

Strategic Overview and Scrutiny Panel

Old Library, Town Hall
11 October 2011 at 6.00pm

The Strategic Overview and Scrutiny Panel look at policies and strategies from a borough-wide perspective and ensure the actions of the Cabinet accord with the policies and budget of the Council. The Panel reviews corporate strategies within the Council's Strategic Plan, overviews Council partnerships, considers the Council's budgetary guidelines for the forthcoming year, and scrutinises Cabinet decisions or Cabinet Member decisions (with delegated power) which have been called in.

Information for Members of the Public

Access to information and meetings

You have the right to attend all meetings of the Council, its Committees and Cabinet. You also have the right to see the agenda, which is usually published 5 working days before the meeting, and minutes once they are published. Dates of the meetings are available at www.colchester.gov.uk or from Democratic Services.

Have Your Say!

The Council values contributions from members of the public. Under the Council's Have Your Say! policy you can ask questions or express a view to meetings, with the exception of Standards Committee meetings. If you wish to speak at a meeting or wish to find out more, please pick up the leaflet called "Have Your Say" at Council offices and at www.colchester.gov.uk

Private Sessions

Occasionally meetings will need to discuss issues in private. This can only happen on a limited range of issues, which are set by law. When a committee does so, you will be asked to leave the meeting.

Mobile phones, pagers, cameras, audio recorders

Please ensure that all mobile phones and pagers are turned off before the meeting begins and note that photography or audio recording is not permitted.

Access

There is wheelchair access to the Town Hall from St Runwald Street. There is an induction loop in all the meeting rooms. If you need help with reading or understanding this document please take it to Angel Court Council offices, High Street, Colchester or telephone (01206) 282222 or textphone 18001 followed by the full number that you wish to call and we will try to provide a reading service, translation or other formats you may need.

Facilities

Toilets with lift access, if required, are located on each floor of the Town Hall. A vending machine selling hot and cold drinks is located on the first floor and ground floor.

Evacuation Procedures

Evacuate the building using the nearest available exit. Make your way to the assembly area in the car park in St Runwald Street behind the Town Hall. Do not re-enter the building until the Town Hall staff advise you that it is safe to do so.

Colchester Borough Council, Angel Court, High Street, Colchester
telephone (01206) 282222 or textphone 18001 followed by the full number you wish
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e-mail: democratic.services@colchester.gov.uk

www.colchester.gov.uk

Terms of Reference (but not limited to)

1. To review corporate strategies and strategic partnerships to ensure the actions of the Cabinet and Portfolio Holders accord with the policies and budget of the Council.
2. To monitor and scrutinise the financial performance of the Council, and make recommendations to the Cabinet particularly in relation to annual revenue and capital guidelines, bids and submissions.
3. To link the Council's spending proposals to the policy priorities and review progress towards achieving those priorities against the Strategic / Action Plans.
4. To scrutinise executive decisions made by Cabinet or Cabinet Member, the East Essex Area Waste Management Joint Committee, the Colchester and Ipswich Joint Museums Committee and the North Essex Parking Partnership (decisions relating to off-street parking only) which have been made but not implemented, and referred to the Panel through call-in.
5. To monitor the Council's operational performance in relation to the Strategic Plan and Performance Indicators, and the Cabinet's performance in relation to the Forward Plan.
7. The panel will be the appropriate route for any member to refer a 'local government matter' in the context of Councillor Call for Action.

Process for Councillor Call for Action

Councillors have the ability to call for debate and discussion a topic of neighbourhood concern, limited to issues affecting a single ward, in an attempt to bring about specific solutions for local problems, without going through the Council's executive decision making process.

Members may not call for debate matters relating to a planning or licensing decision, an individual complaint or where a right of recourse to a review or right of appeal is already provided for in law. Examples of where a member can bring an action to the panel's attention are poor service performance or increased anti-social behaviour.

The panel may reject a request as not within the guidance or where they consider the usual channels have not been exhausted, or accept that an investigation is the appropriate action.

The panel may conduct an investigation in the usual scrutiny manner and a report with recommendations will be compiled and brought to the Council or partners attention, with the Council or partners having a duty to respond. The panel will consider and publish the responses to their recommendations and feed back this information to the Councillor requesting the action.

COLCHESTER BOROUGH COUNCIL
STRATEGIC OVERVIEW AND SCRUTINY PANEL
11 October 2011 at 6:00pm

Members

Chairman : Councillor Andrew Ellis.
Deputy Chairman : Councillor Dennis Willetts.
Councillors Kim Naish, Gerard Oxford, Colin Sykes,
Nigel Chapman, Nick Cope, Bill Frame, Theresa Higgins and
Will Quince.

Substitute Members : All members of the Council who are not Cabinet members or members of this Panel.

Agenda - Part A

(open to the public including the media)

Members of the public may wish to note that agenda items 1 to 5 are normally brief and agenda items 6 to 9 are standard items for which there may be no business to consider.

Pages

1. Welcome and Announcements

(a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.

(b) At the Chairman's discretion, to announce information on:

- action in the event of an emergency;
- mobile phones switched off or to silent;
- location of toilets;
- introduction of members of the meeting.

2. Substitutions

Members may arrange for a substitute councillor to attend a meeting on their behalf, subject to prior notice being given. The attendance of substitute councillors must be recorded.

3. Urgent Items

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent and to give reasons for the urgency.

4. Declarations of Interest

The Chairman to invite Councillors to declare individually any personal interests they may have in the items on the agenda.

If the personal interest arises because of a Councillor's membership of or position of control or management on:

- any body to which the Councillor has been appointed or nominated by the Council; or
- another public body

then the interest need only be declared if the Councillor intends to speak on that item.

If a Councillor declares a personal interest they must also consider whether they have a prejudicial interest. If they have a prejudicial interest they must leave the room for that item.

If a Councillor wishes to make representations on an item on which they have a prejudicial interest they may do so if members of the public are allowed to make representations. In such circumstances a Councillor must leave the room immediately once they have finished speaking.

An interest is considered to be prejudicial if a member of the public with knowledge of the relevant facts would reasonably regard it as so significant that it is likely to prejudice the Councillor's judgement of the public interest.

Councillors should consult paragraph 7 of the Meetings General Procedure Rules for further guidance.

5. Minutes

1

To confirm as a correct record the minutes of the meeting held on 30 August 2011.

6. Have Your Say!

(a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter not on this agenda.

7. Items requested by members of the Panel and other Members

(a) To evaluate requests by members of the Panel for an item relevant to the Panel's functions to be considered.

(b) To evaluate requests by other members of the Council for an item relevant to the Panel's functions to be considered.

Members of the panel may use agenda item 'a' (all other members will use agenda item 'b') as the appropriate route for referring a 'local government matter' in the context of the Councillor Call for Action to the panel. Please refer to the panel's terms of reference for further procedural arrangements.

8. Referred items under the Call in Procedure

To consider any decisions taken under the Call in Procedure. *The panel may a) confirm the decision, which may then be implemented immediately, b) refer the decision back to the decision taker for further consideration setting out in writing the nature of its concerns, or c) refer the matter to full Council in the event that the panel considers the decision to be contrary to the Policy Framework of the Council or contrary to, or not wholly in accordance with the Budget.*

9. Decisions taken under special urgency provisions

To consider any Portfolio Holder decisions taken under the special urgency provisions.

10. Local Government Resource Review: Proposals for Business Rate Retention and Localising Support for Council Tax 2 - 30

See report from the Head of Resource Management.

11. Work Programme 31 - 33

See report from the Scrutiny Officer.

12. Exclusion of the public

In accordance with Section 100A(4) of the LGA 1972 and in accordance with The Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (as amended) to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the LGA 1972).

STRATEGIC OVERVIEW AND SCRUTINY PANEL

30 AUGUST 2011

Present :- Councillor Andrew Ellis (Chairman)
Councillors Nigel Chapman (Former Mayor) ,
Nick Cope, Bill Frame, Theresa Higgins, Kim Naish,
Gerard Oxford and Colin Sykes

Substitute Members :- Councillor Mike Hardy for Councillor Will Quince
Councillor Sonia Lewis for Councillor Dennis Willetts

13. Minutes

The minutes of the meeting held on the 19 July was confirmed as a correct record.

14. Work Programme

Councillor Ellis confirmed that following the instructions of the Panel at the meeting on 19 July, Councillors Ellis, C. Sykes and Offen met to discuss the Care Quality Commission (CQC) response and agreed that a further letter from the Chairman was an appropriate way forward. Members of the Panel were provided with a copy of the letter sent to the CQC at the beginning of August. Councillor Ellis confirmed there had so far been no response from the CQC.

RESOLVED that the Panel noted the revised Work Programme for 2011/12. including the extra meeting on the 11 October 2011, to give pre-Cabinet consideration to the Council's response to the Government consultation on Business Rates Reform.



