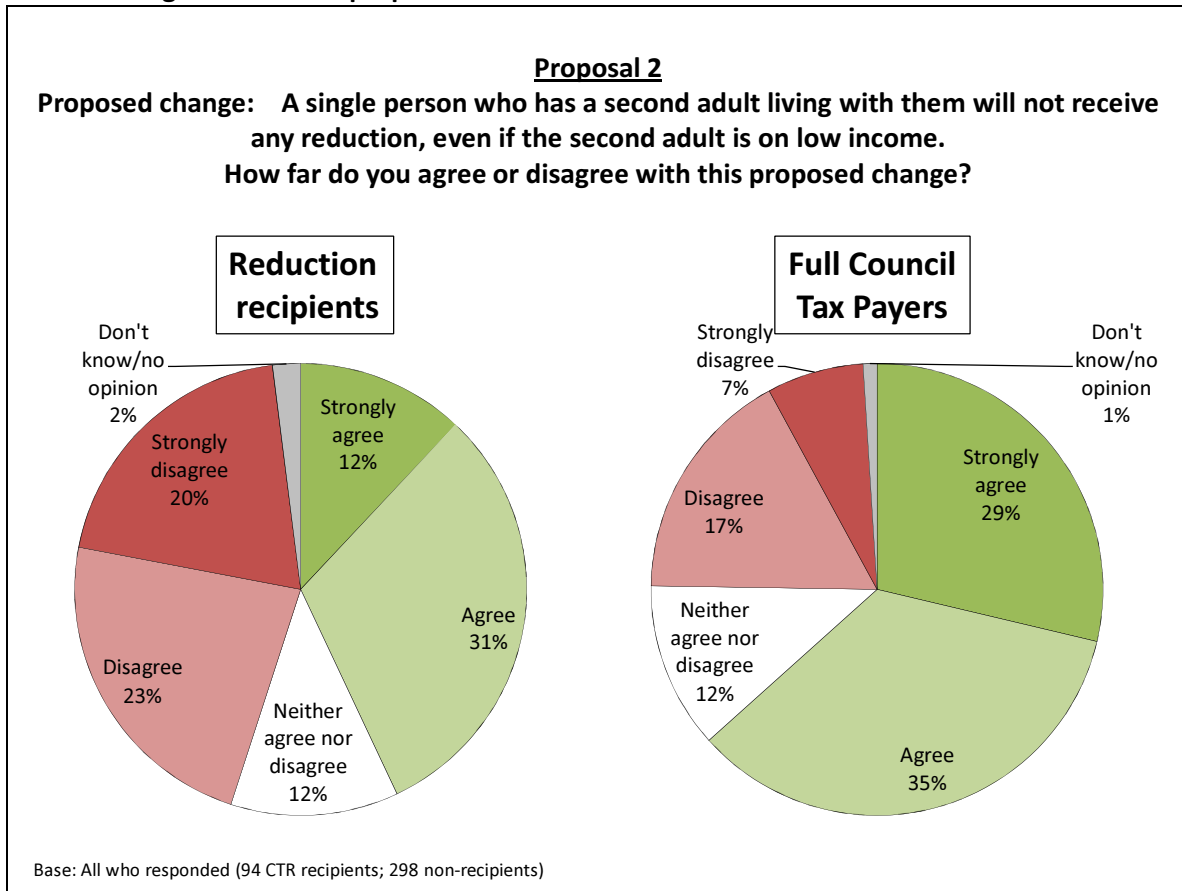
Agreement with this proposal was significantly higher amongst full council tax payers than amongst those in receipt of a reduction. Almost two thirds (63%) of full council tax payers agreed with the proposed removal of the second adult rebate, while around a quarter (24%) disagreed. Those in receipt of a council tax reduction were more split in their opinions. Around four in ten recipients (43%) agreed with the proposal, while a similar proportion (44%) disagreed.

Those recipients who are not protected from the changes displayed particular opposition to the proposal (51% disagreed) and two thirds (65%) of lone parents receiving a reduction said they opposed this change.

84 respondents provided additional comments relating to this proposal:

- Many of the comments suggested that **the income of the single person and/or the total household income should be taken into account**.
- While some respondents felt that where there were two incomes in the household, no support should be offered, others expressed the view that if both people in the household were on a low income then **some support may still be needed**.
- A number of respondents expressed reservations about how this proposal may **impact on a single parent living with an adult son or daughter** who may be on a very low income and find it difficult to contribute to household bills.
- There was some confusion at this question, with a number of respondents feeling that this **proposal needed further clarification**.

