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| JOINT MEETING OF THE SCRUTINY COMMITTEES AND COMMISSIONS | Agenda Item No. 3 |
| 3 DECEMBER 2014 | Public Report |

Report of the Executive Director Resources

Contact Officer(s) – John Harrison, Executive Director Resources

Steven Pilsworth, Head of Strategic Finance

**Contact Details - (01733) 452520 or email john.harrison@peterborough.gov.uk
(01733) 384564 or email steven.pilsworth@peterborough.gov.uk**

BUDGET 2015/16 AND MEDIUM TERM FINANCIAL STRATEGY TO 2024/25

1. PURPOSE

- 1.1 This report comes to the Joint Meeting as part of the Council's agreed process for budget setting and as part of the process to approve a council tax support scheme for 2015/16.

2. RECOMMENDATIONS

- 2.1 That the Joint Meeting considers and makes appropriate recommendations on Cabinet's:
- a) Budget proposals outlined in Medium Term Financial Strategy Phase 1 Budget proposals document from Cabinet and Cabinet's specific report on 24 November 2014; and
 - b) Council tax support scheme 2015/16.

3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY

- 3.1 The Budget 2015/16 and the Medium Term Financial Plan continues to align to the priorities and vision for Peterborough set out in the Sustainable Community Strategy.

4. BACKGROUND

- 4.1 The Cabinet meeting on 24 November 2014 considered and released phase one of budget proposals to work towards setting a balanced budget for 2015/16. However, these proposals will not provide a balanced budget for 2015/16 and it will be necessary for Cabinet to identify and consult on a second phase of savings commencing January 2015 to deliver the remaining £8m of budget proposals to balance the budget. Cabinet's report recommended to:
- 1. Note the context for the amended budget process in light of the unprecedented financial challenge the Council faces in setting a balanced budget for 2015/16.
 - 2. Takes a two phased approach to consultation on formulation of the 2015/16 Budget, publishing the Phase 1 proposals immediately as the basis to seek feedback from Scrutiny and views from all residents, partner organisations, businesses and other interested parties.
 - 3. Convenes on 15th December 2014 to consider feedback in order to seek the endorsement of the Council meeting of 17th December 2014 to the Cabinet's approach to consultation, savings proposals and plan to implement those proposals at the earliest opportunity.
- 4.2 Members are reminded to bring their copy of Medium Term Financial Strategy Phase 1 Budget Proposals Document from Cabinet dated November 2014 to the meeting. Appendix 1 of this

report contains the relevant report to Cabinet on 24 November 2014.

- 4.3 All Cabinet Members and Directors have been requested to attend to answer specific questions the Joint Meeting may have.

5. KEY ISSUES

- 5.1 The key issues are outlined in the budget proposals document referred to in paragraph 4.2 of this report.

6. COUNCIL TAX SUPPORT SCHEME

- 6.1 Alongside the budget process, Cabinet is separately consulting on the council tax support scheme's operational parameters for 2015/16, which, under legislation, requires Council to approve a scheme by 31 January 2015. The consultation was launched by a Cabinet Member Decision Notice (appendix 2) recommended to approve:

1. That the draft 2015/16 Council Tax Support Scheme for consultation is one with an overall reduction of 40% (compared to the current level of 30%)
2. The approach to consultation outlined in this report, including the alternative options of:
 - Keeping the reduction at 30%
 - A reduction of 35%

- 6.2 The current scheme was previously cost neutral on the council's budget at the time in 2013/14 when the council tax support grant was subsumed into the council's main revenue support grant. The revenue support grant will reduce significantly in 2015/16 and as such, the funding for council tax support will decrease although it is no longer separately identifiable, the best estimate of this reduction would be £1m.

- 6.3 Members of the Joint Meeting will have the opportunity to ask questions on the council tax support scheme during the meeting as part of the consultation process.

7. IMPLICATIONS

- 7.1 Budget proposal implications are outlined within section 11 of the report to Cabinet in appendix 1. The report specifically makes reference to the consultation process and noted that the consultation to be undertaken as a result of Cabinet's report is on the budget proposals, and consequently the Cabinet's general approach to the savings requirements, and not on the various decisions to take whatever actions that may be implicit in the proposals and later adoption of that budget, each of which may or may not require their own consultation process.

- 7.2 Council tax support scheme implications are outlined in section 9 of the Cabinet Member Decision Notice in appendix 2.

8. CONSULTATION

- 8.1 The budget consultation process is outlined in section 6 of Cabinet's report in appendix 1. Feedback is sought from Scrutiny, residents, partner organisations, businesses and other interested parties on the first phase of budget proposals. The council will look to repeat the outlined approach with the phase two proposals released in January.

9. NEXT STEPS

- 9.1 Any recommendations and comments made by the Joint Meeting will be referred to the Cabinet for consideration at their meeting on 15 December 2014.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 None.

11. APPENDICES

11.1 Appendix 1 – 24 November Cabinet report “Medium Term Financial Strategy 2015/16 to 2024/25” outlines:

- the financial position of the Council for 2015/16, as well as Cabinet’s approach to tackling the challenge by releasing budget proposals in two phases. The deficit is currently forecast to be £24.8m and the proposals total £16.8m. This leaves a further £8m of budget savings to be brought forward in January 2015 (sections 5 and 6)
- The report also outlines the current 2014/15 budget position indicating a £0.7m overspend. It is imperative that the budget is balanced by the end of the financial year to ensure that the council does not need to use reserves and will look to implement savings agreed in phase one as soon as possible alongside other mitigations identified by the corporate management team (section 7).

11.2 Appendix 2 – Cabinet Member Decision Notice “Council Tax Support Scheme 2015/16 consultation” outlines an:

- update on the implementation of the local Council Tax Support scheme in 2013/14 and 2014/15
- Outline the impact on Council Tax Support of further reductions in the council’s grant
- Propose that the draft 2015/16 Council Tax Support Scheme for consultation is one with an overall reduction of 40% (compared to the current level of 30%)
- Agree the approach to consultation outlined in this report, including the alternative options of:
 - Keeping the reduction at 30%
 - A reduction of 35%
- Outline the timescales for decision making and possible implementation

| | |
|-------------------------|----------------------|
| CABINET | AGENDA ITEM No. |
| 24 November 2014 | PUBLIC REPORT |

| | | |
|--------------------------------|--|----------------------------|
| Cabinet Member(s) responsible: | Cllr David Seaton | |
| Contact Officer(s): | John Harrison, Executive Director Resources Steven Pilsworth, Head of Strategic Finance | Tel. 452520 Tel. 384564 |

