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**Our reference:** LRJ  
**Your reference:**  
**Date:** 7 January 2013

To all Members of the Council

Dear Councillor

A meeting of the CABINET will be held on Tuesday 15 January 2013 at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford to consider the following items of business.

Yours sincerely

Head of Corporate Services

## **AGENDA**

1. Apologies for absence
2. Declarations of Interest
3. Minutes of the Meeting held on Tuesday 4 December 2012 (previously circulated)

### **Key Decisions**

None.

### **Non Key Decisions**

None.

### **Budget and Policy Framework Items**

4. Council Tax Reduction Scheme  
The report of the Director of Finance is attached (pages 1 - 13).
5. Council Tax Reduction Scheme Funding – Parish Councils  
The report of the Director of Finance is attached (pages 14 - 17).
6. Local Government Finance Act 2012 - Council Tax Discounts  
The report of the Director of Finance is attached (pages 18 - 20).

7. Approval of The Non-Domestic Rates Baseline

The report of the Director of Finance is attached (pages 21 - 24).

**Matters referred from Scrutiny**

None.

8. Local Government Act 1972

It is RECOMMENDED that the public be excluded from the meeting for consideration of the following items of business pursuant to section 100A (4) of the above Act on the grounds that it is likely that exempt information may be disclosed as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

9. Options for Disposal of the Site of the Former Gresham Pavilion

The report of the Head of Transformation is attached (pages 25 - 34).

Membership

Chairman: Councillor J N Clarke

Vice-Chairman: Councillor J A Cranswick

Councillors D G Bell, J E Fearon, D J Mason, Mrs J A Smith

<b>Meeting Room Guidance</b>
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**MINUTES  
OF THE MEETING OF THE  
CABINET  
TUESDAY 4 DECEMBER 2012**

Held at 7.00pm in the Council Chamber, Civic Centre, Pavilion Road, West  
Bridgford

**PRESENT:**

Councillors J A Cranswick (Vice Chairman in the Chair), J E Fearon,  
D J Mason and Mrs J A Smith

**ALSO IN ATTENDANCE:**

Councillors D M Boote, S J Boote, H A Chewings and A MacInnes,

**OFFICERS PRESENT:**

A Graham	Chief Executive
C Bullett	Deputy Chief Executive (CB)
P Randle	Deputy Chief Executive (PR)
K Marriott	Head of Transformation
P Steed	Director of Finance
D Swaine	Head of Corporate Services

**APOLOGIES FOR ABSENCE:**

Councillors J N Clarke and D G Bell.

**32. Declarations of Interest**

There were none declared.

**33. Minutes**

The minutes of the meeting held on Tuesday 6 November 2012 were approved as a correct record and signed by the Chairman.

**34. Support to Nottinghamshire Cricket Club**

Councillor Cranswick presented the report of the Deputy Chief Executive (CB) which indicated that when the partnership loan to the Nottinghamshire County Cricket Club (NCCC) was approved in 2007, provision had been made for a five year review of its terms. Following the significant successes of the partnership, particularly the Positive Futures project, the Club had requested that as part of the review consideration be given to conversion of all or part of the loan to grant. In addition the Club had also requested further support to ensure that a new stand was built in time to satisfy the conditions of their successful bid to host an Ashes test in 2015.

Commenting further, Councillor Cranswick stated that the report covered two financial aspects of the partnership with the Cricket Club. Firstly a review of the existing partnership loan and secondly the request from the Club for further

financial assistance towards the building of the new stand required so the Club could retain the Ashes test in 2015.

By referring, to paragraph two of the report he outlined the package that had been supported when the original partnership loan had been approved by Cabinet in July 2007. He went onto to explain that the report also outlined the repayment arrangements, the annual value of the community benefits arising from the agreement and the net yield for the Council.

In relation to the review of the existing partnership loan the report, at paragraph 5, detailed the Club's request setting out the potential amount to be converted from loan to grant to reflect the significant community benefits arising from the arrangements. It also set out the repayment arrangements for the remaining amount and the proposal to convert this from a loan to grant in 2016.

Councillor Cranswick stated that the report set out details of the request for assistance towards building a new stand as well as outlining the funding also requested from the County and City Councils. It also highlighted how the new stand was required to bring the ground up to the capacity as promised within the Club's successful bid for the Ashes Test in 2015. Within its recommendations the report specifically made reference to determining if, in principle, funding for this purpose should be made available under a separate agreement and Councillor Cranswick confirmed this would at some point require a further report to Cabinet to finalise any such arrangements.

Commenting further Councillor Cranswick stated that the report set out in detail the benefits received from the arrangement with the Club highlighting the success of the Positive Futures programme. He added that the programme had been, without doubt, the "jewel in the crown" of the partnership because not only had it succeeded in turning round the lives of many young people in Cotgrave, it had impacted very positively on the level of crime and quality of life in the Town.

Councillor Cranswick went onto explain that the key matter for Cabinet to determine was the level of support it wanted to give taking into account the positive benefits of the arrangements. As such he believed a reasonable figure would be to convert £450,000 of the existing partnership loan to grant based on the success of the partnership arrangement. Furthermore converting annually an amount of £90,000 to grant, for a maximum of four years up to December 2016, would be appropriate in return for the provision of the Positive Futures Project in the Borough during that period. In terms of the further loan request he believed the key issue was the potential economic benefits this could secure.

Councillor Cranswick informed Cabinet that in order to be clear of its decision a revised recommendation for the report had been drafted. To assist the Cabinet in making its decision the Chief Executive read through this revised recommendation.

There followed a number of comments from Cabinet Members particularly in relation to the value of the Positive Futures programme and its significant impact in Cotgrave and how this had assisted the areas regeneration plans. A

comment was also made about the financial advantages of the arrangements, how these reflected with interest rates on investments and the sustained benefit the arrangement brought to the community.

The Deputy Chief Executive (CB) in his capacity as Section 151 Officer, explained that any further loan to the Club would have to form part of the budget setting process by Council, because it would be met from the agreed capital programme. He added that this would be a matter for Cabinet to recommend to Council as part of its consideration of the budget.

**RESOLVED** that Cabinet agreed:

- a. the sum of £450,000 of the existing partnership loan to the Nottinghamshire County Cricket Club be converted to grant in respect of work undertaken in connection with the Positive Futures Project over the five years to date,
- b. that further amounts of £90,000 be converted to grant on an annual basis for a maximum of the following four years to December 2016 in return for the provision of the Positive Futures Project within the Borough during that period,
- c. the amounts approved under (a) & (b) above be conditional upon the Positive Futures Project continuing at, at least the current standard but that the geographical scope and nature of the project be subject to review with a further report being brought to Cabinet in due course,
- d. that in order to secure the economic benefits that accrue to the Borough through the major events attracted by the Cricket Club it (i) supports the principle of a further loan to support the Nottinghamshire County Cricket Club of up to £2m, and (ii) such a loan be on a commercial basis with no principal repayment holiday and an interest rate tied to the Public Works Loan Board interest rate with a minimum of 3%,
- e. that the Section 151 Officer be given delegated authority to negotiate the interest rates payable and capital repayment terms in respect of these loans in consultation with the Chief Executive and the Portfolio Holder for Resources.

**35. Exercise of Chief Executive's Emergency Powers: Pooling of Business Rates**

Councillor Cranswick introduced the report of the Chief Executive and requested that he outline the background to it. The Chief Executive explained that following an enquiry from Nottinghamshire County Council, it had been necessary for him to exercise his emergency decision making powers, after consulting with the Leader and Portfolio Holder for Resources.

The Chief Executive went on to explain that in accordance with the Council's Constitution, he was required to report his actions and rationale to the next meeting of the Cabinet (or Council as necessary). Therefore the report presented to Cabinet set out the background and reasons for the decision he

had taken and why exercising his emergency powers had been necessary in this case. In doing so the Chief Executive confirmed that he had consulted the Council's S151 Officer .

The Chief Executive stated that under the new localisation of business rates proposals, the Government was making available the ability for authorities to pool their business rates. This option was discussed between leaders of all the Nottinghamshire Councils in late summer but at that meeting it was felt that most districts in the County were not in a position to participate and it was the view of officers that there was a lack of clarity of advantages and disadvantages and a lack of proper scenario planning. This position was communicated to Members in the budget workshops in October with a suggestion that, if appropriate, Rushcliffe could join a pool for the following year (2014/15).

