



SCRUTINY BOARD (RESOURCES AND COUNCIL SERVICES)

Meeting to be held in Civic Hall, Leeds, on
Monday, 19th November, 2012 at 10.00 am

(A pre-meeting will take place for ALL Members of the Board at 9.30 a.m.)

MEMBERSHIP

Councillors

- S Bentley - Weetwood;
- J L Carter - Adel and Wharfedale;
- N Dawson - Morley South;
- P Grahame (Chair) - Cross Gates and Whinmoor;
- R Grahame - Burmantofts and Richmond Hill;
- J Hardy - Farnley and Wortley;
- A Lowe - Armley;
- C Macniven - Roundhay;
- R Wood - Calverley and Farsley;

Please note: Certain or all items on this agenda may be recorded

Agenda compiled by:
John Grieve
Governance Services
Civic Hall
LEEDS LS1 1UR
Tel: 22 43836

Head of Scrutiny and Member
Development:
Peter Marrington
Tel: 39 51151

A G E N D A

Item No	Ward/Equal Opportunities	Item Not Open		Page No
1			<p>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</p> <p>To consider any appeals in accordance with Procedure Rule 25* of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded).</p> <p>(* In accordance with Procedure Rule 25, notice of an appeal must be received in writing by the Chief Democratic Services Officer at least 24 hours before the meeting).</p>	
2			<p>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</p> <p>1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.</p> <p>2 To consider whether or not to accept the officers recommendation in respect of the above information.</p> <p>3 If so, to formally pass the following resolution:-</p> <p>RESOLVED – That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:- No exempt items on this agenda.</p>	

3

LATE ITEMS

To identify items which have been admitted to the agenda by the Chair for consideration.

(The special circumstances shall be specified in the minutes.)

4

DECLARATIONS OF INTEREST

To disclose or draw attention to any disclosable pecuniary interests for the purposes of Section 31 of the Localism Act 2011 and paragraphs 13-18 of the Members' Code of Conduct. Also to declare any other significant interests which the Member wishes to declare in the public interest, in accordance with paragraphs 19 -20 of the Members' Code of Conduct.

5

APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES

To receive any apologies for absence and notifications of substitutes.

6

MINUTES OF THE PREVIOUS MEETING

To confirm as a correct record, the minutes of the previous meeting held on 15th October 2012

(Copy attached)

1 - 6

7

EXECUTIVE BOARD MINUTES - 17TH OCTOBER 2012

To receive for information the minutes of the Executive Board held on 17th October 2012

(Copy attached)

7 - 18

8

FINANCIAL STRATEGY 2013 TO 2017

19 -
56

To consider a report by the Head of Scrutiny and Member Development which provides an update on the development of the Council's financial strategy. The accompanying report was considered by Executive Board on 17th October 2012.

(Report attached)

9

WELFARE REFORMS PREPARATIONS

57 -
96

To consider a report by the Director of Resources which provides information on the preparations underway for the welfare reforms that come into effect from April 2013. The report explains the process for developing a local Council Tax Support scheme and progress made in respect of a Discretionary Housing Payment policy and proposals for a local welfare scheme to replace elements of the Social Fund.

The report also provides an update on the preparations for the implementation of the Social Sector Size Criteria changes that impact on ALMO and Housing Association tenants.

(Report attached)

10

WORK SCHEDULE

97 -
102

To consider a report by the Head of Scrutiny and Member Development which sets out the Board's draft work schedule for the 2012-13 Municipal year.

(Report attached)

11

DATE AND TIME OF NEXT MEETING

To note that the next meeting will take place on Monday 17th December 2012 at 10.00am in the Civic Hall, Leeds. (Pre Meeting for Board Members at 9.30am)

Agenda Item 6

SCRUTINY BOARD (RESOURCES AND COUNCIL SERVICES)

MONDAY, 15TH OCTOBER, 2012

PRESENT: Councillor P Grahame in the Chair

Councillors S Bentley, J L Carter,
N Dawson, R Grahame, J Hardy and
C Macniven

37 CHAIR'S OPENING REMARKS

The Chair welcomed everyone to the October meeting of the Scrutiny Board (Resources and Council Services).

38 Late Items

There were no late items

39 Declarations of Interest

In accordance with paragraphs 19-20 of the Members Code of Conduct, the following declaration was made by Councillor Ron Grahame in relation to Agenda item 8 as a Member of the GMB Union (minute 43 refers).

40 Apologies for Absence and Notification of Substitutes

Apologies for absence were received from Councillor Lowe and Councillor Wood.

41 Minutes of the Previous Meeting

RESOLVED -That the minutes of the previous meeting held on 3rd September 2010 be confirmed as a correct record.

42 Executive Board Minutes - 5th September 2012

RESOLVED -That the minutes of the Executive Board held on 5th September 2012 be noted.

43 Agency Workers and Overtime

The Chief Officer (HR) presented to the Board a report detailing plans to reduce use and requirements for agency workers and overtime and specifically to indicate steps being taken in those services where there is the greatest use of overtime and agency cover.

The following were in attendance:

Draft minutes to be approved at the meeting
to be held on Monday, 19th November, 2012

Councillor Judith Blake - Executive Member Children's Services
Councillor Mark Dobson – Executive Member Environment
Sandie Keene – Director of Adult Social Services
Steve Hume – Chief Officer, Resources and Strategy, Adult Social Care
Neil Evans – Director of Environment & Neighbourhoods
Steve Walker – Deputy Director – Safeguarding Specialist & Targeted Services, Children's Services
Sal Tariq – Chief Officer, Children's Social Work, Children's Services
Alex Watson – Head of Human Resources
Ian Williams – Human Resources Manager

The Board noted the agreed recommendations made at its September meeting that would support:

- a) Finding ways to use our own potentially surplus staff instead of agency workers
- b) Bringing aspects of agency work in-house and reducing overtime with core staffing
- c) Setting out clearer guidelines and protocols on the use of overtime and agency staffing; including setting limits on how long agency workers ought to be hired before the option on putting them on our payroll could be considered
- d) Internal Audit to undertake a VFM review of agency worker contracting arrangements

In brief summary, the main issues of discussion were;

- The draft guidelines for the use of agency workers and the key principles underpinning the guidance.
- The creation of an internal 'admin-pool' as an alternative to agency workers and the role of staff within the talent pool
- The fact that services will continue to rely on the flexibility of agency workers and overtime to deliver some of the most important front-line services
- The economic advantage of employing agency staff
- The acknowledgement that the three Directorates in discussion had managed agency staff and overtime within their staffing budget

- The values of the City Council as an employer and the desire to move to a situation where there are no agency workers on long term placements and that agency workers and overtime were used on a 'needs must basis' within a well managed, balanced work force.
- The use of other methods to deal with workforce peaks and troughs such as split shifts and shift swaps.
- The acknowledgement of the particular recruitment and retention circumstances with Children's Services which require the use of agency staff to undertake complex cases.
- The circumstances in which agency staff are used in Adult Social Care, particularly during the current period of service change and realignment
- The acknowledgement that since the Board's September meeting the overall number of agency workers had reduced.

RESOLVED

- (i) To note progress against the recommendations agreed at the September Board meeting
- (ii) To note the action taken to reduce the use of agency workers and overtime
- (iii) To endorse guidelines and protocols on the use of overtime and agency staffing

44 Commercial Services Fleet Services

The Chief Commercial Services Officer submitted a report updating Scrutiny Board on the Authority's fleet replacement programme, influences around alternative fuels and carbon reduction, community engagement, additional MOT testing facilities, the co-location of grounds maintenance workshops and the driver certificate in Professional Competence qualification. This followed recommendations made by Scrutiny Board in the 2011/12 municipal year.

The following were in attendance:

Sarah Martin – Chief Officer, Property & Fleet
Terry Pycroft – Head of Fleet Services

In brief summary, the main issues of discussion were;

- The successful trial introduction of alternative fuel vehicles and the proposed further expansion of this fleet as part of the vehicle replacement programme.
- The opportunities provided by the service for training young people through trade apprenticeships, work placements, back to work initiatives and local engagement through schools and colleges.
- The expansion of the MOT testing facility and the additional income this brings to the Authority.
- The ongoing option appraisal for the potential co-location of Fleet Services and Grounds Maintenance at the workshops at York Road.
- The forward plan for CPC training with Directorates provided and monitored by Fleet Services

The Board congratulated the service for the progress made in the above areas.

RESOLVED – To note the further information regarding the operation of the Fleet Services Division of the Resources Directorate.

45 Work Schedule

The Head of Scrutiny and Member Development submitted a copy of the Board's work schedule. A discussion on potential work items ensued.

RESOLVED –

- (i) To add to the work schedule the following items;

Financial Strategy 2013 to 2017
Welfare reform
Customer Access

- (ii) To authorise the Chair and the Head of Scrutiny and Member Development to refine and schedule these items as appropriate.

46 Date and Time of Next Meeting

RESOLVED – To note the date of the next meeting as Monday 19th November 2012 at 10.00am

(All meetings to take place in the Civic Hall, Leeds, commencing at 10.00am)

(The meeting concluded at 12.30 pm)

This page is intentionally left blank

EXECUTIVE BOARD

WEDNESDAY, 17TH OCTOBER, 2012

PRESENT: Councillor K Wakefield in the Chair

Councillors J Blake, M Dobson, P Gruen,
R Lewis, L Mulherin and A Ogilvie

Councillor R Downes – Substitute Member
Councillor C MacNiven – Substitute Member
Councillor J Procter – Substitute Member

79 **Substitute Members**

Under the terms of Executive and Decision Making Procedure Rule 2.3, Councillors J Procter, R Downes and C MacNiven were invited to attend the meeting on behalf of Councillors A Carter, S Golton and L Yeadon respectively, who had all submitted their apologies for absence from the meeting.

80 **Exempt Information - Possible Exclusion of the Press and Public**

RESOLVED – That the public be excluded from the meeting during the consideration of the following parts of the agenda designated as exempt on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present there would be disclosure to them of exempt information so designated as follows:-

- (a) Appendix 1 to the report referred to in Minute No. 84 under the terms of Access to Information Procedure Rule 10.4(3) and Appendix 2 to the same report under the terms of Access to Information Procedure Rule 10.4(5) on the grounds that the information contained within the Appendices relates to the financial or business affairs of any particular person (including the authority holding that information). Specifically, Appendix 1 relates to costs which are confidential due to the competition to attract the Tour, whilst Appendix 2 includes details of the Heads of Terms of any contract between Welcome to Yorkshire and Leeds City Council. It is therefore considered that the public interest in maintaining the content of Appendix 1 and 2 as exempt outweighs the public interest in disclosing the information.
- (b) Appendix B to the report referred to in Minute No. 92 under the terms of Access to Information Procedure Rule 10.4(3) and on the grounds that it contains information relating to the financial and business affairs of GMV –Twelve and the Council. The public interest in maintaining the exemption in relation to Appendix B outweighs the public interest in disclosing the information by reason of the fact that it contains information and financial details which, if disclosed, would adversely affect the business of the Council and GMV – Twelve.

Draft minutes to be approved at the meeting
to be held on Wednesday, 7th November, 2012

81 Declaration of Disclosable Pecuniary and Other Interests

Councillor Gruen declared an 'Other Significant Interest' in respect of the matters contained within agenda item 21, 'Basic Need Programme – Outcome of Competitions to Create Two New Primary Schools', as a member of LEAF Academy Trust (Minute No. 98 refers).

Councillors J Procter and Downes both declared 'Other Significant Interests' in respect of the matters contained within agenda items 13 'Review of Governance Arrangements in West Yorkshire', 14 'West Yorkshire Plus Transport Fund', 15 'Support to the Leeds Rail Growth Package' and 16 'New Generation Transport (NGT) Scheme', due to their respective positions on the West Yorkshire Integrated Transport Authority (Minute Nos. 90, 91, 92 and 93 refer respectively).

A further declaration was made at a later point in the meeting (Minute No. 92 refers).

82 Minutes

RESOLVED – That the minutes of the meeting held on 5th September 2012, be approved as a correct record.

LEISURE AND SKILLS

83 Garforth Leisure Centre

Further to Minute No. 205, 30th March 2011, the Director of City Development submitted a report regarding the current position in respect of the Executive Board resolution to explore the possible Community Asset Transfer (CAT) of Garforth Leisure Centre to the Schools Partnership Trust. In addition, the report also outlined new proposals relating to the status of the CAT process and details regarding the operational performance of Garforth Leisure Centre.

Prior to the meeting, Board Members had received correspondence clarifying the content of the Equality, Diversity, Cohesion and Integration Screening Document, which was appended to the report, in order to ensure that Members had all relevant information before them when considering the matter.

The Board paid tribute to the work which had been undertaken to successfully improve the operating performance of the centre, and it was suggested that a similar approach could be taken when looking to improve the performance of other centres, where appropriate.

Members highlighted the need to ensure that a collaborative and robust approach was taken when considering potential Community Asset Transfers in the future.

RESOLVED –

- (a) That the proposal to explore the potential of a community asset transfer of Garforth Leisure Centre to the School Partnership Trust be discontinued.
- (b) That Garforth Leisure Centre be retained under Council management on 58.5 hours per week.
- (c) That the Council seeks to enter into partnership with the School Partnership Trust (and other interested parties) with the aim of seeking to extend the opening hours beyond 58.5 hours per week.

84 Tour de France: The Grand Départ in Yorkshire

The Director of City Development submitted a report outlining a proposal to host the “The Grand Départ” of The Tour de France in Yorkshire. The report detailed the associated opportunities and implications and sought approval to enter into agreement with ‘Welcome to Yorkshire’ in order to bring the Tour to Leeds and to contribute towards the associated costs.

The Board highlighted the significant opportunities that the hosting of “The Grand Départ” would present for the both the city and the region. Members then discussed the potential financial implications associated with holding the event and it was agreed that Board Members and Group Leaders would receive regular updates in respect of such matters. In addition, when details of any potential routes were known, it was requested that relevant Ward Members were kept informed, as appropriate.

Following consideration of Appendices 1 and 2 to the submitted report, designated as exempt under Access to Information Procedure Rules 10.4(3) and 10.4(5) respectively, which were considered in private at the conclusion of the meeting, it was

RESOLVED – That with the concurrence of the Leader of the Council, delegated authority be provided to the Chief Executive, to enter into an agreement with ‘Welcome to Yorkshire’ in order to enable Leeds City Council to confirm its commitment to staging the Grand Départ within the parameters, as outlined within the exempt appendices to the submitted report.

ADULT SOCIAL CARE

85 Strategy for Governance in Integrated Working with Health

The Director of Adult Services submitted a report regarding the means by which more integrated commissioning and service provision between NHS commissioners and service providers and their Local Authority counterparts could be encouraged and supported in the future. In addition, the report set out the intention to use the powers contained within the 2006 Health Act, in order to utilise legal flexibilities to ensure good governance and accountability for the use of public funds in the pursuit of joint improvement. Also, the report detailed the intention to have one overall Section 75 Agreement to cover all joint commissioning arrangements between Leeds City Council Adult Social

Care and NHS Leeds or its successors and outlined how other dedicated Section 75 agreements would be used to ensure good governance and accountability between providers of NHS care for specific services and their Local Authority counterparts.

RESOLVED –

- (a) That the approach to Section 75, Section 76 and Section 256 agreements for the governance and pooling of Health and Social Care resources be endorsed.
- (b) That the process for the Director of Adult Social Services to approve future agreements under the delegations afforded to her within the Council's Constitution, Officer Delegation Scheme (Executive Functions), be noted.
- (c) That it be noted that the agreements will be subject to formal review every 3 years, but monitored annually during this time in order to assure their continuing relevance and effectiveness.

RESOURCES AND CORPORATE FUNCTIONS

86 Financial Health Monitoring 2012/13 - Month 5 Report

The Director of Resources submitted a report setting out the Council's projected financial health position for 2012/2013 after five months of the financial year.

RESOLVED – That the projected financial position of the authority after five months of the financial year be noted.

87 Financial Strategy 2013 to 2017

The Director of Resources submitted a report regarding the development of a medium to long term financial strategy for the Council, providing information on the Government's technical consultation exercise upon Business Rates Retention and highlighting the potential implications for the Council's financial strategy.

Concerns were raised in respect of the funding of the Government's New Homes Bonus initiative, and the significant implications it potentially had for Local Authorities such as Leeds. Members also highlighted the important role to be played by brownfield development in respect of housing provision in Leeds. In response, it was agreed that cross-party representations were made to Government in relation to the issues which had been raised.

Responding to an enquiry, the Board was provided with assurances regarding departmental spending levels, and it was highlighted that such spending levels had not increased in real terms.

RESOLVED –

- (a) That the contents of the submitted report, together with the response to the Technical Consultation, as detailed within Appendix 2, be noted.

Draft minutes to be approved at the meeting to be held on Wednesday, 7th November, 2012

- (b) That it be noted that a further report on the development of the Council's financial strategy will be submitted to the December 2012 meeting of the Board as part of the Council's Initial Budget proposals for 2013/2014.
- (c) That an all-party letter be submitted to Government regarding the issues which had been raised during the meeting in relation to the New Homes Bonus initiative.

88 Leeds City Region Business Rates Pool

The Director of Resources submitted a report regarding the development of the proposed Leeds City Region (LCR) business rates pool, outlining the benefits of pooling and seeking approval for Leeds to act as the "lead authority" for the LCR pool.

Prior to the meeting, Board Members had received correspondence clarifying the content of the Equality, Diversity, Cohesion and Integration Screening Document, which was appended to the report, in order to ensure that Members had all relevant information before them when considering the matter.

RESOLVED –

- (a) That the inclusion of Leeds within the final pooling proposal, to be submitted on behalf of the Leeds City Region, be approved.
- (b) That the governance arrangements, as appended to the submitted report be approved in principle, and that the responsibility for finalising detailed matters be delegated to the Director of Resources.
- (c) That it be agreed that Leeds should act as the "lead authority" for the proposed pool.
- (d) That a further report be presented to the December 2012 Board meeting, once the 2013/2014 funding details are known, so that a final decision on whether to go ahead can be taken.

89 Community Right to Challenge

Further to Minute No. 221(C), 7th March 2012, the Director of Resources submitted a report providing an update on the Community Right to Challenge initiative, whilst also facilitating an opportunity for the Board to consider how the Council would implement the legislation within the Localism Act 2011.

Members highlighted the need to ensure that community organisations were fully engaged in the proposed process, and that, in progressing this matter, it was requested that a further report be submitted to the Board on how the Council was engaging more proactively with community organisations in respect of service provision.

RESOLVED –

- (a) That the publication of the Localism Act 2011 regulations, be noted.
- (b) That the following proposed approach to decisions upon Community Right to Challenge expressions of interest be endorsed:-
 - (i) PPPU/PU and directorates jointly consider any expression;
 - (ii) Relevant Members are consulted and the Executive Board Member who is responsible for the service area that is being considered in the expression of interest may refer the expression to Executive Board for a decision;
 - (iii) Liaison is undertaken with Area Leadership;
 - (iv) A report is provided jointly by the PPPU/PU lead and the directorate, taking account of feedback;
 - (v) The Chief Officer PPPU and Procurement approves the report
 - (vi) The relevant Director makes a decision on an expression, except where referred to Executive Board.
- (c) That it be noted that the relevant schemes of delegation will need to be amended to reflect the proposals detailed within resolution (b) above.
- (d) That the proposed approach towards engagement, as referred to within paragraph 3.3 of the submitted report, be supported.
- (e) That a further report be submitted to the Board on how the Council was engaging more proactively with community organisations in respect of service provision.