MEDIUM TERM FINANCIAL STRATEGY 2015/16 TO 2024/25

| R E C O M M E N D A T I O N S | |
|---|---|
| FROM : Cabinet Member for Resources | Deadline date : 14 November 2014 |
| <p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 4. Note the context for the amended budget process in light of the unprecedented financial challenge the Council faces in setting a balanced budget for 2015/16 (section 5) 5. Takes a two phased approach to consultation on formulation of the 2015/16 Budget, publishing the Phase 1 proposals immediately as the basis to seek feedback from Scrutiny and views from all residents, partner organisations, businesses and other interested parties (section 6). 6. Convenes on 15th December 2014 to consider feedback in order to seek the endorsement of the Council meeting of 17th December 2014 to the Cabinet's approach to consultation, savings proposals and plan to implement those proposals at the earliest opportunity. | |

1. ORIGIN OF REPORT

- 1.1 The Cabinet meeting of 22nd September 2014 considered a report 'Medium Term Financial Strategy 2015/16 to 2024/25' and within this report considered that it may be necessary to review the budget process and timetable having regard for the comments arising from the cross party budget working group to explore the options to commence consultation at the earliest opportunity.
- 1.2 The corporate management team, Cabinet and the cross party Budget Working Group have explored options to release budget proposals in two stages, enabling views of all residents, partner organisations, businesses and other interested parties to understand the scale of the financial challenge and feedback their views commencing with the first tranche of budget proposals.

2. PURPOSE AND REASON FOR REPORT

- 2.1 This report comes to Cabinet as part of the council's Budget and Policy Framework that requires Cabinet to initiate and propose budget proposals to set a balanced budget for the forthcoming financial year.
- 2.2 The purpose of this report is to:
 - approve the first phase of Cabinet's budget proposals for consultation to contribute towards closing the budget gap of £25m. Subject to Scrutiny feedback and comments from all residents, partner organisations, businesses and other interested parties, Cabinet will

Appendix 1

recommend budget proposals to Council in December 2014 to implement at the earliest opportunity.

- approve and outline the approach for the remaining budget process.
- outline the financial challenge the council faces in the current financial year and in setting a balanced budget for 2015/16.

2.3 This report is for Cabinet to consider under its Terms of Reference No. 3.2.1 which states to take collective responsibility for the delivery of all strategic Executive functions within the Council's Major Policy and Budget Framework and lead the Council's overall improvement programmes to deliver excellent services.

3. **TIMESCALE**

| | | | |
|---|------------------|--|------------------|
| Is this a Major Policy Item/Statutory Plan? | Yes | If Yes, date for relevant Cabinet Meeting | 24 November 2014 |
| Date for relevant Council Meeting | 17 December 2014 | Date for submission to Government department | |

4. **EXECUTIVE SUMMARY**

4.1 The report outlines the financial position of the Council for 2015/16, as well as Cabinet's approach to tackling the challenge by releasing budget proposals in two phases. The deficit is currently forecast to be £24.8m and the proposals total £16.8m. This leaves a further £8m of budget savings to be brought forward in January 2015 (sections 5 and 6)

4.2 The report also outlines the current 2014/15 budget position indicating a £0.7m overspend. It is imperative that the budget is balanced by the end of the financial year to ensure that the council does not need to use reserves and will look to implement savings agreed in phase one as soon as possible alongside other mitigations identified by the corporate management team (section 7).

5. **FINANCIAL POSITION AND BUDGET PROPOSALS**

5.1 The budget proposals must be set in the context of the incredibly challenging financial position that all councils face. Peterborough is no exception to this. Since the financial crash of 2008, the public sector has seen unprecedented reductions in funding. In the five years to 2015/16, the council has seen its government funding cut by £44m, which equates to nearly 40 per cent of its government grant.

5.2 For next year (2015/16) the council will see its government grant reduced by £12.3m. In addition, it faces financial pressures of £12.5million as a result of an increasing demand for services and legal changes. This means we face an enormous challenge of finding nearly £25million of savings and efficiencies to balance our books.

5.3 Cabinet's first tranche of budget proposals accompanies this report and includes both savings and investment. It is intended that these proposals will be scrutinised by members within a shortened timescale for the reasons outlined above and be recommended to Council for consideration and approval during December 2014. However, these proposals will not provide a balanced budget for 2015/16 and it will be necessary for Cabinet to identify and consult on a second tranche of savings commencing January 2015 to deliver the remaining £8m of budget proposals to balance the budget.

Appendix 1

| | 2015/16 £k | 2016/17 £k | 2017/18 £k | 2018/19 £k | 2019/20 £k |
|--|----------------|----------------|----------------|----------------|----------------|
| Budget Deficit b/fwd | 17,603 | 22,236 | 23,593 | 26,107 | 28,610 |
| New pressures | 7,139 | 7,078 | 7,672 | 8,005 | 8,488 |
| Budget Deficit - (Expenditure budgets exceed funding estimates) | 24,742 | 29,314 | 31,265 | 34,112 | 37,098 |
| New savings (phase 1) | | | | | |
| Grant income | -1,207 | 0 | 0 | 0 | 0 |
| Income | -937 | -937 | -937 | -937 | -937 |
| Efficiencies and new savings | -13,149 | -12,078 | -12,693 | -12,923 | -13,340 |
| Service reductions | -1,160 | -1,160 | -1,135 | -1,105 | -1,105 |
| Service deletion | -335 | -335 | -335 | -335 | -335 |
| Total savings (phase 1) | -16,788 | -14,510 | -15,100 | -15,300 | -15,717 |
| Saving proposals still to find (phase 2) | 7,954 | 14,804 | 16,165 | 18,812 | 21,381 |

5.4 In reducing the council's overall grant which incorporated the council tax support funding, the council estimates that the government has reduced the funding it gives to provide the scheme by around a further £1m in 2015/16. As a result, Cabinet is considering options to reduce the amount of council tax support the council provides working age claimants to ensure that the scheme continues to remain cost neutral. To achieve a cost neutral position on the council's own budget, the council would need to increase the reduction from its current 30% to 40% to deliver around £0.5m of savings. The decision to approve next year's scheme will be taken by Council in January 2015, having had regard to consultation feedback. This proposal has its own specific consultation process, but links back to the overall budget process.

5.5 The phase 1 budget proposals document can be found in appendix 1. The second tranche of budget proposals will follow after Christmas and Members and interested parties will again be able to provide feedback on the second tranche of budget proposals.