By referring to the report, the Chief Executive confirmed that late on Thursday 8 November, he received a communication from the County Council's Chief Executive notifying him that Rushcliffe was the only district authority that had not currently indicated its agreement to participate in the pooling of business rates from April 2013. At that time he was also informed that the deadline for indicating the Council's interest for this financial year was the next day (9 November) when the submission had to be made to the Department for Communities and Local Government (DCLG). As such he had been invited to indicate whether Rushcliffe would wish to be included in the submission by Nottinghamshire County Council. Consequently he had taken the view that urgent consideration was required with the S151 Officer to ensure that Rushcliffe Borough Council's interests were protected until a formal decision could be made.

These considerations indicated that other district councils' decisions had been informed by work undertaken by County Council consultants, which indicated clear benefits to authorities in a pool where the scenario is one of business growth. The pool mechanism enables more of the proceeds to be retained locally, depending on the relative growth figures for individual councils. However, they also indicated that work had yet to be done in relation to the risk where authorities suffer significant reductions in rateable value and, in the most serious of cases, could benefit from safety net arrangements to limit the impact on an area. Due to the nature of buildings located in Rushcliffe, this was a scenario which could potentially materialise within the area.

The Chief Executive indicated that, in order to safeguard the Council's position and retain the pooling option, he had decided, in consultation with the Leader, Deputy Leader and S151 Officer that the County Council should be informed that Rushcliffe would agree in principle to joining the business rates pool subject to further work being carried out to model the impact of significant rateable value reductions. Therefore exercise of his emergency powers was necessary to best protect the Council's interests and so that the DCLG could be informed the next day.

The Deputy Chief Executive (CB) in his capacity as Section 151 Officer endorsed the Chief Executives comments and stated that the use of emergency powers was necessary in this case. He added that this had

ensured the Council's interests were protected and the opportunity was not lost.

In conclusion Councillor Cranswick stated that he supported the actions of the Chief Executive as they were necessary and proportionate in the circumstances. He stressed that there was very clearly a need to make a decision on this matter as this had to be communicated to Government within a strict timescale and as such the swift actions of the Chief Executive had enabled this to happen

**RESOLVED** that Cabinet:

- a. acknowledges and endorses that in the circumstances outlined it was necessary for action to be taken prior to the next scheduled Cabinet meeting and the use of the delegated powers by the Chief Executive, in consultation with the Leader and Portfolio Holder for Resources was necessary and justified; and
- b. receives a further report following the announcement of localised business rates figures in the draft local government finance settlement.

**36. Update on Cotgrave Town Council Regeneration Project and Future Governance Arrangements**

Councillor Cranswick presented the report of the Head of Transformation which provided an update on the Cotgrave Town Centre regeneration project and the involvement of key public sector partners. The report also updated Cabinet on revised governance arrangements for the project as it moves into the next stage.

Commenting further, Councillor Cranswick welcomed the report and the opportunity the project presented to bring additional homes to the area and regeneration to the town centre. He believed this was a very exciting project and the appointment in August of Barratt as the preferred developer by the Homes and Community Agency, indicated how it was successfully moving forward.

By referring to the report Councillor Cranswick set out the site assembly illustrated by the map referred to at paragraph seven. He explained that the pink areas marked on the plan were those belonging to the County Council which had made a decision that it did not wish its buildings to be involved in the town centre regeneration scheme due to financial constraints. He added that consequently their land ownership would be a factor to consider in the redevelopment and regeneration of the site. The County Council would still be involved in the wider regeneration scheme particularly with regards to highways and employment and skills.

Paragraph 22 of the report set out the risks associated with the project and Councillor Cranswick stated that the proposed governance arrangements would provide a mechanism by which to oversee and manage these risks. He added that the success of the project was dependant on a number of factors and for it to work these risks had to be managed properly. It was very important that the project continued to stack up financially and the partners

and landowners agreed. Longer term it was also important to ensure investment was secured and units were pre-let prior to development.

In conclusion Councillor Cranswick stated that the main aim of the report was to set out the revised governance arrangements for the next stage of the project. These were set out in detail as an appendix to the report which outlined the proposed membership of the board, its remit and the intended frequency of its meetings. The appendix also set out the officer sub groups, their remits and how these would report to the main board as required. Councillor Cranswick indicated that the report's recommendations highlighted the need to nominate a Cabinet Member to the board and it was intended that he would fulfil this role. It was also intended that the Chief Executive would serve as the Council's officer representative to the board.

In response to questions from Councillor Mrs Smith, the Head of Transformation outlined the key issues in respect of the GP practice particularly the demand for new accommodation, the need to address issues regarding the suitability of the existing premises and the potential future use of the premises by the County Council. With regard the Co-op site she indicated that discussions were continuing on this issue.

Councillor Fearon welcomed the report but expressed disappointment that the County Council were not including their buildings in the town centre scheme. However he believed it was very clear from the report that, should they change their decision there was an opportunity for them to become involved again. Councillor Cranswick concurred with this view.

Councillor Mason welcomed the report and said that the project presented a real opportunity to bring long term and lasting benefits to the area. It would highlight the whole of Cotgrave as an area ensuring its viability was prominent and that it was well known as a vibrant and attractive place.

**RESOLVED** that Cabinet:

- a. endorses the progress made to date on this complex housing and regeneration project,
- b. approves the governance arrangements proposed in Appendix A of the report; and .
- c. nominates Councillor Cranswick, as the Portfolio Holder for Resources, to represent the Borough Council at the future meetings of the board.

### **37. Bridgford Hall Results of Soft Market Testing and Next Steps**

Councillor Cranswick presented the report of the Head of Transformation which provided an update outlining the results of the soft market testing for Bridgford Hall. The report also explained the potential next steps as set out in its recommendations.

Commenting further, Councillor Cranswick indicated that Cabinet had previously requested that officers undertake soft market testing of the Hall as part of the process for identifying opportunities for its future use. The report indicated that the Hall had been marketed for approximately six weeks from the beginning of September and further details of this were set out at



paragraph six. A range of uses had been suggested by way of expressions of interest in the Hall with common themes being usage as a boutique hotel, restaurant and a venue for weddings.

Councillor Cranswick stated that the next stage required public consultation to be undertaken to highlight the need to find a future tenant for the Hall and gather feedback on proposed uses. This was set out within the report's recommendations which also highlighted the need to undertake formal marketing and public consultation on both the Hall and Park Lodge. The recommendations also reflected the need to undertake discussions with the County Council regarding the options for weddings in the Hall beyond the end of 2014.

In conclusion, Councillor Cranswick stated that details of the proposed marketing arrangements were set out at paragraph 20 of the report. These highlighted the requirement to ensure Cabinet Member input into the process for identifying potential future uses of the building to inform the marketing process and developer appointment. He added that this should be added to the report's recommendations.

Cabinet Members made a number of observations on the report particularly the exciting opportunities the future of the Hall presented. Additionally comments were made regarding the listed status of the building and the level of changes this status facilitated. The Chief Executive indicated that this was the preliminary stage in determining a suitable future use of the facility. He added that it was important to set out clear parameters to the process to ensure opportunities were not missed and also ensure the unique heritage of the building was maintained. He added that it was important to ensure any future development maintained the buildings character and provided a viable long term business case.

**RESOLVED** that:

- a. public consultation is held to raise awareness that the Council needs to find a future tenant for the Hall and to gather feedback on proposed uses for the Hall including:
  - i. Boutique hotel, restaurant provision, wedding venue
  - ii. Craft/fashion/arts centre
- b. a formal marketing process is commenced and developers who have already submitted an expression of interest from the soft market testing be invited to continue within the marketing process,
- c. marketing is carried out for the Hall and Park Lodge as separate facilities as well as a joint offer,
- d. discussions be held with Nottinghamshire County Council regarding options for weddings in the Hall beyond the end of 2014; and
- e. the Cabinet Portfolio Holder for Resources be requested to provide input into the process for identifying potential future uses of the building to inform the marketing process and developer appointment

**38. Neighbourhood Planning: Designation of Keyworth as a Neighbourhood Area**

Councillor Mason presented the report of the Deputy Chief Executive (PR) which indicated that Keyworth Parish Council had made an application to the Council proposing to designate the parish of Keyworth as a neighbourhood area. This application was made under Section 61G of the Town and Country Planning Act 1990. and was in accordance with the requirements of the Neighbourhood Planning Regulations 2012.