90 Review of Governance Arrangements in West Yorkshire

The Assistant Chief Executive (Customer Access and Performance) and the Director of City Development submitted a joint report seeking authority for a statutory review of specified functions to be undertaken with the intention of a further report being prepared in due course to include a draft Scheme of Governance for a Combined Authority, should the Review conclude that this was the most beneficial option for the area, and that it satisfied the statutory tests.

By way of an introduction to the report, the Chief Executive advised that although the primary focus of the proposals was upon transport provision, potentially it could also relate to wider arrangements aimed at the promotion of economic development and regeneration in West Yorkshire. The Board was also informed that York City Council had expressed an interest in being more formally involved in the potential establishment of a Combined Authority for the area.

The suggestion was welcomed that a cross-party approach would be taken in respect of the further work to be carried out on the potential establishment of a Combined Authority.

RESOLVED –

- (a) That it be agreed that the Council should be party, together with other West Yorkshire Authorities (including the ITA), to a Review of governance arrangements relating to transport, economic development and regeneration in West Yorkshire, pursuant to Section 108 of the Local Democracy, Economic Development and Construction Act 2009 and Section 82 of the Local Transport Act 2008.
- (b) That the Chief Executive in consultation with the Leader be authorised to commission the preparation of the Review, in consultation with the other West Yorkshire Authorities.
- (c) That the Chief Executive in consultation with the Leader be authorised to commission the preparation (in consultation with the other West Yorkshire Authorities) of a draft Scheme for a Combined Authority for consideration by Executive Board and Council, if the Review recommends that a Combined Authority would be the most beneficial option for West Yorkshire.
- (d) That the provisional timetable and next steps on the governance review process be noted, including, if appropriate, the submission of a draft Scheme to Executive Board and Council by January 2013 and a final scheme which takes account of consultation and submitted to the Secretary of State by July 2013, in order to be in a position by April 2014 to receive significant devolved powers and funding via the City Deal.

DEVELOPMENT AND THE ECONOMY

91 West Yorkshire Plus Transport Fund

The Director of City Development submitted a report providing an update upon the progress made to date in developing a West Yorkshire Transport Fund and which sought approval to continue the development work, which would enable authorities to confirm the setting up of the Fund and the associated 10 year programme later this year.

Responding to an enquiry, assurances were provided regarding the timescales in place for the fund to reach £1billion and the primary funding sources involved.

RESOLVED –

- (a) That the contents of the submitted report and appendix be noted.
- (b) That the further development and progression of the work on the West Yorkshire Plus Transport Fund be agreed.

92 Support to the Leeds Rail Growth Package

The Director of Resources and the Director of City Development submitted a joint report seeking in principle agreement to the Council providing financial assistance to support the delivery of the Leeds Rail Growth Package.

The Board was informed by the City Solicitor that the relevant legal powers detailed within the report under which the financial assistance was being proposed was Section 3 of the Local Authorities (Land) Act 1963. However, Members noted that those powers only covered loans where the person to whom the money was advanced undertook the work. In this instance it would be Metro who built the rail infrastructure, rather than the owner/developer involved. Therefore, the powers in Section 3 would only be appropriate where the recipient of the loan undertook the works, and insofar as this was not the case, then the appropriate power was the new general power of competence within the Localism Act 2011.

Following consideration of Appendix B to the submitted report, designated as exempt under Access to Information Procedure Rules 10.4(3), which was considered in private at the conclusion of the meeting, it was

RESOLVED – That in principle agreement be given to the Council providing financial assistance to support the delivery of the Leeds Rail Growth Package, but that this be subject to the finalisation of the agreement of terms and conditions which ensure that the Council's position is as secure as possible, and that final agreement be sought from Executive Board.

(Prior to the consideration of the exempt appendix to this item and the subsequent resolutions made by the Board, Councillor Wakefield vacated his position of Chair and left the meeting room for the remainder of the discussion. This was due to Councillor Wakefield's potential decision making role with respect to the Growing Places Fund, and wanted to avoid any perception of bias or predetermination on this matter. Councillor Blake assumed the position of Chair for the duration of the discussion upon the exempt appendix and the subsequent making of the resolutions).

93 New Generation Transport (NGT) Scheme

Further to Minute No. 220, 18th May 2011, the Director of City Development submitted a report providing an update on the New Generation Transport (NGT) scheme following the Department for Transport's confirmation of Programme Entry Approval. In addition, the report sought approval to a capital programme injection and spend which would enable a Transport and Works Order to be submitted to the Secretary of State for Transport for powers to construct and operate the scheme.

It was requested that when appropriate, political groups received briefings in respect of the proposals regarding route alignments.

RESOLVED –

- (a) That the contents of the submitted report be noted.
- (b) That authority be given to spend £1,200,000 from within the existing Capital Programme in order to progress the scheme which would enable a Transport and Works Order to be submitted to the Secretary of State for Transport for powers to construct and operate the scheme.

94 Planning Applications Highways issues (White Paper 16)

Further to Minute No. 235, 11th April 2012, the Director of City Development submitted a report providing an update on the further four month trial period undertaken in relation to Ward Member notification of planning applications on which Highways had been consulted. The report included Member feedback received on the success and value of the process and sought agreement to the continuation of the current notification process without further modification.

RESOLVED –

- (a) That the issues raised during the further four month Member consultation trial period and the views raised from the Member feedback exercise, be noted.
- (b) That it be agreed that the current process be adopted in its current format.
- (c) That it be noted that amended processes to improve public engagement at the pre-application stage have been proposed by the Chief Planning Officer with support from the Executive Member for Neighbourhoods, Planning and Support Services and that such proposals were noted at Full Council on 12 September 2012.

ENVIRONMENT

95 Green Deal Go Early

The Director of Environment and Neighbourhoods submitted a report providing an update on a recently announced grant opportunity for energy efficiency improvements, linked to the City Deal. In addition, the report sought authority to spend a capital grant of £1,280,000 on energy efficiency grants and loans in 2012-2013 and to make a contingency budget of £10,000 available in 2013-14. The report also sought approval for the proposed approach towards the targeting and marketing of the grants and loans.

RESOLVED –

- (a) That the proposed delivery approach, as described within section 3 of the submitted report, be approved.
- (b) That approval be given to use the outcome of the current Leeds City Region Domestic Energy Efficiency Programme (LCR DEEP) tender process to award contract(s) to the highest scoring bidder(s) to manage and deliver each of the lots that make up the different elements of this project.
- (c) That approval be given to the injection of, and the authority to spend the Department of Energy, Climate and Change grant of £1,278,400 on a mixture of grants and loans for energy efficiency measures, together with associated administration costs.

- (d) That approval be given to move £10,000 of the existing 'Wrap Up Leeds' budget from 2012-2013 to 2013-2014, as contingency for up to 20 small grants.
- (e) That the necessary authority be delegated to the Director of Environment and Neighbourhoods to take operational decisions in order to ensure that the grant is fully disbursed.
- (f) That approval be given to ring-fence the loan repayments in an account to be spent on future domestic energy efficiency projects, particularly preparing for the Green Deal and tackling fuel poverty.

NEIGHBOURHOODS, PLANNING AND SUPPORT SERVICES

96 Gambling Act 2005 Statement of Licensing Policy

The Head of Licensing and Registration submitted a report advising of the progress made in respect of the triennial review of the Gambling Act 2005 Statement of Licensing Policy and which sought approval for the matter to be referred to full Council for approval in accordance with the Budget and Policy Framework.

RESOLVED – That the contents of the submitted report be noted and that the matter be referred to the 14th November 2012 full Council meeting for approval, in line with the Budget and Policy Framework.

(The resolutions referred to within this minute were not eligible for Call In, as the ultimate determination of such matters are reserved to Council, in line with the Council's Budget and Policy Framework)

97 Review of ALMO Arrangements

Further to Minute No. 111, 3rd November 2010, the Assistant Chief Executive (Customer Access and Performance) submitted a report setting out the background to the review of housing management services in Leeds and the proposal to extend the Management Agreements with the ALMOs for up to an additional year.

Responding to an enquiry, the Board was provided with assurances regarding the inclusive approach towards communication and consultation which would be undertaken with tenants and Elected Members in respect of any proposals regarding future ALMO arrangements.

RESOLVED –

- (a) That a report be submitted to the December 2012 Executive Board meeting, in order to consider the option(s) for the future governance and delivery arrangements for the management of council housing in Leeds, prior to wider consultation on the future direction.
- (b) That an extension in the term of contract for the ALMOs for a period of up to one year be agreed, in order to allow time for the review to be concluded and any current arrangements implemented.

CHILDREN'S SERVICES

98 Basic Need Programme - Outcome of competitions to Create two new Primary Schools

Further to Minute No. 181, 4th January 2012, the Director of Children's Services and the Director of Environment and Neighbourhoods submitted a joint report on the outcome of two competitions held to establish new primary schools in Harehills and South Leeds. The report outlined a recommendation relating to the preferred bidders to run the new schools, a final decision for which was required to be made by no later than 20th October 2012.

The Board noted that representations had been received from one organisation who had submitted a bid, but who had not been identified as one of the organisations recommended to run one of the schools. The representations were in relation to some perceived inaccuracies within the submitted Executive Board report. Prior to discussing the matter, the Board was provided with details of the perceived inaccuracies and also provided with the accompanying responses from Children's Services.

Members raised concerns regarding the increasing number of children starting school across the city and the pressures which as a result were being placed upon school places and education provision. In response it was suggested that Ward Members were invited to become further involved in the work which was ongoing to address this issue.

Responding to an enquiry, the Board was provided with assurances regarding the proposal to close of the Stanley Road Household Waste Sorting Site, specifically in respect of the alternative provision which would be available to service users in the area.

RESOLVED –

- (a) That approval be given for the Co-Operative to be the party to open the new 420 place primary school with 26 place FTE nursery at Florence Street, Harehills, to open in September 2013 and to serve families in that area.
- (b) That approval be given for the The Learning Trust South Leeds to be the party to open the new 420 place school with a 26 place nursery on land at the former South Leeds Sports Centre, and to open in September 2014 and serve families in that area.
- (c) That the closure of the Stanley Road Household Waste Sorting Site be approved, and that agreement be given to the site's incorporation into the Harehills school design (in accordance with section 3.10 of the submitted report).

(The matters referred to within this minute were not subject to Call In, as a decision was required within two months of the end of the 'summary of bids'

notice period, which was no later than 20th October 2012. Therefore, due to the timescales involved, this matter was not subject to Call In)

DATE OF PUBLICATION: 19TH OCTOBER 2012

**LAST DATE FOR CALL IN
OF ELIGIBLE DECISIONS:** 26TH OCTOBER 2012 (5.00 P.M.)

(Scrutiny Support will notify Directors of any items called in by 12.00 p.m. on 29th October 2012)

Draft minutes to be approved at the meeting
to be held on Wednesday, 7th November, 2012

Report of Head of Scrutiny and Member Development

Report to Scrutiny Board (Resources and Council Services)

Date: 19th November 2012

Subject: Financial Strategy 2013 to 2017

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Members have asked for an update on the development of the Council's financial strategy. The attached report was considered by Executive Board on 17th October 2012. Officers will be in attendance today to respond to questions from Scrutiny Board Members.
2. An understanding of the financial strategy and the objectives underpinning it will make Scrutiny Board Members better equipped to scrutinise the Executive's Initial budget proposals for 2013/14, when presented to this Scrutiny Board at its December meeting.

Recommendations

3. Members are asked to note the contents of this report and to question officers on its content as appropriate.

Background papers¹

None used

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

This page is intentionally left blank

Report of Director of Resources

Report to Executive Board

Date: 17th October 2012

Subject: Financial Strategy 2013 to 2017

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The purpose of this report is to update Members on the development of the Council's financial strategy. Work is on-going to develop a medium term financial plan covering the next four financial years from 2013/14 to 2016/17.
2. At present national spending totals are available covering the next two financial years only, however many commentators now expect that the period of economic austerity will continue for at least four more years and therefore a financial plan covering this period is being developed.
3. 2013/14 sees the introduction of significant changes to the way in which Government provide funding for local government through the introduction of the Business Rates Retention Scheme. A Technical Consultation on the scheme was published on the 17th July 2012 which provides further information on the scheme, and also raises a number of significant issues which may impact upon the Council's future funding. There are also concerns as to how the changes will impact upon the future distribution of grant funding in that the system is largely driven by the ability to generate additional growth in business rates, rather than an assessment, however imperfect, of need.
4. It is clear that the Council will need to deliver significant savings over the next four years and it is critical that it continues to ensure that the shape of the budget in four years time is determined by a clear focus on outcomes to deliver our ambitions and by the Council and its partners working together.

Recommendations

5. Members are asked to note the contents of this report and the response to the technical consultation, and note that a further report on the development of the Council's financial strategy will be submitted to the December 2012 meeting of the Board as part of the Council's Initial Budget proposals for 2013/14.

1 Purpose of this report

- 1.1 The purpose of this report is to update Members on the development of the Council's financial strategy. It is clear that the public sector will continue to face a significant financial challenge for a number of years coming. Work is on-going to develop our approach to medium term financial planning which takes account of anticipated funding levels and the Council's ambitions for the city. A key dependency to this work is to understand our funding envelope going forward.
- 1.2 2013/14 as well as being the 3rd year of the Government's 4 year deficit reduction plan as set out in its 2010 Spending Review, also sees the introduction of significant changes to the way in which funding is provided for local government, through the Business Rates Retention Scheme. DCLG published a Technical Consultation on the scheme on 17th July 2012 which raises a number of significant issues.
- 1.3 Based upon the information provided through the consultation, together with analysis undertaken by the Local Government Association, we have been able to update our forecast of what our funding envelope may look like for the next four years. It should be noted however that there remains a significant degree of uncertainty as to this forecast which will be dependent on future government spending decisions.

2 Background information

- 2.1 To date the Council has been able to respond successfully to the present financial environment, achieving savings of more than £90m in 2011/12 and setting a budget to bridge a funding gap of £55m for 2012/13. In 2010 it was forecast that a reduction in staffing numbers of 2,500 – 3,000 over the next four years would be required, and as at the end of March 2012, around 1,800 ftes had left the Council, which excluding school based staff represents a 12.5% reduction in the Council's workforce.
- 2.2 The scale of the challenge that the Council has faced in 2011/12 and 2012/13 has required the Council to respond quickly and has limited our ability to take a more strategic approach to the prioritisation of resources. Whilst a pragmatic approach has to date delivered a robust budget, it has previously been accepted that going forward if we are to deliver the required reductions, and at the same time deliver the Council's contribution to the Best City outcomes, there is a need to develop and refine a more strategic and longer term approach to the Council's financial strategy, which will in turn inform the annual budget setting process.
- 2.3 Recognising the above, we are developing a 'Budget Plus' approach for our financial planning, taking a strong focus on our ambitions, and using an internal service challenge process to help generate ideas and change. It is also important in considering our plans to take account of our relationship with different partners across the city and the contribution they make towards the achievement of the city's ambitions. We have adopted a four year timescale in order to provide a more appropriate timeframe for change.
- 2.4 A key dependency to this work is to understand our funding envelope going forward. This is especially complex as 2013/14 sees the introduction of the Business Rates Retention Scheme. The Business Rates Retention scheme is a complex funding mechanism under which local authorities will be able to retain some of the benefit of growth in local business rates. It has also been designed in the context of the Government's deficit reduction plans. DCLG published a detailed Technical Consultation on the Business Rates Retention Scheme on 17th July 2012. As part of this consultation new local government

spending control totals have been published for 2013/14 and 2014/15, which raise a number of issues, outlined below, and have a significant bearing on our understanding of the available funding envelope going forward.

2.5 Appendix 1 provides a detailed overview of the consultation paper, but the key points are as follows:-

- (a) Local government spending totals for 2013/14 and 2014/15 have been amended for
 - a number of specific grants transferring into formula grant
 - funding for central education functions transferring out of formula grant into a new specific grant.
- (b) the local government spending totals for 2013/14 and 2014/15 have been reduced for a number of reasons including an assumed 1% cap on pay awards and annual amounts top sliced in respect of New Homes Bonus.
- (c) There are a number of proposed changes to the formula grant process.
- (d) The data used in the calculation of formula grant is to be updated to include the 2011 Census data.

3 Main issues

3.1 Whilst many aspects of the consultation paper are by their nature technical, it does raise a number of issues which will have an impact upon the Council's future grant funding, and these have been reflected in our response to the consultation which is attached at Appendix 2. The main issues include:

3.1.1 **Local Government Spending totals for 2013/14 and 2014/15** – there is clearly a general concern about the further reductions in funding implicit in these figures. The Comprehensive Spending Review set out reductions of 0.8% in 2013/14 and 5.8% in 2014/15 compared to the 2012/13 settlement. These reductions have now been revised to 5.8% in 2013/14 and 8.6% in 2014/15. The table below sets out the explanations for these changes.

	2012/13 £m	2013/14 £m		2014/15 £m	
CSR	23,385	23,196	-0.8%	21,856	-5.8%
1% Pay Award Cap		-240		-497	
New Development Deals		-20		-20	
Fire Grants		-49		-50	
Neighbourhood Planning		-15		-20	
Capitalisation (accounting)		-100		-100	
Safety Net		-245		-245	
New Homes Bonus		-500		-800	
	23,385	22,027	-5.8%	20,124	-8.6%

3.1.2 **Pay Awards** – The Government announced in the Autumn Statement in 2011 that there should be a 1% cap on public sector pay awards. They further stated that as the local government settlement had been built up assuming a 2% pay award, a further reduction in funding would be implemented to take account of this cap.

- 3.1.3 **Capitalisation** – Each year the Government have given approval to requests from individual local authorities to capitalise expenditure which would normally be treated as revenue. This approval does not involve the transfer of any funding to local authorities, but is simply giving approval to additional borrowing. However despite this fact, the settlement figures for 2013/14 and 2014/15 have been adjusted downwards to reflect these approvals.
- 3.1.4 **New Homes Bonus** – The New Homes Bonus (NHB) was introduced by the Government in 2010/11 as “a powerful, simple and transparent incentive which meant that those local authorities which promote and welcome growth can share in the economic benefits, and build the communities in which people want to live and work”. The Government provides additional funding or a 'bonus' for new homes by match funding the additional council tax raised for new homes and empty properties brought back into use, with an additional amount for affordable homes, for the following six years.

In the 2010 Spending Review the Government committed £950m to NHB (£200m in 2011/12 and £250m a year for the following three years) with the balance to come from top-slicing formula grant. For 2012/13, NHB allocations totalling £431m were made, of which £176m was top-sliced from 2012/13 formula grant to help pay for it.