6. CONSULTATION APPROACH

6.1 Cabinet have been working over a period of five months and several meetings with the cross party Budget Working Group to seek views on all Cabinet budget proposals including the opportunity to make alternative suggestions. As part of these meetings, the Budget Working Group explored options to commence consultation at the earliest opportunity

6.2 The budget process will have two phases for Cabinet to put forward budget proposals, recommending these proposals to two separate Council meetings. The first meeting held in December will be to consider the first tranche of budget proposals. The second meeting will be the formal process to set a lawful and balanced budget for the remaining budget proposals to be published during January 2015 and recommended by Cabinet for approval by Council on 4 March 2015. This timeline is outlined below:

Appendix 1

| Meeting | Content | Date |
|----------------------------------|---|------------------|
| Phase One (first tranche) | | |
| Cabinet | Release of first tranche of budget proposals | 24 November 2014 |
| Scrutiny | Formal scrutiny of budget proposals | 3 December 2014 |
| Cabinet | To recommend the first tranche of budget proposals to Council having regard to feedback | 15 December 2014 |
| Council | Approve the first tranche of budget proposals | 17 December 2014 |

| | | |
|---|--|------------------|
| Phase Two (second tranche) including the remaining budget documents for council tax, reserves and the medium term financial strategy | | |
| Cabinet | Release of second tranche of budget proposals | 19 January 2015 |
| Scrutiny | Formal scrutiny of budget proposals | 9 February 2015 |
| Cabinet | To recommend the second tranche of budget proposals to Council having regard to feedback | 23 February 2015 |
| Council | Approval of budget and council tax | 4 March 2015 |

- 6.3 Alongside the budget process, there is a legislative requirement to approve the council's council tax support scheme annually each year. The timeline is as follows:

| Meeting | Content | Date |
|---------|--|-----------------|
| Cabinet | Recommend the scheme to Council for approval | 19 January 2015 |
| Council | Approve the Council Tax Support Scheme | 28 January 2015 |

- 6.4 The following budget events will be held during phase one to enable residents, partner organisations, businesses and other interested parties to feedback on budget proposals and council priorities:

- a) Staff meetings
- b) Discussion with the trade unions
- c) Discussion with the business community
- d) Borderline Peterborough Local Commissioning Group
- e) Peterborough Housing Partnership
- f) Greater Peterborough Partnership City Leaders forum
- g) Disability Forum
- h) Connect Group
- i) Schools Forum
- j) Parish Councils
- k) Peterborough Community Assistance Scheme
- l) Youth Council

- 6.5 A hard copy of the phase one budget proposals and Budget Conversation document will be available in all libraries and Town Hall and Bayard Place receptions. The council will also receive responses via an on-line survey on its website.
- 6.6 We will also promote the Budget Conversation through the local media and through the council's Facebook and Twitter accounts to encourage as many people as possible to have their say.
- 6.7 The Council will look to repeat this approach with the phase two proposals released in January.

7. BUDGET MONITORING 2014/15

Revenue

- 7.1 The September report to Cabinet identified the council's forecast year end position stood at a £1.3m over spend, summarising the key issues causing the overall overspend. The corporate management team continue to regularly review the council's financial position to deliver a balanced budget this year and based on the latest departmental reports the over spend has reduced to £0.7m. It is imperative that the budget is balanced by the end of the financial year to ensure that the council does not need to use reserves and will look to implement savings agreed in phase one as soon as possible alongside other mitigations identified by the corporate management team.

Capital

- 7.2 The capital programme approved for 2014/15 within the MTFS was £260.8m and increased to £285.0m as a result from delays in projects from 2013/14 as summarised in the financial report to Cabinet in June 2014. Since the beginning of the financial year, there has been a further reduction in expected spend to £268.4m as at 31 October 2014. This is mainly due to a revision to the schools programme, deferring the affordable homes budget based on current schemes and various large slippages into future years. The spend to date is £49.0m with further spend to the end of the financial year still to be incurred of £219.4m if there is no change to the continuation of capital projects.
- 7.3 The Capital Programme is funded via three core elements, external third party income (including grants), capital receipts generated from the sale of Council assets, and borrowing.

8 ANTICIPATED OUTCOMES

- 8.1 Following the release of the first tranche of budget proposals to tackle the financial gap and outlining Cabinet's priorities and vision for Peterborough, Cabinet is seeking the opinions of all residents, partner organisations, businesses and other interested parties to understand which council services matter most. The council must set a balanced budget for 2015/16 within the financial resources it will have next year and the feedback received will help inform Cabinet in considering budget proposals within the second tranche.

9 REASONS FOR RECOMMENDATIONS

- 9.1 The Council must set a lawful and balanced budget. The approach outlined in this report work towards setting a lawful and balanced budget.

10 ALTERNATIVE OPTIONS CONSIDERED

- 10.1 Cabinet considered releasing all budget proposals in the New Year after the provisional finance settlement announcement as Cabinet had done so over previous financial years. The cross party Budget Working Group expressed a desire to release budget proposals earlier than in previous years. Cabinet considered the cross party Budget Working Group's view and recognise that as work is continuing to identify and propose further budget proposals, and given the unprecedented scale of the savings to find, Cabinet agreed to publish their budget proposals in two stages.

11. IMPLICATIONS

11.1 Elected Members

Members must have regard to the advice of the Section 151 Officer. The Council may take decisions which are at variance with this advice, providing there are reasonable grounds to do so.

It is an offence for any Members with arrears of Council Tax which have been outstanding for two months or more to attend any meeting of the Council or its committees at which a decision affecting the budget is made, unless the Members concerned declare at the outset of the meeting they are in arrears and will not be voting on the decision for that reason.

11.2 Legal Implications

In terms of the Council's executive arrangements, the adoption of the Council's Budget is a role shared between the Cabinet and the Council, whereby the Cabinet (Leader) is responsible for formulating the budget proposals and full Council is responsible for then approving (or not) those proposals and setting the budget and council tax requirement.

For the remainder of the year, the principal purpose of the Budget is to set the upper limits of what the executive (Leader, Cabinet or officer under delegated executive authority) may decide to spend the Council's resources on. The Council cannot through the Budget overrule an executive decision as to how to spend the money, but the Budget will require the Cabinet to exercise their responsibilities for decision making so as not to make a decision where they are 'minded to determine the matter contrary to, or not wholly in accordance with the authority's budget'. This means that a decision that leads to excess expenditure, a virement from one budget heading to another over the amount allowed by Council in the Budget Book or expenditure of unexpected new money outside of the Budget is required to have approval of the Council before the Leader and Cabinet can make that decision.

When it comes to make its decision on 4th March 2015, the Council is under a legal duty to meet the full requirements of section 31A of the Local Government Finance Act 1992 which includes the obligation to produce a balanced budget.

A principle of fairness applies to consultation on the budget proposals, both consultation required under s65 of the Local Government Finance Act 1992 and more generally as proposed here, which operates as a set of rules of law. These rules are that:

1. consultation must be at a time when proposals are still at a formative stage;
2. the proposer must give sufficient reasons for any proposal to permit of intelligent consideration and response;
3. adequate time must be given for consideration and response; and
4. the product of consultation must be conscientiously taken into account in finalising any statutory proposals.

Added to which are two further principles that allow for variation in the form of consultation, which are

5. the degree of specificity with which, in fairness, the public authority should conduct its consultation exercise may be influenced by the identity of those whom it is consulting; and
6. the demands of fairness are likely to be somewhat higher when an authority contemplates depriving someone of an existing benefit or advantage than when the claimant is a bare applicant for a future benefit.

