

Public Document Pack

Daneshill House
Danstrete
Stevenage
Hertfordshire

19 January 2018

Dear Sir/Madam

Notice is hereby given that a Special meeting of the Stevenage Borough Council will be held in the Council Chamber, Daneshill House, Danestrete, Stevenage on Tuesday, 30 January 2018 at 7.00 pm and you are summoned to attend to transact the following business.

Yours faithfully

Scott Crudgington
Chief Executive

AGENDA

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

To receive any apologies for absence and declarations of interest by Members.

2. REPORT REFERRED FROM THE EXECUTIVE - HOUSING REVENUE ACCOUNT FINAL BUDGET PROPOSALS 2018/2019 AND RENT SETTING

The officer report (attached as item 2) on the Housing Revenue Account Final Budget Proposals 2018/2019 and Rent-Setting is to be considered by the Executive on 23 January 2018. The Executive's recommendations to Council will be circulated on a supplementary agenda.

Report & Appendices attached

3. REPORT REFERRED FROM EXECUTIVE - COUNCIL TAX SUPPORT SCHEME 2018/2019

The Officer report (attached as Item 3) on the 2018/2019 Council Tax Support Scheme is to be considered by the Executive on 23 January 2018. The Executive's recommendations to Council will be circulated on a supplementary agenda.

Report & Appendix attached

This page is intentionally left blank

Meeting EXECUTIVE / COUNCIL
Portfolio Area Resources/Housing
Date 23 / 30 JANUARY 2018



2018/2019 HRA RENT SETTING AND BUDGET

KEY DECISION

Authors Clare Fletcher x 2933
Katrina Shirley x 2018
Lead Officers Clare Fletcher x 2933
Contact Officer Clare Fletcher x 2933

1. PURPOSE

- 1.1 To update Members on the final proposals on the HRA budgets and rent setting for 2018/19, to be considered by Council on 30 January 2018.
- 1.2 To propose the HRA rents for 2018/19.
- 1.3 To propose the HRA service charges for 2018/19.
- 1.4 To update Members on the 2017/18 and 2018/19 HRA budget, incorporating the Financial Security options, growth bids and fees and charges included in the November Financial Security report, together with any revised income and expenditure assumptions identified since that report.

2. RECOMMENDATIONS

- 2.1 That Council be recommended to approve that HRA dwelling rents not subject to the 1% rent reduction (currently Low Start Shared Ownership LSSOs) be increased, week commencing 2 April 2018 by 4% i.e. £4.37 per week which has been calculated using the existing rent formula, CPI +1% in line with the Rent and Service Charge Policy approved at the January 2017 Council.

- 2.2 That Council be recommended to note that HRA dwelling rents, (other than those outlined in 2.1) are subject to the 1% rent reduction from week commencing 2 April 2018 or £0.95 and £1.62 per week for social and affordable rents respectively, as outlined in the Government's Welfare Reform and Work Act 2016.
- 2.3 That Council be recommended to approve the Final 2018/19 HRA budget, as set out in Appendix A and the revised 2017/18 budget of £2,802,250, (surplus).
- 2.4 That Council be recommended to approve the HRA Financial Savings options as outlined in Appendix B.
- 2.5 That Council be recommended to approve the HRA Growth options as outlined in Appendix C.
- 2.6 That Council be recommended to approve the HRA Fees and Charges as outlined in Appendix D.
- 2.7 That Council be recommended to approve the 2018/19 service charges.
- 2.8 That Council be recommended to approve the minimum level of reserves for 2018/19 as shown in Appendix E to this report.
- 2.9 That the contingency sum of £250,000 within which the Executive can approve supplementary estimates, be approved for 2018/19 (unchanged from 2017/18).

3. BACKGROUND

- 3.1 In November 2017, the Executive approved a revised HRA Business Plan which was an update on earlier versions approved in 2016 and 2014. Since the initial 2014 Business Plan update, the projections have undergone a number of reiterations, mainly due to the significantly negative financial impact on the HRA of the four year 1% rent reduction and other government legislation in the Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016. Members will be aware that the single biggest financial impact on the HRA was the four year rent reduction with an estimated £225Million loss of income over a 30 year period. 2018/19 represents year three of the four year rent reduction.
- 3.2 The Government has indicated that after 2019/20, rent increases will be based on the formula CPI+1%. If this policy had been in force for 2018/19 this would have equated to a 4% rent increase rather than the 1% rent reduction for social and affordable rents for the coming year.
- 3.3 In terms of other Government legislation the financial landscape still looks uncertain for housing. However the government has announced that the introduction of Higher Value Asset levy (HVV) on councils has been deferred for another year (2018/19) but as of yet no decision has been announced on whether the government will introduce it. The 2017 Autumn budget confirmed that the government will proceed with a £200 million large scale regional pilot of the Right to Buy for housing association tenants in the Midlands. The Autumn budget costs, include an £85m sum for this pilot in 2019/20, but the accompanying policy costings document does not explain how this has been arrived at. The HRA business plan to the September

Executive had assumed a cost of £732K to the HRA in 2018/19 which has been removed and for the 30 year business plan a total cost of £29Million.

- 3.4 Secondly the end of lifetime tenancies, replaced with a two to five year fixed term (with some exceptions). The DCLG had indicated it was ready to consult prior to the General Election but this hasn't materialised since then and there has been no decision on an implementation date. Both of these Government initiatives require the approval of regulations by Parliament.
- 3.5 In summary the current regulations in force require the Council to set a 1% rent reduction for social and affordable rents, the exception being low start shared ownership (LSSOs). There are 90 LSSO properties which equate to 85 full house equivalents. Any service charges can be charged at cost and sit outside the rent reduction regulations.
- 3.6 The total number of HRA homes in management at the 18 December 2017 is summarised in the table below. The average rents for 2018/19 are based on this housing stock, however any right to buys or new schemes subsequent to the 18 December may change the average rent per property type. This is 11 properties less than that reported in the Draft HRA report to the December Executive.

Stock Numbers at 18/12/2017	Social	Affordable	Sheltered	LSSO	Homeless	Total
Number of Properties	6,851	10	858	85	130	7,934

- 3.7 The HRA Business Plan presented to the September Executive has been adjusted for the Financial Security Options and Fees and Charges approved at the November Executive. A summary of the assumptions for the budget are shown in the table below.

Financial Assumptions included in the HRA BP and November FS report	2017/18	2018/19
Rent & Service Charge Increases	1% rent reduction for general stock and 1%+CPI (3%) for LSSO's and re-lets to formula rent	
New Build	50% Affordable 50% Social	
Right-to-Buys	42	50
Bad debt rates	0.60%	0.60%
2018/19 Financial Security options	0	(£225,959)
2018/19 Growth bids	£154,751	£365,092
New Build - Number of Units (HRA BP)	56	37
Repayment of Debt	3,741,000	0
New loans	3,500,000	
Capital Deficit in the Business Plan	0	0

3.8 The Budget and Policy Framework Procedure Rules in the Constitution prescribe the Budget setting process, which includes a minimum consultation period of three weeks. Under Article 4 of the Constitution, the Budget also includes: the allocation of financial resources to different services and projects; proposed contingency funds; setting the rents; decisions relating to the control of the Council’s borrowing requirement; the control of its capital expenditure; and the setting of virement limits. The timescale required to implement this process is outlined overleaf.

Date	Meeting	Report
Dec-17	Executive	Draft HRA 2018/19 Budget (incorporating Financial Security Options)
	Overview and Scrutiny	Draft HRA 2018/19 Budget (incorporating Financial Security Options)
Jan-18	Executive	Final HRA rent setting and 2018/19 Budget
	Overview and Scrutiny	Final HRA rent setting and 2018/19 Budget
	Council	Final HRA rent setting and 2018/19 Budget

3.9 The Draft HRA budget was presented to the December Executive and Overview and Scrutiny Committee which was a 2018/19 Deficit of £2,618,690 with an average 2018/19 social rent of £95.75, affordable rent £160.21 and LSSO of £113.55. There were 141 properties with an increase of between £4.00-£5.50, this included 90 LSSO properties with the remaining 51 being social rented homes.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Rents

4.1.1 The continuing impact of the 1% rent reduction on an average rent is illustrated in the table below. Over the four year period a CPI+1% increase is estimated to be a 10.78% increase in average rents, compared to a 3.94% loss of a 1% rent reduction for four years. This gives an overall difference between the two rents of 14.72% and an estimated rent loss by year four of £5.9Million and in total £12.6Million. The impact over a 30 year business plan has been estimated at £225Million.