Chart 4.3: Agreement with proposal to remove the second adult rebate



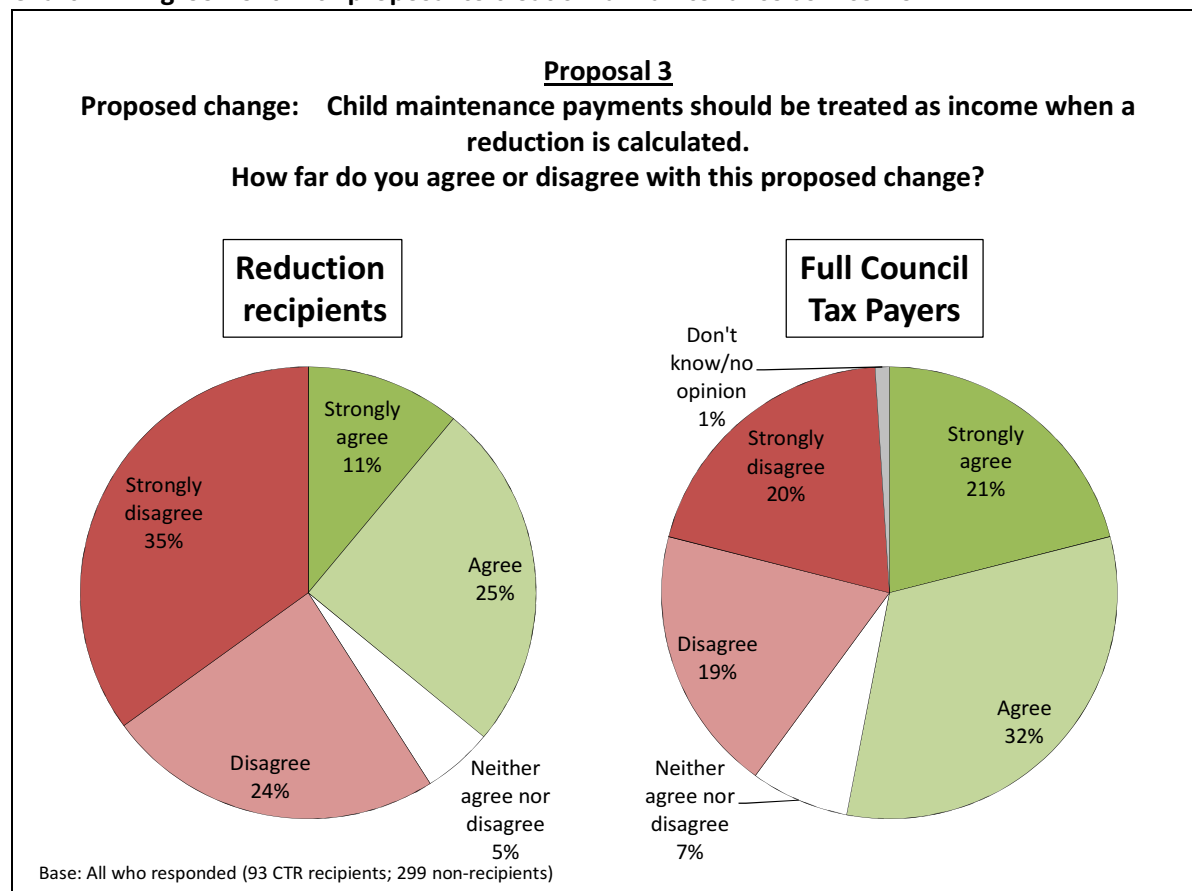
Of the ten stakeholder groups responding, four agreed with the proposal and two disagreed. The others either stated that they “neither agree nor disagree” or offered no opinion. There were two comments made by stakeholders:

1. One parish council felt that exceptions for carers should be considered.
2. Another parish council felt that the removal of the rebate should be dependent on income.

4.4 Proposal to treat child maintenance as income rather than disregarding it

Opinions were divided regarding the proposal to class child maintenance payments as income when a reduction in council tax is calculated, with full council tax payers more likely to support the proposal and those currently in receipt of a reduction more likely to oppose it. [Chart 4.4]

Chart 4.4: Agreement with proposal to treat child maintenance as income



While around a third (35%) of council tax reduction recipients agreed with the proposal, almost six in ten (59%) disagreed, a third (35%) expressing strong disagreement. Agreement was significantly higher amongst full council tax payers, of whom more than half (54%) agreed. However, even amongst full council tax payers, more than a third (38%) of respondents opposed the proposed change in the calculation of council tax reductions.

Lone parents were particularly opposed to the idea of classifying child maintenance payments as income for the purposes of calculating a council tax reduction. Eight in ten lone parents in receipt of a reduction opposed the proposal (81%), as did six in ten lone parents not currently receiving a reduction (63%).

Over 100 respondents provided additional comments relating to this proposal:

- Most commonly residents commented that child maintenance payments are **intended for the support of the child**, and not intended for use in the payment of household bills.
- Many took the view that by classing these payments as income, some portion of the maintenance payment would need to be redirected to cover the payment of additional council tax, and there were concerns that **children would be directly affected** as a result.

- Concerns were also expressed that maintenance payments may be an **unreliable source of income**, as payments are not always received regularly and on time.

Of the ten stakeholder groups responding, four agreed with the proposal and four disagreed. Two of these organisations raised issues concerning the practical considerations of this change in policy:

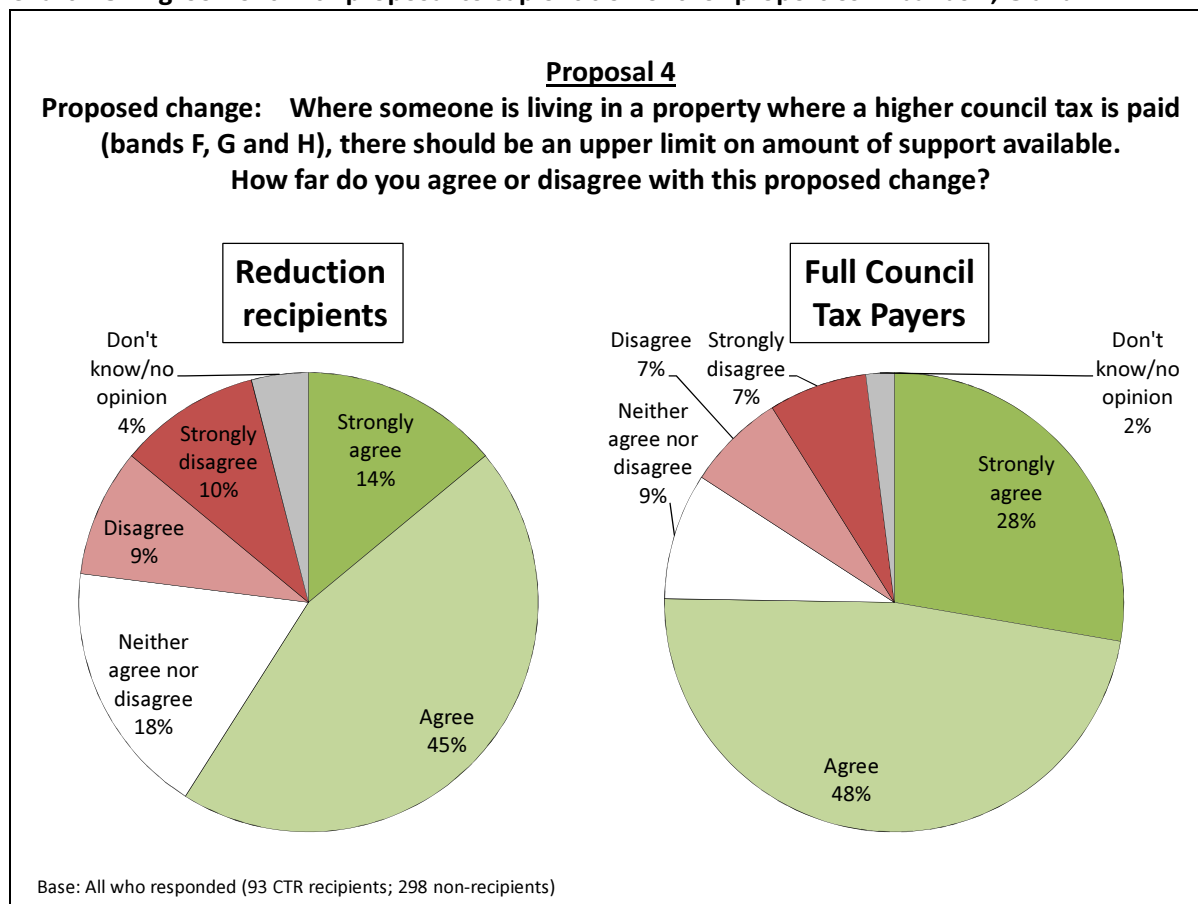
1. Gingerbread (the national charity working with and on behalf of single parents) expressed strong disagreement with the proposal and made the following comment:
“Child maintenance is the parental contribution from one separated parent to the other for the financial support of a child. The council's proposal will mean that children in single parent families in the Vale of White Horse District will lose a fifth of this money intended for their upkeep. Gingerbread believes there are strong practical, as well as policy-related, reasons why child maintenance should be left out of the calculation of council tax support.”
2. Oxfordshire South and Vale Citizens Advice Bureau commented:
“Whilst we understand the principle of this, we do not see how it will be organised in practice, as maintenance payments are made in a variety of different ways, both formal and informal. Maintenance payments are ignored for other benefits purposes which means that there is no established method for verifying them.”

4.5 Proposal to cap entitlement for properties in bands F, G and H

Respondents were asked to give their views on the proposal to put an upper limit on the amount of support available to residents living in properties in a higher council tax band (bands F, G and H). The entitlement would be capped to band E level. [Chart 4.5]

This proposed change received considerable support. Three quarters of full council tax payers (76%) and six in ten of those currently in receipt of a reduction (59%) agreed with the proposal to cap entitlement for properties in higher bands. Full council tax payers were particularly likely to agree strongly with the proposal (28%). The level of disagreement was similar across the two groups; 14% of full council tax payers and 18% of reduction recipients disagreed with the proposed cap.

Chart 4.5: Agreement with proposal to cap entitlement for properties in bands F, G and H



There were a number of comments made relating to this proposal:

- Some of those who agreed with the proposal felt that residents living in these bands were **unlikely to need the same level of support** as those in lower banded properties, or **should consider moving** to a lower banded property if they could not afford their council tax payments.
- However, several respondents felt that **individual circumstances** should be taken into account, and that more consideration should be given to **ability to pay** and the **reasons for occupying a higher banded property** (e.g. concerns for those who have “fallen on hard times” and may need temporary support).
- A number of respondents felt that properties in **all bands should be treated equally** as regards tax reductions.

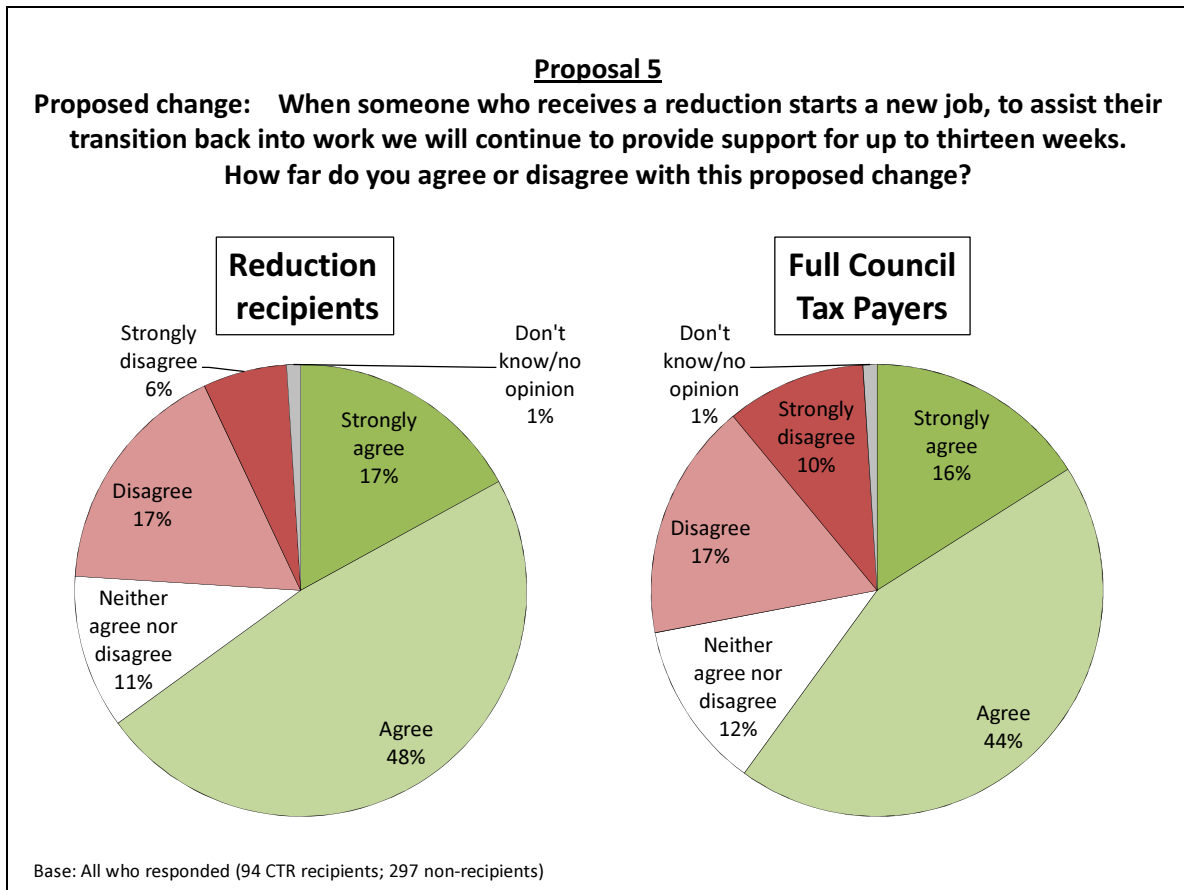
Of the ten stakeholder groups responding, four supported the proposed cap for properties in bands F, G and H, and one (Grove Parish Council) opposed it. No supporting comments on this proposal were provided by stakeholders.