Commenting further Councillor Mason explained that the ability for a town or parish council to produce a Neighbourhood Plan was contained within the Localism Act 2011 and the Neighbourhood Planning Regulations 2012 provided guidance as to how the Neighbourhood Plan process would work.

She explained that Neighbourhood Plans could include planning policies and allocations of land for different uses. They could be produced by town or parish councils in consultation with their communities, but must be consistent with legislation and national and local planning policies. If a Neighbourhood Plan was formally adopted following an examination by an Inspector and overall support for it in a community referendum, then decisions on future planning applications must be in general conformity with it.

Councillor Mason explained that if a town or parish council decided to develop a Neighbourhood Plan, one of the first steps was to submit to the local planning authority an application for the designation of the area to be covered by the plan. A town or parish council might choose to produce a Neighbourhood Plan that covers all or part of their parish and attached as an appendix to the report was a plan identifying the area intended to be covered.

The report set out at pages 18 and 19 the Parish Council's statement explaining why the area concerned was appropriate. The report also explained why two sites adjacent to Keyworth, but within the parish of Stanton in the Wolds were not being contained within the plan. Additionally letters submitted as part of the consultation undertaken during the development of the plan were attached to the report.

**RESOLVED** that: in accordance with section 61G of the Town and Country Planning Act 1990, Cabinet approve the application to designate the parish of Keyworth as a neighbourhood area.

**39. Neighbourhood Planning: Designation of East Leake as a Neighbourhood Area**

Councillor Mason presented the report of the Deputy Chief Executive (PR) which indicated that East Leake Parish Council had made an application to the Council proposing to designate the parish of East Leake as a neighbourhood area. This application was made under Section 61G of the Town and Country Planning Act 1990. and was in accordance with the requirements of the Neighbourhood Planning Regulations 2012.

Commenting further Councillor Mason explained that the ability for a town or parish council to produce a Neighbourhood Plan was contained within the Localism Act 2011 and the Neighbourhood Planning Regulations 2012 provided guidance as to how the Neighbourhood Plan process would work.

She explained that neighbourhood plans could include planning policies and allocations of land for different uses. They could be produced by town or parish councils in consultation with their communities, but must be consistent with legislation and national and local planning policies. If a neighbourhood plan was formally adopted following an examination by an Inspector and overall support for it in a community referendum, then decisions on future planning applications must be in general conformity with it.

Councillor Mason explained that if a town or parish council decided to develop a neighbourhood plan, one of the first steps was to submit to the local planning authority an application for the designation of the area to be covered by the plan. A town or parish council might choose to produce a neighbourhood plan that covers all or part of their parish and attached as an appendix to the report was a plan identifying the area intended to be covered. The report also set out at page 27 the Parish Council's statement explaining why the area concerned was appropriate.

**RESOLVED** that: in accordance with section 61G of the Town and Country Planning Act 1990, Cabinet approve the application to designate the parish of East Leake as a neighbourhood area.

#### 40. **Revenue and Capital Budget Monitoring to September 2012**

Councillor Cranswick presented a report of the Director of Finance which detailed the budget position for revenue and capital as at 30 September 2012. He added that the details contained in the report had been considered by the Corporate Governance Group on 26 November. By reference to the report he informed Cabinet that it was pleasing to see a positive year end projection for revenue expenditure and this was indicative of prudent and sensible financial management across the Council.

Councillor Cranswick explained that paragraph two of the report outlined details of the anticipated overspend in the Transformation Service and also in Financial Services. He added that the Corporate Governance Group at its meeting on 26 November had considered the actions being taken to resolve the issues within Financial Services and they had considered these in detail.

Appendix C of the report set out capital expenditure and overall Councillor Cranswick indicated that it was anticipated the budgets would balance. He explained the report also included details of treasury management activity with the Corporate Governance Group receiving a detailed appraisal of this in the reports it considered as part of the budget monitoring process.

**RESOLVED** that Cabinet note the current projections for revenue and capital outturn as set out in the appendices of the report.

#### 41. **Community Right to Challenge – Procedure**

Councillor Mrs Smith presented the report of the Head of Corporate Services which indicated that in May 2012 Cabinet had asked the Community Development Group to consider the development of a procedure for administering the Community Right to Challenge process. At its meeting on 30 October 2012 the Community Development Group had considered a draft procedure which they had subsequently recommended to Cabinet for approval. A copy of the procedure was attached to the report as Appendix one.

Commenting further Councillor Mrs Smith explained that the Localism Act 2011 contained within it provisions relating to the Community Right to Challenge (CRTC). Under these provisions a broad range of alternative service providers would be able to submit an expression of interest to run a service, or part of a service, provided by the Council. The Council must consider any such expressions of interest and where it accepts them; run a procurement exercise for the service. The challenging organisation and other interested parties could take part in this procurement exercise; however, the challenger might not be successful.

Appendix one of the report outlined a procedure for dealing with CRTC including a flow chart to simplify the process. This had been recommended to Cabinet by the Community Development Group. The procedure had been based on information contained within the Localism Act, the Department for Communities and Local Government Policy Statement – Community Right to Challenge (September 2011) and Statutory Guidance on the Community Right to Challenge (June 2012). In line with the report's recommendation the Community Development Group also requested that it reviews the procedure after a year of its operation to determine if any changes to it are necessary at that time.

Councillor Mason welcomed the report and stated the procedure was clear and easy to understand. She believed it presented an opportunity for services to be run in a different way which linked to the Council's transformation agenda. She added that it was important to make sure the Council had in place a process that was simple and clear. Councillor Fearon concurred with this view and welcomed the simple and concise procedure.

**RESOLVED** that Cabinet:

- a. agrees the procedure for dealing with Community Right to Challenge as recommended by the Community Development Group; and
- b. requests that after a year of its operation the procedure be reviewed by the Community Development Group in order to determine if any changes to it are necessary at that time.

#### 42. **Assets of Community Value – Procedure**

Councillor Mrs Smith presented the report of the Head of Corporate Services which indicated that Cabinet had previously asked the Community Development Group to consider the development of a procedure for administering the Assets of Community Value process. The report indicated that the Localism Act 2011 contained within it provisions for the community to

register Assets of Community Value (ACV) with a view to bidding for ownership of those assets should they become available for purchase.

Commenting further Councillor Mrs Smith indicated that at its meeting on 30 October 2012 the Community Development Group had considered a draft procedure which they had subsequently recommended to Cabinet for approval. A copy of the procedure was attached to the report as Appendix One. The procedure was based on information contained within the Localism Act 2011 and the Department for Communities and Local Government (DCLG) Draft Statutory Instrument – Assets of Community Value (June 2012).

**RESOLVED** that Cabinet agrees the procedure for dealing with Assets of Community Value as recommended by the Community Development Group.

43. **Local Government Act 1972**

It was agreed that the public be excluded from the meeting for consideration of the following items of business pursuant to section 100A (4) of the above Act on the grounds that it is likely that exempt information may be disclosed as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

44. **Investment Opportunity**

The Chief Executive presented a report setting out details of an investment opportunity for the Council. The report provided Cabinet with the work undertaken to date on this project and the opportunity to comment on it prior to Council's consideration of the matter at its meeting on 13 December.

**Resolved** that Cabinet endorses the report and requests the matter be referred to Council for consideration at its next meeting on 13 December 2012.

The meeting closed at 8.20 pm.

CHAIRMAN

## **REPORT OF THE DIRECTOR OF FINANCE**

### **CABINET PORTFOLIO HOLDER – COUNCILLOR J A CRANSWICK**

#### **Summary**

1. This report proposes a new Council Tax Reduction scheme to replace Council Tax Benefit from 1 April 2013. It follows considerable work to design and consult upon a scheme and efforts to take into account emerging directions and advice from the Government. Most recently, the Government announced additional transitional funding for a scheme that met certain criteria. The announcement changed the parameters for the draft schemes significantly and the scheme proposed in this report reflects the funding criteria as a consequence. The proposed scheme, if approved, will limit the maximum support to 91.5% of the Council Tax bill for those of working age without dependent children. Pensioners and those with dependent children would be protected.

#### **Recommendation**

It is RECOMMENDED that

- a. Option 2, as laid out in this report, be recommended to Council for adoption as the Council Tax Reduction scheme to operate in Rushcliffe from 1 April 2013;
- b. Military compensation scheme payments, as laid out in the proposed scheme, be disregarded for Council Tax Reduction and Housing Benefit purposes.