Impact of 1% rent reduction (starting rent £98.59)	2016/17	2017/18	2018/19	2019/20	Incr.(decr.) 4 years £	Incr./(decr.) 4 years
Rent based on CPI+1%	£99.48	£101.47	£105.53	£109.22		
Increase per year	£0.89	£1.99	£4.06	£3.69	£10.63	10.78%
Rent with 1% rent reduction	£97.60	£96.62	£95.66	£94.70		
Decrease per year	(£0.99)	(£0.98)	(£0.97)	(£0.96)	(£3.88)	(3.94%)
Overall loss per average property	£1.88	£4.85	£9.87	£14.52	£31.11	(14.72%)
Rent loss in £'000	2016/17	2017/18	2018/19	2019/20	Incr.(decr) 4 years £	
Estimated rent loss per year £'000	£771	£1,960	£3,975	£5,940	£12,647	

4.1.2 The legislation governing the rent reduction states that it should be based on a tenant's rent in the 12 months prior to the first relevant year. The starting point should be the rent on 8 July 2015 – the date on which the intention to legislate regarding rent reductions was announced. The link to rent on 8 July 2015 was an anti-avoidance provision. There are a few exceptions to that including where no tenancy existed (new properties etc.), however in accordance with the Act it ensures that rents for tenancies beginning after the 8 July 2015 will track down in parallel with those of established tenancies.

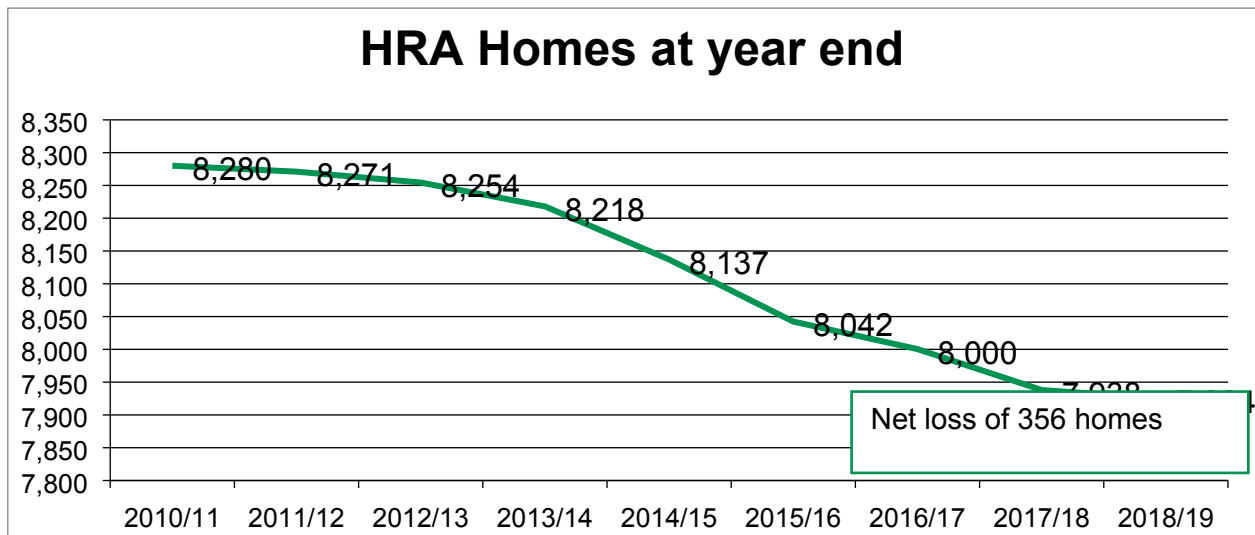
4.1.3 The exceptions to the 1% rent reduction for Stevenage Borough Council, is Low Start Shared Ownership properties (LSSOs). The Council has 90 LSSO properties and owns 85 full house equivalents. This report recommends that these rents are set in line with the rent policy CPI+1% or a 4% increase for 2018/19, (2017/18 increase 2%).

4.1.4 The proposed average rents for 2018/19 are set out in the table below, there are currently 10 affordable rented properties (ranging from 4 bedroom-2 bedroom houses and flats).

Average Rents 2018/19	LSSO	Incr./ (decr.) %	social	Increase/ (decrease) %	Affordable	Incr./ (decr.) %
Average Rent 2017/18	£109.18		£96.71		£161.83	
Add rent impact 2018/19	£4.37	4.00%	(£0.95)	(1.00%)	(£1.62)	(1.00%)
Total 52 week Rent 2018/19	£113.55		£95.76		£160.21	

4.1.5 **The only change between the Draft and Final proposed rents is that the average social rent for 2018/19 is now £95.76 per week compared to an average draft rent of £95.75 a difference of £0.01.** This as a result of void properties being re-let at formula rents and removal of right to buy sales

between October and December. Net rental income decrease for 2018/19 is estimated to be £566,000, which includes the impacts of the rent reduction and estimated right to buys, offset by estimated new properties. The total number of properties in management is estimated to have reduced by 356 homes between 2010/11 and 2018/19, the 2017/18 numbers have been temporarily impacted by sheltered properties out of management ready for scheme redevelopment. **This remains unchanged from the Draft HRA report to the December Executive.**



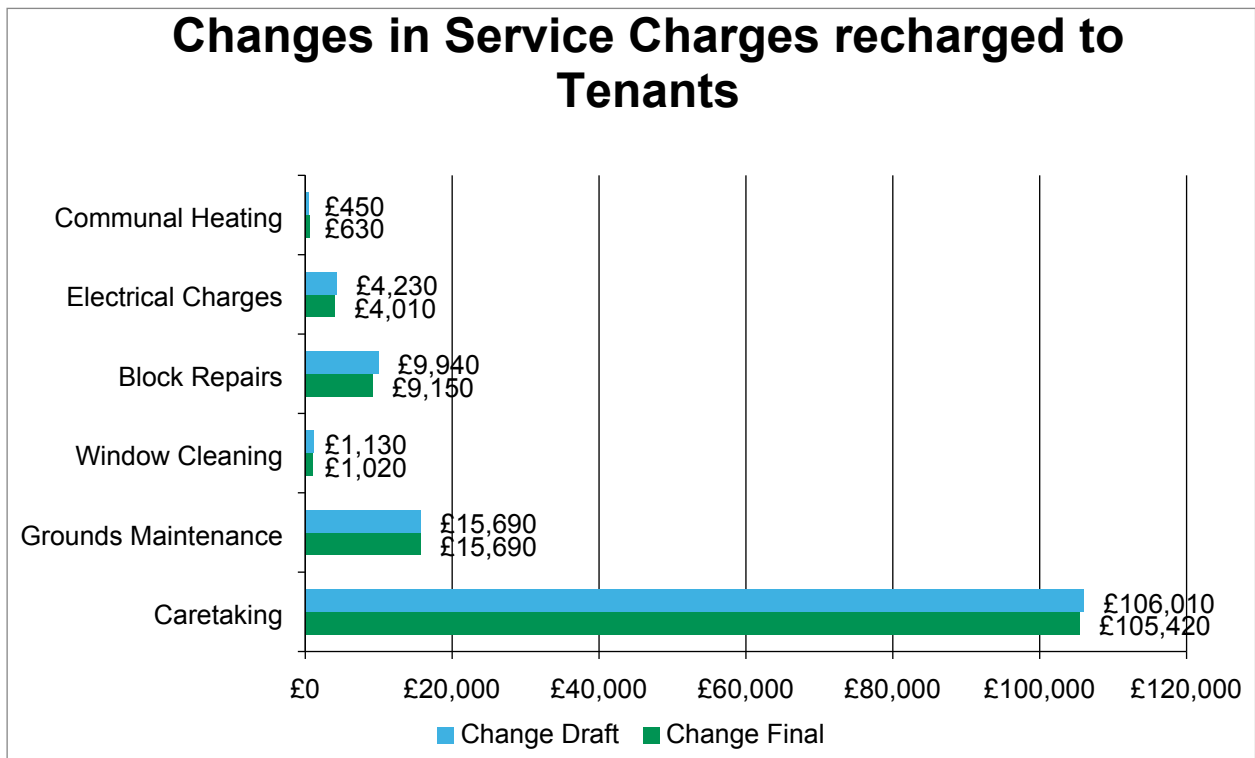
4.2 Service Charges

4.2.1 Service charges are calculated for each block individually for 2,925 properties, (2017/18 2,885) or 37% of current SBC tenanted properties. A review of service charges was trailed in the 2017/18 HRA rent setting report, however the review was not concluded in time for the 2018/19 rent setting and still requires tenant and Member consultation. The Executive will receive a report in the spring/summer with a view to necessary action / consultation being undertaken in time to inform the 2019/20 budget. Service charges currently provided, (eligible for housing benefit) are shown below.