It should be noted that the consultation to be undertaken as a result of this report is on the Budget proposals, and consequently the Cabinet's general approach to the savings requirements, and not on the various decisions to take whatever actions that may be implicit in

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the proposals and later adoption of that budget, each of which may or may not require their own consultation process.

11.3 Human Resource Implications

In order to deliver the phase one changes outlined in this document the council is proposing to restructure a number of teams and departments which may result in a number of posts being affected. The table below explains the staffing implications including the outcome of the recent voluntary redundancy process.

The council's approach to minimising any compulsory redundancies will be the same as in other years, including deleting vacant posts, redeployment of affected staff and seeking voluntary redundancies where we are able to do so.

This information relates to council staff only. The phase one proposals will also impact on the council's partners. Cabinet will outline the impact of the phase two proposals when they are published in January.

| Staff implications | Total |
|---|--------------|
| Total number of affected posts | 55 |
| Less vacant posts to be deleted | -12 |
| Posts be to found through redundancies | 43 |
| Less voluntary redundancy acceptances | -13 |
| Compulsory redundancy total | 30 |

In addition to the figures in the table above, the council has accepted a further five voluntary redundancies for various reasons.

11.4 Equality Impact Assessments

All budget proposals published in this first tranche have been considered with regards to equality issues and where appropriate equality impact assessments have been completed and available on the council's website.

12. BACKGROUND DOCUMENTS

n/a

Appendix 1 – Phase 1 Budget Proposals

| |
|--|
| DECISION TITLE: Council Tax Support Scheme 2015/16 Consultation |
| Councillor David Seaton: Cabinet Member for Resources |
| November 2014 |

| | |
|--|--|
| Cabinet portfolio holder: Responsible Director: | Councillor David Seaton: Cabinet Member for Resources John Harrison: Executive Director Resources |
| Is this a Key Decision? | No If yes has it been included on the Forward Plan : Unique Key decision Reference from Forward Plan : |
| Is this decision eligible for call-in? | Yes |
| Does this Public report have any annex that contains exempt information? | No |
| Is this a project and if so has it been registered on Verto? | No |

RECOMMENDATIONS

The Cabinet Member is recommended to approve:

3. That the draft 2015/16 Council Tax Support Scheme for consultation is one with an overall reduction of 40% (compared to the current level of 30%)
4. The approach to consultation outlined in this report, including the alternative options of:
 - Keeping the reduction at 30%
 - A reduction of 35%

1. PURPOSE OF THIS REPORT

- 1.1 The purpose of this report is to:
- update on the implementation of the local Council Tax Support scheme in 2013/14 and 2014/15
 - Outline the impact on Council Tax Support of further reductions in the council's grant
 - Propose that the draft 2015/16 Council Tax Support Scheme for consultation is one with an overall reduction of 40% (compared to the current level of 30%)
 - Agree the approach to consultation outlined in this report, including the alternative options of:
 - Keeping the reduction at 30%
 - A reduction of 35%
 - Outline the timescales for decision making and possible implementation
- 1.2 This report is for the Cabinet Member for Resources to consider exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (i).
- 1.3 This CMDN launches the consultation on Council Tax Support for 2015/16. As part of this process the consultation will include Scrutiny, prior to Cabinet on 19th January 2015 making a recommendation to the Council meeting of January 28th 2015.

2. TIMESCALE

| | | | |
|---|-----------------|---|-----------------|
| Is this a Major Policy Item/Statutory Plan? | Yes | If Yes, date for relevant Cabinet Meeting | 19 January 2015 |
| Deadline for relevant Council Meeting | 28 January 2015 | Date when these changes will apply from | 1 April 2015 |

3. BACKGROUND AND CURRENT SCHEME

Background

- 3.1 Council Tax Benefit (CTB) was the means tested way of reducing the Council Tax Bill for those on low incomes. Effectively the household paid less council tax (sometimes none) and the Government paid grant to the council to cover it.
- 3.2 CTB expenditure increased nationally from £2bn in 1997/98 to £4.3bn in 2010/11. The Government announced in the Spending Review 2010 that it would localise support for council tax making Councils responsible for local schemes and reducing the grant by 10%, saving £410m nationally in England. Councils would be responsible for determining, through their local scheme, how these savings are made. If councils do not make savings through the scheme, they will need to meet the cost of this elsewhere in their budgets. Schemes must fully protect pensioners and so the impact is met by 'working age' claimants.
- 3.3 Council Tax Benefit (CTB) became Council Tax Support (CTS) from April 2013. The Council implemented a local scheme that came into effect on 1st April 2013.

Financial Impact for Peterborough in 2013/14

- 3.4 In Peterborough there were almost 18,000 Council Tax Benefit claimants (24% of households) which cost around £12m in 2010/11. The Medium Term Financial Strategy (MTFS) approved by Council in February 2012 was based on a local scheme being adopted in 2013/14 and there being no additional pressure on the council's budget i.e. any reduction in grant would be fully met through changes in the benefit scheme, rather than cuts being made in services elsewhere across the Council.
- 3.5 The Government claimed that the reduction in funding should be around 10% of the benefit bill. However this assumed that the number of people claiming this benefit, and hence the cost of it, reduced by 2013/14. Many parts of the country, including Peterborough, were seeing costs of benefit increasing. The Council estimated that the grant reduction would see a shortfall of nearer 20%. The gap between grant and the benefit bill for 2013/14 was estimated to be £2.4m.
- 3.6 Failure to devise and implement a local scheme by 31 January 2013 would result in the Department for Communities and Local Government (DCLG) 'default scheme' being used by the Council. This scheme mirrored the current CTB scheme i.e. there was no reduction in benefit. If this were to happen the Council and Police and Fire would have had to find the £2.4m of savings from elsewhere in their budgets.
- 3.7 In Peterborough 40% of claimants and 38% of the bill relates to pensioners. As Government legislation protects this group, the 20% loss in CTB funding has to be met by the remaining 60% of claimants. In order to achieve the strategy approved in the MTFS, this would require a reduction in benefit of 30%.
- 3.8 Cabinet approved this approach as the basis for consultation at their meeting of 24 September 2012 (the reduction was initially estimated at 35% and was consulted at this level, but changes to the grant meant this was finally 30%). The consultation also included options to fully protect groups, such as the disabled. Such protection would mean higher reductions for working age claimants to keep the scheme self-funding in line with the MTFS strategy. The consultation also included options for lesser reductions (or no reduction), but recognised the impact this would have in terms of the need to find savings (as outlined in section 3.6 above)
- 3.9 Following Cabinet, an intensive period of public and stakeholder consultations ran for six weeks from 25 September to 5 November 2012, along with further engagement leading up to approval by Full Council on January 30th 2013.
- 3.10 The feedback was generally inconclusive. Whilst respondents felt that Peterborough City Council should continue to support people on low income by reducing their council tax bill, there was no clear indication of any preference as to how the new scheme should be designed.