4.6 Proposal to extend “run-on” entitlement when a claimant moves into work from four weeks to thirteen weeks

Views were sought on the proposal to continue to provide support for up to 13 weeks (extended from the current four weeks) when someone in receipt of a reduction starts work. [Chart 4.5]

Three in five (60%) of those paying full council tax agreed with the proposed extension, and a similar proportion (65%) of those receiving a reduction agreed. Around a quarter of each group opposed the proposed extension (27% of full council tax payers; 23% of reduction recipients).

Chart 4.6: Agreement with proposal to extend entitlement to 13 weeks when a claimant moves into work



93 respondents provided additional comments relating to this proposal:

- Some of those who agreed with the proposal felt that the extension would provide a **good incentive to return to work**, and would give the claimant **more time to adjust** to their new financial situation.

- Several of those who opposed the proposal could not understand the reasons for the extension or felt that it was **unnecessary**, given that in most cases the claimant would be paid within four weeks of starting work.
- A number of respondents suggested that the **increase was too great**, preferring an extension of around 8 weeks.

Of the ten stakeholder groups responding, four supported the proposed cap for properties in bands F, G and H, and one (Grove Parish Council) opposed it. Oxfordshire South and Vale Citizens Advice Bureau agreed with the proposal but felt that the results of the change should be monitored to establish the impact it has on helping people back to work.

4.7 Other comments

At the end of the consultation respondents were asked if they had any other comments about the proposed changes to the scheme. 73 respondents provided comments.

There were few common themes. However, a significant proportion of the comments expressed concern that the proposals place a disproportionate burden on the poor and those receiving benefits, who may not be able to afford any increase in their council tax payments. Some stated that they would prefer that the impact of the government cuts is spread more evenly across all income groups based on ability to pay (e.g. through some form of local income tax or other means tested scheme) or is funded by increasing council tax for higher income groups.

A number of issues were raised by the stakeholder groups consulted:

1. Gingerbread (the national charity working with and on behalf of single parents) raised concerns about the impact of the proposed scheme on single parents when viewed in conjunction with other tax and benefit changes:
“Children in single parent families are twice as likely to be living in poverty compared to children in couple families. Child maintenance from a separated parent is an important protective factor for children, at a time when central government tax and benefit changes have disproportionately hit those raising children alone. The council's proposals come at a time when central government is about to introduce a 4% charge on child maintenance collected through the new Child Maintenance Service. Thus separated parents in the Vale of White Horse who are trying to do the best for their children will find that both central and local government want a share of the money intended for their child.”
2. One parish council expressed a concern that there is potential for the changes to hit domestic violence sufferers, single parents and carers, and suggested that these groups should be afforded the same protection rights as pensioners.

3. A local housing association also raised an issue regarding the protection of certain groups from the impact of the changes, suggesting that it is counter-intuitive to protect those with a disability premium (and therefore additional income) while placing proportionately greater impact on young people looking for work.
4. The Oxfordshire South and Vale Citizens Advice Bureau expressed an appreciation of the difficult decisions the council is having to make and vowed to monitor the impact of the changes on their clients.

Equality impact assessment – funding proposals

1. What funding proposal you are reviewing?

Prior to 1 April 2013 council tax benefit was funded by the Department for Work and Pensions (DWP), to support people on low incomes by reducing the amount of council tax they had to pay.

People could claim full (100 per cent) council tax benefit if they were on certain benefits. These included income based jobseeker's allowance, income support, guarantee credit (which is part of state pension credit) and income related employment and support allowance. Other people received some council tax benefit based on their income and other factors.

From April 2013 the council tax benefit scheme was replaced by new local council tax reduction schemes. The rules for the new schemes are set out in legislation for pensioners but for people of working age the rules are determined by local councils. The Government still provides funding but, on average, the amount of funding available is ten per cent below that for the previous council tax benefit scheme.

The council tax reduction scheme legislation stipulates that pensioners should not be disadvantaged by the new schemes and so they must receive the same level of support as under the previous council tax benefit scheme, providing their circumstances do not change.

In 2013/14 Vale of White Horse District Council decided to cover the ten per cent reduction in Government funding rather than reduce the entitlement of any of the 5,900 people receiving support to pay their council tax. Vale of White Horse taxpayers (including the contributions to the County Council, Police and Town and Parish Councils) covered an additional £536,000 per year to maintain the current level of support. This is the equivalent of £11.00 per year on a Band D council tax and would represent an increase of 1 per cent on the current tax if financed in this way, rather than by cutting other budgets or using one-off reserves.