Strategic Overview and Scrutiny Panel

Item
10

11 October 2011

Report of	Scrutiny Officer	Author	Robert Judd
			Tel. 282274
Title	Local Government Resource Review: Proposals for Business Rate Retention and Localising Support for Council Tax		
Wards affected			

The Strategic Overview and Scrutiny Panel is requested to consider the attached report on 'Local Government Resource Review: Proposals for Business Rate retention and Localising Support for Council Tax, to be presented to Cabinet on 12 October 2011.

1. Action required

- 1.1 The Strategic Overview and Scrutiny Panel is requested to pre-scrutinise the Cabinet report that provides the Cabinet with an overview of the two consultation papers in respect of proposals for Business Rate retention and localising support for Council Tax.
- 1.2 The Panel may note the report, or refer the report back to the Cabinet for further consideration, setting out in writing any comments or concerns.

2. Reasons for Scrutiny

- 2.1 The review of the Council's financial performance, particularly in relation to annual revenue and capital guidelines, bids and submissions, and to make recommendations to the Cabinet, is one of the responsibilities of the Strategic Overview and Scrutiny Panel as set out under the Terms of Reference for the panel within the Constitution.

3. Strategic Plan References

- 3.1 Scrutiny is a key function to ensure the Budget Strategy and Timetable are subject to full appraisal and that they are in line with the aims of the strategic plan. The role of scrutiny is also an important part of our risk management, helping to check that risks are identified and challenged.



Cabinet

12 October 2011

Item

Report of	Head of Resource Management	Author	Sean Plummer ☎ 282347 John Fisher ☎ 282326
Title	Local Government Resource Review: Proposals for Business Rate Retention and Localising Support for Council Tax		
Wards affected	Not applicable		

This report provides Cabinet with an overview of two consultation papers in respect of proposals for business rate retention and localising support for Council Tax.

1. Decisions Required

- 1.1 Cabinet is requested to
- i) Note the consultation papers and potential implications for the Council.
 - ii) Agree to submit the response in respect of Localising Council Tax as set out
 - iii) Delegate responsibility to the Portfolio Holder for Resources to respond to the Business Rate Retention Consultation

2. Reasons for Decisions

- 2.1. The Government has issued two important consultation papers that will have significant implications for Local Government finance and therefore Colchester Borough Council's budgets.
- 2.2. Cabinet is asked to consider and note issues raised by the proposals and to comment on the draft response to the consultation papers.

3. Alternative Options

- 3.1 The consultation set out different options and the Council could either choose to either respond in different ways or to not respond to the consultation.

3. Background information

- 3.1 This report comments separately on two consultation papers:-
- Local Government Resource Review: Proposals for Business Rates Retention
 - Localising Support for Council Tax in England
- 3.2. For each consultation paper a summary is provide of key points and issues relevant for Colchester.

4. Proposals for Business Rates Retention

- 4.1. The consultation paper was issued on 18 July with a deadline for responses of 24 October. In addition, 8 technical papers were issues in August. A copy of the full consultation paper is provided as a background paper and this can be found at <http://www.communities.gov.uk/localgovernment/localgovernmentfinance/lgresourcereview/>. The Local Government Association (LGA) has produced a briefing paper on the consultation paper and this is provided as a baground paper).
- 4.2. Appendix A sets out the questions in the main consultation for which the Council's views are specifically invited. Comments on the implications of each area are shown together with a proposed draft response. Further questions are also raised within the technical papers (for example the technical paper 1 contains a further 19 questions alone) and given the complexity and more technical nature of these issues a response to these issues is not provided here but will be made in line with the comments and suggested response to the overall consultation. The key elements of the proposals are set out in the following paragraphs.

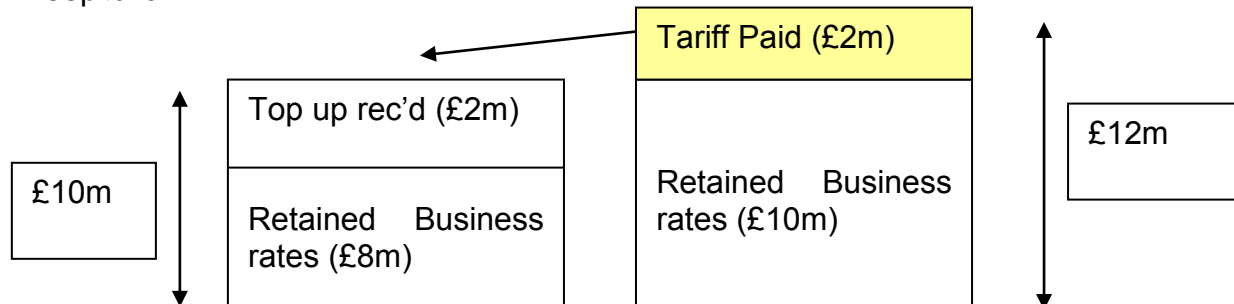
Key Summary

- 4.3. Currently business rates are collected by councils from businesses in their areas and paid into a central pot that is then redistributed. For this Council we send bills to all properties in the Borough who are liable for business rates or NNDR as it is know (National Non Domestic Rates). The level of rates is based on the rateable value of properties and the national multiplier (a rate in the £). As such councils have no say over the rate levied.
- 4.4. All funds collected are then paid over to the Government. The Government in turn pays NNDR back to authorities as part of formula grant. Formula grant is the main Government grant to local authorities and comprises NNDR grant and Revenue Support Grant (RSG). The key points to note in respect of the current scheme are that:-
- Business rates are set nationally. We have no local influence over the bill.
 - The level of business rates collected in an area (such as Colchester) has no impact on the total level of formula grant received from Government.
 - Formula grant is currently based on various complicated formulas that consider the needs and resources of an area.
 - There is currently no significance to the spit between NNDR and RSG.
- 4.5. It is important to note that the way NNDR bills are calculated and how they are billed and collected are not proposed to change. The main change relates to the link between business rates and our formula grant.

A scheme for business rates retention

- 4.6. In future, the majority of business rates collected will be retained 'locally' but will be subject to a "levy" to recoup disproportionate gain and will then be used to fund support for areas suffering from any unforeseen fall in business rates (e.g. caused by the closure/relocation of a major business).
- 4.7. The Government has stated that council's initial level of funding will be set using the 2013/14 Formula Grant allocation as the baseline so that at the start of the system the budget will be equivalent to what it would have been under the current system. There is therefore no "new money" and, in theory, 'no council is worse off at the outset'.

- 4.8. The baseline would be subject to a set of “tariffs” and “top ups” to equalise across the Country any disproportionate effect of councils who have a large or small business rate pool compared to their level of grant funding. The diagram below shows how this process is designed to operate by showing how two councils who each currently receive formula grant of £10m but who collect different levels of business rates (£8m and £12m). This illustrates how a £2m tariff needs to be paid by one authority and the other receives a top up of £2m to ensure they each still keep £10m.



- 4.9. For Colchester, and for other authorities operating in two-tier counties, the proposals include arrangements for allocating business rate income between district and county. Two different methods are proposed which based on estimated figures would mean that almost 90% of business rates collected would be shared with Essex County Council. This will mean that Colchester is likely to be a ‘top up’ authority as the level of retained business rate income will be lower than the baseline funding. The table below demonstrates the indicative position using 2010/11 grant and NNDR figures:-

Illustrative table based on 2010/11 figures

	£m	
Payments to NNDR Pool	56	Total NNDR collected
<i>Current Arrangements</i>		
Payment from Pool (NNDR Grant)	11	Amount received Back for Government in grant
RSG	2	Additional grant required to provide total level formula grant
Total Formula Grant	13	Grant based on current assessment
<i>Proposals</i>		
Proposed retained NNDR	7	Based on 87% being passed to ECC (£56m x 13%)
‘Top up’ required	6	Difference between formula grant and retained income. Income received from Government
Total retained NNDR	13	Funds kept by CBC

- 4.9. The table shows that although the Council may collect £56m only £7m would be initially kept with the remainder being assigned to Essex CC. As the £7m is lower than the £13m formula grant Colchester would receive a ‘top up’ of £6m.

- 4.10. In simple terms the proposals provide for any increase on the baseline figures to be kept. However, this will actually be influenced by three things:-
- The amount of money assigned to ECC (the 87% for example)
 - The extent to which the top up is fixed or inflated (which is one of the consultation questions)
 - The proposals for operating a levy that reduces any ‘disproportionate’ growth

- 4.11. One further important point to note is the proposed option that authorities may establish a “pool”. This means that a group of councils can for the purposes of NNDR retention agree to treat themselves as one body. For example all Essex districts and the ECC could agree to form a pool. The overall baseline position for all authorities would be the aggregate of all NNDR retained +/- tariffs and top ups. One of the perceived advantages of this is that it is a way to help all manage volatility across the County and also to have some influence on how the shared funding is used.
- 4.12. In summary the proposals will in 2013/14 provide local councils with broadly the same level of income from business rates as was intended to be distributed in grant. In future years though whereas the current funding scheme operates on a broadly ‘needs basis’ future income will depend on growth in business rate income. Overall, the proposals provide mechanisms for incentivising growth whilst ensuring a degree of protection.
- 4.13. Over time these proposals will impact on the how the Council is funded and the level of funding. When firm proposals are set out it will be necessary to consider how this will impact on the Council’s budget and Medium Term Financial Forecast.
- 4.14. Some of the questions raised by the consultation require some further technical review. Officers are working with other Essex authorities to consider in more detail some of the specific issues raised in the consultation. In order to respond by the deadline it is therefore proposed that it be delegated to the relevant Portfolio Holder to agree the final response.