#### **Details**

2. From April 2013, the current Council Tax Benefit scheme will be abolished and each Council is required to implement its own locally determined Council Tax Reduction scheme instead. This new scheme will operate as a discount on the Council Tax bill rather than a benefit. Over the last twelve months much work has gone into understanding the new regime and designing a viable Council Tax Reduction scheme in the context of an estimated 13.4% reduction in available funding. This culminated in a proposed scheme, including options, which was put forward for consultation in August. In September Cabinet selected a preferred option.
3. During October, the Department for Communities and Local Government (DCLG) made a new announcement in relation to Council Tax Reduction schemes. In order to dissuade Councils from making “unacceptable” reductions in support for vulnerable people, £100m was made available as a

one year transitional grant for which Councils may apply provided their scheme meets certain criteria. The rationale for the grant was that it would provide additional time for Councils to find savings in their budgets to pay for the cost of the Council Tax Reduction scheme above the level of funding provided.

4. The preferred scheme, which has been consulted upon, does not meet the criteria as the consequent reductions in support for claimants exceed the relevant thresholds. The announcement therefore re-opens the options available to the Council. These options, which are discussed below and have been presented to Members in budget workshops, are as follows:
  - **Option 1** - To continue with the currently proposed scheme;
  - **Option 2** - To adopt a new scheme that meets the criteria by means of lesser reductions in support; or
  - **Option 3** - To adopt the Government's "default" scheme as a local scheme for one year and review for 2014/15.

### **Option 1 – to continue with the currently proposed scheme**

5. The details of the currently proposed scheme, which has been the subject of extensive consultation, are attached at **Appendix 1**, together with its impact at **Appendix 2**.

#### Consultation on option 1

6. From mid-August to the beginning of November, the currently proposed scheme was out for consultation. Those consulted were:
  - All Council Tax Benefit claimants
  - Major precepting bodies
  - Certain "representative bodies" (a full list accompanied the September Cabinet report)
  - Parish Councils
  - Housing Associations
  - Residents (through the website)
  - Members
7. Responses were received from 506 claimants (out of 5,877). The consultation sought to ascertain their views on whether the changes would encourage people to seek paid employment, what were the barriers to this, how the changes might impact upon them and how reasonable the proposals were thought to be. A full report on the consultation is available as a background paper to this report. The key findings are considered to be:
  - Despite the explanatory documents a considerable number thought they would be adversely affected, when in fact they would be in a protected group;
  - There was no strong indication that the proposals would encourage people back into work, although some (c. 25%) felt that they would;
  - 73% of the group most affected felt that their state of health would prevent them from seeking paid employment and 45% of those with

children felt that childcare issues were a barrier (although this group is generally protected in the proposals);

- It was difficult to draw any conclusion on the impact of people's spending patterns, although most claimed they would struggle to some degree with basic costs of living.
  - 36% of families with children felt the proposals were reasonable, with only 13% and 19% agreeing amongst pensioners and people of working age without dependent children respectively.
8. 29 Members attended the budget workshops in October when the proposals were explained and examined and 12 Members responded using the questionnaire provided. The responses gave mixed views: 6 thought the proposals reasonable, 2 unreasonable and 3 accepted that changes were necessary. 5 thought the scheme would encourage paid employment and 5 disagreed. There were concerns about the availability of job vacancies and those applicants with health issues that prevented them looking for work. One Member expressed concern about carers and those who had health problems that did not attract the qualifying benefit (e.g. disability living allowance). However these are not differentiated in the current benefit system.
9. Considering the feedback in the consultation process about health issues in particular, Members may wish to consider protecting those classified as disabled (under the current scheme) in the same way that families with dependent children would be protected. It should be noted that these are already treated more generously and there is no proposal to change this. Protecting the disabled in this way would add at least £28,000 to the cost of the proposed scheme.

## **Option 2 – New scheme that meets the transitional grant criteria**

10. In simple terms, the criteria for transitional grant are:
- Those currently entitled to 100% support should not be worse off by more than 8.5%
  - The taper withdrawing support as income rises should not be more than 25%
  - There should be no sharp reduction for those entering work so those affected would not be worse off by more than 8.5%
11. The simplest scheme that would satisfy the above criteria while still making a reduction in the support available is to limit the change to a reduction of 8.5% with no other factors being amended, as follows:
- Based on the current scheme but with changed factors
  - Pensioners protected
  - Support calculated on 91.5% of Council Tax Bill (Families with dependent children would still be protected).
  - No changes to the savings limit (currently £16,000).
  - Backdate claims for up to 3 months, (currently 6 months)
  - No change to second adult rebate
  - No change to non-dependent deductions

The impact of this option is shown at **Appendix 3**.



12. Although this option would not produce the same level of savings as option 1 (£100,000 compared with £200,000), the amount of transitional grant available is £126,000 and would make up the difference. The grant is available for one year only and so a review and changed scheme will most likely be necessary for 2014/15.

### **Option 3 – adopt the Government’s “default” scheme as a local scheme for one year**

13. The Government’s default scheme would operate if a Council failed to make a decision to adopt a local scheme and is enshrined in regulation. In essence, the default scheme replicates and updates the current Council Tax Benefit scheme and therefore claimants would remain unaffected. This becomes an option because it qualifies for the transitional grant, which helps to close the gap between the funding to be made available through retained business rates and the cost of the scheme (see the section on finance below). However, it is probable that another scheme will need to be adopted for 2014/15.
14. While the default scheme would operate if no decision were to be made by the Council, it is considered to be more appropriate to make a positive decision to adopt it to ensure that the transitional grant can be claimed.

### **Finance**

15. The estimated costs and finance for the options are shown in the table below. They have been amended from previous figures to represent the information contained within the Local Government Finance Settlement and latest estimates of the cost of each option:

	<b>Option 1 £'000</b>	<b>Option 2 £'000</b>	<b>Option 3 £'000</b>
Gross cost of support	5,144	5,223	5,373
Finance available through retained business rates	4,559	4,559	4,559
<b>Funding “gap”</b>	<b>585</b>	<b>664</b>	<b>814</b>
Transitional grant	-	126	126
Charges on empty properties	496	496	496
<b>Remaining deficit</b>	<b>62</b>	<b>42</b>	<b>192</b>

16. The above figures relate to the costs for the whole scheme and are shared between Rushcliffe and the other Major Precepting bodies. The approximate impacts of each option on Rushcliffe are:
- Option 1                   £5,000
  - Option 2                   £3,500
  - Option 3                   £15,500
17. The figure for income from charges on empty properties depends upon the decision to be taken regarding this new discretion and could be found by other means such as further reductions in spending.
18. The relative advantages and disadvantages of the three options are summarised in the table below:

	<b>Advantages</b>	<b>Disadvantages</b>
<b>Option 1</b>	Has already been the subject of consultation	Has the greatest impact on claimants
	Achieves the greatest level of savings	
<b>Option 2</b>	A simple scheme with only two factor changes	This option would result in smaller amounts being collected from claimants with associated administrative inefficiency and potential losses on collection.
	Reduces the impact on claimants compared with option 1	A further review and change to the scheme is likely for 2014/15
		There has been no consultation on this option
<b>Option 3</b>	No change for claimants in 2013/14	The scheme is more costly for one year
	Change deferred to 2014 and potentially once only	
	No impact on ability to collect	

### **Member Budget Workshops**

19. Members were invited to debate and indicate which of the above three options were supported during the budget workshops held in November. The conclusions of the 5 approximately equally sized sub-groups of Members were:
- 2 groups were strongly in favour of option 2 (a new scheme based on 91.5% of the Council Tax bill);
  - 2 groups were split 50: 50 between option 2 and option 3 (default scheme);
  - 1 group was strongly in favour of option 1.
20. It is concluded that overall, more Members supported option 2 than the other options. It was also commented that as this would be for the first year only, it is possible that experience gained during that time may enable the scheme to remain undiminished for the second year, especially if the caseload begins to reduce, thus avoiding a further change and the more significant reduction in claimants' support entailed in option 1.