2. What is the main aim or purpose of the proposed change, and what are the intended outcomes?

To support residents on a low income with help towards paying their council tax. To introduce a scheme that is fair, protects vulnerable and limits

expenditure. The scheme needs to encourage residents back to work by the inclusion of work incentives.

To achieve this, the council is proposing the following changes to its existing council tax reduction scheme:

- the maximum entitlement to a reduction will be based on 91.5 per cent of the council tax liability e.g. a resident with a £1,000 bill who is currently receiving full support would only receive £915 in support
- the maximum amount of capital a person can have before being excluded from the scheme will reduce from £16,000 to £6,000
- remove second adult rebate for working age claimants
 - second adult rebate is a reduction that is available to someone, regardless of their own income, who is living with another adult who is on low income (excluding lodgers)
- treat maintenance as income rather than disregarding it
- cap entitlement to band E levels
 - this will mean that people living in properties with a council tax band of F, G, H will only receive support up to the level of a band E property. For example, the average council tax for a band G property in 2013/14 is **£2,533** so this is the maximum support currently available. The average council tax for a band E property in 2013/14 is **£1,858** so this would be the maximum amount that support entitlement would be calculated upon under the proposed change
- increasing “run-on” entitlement where claimants move into work from one four weeks to thirteen weeks
 - at present, when an unemployed person moves into work, we continue to calculate their entitlement as if they were still unemployed for a four week period. This is to help the transition into work. Under this proposal we would extend the four week period to thirteen weeks to help even more with the move into work
- include protection from the liability reductions for the disabled (including disabled children), war widows and war disabled

3. Who are the main beneficiaries of the funding?

The main beneficiaries of the council tax reduction scheme are pensioners, the unemployed, the disabled and working age people on low incomes. However, the costs of the scheme affect all council tax payers in the district, and the Police and Crime Commissioner Thames Valley and Oxfordshire County Council.

4. What is the likely equality impact to changing the current funding arrangements? *(include information relating to sources of data that enable you to make this assessment and the equality groups who will be affected)*

Public Sector Equality Duty	Impact
<p>Advance equality of opportunity for the following protected characteristics and eliminated potential for discrimination:</p> <p>Gender, age, race, disability, religion or belief, race, gender reassignment, sexuality, pregnancy and maternity *marriage or civil partnership (discrimination only)</p>	<p>Potential negative impact:</p> <ul style="list-style-type: none"> • Gender and pregnancy and maternity– people with caring responsibilities (either children or sick/elderly relatives who they do not live with) are likely to find it more difficult to balance work with their caring responsibilities. This tends to affect women more than men as they are more likely to be the main carer. Lone parent households with dependant children may also be affected as they are less likely to be able to work. • Women or men fleeing domestic violence if they have the intention to return to the property as currently a Council tax reduction would be given for up to one year. Under the proposed changes the council would still allow a reduction but it would be based on the maximum 91.5 per cent • Age – working age people are significantly impacted. People who are just below pensionable age can be negatively affected. For example, people close to retirement could have taken early retirement or redundancy and so on a lower income with less likelihood of finding ongoing work. Families with children of pre-school age could be negatively affected as they have caring responsibilities so have more difficulties in balancing work with child care • Race – larger families are characteristics of some ethnic groups (however this could also apply to any large family in band E and above). This could mean they are living in larger properties likely to be above

	<p>band E and so adversely affected by the band restriction</p> <ul style="list-style-type: none"> • Sexuality, religion or belief, gender reassignment, marriage or civil partnership – no negative impact • People in hospital who do not qualify for an exemption may be affected by these proposals • Prisoners on remand who do not qualify for an exemption may be affected by these proposals
Eliminate harassment	The proposed changes will not violate the service user's dignity; or create an intimidating, hostile, degrading, humiliating or offensive environment for the service user
Promote good community relations	No significant impact expected – however, if the change disproportionately affects a particular group of people that could lead to negative community relations between that group and the council
Promote positive attitudes towards disabled people and their carers	<p>Disabled residents and people caring for their partners and dependent children (if they live with them) are protected under the scheme</p> <p>However the following related groups are likely to be affected by the proposals:</p> <ol style="list-style-type: none"> a. Carers who do not live in the same property as the person they are caring for – carers have responsibility for caring and so have less opportunity to increase income through work
Encourage participation of disabled people	As the proposals will not have a negative impact on people with disabilities or their carers we do not propose to consult them specifically, but they will be included naturally through the main consultation
Consider more favourable treatment of disabled people	<p>The proposals will protect people with disabilities who receive the following:</p> <ul style="list-style-type: none"> • Disability premium • Enhanced disability premium • Severe disability premium

	<ul style="list-style-type: none"> • Disability premium for dependents • Enhanced disability for dependents • Disabled earnings disregard • CT disability reduction • Employment Support Allowance (any rate)
Protect and promote human rights	No negative impact

The likely impact, in terms of numbers affected for certain groups, is as follows:

Group	Numbers affected
People who have more than £6,000 capital	62
People who receive a reduction because they live with another adult who is on a low income	27
People who will no longer have their child maintenance disregarded	125
People who will have their entitlement capped to a band E rate	43
People who move into work and continue to receive the same level of reduction	214
There could be some overlap between these different groups i.e. someone could be affected by more than one of the proposed changes	

Appendix A lists the financial impact of each of these changes, broken down by council tax band. **Appendix B** details the potential savings or additional costs from each of the changes.

The following is all of the groups that may be affected. Further analysis of the effects on these groups will be undertaken once the consultation results are analysed.

Group

Working age residents
People with a child under 5
Lone parents with a child under 5
People who have more than £6,000 capital
People who receive a reduction because they live with another adult who is on a low income
People who will no longer have their child maintenance disregarded
People who will have their entitlement capped to a band E rate
People who move into work and continue to receive the same level of reduction
Women or men fleeing domestic violence
People in hospital
Prisoners on remand

5. Have you sought feedback from those likely to be affected by your decision, if you do not plan to consult, please state your rationale behind that decision? (Please note you are **required** to involve disabled people in decisions that impact on them)

We will be undertaking an eight week consultation exercise to seek views from a sample of affected residents insofar as they currently receive a council tax reduction. We will also select a sample of residents who pay council tax but do not currently receive a council tax reduction. The consultation will also be available on the council's website so that anyone with an interest can complete it. We will inform local stakeholders (Citizens Advice Bureaux, Registered Housing Providers, etc) of the consultation and seek their views. We will also arrange a specific consultation with the Vale disability access group.

