

Dear Councillor

CABINET - THURSDAY, 13 SEPTEMBER 2012

I am now able to enclose for consideration at the above meeting the following reports that were unavailable when the agenda was printed.

**Agenda Item
No.**

4. FINANCIAL FORESCAST (Pages 1 - 2)

To receive a report by the Head of Financial Services.

5. THE TECHNICAL REFORM OF COUNCIL TAX (Pages 3 - 4)

To consider a report by the Head of Customer Services on the Government's proposals to reform Council Tax.

6. COUNCIL TAX SUPPORT FROM 1ST APRIL 2013 (Pages 5 - 6)

To consider a report by the Head of Customer Services on the new Local Council Tax Support Scheme.

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FINANCIAL FORECAST (Report by the Overview and Scrutiny Panel (Economic Well-Being))

1. INTRODUCTION

- 1.1 At its meeting held on 6 September 2012, the Overview and Scrutiny Panel (Economic Well-Being) considered the report by the Head of Financial Services on the Financial Forecast. The following paragraphs contain a summary of the Panel's discussions on the report.

2. THE PANEL'S DISCUSSIONS

- 2.1 The financial forecast reveals that at present the Council is in a better position than had been anticipated. However, it is evident that the risks and unknown factors facing the Council are of a greater magnitude this year than they have in previous years. In addition to those listed in the report, the Panel has recognised that future Government grant levels present a further risk, particularly given the success the Council has had in obtaining income from the New Homes Bonus. Some of these factors will have been resolved by the time the Council sets its budget in February.
- 2.2 The Panel has discussed the Council's approach to borrowing and the effect of repayments on the revenue budget. While the view has been expressed that cumulative borrowing will increase in the medium term, the repayments for which will have an effect on the Council's revenue budget, it has equally been argued that borrowing should be undertaken if it is for appropriate capital purposes and that, in this case, the Council needs to retain the flexibility to borrow when the most advantageous terms are available. It has been concluded that the Panel needs to debate what the Council's approach should be. A Working Group has been established to identify the terms of this debate and a report will then be received on the Council's current and future borrowing and its assets. The outcome of this debate will inform the Panel's comments on the draft budget later in the year.
- 2.3 Members also have a particular interest in the Council's level of reserves, having formed a working group to examine this matter and the Council's provisions in this respect. The Working Group will be reporting on its findings to the next meeting of the Panel. For the purposes of the present report, the Working Group does not recommend that the minimum level of reserves is increased. This view has been endorsed by the Panel. Councillor Shellens is of the opinion that the minimum level might need to be lowered.
- 2.4 The Panel has supported the recommendation that the annuity basis is used for the calculation of Minimum Revenue Provision.

3. CONCLUSION

- 2.1 Having concluded their discussions, the Panel has recommended the Cabinet to:

- approve the annuity basis for the calculation of Minimum Revenue Provision as outlined in Annex B to the report; and
- note the significant level of outstanding risks and that a number of significant items should be resolved or partially resolved before the budget is formally approved in February.

2.2 The Cabinet is invited to consider the discussions of the Overview and Scrutiny Panel (Economic Well-Being) as part of their deliberations on this item.

Contact Officer: A Roberts - Scrutiny and Review Manager – 01480 388015

Background Documents

Report and Minutes of the meeting of the Overview and Scrutiny Panel (Economic Well-Being) held on 6th September 2012.

THE TECHNICAL REFORM OF COUNCIL TAX (Report by the Overview and Scrutiny Panel (Economic Well-Being))

1. INTRODUCTION

- 1.1 At its meeting held on 6 September 2012, the Overview and Scrutiny Panel (Economic Well-Being) considered the report by the Head of Customer Services outlining the Government's proposals to reform Council Tax with effect from 1st April 2013. The following paragraphs contain a summary of the Panel's discussions on the report.