5. Localising Support for Council Tax in England

- 5.1. The Government has asked for views about its proposal for localising Support for Council Tax. The deadline for responses is 14 October. A copy of the consultation paper is provided as a background paper and is available at <http://www.communities.gov.uk/publications/localgovernment/localisingcounciltaxconsult>. This is part of a wider policy of decentralising, for which the Government says it aims to give councils increased financial autonomy and a greater stake in the economic future of the local area. Appendix B sets out the questions asked, issues and proposed response. The consultation sets out key features to:
- help move people back into work, to support positive work incentives
 - create stronger incentives for councils to get people back into work
 - protect pensioners from any change as a result of the reform
 - consider support for other vulnerable groups
 - enable local authorities to align support with Council Tax discounts and exemptions
 - give authorities control over how a 10% reduction in expenditure is achieved
 - help people who might have to pay more than they do currently.
- 5.2. Principally, the Council will be required to create a local scheme based on a Government framework, setting out how to meet demand within budget; involving consultation and scrutiny, including collaboration with other authorities to the extent of sharing risk.
- 5.3. Overall, as things stand, there is no clear guidance about how authorities will work out what people are entitled to, despite indications that it should be similar to now, in association with the new Universal Credit. This creates the prospect of different schemes from one council to another, with the potential to cause confusion and disputes, for example between neighbours, or contention and appeals to the council.

- 5.4. As referred to earlier the proposed changes to Council Tax benefit (CTB) are happening in conjunction with a reduction of around £500m in total funding, equivalent to 10%. There is no indication of how this 10% reduction will be distributed between authorities and therefore it is possible that there will be different cuts to achieve the average reduction.
- 5.5. A 10% reduction for Colchester equates to c£1.2m. The LGA has modelled the impact from a small sample of authorities of the cut in funding on the assumption that protection will be given to pensioners and those on 100% CTB. This showed that the 10% cut would be restricted to 9% of the total paid out, which, as the LGA highlight is financially impossible. Whilst, the situation will differ between authorities, this highlights the important issue that if the ability to make changes to the scheme is limited to a smaller group of claimants then the reduction required for this group must be larger to keep within budgets.
- 5.6. The Council's officers are already engaged in research and liaison with other organisations, exploring options such as joint working with other authorities, to help towards efficient preparation and implementation of any new scheme.

6. Proposals

- 6.1 It is proposed that the consultation papers be noted and the response set out is agreed.

7. Strategic Plan References

- 7.1. At this stage the proposals are for consultation only. As has been set out both review have the potential to significantly impact on the Council's finances and therefore on resources available to support the council Strategic Plan.

8. Consultation

- 8.1. The report will be considered by the Strategic Overview and Scrutiny Panel on 11 October and the comments will be reported to Cabinet.
- 8.2. Discussions have been held with Essex County Council and Essex districts concerning the implications of the different reforms and a working group is to be established to consider the issue of pooling.
- 8.3. The issues raised in the consultation will be shared with business ratepayers as part of ongoing dialogue and as part of the budget consultation.

9. Financial implications

- 9.1 As set out in this report both these consultations will have implications for the Council's budget and medium term financial plans. These will be considered in more detail as firm proposals are made.

10. Equality and Diversity Implications

- 10.1. As this is currently a Government consultation it is not for the Council to consider any equality and diversity issues at this stage.

11. Other Standard References

11.1 There are no specific Risk Management, Publicity, Human Rights, Community Safety or Health and Safety implications at this stage.

Background Papers

CLG Consultation papers:

- Local Government Resource Review: Proposals for Business Rate Retention (including plain English guide)
- Localising Support for Council Tax in England

LGA briefing papers on both consultation papers

No.	Question	Issues for Colchester	Proposed Draft Response
	<p>Chapter 3: a Scheme for rate retention</p> <p>Component 1: Setting the baseline</p>	<p>The overall baseline refers to the starting point for the scheme. This section refers to the link with overall spending control totals for Local Government.</p>	
1	<p>What do you think the Government should consider in setting the baseline?</p>	<p>The starting point is clearly relevant for Colchester and the whole of Local Government. The existing grant system is predominantly based on 'need' and existing resources.</p>	<p>A change in the system of funding local government could create volatility in the sector.</p> <p>As highlighted by the LGA the model for business rate retention needs to be transparent and ensure that the most of the benefit of incentives for growth go to local people and local businesses.</p>
2	<p>Do you agree with the proposal to use 2012-13 formula grant as the basis for constructing the baseline? If so, which of the two options at paragraph 3.13 and 3.14 do you prefer and why?</p>	<p>It is proposed that the individual formula grant for 12/13 be used as the baseline for each authority. In other words, in changing the funding scheme (from formula grant to NDR retention) the starting point will be the same basis as formula grant.</p> <p>The two options proposed are to do this without any updating or with some updating for items such as population changes etc.</p> <p>The issue here being whether it is better to have more up to date information or to avoid possible volatility arising from data changes</p>	<p>We acknowledge that using 2012/13 formula grant as a baseline provides the minimum amount of volatility. However, providing an update for more current information would ensure that the starting point was more relevant and takes account of latest information.</p>
	<p>Component 2: Setting the tariffs and top ups</p>	<p>These provide the mechanism for ensuring that when the scheme starts authorities are protected from changes in the first year of the new system.</p>	
3	<p>Do you agree with this proposed component of tariff and top up amounts as a way of re-balancing the system in year one?</p>	<p>Without a system of tariffs and top ups there would be a situation of winners and losers created from day one.</p>	<p>Yes. Tariffs and top ups can work as a system to re balance the system. However, once in place careful consideration needs to be given to how tariffs and top ups are revised each year to ensure that different authorities starting</p>

No.	Question	Issues for Colchester	Proposed Draft Response
4	Which option for setting the fixed tariff and top up amounts do you prefer and why?	<p>The two options proposed are to either apply an increase based on RPI to the tariff / top up or to keep this at the year 1 level.</p> <p>The consultation paper and technical papers highlight that a “top up” authority achieving a RPI increase in the level of business rates without an RPI increase applied to the top up will not achieve an RPI increase in their pre level income. The gearing effect is therefore marked and the incentive to be rewarded for growth is diluted.</p> <p>Colchester will be in a top up situation (as explained within the report).</p>	<p>point does not disadvantage them in the future.</p> <p>Tariffs and top ups should be increased by RPI to ensure that all authorities receive as equal an award as possible for delivering growth.</p>
	Component 3: The incentive effect	<p>Providing the mechanism for rewarding authorities who see their NNDR income grow.</p> <p>The proposals for reform do provide a link between the level of business rates, both the level of business in their area and also the amount collected.</p> <p>However, in two-tier areas (like Colchester) the incentive may be reduced given proposals on how income will be shared.</p>	<p>The proposals will incentivise growth as authorities will all know that the level of business rates will impact on the level of funding retained. However, in two tier areas such as Colchester where almost 90% of the growth generated will be assigned to Essex County Council the link between the billing authority (Colchester) and the local businesses paying NNDR will not be as strong as it might otherwise be.</p>
	Component 4: A levy recouping a share of disproportionate benefit	<p>No cap on the level of business rate growth an area can benefit from is proposed. However, a level is proposed to recoup disproportionate benefit which can occur where an authority has a high gearing of business rates to baseline funding .</p> <p>The intention is that a levy would help to provide funding to authorities that see</p>	
6	Do you agree with our proposal for a levy on disproportionate benefit, and	<p>The intention is that a levy would help to provide funding to authorities that see</p>	<p>A levy will assist in managing volatility and to provide a safety net, however, the</p>