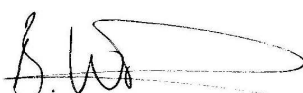
6. Are you/partners able to take any action to minimise or reduce and potential adverse equality impact?

The consultation exercise will collect views of affected people to inform the development of the final scheme. We will develop a communication plan to communicate the potential impact to affected groups. We will also consider changes in communication methods, collecting data, revising programmes or involvement activities. However, if all vulnerable groups were protected this would mean the scheme costs more and so this would have a knock-on effect on other council tax payers.

7. How will you monitor the affect the proposed changes have had in order to review the actual impact of your proposal?

Ongoing monitoring of those people having difficulty paying. We will seek feedback from Citizens Advice Bureaux, advice agencies and Registered Housing Providers during regular liaison meetings. There will be an impact review after year one.

Date completed: 16/08/2013

Signed  (Officer)

Signed _____ (Head of Service)

Signed  (Equalities officer)

Financial impact of each proposed change

8.5 per cent reduction in entitlement					
Band	Ave annual reduction	Ave weekly reduction	Highest annual reduction	Highest weekly reduction	Number of "new" payers"
A-	£0.00	£0.00	£0.00	£0.00	0
A	£64.40	£1.24	£89.06	£1.71	152
B	£73.44	£1.41	£117.92	£2.27	606
C	£80.54	£1.55	£152.53	£2.93	902
D	£85.67	£1.65	£133.61	£2.57	273
E	£107.81	£2.07	£162.12	£3.12	88
F	£125.82	£2.42	£191.60	£3.68	24
G	£129.33	£2.49	£195.01	£3.75	11
H	£255.96	£4.92	£255.96	£4.92	0
Total	£79.75	£1.53			2,056

Reduce upper capital limit from £16,000 to £6,000						
Band	No. payers affected	Ave. reduction per affected payer	Ave. weekly reduction	Highest annual reduction	Highest weekly reduction	Number of "new" payers"
A-	0	£0.00	£0.00	£0.00	£0.00	0
A	2	£653.12	£12.56	£756.60	£14.55	1
B	12	£605.93	£11.65	£1,213.68	£23.34	3
C	31	£785.64	£15.11	£1,387.36	£26.68	11
D	10	£758.99	£14.60	£1,487.20	£28.60	2
E	4	£1,050.66	£20.21	£1,396.72	£26.86	2
F	3	£1,381.12	£26.56	£1,933.36	£37.18	1
G	0	£0.00	£0.00	£195.01	£3.75	0
H	0	£0.00	£0.00	£255.96	£4.92	0
Total	62	£788.19	£15.16			20

Remove Second Adult Rebate						
Band	No. payers affected	Ave. reduction per affected payer	Ave. weekly reduction	Highest annual reduction	Highest weekly reduction	Number of "new" payers"
A-	0	£0.00	£0.00	£0.00	£0.00	0
A	1	£153.92	£2.96	£153.92	£2.96	0
B	0	£0.00	£0.00	£0.00	£0.00	0
C	21	£236.67	£4.55	£346.84	£6.67	0
D	4	£305.11	£5.87	£372.32	£7.16	0
E	1	£451.88	£8.69	£451.88	£8.69	0
F	0	£0.00	£0.00	£0.00	£0.00	0
G	0	£0.00	£0.00	£0.00	£0.00	0
H	0	£0.00	£0.00	£0.00	£0.00	0
Total	27	£251.72	£4.84			0

Financial impact of each proposed change

Remove maintenance disregard						
Band	No. payers affected	Ave. reduction per affected payer	Ave. weekly reduction	Highest annual reduction	Highest weekly reduction	Number of "new" payers"
A-	0	£0.00	£0.00	£0.00	£0.00	0
A	1	£37.44	£0.72	£37.44	£0.72	0
B	15	£659.08	£12.67	£1,213.68	£23.34	7
C	66	£635.88	£12.23	£1,387.36	£26.68	29
D	29	£688.65	£13.24	£1,498.64	£28.82	10
E	12	£975.80	£18.77	£1,907.36	£36.68	5
F	1	£1,599.52	£30.76	£1,599.52	£30.76	1
G	1	£86.32	£1.66	£86.32	£1.66	0
H	0	£0.00	£0.00	£0.00	£0.00	0
Total	125	£682.06	£13.12			52

Cap entitlement to a maximum liability equivalent to Band E						
Band	No. payers affected	Ave. reduction per affected payer	Ave. weekly reduction	Highest annual reduction	Highest weekly reduction	Number of "new" payers"
A-	0	£0.00	£0.00	£0.00	£0.00	0
A	0	£0.00	£0.00	£0.00	£0.00	0
B	0	£0.00	£0.00	£0.00	£0.00	0
C	0	£0.00	£0.00	£0.00	£0.00	0
D	0	£0.00	£0.00	£0.00	£0.00	0
E	0	£0.00	£0.00	£0.00	£0.00	0
F	26	£266.40	£5.12	£346.84	£6.67	19
G	16	£498.75	£9.59	£673.40	£12.95	8
H	1	£1,171.04	£22.52	£1,171.04	£22.52	1
Total	43	£373.89	£7.19			28

Financial impact of each proposed change

Increase extended reduction period from 4 weeks to 13			
Band	No. payers affected	Ave. additional award per affected payer	Highest additional award per affected payer
A-	0	£0.00	£0.00
A	14	£122.05	£132.84
B	75	£130.14	£225.00
C	87	£154.68	£236.07
D	29	£164.32	£265.59
E	6	£164.25	£309.06
F	2	£284.31	£292.14
G	1	£422.46	£422.46
H	0	£0.00	£0.00
Total	214	£147.98	