The Technical Consultation states that the Government’s estimate of the amount required to fund the cost of the NHB at its maximum is £2bn. The latest proposal is that in the early years of the scheme, rather than removing the full £2bn, only sufficient money would be removed to fund the cost of NHB in that year. The amount to be held back is estimated at £500m in 2013/14 and £800m in 2014/15, with any surpluses to be returned to local authorities.

This adjustment could have a significant distributional impact as the funding will now be distributed throughout the country on the basis of housing growth rather than the needs based Local Government funding formula.

The Government’s £2bn projection equates to 1.4m properties based on the national average for a Band D property. In order to recover the Council’s share of the £2bn withheld, which is estimated at £30.6m, the Council would have to bring nearly 21,000 properties back into use over the 6 year period, which is equivalent to 3,500 properties per annum.

- 3.1.5 **The LACSEG transfer** – at £1.218bn, we consider that the scale of this transfer is too high. Reductions to Formula Grant for academies have been challenged in 2011/12 and 2012/13 and the transfer has been subject to a rebate and review. This latest calculation is based upon budgeted expenditure for 2011/12 but fails to take adequate account of subsequent reductions in expenditure by local authorities which have been greater than those assumed by the Government.
- 3.1.6 **Formula Grant Methodology Changes** – there are a number of methodology changes which will impact upon the distribution of Formula Grant. These relate to both the Relative Needs and Relative Resources components that make up the national totals and also the formulas used to distribute them between authorities. Within the national spending totals the Relative Needs Formula (RNF) has been reduced in respect of Children’s Services and Concessionary fares and we anticipate that both these changes will be detrimental to the Leeds position, although adjustments to the Relative Resources and Central Allocation blocks will offset this. Many of the formula grant methodology changes including those to

concessionary travel and rural services will shift resources from metropolitan to shire areas, but the change to the size of relative resource block and the central allocation will largely compensate for this. In addition, the new arrangements will fix the needs element at 2012/13 levels and will not take account of any changes in need due to deprivation, ageing populations, more school pupils and any other demographic factors until the first reset in 2020.

3.1.7 **Scaling of RSG** – there is a concern that RSG for 2014/15 is to be calculated by using the assumed business rate aggregate for that year. In setting the aggregate the Government will take into account both inflation **and** their estimate of growth in rateable values arising from new properties, etc. This means that the amount of RSG will be scaled back not just by inflation but also by the amount assumed for “real” growth in rateable values. It follows that only local authorities that are able to grow their business rates by more than the Government’s assumptions will see any benefit in 2014/15. Authorities that achieve growth in-line with, or below, inflation will see their funding reduce further. This will penalise all but the highest-achieving local authorities and seems contrary to the principles of the new funding regime.

3.1.8 **Population Data** – Population figures indicators will feed into the calculation of start-up funding levels, but the most important factor is how populations have changed compared to other similar authorities. Although the population of Leeds has increased since the 2001 census, the 2011 census does show a significant reduction in comparison to previous estimates, whereas the populations of other similar authorities have gone up or only suffered a marginal decline relative to previous estimates. These changes in population will almost certainly have a negative impact upon Leeds’ start-up funding and further work is needed to try to establish how big the effect will be.

3.1.9 **Council Tax Support Grant** – The Government’s assumptions are that claimant numbers will fall, whilst all the evidence is that numbers continue to rise in Leeds. The effect of this is that the Council will either need to reduce discounts to claimants where they can, or identify further funding from mainstream budgets.

3.1.10 **Business rates baseline** – The Government propose that there should be a total reset of the system every 7 years, however there is a concern that this is too short a period and would not allow authorities to make long term investment decisions based on business growth. This could also create perverse incentives in respect to any development occurring in the period approaching the reset, as any benefit may potentially be lost. Authorities will only benefit should growth exceed Government expectations. The use of these stretched targets does increase the transfer of risks to local authorities, and it is important for Government to appreciate that managing this risk may mean individual authorities increasing their level of reserves.

3.2 The Council’s Funding Position

3.2.1 In the 2012/13 budget report to Council in February we forecast that our resource envelope would reduce as follows:

	£m
2013/14	25.0
2014/15	17.8

3.2.2 At this moment in time we do not know our grant settlement for any years beyond the current year, and the Government have informed authorities that the provisional grant

settlement will not be announced until late November/early December 2012, and it is not clear at this stage whether it will cover both years, i.e. 2013/14 and 2014/15 of the current Spending Review period or whether it will be confined to just one year. Most commentators are now of the view that there will be further real term reductions in public sector spending for both 2015/16 and 2016/17, and this was confirmed by reductions for these years published as part of the Government's 2011 Autumn Statement. These indicative spending totals would normally be translated down to departmental totals through a Spending Review which should take place during 2013. However, the recent speculation is that it may either be delayed or may not cover a full four year period.

3.2.3 Whilst there may be significant uncertainty as to what our future Government grant settlement might be, it is however important that we inform our budget preparations by forecasting the scale of resource reduction that we will face over the next four years. In undertaking this exercise a number of assumptions have been made:

- a) National totals for local government for 2013/14 and 2014/15 as reflected in the consultation paper.
- b) Indicative public spending totals for 2015/16 and 2016/17 as announced in the 2011 Autumn Statement, consistent with LGA forecasts, and with the assumption that they are proportionately translated down to local government.
- c) That the working of the new funding regime and split between RSG and business rates reflects our understanding as outlined in Appendix 1.
- d) That the transfer in and out of specific grants is cost neutral, or that any reductions are reflected in reduced spending.
- e) Council Tax freeze grant awarded in 2012/13 is withdrawn

3.2.4 Further assumptions have been made in respect of realistic growth in business rates and the Council Tax base and around the Council maintaining an adequate level of reserves. The table below provides an assessment of the reduction in resources available over the next 4 years. It should be noted that this takes no account of inflationary and service cost pressures.

	Variation to Base				Cumulative to 2016/17 £m
	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	
Total Reduction in Resources	-14.8	-16.3	-25.8	-6.1	-63.0
Percentage Reduction	-1.9%	-2.1%	-3.4%	-0.8%	-7.9%

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 This is a factual report and is not subject to public consultation, but it should be noted that the Council's budget proposals will be subject as usual to public consultation.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 This report does not have any specific implications for equality, and diversity nor for cohesion and integration, but it should be noted that the Council's budget process is subject to equality impact assessment as appropriate.

4.3 Council policies and City Priorities

4.3.1 This report in itself does not have direct implications for Council policies and City Priorities, but is recognised that ensuring that the Council's spending is in line with these policies and priorities continues to be crucial.

4.4 Resources and value for money

4.4.1 This is a financial report and as such all financial implications are detailed in the main body of the report.

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal implications arising from this report.

4.6 Risk Management

4.6.1 The Council's current and future financial position is subject to a number of risk management processes. Failure to address medium-term financial pressures in a sustainable way is identified as one of the Council's corporate risks, as is the Council's financial position going into significant deficit in the current year resulting in reserves (actual or projected) being less than the minimum specified by the Council's risk-based reserves policy. Both these risks are subject to regular review. In addition a financial risk register is maintained that details the risk and consequences, existing controls to mitigate against the risk, the value in monetary terms of the risk, review dates and progress towards managing the risk within existing resources. The register is prepared before the start of each financial year and is monitored on a regular basis.

5 Recommendations

5.1 Members are asked to note the contents of this report and the response to the Technical Consultation attached at Appendix 2.

5.2 Members are also requested to note that a further report on the development of the Council's financial strategy will be submitted to the December 2012 meeting of the Board as part of the Council's Initial Budget proposals for 2013/14.

6 Background documents¹

6.1 There are no background documents relating to this report.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Business Rates Retention

1 Introduction

1.1 DCLG published a Technical Consultation on the Business Rates Retention Scheme on 17th July 2012. The three principal parts of the consultation focus on:

- establishing the start-up funding allocations and baseline funding levels;
- setting up the scheme; and
- operating the scheme.

1.2 The consultation asks 83 separate questions, but many appear to be simply seeking assent to the methodologies proposed rather than genuinely seeking views on possible options. The closing date for responses is 24th September 2012.

2 Establishing the start up funding allocations and baseline funding levels.

2.1 The start-up funding allocations for each local authority will be arrived at by running the 2012/13 formula grant process (with certain amendments) against the 2013/14 local government spending control totals.

2.2 The control totals have been reduced since the 2010 Spending Review as follows:

	2012/13 £m	2013/14 £m		2014/15 £m	
CSR	23,385	23,196	-0.8%	21,856	-5.8%
1% Pay Award Cap		-240		-497	
New Development Deals		-20		-20	
Fire Grants		-49		-50	
Neighbourhood Planning		-15		-20	
Capitalisation (accounting)		-100		-100	
Safety Net		-245		-245	
New Homes Bonus		-500		-800	
	23,385	22,027	-5.8%	20,124	-8.6%

These reductions are in respect to:

- The 2011 Autumn Statement decision to enforce a 1% pay increase cap;
- New Development Deals (£20m per year for 6 years);
- Fire Grants for national resilience;
- Neighbourhood Planning grants (£15m to £20m, but under review);
- Support for capitalisation. Although the Government do not provide any grant to support capitalisation, they justify adjusting the control totals for capitalisation on the grounds that it “*scores as revenue expenditure in the national accounts and so impacts directly on the deficit reduction programme.*”²
- Extra funding for the safety net for authorities who suffer reductions in business rates beyond a set percentage;

² Business Rates Retention Technical Consultation, Chapter 3, paragraph 13 (page 20)

- The annual cost of the New Homes Bonus scheme (£500m, £800m, but after 2014/15 rising to £2 billion each year). In the early years any excess NHB is to be returned to local authorities as a specific grant pro-rata to their start-up funding.
- 2.3 There are a number of specific grants also transferring into the formula grant system. They include: -
- continued funding for the 2011/12 Council Tax freeze, (Leeds figure for 2012/13 £6.7m)
 - Council Tax Support Grant, (Leeds figure for 2012/13 £47.5m)
 - Early Intervention Grant (except for funds to provide free education to 2 year-olds), , (Leeds figure for 2012/13 £32.7m)
 - Learning Disability & Health Reform Grant, (Leeds figure for 2012/13 £10.2m) and
 - Homelessness Prevention Grant, (Leeds figure for 2012/13 £1m).
- 2.4 Transferring out of the formula grant system into a specific grant is £1.218bn in respect to funding for central education functions in LACSEG, responsibility for which is transferring to DfE (Leeds estimated spend in 2012/13 £16.5m). This will be used as the basis for reducing funding from Local Authorities in respect to academy transfers
- 2.5 Taking all these into account, the local government spending control totals are increasing from £23,196m to £24,759m for 2013-14 and from £21,856m to £23,046m for 2014-15. This does not imply that there will be any extra funding for local government, just that more funding streams are to be distributed through the Business Rates Retention scheme.
- 2.6 Several changes are proposed to the formula grant process, which will provide the starting point for the new system. They are:
- changes to the concessionary travel formula;
 - a number of changes to sparsity adjustments to help rural areas;
 - restoring the Relative Resource Amount to the same absolute level as in 2010/11 which means changing the percentage from -26.6% to -31.3%, with the Relative Needs Amount being held at 83.0%, and the Central Allocation being increased from 46.6% to 48.3% to compensate.
- 2.7 The consultation paper models the effects of these changes if they had been applied to the 2012/13 settlement. Some of the changes would move funding away from Leeds, but the adjustment to Relative Resources and the Central Allocation would more than compensate for that. The combined effect would be to increase our formula grant by £1.0m before damping, but after damping there would be a £0.4m reduction. The table below compares our position to that of the other Core Cities.

	2012/13 Settlement	Change before Floor Damping				Combined effect after Floor Damping
		Concess'ry Travel	Rural Services Adjustments	Changes to Relative Resources	Combined Effect of Methodology Changes *	
	£m	£m	£m	£m	£m	£m
Birmingham	646.5	-3.1	-8.6	9.6	0.2	-1.5
Bristol	175.8	-1.1	-4.2	3.8	-2.8	-1.3
Leeds	294.8	-2.7	-5.2	7.3	1.0	-0.4
Liverpool	317.8	-2.1	-4.1	3.6	-1.5	-1.0
Manchester	330.4	-3.7	-4.3	6.7	-0.2	-1.1
Newcastle	160.7	0.0	-2.5	3.2	1.6	-0.5
Nottingham	173.1	-0.1	-2.8	4.8	1.9	0.1
Sheffield	265.7	-0.5	-4.1	5.9	2.6	0.0

* The combined effect does not equal the total of the individual changes because of the way elements of formula grant have been constrained during the calculation process

- 2.8 The data used in the calculation of formula grant is to be updated as far as possible. The most important are population data. DCLG proposes using figures derived from the 2011 Census. The Census figures for Leeds has a population of 751,500 in 320,600 households, compared to a population of 788,686 in the latest previous estimates the ONS provided. This is a drop of over 37,000 or 4.71%, when compared to the population estimate included in our current formula grant, and is likely to reduce the start-up funding for Leeds, but this will depend upon our changes relative to others, and also the mix of the population change.
- 2.9 For each authority the funding will be split between “a start-up local share” (another name for “baseline funding”) and RSG in the same ratio as the national totals. In 2014/15, when the spending control totals reduce again, RSG will simply be scaled back for each authority to reflect the reduction. The baseline funding will remain the same (up-rated by inflation).

3 Setting up the Scheme

- 3.1 DCLG will begin by estimating how much business rates will be collected nationally in 2013/14. They will use the rateable value as at 30th September 2012 as the starting point, and then adjust that figure to give a notional net yield for 2013/14.
- 3.2 This national ‘estimated business rates aggregate’ will be split between central and local government, as expected, 50:50. The ‘local share’ is then divided up between each billing authority using “proportionate shares” derived from the business rates collected in each area over the period 2007/08 to 2011/12.
- 3.3 In each area, the “proportionate share” will then be divided between the billing authority and the relevant major precepting authorities. A metropolitan authority like Leeds will receive 98% of the proportionate share which will be the “Business Rates Baseline” that it will compare to its Baseline Funding to determine whether it has to pay a tariff, or receive a top-up. The remaining 2% of the area’s share will go to the Fire & Rescue Authority.



Resources Directorate
Civic Hall
Leeds
LS1 1UR

Mr A Lock
Settlement Distribution and Policy Team
Communities and Local Government
5/J2, Eland House
Bressenden Place
LONDON
SW1E 5DU

E-mail mike.woods@leeds.gov.uk

Civic Tel (0113) 395 1373

Fax (0113) 395 1943

Our ref MSW/FinDev/Res
Date 24th September 2012

Dear Mr Lock

Business Rates Retention: Technical Consultation Response

Leeds City Council welcomes the opportunity to comment on the Technical Consultation and I enclose our response as a separate document in your preferred format.

The present consultation follows on from the more general consultation last autumn and, quite rightly, concentrates on the more technical aspects of the proposed scheme. However, in submitting our response, we feel that it is important that we restate some of our reservations about the scheme and that we point out some of the drawbacks that seem to be emerging as more details become known. These are set out briefly below:

Spending Control Totals for 2013/14 & 2014/15 – we are concerned that these have been set too low. Leeds has already delivered savings of £90m for 2011/12 and is on track to successfully bridge a funding gap of £55m for 2012/13. However, it is completely unrealistic to expect Leeds (or any other local authority) to continue to deliver savings on the scale implied by the amended Control Totals set out in the Consultation Paper. Year-on-year cuts of 12.2% for 2013/14 and 8.7% 2014/15 will have a profound impact upon service delivery and upon our capacity to support our most disadvantaged communities. They will also threaten our ability to encourage the economic recovery we are all seeking to achieve.

Dilution of the Incentive Effect – when the 2011 consultation came out it was envisaged that the local/central split would be around 80/20, whereas the present proposals are on the basis of a 50/50 split. Although this will ensure that risks are shared more equally with Government, it seriously dilutes the potential rewards for authorities that are successful in driving economic growth, and may act as a disincentive to others who would otherwise be seeking to encourage economic recovery through infrastructure investment.

A second linked issue is the balance of incentives between business rates and New Homes Bonus (NHB). NHB provides a 100% council tax bonus for every new home built whereas the rewards of business rates growth are to be shared with Government and partially clawed back through levies. We fear a widening of the North/South divide, with affluent authorities benefiting from high demand for new housing being able to surge ahead compared to those in some of the more industrial areas of the North.

Complexity – the current formula grant system has been widely criticised for its complexity and lack of transparency. It appears that the proposed system, whilst simple in concept, will be equally opaque and difficult to explain. This will do nothing to reduce the democratic deficit, and risks increasing the disconnect between councils seeking to make difficult but fair financial decisions and their electors, who will struggle even more to understand the financial context in which those decisions are being taken.

Safety Nets – we are disappointed that Government has not responded positively to the criticism of the proposed safety net threshold. The proposed range of 7.5% to 10% is simply far too high, and leaves local authorities open to financial “shocks” from year- to-year that could have a catastrophic impact upon service delivery. We argue elsewhere in the response that the threshold should be set much lower (perhaps 2% or 3%) and would urge Government to reconsider this issue.

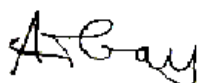
Revenue Support Grant for 2014/15 – we are concerned that RSG is to be managed down to compensate for assumed growth in business rates between 2013/14 and 2014/15. The effect of this will be to reduce the opportunities for local authorities to benefit from growth during 2014/15 and to reduce the incentive effect. We believe that 2014/15 RSG should be calculated by reference to the 2013/14 business rates so the incentive effect is retained.

Mandatory Charity Relief – under the current system the cost of mandatory charity relief (over which local authorities have no control) is borne by the Government. Under the new scheme the cost of new charity relief applications will be shared equally between Government and local authorities. This will place a new burden upon local government and will act as a disincentive to local authorities seeking to expand the activities of the third sector within their areas. It also seems to be in direct opposition to the Government’s “Big Society” agenda.

Council Tax Support Grant – the amount to be transferred into the scheme is too low and assumes that claimant numbers are reducing whereas, in reality, as the economic downturn bites numbers are going up. Government needs to reassess the amount of this grant so that local authorities are better able to protect the most vulnerable.

I trust that these additional comments are helpful.

Yours sincerely,



Alan Gay
Director of Resources

Technical Consultation on Business Rates Retention

July 2012

Response Form

The Government would like your views on whether you agree with the options presented in the Technical Consultation on Business Rates Retention. This paper was published on the 17 July 2012, and can be found at the following address:

<http://www.local.communities.gov.uk/finance/brr/sumcon/index.htm>

For convenience, this preformatted response form contains all the questions in the main consultation document. Please click on the relevant check boxes to activate the 'X' that will indicate your preference. Space is available after each question if you wish to include any additional comments to support your choice. There is no limit on the size of these spaces and the boxes will resize themselves. We also welcome any additional comments and alternative proposals, and these can be made in the section available at the end.

All responses, whether using this preformatted response form, or otherwise should reach us by **5pm on 24th September 2012**.

We particularly welcome responses submitted electronically. Please e-mail responses to BRRtechnicalconsultation@communities.gsi.gov.uk

If you are not able to respond by e-mail, please post your response to

Andrew Lock
Settlement Distribution and Policy Team
Communities and Local Government
Zone 5/J2
Eland House
Bressenden Place
London SW1E 5DU

Alternatively, they may be faxed to 0303 4443294.