No.	Question	Issues for Colchester	Proposed Draft Response
	why?	unforeseen negative volatility and to provide a 'safety net'. The principal could be viewed as limiting the incentive for growth.	system should be reviewed to ensure that growth is still being rewarded for those that deliver it.
7	Which option for calculating the levy do you prefer and why?	<p>The options proposed are:-</p> <ol style="list-style-type: none"> 1. Flat rate – all authorities pay a flat % 2. Banded approach - % applied depending on the level of business rate income 3. Individual level – approach whereby all authorities have their own levy rate to allow the retention of growth in an equivalent proportion to its baseline revenue. 	Option 3 as it provides a “level playing field” for all thus recognising the gearing effect.
8	What preference do you have for the size of the levy?	The issue of the level of the levy concerns the view on the balance to be struck between rewarding growth and providing funds to aid protection from volatility.	It is difficult to comment on the level of any levy without seeing the impact on all authorities. However, any proposals need to be fair to all and also reward growth.
9	Do you agree with this approach to deliver the Renewable Energy commitment?	It is proposed that new business rates from renewable energy projects could be kept by local authorities (predominantly the local planning authority). This would fall outside the arrangements for the 'levy' (see below)	In general the Council supports the principle of providing a financial incentive to deliver renewable energy projects.
10	Do you agree that the levy pot should fund a safety net to protect local authorities: i) whose funding falls by more than a fixed percentage compared with the previous year (protection from large year to year changes); or ii) whose funding falls by more than a fixed percentage below their baseline position (the rates income floor)?	<p>Option (i) concerns examples whereby the level of business rates collected in a year fall below a fixed % on a year on year comparison. The protection is proposed to last for one year to enable a Council to make budgetary adjustments.</p> <p>Option (ii) recognises an example where a change in business rates revenue could have a longer term effect on retained income (e.g. relocation of major company). This option is based on comparing income to the original baseline figure (possibly subject to RPI increases)</p>	<p>With such a large scale change to how local government is financed it is essential that there is protection from changes to retained income that to large extent are outside the control of the billing authority.</p> <p>Option (ii) recognises that changes can occur for more than one year and this approach is therefore preferred.</p>

No.	Question	Issues for Colchester	Proposed Draft Response
11	What should be the balance between offering strong protections and strongly incentivising growth?	<p>The issue relates to the ability to have an indication of certainty of funding levels due to higher levels of protection or accept the risk of changes in funding along with a greater share of the benefits of growth.</p> <p>As with most elements of the proposals a critical issue for Colchester is the relationship with ECC which means that a large proportion of any growth would need to be shared.</p> <p>It should be noted that the existing formula grant scheme provides protection to councils through ‘damping’ or the system of floors.</p>	<p>We support the view of the LGA that the overall design of tariff, top-up, levy and safety net arrangements needs to represent a consistent package that is fair to all types of authority.</p>
12	Which of the options for using any additional levy proceeds, above those required to fund the safety net, are you attracted to and why?	<p>The consultation paper comments that depending on the level of the levy and methodology for using the levy and the resulting cost of any safety net there may be a balance of funding not used.</p> <p>Various options are suggested such as distributing this to all authorities, holding funds back in higher growth years to support a safety net in more ‘lean’ years or providing targeted specific grants to “unlock growth and prosperity”.</p>	<p>Providing targeted support to unlock growth could help to deliver increased growth and so boost overall NNDR resources.</p>
13	Are there any other ways you think we should consider using the levy proceeds?		<p>The levy proceeds should predominantly be used for protecting authorities from volatility.</p>
	Component 5: Adjusting for revaluation	<p>There is a revaluation every 5 years by the Valuation Office (VO) of all business properties and new RVs are set. The overall process is capped by RPI by resetting the multiplier.</p> <p>Under the new proposals it is possible that revaluation could result in significant volatility.</p>	
14	Do you agree with the proposal to readjust the tariff and top up of each	<p>By adjusting the tariffs and top ups any impact of revaluation can be stripped out and only</p>	<p>Yes.</p>

No.	Question	Issues for Colchester	Proposed Draft Response
	authority at each revaluation to maintain the incentive to promote physical growth and manage volatility in budgets?	physical growth can remain in the system.	
15	Do you agree with this overall approach to managing transitional relief?	<p>Transitional relief tries to ensure that when revaluation creates an increase or decrease in NNDR that the benefit or cost of this is spread over a period of time.</p> <p>It is proposed that this is 'stripped out' of the system which again provides protection from volatility from revaluation changes.</p>	Yes.
	Component 6: Resetting the system	<p>The Government is proposing that the system should include the ability to "reset the system" if it was felt that resources were becoming too divergent from core service pressures. An example given is population movements.</p>	
16	Do you agree that the system should include the capacity to reset tariff and top up levels for changing levels of service need over time?	<p>The issue of resetting the system is that it could remove growth achieved and reduce certainty. It could though clearly be necessary to assess the impact arising from what is a new system of Local Government financing.</p>	It seems sensible to build in the ability to reset tariffs and top-ups.
17	Should the timings of reset be fixed or subject to government decision?	Fixed option provides certainty but does not provide flexibility.	Providing a fixed timescale provides a greater degree of certainty to enable authorities to make medium term budget plans.
18	If fixed, what timescale do you think is appropriate?	A longer period provides greater stability.	The timescale should be long enough to provide stability whilst provide an opportunity to reassess the outcome of the new proposal. A review within, 5 -10 years would appear appropriate.
19	What are the advantages and disadvantages of both partial and full resets? Which do you prefer?	<p>A partial reset refers to the baseline position only.</p> <p>A full rest refers to the whole system.</p>	Overtime it could be argued that the baseline position loses relevance. A full reset with consultation and adequate notice to local authorities is therefore o balance the preferred option.
20	Do you agree that we should retain	This provides the option for agreeing a new	Flexibility for the Government could result

No.	Question	Issues for Colchester	Proposed Draft Response
	flexibility on whether a reset involves a new basis for assessing need?	basis.	in uncertainty for Local Government. Therefore, any possible changes should be subject to full consultation and an assessment of the impact of any proposals.
	Component 7: Pooling	The proposals include the option that authorities could opt to voluntarily form a “pool” with a single tariff / top up and single levy. Pools could decide how to distribute aggregate revenues.	
21	Do you agree that pooling should be subject to the three criteria listed at paragraph 3.50 and why?	The 3 criteria proposed for pooling are:- 1. Voluntary 2. Subject to assurances around governance and workability 3. If the pool was dissolved the members would return to their individual tariff.	The idea of pooling as an option is supported and the three criteria are reasonable.
22	What assurances on workability and governance should be required?		Assurances would need to include consideration of:- <ul style="list-style-type: none"> • Rationale for establishing the pool • Proposals for how the pool will operate including governance arrangements • ‘Long term’ commitment to the pool
23	How should pooling in two tier areas be managed? Should districts be permitted to form pools outside their county area subject to the consent of the county or should there be a fourth criterion stating that there should always be alignment?	The proposal in respect of the County / District split do mean that there the risk / reward of growth in a district is shared between authorities. Should, for example, Colchester wish to consider a ‘pool’ with councils outside of Essex (e.g. the Haven Gateway area) then a proportion of potential growth achieved in this pool would be shared with ECC.	The concept of pooling should not be limited to County boundaries. However, the practicalities of the system in two tier areas are such it could create unfair risk and rewards with a non-county pool. It should be an option to form a pool outside the county area with the county consent.

No.	Question	Issues for Colchester	Proposed Draft Response
24	Should there be further incentives for groups of authorities forming pools and if so, what would form the most effective incentive?	<p>The issue is whether there should be additional benefits for forming pools. It makes it clear that if this is the case then it would have to be balanced by smaller amounts being levied elsewhere. If Colchester considers that pools are 'a good thing' then further incentives may be welcomed.</p> <p>Formula grant distributes resources to billing authorities and counties (ECC) and police and fire authorities. The proposals set out that given that county councils "have strong levers for promoting growth across their local area".</p>	<p>Further incentives may encourage pooling, however, for some authorities the idea of a pool may not be practical or logical. If pools are voluntary and are not necessarily an objective of the Government reforms then it is considered that further incentives may not be appropriate.</p>
25	<p>Impact on non-billing authorities</p> <p>Do you agree with these approaches to non-billing authorities?</p>	<p>Two options are set out in the technical papers for how business rates may be shared between county and borough:-</p> <ul style="list-style-type: none"> (i) fixed national shares (i.e. based on national spending) (ii) tailored based on each district Business Rates yield as a % of the county total. <p>Based on 2010/11 figures it is estimated that these options would result in 88% or 87% (respectively) of business rates revenue being assigned to ECC.</p>	<p>We appreciate the need to decide upon a mechanism for sharing both the opening baseline position and future growth between a district and county. However, we have a concern that even in the case of Colchester, one of the largest boroughs in England, the % of business rates that would be assigned to Essex County Council (before any top up) would be almost 90% under either option. One of the intentions of the reform is to strengthen the link between the local billing council and the business community. Under the proposals only a small part of any growth would be kept in the borough therefore this does not significantly achieve this aim. The New Homes Bonus recognises that both county and district play a part in delivering new homes. The New Homes Bonus though ensures that 80% of the</p>