New scheme implemented for 2013/14 and 2014/15

- 3.11 Given the unacceptable impact that cuts of £2.4m would have, it was agreed that a 30% reduction would be applied from 2013/14. The published scheme can be seen at the following link:

<http://www.peterborough.gov.uk/pdf/Housing-HousingBenefit-WelfareReform-ChangesToBenefit-CouncilTaxSupportSchemeSummary.pdf>

- 3.12 Analysis showed that under the new council tax support scheme there would be the following impact:

- 8,437 households who previously received 100% council tax benefit would now have something to pay
- 2,458 households will be paying more council tax than before

Examples of how this would impact during 2013/14 are outlined below

- Currently Band A council tax in the city (including Police and Fire) is £908. A household in receipt of 100% benefit would currently pay no council tax. In future they would pay 30%, or £272 per year (£5.24 per week). They would still receive £636 in council tax benefit
- Currently Band B council tax in the city (including Police and Fire) is £1,059. A household in receipt of 50% benefit would currently pay council tax of £530, and receive benefit of £530. In future they would pay an extra £159 per year (£3.05 per week), taking their total payment to £689 per year They would still receive £371 in council tax benefit
- The average amount paid in benefit is currently £730 per year. This would reduce by £219 to £512 per year. As such the average household in receipt of benefit would pay £4.21 per week extra
- Pensioner households are protected and hence unaffected by the proposals

- 3.13 The original Cabinet report outlined a range of measures that the Council intended to undertake to mitigate the impact on households. The Council works in a number of areas to support people in Peterborough, covering two main areas:

- Helping people get back into work and off benefit
- Helping alleviate the impacts of poverty on individuals and households

The majority of these activities are led by the Neighbourhoods service, linking in with a number of partners across the city.

- 3.14 For 2014/15 the level of CTS reduction remained at 30%.

4. IMPACT OF THE NEW SCHEME

4.1 The Council has closely monitored the impact of the new scheme. As we are only 20 months into the new scheme, we should remain cautious in drawing definitive conclusions. The scheme is likely to need to be monitored over several years to fully assess the impact.

4.2 The scheme received media coverage during the first year, especially when individuals were summoned to court. However it should be noted that whilst the scheme has seen an overall increase in summons, the majority have been issued for those not affected by the changes, as can be seen by the level of summons during the first five months of 2013/14:

| | |
|-------------------|---------------|
| Summons – non-CTS | 6,427 |
| Summons – CTS | 5,266 |
| total | 11,693 |

4.3 Collection rates are being impacted, but overall not by a significant amount. Collection rates for 2013/14 can be seen in the table below (this is the collection rate as at 31st March 2014, further collection will have happened since then). The collection rate is currently lower for household paying for the first time, many of these households are now paying through instalments during the year, and the lower collection rate in part reflects issues earlier in the year when some of these households did not fully appreciate the impact of the new arrangements and the need to start paying council tax.

| | 2013/14 |
|----------------|----------------|
| Overall | 95.3% |
| Non CTSS | 96.1% |
| CTSS - partial | 90.0% |
| CTSS - Full | 72.0% |
| CTSS Overall | 80.0% |

4.4 The process of collecting council tax from these households (and indeed all households) continues. The Council continues to encourage those who may encounter difficulty in paying to get in touch as soon as possible. Where households have ignored reminders and not been in touch, then further recovery action will be taken.

4.5 The comments above focus more on the collection process, and it recognised that there may be an impact on individual households. Measures that the Council would undertake to support households were outlined in the Cabinet reports last year (and are summarised in 3.13 above). Currently it does not appear that there is evidence of households presenting themselves elsewhere in the council and requiring services or support as a result of the local scheme. The Council will continue to monitor this, especially in light of wider changes to welfare benefits. Anecdotal evidence from partners is suggesting that council tax debt is becoming an issue of concern for affected households. This will need to be tested further during consultation.

Mitigations and Citizens Advice Bureau protocol

4.6 In implementing the new CTSS, although Pensioners will not be affected, the Council recognised the impact the changes will have on working age claimants in Peterborough.

4.7 As well as the measures outlined in the original reports (and summarised in para 3.13 above), the Council also adopted the CAB/LGA protocol in council tax collections for the

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2014/15 year. A copy of the protocol, along with updates as to the work the Council is undertaking to meet the protocol, is included in appendix 1.

- 4.8 Feedback from partners has been sought when considering the scheme in previous years, and this would be a key part of any consultation. Partners have also fed back on how the scheme has been implemented. For example, despite efforts being made to communicate to affected households as part of the original implementation in April 2013, it was clear that many households did not pick up these messages. This will be borne in mind if there are any changes to the scheme when planning implementation.

5. Options for 2015/16

- 5.1 The Council needs to consider whether to revise its scheme or to replace it with another scheme every year. In doing so the council needs to consider several key issues:

- What is the number of households claiming CTSS, and how has it changed ?
- Is the level of funding available still the same as expected ?
- Should the principle of the scheme being cost neutral still be maintained ?

- 5.2 Current figures indicate that the numbers of working age households claiming council tax support has remained broadly the same. It should be noted that this number indicates whether a household is receiving support, it does not indicate the level of that support. Council tax Support is graduated, in that as income rises, the level of support reduces. It does not simply cease if, for example, the person responsible for paying gets a job. The level received depends on the levels of income and other factors.

- 5.3 The grant that the Council receives for council tax support is now subsumed into Council's main revenue support grant. Further reductions in that revenue support grant for 2015/16 are being implemented by the Government. The Council estimates that overall it will see a grant reduction of around £12.3m for 2015/16. Part of this reduction effectively relates to the money provided for council tax support. Best estimates of this are that this reduction is nearly £1m.

- 5.4 On 14th November 2014, Cabinet released their phase 1 budget proposals for 2015/16. At that stage, given the grant reductions outlined in para 5.3 above and the additional financial pressures the Council faces, the Council is forecasting that it will have a budget gap of at nearly £25m for 2015/16. These proposals can be viewed at the link below:

http://www.peterborough.gov.uk/council_and_democracy/budget_conversation.aspx

- 5.5 Part of this gap is because the cost of council tax support will exceed the funding provided for it. The Council Tax support scheme is no longer cost neutral at a 30% reduction. The scheme would need further redesign or savings would need to be made elsewhere.

6. OPTIONS AVAILABLE TO THE COUNCIL

- 6.1 The original Cabinet and Council reports for 2013/14 and 2014/15 outlined the impact of the following options:

- Having no scheme and meeting the full cost by finding savings elsewhere in the Councils budget
- Other options to amend the scheme to find the necessary savings e.g introducing a maximum or minimum level of support
- Implementing a cost neutral scheme with a 30% reduction in council tax support

6.2 It is not intended that this consultation revisits the original changes implemented in April 2013. Rather this consultation covers how the Council should deal with the additional grant reduction for Council Tax Support.