Service Charges:
Caretaking
Grounds maintenance
Window cleaning
Block repairs (including pest control)
Electrical charges
Communal heating

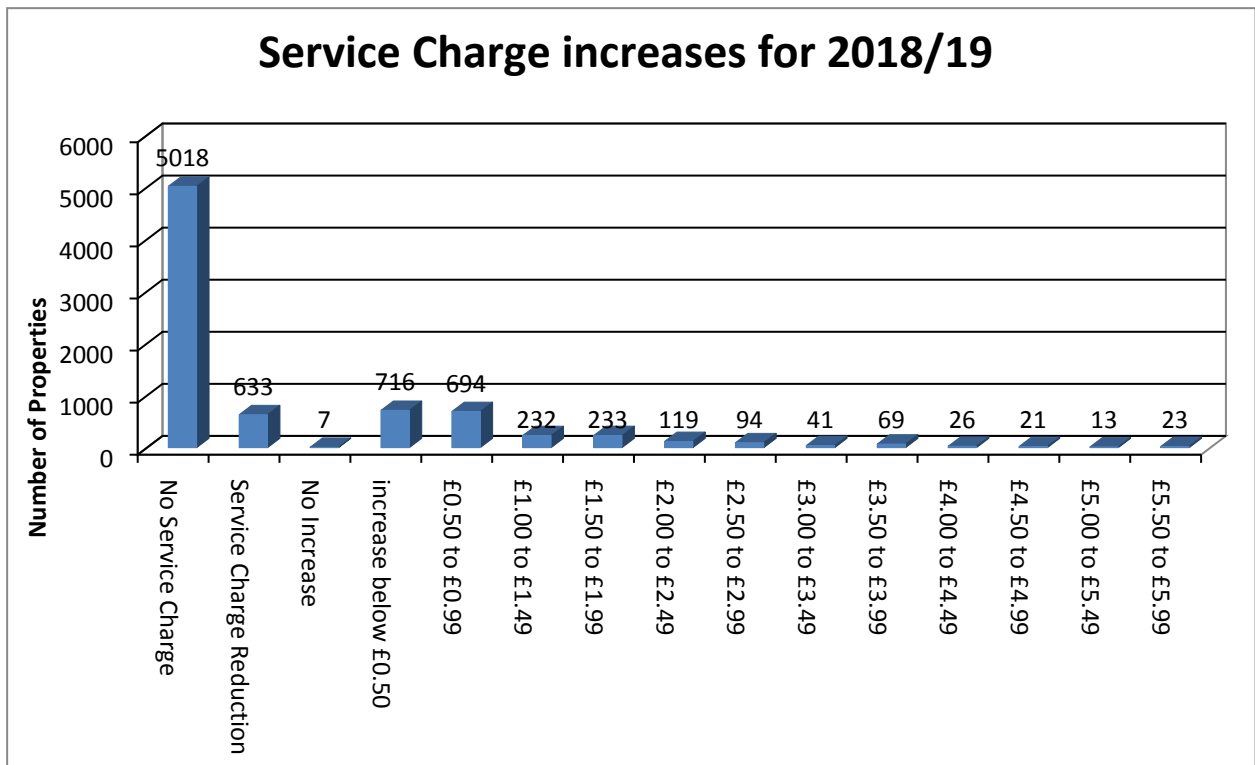
4.2.2 Service charges are not subject to the 1% rent reduction regulations, but are based on cost recovery. For 2018/19, service charge costs will increase with inflationary pressures and changes in usage. Both the draft and final estimates of service charge costs to be charged to tenants are shown in the

chart below. The recharge to tenants has been amended to reflect RTB properties and any adjustments to service charges. The reduction in tenant income will be recouped via leaseholder service charges.



4.2.3 In the draft HRA report caretaking costs were shown to have increased by £106,010, this has reduced slightly to £105,420. As reported previously the reason for the increase is because historically reactive work undertaken by the caretakers has not been charged to tenants and leaseholders, meaning that only 58% of caretaking costs have been recovered. Including the reactive work (not on the normal schedule for removal of debris etc.) in chargeable time means that 84% compared to 58% of productive hours are estimated to be paid for in 2018/19.

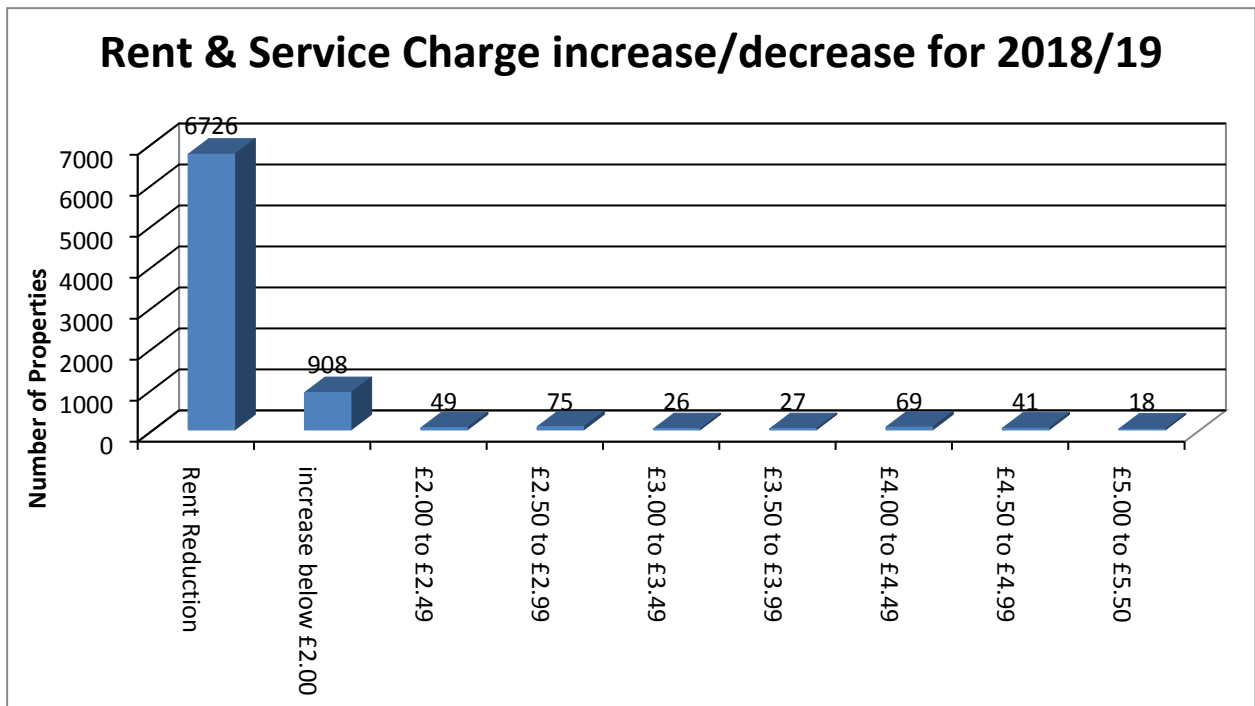
4.2.4 The spread of service charge increases for all tenants in 2018/19 is shown in the chart below and has been updated since the draft report. The impact of the increase in service charges (including caretaking), means **2,050 homes will receive a service charge increase of less than £1.00** (in the draft report this was 2,062), there are still 23 properties which have an increase of between £5.50-£5.99 per week.