2. THE PANEL'S DISCUSSIONS

- 2.1 The Panel has reviewed proposals for a number of changes to Council Tax discounts/exemptions. Those affected will include those who inherit property and private landlords. Having considered the three main types of discounts/exemptions, the Panel has expressed support for the proposals. They will generate extra income for the Council but this will be used to reduce the impact on the Council of the changes to Council Tax support, which is discussed in a separate report.
- 2.2 Members have discussed the social consequences of the proposals. It has been concluded that overall they will result in houses being occupied more quickly. This view on the social consequences of the proposals has been endorsed by the Chairman of the Social Well-Being Panel, who has stated that they are fair.
- 2.3 With regard to the proposal to reduce the exemption for unoccupied and substantially unfurnished properties from six months to one month, the Panel has been assured that testing has been undertaken to maximise the cost-effectiveness of the change.

3. CONCLUSION

- 3.1 Having concluded their discussions, the Panel has recommended the Cabinet to express support in principle for the Council to:
- Grant unoccupied and unfurnished (Class C) properties 100% discount for 1 month and 0% thereafter
 - Reduce Second Home Discount to 0%
 - Grant uninhabitable properties (Class A) 100% discount for a maximum of 12 months;
 - Levy Empty Homes Premium after two years at 50% in addition to the 100% charge currently made;
 - Continue to require monthly instalments to be made on the 15th day of each month (extended to those requesting 12 monthly instalments)

but managers be permitted to include an additional later instalment date purely as an incentive for those opting to pay by direct debit.

- Continue to work in Partnership with other Cambridgeshire local authorities to publish the 48 page Council Tax Booklet (which includes the on line publication).

3.2 The Cabinet is invited to consider the discussions of the Overview and Scrutiny Panel (Economic Well-Being) as part of their deliberations on this item.

**Contact Officer: A Roberts - Scrutiny and Review Manager – 01480
388015**

Background Documents

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CABINET

13TH SEPTEMBER 2012

**COUNCIL TAX SUPPORT FROM 1 APRIL 2013
(Report by the Overview and Scrutiny Panel (Economic Well-Being))**

1. INTRODUCTION

- 1.1 At its meeting held on 6 September 2012, the Overview and Scrutiny Panel (Economic Well-Being) considered the report by the Head of Customer Services on the local Council Tax Support scheme. The following paragraphs contain a summary of the Panel's discussions on the report.

2. THE PANEL'S DISCUSSIONS

- 2.1 The Government will reduce the funding it provides to Councils to meet the cost of Council Tax support. Some of those who could have been affected by this are protected from any reduction in the support they receive. The Panel has concurred with the view that the whole reduction should not be passed on to the remaining recipients of support and that the Council should make up part of the difference. It is recommended that, when the changes are being developed and implemented, the Council should make clear that the Government has imposed the reduction on the Council and that the Council will not benefit from any savings.
- 2.2 Attention is drawn to the fact that the consultation being undertaken has not targeted all Council Tax payers. It is suggested that the consultation might have been more widely distributed. Officers have given an undertaking that this will be taken into account when all the responses are analysed. Nevertheless, the comment has been made that it is most important that those affected are consulted to enable the Council to complete an impact assessment.
- 2.3 On behalf of the Social Well-Being Panel, Councillor S Criswell has also expressed the view that the Council is minimising the effects of the changes as far as possible, that if the Council made up the whole of the short-fall it would have to find an extra £1m in savings and that the Council will take a decision on behalf of all Council Tax payers on the basis of the consultation responses received.
- 2.4 A suggestion has been made that the Council might assist those affected to move to properties in a lower Council Tax band. However, it has been reported that this already takes place through the housing list and that Registered Social Landlords help their tenants to move.
- 2.5 Having noted that payments will be made on a monthly basis rather than weekly as has been the case in the past, the point has been made that this could cause budgeting difficulties for some recipients. There is now, however, the facility for some payers to pay their Council Tax over twelve months. The Panel has been assured that this will not cause the Council any cash flow problems.

3. CONCLUSION

- 3.1 The Cabinet is invited to consider the discussions of the Overview and Scrutiny Panel (Economic Well-Being) as part of their deliberations on this item.

**Contact Officer: A Roberts - Scrutiny and Review Manager – 01480
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Background Documents

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