6.3 The options available to the council are:

1. No change and keep council tax support at a 30% reduction

For Peterborough this would result in an additional pressure of around £1m and savings to be made from elsewhere in its budget. This could also affect the services provided by our Fire and Police Authorities as over 17% of the council tax that is collected is distributed to these preceptors.

If the Council were to absorb the deficit, it would then have to find savings elsewhere in the budget due to the limited amount of resources available to run all Council services. Given the reductions in grant the Council is facing, further reductions of £1m would have a significant impact.

The Council has released its first phase of budget proposals for 2015/16. Respondents to the CTSS consultation would be encouraged to review the budget proposals to determine whether they would prefer changes to CTSS, or additional savings to be found elsewhere in the Council budget.

2. Design a local scheme to deliver £1m savings – a 50% reduction

To reduce all CTB equally - as the Government has made clear that pensioners must be protected, the whole of this shortfall would need to be met by working age claimants. As a result, to meet the £1m funding shortfall, the reduction would need to increase from 30% to around 50%.

3. Somewhere in between

As with the option of 'no change', absorbing any deficit from a shortfall in funding will impact on the services that the Council currently delivers, but would mean a lesser impact on benefit recipients. Options to be considered could include further reducing council tax support:

- From 30% to 35% to save £0.25m (and £0.75m being found elsewhere in the council's budget)
- From 30% to 40% to save £0.50m (and £0.5m being found elsewhere in the council's budget)

The Council has previously considered other changes to the e.g introducing a maximum or minimum level of support. These have been rejected as they make the scheme more complex and generate little saving. As such the straightforward overall reduction is maintained for any changes.

6.4 Having reviewed the alternative options outlined above, it is considered:

- That a 50% reduction in benefit would have too great an impact on households in receipt of benefit and should not be considered
- That the draft 2015/16 Council Tax Support Scheme for consultation is one with an overall reduction of 40% (compared to the current level of 30%). At this level the Council would save £0.5m, but still need to find £0.5m of savings elsewhere

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in its budget. This means the scheme would be that included in the link below, but with a 40% reduction (and with annual values updated):

<http://www.peterborough.gov.uk/pdf/Housing-HousingBenefit-WelfareReform-ChangesToBenefit-CouncilTaxSupportSchemeSummary.pdf>

- That consultation should be undertaken on the draft scheme, and that the consultation also includes the following options:
 - Increasing the top-slice From 30% to 35% to save £0.25m (and £0.75m being found elsewhere in the council's budget)
 - keeping the scheme as it is, and finding savings elsewhere, will also be an option

6.5 The impact of these three options would be as follows for recipients:

| | 30% | 35% | 40% |
|---|------|------|------|
| Full benefit originally (Band A) | | | |
| council tax paid | £275 | £321 | £366 |
| increase in council tax paid | | £46 | £92 |
| Benefit received | £641 | £595 | £549 |
| | | | |
| Half benefit originally (Band B) | | | |
| council tax paid | £694 | £721 | £748 |
| increase in council tax paid | | £27 | £53 |
| Benefit received | £374 | £347 | £321 |
| | | | |
| Average impact | | | |
| increase in council tax paid | | £37 | £73 |
| Benefit received | £512 | £475 | £439 |

For example, a household in a Band A property on full benefit i.e. they have 70% of their council tax bill paid, would currently pay £275 towards their council tax, and the benefit would cover £641. This could change as follows:

- Under a 35% reduction, the household would pay £46 a year more, increasing their total payment to £321, and reducing benefit to £595.
- Under a 40% reduction, the household would pay £92 a year more, increasing their total payment to £366, and reducing benefit to £549.

6.6 How Peterborough's current 30% reduction compares with other councils can be seen below:

- Mid Sussex 39.0% reduction
- Sutton 35.5% reduction
- South Ribble 35.0% reduction
- North Herts 33.1% reduction
- Peterborough, Castle Point, Harrow , South Tyneside, Stoke-on-Trent, Surrey Heath, Wakefield and York all at 30% reduction
- 105 Councils 20-29.9% reduction
- 60 Councils 10-19.9% reduction
- 67 Councils less than 10% reduction
- 82 Councils no reduction in benefit

6.7 The consultation will also need to include whether there should be any transitional arrangements if a new scheme is implemented.

7. CONSULTATION APPROACH

7.1 Following approval by the Cabinet Member, there will be public and stakeholder consultations. Given that there is a link to the Councils' overall budget, the proposal was also included in the documentation for the budget consultation that was released on November 14th. Respondents will be encouraged to review both consultation proposals to understand the impact of alternative options.

7.5 The scheme (whether it remains the same or there are any changes) requires approval by Full Council by the end of January 2015. Key dates leading up to that are as follows:

| Key dates | Events |
|--------------------------------|---|
| 18 th November 2014 | Public Consultation starts |
| 3 rd December 2014 | Joint Budget Scrutiny CTSS proposals to be included alongside overall scrutiny of phase 1 budget proposals |
| 19 th January 2015 | Cabinet make recommendation to Council on proposed new scheme |
| 28 th January 2015 | Council approve scheme for 2015/16 (<i>whether it remains the same or there are any changes</i>) and avoid the default scheme |
| February & March | Staff and public awareness campaigns if there are any changes |
| 1 April 2015 | Council Tax Support scheme for 2015/16 goes live |

7.2 It is proposed that the Consultation would remain open right through to Monday 26th January to allow as much time as possible for comment. Consultation with the general public will be available through an online questionnaire available on the website to ensure everyone in the city has the opportunity to respond and have their say on the proposed changes. Copies of material will also be made available at council offices and libraries. The consultation document is included in Appendix 2.

7.3 There will also be a targeted engagement with stakeholders and will include (but is not limited to):

- CAB Peterborough
- Registered Social Landlords & Private Landlords who attend our forums
- Disability Forum

The Council has also discussed previous changes with officer representatives from the Councils' major precepting authorities (Fire Authority and Police and Crime Commissioner). These organisations will continue to be included in the consultation process.

7.4 The Council will include details of the consultation in any updates sent to households in receipt of Council tax Support. This approach was followed in the consultation undertaken for the original scheme, and enabled the Council to contact over 6,000 households directly.

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- 7.5 Following the consultation exercise, if any changes are approved, there will remain a need to communicate effectively and directly with all affected households ahead of any implementation from 1 April 2015 (building on comments in para 4.8 above).
- 7.6 At the time this consultation starts, the Council has not received its financial settlement for 2015/16 (expected mid-December). If this settlement differs from current forecasts, then Cabinet may need to revisit the proposed scheme in January.

8. REASONS FOR RECOMMENDATIONS

- 8.1 The Constitution requires the Cabinet Member to approve the draft Council Tax Support scheme for consultation.

9. IMPLICATIONS

9.1 Elected Members

Further to this CMDN and the intended period of consultation, this proposal will then be presented to the joint budget Scrutiny on 3rd December before Full Council and all Elected Members will be asked to approve the scheme at their meeting of 28th January 2015 (Council must approve the scheme whether changes are made or not).