### **Conclusion**

21. Option 2 gained the most support from Members in the budget workshops and offers a "middle way", balancing a smaller reduction in support to claimants and taking advantage of the additional funding being made available by the Government. The position must be reviewed next year in preparation for 2014/15 and option 2 helps to keep options open in anticipation of that review. For these reasons it is recommended that option 2 is put to Council for adoption in 2013/14. The relevant scheme documentation for approval is attached at **Appendix 4**.

## **Military compensation payments**

22. In common with many other authorities, under the Council Tax Benefit scheme, Rushcliffe has approved and operated a local scheme whereby military compensation payments are ignored for the purposes of calculating Council Tax Benefit. These include war disablement pensions and war widow's pensions. The full list of these military compensation payments has been extended to include other awards such as the armed forces and reserve forces compensation scheme payments. It is proposed that all such payments should be disregarded. For clarity and consistency with the armed forces covenant, it will be necessary to reaffirm this treatment when adopting a local scheme and ensure that the same treatment is applied for Housing Benefit purposes.

### **Financial Comments**

The financial impacts of the proposals are dealt with within the report.

Under the current arrangements the costs of council tax benefit are met in full by the government and, as a result, the Authority does not have to deal with the potential risks of increased claimant numbers (or alternately benefit from a share in the financial gains arising from reducing claimants). The new council tax reduction arrangements will change this position with gains and losses falling upon Rushcliffe and the other Major Precepting bodies. Enhanced management monitoring arrangements will need to be put in place to ensure that this risk is tracked and, if required, addressed during the financial year.

### **Section 17 Crime and Disorder Act**

The current powers for investigating and taking action over benefit fraud will broadly be replicated for Council Tax Reductions.

### **Diversity**

An equality impact assessment has been carried out for option 1 and is available at on the Council's website. There would be no impact for option 3. Following determination of the final scheme, equality monitoring will be undertaken.

### **Background Papers Available for Inspection:**

Council Tax Support Scheme Consultation report

Statutory Instrument 2012 No 2886 – The Council Tax Reduction Schemes (Default Scheme) England Regulations 2012

### The Option 1 draft scheme for Rushcliffe:

- The new scheme will principally be based on the way Council Tax Benefit is currently calculated;
- Pensioners are protected as required by Government – they will see no change in the amount of support they get from the Council;
- Currently, Council Tax Benefit is calculated using the actual Council Tax Bill. The draft scheme will only calculate on 85% of the total bill. However, it is proposed to protect families with children from this change, who will still receive an amount based upon the total cost of their Council Tax bill.
- Residents with £10,000 in savings will not receive any Council Tax Reduction. The current level is £16,000;
- Residents will be able to backdate claims for Council Tax Reduction for 3 months, currently backdating may be up to 6 months;
- The second adult rebate will be removed for all claimants: At present, a second adult rebate in the Council tax bill is available to compensate for the loss of the 25% discount for single occupancy if the other people living in the home are on a low income – this does not apply to a partner or somebody who is paying to stay in the house;
- The non-dependent deduction will be increased by 20%: If someone, who is not the householder's partner, a dependent child or someone there on a commercial basis (e.g. a lodger), lives in the property, they are expected to make a contribution towards the household bills. Council Tax Benefit is reduced to take this into account. This is the non-dependent deduction and the 20% increase results in reduced support of between £0.66 and £1.98 per week

**Impact of proposed changes - options with most effect**

15% restriction of eligible Council Tax (excluding households with dependent children)

Capital limit of £10k

Increase non-dependant deduction by 20%

No dependant children in the household

Backdate restricted to 3 months

	Number affected	Total extra billed	Average
Single	1211	£189,650	£156.61
Couple	175	£36,100	£206.28
	1386	£225,750	
Amount Collected assuming 90% collection rate		£203,175	
	Number of households affected		
Reduction in Support per annum	Single	Couple	
0 - £50	27	16	
£50 - £75	14	4	
£75 - £100	37	0	
£100 - £125	557	3	
£125 - £150	239	1	
£150 - £200	181	96	
£200 - £250	64	35	
£250 - £300	32	7	
£300 - £400	32	6	
£400 - £500	10	0	
£500 - £600	6	4	
£600 - £700	3	0	
£700 - £800	1	1	
£800 - £900	1	0	
£900 - £1,000	2	0	
£1,000 - £1,100	2	1	
£1,100 - £1,200	1	0	
£1,200 - £1,300	1	0	
£1,300 - £1,400	1	0	
£2,300 - £2,400	0	1	
	1211	175	

## Impact of Option 2

Annual reduction in support	Working age with no dependant children
£0 - 50	30
£50 - £75	595
£75 - £100	389
£100 - £125	195
£125 - £150	18
£150 - £175	9
£175 - £200	1
£200 - £225	1
£225 - £250	1
£250 - £275	
£275 - £300	
£300 - £350	
£350 - £400	
£400 - £450	
£450 - £500	
£500 - £550	
£550 - £600	
Total claims	1239
Total annual savings	£100,591
Average per claim	£81.19

Section 13A Local Government Finance Act 1992  
as substituted by section 10 Local Government Finance Act 2012

**Council Tax Reduction Scheme**

The Council Tax Reduction Scheme for Rushcliffe Borough Council for the period 1 April 2013 to 31 March 2014 shall be the Default Scheme set out in The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (SI 2012 No.2886) SAVE FOR the following amendments:

**i. Paragraph 29**

For paragraph 29 substitute the wording set out in Appendix A hereto and add paragraph 29A as also set out in that Appendix, together with the respective headings.

**ii. Paragraph 112**

In sub-paragraph (2)(b) substitute “3 months” for “6 months”, and in sub-paragraph (2)(c) substitute “3 months” for “6 months”.

**iii. Schedule 6**

In paragraph 1 preceding “of any of the following -” delete “£10” and substitute “the whole”

**iv. Schedule 8**

In paragraph 20 preceding “of any of the following -” delete “£10” and substitute “the whole”

## EXPLANATORY NOTE

### **Paragraph 29**

This newly worded paragraph sets out the maximum council tax reduction under this scheme of 91.5 per cent for persons who are not pensioners and who do not receive the Family Premium in their applicable amount. The default scheme prescribes this to be 100 per cent.

### **Paragraph 29A**

This replaces paragraph 29 of the default scheme and has been added to reflect the default scheme position for pensioners and persons who receive the Family Premium in their applicable amount. This paragraph has been added due to the need to substitute paragraph 29 of the default scheme as detailed above.

### **Paragraph 112**

For persons who are not pensioners, this paragraph reduces from 6 months to 3 months the maximum period for a “good cause” application to be backdated.

### **Schedule 6**

This paragraph allows for all war disablement pensions, war widow’s pensions and all other awards such as the armed forces and reserve forces compensation scheme payments to be fully disregarded for the purposes of calculating pensioners applications. The default scheme only provides for a £10 per week disregard for such payments.

### **Schedule 8**

This paragraph allows for all war disablement pensions, war widow’s pensions and all other awards such as the armed forces and reserve forces compensation scheme payments to be fully disregarded for the purposes of calculating applications for persons who are not pensioners. The default scheme only provides for a £10 per week disregard for such payments.



## PART 7

Maximum council tax reduction for the purposes of calculating eligibility for a reduction under this scheme and amount of reduction

**Maximum council tax reduction amount under this scheme: persons who are not pensioners and who do not receive the Family Premium in their applicable amount**

29.—(1) Subject to sub-paragraphs (2) to (5), a person's maximum council tax reduction amount in respect of a day is 91.5 per cent of the amount A/B where—

(a) A is the amount set by the authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and

(b) B is the number of days in that financial year,

less any deductions in respect of non-dependants which fall to be made under paragraph 30 (non-dependant deductions: pensioners and persons who are not pensioners).

- (2) In calculating a person's maximum council tax reduction under this scheme any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act (other than a reduction under this scheme), is to be taken into account.
- (3) Subject to sub-paragraph (4), where an applicant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons, in determining the maximum council tax reduction in his case in accordance with sub-paragraph (1), the amount A is to be divided by the number of persons who are jointly and severally liable for that tax.
- (4) Where an applicant is jointly and severally liable for council tax in respect of a dwelling with only his partner, sub-paragraph (3) does not apply in his case.
- (5) The reference in sub-paragraph (3) to a person with whom an applicant is jointly and severally liable for council tax, where the applicant is a person who is not a pensioner, does not include a student to whom paragraph 75(1) (entitlement of students to a reduction under this scheme) applies.
- (6) In this paragraph "relevant financial year" means, in relation to any particular day, the financial year within which the day in question falls.
- (7) This paragraph relates to applicants who are not pensioners or who are not in receipt of the Family Premium within their applicable amount.