No.	Question	Issues for Colchester	Proposed Draft Response
	<p>Chapter 4: Interactions with existing policies and commitments</p> <p>New Homes Bonus</p>	<p>This concerns existing Government reforms and how these are proposed to be delivered alongside business rate retention.</p>	<p>grant goes to the district.</p>
26	<p>Do you agree this overall approach to funding the New Homes Bonus (NHB) within the rates retention system?</p>	<p>The spending review set aside almost £1bn to fund the NHB scheme. It had previously been stated by the Government that the cost of the scheme above this level would have to be funded from formula grant.</p> <p>It is proposed that an estimate of the total costs of the NHB scheme above the specific allocated funding up to 2014/15 will be made and tariffs and top ups adjusted accordingly. As tariffs and top up are fixed it is explained that a significant part of this NHB 'pot' will not all be needed (especially in the early years).</p>	<p>On the basis that the NHB pot was in sufficient to fully fund the scheme and the balance would have to be funded from Formula Grant it makes sense to include this as proposed.</p>
27	<p>What do you think the mechanism for refunding surplus funding to local government should be?</p>	<p>It is suggested that the surplus NHB could be distributed in proportion to authorities' baselines.</p>	<p>On the assumption that if the New Homes Bonus was not being funded from NNDR then it would have meant that more funds would have been available and opening tariffs and top ups would have been different it seems logical that any surplus funds are returned in proportion to authorities baselines.</p> <p>An alternative would be to consider using this pot alongside the levy.</p>
	<p>Business rates relief</p>	<p>The business rates system contains a number of mandatory and discretionary reliefs. It is proposed that there will be no changes to the current system.</p>	
28	<p>Do you agree that the current system of business rates reliefs should be maintained?</p>	<p>Providing a consistent approach to reliefs ensures that there is no impact on ratepayers.</p>	<p>Yes</p>
	<p>Chapter 5: Supporting local economic growth through new</p>	<p>This chapter covers how the proposals might work alongside Tax Increment Financing (TIF).</p>	

No.	Question	Proposed Draft Response
	<p>instruments</p> <p>TIF is a mechanism that allows the value of uplift in local taxes that occurs as a result of infrastructure investment to be considered as a source of funding to borrow against. The Government has said that a technical paper setting out more details on TIF will be published following responses to this consultation.</p>	
29	<p>Which approach to Tax Increment Financing do you prefer and why?</p> <p>Two options are proposed. :- Option 1 – Local authorities would have full discretion to determine whether to invest in a TIF scheme, however, growth would be subject to the levy and would be taken into account in any reset of tops ups and tariffs</p> <p>Option 2 – In effect the opposite of the above with the Government retaining control or approval over any scheme but without the growth restrictions.</p>	<p>Local authorities currently have the ability to determine borrowing needs as part of ‘prudential borrowing’ powers. Therefore for Government to retain control over schemes as part of TIF would appear a backwards step.</p> <p>Without certainty on how the new business rates retention system will operate in practice, in particular, the levy and tariffs/top-ups, it is difficult to assess how much of an issue this will be in respect of TIF.</p> <p>See answer above.</p>
30	<p>Which approach do you consider will enable local authorities and developers to take maximum advantage of Tax Increment Financing?</p>	
31	<p>Would the risks to revenues from the levy and reset in Option 1 limit the appetite for authorities to securitise growth revenues?</p>	<p>Any uncertainty will be an issue as borrowing decisions will need to be taken based on reliable forecasts. (also see answer to question 29)</p>
32	<p>Do you agree that pooling could mitigate this risk?</p>	<p>Potentially pooling may assist, but again, it is difficult to comment without knowing how the NDR scheme will work.</p>
33	<p>Do you agree that central government would need to limit the numbers of projects in Option 2? How best might this work in practice?</p>	<p>We can see that potentially Option 2 may impact on NDR revenues available to support the levy. In practice any controls would need to consider the timescale for projects to come forward.</p>

Appendix A

No.	Question	Issues for Colchester	Proposed Draft Response
			To more fully consider answers to issues relating to TIF we need to see the promised more detailed technical paper and understand more clearly the links with NNDR proposals.

Localising Support for Council Tax in England - consultation questions

Consultation questions	Issues for Colchester	Proposed response
<p>5a: Given the Government's firm commitment to protect pensioners, is maintaining the current system of criteria and allowances the best way to deliver this guarantee of support?</p>	<p>Variation from the current system will create a need for new procedures and policies, at a considerable cost to the authority to create in terms of resources such as staff time and bespoke software; with a risk of causing contention and dispute by people comparing us with other authorities. The government has stated they will impose a 10% reduction to fund Council Tax Support, by which it will be impossible to avoid current recipients losing out, unless the council funds shortfalls. Presently this would cost £1.2 million.</p>	<p>Retaining the current system of complicated regulations would seem contrary to the government's aims of its welfare reforms, but would seem the simplest way to avoid disputes, limiting the impact of start up costs such as new software, and avoid the effort and difficulty to create new processes or programmes. This would prompt the need for a level to indicate full council tax support, as now for 'passported' claims, especially for people paid Universal Credit.</p>
<p>5b: What is the best way of balancing the protection of vulnerable groups with the need or local authority flexibility?</p>	<p>The government has promised to protect pensioners from any change, thereby restricting the 10% spend reduction to 58% of our caseload (who are working age). It's then left to the council to decide who else to protect, with an emphasis of protecting vulnerable people; but also that claimants should be encouraged to work. The simplest fairest way may be to pay the same levels (before and after the change) to pensioners and others whose benefit presently meets their Council Tax in full; leaving 21% of the caseload (currently) receiving 17% of overall expenditure (£2.3million). On average, weekly support paid to 2800 people would reduce from £14 to £5. For information and for example, the collection fund would increase by £5.2 million by the abolition of single person</p>	<p>Getting Council Tax Benefit is presently regarded as an indication of vulnerable status, that people would otherwise be unable to pay their bills. Unless the government reduction of funding is met another way, it is certain vulnerable people will be affected. Increased government funding for additional Discretionary Housing Payments could mitigate effects, as the current DHP is not sufficient, otherwise authorities will have to decide whether to meet shortfalls from their budget or how to deal with the consequences.</p> <p>A means to enable authorities to spend more, and target those most in need, would be to enable authorities to vary discounts and exemptions, for example to give a lower or no reduction to people living alone. The government grant reduction is equivalent to about a quarter of income that could be generated by withdrawing single person</p>

	discounts, allowing for mitigating cost of benefit (support), enabling the council (in agreement with county authorities) to offset or better the government's grant reduction. A change to national legislation is required to do this.	discounts, most of which is presently given to people better able to pay.
6a: What, if any, additional data and expertise will local authorities require to be able to forecast demand and take-up?	Current forecasts and government expectations of its welfare reforms are too vague and unreliable to use as the basis to properly plan for change.	Reliable predictions of future national benefit caseloads based on local demography, with estimates of future ongoing take-up.
6b: What forms of external scrutiny, other than public consultation, might be desirable?	The government propose public scrutiny or challenge, including stake holder consultation and publicising base information.	Existing facilities should continue including auditors and the ombudsman's power to investigate. Claimants' right of appeal to an independent tribunal will maintain transparency and confidence.
6c: Should there be any minimum requirements for consultation, for example, minimum time periods?	Initially and annually, scope for consultation should allow for the timing of tax setting and billing. More consultation than happens now will cost more in terms of resource and facilities.	Yes. This council already has rigorous publicised procedures directing how it creates and changes policies and practices; which should be sufficient to avoid unnecessary bureaucracy.
6d: Do you agree that councils should be able to change schemes from year to year? What, if any restrictions, should be placed on their freedom to do this?	Changes to a scheme would be difficult to administer and defend within the same financial year, and would be costly to amend documents and software; and depend on the council's procedure to make changes in terms of scrutiny and political challenge.	Yes. Council's should have the option to change schemes at any time, to provide scope to quickly solve any difficulties, particularly if anybody is unfairly treated; based on a requirement that changes to council policies are subject to existing sufficient procedures, to insure proper scrutiny and provide appropriate opportunities for consultation and challenge.
6e: How can the Government ensure that work incentives are supported, and in particular, that low earning households do not face high participation tax rates?	Generally, the government's welfare reforms are intended to create work incentives, concentrated at those with lowest incomes. As such, it would seem counter productive and discouraging for these people to pay more Council Tax because of the 10% funding reduction. The government say they desire no more than a 20% variation of peoples benefit (comparing before and after). A	The government could extend it's proposal of a gradual reduction or withdrawal of state support for people finding work under Universal Credit , to enable councils to do the same, by gradually reducing Council Tax Support; guaranteeing authorities with a specific form subsidy, supporting the interaction with Universal Credit, limiting the culture shock for people to be faced with a large