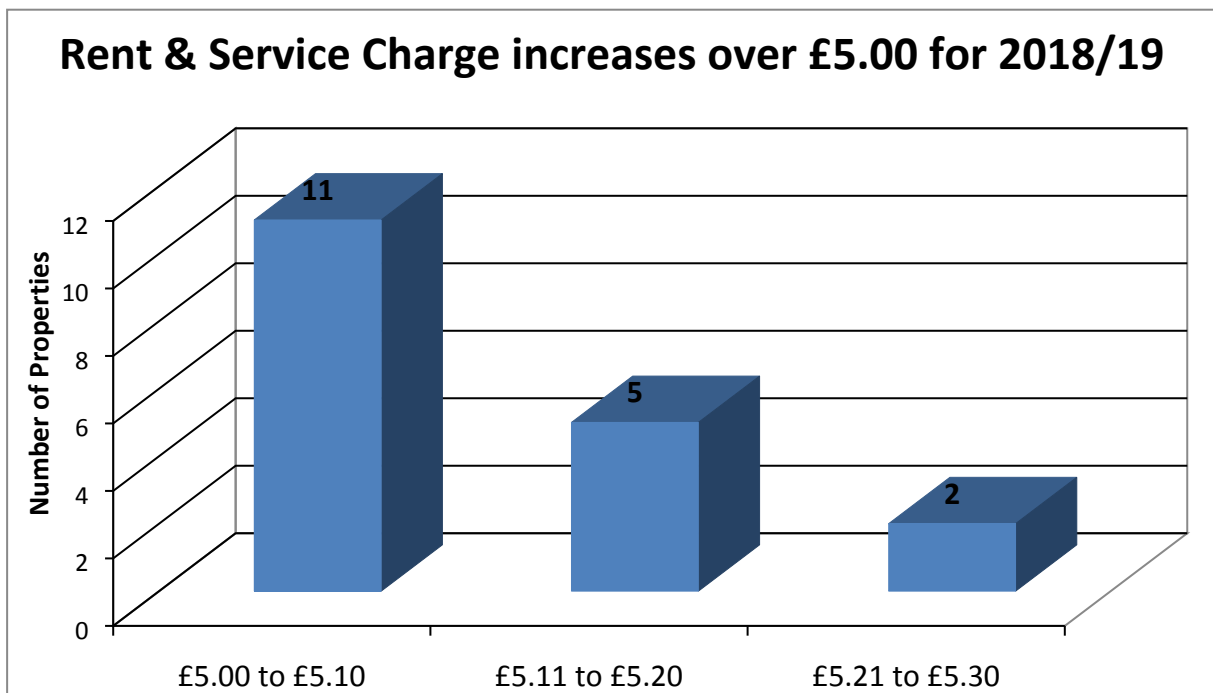
**includes LSSO in total not reduced for the share owned by the tenant*

4.3 Rents and Service Charges

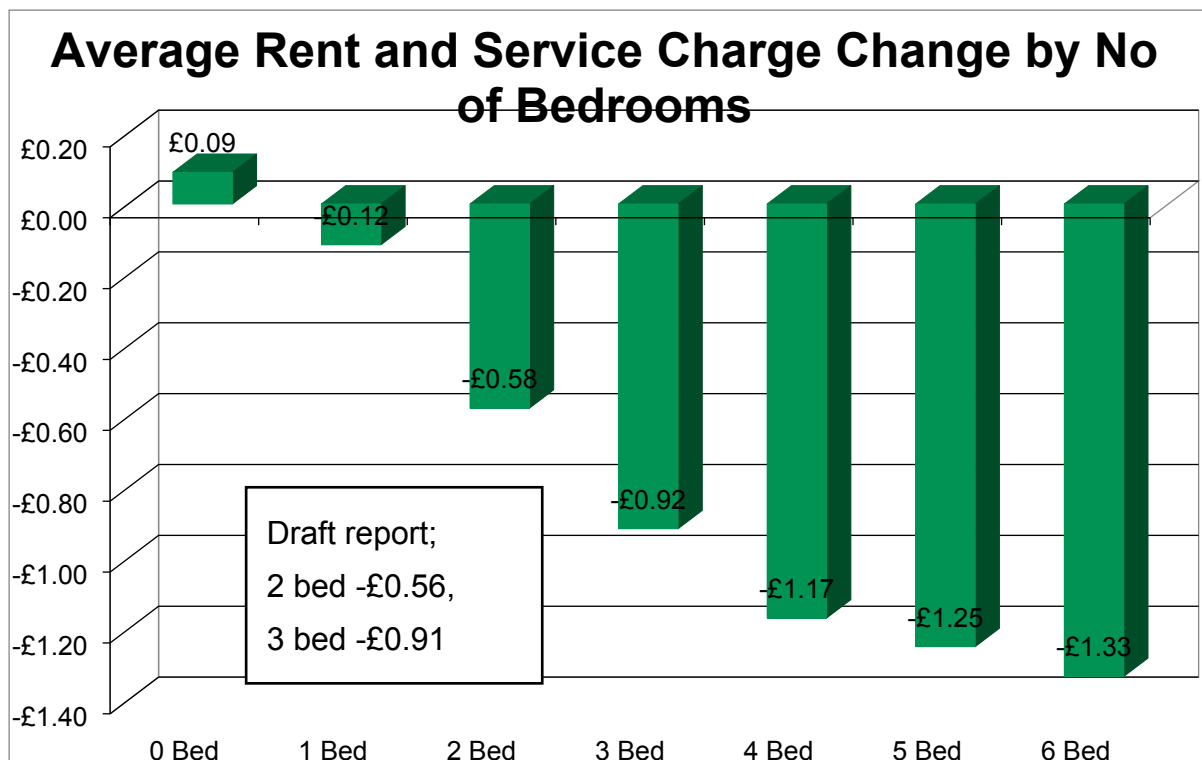
4.3.1 There are 6,726 or 84.7% of council tenants compared to 91.6% in 2017/18 receiving a rent and service charge reduction. **There were 141 properties with an increase over £4.00 in the draft report, this has reduced to 128 properties.** The spread of the 2018/19 rent and service charge changes are summarised in the chart below.



4.3.2 There are 18 properties with an increase in excess of £5.00 with two properties estimated to have an increase of between £5.21 and £5.30. A summary of these properties is shown in the chart below and this remains unchanged from the Draft HRA report to the December Executive.



4.3.3 The average rent and service charge increase/(decrease) by bedroom size has also been calculated and summarised in the chart below.



4.3.4 The comparison between HRA property rents and private sector rents for one to four bedroom properties is shown in the table below. A three bedroom private sector rental property costs an additional 139%, (2017/18,147%) per week than a SBC council home and 38% more than the affordable let properties,(2017/18 44%).

	SBC Social Rent (EXC LSSO's)	SBC Affordable Rent	Median Private Rent	Local Housing Allowance (LHA)	Median % v SBC Social	Median % v SBC Affordable
1 Bed Property	£81.56	£119.92	£184.00	£126.03	126%	53%
2 Bed Property	£94.94	£153.38	£219.00	£155.37	131%	43%
3 Bed Property	£106.03	£182.75	£253.00	£192.05	139%	38%
4 Bed Property	£117.15	£225.82	£299.00	£245.96	155%	32%

4.3.5 **The Local Housing Allowance (LHA)** shown in the table above is the maximum amount of housing benefit payable by property size for private rented properties.

4.4 Supported Housing Income and Expenditure

4.4.1 Included in the approved 2014, 2016 and 2017 HRA Business Plan was an assumption that £100,000 of Supported Housing charges would be recovered either from lower costs or higher charges in the period 2016/17-2018/19.

4.4.2 The business plan was trying to address the removal of supporting people grant, (paid via the County Council), of which £386,000 had been removed by 2015/16. Furthermore the cost of the service in 2015/16 was a net charge to

the HRA of some £656,000, so even with grant funding the cost of the service was not met. This has meant that the cost of this service (apart from some self-funders) is being met from the HRA which is not sustainable.