Confidentiality

All information in responses, including personal information, may be subject to publication or disclosure under freedom of information legislation. If a correspondent requests confidentiality, this cannot be guaranteed and will only be possible if considered appropriate under the legislation. Any such request should explain why confidentiality is necessary. Any automatic confidentiality disclaimer generated by your IT system will not be considered as such a request unless you specifically include a request, with an explanation, in the main text of your response.

I would like my response to remain confidential (please cross)

Please say why in the box below.

Business Rates Retention Consultation Response

Name

Alan Gay

Position

Director of Resources

Organisation

Leeds City Council

Address

Resources Directorate, 2nd Floor East, Civic Hall, Leeds,
LS1 1UR

E-mail

alan.gay@leeds.gov.uk

Section 2 – Establishing the start up funding allocation and baseline funding levels

Chapter 3: Local Government Spending Control Total

Q1: Do you agree with the methodology set out above for calculating the local government spending control total?

Agree

Disagree

Whilst we appreciate the need to tackle the national deficit, we firstly need to make the point that the Control Totals for local government have been set too low. Leeds has already delivered savings of £90m in 2011/12 and is on target to bridge a funding gap of £55m for 2012/13, and the further reductions for authorities (other than police and fire), equating to 12.2% for 2013/14 and 8.7% 2014/15, will inevitably have a severe effect upon services and upon the communities we support.

More specifically, we believe that the funding withdrawn in relation to the 1% pay cap should be retained within the sector. We are also concerned that funding has been withdrawn for New Development Deals and Capitalisation. These items are merely accounting adjustments that involve no additional expenditure by Central Government. Rather than top-slicing at the outset, in our view it would be better to wait until the actual borrowing has been quantified at the end of 2013/14, and then, if necessary make an adjustment to 2014/15.

Q2: Do you agree with the methodology set out above for calculating Revenue Support Grant?

Agree

Disagree

We agree with the proposal to calculate RSG for 2013-14 in the way set out in the consultation paper. However, we are concerned that for 2014/15 RSG is to be calculated having regard to the estimated business rates aggregate for 2014/15. The effect of this will be to reduce 2014/15 RSG by whatever amount Central Government assumes for growth in 2013/14. This will reduce and in many cases completely negate any benefits from growth at a local level and severely restricts the incentive for local growth. For authorities who do not manage to grow their rates at or above the levels assumed by Government, it will mean a further reduction in overall funding, on top of that caused by the reduction in spending control totals.

We believe that to encourage growth, the 2014-15 RSG should be calculated on the basis of the 2013/14 business rates aggregate and that local authorities should be able to retain the rewards of growth in their entirety.

Chapter 4: Concessionary Travel

Q3: Do you agree with the proposed approach of updating the Concessionary Travel Relative Needs Formula to use modelled boardings data?

Agree

Disagree

We agree that the current formula for concessionary travel has a number of shortcomings, and that a revised approach is required. The new model appears to be reasonable, but we are concerned that the outputs appear to differ markedly from patterns of actual expenditure. A further concern is that the model appears to move resources away from metropolitan areas towards shire areas and London. In our view a better approach would be to base allocations on historic actual expenditure.

Q4: Or, do you think it would be preferable to keep using the existing formula?

Agree

Disagree

Chapter 5: Rural Services

Q5: Do you agree that we should increase the population sparsity weighting of super-sparse to sparse areas from 2:1 to 3:1 for non-police services?

Agree

Disagree

Any further comments

We accept that extremely rural areas are under-compensated by the current sparsity adjustments and that some reform is needed. We are, however, concerned about the scale of the change proposed. The proposed 50% increase in the weightings has a significant distribution effect and would move over £65m from metropolitan areas and London to shire areas (before damping). In our view this transfer is too large; a more appropriate ratio would be 2.5:1.

Q6: Do you agree that we should double the existing Older People's Personal Social Services (PSS) sparsity adjustment from 0.43% to 0.86%?

Agree

Disagree

We accept that there is little point in simply moving resources from sparse to super-sparse areas and that a more fundamental approach is required. The exemplifications in the consultation are not entirely clear here, but it appears that the distributional effect, even before damping, would be minimal. However, the discussions within the Baseline Sub-Group seem to have been inconclusive and, indeed, BSG/12/04 states that "*there is no firm evidence on the actual additional costs associated with sparsity*". The change proposed appears to be quite arbitrary and we would welcome a more detailed explanation of how you have arrived at the new percentage.

Q7: Do you agree that the proportion of the Relative Needs Formula accounted for by the population sparsity indicator under the District Level Environmental, Protective and Cultural Services block should be increased from 3.7% to 5.5%?

Agree

Disagree

Again, it is difficult from the information available to readily understand the rationale for this change. The distributional effect appears to be more substantial (moving £38m from London and Metropolitan areas to shire areas before damping) and we would question how such a large adjustment can be justified.

Q8: Should the County level Environmental, Protective and Cultural Services indicator be reinstated at 1.25%?

Agree

Disagree

Although we concede that there may be some additional costs in relation to libraries and bus services in rural areas, the evidence seems weak and there seems to be no clear rationale for re-introducing an indicator that was discarded eight years ago.

Q9: Do you agree that we should introduce a Fire & Rescue sparsity adjustment at 1%?

Agree

Disagree

We accept that there may well be common-sense arguments for introducing such an adjustment, but we are disappointed that it has been proposed without any apparent evidence to support its introduction. This might be acceptable if the adjustment merely affected fire authorities, but the complexities of the formula grant system mean that it would also reduce allocations for authorities such as Leeds that do not have fire responsibilities.

In concluding our response to the questions in this chapter, we feel we need to express our concern about the scale of the overall effect of the proposed changes to rural services. The cumulative effect is to shift £157m (before damping) from London and metropolitan areas to shire areas. Even after damping the total is nearly £48m. At a time when urban authorities are experiencing unprecedented demand for services and severe cuts to specific grants, we would question whether such a large redistribution is justified.

Chapter 6: Taking account of Relative Needs and Relative Resources

Q10: Do you agree that we should restore the level of the Relative Resource Amount in 2013-14 to that for 2010-11?

Agree

Disagree

The changes to the percentages for Relative Needs and the Central Allocation in 2011/12 tended to reduce the importance of Relative Resources and benefit authorities with relatively high council tax resources. The effect on individual authorities was often counter-intuitive because it depended on the balance between needs and resources so that authorities with high needs and high resources tended to benefit whereas authorities with lower needs and lower resources tended to see their funding reduce. Although we are surprised that neither of the options presented to the Baseline Sub-group have been pursued, we welcome the proposal to restore the Relative Resource Amount to its 2010/11 level. This will help to compensate some of the most disadvantaged areas with the lowest council tax bases.

Q11: Do you agree that we should compensate for restoring the level of the Relative Resource Amount in 2013-14 to that for 2010-11 by increasing the level of the Central Allocation only?

- Agree
- Disagree

We are pleased that Ministers do not intend to make any adjustments to the Relative Needs amount to balance the change to the Relative Resource Amount. The increase to 83% for 2011/12 increased funding for high needs authorities and was widely supported. The increase to the Central Allocation percentage should impact more equally on authorities, but will be a concern for authorities like Leeds where the 2011 Census shows a reduction in population.

Chapter 7: Grants Rolled In Using Tailored Distributions

Q12: Do you agree that we should continue to distribute funding for the Grants Rolled In Using Tailored Distributions according to the methodology used in 2012-13?

- Agree
- Disagree

A number of concerns regarding the Tailored Distributions were raised at the time of the 2011/12 Settlement but, two years on, any further changes would add an unwelcome level of complexity to what is already going to be a very complex system. We therefore accept that the 2013/14 distributions should be on the same basis as 2012/13.

Chapter 8: Transfers and Adjustments

Q13: Do you agree that the October 2012 pupil census should be used in the final settlement for removing these services?

- Agree
- Disagree

We agree that the transfers should be based on the latest pupil numbers available, and we are prepared to accept a degree of uncertainty in the provisional settlement if the October 2012 figures can be used in the final settlement in January.

Q14: If not, what methodology would you prefer to use?

N/A

Q15: Do you agree with the proposed methodology for removing funding for the education services currently in the Local Authority Central Spend Equivalent Grant?

- Agree
- Disagree

We strongly disagree with the proposal to base the transfer on the totals reported on the 2011/12 section 251 statement and then to deflate on the basis suggested. In our view, this significantly overstates the amount that local authorities are actually spending upon Central Spend Equivalent services in 2012/13 and the effect will be magnified for 2013/14. It takes no account of the impact of other service pressures, particularly in relation to social care, that are reducing the resources that local authorities are able to devote to Central Spend Equivalent services.

Also, the proposed deflation factors, which work out at 2.2% for 2013/14 and 2.1% for 2014/15 are far too low when the overall control totals (shown on page 22 of the Consultation) are dropping by 12.2% for 2013/14 and 8.7% for 2014/15.

Q16: If not, what methodology would you prefer to use?

We would prefer a transfer based on local authorities' forecasts of actual expenditure for 2012/13, deflated by the control total percentages quoted above.

Q17: Do you agree that funding for Local Authority Central Spend Equivalent Grant should be removed after floor damping?

Agree
Disagree

We accept that the complications around the balance in funding between LEAs and Academies make a transfer after floor damping the most appropriate option.

Q18: Do you agree with the proposed methodology for rolling in the 2011-12 Council Tax Freeze Grant?

Agree
Disagree

We agree that the methodology used in 2012/13 should continue.

Q19: Do you agree with the proposed methodology for rolling in the Council Tax Support Grant?

Agree
Disagree

We have expressed our reservations about many aspects of the Council Tax Support scheme in previous consultations and at engagement events. In response to this particular question, we believe it is important that Council Tax Support Grant continues to be separately identifiable. To ensure that remains the case in future years, we would prefer funding for council tax support to be provided via specific grant. Billing and major precepting authorities will then be able to continue to compare their actual expenditure with the funding they receive.

Q20: Do you agree with the proposed approach to continue to apply a damping floor to Early Intervention Grant allocations after the removal of the 2 year old funding and the top slice?

- Agree
- Disagree

We accept that the removal of the damping floor at this stage would lead to turbulence and that the present arrangements should continue.

Q21: Do you agree with the proposed methodology for rolling in the Early Intervention Grant excluding funding for free early education for two years olds?

- Agree
- Disagree

We have concerns that the top-slice is too high but we agree that the proposed methodology seems reasonable and that a transfer after damping is preferable to aid transparency.

Q22: Do you agree with the proposed methodology for rolling in Greater London Authority General Grant?

- Agree
- Disagree

No comment

Q23: Do you agree with the proposed methodology for rolling in a proportion of the Greater London Authority Transport Grant?

- Agree
- Disagree

No comment

Q24: Do you agree with the proposed methodology for rolling in Homelessness Prevention Grant?

- Agree
- Disagree

In the absence of a proposed distribution methodology it is difficult to comment, but the proposal to transfer the grant after damping will at least ensure transparency for the first year. One concern relates to whether the grant can remain responsive to changing needs in future years.

Q25: Do you agree with the proposed methodology for rolling in a proportion of the Lead Local Flood Authorities Grant?

Agree

Disagree

In view of the uncertainty about responsibilities between authorities it may be better to leave this as a specific grant.

Q26: Do you agree with the proposed methodology for rolling in the Department of Health Learning Disability and Health Reform Grant?

Agree

Disagree

We accept that there is no compelling reason to change the basis of distribution from that used for 2012/13 and that the proposed methodology will ensure transparency.

Chapter 9: Population Data

Q27: Do you agree that the preferred population measure to use is the Interim 2011-based sub-national population projections?

Agree

Disagree

As a general principle, we believe that the data used should be the most recent available. As you will be aware, Leeds 2011 Census data showed a relatively large drop in population, and discussions with ONS are continuing. Without seeing the datasets it is difficult to comment further.

Q28: Do you agree with the hierarchy of alternative datasets which would be used if there are problems with availability of any of the data?

Agree

Disagree

We accept that in the current circumstances a hierarchy is necessary and that the proposed approach seems reasonable.

Chapter 10: Taxbase data

Q29: Do you agree that we should aim to use the council tax base projections as the council tax base measure in order to be consistent with our proposed approach to the population?

Agree

Disagree

We are not convinced that there is a need to link council base data and population and we would be content for council tax projections to be used.

Q30: Do you agree that we should switch to the November 2012 council tax base data should population estimates have to be used?

Agree

Disagree

See our response to Q29.

Chapter 11: Other Data Indicators

Q31: Do you agree that we should use data from the Inter-Departmental Business Register in the Log of Weighted Bars indicator?

Agree

Disagree

The proposed approach appears to utilize a reliable and more up- to-date dataset.

Chapter 12: Distribution of Revenue Support Grant

Q32: Do you agree with the proposed methodology for distributing Revenue Support Grant in 2014-15 by scaling the 2013-14 authority-level allocations of Revenue Support Grant to the level of the 2014-15 control total for services funded through the rates retention system?

Agree

Disagree

We agree that the proposed methodology is reasonable and provides an acceptable mechanism for calculating authority-level RSG allocations for 2014/15. However, as we explained in our response to Q2, we are concerned that 2014/15 RSG is to be calculated having regard to the estimated business rates aggregate for 2014/15. The effect of this will be to reduce 2014/15 RSG by whatever amount Central Government assumes for growth in 2013/14. This will reduce and in many cases completely negate any benefits from growth at a local level and severely restricts the incentive for local growth

Chapter 13: Floor Damping

Q33: Do you agree with the proposed approach for calculating floor damping in 2013-14?

Agree

Disagree

We have always had reservations about the need for floors and ceilings in the calculation of formula grant and would prefer damping to be withdrawn. The proposals seem very complex and quite arbitrary, but we accept that the effects of the reductions in funding will be different for different tiers and, if damping does have to be retained, the proposed approach appears reasonable.

Q34: Do you agree with the proposed approach for allocating floor damping bands in 2013-14?

Agree

Disagree

We agree that floor damping bands should be frozen at the same levels as for the 2011/12 and 2012/13 settlements.

Q35: Do you agree with the proposed approach to splitting 2012-13 formula grant between the service tiers?

Agree

Disagree

The approach appears to be both complex and rather opaque, but without full access to the Government's formula grant model, it is difficult to identify an acceptable alternative approach.

Q36: If not, what methodology do you think we should use?

See response to Q35

Chapter 14: New Homes Bonus

Q37: Do you agree that the funding for capitalisation and the safety net should be held back from the surplus New Homes Bonus funding rather than as a separate top-slice?

Agree

Disagree

As we have indicated in our response to Q1, we do not agree that funding for Capitalisation should be held back. Capitalisation involves no additional expenditure for Central Government and, rather than holding back or top-slicing, in our view it would be better to wait until the actual borrowing has been quantified at the end of 2013/14, and then, if necessary make an adjustment to 2014/15.

We favour the new approach as set out in the Alternative Option paper (see our response to Q84) so do not agree with the option to hold back funding for the safety net from surplus New Homes Bonus funding. We would also question the amount to be top-sliced for the safety net. An amount of £250m for the first year of the scheme appears excessive, particularly as Ministers will have access to the latest September 2012 rateable value totals when calculating the aggregate business rates for 2013/14, on which the safety nets will largely depend. At the very least, the amount should be reduced if Ministers decide to set the safety net threshold higher than 7.5%.

Q38: Do you agree that the remaining funding should be distributed back to local authorities prorata to the *start-up funding allocation*?

Agree

Disagree

Please see our response to Q84.

Chapter 15: Police Funding

Q39: Do you agree with the proposal for setting out the method of calculation of the 2013-14 formula grant element of police funding allocations in a separate document?

Agree

Disagree

We are not clear why the police allocations need to be set out in a separate document. In our view they could simply be appended to the main Local Government Finance Report

Q40: Do you agree with the proposed methodology for funding local policing bodies in 2014-15?

Agree

Disagree

We accept the approach proposed.

Section 3 – Setting up the business rates retention system

Chapter 2: Determining the estimated business rates aggregate

Q41: Do you agree with our proposal not to adjust the estimated business rates aggregate (England) to take into account transitional arrangements?

Agree

Disagree

Transitional reliefs and payments are entirely outside the control of local authorities and we agree that local authorities should continue to be fully compensated for the effect of the transitional arrangements.

Q42: Do you agree with our proposal to adjust the estimated business rates aggregate (England) to take into account small business rate relief?

Agree

Disagree

We agree with this proposal, but we would request that if Ministers are considering extending small business rates relief beyond March 2013, that an announcement is made in the Autumn Statement (i.e. before the draft Settlement) rather than later when local authority budgets have been set.

Q43: Do you agree with our proposal to adjust the estimated business rates aggregate (England) to take into account mandatory reliefs in this way?

Agree

Disagree

Again, this is reasonable and acknowledges that local authorities have no control over mandatory reliefs.

In relation to mandatory charity relief, we are concerned that from 2013/14 onwards the cost of all new mandatory charity relief applications will no longer be borne by the NNDR Pool but will be shared equally between central and local government. There is an obvious risk that authorities will lose income as a direct result of schools converting to academies, but there is also a wider risk that it will be a disincentive to local authorities in supporting the third sector. As such, it appears to be in direct opposition to the Government's "Big Society" agenda.

Q44: Do you agree with our proposal to adjust the estimated business rates aggregate (England) to take into account discretionary reliefs in this way?

Agree

Disagree

The approach appears reasonable.

Q45: Do you agree with our proposal to adjust the notional gross yield figure to take account of Enterprise Zones, New Development Deals and renewable energy schemes in this way?

Agree

Disagree

We agree that the notional gross yield should be adjusted as proposed. All three of these schemes rely for their success on business rates being retained locally.

Q46: Do you agree with our proposal to adjust the notional gross yield figure to take account of costs and losses in collection in this way?

Agree

Disagree

We agree that this approach is reasonable and transparent.

Q47: Do you agree with our proposal not to adjust the *estimated business rates aggregate (England)* to reflect the deferral scheme?

Agree

Disagree

We agree that it would not be appropriate to make any adjustment for the deferral scheme.

Q48: Do you agree with our proposal to adjust the *estimated business rates aggregate (England)* to take into account losses on appeal in this way?

Agree

Disagree

We agree that there is a need to take account of losses of appeal in calculating the aggregate. The effect of those losses is difficult to predict and the proposed approach, which uses the same methodology as in the distributable amount calculation, and will take averages over the same period as the proportionate shares calculation, seems reasonable.

Chapter 3: Determining proportionate shares

Q49: Do you agree with our proposal to determine billing authorities' average contribution to the rating pool using *NDR3* forms between 2007-08 and 2011-12 (subject to a number of adjustments)?

Agree

Disagree

This issue was the subject of extensive discussion at Systems Sub-Group meetings and appears to be a relatively simple and equitable basis for determining local shares of business rates.

Q50: Do you agree with our proposal to adjust the incomes for 2007-08 to 2009-10 using a local revaluation factor calculated using the methodology set out?

Agree

Disagree

We agree that the incomes for the earlier years need to be adjusted so that they are comparable to those after the 2010 revaluation and that the suggested approach appears to be the most appropriate and transparent way of achieving this.

Q51: Do you agree with our proposal not to make an adjustment in the five year average for inflation?