	<p>strategy would be to reduce overall expenditure, relying on people's waged income will stop their need for support. People could be encouraged to work by improving existing incentives.</p>	<p>household bill they're not used to. In addition , practical steps would be to:</p> <ul style="list-style-type: none"> • cut qualifying time for run-ons to 3 months, • extend run-ons to 3 months, • increase the wages disregard temporarily or permanently, • Separate (higher) disregards for spouses to give incentive to all earners.
<p>7a: Should billing authorities have default responsibility for defining and administering the schemes?</p>	<p>The council may wish to prioritise or tailor support for the local community depending on local events or circumstances. Current renowned experience and expertise has built up over decades and could be jeopardised if transferred elsewhere. The cost of radical change to administration could be considerable, and could affect service and performance.</p>	<p>Yes. By setting out to have an effective local scheme, the government is dependent on the efficiency and reliability of the local authority; and should therefore empower authorities to exercise judgement and expertise to match the need of its community; without the need for the authority to have to request special permission or authority.</p>
<p>7b: What safeguards are needed to protect the interests of major precepting authorities in the design of the scheme, on the basis that they will be a key partner in managing financial risk?</p>	<p>As the billing authority, the council has to guarantee 87% of the collection fund to the county council, fire and police; each of whom directly answers to residents or electorate. It is therefore essential to insure and maximise Council Tax income, which could be effected if a section of the community found they could not afford to pay or refused to in protest.</p>	<p>Unless, the design of the Collection Fund is changed, there is no or low risk to other precepting authorities' income, but it is reasonable they should be included and consulted in the design of a new scheme, and participate in any subsequent changes; to understand and support it, particularly to be able to justify if challenged.</p>
<p>7c: Should local precepting authorities (such as parish councils) be consulted as part of the preparation of the scheme? Should this extend to neighbouring authorities?</p>	<p>A unique new scheme may be unpopular or felt to be unfair, if residents felt they would be better off elsewhere, thinking another scheme by another authority is more favourable.</p>	<p>Yes – fully. Credibility of schemes may be enhanced by collaboration, to the extent that a consistent approach to separate policies and procedures could avoid dispute or perception of not being treated fairly.</p>
<p>7d: Should it be possible for an authority (for example, a single billing authority, county council in a two-tier area) be responsible for the scheme in an area for which it is not a billing authority?</p>	<p>Presently, our same team of staff award benefit to reduce Council Tax as well as collect it. This avoids duplication of effort and channels expertise, giving a locally based support to residents. Separation of roles is possible and</p>	<p>Yes. Authorities have made use of alternative separate solutions, as a means to improve performance and efficiency; for which the right to do so may or may not be necessary.</p>

<p>7e: Are there circumstances where Government should require an authority other than the billing authority to lead on either developing or administering a scheme?</p>	<p>feasible, whether by councils or firms, which may be desirable to improve performance or achieve savings.</p> <p>As a matter of experience, locally and nationally, it is unlikely a need would arise for the government to intervene. This authority is and has been working closely with other authorities to develop schemes and practices, as the best way to make progress. Despite this, it may be prudent to have an option for intervention.</p>	<p>Yes – although it is difficult to conceive when or why government intervention should be necessary. Experience and expertise is generally sufficient for effective collaboration.</p>
<p>8a: Should billing authorities normally share risks with major precepting authorities?</p>	<p>The government propose shared form of risk management policy between the preceptors to limit us from un-budgeted expenditure. This is not current practice, and could be a major risk and not affordable, unless financial provision is made as a contingency, creating a need to raise revenue to fund it, by increasing bills in general.</p>	<p>Yes – as a form of protection for billing authorities, but which could have a considerable impact on other authorities, especially if they have to cut services, to meet unexpected expense to provide financial support.</p>
<p>8b: Should other forms of risk sharing (for example, between district councils) be possible?</p>	<p>It is unlikely that financial contingency between districts will be viable based on available budgets. Risk management already takes place, with shared arrangements to insure resources and IT system availability.</p>	<p>Financially no but otherwise yes. Whilst it is unlikely district councils could provide financial support or contingency for one another; collaboration for risk management is viable, to safeguard resources and other facilities.</p>
<p>8c: What administrative changes are required to enable risk sharing to happen?</p>	<p>As a new concept, the major preceptors would have to be willing to act as underwriters, and may not be prepared to do so, or would require certain guarantees about performance.</p>	<p>Discussion between partners to discuss risk sharing would have to start, as the basis for an agreement or commitment to provide support, especially financial from other preceptors; with some process for remediation and repayment.</p>
<p>8d: What safeguards do you think are necessary to ensure that risk sharing is used appropriately?</p>	<p>As a new concept, new guidelines or protocols would be required, setting out justification and authority to make decisions, and measures for scrutiny.</p>	<p>We propose specific procedures based on a risk assessment, setting out possible courses of remedial action and about how officers should act; based on political scrutiny by existing processes; which can be monitored and demonstrated to auditors.</p>

<p>9a: In what aspects of administration would it be desirable for a consistent approach to be taken across all schemes?</p>	<p>The government says a new scheme has to help make work pay, whilst being fair and easy. Right of appeal is an example of how different schemes across authorities will add complexity and confusion, creating cause for dispute by comparison, by perception some are fairer than others.</p>	<p>It would seem best to have consistent policies and practices across authorities, to avoid complexity and disputes, caused mainly by comparison to detect unfairness; as well as to enable resources such as software to be produced and maintained cost effectively.</p>
<p>9b: How should this consistency be achieved? Is it desirable to set this out in Regulations?</p>	<p>The present benefit system is based on national procedures or caselaw, which would be difficult and thereby costly to vary and replace, especially if these were unique or separate from one authority to another, with no prospect from government to help authorities fund the effort or expenses.</p>	<p>The easiest solution would be a framework or national procedures, of guidelines and best practice, similar to existing ones, written in collaboration with authorities and stake holders, covering basic directions for eligibility. Regulations could provide a legal basis for doing this, setting out specific objectives and criteria.</p>
<p>9c: Should local authorities be encouraged to use these approaches (run-ons, advance claims, retaining information stubs) to provide certainty for claimants?</p>	<p>Run-ons is mainly a feature caused by the current scheme, by taking income into account for the period paid, not from when it's received, such as wages. It could be argued a change to use income received rather than theoretical would be fairer, and provide more reliable encouragement to work.</p>	<p>Yes. Scope for authorities to build in these options, to allow flexibility, would seem sensible.</p>
<p>9d: Are there any other aspects of administration which could provide greater certainty for claimants?</p>	<p>Run-ons, advance claims and other variations of the main scheme, create uncertainty and complication; as well as add to effort and complexity of process and administration, and thereby affect cost and performance. The current system relies on people to remember and act quickly to meet their obligations, for example to report changes of their circumstances, often at times of emergency or upheaval, causing overpayments and financial hardship, creating debt rather than making life easier or simpler; adding to the council's administration costs.</p>	<p>Yes. Simplicity and transparency of policies procedures would underpin the credibility and effectiveness of a scheme, geared more to people's needs, by removing the complexity of the current system. The way income is calculated could be changed, to be based on when income is received and can be spent, instead of the current system of calculating in retrospect. This would help to meet clear and present need. Benefit periods could be fixed for several months, by which people would report changes less often, avoid uncertainty and overpayments, and reduce administration costs.</p>

<p>9e: How should local authorities be encouraged to incorporate these features into the design of their schemes?</p>	<p>The government expect consultation with stakeholders, by which any scheme would have greater credibility and public confidence; to be part of the costs already suggested to be borne by the council.</p>	<p>If schemes are to be local, to meet local needs, authorities should be free to establish appropriate solutions, subject to mechanisms for scrutiny, to insure effectiveness and fairness.</p>
<p>9f: Do you agree that local authorities should continue to be free to offer discretionary support for council tax, beyond the terms of the formal scheme?</p>	<p>In practice, presently, the bulk if not all Discretionary Housing Payments help tenants pay their rent, not Council Tax. The entire budget is spent in year, meaning extra spend to help people pay their Council tax, would either have to be funded as extra by the government or extra met by the council, or reduce help to tenants.</p>	<p>Yes. Authorities should have the continued scope to help people pay their Council Tax, to be able to decide whether to make provision in the authorities budget. Given the probability that a new scheme will cause financial difficulty to many, the government should commit to funding part or all demand in the first year at least.</p>
<p>9g: What, if any, circumstances merit transitional protection following changes to local schemes?</p>	<p>The council has considerable experience of transitional schemes, to know they are difficult to understand, administer and justify; and rarely support those most affected, or at least sufficiently.</p>	<p>None. Transitional schemes tend to presume need, thereby diverting funds to people who don't need it. Discretionary Housing Payments, based on demand and justification, would target extra support to those who need it most, tiding people over.</p>
<p>9h: Should arrangements for appeals be integrated with the new arrangements for council tax appeals?</p>	<p>The current system, as we operate it works well, as a form of check and balance; encountering difficulty and delays with the external independent tribunal system, which is also now responsible for valuation tribunals. The Appeals Service is under resourced, using slow and inefficient systems, causing delayed results; but is more objective and technically better than the old system of local review boards.</p>	<p>Yes. The current system of independent tribunals is well established as robust and fair, but needs investment to modernise and speed up decisions. An efficient national service would help the credibility of a new support scheme, with consistent procedures, saving people nuisance where their appeals is the same about several benefits at the same time.</p>
<p>9i: What administrative changes could be made to the current system of council tax support for pensioners to improve the way support is delivered (noting that factors determining the calculation of the award will be prescribed by central Government)?</p>	<p>Pensioner's claims for pension credits already give sufficient information for us to use to assess Council Tax Benefit, received by us as form to be input.</p>	<p>The authority would benefit by the Pension Service sending electronic data in a format that could be downloaded, to cut down on manual inputting by staff, improving efficiency.</p>