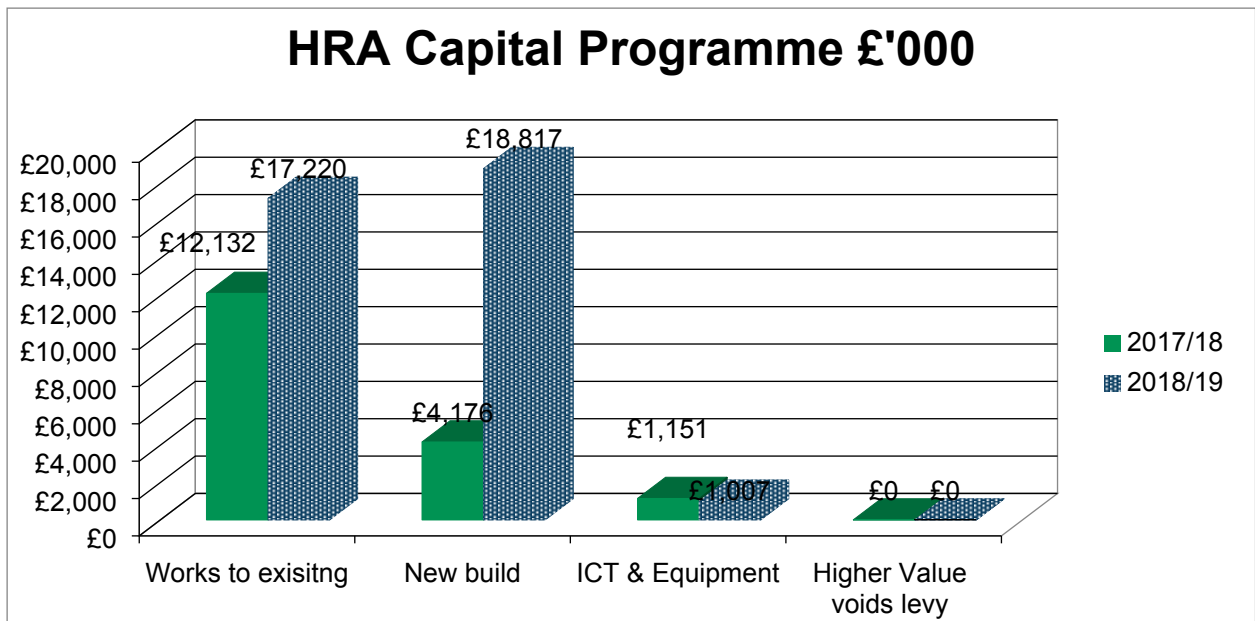
- 4.4.3 Since 2015/16 a number of income increases have been introduced together with service cost reductions which lowered the cost of the service by £149,790 in 2017/18, (fee increases accounted for £22,250). In 2018/19 further options have been considered (subject to consultation) which is a £2.00 charge per week for those recipients of the service that are currently not paying anything, whose costs (in part) would have been covered by the supporting people grant. The charge to self funders will be £17.70 in 2018/19.

4.5 Borrowing

- 4.5.1 The HRA business plan's existing loans are an average interest rate of 3.40% based on £206.174Million of borrowing. The current business plan makes allowance for new loans totalling £3,500,000 in 2017/18, together with debt repayments in this year of £3,741,000. The decision when to take the new borrowing will be reviewed, weighing up the cost of carry and the prevailing PWLB rates. The interest payable in 2017/18 and 2018/19 is estimated to be £7,017,260 and £6,960,140.

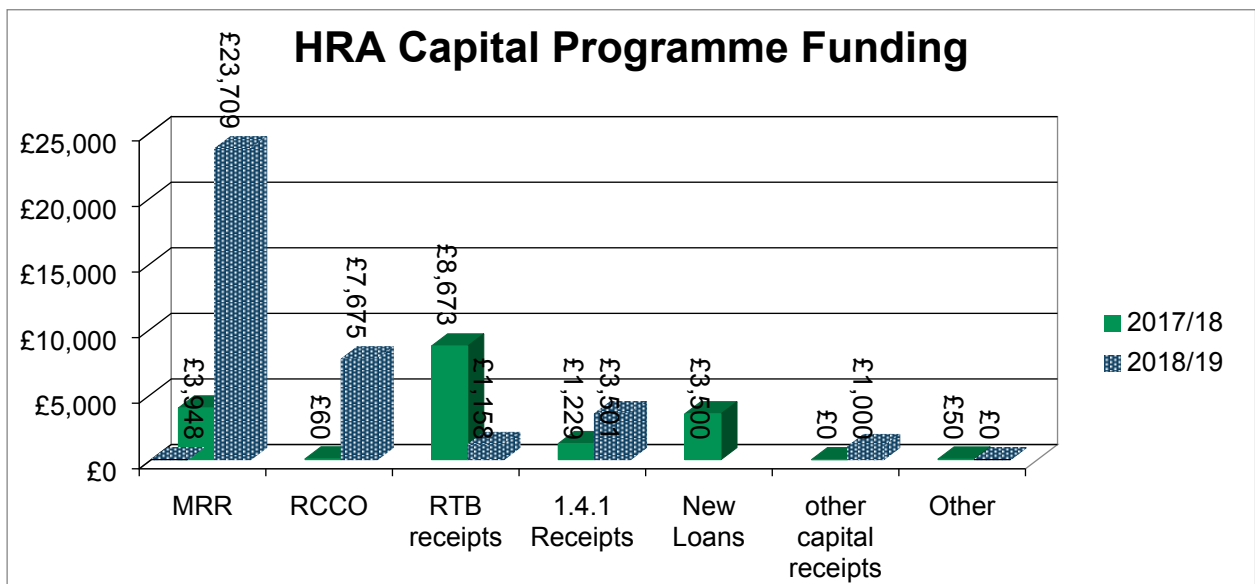
4.6 Contributions to Capital Expenditure

- 4.6.1 A large part of the capital programme is funded from HRA revenue resources, however in 2017/18 there was only a small revenue contribution to capital (RCCO) of £60,230 in the HRA. The contribution increases considerably in 2018/19 due to the size of the capital programme and is £7,675,440 (draft budget £7,540,240) for 2018/19. **The 2018/19 capital programme has increased by £76,000 (ICT slippage) and is £37,043,750, the level of RTB debt receipts is forecast to be £135,200 lower than previously estimated, which has meant a higher RCCO contribution required for the year.** The 2018/19 programme is much higher than the 2017/18 capital programme of £17,459,250 as next year includes the Major Repairs contract on flat blocks and higher new build budgets.
- 4.6.2 The 2018/19 capital programme does not include any higher value voids levy, (which was estimated to be £732,000 in 2018/19). As outlined in paragraph 3.3 the government announced in December that this would not be introduced in 2018/19.
- 4.6.3 The 2018/19 budgeted depreciation allowance to be transferred to the Major Repairs Reserve (MRR) to fund the capital programme is £11,792,190, (no change to the November MTFs). A summary of the 2017/18-2018/19 capital programme is shown in the chart below.



4.6.4 The increase in the size of the capital programme in 2018/19 compared to the 2017/18 programme, (as outlined in paragraph 4.6.1), is mainly funded from increased use of the Major Repairs Reserve (effectively depreciation balances from the HRA) and RCCO.