Agree

Disagree

We agree that any adjustment would be unlikely to have a material effect upon the proportionate shares and would complicate the calculation unnecessarily.

Q52: Do you agree with our proposal to make an adjustment to the contribution to the pool sum in respect of the transitional arrangements in this way?

Agree

Disagree

This proposal is consistent with the way the aggregate business rates is to be calculated. Any other approach risks distorting the system.

Q53: Do you agree with our proposal not to make a further adjustment to the contribution to the pool sum for either mandatory rate relief, or for the small business rate relief scheme when calculating the proportionate shares?

Agree
Disagree

Mandatory reliefs and small business rates relief are reflected in the contributions to the pool and, although it would be possible to adjust for them, it would add to the complexity of the proportionate share calculation and it is not clear that it would provide any additional benefits.

Q54: Do you agree with our proposal not to make a further adjustment to the contribution to the pool sum for reductions for empty property rates when calculating the proportionate shares?

Agree
Disagree

We agree that the impact of Empty Property Relief is relatively even across the country and is not likely to affect the proportionate share calculation significantly.

Q55: Do you agree with our proposal not to make a further adjustment to the contribution to the pool sum for discretionary rate relief when calculating the proportionate shares?

Agree
Disagree

We agree with this proposal. Local differences in policies on discretionary rate relief will have only a marginal effect on the proportionate share calculation and an adjustment would add unnecessary complexity.

Q56: Do you agree with our proposal not to make a further adjustment to the contribution to the pool sum for costs of collection when calculating the proportionate shares?

Agree
Disagree

Costs of collection are calculated using a well-established formulaic approach. The formula is applied consistently to all billing authorities and is unlikely to have a material impact upon the proportionate share calculation.

Q57: Do you agree with our proposal to make an adjustment to the contribution to the pool sum in respect of losses in collection in this way?

Agree

Disagree

We believe that the starting point for the new system should be as fair as possible and that authorities that have historically had poor collection performance should not benefit in their baselines for that poor performance. We therefore agree that amounts for bad or doubtful debts should be added back.

Q58: Do you agree with our proposal to make an adjustment to the contribution to the pool sum in respect of deferral in this way?

Agree

Disagree

We agree that the two deferral schemes have distorted contributions to the pool and could materially affect proportionate shares if no adjustments were made. We therefore agree that the schedule of payment amounts should be added back.

Q59: Do you agree with our proposal not to make a further adjustment to the contribution to the pool sum for charges on property when calculating the proportionate shares?

Agree

Disagree

We agree the amounts involved nationally are too small to make a material difference to the proportionate shares of authorities and that no adjustment is needed.

Q60: Do you agree with our proposal not to make a further adjustment to the contribution to the pool sum for prior year adjustments and interest on repayments when calculating the proportionate shares?

Agree

Disagree

Prior year adjustments and interest on repayments are already reflected in the contributions to the pool, so we agree that there should no further adjustment for these amounts when calculating proportionate shares.

Chapter 4: Major precepting authority shares

Q61: Do you agree with our proposal to confirm the county share at 20% - less the percentage share that will be paid to single purpose fire authorities where the county does not carry out that function?

Agree

Disagree

We have no strong views on this, because as a metropolitan authority, the county share will not have a significant impact upon Leeds City Council. However, it appears from our initial modelling that a more equal division between counties and shire districts would result in more income being retained within the sector. The volatility of business rates within small districts may also prove difficult to manage.

Q62: Do you agree with our proposal to set the single purpose fire authority share at 2%?

Agree

Disagree

We see no compelling reasons why fire authorities should be included within the business rates retention scheme. They lack the levers to influence local growth and their inclusion will add unnecessary complexity to the scheme.

However, if they are to be included a 2% share (which falls at the midpoint of the options put forward) seems reasonable and will allow them to share in the benefits of business rates growth.

Q63: Do you agree that county councils carrying our fire and rescue functions should receive the full 20% county share?

Agree

Disagree

This appears reasonable.

Chapter 5: Treatment of City Offset and the City Premium

Q64: Do you agree with the Government's proposal to reflect the current arrangements for the City Offset by making an adjustment to the City of London's individual authority business rate baseline?

Agree
Disagree

We agree that this will be an effective way of maintaining the current City Offset and its value over time, as the business rate baseline is index-linked.

Q65: Do you agree with the proposal to take account of the City Offset when calculating proportionate shares?

Agree
Disagree

It is important that the City Offset does not adversely affect the calculation of proportionate shares for other authorities. We therefore agree with the proposal that it should be taken into account when these calculations are made, and then added back in.

Q66: Do you agree with the proposal to calculate the City of London's levy ratio by using its revised individual authority business rate baseline?

Agree
Disagree

In principle the proposed approach appears attractive, as the City Offset is meant to be equivalent to council tax, which for any other authority would be income outside the rates retention system, and, therefore, should be outside the business rate baseline for the purposes of the levy calculation. However the City of London will also experience a growth in income from any increase in its business rates tax base via the City Premium. We are not therefore convinced that the levy should be applied to the growth in 'ordinary' business rates using the adjusted business rates baseline. To prevent disproportionate benefit, we believe the Government should reconsider this proposal, particularly as using the adjusted business rate baseline will reduce the levy paid by the City of London and therefore the amount of safety net available to other authorities.

Q67: Do you agree with the proposal to calculate the City of London's eligibility for the safety net by using its business rates income after the deduction of the City Offset?

Agree
Disagree

The City Offset is meant to compensate the City of London for low council tax. For all other authorities this would not be included as business rates income in the safety net calculation. In the case of the calculation of the safety net payments, because it follows a fall in income, the counter arguments identified in Q66 would not apply; we therefore support this proposal.

Q68: Do you agree that the City Premium should be disregarded in the definition of business rates income used in the rates retention scheme?

Agree

Disagree

Section 4 – The operation of the rates retention scheme

Chapter 2: Information Requirements

Q69: Do you agree with our proposals for information requirements before the start of the financial year?

Agree

Disagree

Much of the detail regarding the information requirements has been agreed at Systems Sub-Group meetings and we agree that the approach seems reasonable. We are concerned, however, that the apparent delay to the draft settlement (now, we understand, to be after the 5th December Autumn Statement) will give local authorities only about a week between the settlement and the date to provide NNDR1s to DCLG and major preceptors.

Q70: Do you agree with our proposals for information requirements at the end of the financial year?

Agree

Disagree

Again, the proposals have been discussed extensively and appear reasonable.

Chapter 3: Schedules of Payment

Q71: Do you agree with our proposals for the way in which a schedule of payment will operate for billing authorities?

Agree

Disagree

We agree that there should be a single regular payment made between a billing authority and central government which would include the central share, tariff/top-up, and provisional transitional protection payments. Our view is that the current 24, fortnightly payments should remain in place, as this will provide consistency and will aid our treasury management function.

Q72: Do you agree with our proposals for the way in which a schedule of payment will operate for major precepting authorities and what is your view of the number of instalments on which payments to/from precepting authorities should be made?

Agree
Disagree

The arrangements should mirror those for billing authorities.

Q73: Do you agree with our proposals for the way in which a schedule of payment will operate between billing and relevant major precepting authorities?

Agree
Disagree

We agree with the proposal to give billing authorities and their major preceptors the freedom to agree their own schedule of payments. We also agree with the default arrangements that would apply in the unlikely event that the parties were unable to come to a suitable agreement.

Chapter 5: Collection and general funds

Q74: Do you agree with our proposals for the operation of the *collection fund*?

Agree
Disagree

We agree with the proposals as outlined in the consultation, but we are concerned that they lack detail. We would welcome more detailed guidance at an early stage.

Q75: And do you agree that the reconciliation payment due in respect of *transitional protection payments*, should be built in to the calculation of collection fund surpluses & deficits only once, when outturn figures are available?

Agree
Disagree

This proposal will simplify the calculations of the payments to be made into and out of the collection fund, although the billing authority will have to take these reconciliations into

account when setting their following year's budget. Again, we would welcome further guidance.

Q76: Do you agree with our description of the way in which the general fund will operate?

Agree
Disagree

The description of the way in which the general fund will operate appears reasonable.

Chapter 6: The safety net and the levy

Q77: Bearing in mind the need to balance protection, incentive and affordability, and the associated impact on the amount of contingency that will need to be held back, in the early years where, within the range 7.5% - 10%, should the safety net threshold be set?

Agree
Disagree

We accept that there is a need to balance protection, incentive and affordability within the scheme, but we feel that the proposed threshold whether 7.5% or 10% is much too high. In order to qualify for a safety net payment, we estimate that Leeds would have to suffer a reduction in gross business rates income of between £23m and £30m (translating into a reduction in retained income of between £11m & £15m). Such a loss, on top of the deficit reduction cuts, would have a catastrophic effect upon service delivery and upon our most disadvantaged communities.

We believe that the safety net should be set at a much more realistic level (perhaps 2% to 3%) and that Government must be prepared to underwrite the system to ensure that communities in areas suffering decline in business rates have a greater degree of protection.

Q78: Bearing in mind the need to balance protection, incentive and affordability, and the associated impact on the amount of contingency that will need to be held back, do you agree with the Government's proposal to set the levy ratio at 1:1?

Agree
Disagree

We agree that the levy rate should be set at 1:1. We believe that a 1:1 ratio will provide a degree of incentive whilst ensuring that authorities in the most economically buoyant areas of the country do not benefit disproportionately from business rates growth occurring independently of them. As we have said in our reply to Q77, we believe that the proposed safety net threshold is too high and that Government must be prepared to underwrite any excess cost of safety nets at least in the early years of the system.

Q79: Do you agree with the approach set out in paragraphs 16 to 19 for defining a billing authority's net retained rates income for the purposes of the levy and safety net calculations?

Agree
Disagree

We agree with this approach, provided that the calculation of the estimated business rates aggregate fully takes into account the effect of appeals.

Q80: Do you agree with the approach set out in paragraphs 20 to 22 for defining a major precepting authority's net retained rates income for the purposes of the levy and safety net calculations?

Agree
Disagree

The proposed arrangements will not apply directly to Leeds City Council, but appear reasonable.

Q81: Do you agree with the approach set out in paragraphs 23 to 28 for safety net calculations and payments?

Agree
Disagree

Notwithstanding our reservations to the proposed safety net threshold, we agree with the approach for calculating safety nets and with the proposal to pay safety nets on account on the basis of NNDR1 predictions.

Q82: Do you agree with the approach set out in paragraphs 29 to 32 for levy calculations and payments?

Agree
Disagree

We agree with the proposed method of calculating levy payments. We also agree that levy payments should not be made on account, but be calculated and paid after the year end on the basis of information supplied in the NNDR3 return.

Section 5: Reconciliation payments in respect of financial year 2012/13

Q83: Do you agree with our proposals for closing the 2012-13 national non domestic rating account?

Agree

Disagree

We agree that the final reconciliation for the NNDR pool should mirror the previous years, whereby local authorities pay or receive payments to adjust for the difference between NNDR1 forecasts and their NNDR3 outturns.

We also believe that should the National Pool be in surplus after those reconciliation payments, then that surplus should be retained by local government and returned to billing authorities by means of section 31 grants.

Chapter 14: New Homes Bonus – Alternative Option

Q84: Would you prefer that (a) only sufficient funding to finance the New Homes Bonus in each year is removed, as well as funding for capitalisation and the safety net held back, rather than (b) the full £2 billion required for the entire period is removed, and the money held-back for capitalisation and the safety net is funded through the surplus, with the remainder of the surplus being paid back through section 31 grant in proportion to the start-up funding allocation?

We have argued consistently that the removal of the £2bn a year (on top of the £250m a year already top-sliced in the 2010 Spending Review) was the wrong approach and we are pleased that Government has put forward this alternative option, which we fully support.

As we have indicated earlier in our response, we believe that there is no need to hold money back for capitalisation and we believe that the quantum to be held back for safety nets is too high, but we accept that the suggested sums to be held back in option (a) for NHB in 2013/14 and 2014/15 are reasonable provided that any excess is returned to local government as section 31 grant.

Any Other Comments

Do you have any alternative proposals?

Please see our covering letter.

Do you have any other comments?

Please see our covering letter.

Report of Director of Resources

Report to Scrutiny Board (Resources and Central Services)

Date: 19th November 2012

Subject: Welfare Reforms preparations

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. A number of key welfare reforms take effect from April 2013. The reforms relate to benefits administered by the council and this requires that not only is work required to prepare tenants and stakeholders for the reforms but also that the Council needs to take the necessary steps to ensure that the reforms are implemented in a timely and effective manner.
2. Council Tax Benefit is replaced by localised schemes of Council Tax Support based on reduced Government funding that in Leeds could exceed £5.5m. Councils are required to adopt local schemes by 31st January 2013 and are required by law to have carried out a public consultation exercise ahead of adoption of a scheme. In Leeds, the consultation exercise started on 17th September and ends on 8th November.
3. Other changes include the Social Sector Size Criteria changes which reduce Housing Benefit for ALMO and Housing Association tenants who are assessed as living in properties that have more bedrooms than they need, Benefit Cap changes that limit the amount of benefit a family can receive to £500 a week and changes to the Social Fund that see elements abolished and funding devolved to local councils for local welfare schemes.
4. A cross-sector Welfare Reform Strategy Board has been set up to oversee the preparations for the welfare reforms. The key aims of the Board include ensuring that affected tenants are aware of the changes and the impacts and that the most vulnerable tenants are identified for specific support.

Recommendations

1. That the Board notes the information in this report in relation to the changes coming into effect from April 2013;
2. That the Board requests a further report dealing with preparations for Universal Credit which is due to be launched by the Government in October 2013;

1 Purpose of this report

- 1.1 The report provides information on the preparations underway for the welfare reforms that come into effect from April 2013. Specifically, the report provides information on the process for developing a local Council Tax Support scheme and progress made in respect of a Discretionary Housing Payment policy and proposals for a local welfare scheme to replace elements of the Social Fund.
- 1.2 The report also provides information on the preparations for the implementation of the Social Sector Size Criteria changes that impact on ALMO and Housing Association tenants.

2 Background information

- 2.1 The Welfare Reform Act 2012 continues a programme of reforms that started with the Government's Emergency Budget in June 2010. The focus for the reforms is on benefits for working age customers with pension age customers largely unaffected by the reforms. A number of the reforms are due to come into effect from April 2013 and this report focuses on the four major changes involving Council delivered benefits.
 - 2.1.1 *Local Council Tax Support:* Council Tax Benefit is abolished from April 2013 to be replaced by local schemes of Council Tax Support decided by Councils. Government funding for local schemes is reduced by 10% in comparison to funding for Council Tax Benefit with the funding paid as a fixed grant rather than a subsidy that reflects actual spending. Local schemes will apply to working age customers only with the Government continuing to prescribe for a national scheme for pension age customers. The cost of both the local scheme for working age customers and the national scheme for pension age customers has to be met by councils from the reduced funding provided by the Government. This means that working age customers face a reduction in support of over 20% unless Councils put in additional funding. The exact reduction depends on a number of factors including the level of funding provided by the Government, changes in Council Tax levels and changes in the numbers claiming Council Tax Support.
 - 2.1.2 *Social Sector Size Criteria.* The Social Sector Size Criteria rules reduce Housing Benefit (HB) entitlement for working age tenants living in Council or Housing Association homes where tenants are deemed to have more bedrooms than they need. Pension age tenants are not affected by this change. The size criteria is set out below. Tenants under-occupying by 1-bedroom will have their HB worked out using a rent that is reduced by 14% for HB purposes only. Tenants under-

occupying by 2-bedrooms or more will have their HB worked out using a rent that is reduced by 25% for HB purposes only.

Size Criteria – Tenants will be allowed:

- § 1 bedroom for a single customer or a couple;
- § 1 bedroom for a child; or
- § 1 bedroom for 2 children under 10 of opposite genders; or
- § 1 bedroom for 2 children of the same gender up to the age of 16;
- § 1 bedroom for other single people or couples aged 16 or over.

A bedroom for a non resident carer will also be allowed (as it has been in Local Housing Allowance since April 2011).

2.1.3 *Social Fund changes.* The Community Care Grants and Crisis Loans for Living Expenses elements of the Social Fund are being abolished from April 2013. The funding for these schemes will be devolved to local councils with an expectation from Government that *'the funding be concentrated on those facing greatest difficulty in managing their income, and to enable a more flexible response to unavoidable need, perhaps through a mix of cash or goods and aligning with the wider range of local support local authorities/devolved administrations already offer'*.

The Benefit Cap.

2.1.4 From April 2013 the total amount of benefit a family can receive will be limited to £500 pw for working age families and £350 pw for single claimants. Not all tenants getting more than £500 pw are affected. Tenants working at least 24 hours a week are exempt from the cap as are tenants getting disability benefits and households where a child is getting a disability benefit. The latest data from the Department for Work and Pensions suggests that 517 families in Leeds are affected by the cap resulting a reduction of £2m in annual benefit entitlement (equivalent to an average of £75 a week for each family). A number of families will lose all but 50 pence of their Housing Benefit entitlement (50p is the minimum that must be kept in payment under the regulations).

2.2 There are other reforms taking place during 2013. Universal Credit is due to be launched nationally in October 2013 and Disability Living Allowance will be replaced by Personal Independence Payments starting with new claims in June 2013.

3 Main issues

3.3 It was recognised early on that preparations for the welfare reforms would require a cross-sector approach involving key partners. In October 2011, Executive Board approved the establishment of a Welfare Reform Strategy Board with membership from across the Council, Housing Associations, ALMOs, Advice Leeds Network, Leeds City Credit Union and Jobcentre Plus. Membership has recently been extended to include representation from the Voluntary Sector and

Elected Member involvement. The Terms of Reference for the Board are shown at Appendix 1.

3.4 The key elements of the approach to preparing for the April 2013 reforms are:

3.4.1 Developing a detailed awareness of the impact of the reforms across Leeds.

- Information is available at city and ward level showing the impacts of the major changes coming into effect from April 2013;
- This information, which is refreshed periodically, is available internally on the Council's Intranet with access for all elected members;

3.4.2 Preparing customers and stakeholders for the changes

- Direct mail-shots have been sent to customers affected by the changes with follow-up visits in many cases;
- A Welfare Reforms Booklet has been produced with an initial print of 40,000 copies printed and distributed across the city. A further 30,000 have now been printed and distributed;
- A series of Welfare Reform Roadshows has been arranged to provide more tailored information to members of the public;
- Welfare Reform Briefing sessions have been provided for frontline staff from the Council and key partners;
- Welfare Reform briefings have been provided for a variety of organisations including Advice Leeds Network, Voluntary Action Leeds, Cluster Boards and NHS colleagues with more being scheduled.