**Maximum council tax reduction amount under this scheme: pensioners and persons who receive the Family Premium in their applicable amount**

29A.—(1) Subject to sub-paragraphs (2) to (4), a person's maximum council tax reduction amount in respect of a day is 100 per cent of the amount  $A/B$  where—

(a) A is the amount set by the authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and

(b) B is the number of days in that financial year,

less any deductions in respect of non-dependants which fall to be made under paragraph 30 (non-dependant deductions: pensioners and persons who are not pensioners).

- (2) In calculating a person's maximum council tax reduction under this scheme any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act (other than a reduction under this scheme), is to be taken into account.
- (3) Subject to sub-paragraph (4), where an applicant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons, in determining the maximum council tax reduction in his case in accordance with sub-paragraph (1), the amount A is to be divided by the number of persons who are jointly and severally liable for that tax.
- (4) Where an applicant is jointly and severally liable for council tax in respect of a dwelling with only his partner, sub-paragraph (3) does not apply in his case.
- (5) The reference in sub-paragraph (3) to a person with whom an applicant is jointly and severally liable for council tax, where the applicant is a person who is not a pensioner, does not include a student to whom paragraph 75(1) (entitlement of students to a reduction under this scheme) applies.
- (6) In this paragraph "relevant financial year" means, in relation to any particular day, the financial year within which the day in question falls.
- (7) This paragraph relates to applicants who are pensioners or persons who are in receipt of the Family Premium within their applicable amount.

## REPORT OF THE DIRECTOR OF FINANCE

### CABINET PORTFOLIO HOLDER – COUNCILLOR J A CRANSWICK

#### Summary

1. During the development of the Council's Council Tax Reduction scheme it was noted that the Government's proposals regarding the impact on parish councils changed on more than one occasion. Originally, it was proposed that parish councils should be treated the same way as billing authorities and major precepting authorities: this meant that their tax base would reduce and without a share of the funding being made available there would be a very significant adverse impact on parish Council Tax rates. In addition, estimating the cost of support and dealing with volatility at a parish level would be extremely difficult and leave parishes open to much higher levels of risk than previously was the case. For this reason, the Government was lobbied to introduce a mechanism whereby billing authorities would absorb the impact leaving parishes unaffected by the changes.
2. During the autumn, the Government appeared to have acceded to this lobbying by publishing a consultation on this option. However, subsequently it has decided that the original approach will be implemented. Accompanying this announcement the Government has stated that it expects billing authorities to work with parish councils to mitigate the issues referred to above, with the strong suggestion that parish councils need to receive a share of the funding made available through retained business rate from the billing authority. This report examines how this might work in 2013/14.

#### Recommendation

It is RECOMMENDED that Cabinet recommend to Council that in 2013/14 funding support for parishes and special expense areas be provided as set out in this report.

#### Impact on Parish Councils

3. Modelling work has been undertaken to estimate the impact on parish councils, based on the current pattern of council tax benefit. As shown at Appendix 1 this indicates that, all other factors being unchanged, if no funding is passed on to parishes the required increase in the Band D Council Tax would range up to £12.48 or 14.3%. In overall terms this would lead to a total funding loss of £211,410, comprising £152,498 for the parish councils and a further £58,912 for the special expense areas.

4. In the recent draft settlement the Government did not specify the amount of retained business rates relating to the cost of the parish element of council tax support. However earlier indications were given that this sum would amount to £126,000 and the overall total available for the scheme has not changed significantly. The best estimate of the funding for parishes, is, therefore, £126,000. While it is open to the Council not to pass this sum on to parishes, the impact on them would be severe as explained in paragraph 3. In addition, subject to option 2 of the Council Tax Reduction scheme report on this agenda being adopted, £3,400 of the additional transitional funding could also be allocated to the parish councils. As a result the modelling shown at Appendix 2 is predicated upon the allocation of £129,400.
5. If the funding is to be paid to parishes, it needs to reflect the loss of income through the council tax support discounts experienced at parish level. To achieve this, it is proposed to passport this sum to parishes and to distribute it pro rata to the parish element of the cost of support on an area by area basis. For equality purposes the same method must be utilised to distribute support for both parish and special expense areas.
6. Potential distributions for this funding are shown at Appendix 2. This model allocates the full £129,400 to the parishes. This would reduce the largest Band D impact on the parish element of the council tax (Band D) to £1.89 or 2.2%. This option would reduce the parishes saving requirement to £23,098.
7. In order to retain equality of treatment it is necessary to treat the special expenses areas in the same manner as the parishes when determining any distribution of funding. As a result the adoption of the scheme at Appendix 2 would result in funding of £49,988 being allocated to the special expense areas the costs of which would be met from the transitional grant allocated to the Council.
8. Alongside any funding allocated by the Authority some parish councils may, if the changes are approved by Council, benefit from the proposed new charging arrangements for empty properties and from property growth within their areas.
9. As reported elsewhere on the agenda the council tax reduction scheme adopted by the Authority will only apply for 2013/14 and, as a result, it is proposed that this scheme similarly be reviewed prior to the 2014/15 financial year.

**Financial Comments**

These are contained with the report.

**Section 17 Crime and Disorder Act**

None.

**Diversity**

The proposed option provides an equal distribution of funding across the Borough on the basis of the impact of other policies on the funding position of parish councils and the special expense areas.

**Background Papers Available for Inspection: Nil**

## Appendix 1: No Allocation of Support Funding

Area	Option 1			
	Funding Allocated	Reduction in Funding	Impact on Band D Council Tax (Parish / SE Element Only)	
Parish		£	£	%
Aslockton	0	(1,016)	3.15	11.9%
Barton in Fabis	0	(205)	1.74	6.2%
Bingham	0	(26,168)	8.01	10.6%
Bradmore	0	(64)	0.39	2.4%
Bunny	0	(317)	1.09	1.9%
Car Colston	0	0	0.00	0.0%
Clipston	0	(8)	0.27	5.3%
Colston Bassett	0	(196)	1.64	2.7%
Costock	0	(415)	1.49	4.3%
Cotgrave	0	(22,918)	12.28	14.3%
Cropwell Bishop	0	(7,480)	12.48	9.5%
Cropwell Butler	0	(473)	1.49	4.8%
East Bridgford	0	(1,941)	2.47	6.2%
East Leake	0	(12,549)	5.50	9.0%
Elton on the Hill	0	0	0.00	0.0%
Flawborough	0	0	0.00	0.0%
Flintham	0	(384)	1.88	3.9%
Gotham	0	(2,806)	4.91	8.4%
Granby cum Sutton	0	(250)	1.54	2.6%
Hawksworth	0	(481)	7.64	4.7%
Hickling	0	(125)	0.50	1.8%
Holme Pierrepont & Gamston	0	(3,066)	2.91	7.4%
Keyworth	0	(13,598)	5.49	8.5%
Kingston on Soar	0	(144)	1.22	3.5%
Kinoulton	0	(314)	0.77	4.6%
Kneeton	0	0	0.00	0.0%
Langar cum Barnstone	0	(3,476)	10.64	9.3%
Normanton on Soar	0	(691)	3.74	6.1%
Normanton on the Wolds	0	(77)	0.50	1.1%
Orston	0	(432)	2.18	5.6%
Owthorpe	0	0	0.00	0.0%
Plumtree	0	(53)	0.44	1.4%
Radcliffe on Trent	0	(21,555)	7.00	8.3%
Ratcliffe on Soar	0	0	0.00	0.0%
Rempstone	0	(260)	1.35	5.4%
Ruddington	0	(25,856)	10.68	10.7%
Saxondale	0	0	0.00	0.0%
Scarrington	0	(5)	0.06	0.7%
Screveton	0	0	0.00	0.0%
Shelford	0	(575)	2.07	4.8%
Shelton	0	(89)	1.51	10.8%
Sibthorpe	0	(56)	1.00	7.4%
Stanford on Soar	0	(287)	5.35	10.2%
Stanton on the Wolds	0	(82)	0.41	1.8%
Sutton Bonington	0	(1,153)	1.89	5.5%
Thoroton	0	0	0.00	0.0%
Thrumpton	0	(226)	3.15	7.2%
West Leake	0	(54)	0.84	2.8%
Wiverton & Tithby	0	0	0.00	0.0%
Tollerton	0	(919)	1.18	3.5%
Upper Broughton	0	(516)	3.59	5.8%
Whatton in the Vale	0	(657)	1.82	6.3%
Widmerpool	0	(66)	0.40	1.9%
Willoughby on the Wolds	0	(363)	1.38	5.4%
Wysall & Thorpe in the Glebe	0	(129)	0.66	1.6%
<b>Impact from / on Parish Funding</b>	<b>0</b>	<b>(152,498)</b>		
<b>Special Expense Areas</b>				
Keyworth Special Expenses	0	(313)	0.13	8.5%
Ruddington Special expenses	0	(648)	0.27	10.7%
West Bridgford Special Expenses	0	(57,951)	4.52	8.3%
<b>Impact from / on Special Expense Funding</b>	<b>0</b>	<b>(58,912)</b>		
<b>Net Impact</b>	<b>0</b>	<b>(211,410)</b>		