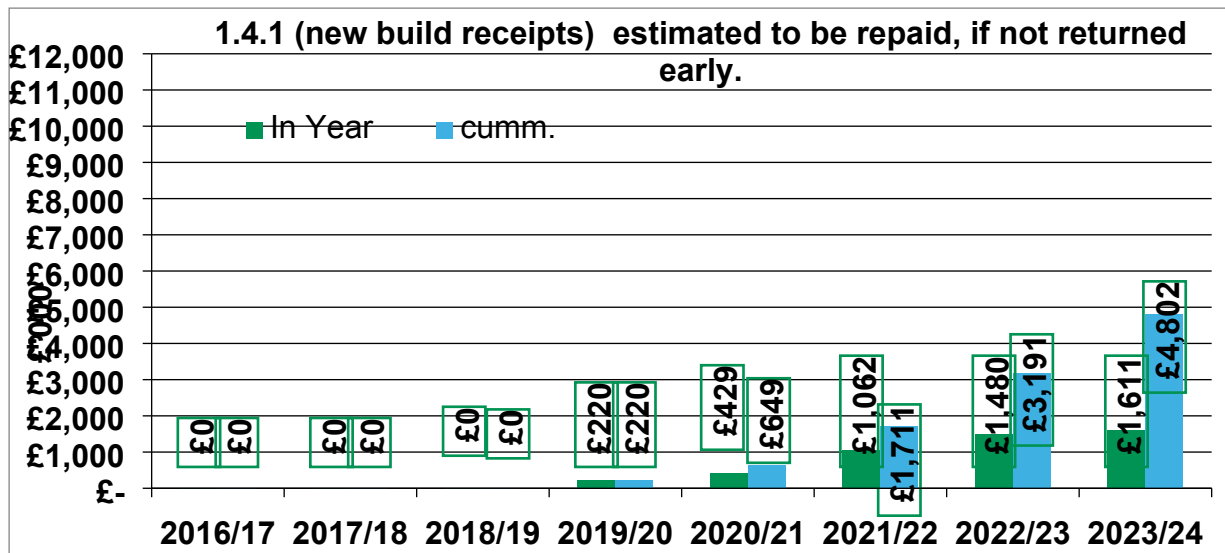
4.6.5 The funding for the HRA capital programme is shown in the chart below, this includes the increase in RCCO as outlined in paragraph 4.6.1.



4.6.6 The current HRA Business Plan does not assume borrowing above the government imposed borrowing cap (£217.685Million). The 2017 Autumn budget announced the Government will be lifting borrowing caps for councils in areas of high affordability pressure. Local authorities will be able to bid for increases in their caps from 2019/20, up to a total of £1 billion by the end of 2021/22. However, the rules on how Authorities can do this have yet to be published but the Government has notified councils that it intends to set out detailed arrangements shortly. The Government anticipates that the additional borrowing could help local authorities to build replacement homes sold under the right to buy, or be used alongside Affordable Homes Programme grant. These measures in the Budget and the reforms announced in the Housing White Paper by the government reflect their desire to raise housing supply to 300,000 per year by the mid 2020s.

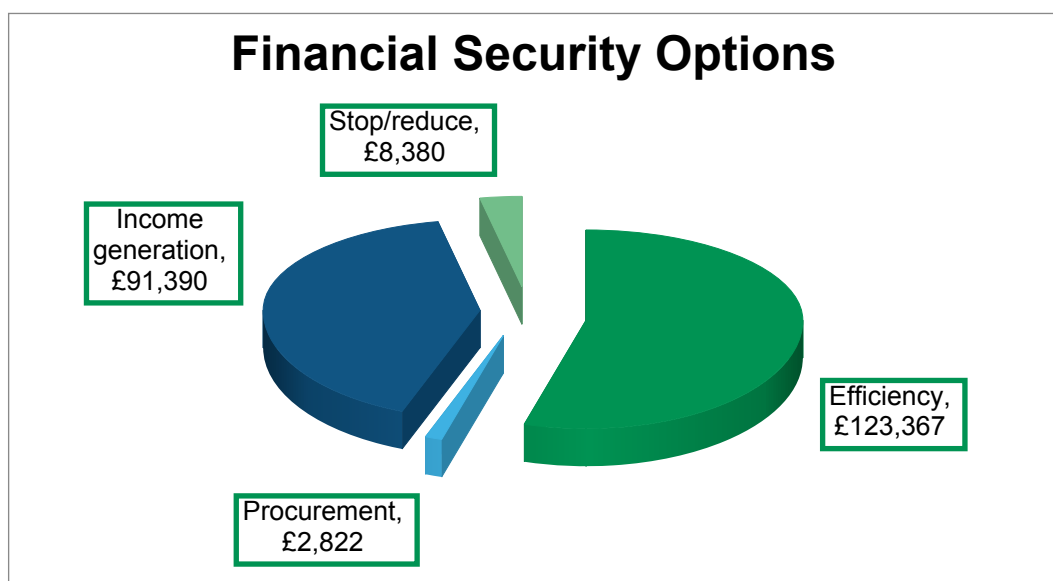
4.7 Use of One for One Receipts

- 4.7.1 The new build programme was introduced in 2012/13 alongside HRA self-financing. The revised November 2014 HRA Business Plan projected 1,900 properties over a 30 year period with 559 properties to be built/acquired in the first ten years, spending an estimated £416Million. The 2017 Business Plan increased funding to £453Million with an estimated 1,986 new council homes and 88 replacement properties.
- 4.7.2 Despite having an ambitious new build programme, the value of 1.4.1 receipts has continued to increase as house prices and the number of RTB's have risen. However to date only £3.9Million of receipts have been returned to the Government to avoid the punitive interest rate penalties (4% above the Bank of England base rate).
- 4.7.3 Based on the current capital programme and estimated 1.4.1 receipts, no receipts need to be returned in 2017/18 and 2018/19. However these projections are very much dependent on the level of sales and profiling of capital expenditure, the sales for the current year are estimated to be 42 which is lower than the 50 sales originally budgeted for.
- 4.7.4 The calculation for the use of 1.4.1 receipts has been completed for the period October to December 2017, (quarter 3 2017/18) and no receipts are due to be returned up to the 31 December 2017.



4.8 Financial Security Options

4.8.1 At the November Executive, Members approved HRA Financial Security Options of £225,959 and detailed in Appendix B. A summary of the options is shown in the chart below.

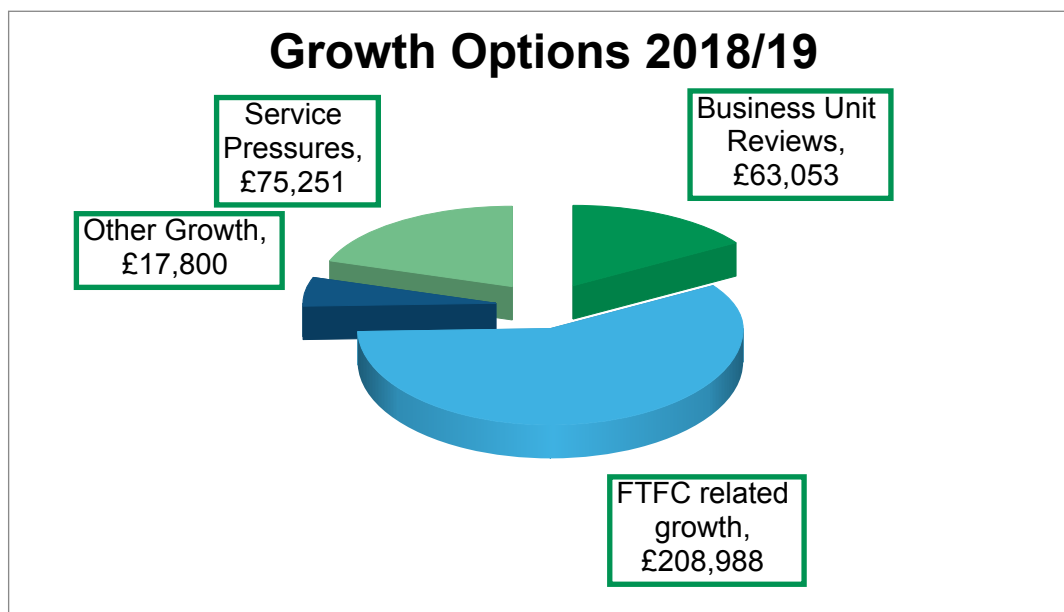


4.8.2 The majority of the options related to efficiencies (55%); included within the income generation options is the £2.00 per week charge for supported housing as outlined in paragraph 4.4.3.

4.8.3 Officers with the Leaders Financial Security Group (LFSG) will be working towards achieving the unidentified Financial Security target which totals £0.977Million for the next four years, (2019/20-2022/23).

4.9 Growth Options and Service Pressures

- 4.9.1 At the November Executive, Members approved HRA and Service Pressures of £365,092 with implementation costs of £154,750 in 2017/18. This included the financial cost of the Business Unit Reviews (BUR) and ICT Improvement Plan which were reported separately and approved by Members at the November Executive.
- 4.9.2 This growth is in addition to the previously agreed housing transformation fund which totals £500,000 per year for 2017/18-2019/20. The growth and pressures are summarised in Appendix C. A summary of the options is shown in the chart below.