3.4.3 Arranging support for vulnerable customers

- Working with Families First to ensure that the Families First initiative takes account of the welfare reforms;
- Working with Children's Services to identify foster-carers affected by the changes for award of Discretionary Housing Payments;
- Working with Adults Social Services in relation to tenants with support workers to ensure a co-ordinated communication to vulnerable adults about the changes;
- Reflecting vulnerable customers needs in local Council Tax Support schemes, Discretionary Housing Payments policy and development of Local Welfare Scheme
- A commissioning exercise is underway for advice services for the City in recognition of expected increase in demand for advice;
- There is close working with Leeds City Credit Union on provision and promotion of budgeting accounts as well as innovative initiatives with individual ALMOs. Leeds City Credit Union will also be involved in the local welfare scheme that replaces elements of the Social Fund

3.4.4 Reflecting impact of reforms on Council Services and understanding the financial implications for the council

- A Welfare Reform sub-group is reviewing and analysing the likely level of increased customer contact and the resource implications for Customer Services in meeting this increased demand;

- Work is also underway to review the recovery processes in relation to tenants affected by both the social sector size criteria and reductions in Council Tax Support. The intention is to consider trigger points and options for dealing with vulnerable tenants unable to meet the additional financial demands as well as the resource implications;
- Resource implications are also being assessed in relation to dealing with increased Discretionary Housing Payment applications, dealing with applications under the local welfare schemes that replace the Social Fund;
- There will also be implications in relation to rent arrears and Council Tax arrears, although the extent of this will depend on the scheme that is adopted..

Local schemes of Council Tax Support

- 3.5** The Government's Local Government Finance Act 2012 received Royal Assent on 1st November 2012 and requires that councils put in place local schemes of Council Tax support by 31st January 2013. The short timescale for developing and designing schemes has meant that the focus has been on schemes that can be delivered and implemented within the timescale and this has led to scheme options being developed that retain most of the features of the current Council Tax Benefit scheme with the final entitlement reduced by an agreed percentage to fit the available funding.
- 3.6** An initial scheme proposal to restrict the reduction in support for working age tenants to 10% was presented to Executive Board in June 2012. This scheme, if adopted, would require additional funding from the council and major precepting authorities. Following consultation with West Yorkshire Police and the Fire and Rescue Service, who both stated their preference for a scheme that did not have financial implications for their services, a further scheme option was taken to Executive Board in September 2012. This option would see Council Tax Support costs contained within Government funding levels and would mean a reduction in support for customers of up to 30% - this is a 'worse case' scenario and the exact figure would be dependent on Government funding levels, Council Tax levels and estimates of caseload levels. Both options contain proposals to protect certain groups from any reduction in support. These groups are:
- Lone parents with children u5
 - Customers in receipt of severe or enhanced disability premium; and
 - Customers in receipt of a war pension or war widows pension.
- 3.7** Following the September 2012 Executive Board, a public consultation exercise was started. Consultation packs were sent to all 45,000 working age customers getting Council Tax Benefit and the Citizens Panel, Advice Agencies and Landlords were invited to comment. The consultation exercise was also reported in the Yorkshire Evening Post and posters were placed around the city to encourage members of the public to comment. The consultation exercise closes on 8th November 2012 and to date over 5,000 responses have been received. A copy of the consultation is attached at Appendix 2
- 3.8** Appendix 3 provides details of the costs of both scheme options. The costs assume a 10% reduction in funding and no change to current caseload levels.

The funding for councils will be based on Office for Budget Responsibility spending forecasts for 13/14 and previous forecasts have shown a reduction in spend in 13/14 that, if replicated in the latest forecasts, would equate to a greater than 10% reduction in funding. Two sets of figures are provided: one shows the cost implications of the schemes based on current levels of Council Tax; the other shows the costs implications based on a Council Tax increase of 2%. For information, scheme options for the Core Cities are attached at Appendix 4.

- 3.9** It should be noted that the Government recently announced that an additional £100m would be made available for Councils whose schemes met certain criteria with the key element being that reductions in support were capped at no more than 8.5%. Leeds would be eligible for £1.3m of the £100m fund if its scheme met the criteria.

Social Sector Size Criteria

- 3.10** The Social Sector Sized Criteria has a significant impact in Leeds. Initial analysis carried out in June 2012 showed that over 7,200 ALMO tenancies would be affected by the changes and around 1,300 Housing Association tenants. The reduction in Housing Benefit for the ALMO tenants alone was expected to be around £4m per annum. Letters were sent to all tenants likely to be affected by the change. The letters provided individualised information about the change and invited tenants to contact the Council if any details were incorrect. A more recent analysis has now been carried out and this has identified that around 1,300 tenants are no longer affected by the change; however, a further 800 tenants now fall to be affected by the size criteria rules. This means that the latest estimates for the number of ALMO tenants affected is 6,700 with an overall shortfall in HB of £3.8m. Appendix 5 provides more detail.
- 3.11** The ALMOs and Housing Associations have undertaken to contact tenants affected by the size criteria changes and a programme of home visits is underway. The purpose of the visits is to ensure that tenants are aware of the change and to discuss options and identify tenants intentions. It is expected that certain tenants will be revisited where there are deemed to represent a high risk. Appendix 6 shows the progress and outcomes from these visits.
- 3.12** There are no exceptions to the size criteria rules for working age tenants. In recognition of the impact the change will have, the Government is putting an extra £30m nationally into the Discretionary Housing Payment scheme to help with the size criteria changes, of which between £400k and £500k is likely to be made available to Leeds. This extra money is intended to help people living in properties that have been adapted for disability needs and also foster carers as foster children are not taken into account when assessing the number of bedrooms needed for benefit purposes. However, there are also other groups who will require support and demand for Discretionary Housing Payments is likely to exceed the available funding. A proposed policy on the award of Discretionary Housing Payments is to be presented for approval by Executive Board in November 2012. The proposed policy can be found at Appendix 7.

Benefits Cap

- 3.13** The Benefit Cap will be delivered by local councils in the first instance. However, the responsibility for identifying families affected by the Benefit Cap lies with the Department for Work and Pensions. Recent data from DWP suggests that over 500 families in Leeds will be affected by the Benefit Cap and DWP has written to all families likely to be affected. Notwithstanding this, a programme of home visits is being undertaken by Revenues and Benefits staff in respect of private sector tenants and ALMO staff in respect of ALMO tenants affected. The purpose of the visits is to ensure that families understand the implications, understand what tenants intentions are and identify vulnerable tenants for support.
- 3.14** The Government has announced it will provide additional funds for Discretionary Housing Payments with up to £75m nationally being provided in 13/14. The majority of this funding is expected to go to London and the South East where the majority of the cases are. The Discretionary Housing Payments policy (appendix 7) also details the approach to deciding awards for families affected by the Benefit Cap.

Social Fund

- 3.15** The government is changing the way in which the Social Fund is administered. From April 2013, the discretionary aspects of the Social Fund, namely Crisis Loans for general living expenses and Community Care Grants, are to be abolished and the budgets devolved to Local Authorities to administer. The budget will not be ring-fenced but Councils are expected to use the funds to 'give flexible help to those in genuine need'. DWP has said it expects to audit and publish details of how councils choose to do this.
- 3.16** Leeds has been given indicative funding figures of £2,886,082 per annum scheme funding for 13/14 and 14/15 and administration funding of £609,851 in 13/14 and £558,994 in 14/15. The final figures have yet to be announced. Funding is only guaranteed for 2013/14 and 2014/15.
- 3.17** Following engagement with the Voluntary and Advice Sectors, Housing Support Workers, Social Workers and other interested parties, proposals have been developed for approval by Executive Board in November 2012. The proposals are attached at Appendix 8. The key elements of the proposals are:
- The scheme will develop arrangements with key partners, both internal and external to the Council, who advocate on behalf of clients for Community Care Grants or Crisis Loans funds to deliver elements of the scheme and make referrals for awards;
 - The scheme will work closely with existing support schemes funded through the Homelessness Prevention fund and s17 payments to provide an overarching scheme of support accessed through a single route..
 - The scheme will look to further develop the relationships with key partners in the 3rd, voluntary and public sector to create an integrated and sustainable local welfare provision across Leeds. This will include support and assistance

in developing Food Banks and expanding Furniture Re-Use. It will over time support the creation of a clear map of local welfare provision across Leeds and the information and advice needed to access that provision. It will create clarity and reduce duplication.

The use of these resources is intended to create added value by working in partnership and supporting projects which are desirable, protect the environment and enhance the digitalisation of access to services.

- The council will work closely with Leeds City Credit Union, Post Offices Ltd and other appropriate providers to provide cash dispensing, pre-payment and financial services where required;
- The scheme will allocate funding to develop initiatives aimed at tackling fuel poverty, food poverty, financial exclusion and enhance budgeting and debt advice.

3.18 Subject to Executive Board approval it is intended to consult further on key initiatives to be supported as part of the overall scheme. Consultation with elected members will be a priority. A cross-sector Working Group has been set up to oversee the implementation of the Social Fund replacement scheme.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.5 Various consultation exercises have taken place in relation to a number of the welfare reforms. This has ranged from comprehensive public consultation exercises through to engagement activity with support workers, including voluntary and advice agencies.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 The welfare reforms impact on the majority of people claiming benefits. The design of local schemes and policies are intended to target support to the most vulnerable customers.

4.3 Council policies and City Priorities

4.3.1 The welfare reforms have a bigger impact in the more deprived wards in the city and need to be factored into activity around regeneration, anti-poverty work and financial inclusion activity.

4.4 Resources and value for money

4.4.1 There will be additional resource requirements falling on the council arising from the welfare reforms: additional customer contact, increased rent and council tax recovery activity and increased activity in relation to Discretionary Housing Payments and local welfare schemes. Additional funding is available for administration of local welfare schemes but there is no additional Government funding for the impacts of the other welfare reforms.

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal implications arising from this report

4.6 Risk Management

4.6.1 The level of activity in preparing for the welfare reforms reduces the risk that tenants and customers will be unaware of the reforms and their impact. The development of schemes and policies that target support to the most vulnerable reduces the impacts for some tenants but there remains a risk that other tenants will face financial hardship and pressures in adjusting to the new benefits system.

5 Conclusions

5.1 There are major changes coming into effect from April 2013. The focus of activity is on ensuring that tenants affected are aware of the changes and how they will be affected and that the limited support that is available is directed to those most in need.

5.2 A further strand of the preparatory work is on ensuring that Council services are carrying out the necessary work to deliver the right service to the right standard from April 2013. This is particularly relevant to Revenues and Benefits, Customer Services and ALMOs, all of whom are fully engaged in the preparations.

6 Recommendations

6.1 To note the expected impact of the benefit changes coming into effect from April 2013

6.2 To approve the policy for the award and assessment of Discretionary Housing Payments for 2013/14

7 Background documents¹

7.1 None

Appendices

- 1 Welfare Reform Strategy Board Terms of Reference
- 2 Consultation document
- 3 Local Council Tax Support scheme costs
- 4 Core City schemes under consultation
- 5 Details of ALMO tenancies affected by Social Sector Size Criteria (SSSC)
- 6 Progress with programme of home visits to tenants affected by SSSC
- 7 Discretionary Housing Payments policy presented to Executive Board
- 8 Local Welfare Scheme policy presented to Executive Board

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Appendix 1

Welfare Reform Strategy Board - Terms of Reference

Introduction

The overall aim of the Board is to ensure that Leeds is the best prepared city for dealing with the implementation and implications of the Government's welfare reform programme. The key reforms include:

- reform of Housing Benefit affecting both the private-rented sector and the social-housing sector, including supported and specialist housing;
- reform of Council Tax Benefit, which is to be replaced by local schemes of support;
- reform of disability benefits with the replacement of DLA with Personal Independence Payments and the migration of Incapacity Benefit claimants to ESA;
- reform of elements of the Social Fund scheme with responsibility for administration of Social Fund and Community Care Grants passing to local councils;
- replacement of IS, JSA, HB and Tax Credits by a new Universal Credit which will be delivered by DWP, be 'digital by default' requiring claimants to apply online and where payments will be made directly to claimants instead of to social sector landlords.

The specific aims of the Board are:

- to ensure that all key partner organisations are fully aware of the programme of reform;
- to develop detailed intelligence and information on how the changes impact on different groups, different tenure types and different parts of the city;
- to develop and deliver a strategy that ensures that the implications and opportunities created by the welfare reforms are fully addressed with specific reference to impacts in the following areas:
 - o affordable housing, housing provision and homelessness;
 - o financial inclusion, budgeting support and advice to tenants;
 - o worklessness and support to claimants new to conditionality requirements;
 - o child poverty;
 - o independent living and personal choice; and
 - o customer services and communications
- to develop proposals and arrangements for engaging with DWP in relation to Universal Credit and its delivery including:
 - o developing the role of the council and partners in providing access to benefits for vulnerable tenants;
 - o developing arrangements for social sector housing providers to secure direct payments in appropriate circumstances; and
 - o exploiting Government funding streams for the implementation of Universal Credit.

Membership

The Group will be chaired by Steve Carey, Chief Revenues and Benefits Officer, and will include representatives from the following areas:

- E&N, Housing Services
- Employment and Skills
- Adults Social Services
- Customer Services
- Economic Development
- E&N, Strategy and Commissioning
- Business Transformation
- ALMOs
- Connect housing
- Leeds Federated Housing Association
- Leeds CAB
- Advice Leeds Network
- Communications and Marketing

Methods of working

The first meeting of the Group will be a workshop to develop a strategy for preparing for the reforms and thereafter the Group will meet on a cycle to be agreed. The Strategy will be shared with Executive Board for approval and it is intended to report progress against the strategy to Resources Leadership Team and Corporate Leadership Team on a regular basis.

Subsequent meetings will include:

- Focus on a specific aspect of the welfare reform programme;
- Updates from each board member on progress with actions arising from the strategy;
- Updates from meetings/forums relevant to the welfare reform programme;
- Discussions and next steps arising from updates
- Agreement on messages from the Board.

The Welfare Reform Strategy Board has no budget for arising actions and a key action will be to understand the budget implications of required activity and explore funding options.

This page is intentionally left blank



Changes to Council Tax Benefit - Consultation 2012

Why we are consulting

Under planned welfare reform, the government is abolishing their Council Tax Benefit scheme from April 2013. Instead the government requires that all councils develop their own local Council Tax Support Scheme which must be in place by April 2013.

Government funding for the new scheme will be reduced by around 10%. Based on the Council Tax Benefit paid in Leeds in 2011/12, a 10% reduction in government funding £5.5 million, but the final figure could be much more than this. This is because the government will use estimates of how much would have been spent on Council Tax Benefit in 2013/14 when deciding how much to give councils. This could see the shortfall in funding increase to more than £6 million.

Also, if demand for Council Tax Support increases, for example, if people lose their jobs or their income reduces, we do not expect the government to give us any more money. Therefore, we will need to make some challenging decisions about the scheme we choose to operate and the amount of Council Tax Support people will receive.

The government said that people of state pension age must be protected from the changes, so they will continue to receive the same help they get now. This means that the full cost of the reduction in funding will fall on people who are of working age.

We want to hear from you to help us decide what to do about the funding shortfall and who should be protected. We are already facing cuts of £40m and may need to find additional money to fund the shortfall for the Council Tax Support scheme. The costs of funding the shortfall for the Council Tax Support scheme will also affect the West Yorkshire Police Authority and West Yorkshire Fire and Rescue Services. This is because they also raise income through Council Tax and will need to contribute to the costs of local Council Tax Support schemes.

We need to understand people's views before we decide what to do. Everything you tell us will be held in confidence in line with the Data Protection Act so no person can be identified and what you tell us will have no effect on your current benefit

Our draft scheme is available at www.leeds.gov.uk/LCTS

Who currently gets Council Tax Benefit

Council Tax Benefit is claimed by over 76,000 households in Leeds. 31,000 householders claiming benefit are pensioners and will not be affected by this change, the other 45,000 households include:

1. Carers
2. Disabled People
3. Jobseekers
4. Lone parents
5. Vulnerable students
6. Workers with a low income

The reduction in funding could affect these households.

Most people who claim Council Tax benefit live in band A properties and pay the lowest rate of Council Tax. The table below shows how many people live in each band

Band	Working age	Pensioners
A	34026	19841
B	6928	6105
C	2721	3760
D	687	1035
E	293	358
F	97	116
G	41	58
H	1	0

The timescales that we are working to are very challenging and we will need to make changes to our IT systems, letters, bills and claim forms.

The new Council Tax Support Scheme options

We want to ask your opinion on two options in Leeds.

Under both options we would keep most of the features of the current scheme. We would work out your Council Tax Support in the same way that we work out your Council Tax Benefit now, but we would reduce your benefit by a certain percentage.

Option One

We face a funding gap across all council services. This means that we will have to make some very difficult decisions about how money is spent. If we are to avoid funding the shortfall in Council Tax Support from money that could be spent on other services, we will need to limit the amount of Council Tax Support we pay out to equal the money we receive from the government. This means **we won't put any more of our money towards it.**

Option One means:

- **Council Tax Support for most working age people will be reduced by as much as 30%** depending on the level of government funding and possible changes in how many people are claiming
- We could protect some working age people from cuts in their support.
These may be:
 - People getting war widow/ers or war disablement pensions
 - Lone parents with a child or children under five
 - People receiving severe or enhanced disability premium.

The table on the back page shows what people pay now, and what they might pay under Option One.

Q1. How far do you agree or disagree that the amount we spend on Council Tax Support should be limited to what we get from the government and that we don't put any of our money towards it?

- | | | |
|---|--|--|
| <input type="checkbox"/> Strongly agree | <input type="checkbox"/> Neither agree or disagree | <input type="checkbox"/> Strongly disagree |
| <input type="checkbox"/> Agree | <input type="checkbox"/> Disagree | <input type="checkbox"/> Don't Know |

Q2. The costs of protecting certain groups without the council putting extra money into the scheme, means that other working age claimants face a larger reduction in support. Do you agree that the council should protect certain groups from cuts in support in this way?

	Agree	Disagree
Carers	<input type="checkbox"/>	<input type="checkbox"/>
Disabled people	<input type="checkbox"/>	<input type="checkbox"/>
Lone Parents with a child/children under five	<input type="checkbox"/>	<input type="checkbox"/>
War disablement pension	<input type="checkbox"/>	<input type="checkbox"/>
War widows/widowers	<input type="checkbox"/>	<input type="checkbox"/>

Q3. Are there any other groups of people you think we should consider protecting?

Q4. Please tell us why you think they should be protected

Option 2

In this option, **we could put extra money into the scheme** for the first year to reduce the cuts that people face in their Council Tax Support. This option would **limit the cut in Council Tax Support to 10% for most working age claimants.**

Limiting the cut in the first year may help people adjust to the changes in Council Tax Support as well as other changes that the government is making to welfare benefits from April 2013.

The cost to the council of limiting the cut to 10% could be between £3.8m and over £5m depending on the level of government funding and demand for Council Tax Support. This is money that could be spent on other services.

Option Two means:

- The reduction in Council Tax Support for most working age people would be limited to 10% but this may change depending on what we receive from the government and how many people claim Council Tax Support;
- We will protect some working age people from cuts in support. These are:
 - Lone parents with a child or children under five
 - People getting the severe or enhanced disability premium.
 - People getting war widows or war disablement pensions

The table on the back page shows what people pay now, and what they might pay under the Option Two

Q5. How far do you agree or disagree that the council should limit the cuts people face by putting more money to support the shortfall in government funding?