Potential saving or cost to the district council of each proposed change

Proposed change	(saving)/cost
Reducing maximum entitlement to 91.5 per cent	(£18,425)
Reducing the capital limit from £16,000 to £6,000	(£3,757)
Removal of second adult rebate	(£525)
Treat child maintenance as income rather than disregarding it	(£6,546)
Cap entitlement to Band E	(£1,237)
Increase the four week run on to thirteen weeks	£2,427

Scrutiny Committee



Report of Head of Finance

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To: Scrutiny

DATE: 21 November 2013

Council tax reduction scheme grant for town and parish councils

Recommendation

that the committee reviews the options for distributing the council tax reduction scheme grant to town and parish councils, taking into account feedback from town and parish councils, and makes any recommendations to the Cabinet Member for Finance

Purpose of Report

1. The purpose of this report is to allow the committee to review the different options for distributing the council tax reduction scheme to town and parish councils and make any recommendations to the Cabinet Member for Finance.

Strategic Objectives

2. The council receives an annual grant from central government to be passed down to town and parish councils to mitigate the impact of the council tax reduction scheme on their tax bases. Passing down the grant can help keep down the town and parish element of council tax bills. Distributing the grant will help meet the objective of excellent delivery of key services.

Background

3. The new council tax reduction scheme (CTRS) takes the form of a discount on the council tax bill and, like other discounts (e.g. the single person's 25 per cent discount), has the effect of reducing the council's council tax base. Reducing the tax base means that, if the council's budget requirement remained the same, the amount of council tax charged would increase, or if council tax was not increased the income generated would reduce. This applies to both billing authorities (South) and major precepting authorities (Oxfordshire County Council and the Police and Crime Commissioner), as well as local precepting authorities (town and parish councils).
4. To mitigate the impact of the reduced council tax base, each year the Government is distributing, via revenue support grant and business rates retention, a grant that is not ring fenced to billing authorities and major precepting authorities. Because the Government does not have a method for passing down funding direct to town and parish councils the grant given to billing authorities includes an amount "*attributable to local precepting authorities*".
5. For 2013/14 the council received a sum of **£200,742** to be passed down to town and parish councils. The mechanism for allocating the funding was approved at full Council on 12 December 2012. The full amount of the grant was passed down to Vale of White Horse towns and parishes, based upon their relative need following the reduction in their respective tax bases. Some district councils elsewhere in the country did not pass the grant to towns and parishes.
6. The "Revenue Budget 2013/14 and Capital Programme to 2017/18" report to Cabinet and Council in February 2013 advised (paragraph 12) that for future years the amount of grant was not known and it was assumed that no grant at all would be received. Therefore to partly mitigate the impact on town and parish budgets, the intention was to continue to support the town and parish precepts, but to gradually phase out support over the MTFP (i.e.: a 20 per cent reduction year on year).
7. Therefore, under this option, the total amount to be distributed to towns and parishes for 2014/15 would be **£160,593** (a reduction of £40,148).

Options for distributing the grant

8. For 2013/14, for each parish tax base, a calculation was undertaken to look at the negative effect of the council tax reduction scheme in isolation; a further calculation to look at the positive effect of increasing charges for second homes and empty properties in isolation; and, one further calculation which looked at the net effect of both changes combined.
9. The net effect of the two changes (i.e. the net amount of band D equivalents removed from tax bases) was then multiplied by the individual town and parish band D council tax amounts for 2012/13. This gave a notional council tax "shortfall" figure and towns and parishes were then given a grant equal to 87.3 per cent of the notional. This was because the parish element of the grant (£200,742) only covered 84 per cent of the total notional shortfall. A worked example of this is in **Appendix 1**.

10. There are two different options for distributing the grant in 2014/15, both with their own pros and cons.

OPTION 1

11. For 2014/15 the council could decide to distribute the pot of money by the same proportions as 2013/14 e.g. if Parish A received 2.2 per cent of the total grant of £200,742 (£4,416), then it would receive 2.2 per cent of the total grant of £160,593 for 2014/15 (£3,533).
12. This would be the simplest method administratively and would also provide stability for town and parish councils. However, if any town or parish has had an increase in residents claiming CTRS during 2013/14, this will not be taken into account in the 2014/15 grant. Also, some towns and parishes did not receive any grant at all during 2013/14 because they had not been impacted by the introduction of CTRS (either because none of their residents were claiming, or the positive impact of council tax discount changes was greater than the negative effect of CTRS). If circumstances have changed in these particular towns and parishes, this would not be taken into account under this proposal.

OPTION 2

13. Alternatively, the CTRS effect could be recalculated again for 2014/15 using up to date CTRS figures. This would involve more administration for the council but would mean that the grant is based on current circumstances. However, it would introduce an element of volatility for town and parish councils if circumstances in their area have changed significantly.
14. The council would then use the 2012/13 town and parish band D figures to calculate the notional shortfall upon which their share of the grant would be based.
15. The Government's model for calculating the amount of grant attributable to town and parish councils was based on 2012/13 council tax levels and this is why the council will continue to use 2012/13 as the baseline. Also, by continuing to use the 2012/13 band D council tax figures there will be an element of consistency to help negate the potential volatility of recalculating the CTRS effect.

Views from town and parish councils

16. Briefing sessions were held with town and parish councils on 15 October 2013 and 21 October 2013. These were very well attended events with 34 towns and parishes represented. Options 1 and 2 were put to the towns and parishes and the feedback, and favoured option was number 2.

Financial Implications

17. The council tax reduction scheme grant from the government is contained within the council's revenue support grant and the council's baseline funding level for business rates retention. The actual amount of grant for 2014/15 is unknown but overall funding is reducing year on year. The MTFP allows for the 2013/14 grant to reduce by 20 per cent each year so this proposal fits in with the council's medium term plans.