4.10 Fees and Charges

- 4.10.1 2018/19 fees, charges and concessions have been reviewed as part of the work of the Corporate Fees and Charges Group, with the results scrutinised and recommended for approval by LFSG and included in Appendix D. The recommended Fees and Charges for the HRA total £7,580. The majority of HRA fee income relates to rent and service charges.

4.11 Final Budget Proposals

- 4.11.1 The Final HRA budget is estimated to be a net expenditure of £2,756,630, which is a reduction of £217,419 on that reported in the Financial Security report to the November Executive, but £137,940 more than the draft budget to the December Executive. The reasons for the changes are summarised in the table below.

Notes	Summary of 2018/19 budget movements		
	November MTFS (28 November 2017 Executive)		£2,974,049
	Increases in Income/Reductions in Expenditure:		
	Additional Rental Income	(£6,310)	
Updated	Other fees and charges incl. caretaking	(£120,130)	

Notes	Summary of 2018/19 budget movements		
	(reduced by £1,100 since draft budget)		
Updated	Revenue contribution to capital (increased by £135,200 since draft budget)	(£305,300)	
New	Salary changes (Ni overstated £53,600 partly offset by higher pay award costs £52,450), para. 4.11.5).	(£1,150)	
	Interest receivable (para 4.11.6)	(£20,120)	(£453,010)
	Increases in Expenditure:		
	Additional Pension strain costs following statutory opt in (para 4.11.4)	£72,560	
Updated	Net increase in recharges between HRA and GF (increased by £2,790 since draft budget)	£139,200	
	other minor changes	£23,831	£235,591
	Net decrease in budget		(£217,419)
	Updated HRA 2018-19 net budget		£2,756,630

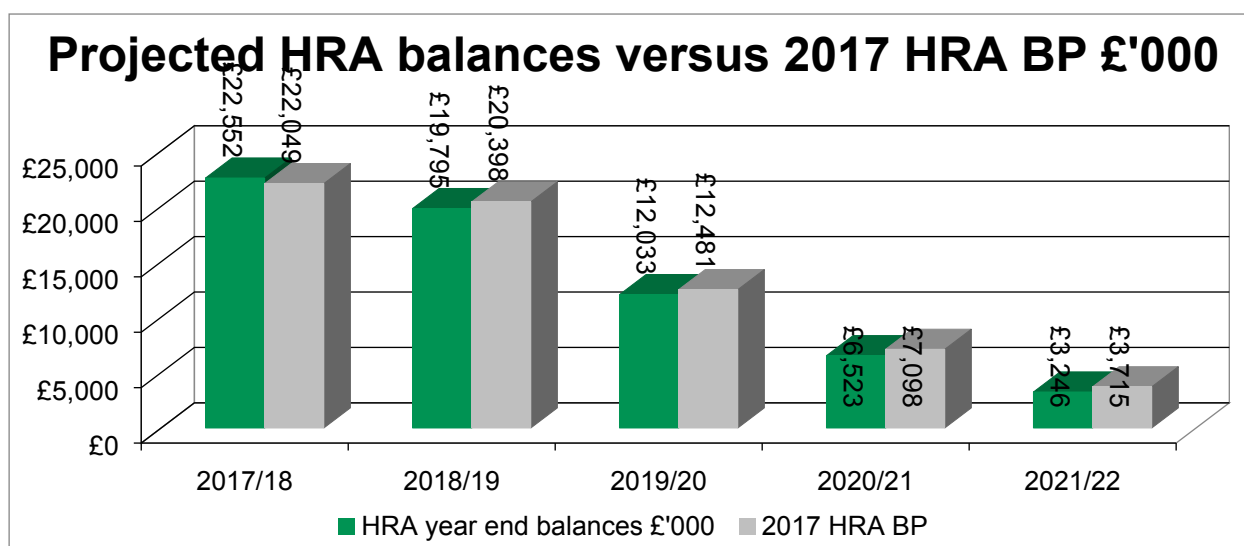
- 4.11.2 The largest increase in fees and charges relates to the increase in caretaking staff charged as part of service charge recovery, this is outlined in paragraph 4.2.3.
- 4.11.3 Revenue Contribution to Capital (RCCO) has reduced by a net £305,300, this is a result of the removal of the HVV levy from the 2018/19 draft HRA capital programme partly offset by lower projected debt provision receipts.
- 4.11.4 There has been an increase in the employer pension costs as the number of HRA employees in the pension scheme has increased, compared to that previously estimated. All new employees are automatically enrolled in the pension scheme and must opt out if they want to leave the scheme. The current pension contribution for 2018/19 is 18.5% of gross pay including overtime and other pay elements.
- 4.11.5 There is a small reduction in other salary costs, national insurance contributions were overstated (£53,600) which offset the impact of increasing the pay award in the budgets from 1.5% to 2% (£52,450).
- 4.11.6 Interest on HRA balances has increased over that estimated based on a 0.7% investment rate achieved and is calculated based on average projected HRA balances for 2018/19.
- 4.11.7 There has been an increase in net recharges from the General Fund to the HRA of £139,200, (draft budget, £136,410) over that budgeted. The total net recharges to the HRA are now just over £6Million and include the HRA share of corporate management and cost of democracy for 2018/19.
- 4.11.8 The 2018/19 HRA projected budget is now net expenditure of £2,756,630, the summary of balances is shown in the table below. All HRA balances in excess of the minimum balances held for assessed risks in year, are required to fund the HRA 30 year capital programme. The 2018/19 minimum balances for 2018/19 are based on the risk assessment of balances which are detailed in Appendix E to this report.

HRA Balances:	2017/18 £	2018/19 £
HRA Balance 1 April	(£19,749,571)	(£22,551,821)
Use of balances in Year	(£2,802,250)	£2,756,630
HRA Balance 31 March	(£22,551,821)	(£19,795,191)
Minimum Balances	(£1,947,740)	(£2,144,950)

4.11.9 The risk assessment of the level of balances required in 2018/19 has been completed based on a number of forecast risks for the HRA. The minimum level of balances required in the HRA for 2018/19 is £2,144,950, which is higher than the business plan assumption of £2,074,000. The risk assessment is summarised in Appendix E to this report.

4.11.10 The HRA projected year-end balances as at 31 March 2019 are now projected to be £19,795,191 which is £137,944 lower than the projected draft budget balances of £19,933,135. However balances are £159,344 higher than the September business plan. Members will be aware that balances reduce in the next few years and there is currently a deficit in future years in the business plan.

4.11.11 The Business Plan shows a significant reduction in HRA reserves over the next few years and for a number of years minimum balances are held within the business plan, together with a deficit of £27 Million over the 30 year plan. The reduction in HRA balances is shown in the table below and there is a significant use of HRA reserves of £19.306 Million between the period 2017/18 and 2021/22. The business plan assumed a slightly lower use of reserves.



4.11.12 The 2021/22 HRA projected balance is £469K lower than the 2017 Business Plan, this is partly because of higher inflationary pressures in the HRA, which have partly been offset by removing the costs associated with the HVV levy in 2018/19. With balances forecast to be £3.246 Million by 2021/22, there is much less ability to absorb the impact of unplanned expenditure or loss of

income. The next update of the business plan will review the Financial Security target in the HRA.

4.11.13 The 2017/18 Projected HRA budget is estimated to be a surplus of £2,802,250 which remains unchanged from the draft HRA report.

4.12 Consultation

4.12.1 The Housing Management Board (HMB) acts as an advisory body to the Executive for council housing-related matters, including participation in the HRA budget-setting process and the development of the HRA Business Plan. HMB currently includes one leaseholder and five tenant representatives in addition to Member and officer representation. Its terms of reference allow for up to ten customer representatives in total.

4.12.2 HMB reviewed the draft revised Rent and Service Charge Policy at their meeting on 27 October 2016 and broadly supported proposed revisions at that time. No further changes to the policy have been made since then.