- | | | |
|---|---|--|
| <input type="checkbox"/> Strongly agree | <input type="checkbox"/> Neither agree nor disagree | <input type="checkbox"/> Strongly disagree |
| <input type="checkbox"/> Agree | <input type="checkbox"/> Disagree | <input type="checkbox"/> Don't know |

Q6. Protecting certain groups increases the costs to the council. Do you agree or disagree that the council should protect these groups from cuts in their support in this way?

	Agree	Disagree
Carers	<input type="checkbox"/>	<input type="checkbox"/>
Disabled people	<input type="checkbox"/>	<input type="checkbox"/>
Lone Parents with a child/children under five	<input type="checkbox"/>	<input type="checkbox"/>
War disablement pension	<input type="checkbox"/>	<input type="checkbox"/>
War widows/widowers	<input type="checkbox"/>	<input type="checkbox"/>

Q7. Are there any other groups of people you think we should consider protecting?

Q8. Please tell us why you think they should be protected

Q9. Is there anything you would like to say about either option one or option two?

Other issues affecting council tax support

Moving into work

The current Council Tax benefit scheme supports people moving into work by protecting the level of benefit they receive for the first four weeks of work. We would like our Council Tax Support Scheme to do the same.

Q10. Do you agree or disagree that we should continue to support people moving into work?

- Strongly agree Neither agree nor disagree Strongly disagree
 Agree Disagree Don't know

Wider council tax changes

The government will allow councils to decide when we will charge Council Tax for the empty properties. These changes would increase our income and we would use this money to help provide services in the city, for example we could put more money into helping people move into work. The properties we could increase charges for are:

- Properties that are empty, unfurnished and undergoing major building work.

Currently the owners of these properties don't have to pay Council Tax for up to 12 months and then have to pay 100% Council Tax after 12 months. From April 2013 we will be able to decide **whether** these properties should be charged Council Tax and **how much** they should be charged. For example, we could choose to charge 100% Council Tax from the first day that the property is empty.

- Properties that are empty and unfurnished.

Currently the owners of these properties don't have to pay Council Tax for up to six months and then have to pay 100% Council Tax after six months. From April 2013, we will be able to vary both the period that owners/landlords don't have to pay and the amount charged. For example, we can decide **when** and **how much** we should start charging the owners of these properties.

- Long term empty properties. These are properties that have been empty for two years or more

Currently, long-term empty properties are charged 100% Council Tax. From April 2013, we will be able to charge up to 150% of Council Tax for long-term empty properties.

- Second homes. These are properties that are furnished but the owner's main home is elsewhere.

Currently, second home owners receive a 10% discount on their Council Tax for their second home. From April 2013, we will be able to charge 100% Council Tax for second homes.

We believe that charging for empty properties will encourage more empty properties back into use sooner.

Q11: How far do you support us using the new rules for these empty properties?

	Strongly Support	_____				Don't Support At all	Don't Know
	1	2	3	4	5		
A. Properties that are empty, unfurnished and undergoing major building work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Properties that are empty and unfurnished	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Long term empty properties.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Second homes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q12. Is there anything else you'd like to say about Council Tax in Leeds

About you

We would like to ask some questions about you so we can check that the consultation has included people's views from a wide range of backgrounds.

We will keep your information safe in line with the Data Protection Act. What you tell us is in confidence and will only be used to help us understand the results of this consultation. The questions are voluntary, but it will help us to know as much about you as you feel comfortable with.

Q13. Are you:

- Male Female

Q14. How old are you?

- Under 18 years 25-34 years 45-54 years 65-74 years
 18-24 years 35-44 years 55-64 years 75 years and over

Q15. Please tick one option that best describes your ethnic background.

White

- British Irish Any other White background
(Please write in below)

Mixed Race

- White and Black Caribbean White and Black African White and Asian Any other mixed background
(Please write in below)

Asian or Asian British

- Indian Pakistani Bangladeshi Kashmiri Any other Asian background
(Please write in below)

Black or Black British

- Caribbean African Any other Black background
(Please write in below)

Other Ethnic Group

- Chinese Arab Gypsy/Traveller Any other background
(Please write in below)

Q16. Do you have any long term illness, health problem or disability that limits your daily activities?

- Yes No (if No, please go to 18)

**Q17. If Yes how would you describe your type of impairment?
(Tick all that apply to you)**

- Physical Impairment
(such as a wheelchair to get around and/or difficulty using your arms)
- Sensory Impairment
(such as being blind/having a serious visual impairment or being deaf/having a serious hearing impairment)
- Mental Health Condition
(such as depression or schizophrenia)
- Learning Disability
(such as Down's syndrome or dyslexia) or cognitive impairment (such as autism or head injury)
- Long standing illness or health condition
(such as cancer, diabetes, chronic heart disease or epilepsy)

Q18 Please tick one box that best describes your religion or belief

- Buddhist Hindu Muslim No Religion
 Christian Jewish Sikh Other
(Please write in below)

Q19. Please tick one box that describes your sexual orientation

- Hetrosexual/
Straight Lesbian/
Gay Woman Gay man Bisexual Prefer not
to say

Q20. Do you consider yourself to be a carer? (A carer is someone who, without payment, provides help and support to a friend, neighbour or relative who could not manage otherwise because of frailty, illness or disability)

- Yes No

Q21. How many adults and children under the age of 16 live in your house, including yourself?

- 1 adult no children 2 adults with 1 or more children
 2 adults, no children Other - (Please write in below)
 1 adult with 1 or more children

Q22. Please tell us the first part of your postcode (for example, LS10)

 -

Thank you for taking the time to give us your views. We will take all responses into account before we decide which Council Tax Support option is best for Leeds. Simply put your completed survey in the Freepost return envelope and post back to us before **8th November 2012**. There is no need to add a postage stamp to the envelope.

If the return envelope is missing, send your survey in an envelope addressed to:

Freepost Plus RSCS-ZTJU-CLXH
Leeds City Council
Merrion House
110 Merrion Centre
Merrion Way
Leeds LS2 8ET

Please mark the envelope 'Council Tax Consultation'

What do the two options mean to average benefit claimants

Household	Monthly Income	Council Tax Band and Charge	Monthly amount of Council Tax to pay		
			Current Benefit scheme	Option one (-30%)	Option two (-10%)
Couple + 2 children	Family Income £1,577.55	Band A £72.37	£38.48	£48.65	£41.87
Disabled couple	Joint Income £2,117.05	Band C £98.02	£11.70	£11.70	£11.70
Couple + 3 children	Family Income £1,815.49	Band C £96.50	£18.16	£41.66	£25.99
Lone parent + 3 children (Youngest child under 5)	Family Income £1,658.28	Band B £63.31	£23.57	£23.57	£23.57
Single Person (age 45)	£307.67 Jobseekers Allowance	Band A £54.30	£0.00	£16.29	£5.43
Single Person (age 24)	£243.75 Jobseekers Allowance	Band A £54.30	£0.00	£16.29	£5.43
Couple	£482.95 Jobseekers Allowance	Band C £96.50	£0.00	£28.95	£9.65

Appendix 3

Local Council Tax Support Scheme - Expenditure projections under various scheme options

Council Tax	0% increase	Council Tax	2% Increase
Current Spend	£ 54,571,433.70	Current Spend	£ 55,662,862.37
Government Funding	£ 49,114,290.33	Government Funding	£ 49,114,290.33
Shortfall	£ 5,457,143.37	Shortfall	£ 6,548,572.04

Table 1 10% reduction scheme						
	Cases	Current expenditure	% award	Expected expenditure	% award	Expected expenditure
Pensioners	31615	£ 21,999,325.15	100	£ 21,999,325.15	100	£ 22,439,311.65
Severe Disability Premium	1770	£ 1,203,450.10	100	£ 1,203,450.10	100	£ 1,227,519.10
Enhanced Disability Premium	2495	£ 1,911,319.00	100	£ 1,911,319.00	100	£ 1,949,545.38
Lone Parents	6452	£ 4,242,708.09	100	£ 4,242,708.09	100	£ 4,327,562.25
War Widows	38	£ 27,627.20	100	£ 27,627.20	100	£ 28,179.74
Carers	869	£ 682,795.00	100	£ 682,795.00	100	£ 696,450.90
Part award - Non protected	6605	£ 2,968,386.56	90	£ 2,671,547.90	90	£ 2,724,978.86
100% award - Non protected	29574	£ 21,535,822.60	90	£ 19,382,240.34	90	£ 19,769,885.15
Cost of Scheme	79418	£ 54,571,433.70		£ 52,121,012.78		£ 53,163,433.04
			Cost to LA	£ 3,006,722.45	Cost to LA	£ 4,049,142.71

Table 2 No cost scheme						
	Cases	Current expenditure	% award	Expected expenditure	% award	Expected expenditure
Pensioners	31615	£ 21,999,325.15	100	£ 21,999,325.15	100	£ 22,439,311.65
Severe Disability Premium	1770	£ 1,203,450.10	100	£ 1,203,450.10	100	£ 1,227,519.10
Enhanced Disability Premium	2495	£ 1,911,319.00	100	£ 1,911,319.00	100	£ 1,949,545.38
Lone Parents	6452	£ 4,242,708.09	100	£ 4,242,708.09	100	£ 4,327,562.25
War Widows	38	£ 27,627.20	100	£ 27,627.20	100	£ 28,179.74
Carers	869	£ 682,795.00	100	£ 682,795.00	100	£ 696,450.90
Part award - Non protected	6605	£ 2,968,386.56	78	£ 2,315,341.52	74	£ 2,240,538.18
100% award - Non protected	29574	£ 21,535,822.60	78	£ 16,797,941.63	74	£ 16,255,238.90
Cost of Scheme	79418	£ 54,571,433.70		£ 49,180,507.68		£ 49,164,346.10
			Cost to LA	£ 0^	Cost to LA	£ 0^

^ figures rounded down

Appendix 4 – Core City schemes under consultation

LA	Features of draft scheme and options consulted on
Birmingham	Protection for all disability premiums, households with children under 5 and war pensioners. All others have 24% reduction in liability. 1 month limit on backdating
Bristol	<p>All non vulnerable working age customers to face either a: 0%, 12.5% or 25% reduction in liability.</p> <p>Vulnerable defined as; Lone parents with a child under 5, claimant/partner in receipt of DLA care (middle/high), claimant/partner in receipt of Carers Allowance, claimant/partner in receipt of war pensions/payments, claimant/partner has received homeless duty or pervention support (via part 7), child in receipt of DLA care (any rate).</p> <p>Features; abolish 2nd adult rebate, capital cut off limit of £6,000, increase ND deductions by 50%, increase earnings disregards by lowest of £10 pw or 50%.</p>
Leeds	<p>Protection for Vulnerable groups : War Pensioners, SDP and EDP, Lone parents of children under 5. Draft scheme proposes to pass on the full cut which will result in a 23% reduction in support (27% if Council tax rises 2%).</p> <p>Includes an option to limit the reduction to 10% in the first year. The % reduction would be applied after the calc. Abolish 2AR for working age</p>
Liverpool	Draft Scheme to reduce award by 17.5%, but options also to fund the gap fully or to partially fund the gap
Manchester	Eligible Council tax liability capped at band A for single persons and couples and band C for families, then 15% reduction applied to eligible Council tax, Self employed assessed on a minimum income level of the minimum wage. Minimum Weekly CTB award £1.00
Newcastle	Protection for SDP and EDP cases, 20% reduction in liability and £1.00 minimum weekly award. Increase NDDS by £1.00 and introduce new NDD for passported NDs of £2.90 per week, Increase earnings disregard by £2.50 per week. Abolish 2AR.
Nottingham	<p>Options consulted on: Reduce capital limit to £6k; remove second adult rebate; remove backdating; minimum weekly CTB award of between £2-£4; cap maximum award to Band B and cap CTB support to 80%.</p> <p>The proposed scheme will continue to disregard certain types of income within the calculation of awards, including Child Benefit; Disability Living Allowance; and War Widows Pensions/disablement benefits; and separately by continuing the allowances within the calculation for Carers.</p>
Sheffield	<i>20% reduction in liability and abolish second adult rebate</i>

Appendix 5 – ALMO tenancies affected by Social Sector Size Criteria

Bedrooms required under LHA	Actual number of bedrooms					Grand Total
	2	3	4	5	6	
1	3243	1173	84	17	1	4518
2		1784	111	27		1922
3			183	38		221
4				55	1	56
5					4	4
Grand Total	3243	2957	378	137	6	6721

Under occupied by 1 bedroom - 14%
reduction in HB

Underoccupied by 2 or more bedrooms
- 25% reduction in HB

Appendix 6

Social Sector Size Criteria - Update on Contacts/Visits Undertaken up to 6th November 2012

	ENEHL	%	WNWHL	%	AVHL	%	BITMO	%	CITY	%
Original Number of tenants Affected	2775		2503		1665		238		7181	
Completed Visits	1749	63%	1681	67%	779	47%	97	40.8%		
Tenants no longer Affected per LBS list 26/10/12	477	17%	433	17%	350	21%	47	20%	1307	
Number already visited from LBS list of 26/10/12	267		121		141		11		540	
Revised Total	2298		2070		1315		191		5874	
Completed Visits / Contacts	1482	65%	1681	67%	638	49%	86	45.03%	3887	66%
No response to contacts	120	5%	NA		91	14%	11	5.8	222	3.8%
Family Size Dispute	143	10%	172	10%	113	18%	14	16.3	442	11.4%
Property Size Dispute	78	5%	71	4%	115	18%	10	11.6%	274	7%
Transfer Requested * see below	257	18%	240	14%	186	29%	24	28%	707	18%
Cover Shortfall from Income / Benefits	1012	70%	452	27%	84	13%	63	73%	1611	41.4%
Seek Employment	406	28%	164	10%	90	14%	10	5.2%	670	17.2%
Plan to move to other tenure	13	1%	157	9%	39	6%	2	2.3%	211	5.4%
Seek Lodger	78	5%	93	6%	91	14%	3	3.4%	265	6.8%
Foster Carers	10	0.7%	38	2%	92	14%	0		140	3.6%
In adapted Properties	61	4%	109	6%	105	16%	11	12.8%	286	7.4%
Access to Children or Applying	42	3%	NA		NA		3	3.4%	45	1%
Tenants considered High Risk	732	51%	45	3%	NA		NA		777	20%
* Bedroom Requirements of those requesting a transfer										
1 Bedroom	135	52.5%	158	66%	120	19%	10	42%	423	60%
2 Bedrooms	91	35%	67	28%	43	7%	10	42%	211	30%
3 Bedrooms	25	10%	13	5%	17	3%	3	12.5%	58	8%
4 Bedrooms	6	2.3%	2	0.8%	6	1%	1	4%	15	2%
5 Bedrooms	0	0.	0	0	0	0%	0	0		

** Please note some tenants are considering more than one option as a response to SSSC.

Comments

- Tenants classified as High Risk refer to tenants who are unwilling to consider a move to downsize and have insufficient income to pay the rental charge based on current income and expenditure information provided. This figure also includes tenants who have refused to provide any income and expenditure information.
- WNWHL figures include outcomes from visits to tenants no longer affected by SSSC as advised by LBS on the 26/10/12 this will be adjusted next time.

Discretionary Housing Payments (DHP) Policy

Responding to the Housing Benefit Changes of 2013 and the introduction of the Benefit Cap

Introduction

- .1 This document sets out the Council's Discretionary Housing Payments Policy in response to the Government's welfare reforms. These include changes made to Local Housing Allowances, reductions in Housing Benefit entitlement due to the introduction of size criteria in the social rented sector and the introduction of the Benefit Cap which, in the first instance, will see Housing Benefit reduced for most families where total benefits exceed £500 per week.
- .2 Nationally, the Government has increased Discretionary Housing Payment funding as follows:

	2012/13	2013/14	2014/15
	£m	£m	£m
Baseline funding	20	20	20
LHA changes	40	40	40
Social Sector Size Criteria		30	30
Benefit Cap		75*	45*
Total	60	165	135

* the Government has said that up to £75m and £45m will be available in 13/14 and 14/15

- .3 The Government has stated that the additional funding relating to Social Sector Size Criteria is aimed at supporting households with disabilities living in properties adapted for disability and foster carers.
- .4 The amount of Government funding for Discretionary Housing Payments will not compensate for the loss of benefit income to tenants in Leeds. It recognises the government's intention for tenants to have to make hard choices and that Discretionary Hardship Payments will not be a substitute for these hard choices.
- .5 This Discretionary Housing Payments Policy should not be seen in isolation. It is part of a broad range of services available as part of a developing integrated local welfare assistance provision. Its aim is to protect the vulnerable but at the same time being realistic about the financial means available.

The Aims of the Policy

- .1 The overall aim of this policy is to provide help, within the funding levels provided by the Government, to vulnerable tenants that will enable tenants to secure stable and affordable housing solutions.
- .2 In most cases Discretionary Housing Payments will be used for short term needs to enable tenants to take the appropriate actions in order to change their personal situation. There will be exceptions where longer term support may be valid due to individual circumstances and for economic reasons. Examples of instances where longer term support would be considered are:
 - people with a disability who have had substantial adaptations to their home; and
 - foster carers affected by the size criteria in the social rented sector.
- .3 The Council expects to receive a significantly increased number of Discretionary Housing Payments claims as a result of the central government reforms. However, due to the limited Discretionary Housing Payments funding available it is not possible to help everyone who applies.
- .4 Applications for Discretionary Housing Payment will normally be subject to an income and expenditure review. Discretionary Housing Payments will not normally be considered where:
 - suitable alternative more affordable housing is an option. This will include accommodation in the private rented sector. The issue of whether the accommodation is suitable will take into account whether it is reasonable to expect the tenant to move having regard to the impacts on health and schooling where children are present;
 - alternative income sources are available. This will include unclaimed benefits and tax credits, income from other adults living in the household and savings over an agreed level.
 - alternative and more relevant options exist. This includes tenants facing shortfalls because of sanctions applied by Jobcentre Plus, tenants with disproportionate expenditure on debts and loans where debt restructuring provides a realistic alternative and tenants with disproportionate expenditure on non-essential items.
 - the shortfall in rent payments is expected to last for only a short time pending a change in circumstances. This recognises that some tenants will be under-occupying a property for only a short time until, for example, a baby is born, a child reaches a significant birthday or a tenant reaches pension-age. In these instances, housing providers would normally be expected to agree a rent payment schedule that recognises the imminent reinstatement of full Housing Benefit.

- .5 Claims will be welcome from everyone affected by the changes but given the limited funding available to deal with the impacts of the changes, priority will be given to households with children and households where there is significant disability

Support for tenants subject to the benefit cap

- .1 The Benefit Cap will impact mainly on families and is not expected to affect single people in Leeds. The number of families affected is relatively small but the impact for many of the families is expected to be significant. The majority of the families affected will live in private rented accommodation but a number are renting in the social rented sector.
- .2 The Benefit Cap does not apply to families where the claimant is working for 24 hours a week or more. The longer term aim is to help families make the move into work. In the meantime support will be targeted to those families where:
- financial support is required to facilitate a move to more affordable accommodation; or
 - the shortfall in rent is too great to cover from other household income;
 - alternative more affordable accommodation is not appropriate;
 - a lower rent cannot be negotiated; and
 - there is a real risk of the family becoming homeless.
- .3 For those families where the rent is too great to cover from other household income a full options appraisal will be carried out with Housing Options and, where appropriate, Adults and Children's Services. For families living in the social rented sector, the options appraisal will involve the housing provider.