Members must have regard to the advice of the Section 151 Officer. The Council may take decisions which are at variance with this advice, providing there are reasonable grounds to do so.

9.2 Financial

The grant that the Council receives for council tax support is now subsumed into Council's main revenue support grant. Further reductions in that revenue support grant for 2015/16 are being implemented by the Government. The Council estimates that overall it will see a grant reduction of around £12.3m for 2015/16. Part of this reduction effectively relates to the money provided for council tax support. Best estimates of this are that this reduction is nearly £1m.

Part of the Council's budget gap for 2015/16 is because the cost of council tax support will exceed the funding provided for it. The Council Tax support scheme is no longer cost neutral at a 30% reduction. The scheme would need further redesign or savings would need to be made elsewhere.

9.3 Legal Implications

A new Section 13A of the Local Government Finance Act 1992 set out the requirements of a council tax reduction scheme, taking effect as of the financial year beginning on 1st April 2013. If the Council had not introduced its localised Council Tax Support Scheme by 31st January 2013, it would have resulted in the Government's default scheme taking effect instead. The Government's default scheme had no reduction in support, so would cost the council and partners around £3.4m extra compared to the currently adopted Support Scheme.

The Council is required to consider whether to revise its scheme or to replace it with another scheme for each consecutive financial year. Where a change is proposed, as

Appendix 2

recommended in this report, the draft revised scheme must be published and statutory provisions are made concerning consultation on that draft scheme. These requirements have effect in addition to the six general principles of fairness in respect of consultation undertaken by the Council.

Any revision to the existing scheme, or any replacement scheme, must then be made by the Authority no later than 31st January in order to take effect in the next financial year.

Where any revision to a scheme, or any replacement scheme, has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the Authority thinks fit.

9.4 Equality and Diversity

The original Government policy had an Equalities Impact Assessment (EIA) undertaken at national level. For the Council, an initial and full Equalities Impact Assessment (EIA) was completed as part of developing the original scheme. This has been reviewed and refreshed for the draft scheme for consultation.

10. BACKGROUND DOCUMENTS

10.1 Link to supporting documents

Council Tax Benefit Regulations:

<http://www.legislation.gov.uk/uksi/2006/215/contents/made>

DCLG – Localising Council Tax Support:

DCLG – Localising Council Tax Support - Equality Impact Assessment:

<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/counciltax/counciltaxsupport/>

Appendix 1 – CAB/LGA council tax protocol

Appendix 2 – Consultation document

Collection of Council tax arrears good practice protocol

Council tax payers will receive a better level of service if local authorities and debt advice agencies work together.

This good practice protocol makes a number of suggestions on how relations can be strengthened. It has been developed through partnership work between the national bodies representing advice agencies and local government throughout England and Wales. It reflects best practice at local level and is intended to facilitate regular liaison on practices and policy concerning council tax debt collection. In setting down clear procedures and keeping them regularly under review all parties can ensure that cases of arrears are dealt with quickly and realistically whilst complaints are handled efficiently.

By signing up to the protocol you can help ensure that taxpayers pay their council tax bills on time while accessing timely debt advice when needed.

In its report of June 2013 the Government endorses the Citizens Advice Local Government Association Good Practice Protocol and recommends local authorities who have not done so already to commit to it.

Use the section below to sign up to the protocol as a public commitment to its principles of fairness, partnership working and transparency in local authority debt collection;

Signature

Signature

..... Local

.....

Authority representative

CAB/advice agency representative

Appendix 2 Partnership

The following items cover effective liaison between local authorities and advice agencies.

- Local authorities and advice agencies should meet regularly to discuss practical and policy issues with a recommendation to meet quarterly at officer level and annually with elected members.
In place. Last meeting held in Apr / May 14 (further meeting now due). Welfare Reform Action Group meetings ongoing.
- All parties should have dedicated contacts accessible on direct lines and electronically so that issues can be taken up quickly.
Designated telephone number in place within the Council Tax team (working well and feedback has been positive). The Council Tax team are currently receiving on average 5 calls per week.
- All parties should promote mutual understanding by providing training workshops and/ Or exchange visits.
Both parties open to this, especially in terms of cross-team shadowing. To be discussed further.
- Advice agencies and local authorities should work together to develop a fair collection and enforcement policy highlighting examples of vulnerable people and specifying clear procedures in dealing with them. Contractual arrangement with bailiffs should specify procedures for the council to take back cases involving vulnerable people.
Processes exist in the Council Tax team for identifying vulnerable customers and tracking them. A data matching exercise was conducted last year with the council's Adult Social Care team. All cases looked at on their own merits. Both bailiff companies have an agreed approach to dealing with vulnerable persons. The Council Tax team to liaise with the bailiff companies to discuss and ensure both have a formal policy in place.
- Local authorities should consider informal complaints as evidence of problems with collection or enforcement with bailiffs. Debtors may be afraid to complain formally where bailiff activity is ongoing. Informal complaints received from advice agencies can indicate problems worthy of further investigation.
The Council Tax team take all informal complaints seriously, they work very closely with the enforcement agents (bailiffs) and do raise any issues / feedback with them at the earliest opportunity. All stage 1 complaints go through the relevant bailiff company.

Information

Literature should be reviewed as part of liaison work between local authorities and advice agencies.

- Publicise debt advice contact details on literature and notices. Local Authorities can provide council tax payment plans to help people budget. Advice agencies can help by promoting the need for debtors to contact their local authority promptly in order to agree payment plans. Both parties can work together to ensure the tone of letters is not intimidating but encouraging of engagement.
In place generally across the different correspondence issued. Debt advice contact details being added to the insert that goes with the summons. A process is in place to ensure this happens ongoing via document control. CAB to be engaged re their input in the future.
- Local authorities should consider providing literature about concerns council tax debtors may have on bailiffs and enforcement. Information could cover charges bailiffs are allowed to make by law, how to complain about bailiff behaviour or check bailiff certification and further help available from the local authority or advice agencies.
In place via the Council's corporate complaints procedure. All stage 1 complaints go through the relevant bailiff company.

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- All parties should work together to promote engagement by council tax payers. Include information on how bills can be reduced through reliefs, exemptions and council tax support schemes, how tax payers should contact the local authority if they experience financial hardship and the consequences of allowing debts to accumulate. Information should be made available on local authority and advice agency websites, via social media and available at offices of relevant agencies. This is an opportunity for joint campaign work.
Staff trained to promote entitlement to discount / exemptions (refresher training delivered via team meetings). Financial assessments undertaken by the Council Tax team where appropriate. No joint-campaigns undertaken to date, but to be reviewed / discussed.
- Promote different payment dates within the month as options available to council tax payers. This can allow people to budget more effectively.
In place. There are 4 Direct Debit dates offered and other cash instalment dates offered as appropriate.