<p>10a: What would be the minimum (core) information necessary to administer a local council tax benefit scheme?</p>	<p>Direct means are already in place to received data from the DWP & HMRC. This is currently mostly limited to a person's entitlement, without details used to assess it.</p>	<p>Authorities will need at least the current means to transfer data or better, showing welfare benefit entitlement and basic details such as start dates and national insurance numbers.</p>
<p>10b: Why would a local authority need any information beyond this "core", and what would that be?</p>	<p>This would depend on the basis of a new scheme, as to whether people are entitled to support based on relative levels or types of benefits, or entirely dependant on their income and savings. The latter would be more complicated compared to now, as 64% currently receive full benefit based on them getting a 'passporting benefit' such as Income Support.</p>	<p>Extension of the present systems to transfer data, to include details such as income and savings, would enable authorities to download data to assess claims and changes; reducing the need to rely on claimants and resultant delays, and generally more efficient.</p>
<p>10c: Other than the Department for Work and Pensions, what possible sources of information are there that local authorities could use to establish claimants' circumstances? Would you prefer to use raw data or data that has been interpreted in some way?</p>	<p>HMRC data about Tax Credits is received electronically and downloaded, to be assessed almost immediately. This is being extended to receive more DWP information. HMRC and DWP assess benefit entitlement following the same principles as us which, if this remains consistent, should be sufficient.</p>	<p>Depending on the authority continuing to use the same principles to assess income and savings, we would prefer interpreted data, to avoid us duplicating effort already carried out elsewhere, and to be consistent if challenged if people compare.</p>
<p>10d: If the information were to be used to place the applicants into categories, how many categories should there be and what would be the defining characteristics of each?</p>	<p>This would be necessary to follow the government's priority to safeguard pensioners, support people to move into work, and help other vulnerable people.</p>	<ul style="list-style-type: none"> • Pensioners. • People expected to work, receiving Universal Credit, specifying self employment. • Other people getting Universal Credit, stating whether sick or low income. • Other people identified as vulnerable, stating reason or cause.
<p>10e: How would potentially fraudulent claims be investigated if local authorities did not have access to the raw data?</p>	<p>The government are currently determined to transfer local authority fraud investigators to a single national service, reducing its' administration grant to authorities by a corresponding (as yet unknown) amount.</p>	<p>Authorities would not be able to properly investigate allegations without full information relevant to the offence. It is probable no charge could be pursued or prosecuted, as a justified defence that evidence is not sufficient. Disclosure or access to raw data is essential.</p>

<p>10f: What powers would local authorities need in order to be able to investigate suspected fraud in council tax support?</p>	<p>The authority would either have to use the new service, or retain staff paid for out if its' own budget. If the latter, existing powers for the authority to investigate would have to be reinstated, as it intended this is withdrawn, limiting the authority's scope.</p>	<p>The same powers as now, amended to provide for the new scheme. Assuming the number of local investigations will be few, and supposing instances where no other benefit is paid, authorities should be allowed to share resources and facilities.</p>
<p>10g: In what ways could the Single Fraud Investigation Service support the work of local authorities in investigating fraud?</p>	<p>It is presently common for fraud to involve several welfare benefits paid to the same person. The stated purpose of the new national service is to avoid duplicating or jeopardise investigations. Legal provision for council to investigate fraud for Council Tax Support is being repealed, leaving theft as the potential offence. This could be difficult to pursue if councils have different local schemes.</p>	<p>The single investigation service should deal with allegations involving welfare benefits and Council Tax Support, to avoid duplication and to safeguard potential sanctions such as prosecution; with a continuation of current provisions and powers, for investigators to investigate and prosecute fraud.</p>
<p>10h: If local authorities investigate possible fraudulent claims for council tax support, to what information, in what form would they need access?</p>	<p>Existing powers enable investigators to access a variety of sources, such as obtaining wages and savings information, and data direct from the DWP and HMRC.</p>	<p>Authorities will need existing powers, to access the same sources and type of information as we do now.</p>
<p>10i: What penalties should be imposed for fraudulent claims, should they apply nationally, and should they relate to the penalties imposed for benefit fraud?</p>	<p>The current range and types of sanctions are established and credible, including criminal court proceedings, with the potential for imprisonment if so serious. Alternative financial penalties act as a deterrent, providing authorities a sufficient variety of measures.</p>	<p>The current range and variety of sanctions and penalties should continue, consistent for welfare benefits and Council Tax Support.</p>
<p>10j: Should all attempts by an individual to commit fraud be taken into account in the imposition of penalties?</p>	<p>The council's fraud policy sets out procedures for investigation, penalties and proceedings, taking full account of the nature and severity of an offence.</p>	<p>Yes – so as to decide how to investigate an offence and appropriate proceedings.</p>
<p>11a: Apart from the allocation of central government funding, should additional constraints be placed on the funding councils can devote to their schemes?</p>	<p>The emphasis of the new support scheme is for authorities to decide what level or how much support to give to its' residents, whether this means matching current entitlements, or to pay more or less.</p>	<p>No. Based on the aim for local responsibility and accountability, authorities should have the scope to decide the level or amounts of support it awards; even if this means meeting a shortfall of government funding from other sources.</p>

<p>11b: Should the schemes be run unchanged over several years or be adjusted annually to reflect changes in need?</p>	<p>It is not unusual for the current (Housing and Council Tax) benefit scheme to change in year, when found necessary by the DWP. Especially given potential for difficulty initially, the council could incur considerable expense without flexibility to solve problems, and which could result in people being treated unfairly or by them abusing the scheme.</p>	<p>No. Authorities should have the scope to change their schemes at least annually, if not more frequently; based on due process for consultation and scrutiny. This would enable authorities to adapt to local difficulties or pressures, perhaps to tailor its' budget provision or rules to meet changes in demand or local emergencies.</p>
<p>12a: What can be done to help local authorities minimise administration costs?</p>	<p>Administration costs generally reflect complexity, either to adhere to rules or difficulties arising. The main costs are for computer systems and staff, which would reduce if a support scheme is simple, with little or no reason for dispute or abuse.</p>	<p>A new scheme provides an opportunity to radically simplify the basis for support, for example to award full support to people getting certain welfare benefits; to pay other people with other low incomes (and savings) for fixed periods, avoiding the need for frequent reassessments. Claimants could generally be expected to interact with the authorities online, to give and receive information such as bills and details of entitlement.</p>
<p>12b: How could joint working be encouraged or incentivised?</p>	<p>The council is already seeing savings and efficiencies from its' own fundamental service reviews, which include plans to look at possibilities for joint ventures.</p>	<p>Local authorities already constantly strive to improve performance at low cost, exploring joint or joined up initiatives as a way of doing this; which would benefit from government funding in the form of venture capital or spend to save.</p>
<p>13a: Do you agree that a one-off introduction is preferable? If not, how would you move to a new localised system while managing the funding reduction?</p>	<p>The government intends to introduce Universal Credit from 2013, in effect transferring Housing Benefit from the council on a phased basis, starting the new support scheme at the same time; at a time of continuing turbulence in the local and national economy, with other increasing demand from local house building. This has the prospect of adding considerable effort for our service, already slimmed down after its' fundamental review, which may need extra capacity to cope.</p>	<p>Ideally no, given the effort involved with preparation and transfer of work to Universal Credit, the Council Tax Support scheme should be part of a second phase to start in 2014, so that available resources can cope effectively; for the benefit grant to also reduce in 2014 (not 2013). Otherwise, understanding the scheme and funding will change in 2013 – yes, so as to minimise the effect and upset on residents.</p>

<p>13b: What information would local authorities need to retain about current recipients/applicants of council tax benefit in order to determine their entitlement to council tax support?</p>	<p>The government sets out information held by the authority about people already getting Council Tax Benefit will be used to work out their new support. In any event, this information will be necessary to cross reference, particularly to do work retrospectively. As things stand, not knowing the rules for a new scheme, it's prudent to assume information presently on record will be needed.</p>	<p>Everything currently on record, to be retained in line with authority's document and data retention policies.</p>
<p>13c: What can Government do to help local authorities in the transition?</p>	<p>The main advantage for the council would be to have sufficient information about the new scheme well in advance, to be able to plan, consult and budget with enough time to coordinate with the established processes for main billing for 2013.</p>	<ol style="list-style-type: none"> 1. Decide the framework or rules for the new scheme before February 2012. 2. Provide details of any funding, both for administration and subsidy by February 2012. 3. Establish and enable all facilities to assist administration by October 2012, such as fraud powers and IT links, to provide for sufficient testing and development; in particular in relation to Universal Credit. 4. Pay start up grant funding, to enable procurement and implementation of new systems, particularly bespoke software; and create capacity to wind down old schemes in tandem with the new one.
<p>13d: If new or amended IT systems are needed what steps could Government take to shorten the period for design and procurement?</p>	<p>Software suppliers will charge to redesign existing systems or produce new ones, which will cost more if local schemes vary; or if solutions are needed urgently or adapted late on.</p>	<p>Software suppliers will need as long as possible to design and refine solutions, allowing authorities to test and adapt to meet their needs; for which a framework or rules should be published as early as possible, by February 2012.</p>
<p>13e: Should applications, if submitted prior 1 April 2013, be treated as if submitted under the new system?</p>	<p>Any form of review or requirement to reapply for the new scheme would effect 13,000 people presently. To be valid or relevant to the new scheme, people would have to be contacted close to April 2013, but before February when</p>	<p>Yes. Entitlement under the new support scheme should be based on previous applications, based also on entitlement to Council Tax Benefit, to be decided when authorities run processes for annual up-rating and annual billing, on or about 1</p>