## Appendix 2: Support Funding to Parishes and Special Expense Areas

Area	Option 3			
	Funding Allocated	Reduction in Funding	Impact on Band D Council Tax (Parish / SE Element only)	
Parish		£	£	%
Aslockton	862	(154)	0.48	1.8%
Barton in Fabis	174	(31)	0.26	0.9%
Bingham	22,205	(3,964)	1.21	1.6%
Bradmore	54	(10)	0.06	0.4%
Bunny	269	(48)	0.16	0.3%
Car Colston	0	0	0.00	0.0%
Clipston	7	(1)	0.04	0.8%
Colston Bassett	167	(30)	0.25	0.4%
Costock	352	(63)	0.23	0.7%
Cotgrave	19,447	(3,471)	1.86	2.2%
Cropwell Bishop	6,347	(1,133)	1.89	1.4%
Cropwell Butler	401	(72)	0.23	0.7%
East Bridgford	1,647	(294)	0.37	0.9%
East Leake	10,649	(1,901)	0.83	1.4%
Elton on the Hill	0	0	0.00	0.0%
Flawborough	0	0	0.00	0.0%
Flintham	326	(58)	0.28	0.6%
Gotham	2,381	(425)	0.74	1.3%
Granby cum Sutton	213	(38)	0.23	0.4%
Hawksworth	408	(73)	1.16	0.7%
Hickling	106	(19)	0.08	0.3%
Holme Pierrepont & Gamston	2,601	(464)	0.44	1.1%
Keyworth	11,539	(2,060)	0.83	1.3%
Kingston on Soar	123	(22)	0.18	0.5%
Kinoulton	266	(48)	0.12	0.7%
Kneeton	0	0	0.00	0.0%
Langar cum Barnstone	2,950	(527)	1.61	1.4%
Normanton on Soar	586	(105)	0.57	0.9%
Normanton on the Wolds	66	(12)	0.08	0.2%
Orston	367	(65)	0.33	0.9%
Owthorpe	0	0	0.00	0.0%
Plumtree	45	(8)	0.07	0.2%
Radcliffe on Trent	18,290	(3,265)	1.06	1.3%
Ratcliffe on Soar	0	0	0.00	0.0%
Rempstone	221	(39)	0.20	0.8%
Ruddington	21,940	(3,916)	1.62	1.6%
Saxondale	0	0	0.00	0.0%
Scarrington	4	(1)	0.01	0.1%
Screveton	0	0	0.00	0.0%
Shelford	488	(87)	0.31	0.7%
Shelton	76	(13)	0.23	1.6%
Sibthorpe	48	(9)	0.15	1.1%
Stanford on Soar	243	(43)	0.81	1.5%
Stanton on the Wolds	70	(12)	0.06	0.3%
Sutton Bonington	978	(175)	0.29	0.8%
Thoroton	0	0	0.00	0.0%
Thrumpton	192	(34)	0.48	1.1%
West Leake	46	(8)	0.13	0.4%
Wiverton & Tithby	0	0	0.00	0.0%
Tollerton	780	(139)	0.18	0.5%
Upper Broughton	438	(78)	0.54	0.9%
Whatton in the Vale	557	(99)	0.28	0.9%
Widmerpool	56	(10)	0.06	0.3%
Willoughby on the Wolds	308	(55)	0.21	0.8%
Wysall & Thorpe in the Glebe	110	(20)	0.10	0.2%
<b>Impact from / on Parish Funding</b>	<b>129,400</b>	<b>(23,098)</b>		
<b>Special Expense Areas</b>				
Keyworth Special Expenses	266	(47)	0.02	1.3%
Ruddington Special expenses	550	(98)	0.04	1.6%
West Bridgford Special Expenses	49,173	(8,778)	0.69	1.3%
<b>Impact from / on Special Expense Funding</b>	<b>49,988</b>	<b>(8,923)</b>		
<b>Net Impact</b>	<b>179,388</b>	<b>(32,021)</b>		

## **REPORT OF THE DIRECTOR OF FINANCE**

### **CABINET PORTFOLIO HOLDER – COUNCILLOR J A CRANSWICK**

#### **Summary**

1. Now that the relevant Local Government Finance Act 2012 has come into force, this report formally considers the exercise of new discretionary powers to charge Council Tax on certain empty properties. Cabinet first considered the new discretions in September and Members have been briefed through the autumn budget workshops. This would be consistent with previous decisions to encourage empty properties into use and raise income for the Council and precepting authorities.

#### **Recommendation**

It is RECOMMENDED that Cabinet recommends to Council that from 1 April 2013:

- a. Properties that formerly would receive a current class A exemption (uninhabitable and exempt for up to 12 months) will in future be chargeable with a 50% discount applied, the net charge to be 50%;
- b. Properties that formally would receive a current class C exemption (empty and unfurnished and exempt for up to 6 months) will in future be chargeable with a 50% discount applied, the net charge to be 50%;
- c. Second Homes currently charged at 90% will in future be charged at the full rate.

#### **Background**

2. In September 2012, Cabinet received a report on the proposed new discretions for authorities to charge Council tax on certain classes of empty property. The report proposed levels of charge to operate from 1 April 2013, which the Cabinet supported on the grounds that the charges would encourage empty property back into use and the generation of additional income. Now that the Bill has become an Act, and in the context of the recently announced draft finance settlement and Council Tax Reduction scheme reported elsewhere in this agenda, it is appropriate that Cabinet should now formally recommend to Council the charges to be levied from April 2013. Members have been briefed on the new discretions through the budget workshops held last autumn. In order to include this income in the tax base for 2013/14, it will be necessary for them to be approved by full Council before 31 January.

## The Proposals

3. The following paragraphs remind Members of the new discretions and charges proposed in September. The Local Government Finance Act 2012 abolishes the Council Tax exemptions for certain classes of empty property and grants Billing Authorities the power to charge Council Tax on them with the discretion to set a level of discount which may be anything between 0 and 100%. The current discretion to set a discount of 10% – 50% on second homes is extended to a range of 0% - 50% and the Act also empowers Billing Authorities to charge a premium of up to 50% on long term empty properties (empty for more than 2 years), although there are certain qualifications to this ability to make this charge as the following categories are exempted:
  - Where the property is genuinely on the market to sell or let
  - Where a member of the armed services is absent due to service demands
  - Where the property is an annex deemed by the owner to be part of the main dwelling
4. These new discretions have been made available to councils as a source of additional revenue income and as a means to encourage empty properties back into use. The Council has previously exercised similar discretions in the past for precisely these purposes and it would therefore be consistent to consider exercising these new powers. In September, Cabinet supported the following proposed new charges:
  - Current class A exemptions (uninhabitable and exempt up to 12 months) will in future be chargeable with a 50% discount applied, the net charge to be 50%;
  - Current class C exemptions (empty and unfurnished and exempt up to 6 months) will in future be chargeable with a 50% discount applied, the net charge to be 50%;
  - Second Homes (currently charged at 90%) will in future be charged at the full rate.
5. Homes empty for more than 2 years will continue to be charged at the full rate rather than exercising the discretion to apply a 50% premium on top of the full charge (thereby charging 150% of the normal total bill).
6. These properties would therefore be chargeable as soon as they become empty, with no exempt period at all. All other currently exempt properties, such as those where the occupier is in hospital or a care home or is elsewhere providing care, will remain exempt.