Legal Implications

18. Whilst the council tax reduction scheme grant is not ring fenced, there is an expectation that councils will use it to mitigate the effect on local precepting authorities of the reduced council tax base.

Risks

19. There is a risk that some town and parish councils may challenge the methodology if they believe that they have not received an appropriate share. However, the Government has not specified any methodology to follow and there is no legal requirement for any of the funding to be passed on.

Other Implications

20. There are no other implications arising directly from this report.

Conclusion

21. The council will receive funding during 2014/15 that is attributable to town and parish councils to mitigate the impact of the council tax reduction scheme on their tax bases. A decision is required on how that funding should be distributed.

22. This paper sets out options for Scrutiny Committee to consider

Background Papers

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Worked example of 2013/14 grant allocation calculation

A	Original 2013/14 tax base	4,000
B	Dwellings gained through CT reform	50
C	Dwellings lost through CTRS	200
D	Revised tax base (A + B – C)	3,850
E	Band D equivalents lost (A – D)	150
F	2012/13 band D council tax	£30
G	Lost income (E x F)	£4,500
H	Grant paid (G x 84%)	£3,780

SCRUTINY WORK PROGRAMME



containing scrutiny work to be undertaken 1 JANUARY 2014 - 31
DECEMBER 2014

The scrutiny work programme belongs to the council's Scrutiny Committee and sets out a schedule of scrutiny work due to be carried out over during period shown above. It is a rolling plan, subject to change at each Scrutiny Committee meeting; however, the scrutiny work programme and changes to it are subject to the council's approval.

Representations can be made on any of the following issues before an item is considered by the Scrutiny Committee. Representations must be made to the relevant contact officer shown below by 10am on the day the Committee is due to meet. The meeting dates are shown below.

Item title	Meeting date	Lead officer	Cabinet member	Why is it here?	Scope	Notes
Councillors' access to IT systems	Scrutiny Committee 23 Jan 2014	Andrew Down, Head of HR, IT and Customer Services	Reg Waite, Cabinet member for IT			Consultation feedback report from Cllr Mohinder Kainth.
Local development plan, including SHMA	Scrutiny Committee 23 Jan 2014	Adrian Duffield, Head of Planning 01235 540340	Mike Murray, Cabinet member for planning policy, including the core strategy.	Scrutiny is keeping a watching brief on the development of the local plan and making recommendations to cabinet where appropriate	To consider the consultation feedback	Including Gantt chart and project plan. Date provisional, to be further advised by head of planning.

Item title	Meeting date	Lead officer	Cabinet member	Why is it here?	Scope	Notes
Community Safety	Scrutiny Committee 23 Jan 2014 Scrutiny Committee 23 Jan 2014	Liz Hayden, Legal, Licensing and Community Safety Manager	Matthew Barber, Cabinet member for legal and democratic services			
Review of final draft budget	Scrutiny Committee 12 Feb 2014	William Jacobs, Head of Finance	Matthew Barber, Cabinet member for finance			
Update on free car parking in the Vale	Scrutiny Committee 20 Mar 2014	John Backley, Technical and Facilities Manager	Elaine Ware, Cabinet member for economy, leisure and property			
Air Quality Management Areas	Scrutiny Committee 20 Mar 2014	Paul Staines, Head of Housing and Health	Roger Cox, Cabinet member for health and housing			
Annual performance review of contractor Sodexo (ground maintenance)	Scrutiny Committee 20 Mar 2014	Ian Matten, Waste and Parks Service Manager	Reg Waite, Cabinet member for waste and parks			
Annual performance review of contractor Biffa (waste collection services)	Scrutiny Committee 20 Mar 2014	Ian Matten, Waste and Parks Service Manager	Reg Waite, Cabinet member for waste and parks			

Item title	Meeting date	Lead officer	Cabinet member	Why is it here?	Scope	Notes
Review of Wantage Independent Advice Centre and South and Vale CAB	Scrutiny Committee 1 May 2014	Clare Kingston, Head of Corporate Strategy Tel: 01235 540356. Email: clare.kingston@southandvale.gov.uk	Matthew Barber. Cabinet member for finance.	To review both Centres a year after the grant of the four year budget and, in particular, to review the South and Vale CAB a year after its merger		
Street Trading Policy	Scrutiny Committee 22 May 2014	Liz Hayden, Legal, Licensing and Community Safety Manager	Matthew Barber, Cabinet member for legal and democratic services.			
Wantage Civic Hall finances	Scrutiny Committee 1 Jun 2014	Chris Tyson, Head of Leisure Economy and Property	Elaine Ware, Cabinet member for economy, leisure and property			Officers suggested June 14 date as will have outturn figures and approved budget.
Leisure contract monitoring: Soll Leisure	Scrutiny Committee 1 Jul 2014	Kate Arnold	Elaine Ware. Cabinet member for leisure.	The committee undertakes an annual monitoring of the council's leisure contracts.	To review the contractor's performance and make any recommendations to Cabinet.	

Item title	Meeting date	Lead officer	Cabinet member	Why is it here?	Scope	Notes
Financial Services Contract: Capita	Scrutiny Committee 1 Jul 2014	William Jacobs, Head of Finance	Matthew Barber, Cabinet member for finance.	The committee undertakes an annual monitoring of the financial services contract.	To review the contractor's performance and to make any recommendations to the Cabinet member.	
Financial outturn 2013/14	Scrutiny Committee 1 Sep 2014	William Jacobs, Head of Finance		Annual report to Scrutiny on the financial outturn or the previous year.	To make recommendations to Cabinet.	
Review of the Leisure Facilities Strategy	Scrutiny Committee 1 Oct 2014					After it's last consideration of this item the committee requested to: "add this item to the scrutiny work programme for a further review after the local plan is approved."
WiFi in Vale Towns	Scrutiny Committee					Requested by Scrutiny committee.