Support for tenants subject to the size criteria measure

- .1 The Social Sector Size Criteria measure will impact on over 8,000 tenants in Leeds and it will be necessary to limit support to those most in need or at risk of eviction. The additional funding from the Government is aimed at supporting tenants living in homes where the home has been adapted for disability and foster carers who will not be allowed an extra room for a foster child under the benefit rules.
- .2 These are not the only groups who will need to be supported. Separated and divorced parents with child access arrangements will need additional support as well as tenants faced with exceptional hardship. It will not be possible to protect all tenants in these groups within the Government's funding contribution and additional considerations will need to be taken into account.
- .3 The criteria set out in paragraph 2.4 of this policy will apply with support for the remaining tenants to be targeted to the following tenants:

- Tenants where a member of the household is disabled and the property has undergone significant adaptation because of the disability;
 - Foster carers and supported Kinship Care arrangements;
 - Parents requiring an additional room under child access arrangements where alternative housing options, including options in the private sector, are not appropriate;
 - Older people approaching pension age where work is not a realistic option
 - Families expecting a first child where housing allocation has been made in this basis.
- .4 Applications will normally need to be supported by information from housing providers or other support workers to confirm that alternative housing options are not available or suitable.

Support for tenants subject to Local Housing Allowance restrictions

- .1 The Local Housing Allowance changes, which affect only tenants in the private-rented sector, have been in force since April 2011. However, tenants already getting benefit at the time the changes came in received transitional protection for a while. The impact of the changes depend on:
- whether rents are reduced to reflect the new LHA rates; and
 - the levels at which Local Housing Allowances are set by HMRC
- .2 In the first instance landlords should be encouraged to reduce rents in exchange for direct payments of Housing Benefit. Where this is not appropriate, Discretionary Housing Payments support will be targeted to those private sector tenants where:
- It is unlikely there would be alternative more affordable accommodation;
 - The tenant is subject to the Shared Accommodation Rate but requires an additional room under child access arrangements; or
 - There are exceptional circumstances that mean it is not appropriate for the tenant to move to more affordable accommodation.
- .3 Discretionary Housing Payments will not normally be made to tenants entering into new tenancy. Local Housing Allowance rates are made public and most landlords are aware of the rates for the types of accommodation they provide. An exception to this will be where a tenant has had to move quickly, perhaps because they are fleeing domestic violence or there is another compelling reason

Support not related to Local Housing Allowance changes, Housing Benefit cap or size criteria restrictions

- .1 The Discretionary Housing Payment scheme has been in operation since 2001 to provide additional help to tenants facing a shortfall in their housing costs. The scheme has tended to focus on tenants facing exceptional hardship such as debt, unavoidable additional short-term expenditure or high housing costs caused by the need to live in a particular area.
- .2 Typically, this support has gone to private rented sector tenants. This is because tenants are required to have a shortfall in their rent support and far fewer social sector tenants had a shortfall in their rent. The changes brought about by the Benefit Cap and Social Sector Size Criteria mean that more social sector tenants will have a shortfall in their rent support. This in turn means that there will be more applications for support.
- .3 It is intended to continue with the policy of targeting this support on tenants facing exceptional hardship such as debt, additional short-term expenditure or other exceptional circumstance that requires short-term support.

Administration

- .1 The Discretionary Housing Payment Scheme will be administered by the Revenues and Benefits Service. Applications will need to be made in writing and where related to Social Sector Size Criteria would normally need to be supported by a statement from the housing provider or other support worker in relation to alternative housing options.
 - .2 Decisions will normally be made within 5 working days of getting the required information.
 - .3 It is not intended to allocate Discretionary Housing Payment budgets for each category of expenditure. Instead a single DHP budget will apply with expenditure monitored in relation to
 - Total spend
 - Spend by reason (Benefit Cap, Size Criteria, LHA, other)
 - Spend by tenure type
 - Spend by tenants' circumstances (disabled, foster care etc.)
- Appeals against Discretionary Housing Payments decisions will be dealt with through local arrangements. This will involve the establishment of Appeals Panel chaired by an elected member that will meet on a regular basis to consider written appeals.

What Discretionary Housing Payments cannot cover ¹

1. **Ineligible charges:** service charges that are not eligible for HB cannot be covered by a DHP. These are as specified in Schedule 1 to the Housing Benefit Regulations 2006 and Schedule 1 to the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006. Nor can DHPs cover charges for water, sewerage, and environmental services – as defined and calculated under the HB provisions.
2. **Increases in rent due to outstanding rent arrears:** Regulation 11(3) of the Housing Benefit Regulations 2006 and Regulation 11(2) of the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 refer. This refers to those cases where a customer's rent is increased on account of outstanding arrears which are owed by the customer in respect of their current or former property.
3. **Sanctions and reductions in benefit:** DHPs cannot meet these because to do so would undermine the effectiveness of the sanctions or reduction in benefit. These are
 - any reduction in Income Support (IS) or income-based Jobseeker's Allowance (JSA(IB)) due to a Reduced Benefit Direction (RBD) for failure to comply with the Child Support Agency in arranging maintenance. The RBD is a reduction in benefit of 40% of the personal allowance and only applies to IS or JSA(IB)
 - any reduction in benefit as a result of non-attendance at a work-focused interview. This applies both where the person's HB/CTB is reduced and when any other benefit that the person is receiving, such as IS is subject to a sanction
 - any reduction or loss of benefit due to a JSA employment sanction. JSA is not payable for the period of sanction if they have contributed towards their unemployed status, for example, by leaving employment voluntarily or failing to attend a prescribed training scheme. In such cases, it may be possible for a reduced rate of JSA to be paid under the JSA hardship provisions
 - any reduction in benefit due to a JSA sanction for 16/17 year olds – for certain young people who receive JSA under a Severe Hardship Direction. JSA is not payable for the period of the sanction if they have contributed towards their unemployed status, for example, by leaving unemployment voluntarily or failing to attend a prescribed training scheme,
 - or any restriction in benefit due to a breach of a community service order
4. **Benefit suspensions:** HB can be suspended either because there is a general doubt about entitlement or because a customer has failed to supply information pertinent to their claim. In such cases, it would not be permissible to pay DHPs instead. One of the intentions of the suspension provisions is to act as a lever to ensure that the customer takes the necessary steps to provide the authority with the necessary information/evidence - paying DHPs could reduce the effectiveness of this lever.

5. **Rent, when the person is getting council tax support but not HB or help with housing costs in UC:** in other words, when a person is only getting local council tax support, you should not take into account any financial assistance that they may require with their council tax, when considering the award of a DHP.
6. **Shortfalls caused by HB overpayment recovery:** when recovery of an HB overpayment is taking place, such shortfalls should not be considered for a DHP.

¹From Annexe B of Draft Department for Work and Pensions Good Practice Guide 2013

Appendix 8 – proposed Local Welfare Scheme

Introduction

- .1 The government is changing the way in which the Social Fund is administered. From April 2013, the funding that would have been used for Community Care Grants and Crisis Loans for Living Expenses is to be transferred to Local Authorities to create a new local welfare assistance provision. The funding will not be ring-fenced but Councils are expected to use the funding to 'give flexible help to those in genuine need'. DWP has said it expects to audit and publish details of how councils use the funding.
- .2 Leeds will receive £2,886,082 per annum scheme funding for 13/14 and 14/15 and will also receive administration funding of £609,851 in 13/14 and £558,994 in 14/15. There will also be £28,861 set up funding in 12/13. These funding levels are less than is currently spent by DWP. Funding is only guaranteed for 2013/14 and 2014/15.
- .3 The DWP will retain responsibility for the budgeting loans element of social fund.

Background

- .1 Community Care Grants are non-repayable grants which are intended to support vulnerable people to remain in, or return to, the community, or to ease exceptional pressure upon families. They are commonly awarded for a range of expenses including household equipment such as white goods and furniture. The average award is around £480.
- .2 The prime objectives of Community Care Grants are to:
 - help people to establish themselves in the community,
 - help people remain in the community
 - help with the care of a prisoner or young offender on release on temporary licence
 - ease exceptional pressures on families
 - help people setting up home as a part of a resettlement programme
 - assist with certain travelling expenses
- .3 Applications are accepted from people in receipt of the following benefits.
 - Income Support
 - Income Related Jobseekers Allowance
 - Income Related Employment and Support Allowance
 - Pension Credit
- .4 Crisis Loans for Living Expenses are interest free loans that are intended to help people meet their short term living needs in an emergency or due to a disaster. The Crisis Loan must be the only available means of preventing serious damage or serious risk to the health and safety of the applicant or a member of their

family. Payments are not linked to the receipt of a qualifying benefit but the applicant must have the means to repay the loan. The average Crisis Loan payment is around £50.

Purpose of the Scheme

- .1 The scheme will seek to assist vulnerable people in meeting their needs for subsistence or financial support where they are unable to meet their immediate short term needs or where they require assistance to maintain their independence within the community.
- .2 The aims of the scheme are:
 - .1.1.1 to allow people to return to or remain in the community without the need for extra care;
 - .1.1.2 to support the most vulnerable in urgent situations through signposting to appropriate support services, advice or through provision and access to goods;
 - .1.1.3 to engage individuals with appropriate support services where needed to prevent repeat applications and develop resilience;
 - .1.1.4 to support the most vulnerable in a holistic way which will have a positive effect and will minimise cash payments.
- .3 The key principles behind the scheme are:
 - The scheme will develop arrangements with key partners, both internal and external to the Council, who advocate on behalf of clients for Community Care Grants or Crisis Loans funds to deliver elements of the scheme and make referrals for awards;
 - The scheme will work closely with existing support schemes funded through the Homelessness Prevention fund and s17 payments to provide an overarching scheme of support accessed through a single route..
 - The scheme will look to further develop the relationships with key partners in the 3rd, voluntary and public sector to create an integrated and sustainable local welfare provision across Leeds. This will include support and assistance in developing Food Banks and expanding Furniture Re-Use. It will over time support the creation of a clear map of local welfare provision across Leeds and the information and advice needed to access that provision. It will create clarity and reduce duplication.

The use of these resources is intended to create added value by working in partnership and supporting projects which are desirable, protect the environment and enhance the digitalisation of access to services.

- The council will work closely with Leeds City Credit Union, Post Offices Ltd and other appropriate providers to provide cash dispensing, pre-payment and financial services;
- The scheme will allocate funding to develop initiatives aimed at tackling fuel poverty, food poverty, financial exclusion and enhance budgeting and debt advice.
- The scheme will provide a service that is accessible, relatively simple and delivers assistance in a timely and effective manner.

Eligibility

- .1 It is proposed that eligibility will not be limited to those on benefit but will be available also to those in work on low incomes. The basic eligibility criteria are:
 - The applicant must be aged 16 or over and must be on a low income and without access to sufficient funds (including savings) to meet their immediate needs;
 - The applicant is leaving care after a minimum period;
 - The applicant requires support to stay in the community;
 - The applicant has demonstrated he/she is without immediate resource to meet the basic needs of themselves and / or their dependents;
 - The award of support would fit with the aims of the scheme.
- .2 The scheme will consider paying awards under two types of need a) those who require assistance to establish or maintain a home in the community and b) those customers who require immediate support
- .3 Those requiring assistance to establish or maintain a home include (but is not limited to) those listed below. In most instances, it is expected that a referral for an award will be supported by a support worker or advice worker. Awards under this category would be limited to 1 award in a 2 year period which mirrors the current arrangement:
 - Families under exceptional pressure
 - Homeless people or rough sleepers
 - Vulnerable older people
 - People fleeing domestic violence
 - Young people leaving care
 - People moving out of institutional or residential care
 - Ex offenders leaving prison or detention centres
 - Chronically or terminally ill people
 - People with alcohol or drug issues
 - People with learning difficulties.
- .4 Awards of immediate financial assistance may include those customers listed below. In most instances, cash will be issued as a last resort with the preference

for food and fuel vouchers and pre-payment cards for other goods. Awards will, in the first instance, be made as grants.

- Have no essential food
- Need essential goods associated with infants/children
- Have no heating
- Require help with emergency travel costs
- Have suffered a major upheaval or disaster
- Require suitable clothing for job interviews or work
- Require help towards essential medical related costs (where not provided by the NHS or another body)
- Require assistance to cover living expenses until they receive their first payment of benefit or salary, where this is not met by other benefits.

- .5 Repeat applications may be considered as loans or a mixture of loans / grant. Customers who make repeat applications or are identified as in need of requiring another form of assistance will be referred for support such as budget or debt advice or counselling services. Different support services will be encouraged to work in concert to deliver an approach which would prevent repeat applications
- .6 Not all applications would be suitable for an award. The scheme will also develop links with Fuel Poverty Unit, Advice Leeds Network, Leeds City Credit Union and 3rd Sector Leeds for advice and support on a range of matters including money, debt and fuel advice, benefit maximisation, volunteer networks etc.
- .7 Applications will not be supported where there is another suitable more appropriate option. In some instances it may be more appropriate to apply to Jobcentre Plus for a hardship payment or hardship loan where benefit has been sanctioned or for a budgeting loan or advance payment where there will be a delay before benefit is awarded. Matters relating to rent arrears, rent deposits or advance payments should be dealt with through Discretionary Housing Payments or the Council's Bond scheme administered by Housing Options.
- .8 Scheme funding is limited and this will require that scheme spend is monitored on a monthly basis . The amount of funding remaining will need to be reflected in the prioritisation of awards. Applications from customers with dependents and applications from householders will, where necessary, be prioritised over applications from non-householders and customers without dependents.
- .9 In the event that there is a local emergency (for example flood or fire) affecting several households the Council may wish to review available funds.

Applications and assessment

- .1 The application process will be clear, transparent and accessible.
- .2 Applications will be encouraged by referral from Benefit Officers, ALMO Housing Officers, RSLs, Housing Options, Adult and Children's Services and other external agencies such as the Probation Service and Advice Agencies.

- .3 It is hoped to set up an online portal that will allow approved agencies to collect and enter data and information and make recommendations about an award. Notwithstanding this, there will be a need to provide for telephone and face to face applications. The telephone option will also provide an out of hours option. The out of hours service will provide a basic Crisis Loan service to tide the applicant over to the next working day and will mirror the current practice whereby referrals are through third parties such as social services or the police.
- .4 The final assessments and decision-making will be undertaken by the Leeds Revenues and Benefits Service. Applications for emergency assistance will be prioritised with service standards in place for quick and accurate decision making, payment of awards and review processes.

Methods of Payment

- .1 In the main, payment would be in the following forms with cash payments only considered as a last resort: Maximum values will be set for both cash payments and items provided through the scheme.
 - Vouchers for food
 - Payments to suppliers of suitable goods or services
 - Pre payment cards for goods/heating
 - Goods from local suppliers
- .2 Customers will not normally be required to repay any amounts granted. However where repeat applications occur, the scheme will allow the option to offer an award in the form of a loan.
- .3 It is proposed that a scheme is created to calculate maximum awards for both living expenses and particular items; this would be subject to consultation.

Appeals

- .1 The applicant or representative will have the right to request a review of a decision in relation to a refusal, the value of the award or the method of payment
- .2 The review process will follow the principles of current complaints process. A stage 1 review will be carried out by a more senior officer than the original decision-maker. A stage 2 review will be carried out by a panel chaired by an elected member.
- .3 If the customer remains dissatisfied, he/she will have the right to make a complaint to the Local Government Ombudsman.

Monitoring arrangements

- .1 The scheme will be closely monitored and will be subject to monthly and quarterly reporting providing data and information on
 - Number of applications and reasons
 - Number successful/unsuccessful
 - Value of awards
 - Speed of awards and appeals

- Remaining funding and implications for scheme

Where funding is allocated to support initiatives aimed at tackling financial exclusion, debt, fuel poverty and food poverty, additional reports will be provided detailing the effectiveness of the initiatives.

Report of Head of Scrutiny and Member Development

Report to Scrutiny Board (Resources and Council Services)

Date: 19th November 2012

Subject: Work Schedule

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. A draft work schedule is attached as appendix 1. The work schedule has been provisionally completed pending on going discussions with the Board. The work schedule will be subject to change throughout the municipal year.

Recommendations

2. Members are asked to consider the draft work schedule and make amendments as appropriate.

Background papers¹

None used

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

This page is intentionally left blank

Scrutiny Board (Resources and Council Services) Work Schedule for 2012/2013 Municipal Year

Area of review	Schedule of meetings/visits during 2012/13		
	June	July	August
People Plan	Outturn Report People Plan performance and report on appraisals and engagement – SB 25/06/12	Performance of Environment and Neighbourhoods regarding appraisals and engagement	
Equality Improvement Priorities	Equality Indicators SB 25/06/12		
Annual review of Partnership			
<i>To be determined</i>			
Briefings		Community Right To Challenge – To discuss proposed process SB 23/7/12 Procurement and Call IN	
Budget & Policy Framework Plans			
Recommendation Tracking			
Performance Monitoring	Quarter 4 performance report SB 25/06/12		
Budget	Out turn Report – SB 25/06/12		

Scrutiny Board (Resources and Council Services) Work Schedule for 2012/2013 Municipal Year

Area of review	Schedule of meetings/visits during 2012/13		
	September	October	November
People Plan	Quarter 1 People Plan performance and report on Flexible Working and Agency staff – SB 3/09/12	Agency work in N&E, ADS and Children's	
Equality Improvement Priorities			
Annual review of Partnership	Discussion with Cllr Wakefield re Leeds Initiative		
<i>To be determined</i>			
Briefings	Gambling Policy SB 3/9/12	Update on Fleet Services	Welfare reform
Budget & Policy Framework Plans			
Recommendation Tracking			
Performance Monitoring	Quarter 1 performance report SB 3/09/		
Budget	Quarter 1 - Budget SB 3/09/		Financial Strategy

Scrutiny Board (Resources and Council Services) Work Schedule for 2012/2013 Municipal Year

Area of review	Schedule of meetings/visits during 2012/13		
	December	January	February
People Plan	Quarter 2 People Plan performance and report on Attendance and Health & safety SB 17/12/12		
Equality Improvement Priorities			
Annual review of Partnership			
<i>To be determined</i>			
Briefings			
Budget & Policy Framework Plans		To receive Executive Board's initial budget proposals	
Recommendation Tracking			
Performance Monitoring	Quarter 2 performance report SB 17/12/12		
Budget	To receive Executive Board's initial budget proposals		

Page 101

Scrutiny Board (Resources and Council Services) Work Schedule for 2012/2013 Municipal Year

Area of review	Schedule of meetings/visits during 2012/13		
	March	April	May
People Plan	Quarter 3 People Plan performance and report on Equalities – SB 18/03/13		
Equality Improvement Priorities			
Annual review of Partnership	To undertake “critical friend” challenge – SB 18/03/13		
<i>To be determined</i>			
Briefings			
Budget & Policy Framework Plans			
Recommendation Tracking			
Performance Monitoring	Quarter 3 performance report SB 18/03/13		
Budget	Quarter 3 – Budget – SB 18/3/13		

Page 102