## Budgetary Context

7. By setting these levels of charges and discounts an estimated £496,000 of additional income would be raised and shared between the Borough Council and precepting bodies in the usual way. In doing so, the income would offset the additional cost of the Council Tax Reduction scheme, even though the Borough Council's share would amount to some £41,000.
8. However, collecting the income in respect of these charges from "absent" owners will be more difficult than collecting from resident householders



resulting in the risk of losses on collection and/or attempts by owners to avoid the charge. There would be scope for increasing income further in future as a means of offsetting the risk of cost overruns and other future financial pressures and budgetary challenges

### **Who would be affected**

9. Persons affected by the proposals for “uninhabitable” properties would be builders and homeowners who will be undertaking major repairs to make their properties habitable. Under this proposal they would still benefit from a 50% discount for up to 12 months. Homeowners who move to another property and may experience some difficulty in selling their existing empty property and landlords who are between lettings would also be affected, however, under this proposal they would still benefit from a 50% discount for up to 6 months.

### **Financial Comments**

These are dealt with in the report.

It should be noted that the numbers of discounts can vary significantly during the year and, as a result, the final level of income received as a result of these changes could be higher or lower than the amount shown at paragraph 7.

### **Section 17 Crime and Disorder Act**

There are no direct Section 17 implications arising from the proposals contained in this report.

### **Diversity**

There are no known or anticipated diversity issues arising from these proposals.

**Background Papers Available for Inspection: Nil**



**CABINET**

**15 JANUARY 2013**

**APPROVAL OF THE NON-DOMESTIC RATES  
BASELINE**

**7**

## **REPORT OF THE DIRECTOR OF FINANCE**

### **CABINET PORTFOLIO HOLDER – COUNCILLOR J A CRANSWICK**

#### **Summary**

1. As part of the localisation of non-domestic rates the Council will, from 2013/14 onwards, have to agree the level of business rates that it anticipates receiving during the financial year. This estimate will inform the budgeted allocation of funding from the Collection Fund to Rushcliffe and the other major precepting bodies with final allocations being determined by receipts across Rushcliffe and the seven other members of the Nottinghamshire Pool (which comprises Rushcliffe, the County Council and all other District Authorities in the County).
2. In line with the approval of the Council Tax base it is recommended that the final approval of the Non-Domestic Rates Baseline be delegated to the Council's Section 151 Officer.

#### **Recommendation**

It is proposed that Cabinet RECOMMENDEDS to Council that:

- a. A draft Non-Domestic Rates Baseline of £26,857,376 be adopted for 2013/14;
- b. Finalisation of the Non-Domestic Rates Baseline for 2013/14 onwards be delegated to the Section 151 Officer and reported to Council as an element of the Annual Budget Report.

#### **Background**

3. From April 2013 the Council will receive a proportion of its funding from retaining locally collected Business Rates. The draft local government funding settlement released on the 19<sup>th</sup> December puts this figure at £2.083m.
4. The actual level of funding received will be determined by both the level of receipts within Rushcliffe and the levels of growth across the County as a whole (excluding the City Council area) through the Nottinghamshire Non-Domestic Rate pooling arrangements.
5. In order to determine initial distributions the Council is required to determine the level of anticipated Non-Domestic Rates receipts for 2013/14. This estimate must be finalised and provided to the DCLG by no later than the 31<sup>st</sup> January 2013. In the past this return (the NNDR1) has not impacted upon

potential income levels to the Council and has been completed by the Council's Section 151 Officer. In line with the current approach to the agreement of the Council Tax base it is recommended that Cabinet support the future delegation of this role to the Section 151 Officer with reportage via the annual Budget Setting Report which, this year, will be considered by Council on the 7<sup>th</sup> March.

## Determining the Baseline

6. As previously identified the development of the Non-Domestic Rates Baseline has been undertaken in line with the NNDR1 Return which must be finalised and returned to the DCLG by no later than the 31<sup>st</sup> January 2013. Headline details from this return are summarised below and provided in detail at Appendix 1.

	<b>£'m</b>
<b>Gross Rate Income</b>	<b>32.93</b>
Less:	
• Mandatory Relief	(3.86)
• Discretionary Relief	(0.41)
• Collection Adjustments	(0.54)
• Estimated Change in Receipts	(1.26)
<b>Estimated Net Rate Yield</b>	<b>26.86</b>

7. The NDDR1 takes as its starting point the numbers of properties and the resultant rateable values at the 30<sup>th</sup> September. These are then adjusted for a number of areas including:
- **Reliefs.** These represent reductions that are available to organisations who meet set criteria. Mandatory reliefs are defined nationally and are supplemented by a range of discretionary reliefs which may be awarded by individual councils. Whilst the decision to award discretionary relief rests solely with Rushcliffe the nature of the retained Non-Domestic Rates Calculation means that in future the costs of such awards will be shared between central government (50%), Rushcliffe (40%), the County Council (9%) and the Fire Authority (1%). It is estimated that based upon current entitlements Rushcliffe will award £3,864k of mandatory and £410,000 of discretionary reliefs in 2013/14.
  - **Collection Adjustments.** As with Council Tax the Authority can also adjust for actual collection rates. It is currently estimated that in 2013/14 98.5% of amounts due will be collected in year. In addition an allowance is also made for collection costs, the allocation for which is made on a nationally defined formula.
8. In order to establish the estimated level of potential receipts, adjustments are also made for projected increases and decreases in rateable values across Rushcliffe. In 2011/12 and 2012/13 growth within Rushcliffe was 0.52% and 0.49% respectively and, as a result, the forecast has been adjusted to include 0.5% growth in 2013/14. However a major revaluation is currently being finalised which, it is estimated, will reduce annual receipts by £1.2m. When added to the impact of on-going appeals this will result in an overall reduction

in anticipated receipts between 2012/13 and 2013/14 of £1.26m resulting in an estimated business rates yield for 2013/14 of £26,857,376.

9. In order to ensure that the budget estimate reflects the latest information it is recommended that the proposed delegation identified at paragraph 5 includes final agreement of the 2013/14 baseline on behalf of the Council.

### **Budgetary Context**

10. Non-Domestic Rate Receipts will be paid into the Nottinghamshire Pool and redistributed to the nine member authorities. As the Pool is designed to operate on the basis that no member authority is worse off through membership, the above forecast would see Rushcliffe receiving a payment of approximately £2.148m, £65k more than the £2.083m anticipated in the draft local government settlement. This position will however vary in line with the final estimates for Rushcliffe and the other Pool authorities and adjusted values will be reflected in the budget report considered by full Council on the 7<sup>th</sup> March.
11. It should be noted however that the above figures are estimates of future performance and actual levels of income accruing will depend upon collection activity undertaken by Rushcliffe and the impact of valuations and revaluations undertaken by the Valuation Office. Any over or under collection will be dealt with via the Collection fund and redistributed at year end.

<b>Financial Comments</b>
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These are contained within the report.
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<b>Section 17 Crime and Disorder Act</b>
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None arising from this report.
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<b>Diversity</b>
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None arising from this report.
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**Background Papers Available for Inspection: Nil**

## Appendix 1 – Non-Domestic Rates Baseline Calculation

### Base Data at 30th September

	£	£
Aggregate Rateable Value (ARV)		71,276,058
<b>Gross Rate Yield (ARV x small business multiplier of £0.462)</b>		<b>32,929,539</b>
less Mandatory Reliefs		
• Small Business	(1,098,003)	
• Charities	(2,349,204)	
• Community Amateur Sports Clubs	(76,772)	
• Relief for Rural Businesses	(10,660)	
• Partly Occupied Properties	-	
• Empty Properties	(329,525)	(3,864,164)
less Discretionary Reliefs		
• Charities	(25,166)	
• Non-Profit Making Bodies	(379,670)	
• Community Amateur Sports Clubs	-	
• Relief for Rural Businesses	(1,961)	
• Other Reliefs	(3,088)	(409,885)
<b>Gross Yield After Reliefs</b>		<b>28,655,490</b>
less Other Adjustments		
• Adjust for in-year Collection Rate	(429,832)	
• Cost of Collection	(110,790)	(540,622)
		<b>28,114,867</b>
Estimated Change in Receipts		
• Reduction due to Changes in Rateable Value to 30/9/13	(1,039,324)	
• Reduction due to Successful Appeals Against Rating Valuations	(218,167)	(1,257,491)
<b>Estimated Net Rate Yield</b>		<b>26,857,376</b>