	<p>main billing takes place. This would seem unnecessary, depending on the basis for awarding support under the new scheme, and could considerably increase footfall (enquiries) by raising alarm at one of the council's busiest times of the year.</p> <p>Rights, such as the ability to appeal, make a backdated application, or a run-on having found work, are established in the present scheme. Presently people have a maximum of over a year to appeal to the independent tribunal. It could seem unfair if these facilities were removed straight away by the new scheme, especially if otherwise a person had good cause and lost out, and had to pay more Council Tax.</p>	<p>March (each year), effective 1 April. Applications received from January 2013 should be assessed for benefit or support under both the old and new schemes.</p>
<p>13f: How should rights accrued under the previous system be treated?</p>		<p>New rules or regulations should provide for people to solve issues about Council Tax Benefit retrospectively, for example to be able to appeal within the current time allowed, and otherwise bring forward any rights, so they get their entitlement under either the old or new schemes, to avoid suffering by the transition.</p>

Supporting notes about the Government's proposals

- Ministers state a 10% reduction of grant to pay benefits will be met from reduced demand, mainly by encouraging people to work, creating less unemployment. Housing Minister Grant Shapps is reported as saying that saving 10% is "relatively straightforward."
- The number of people unemployed in Colchester district rose 1,500 in the 3 months to July, up 3.3% nationally. Colchester's benefit caseload has increased by 3.6% since August 2010, up 516 to 14,868.
- 13,035 people presently get Council Tax Benefit in Colchester.
- Software companies responding to the government's consultation have said that it is unlikely they can meet a start in 2013. Companies also believe that they will have a window of 2 weeks to develop programmes, supposing councils create and approve policies and procedures quickly; indicating a schedule to work in 2013 may already be a risk.
- The potential cost of software could be higher than now, as IT companies may have to produce bespoke systems to enable various local schemes.
- Community Charge (from 1990 to 1993) required unemployed people and students to pay 20%. Resultant administration caused a considerable increase of staff; mainly for recovery and enforcement of bad debts; with protracted payment plans with people unable to pay, effecting cash flow. Although a reduction of support for people presently getting Council Tax Benefit will impact on fewer people (than in 1990), it is likely to have similar effects, of people evading payment or unable to pay; increasing individual financial hardship, requiring extra resources to help and administer.
- The Government has not given any firm indication of funding arrangements. There is speculation reduced funding to pay for Council Tax Support may vary from one council to another, some getting a greater reduction than others, to achieve 10% on average. The suggestion of fixed funding over several years would provide little scope for councils to tailor or improve their scheme, to rectify faults or meet additional demand.

- Reduced support for people presently getting Council Tax Benefit, to pay something instead of nothing, could effect collection.
- The Government propose a window for councils to implement a new scheme starting in Autumn 2012, , once primary and secondary legislation is passed; at the same time as budget setting, in the lead up to main billing In February 2013.



Strategic Overview and Scrutiny Panel

Item
11

11 October 2011

Report of	Scrutiny Officer	Author	Robert Judd
Title	Work Programme 2011-12		Tel. 282274
Wards affected	Not applicable		

**This report sets out the 2011-12 Work Programme for the
Strategic Overview and Scrutiny Panel**

1. Action Required

- 1.1 The Panel is asked to consider and comment on the 2011-12 work programme, noting the changes made to the programme as mentioned in section 3.

2. Reason for Action

- 2.1 This function forms part of the Panel's Terms of Reference in the Constitution.

3. Additional item / meeting

- 3.1 The draft Strategic Plan 2012-15, provisionally arranged for 1 November 2011, has been re-scheduled for the meeting of 13 December 2011, to align with the review of the Budget Strategy. Councillor Turrell, Portfolio Holder for Strategy and Leader of the Council will attend the meeting for these reviews.

4. Outstanding Items for review

- 4.1 The following items will be scheduled in due course, the review of the Customer Strategy and the Street Services implementation of the FSR Business Case.

Meeting date / reviews	Portfolio	Strategic Plan Priority achievements
<p>19 July 2011</p> <p>1. Budget Strategy, Timetable and MTFF</p> <p>2. Review of the Arts</p> <p>3. Trial - doorstep collection of food waste (pre scrutiny)</p>	<p>Leader & Strategy / Resources and ICT</p> <p>Commerce and Sustainability</p> <p>Street and Waste</p>	
<p>30 August 2011</p> <p>1. Safer Colchester Partnership (Crime and Disorder Committee)</p>	<p>Housing and Community Safety</p>	<p><u>Community Safety:</u></p> <p>Work to reduce anti social behaviour continues with reduced levels being achieved across the borough.</p> <p>Community days of action continue to be held every 4 months.</p> <p>Community street wardens have delivered over 1000 activities and are now a valued and embedded part of our communities.</p> <p>Dedicated graffiti team has been in place and performing well.</p>
<p>11 October 2011 (extra) (The Old Library)</p> <p>1. Consultation response – Business Rates Reform (Resolution to Cabinet 12-10-11)</p> <p>25 October (replaces 20 September 2011)</p> <p>Colchester Borough Homes – Fundamental Service Review</p>	<p>Resources and Heritage</p> <p>Housing and Community Safety</p>	<p><u>Addressing Older Peoples Needs:</u></p> <p>Encouraged over £1.2m of benefits take up for older people</p> <p>Reviewed all the councils sheltered housing schemes</p> <p>Achieved joined up public service commitment to provision of frontline advice and guidance through info point.</p> <p><u>Homes For All:</u></p> <p>Help has been provided to keep people in their own homes includes reduced use of temporary accommodation, closer working with partners, review of processes and at least 300 households have been prevented from becoming homeless.</p> <p>Our Local Development Framework requires 35% of all new homes be affordable.</p> <p>Our decent homes work is on target.</p> <p>Private sector housing standards are being enforced.</p>
<p>1 November 2011</p> <p>1. Sport and Leisure - Fundamental Services Review</p>	<p>Communities and Diversity</p>	<p><u>Addressing Younger Peoples Needs:</u></p> <p>Increased skills in children's centres by increased training to deliver welfare advice</p> <p>Closer working between the council and schools with projects at Monkwick and St Johns schools underway.</p> <p>Provision of 89 work placements for local unemployed 18 to 24 year olds.</p> <p>Increased activities for youngsters with holiday swim sessions and 83 free activities</p>

		<p>attended by over 2000 people.</p> <p><u>Healthy Living:</u> Active Colchester Community Sport Network established and priorities agreed. The 2012 project and activities with partners are underway. New sports premises are being delivered with new clubhouse on Abbeyfield progressing well.</p>
<p>29 November 2011 (extra meeting)</p> <p>1. An overview of the St Botolph's Regeneration project</p>	<p>Renaissance</p>	<p><u>Community Development:</u> Work with communities to release resources to deliver a range of community facilities continues with a number of specific projects underway. A number of key activities undertaken to increase skills and reduce worklessness including training and skills. <u>Job Creation:</u> Redundant rural buildings have been brought back into commercial use. Planning gain and additional sources of funding have been secured to increase apprenticeships, employment and training. Work to sustain business growth in North Colchester has seen a further £500k secured for a creative incubator in the town centre.</p>
<p>13 December 2011</p> <p>1. Review of the Budget Strategy 2. 2011-12 6-monthly Performance report 3. Strategic Plan Action Plan 2012-15</p>	<p>Leader & Strategy / Resources & Heritage Leader & Strategy</p>	
<p>10 January 2012</p> <p>1. Public Transport in the Borough</p>	<p>Renaissance / Street and Waste</p>	<p><u>Congestion Busting:</u> A12 junction has been delivered ahead of schedule Planning application for a Park and Ride has been submitted. <u>Reduce, Reuse and Recycle:</u> Carbon emissions have been reduced by 987 tonnes per annum. Partnership working to deliver a county wide approach to reuse household items and materials is in progress. 87% of Colchester's schools are now registered with Eco-Schools compared with only 3% five years ago.</p>
<p>14 February 2012</p> <p>1. Review of Colchester Community Stadium Limited - Chief Executive, Chair David Murthwaite to attend</p>	<p>Communities Diversity</p> <p>and</p>	
<p>20 March 2012</p>		