Recovery

If a council tax bill is not paid then the recovery process comes into play. The first stage of the recovery process will involve the billing authority obtaining a liability order from the courts. While authorities strive to make contact with a debtor the first point of contact often occurs only when a bailiff visits the premises. The following items should be considered to ensure an appropriate response.

- Local Authorities should work in partnership with advice agencies on the content of all documents produced by the billing authority and agents acting on its behalf which are part of the enforcement process. This should ensure that the rights and responsibilities of all parties are clearly set out.
CAB to be asked for feedback / comments where forms updated / changed. Not yet in place
- Bailiffs should provide the debtor with a contact number should they wish to speak to the local authority.
Currently in place with both bailiff companies.
- All charges associated with recovery should be kept regularly under review to ensure they are reasonable. Bailiffs should only make changes in accordance with council tax collection and enforcement regulations.
Bailiff reform regulations now in place (set fee structure).
- The level of debt (inclusive of liability order fees) should be considered before bailiff action is taken.
In place. All cases considered on their individual merits, i.e. size of the debt, payments history.
- Local authorities may have different definitions of a vulnerable person/household. Recovery action will be referred to the local authority where these criteria are found to have been met.
In place and vulnerable cases dealt with accordingly. Both bailiff companies aware of what is required of them in terms of these customers.
- The debtor may have outstanding claims for council tax support or housing benefit which are contributing to arrears. Recovery can be suspended once it is established that a legitimate claim is pending.
In place. Close working between the Council Tax team and the Benefits team is in place.
- Local authorities should prioritise direct deduction from benefits or attachment of earnings in preference to using bailiffs. This avoids extra debts being incurred by people who may already have substantial liabilities.
In place. All cases considered on their individual merits, i.e. size of the debt, payments history.

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- Procedures should exist for debt advisors to negotiate payments on behalf of the taxpayer at any point in the process including when the debt has been passed to the bailiff. In some cases the debtor may only, contact an advice agency following a visit from the bailiff.
In place, see earlier re comment around a designated CAB number. Council Tax staff trained in debt recovery / negotiating skills.
- Set down, as part of contractual arrangements, a clear procedure for people to report complaints about recovery action. Local authorities will regularly monitor the performance of those recovering debts on their behalf and ensure that contractual and legal arrangements are met.
Council's complaints process meets this
- A key part of the recovery is treating each case on its merits. Arrangements need to be affordable and sustainable while ensuring that the debt is paid off within a reasonable period.
In place

Approved by



The voice of independent advice



APPENDIX 2 - COUNCIL TAX SUPPORT SCHEME 2015/16 CONSULTATION

From April 2013, following Government changes to Council Tax Benefit (including reducing the funding available) Peterborough City Council introduced its own local Council Tax Support scheme.

Peterborough's Council Tax Support scheme is based on Council Tax Benefit but almost everyone of working age pays something towards their council tax as there is an overall reduction of 30% in benefit for all working age households.

Pensioners were unaffected by these changes. Nor did the changes affect Council Tax discounts such as the 25% single person discount.

Government reductions in grant for the Council planned for 2015/16 mean that the funding available for Council Tax Support is again reduced. This means Peterborough City Council will have around £1m less to help low income households with their Council Tax.

The Council needs to consult on how best to deal with the reduction in funding. Cabinet has proposed a draft scheme for consultation that would change the reduction to 40%. Again pensioners and the single person discount will be unaffected by these changes.

We could keep Council Tax Support as it is (a 30% reduction), but that would mean:

- raising Council Tax by around 1.9%;
- reducing Council services and using the savings to fund Council Tax Support; or
- a combination of the two

This consultation is launched alongside the release of the Council's phase 1 budget proposals for 2015/16. Respondents are encouraged to review these savings proposals. If the proposed change to council tax support is not approved, then the Council will need to find further savings over and above these proposals. They can be viewed at the link below:

http://www.peterborough.gov.uk/council_and_democracy/budget_conversation.aspx

It is important that residents take the opportunity to help shape these proposals To find out more and to take part in the consultation, please use the following links:

(Insert link to PCC CTS scheme)

COUNCIL TAX SUPPORT SCHEME 2015/16 CONSULTATION

We need your views

We are asking for your views about these potential changes to Council Tax Support from April 2015.

The consultation will run through to Monday 26th January.

You can give us your views by completing this consultation.

Your views will help us develop the final scheme which will be approved by all Councillors by the end of January 2015.

1. Do you think that Peterborough City Council should continue to help people on low income by reducing their council tax bill?

- Yes
- No

Any comments:

2. Do you think that to achieve the savings required there should be an across the board 40% reduction in council tax support ?

- Yes
- No

If no, please state why:

3. If you do not think the reduction should be 40%, what should it be ?

- 35%
- 30% - as now, so no further reduction

Any comments:

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4. If you think there should be no further reduction in Council Tax Support, how do you think this should be funded? In particular, should the Council:

- increase Council Tax
- cut other Council services
- a combination of the two

5. If the Council were to change the reduction in Council Tax Support, do you think there should be transitional relief to help implement the changes gradually ?

- Yes
- No

Any comments:

6. Do you have any other comments about the new Council Tax Support scheme?

- Yes
- No

Any comments:

About you:

7. Are you or any partner a pensioner?

- Yes
- No
- Prefer not to say

8. Do you currently claim Council Tax Benefit?

- Yes
- No
- Prefer not to say

| Consultation (officers/ward councillors) | Section | Name | Outcome | Date |
|---|---|------------------|----------------|-------------|
| <i>Legal and finance should be consulted regarding the proposals. Ward Councillors, other Cabinet Members and officers should be consulted if the proposals will have an impact on their service area/ward.</i> | Ward Councillors <i>(if decision is ward specific)</i> | Not Applicable | Not Applicable | |
| | Legal | Phil McCourt | Approved | 17/11/2014 |
| | Finance | Steven Pilsworth | Approved | 10/11/2014 |
| | Democratic Services | Gemma George | Approved | 11/11/2014 |
| | Procurement Project Director <i>(if decision is contract/procurement related)</i> | Andy Cox | Not Applicable | |
| | Head of Strategic Property <i>(if decision is property related)</i> | Not Applicable | Not Applicable | |
| | Other Officers / Members | Not Applicable | Not Applicable | |
| Director's approval <i>Directors are requested not to sign if the above section is incomplete</i> | | | | Date |
| Date sent to Cabinet Member <u>if key decision</u> | <i>To be inserted by Democratic Services</i> | | | |
| <u>If key decision</u> – date decision may be taken | <i>To be inserted by Democratic Services</i> | | | |
| Cabinet Member approval | | | | Date |
| Reasons for making decision Please tick one of the Options | Option 1 I agree with the officer's reasons for recommending the decision. | | | |
| | Option 2 I agree with the officer's reasons for recommending the decision and have the following additional comments to make. | | | |
| <i>Once signed by Director, please pass to Democratic Services. We will contact the Cabinet Member and arrange for signature.</i> | | | | |

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