4.12.3 Proposals for a revised HRA Business Plan were agreed by the Executive at their meeting in November 2016. These proposals included investment plans to support commitments relating to new build, existing housing assets and service improvements and also a series of savings assumptions. The proposals were developed with input from HMB via a number of working groups and presentation sessions.

4.12.4 HMB received a presentation on the revised HRA Medium Term Financial Strategy (MTFS) and refreshed HRA Business Plan assumptions (including savings targets) in August 2017. Their comments were reported within the HRA MTFS Executive report in September 2017.

4.12.5 A presentation by the Assistant Director (Finance and Estates) was given to HMB on the HRA budget and rent setting proposals contained in this report on 3 January 2018. HMB asked a number of questions regarding the budget and asked that service charges around caretaking were transparent and the increases explained clearly to both tenants and leaseholders.

4.12.6 The Assistant Directors for Finance and Estates and Housing and Investment, reiterated the comments made by the Executive and assured HMB that part of the service charge review would be not just clarity what was included in charges but would also look at consistent service levels across the different flat blocks.

4.12.7 In addition, as referred to in paragraph 4.2.1, there are plans to review service charges ahead of implementing a new and more transparent service charge model in 2019/20. This review will include consideration of both service charges and support charges and will involve consultation with tenants and leaseholders.

4.12.8 Targeted consultation will be carried out with staff, customers and stakeholders directly affected by the financial security options agreed by the Executive in November 2017. All tenants will be notified of changes to their rent and service charges in February/March 2018.

4.13 Overview and Scrutiny Consultation

- 4.13.1 The Draft report was discussed at the December Overview and Scrutiny meeting. The Assistant Director (Finance & Estates) introduced the report and advised Members that the Executive had asked that the service charge review ensured transparency around service charges including caretaking. Overview and Scrutiny Members questioned what was included in “caretaking” and were advised this included fly tipping, removal of dog fouling etc.
- 4.13.2 Members also asked about HRA interest rates on borrowing and were advised that these were fixed interest rates and the principal was repayable on maturity.

4.14 Leaders Financial Security Group

- 4.14.1 The LFSG chaired by the portfolio holder for Resources on behalf of the Leader and with cross party representation has been meeting frequently since August 2016. The group has;
- Reviewed the HRA assumptions regarding the 2018/19 onwards saving target
 - Review of the HRA MTFs assumptions
 - Review of the HRA 2018/19 Financial Security package
 - Reviewed the HRA 2018/19 Fees and charges
- 4.14.2 The LFSG considered the options above and scored the Financial Security options, growth and fees and charges for inclusion in the HRA budget.

4.15 Chief Finance Officer’s Commentary

- 4.15.1 The Chief Finance Officer is the Council’s principal financial advisor and has statutory responsibilities in relation to the administration of the Council’s financial affairs (Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988). This commentary is given in light of these statutory responsibilities.
- 4.15.2 The Council has evolved its budget strategy to meet the ongoing challenging economic conditions because of funding cuts, welfare reforms or inflationary increases. The Financial Strategy to deal with this is the ‘Financial Security’ strand of ‘Future Town Future Council’.
- 4.15.3 Officers regularly update the MTFs to ensure that a clear financial position for the Council can be demonstrated over the next five years. This medium term view of the budget gives a mechanism by which future ‘budget gaps’ can be identified allowing for a measured rather than reactive approach to reducing net expenditure. The Financial Security year round approach to identifying budget options means that work is on-going throughout the year to bridge the gap.
- 4.15.4 In addition officers regularly update the 30 year HRA Business Plan which is approved by Members annually and is the period over which the self-

financing borrowing was initially taken. The last approved version of the business plan (September 2017) had a £27Million deficit over the 30 year plan. .

- 4.15.5 The Council has taken significant steps over recent years to re-balance the HRA as a result of significant changes in government policy relating to RTB discounts and permissible rent increases. One of the principle aims of the MTFS is 'Provide funding to build 1900 new homes over 30 years, new social and affordable rented homes that contribute to meeting local housing demand and the needs of an ageing population. This is still projected to be achieved however Financial Security targets have been added each year to the HRA business plan and there have been revisions to capital works to the existing stock. In addition as outlined in 4.11.10 there is a funding deficit in the business plan and balances fall to minimum balances in future years. There is also a £19.3Million use of balances between 2017/18 and 2021/22 which will reduce the HRA's ability to deal with unforeseen events.
- 4.15.6 However, leaving borrowing headroom in the HRA does allow for works such as any fire safety initiatives to potentially be funded and as a consequence the risk assessment of balances reflects this. The HRA is also moving into large scale housing developments, (a top council and resident priority) and this priority will come with the risk of potentially needing to invest more resources.
- 4.15.7 Members approved growth at the November Executive (and included in the General Fund and HRA budgets) for Business Unit Reviews which while increasing the salary bill for the Council was recommended on the basis the right structure would unlock future savings and help meet the Council's Financial Security targets for 2019/20 onwards.
- 4.15.8 The HRA MTFS has been updated along with the HRA business plan and will be kept under regular review in 2018/19.

5. IMPLICATIONS

4.3 Financial Implications

- 5.1.1 Financial implications are included in the body of the report.

4.4 Legal Implications

- 5.2.1 Legal implications are included in the body of the report.

5.3 Staffing Implications

- 5.3.1 The unions were consulted on the options approved at the November Executive on the 6 December 2017 and did not raise any specific issues. Human Resources staff are co-ordinating centrally the implementation of any staff related savings. However there are no compulsory redundancies within the options for the HRA.

5.4 Risk Implications

- 5.4.1 There is considerable risk in setting HRA spend as there have been so many government policy changes concerning rent and welfare reforms, making medium to long term planning difficult. Between 2014/15-2016/17 there were three different rent policies which when compared to the 2014 HRA business plan showed a loss of income of some £253Million, (this includes updated assumptions about rent increases, inflation and RTB's). The government has indicated that beyond 2019/20 rent increases will be based on CPI+1%, however policy could change.
- 5.4.2 There are still significant risks to the HRA with the future impact of HVV levy, the draft HRA budget has removed the cost in 2018/19 based on the government's plan to extend pilots. However there is a risk it could still be introduced in future years. The impact over the remaining 28 years of the 30 year business plan is estimated to be £29Million, however without the publication of the regulations the impact could be much more adverse.
- 5.4.3 There is the impact of Universal Credit (UC) and other welfare reforms on tenants, currently 54% or £20Million of benefit is paid to the HRA from the benefits system rather than to tenants and experience has shown that for other local authorities, arrears have increased significantly with the roll out of UC.
- 5.4.4 There is a potential adverse financial impact on the HRA as a result of high inflationary pressures, when rents are suppressed. If inflation rises above that assumed in the business plan, as a result of for example BREXIT, further reductions in spend may need to be made. In addition there already is a £27Million deficit in capital funding over the 30 year programme.
- 5.4.5 Since 2012/13 the RTB discount has increased from £34,000 to £78,600 in 2017/18. Reducing the cost of purchase for a property has a double negative effect on the HRA, not only does it lose the rental supporting the capital programme it also cannot afford to replace the property with the resulting receipt.
- 5.4.6 As a result of the number of risks outlined above the authority has not borrowed up to the debt cap. The head room of £9Million which will be reviewed annually allows for land to be transferred into the HRA to meet its house building ambitions and also to address any shortfalls in funding identified as a result of the risks mentioned above. The Council now has the opportunity to bid to increase the level of debt it can have through measures announced in the Autumn Budget in November 2017, however the Council has to demonstrate that it is an area of high demand and the additional debt has to be affordable to the HRA. If SBC chooses to bid and is successful, funding would not be available until 2019.
- 5.4.7 The level of growth approved in the Financial Security report to the November Executive would not be financially sustainable year on year, furthermore the HRA has an annual Financial Security target to achieve, which for 2019/20 is £365,000.
- 5.4.8 The financial impact of any health and safety recommendations as a result of the Grenfell fire and subsequent new regulations is still to be fully understood and funded. The capital cost could be in excess of £2Million subject to

decisions being taken regarding specific works and there would be some on-going revenue implications. An amount has been included in the risk assessment of balances should the council need to borrow to fund the works.

5.4.9 The capital programme for 2018/19 onwards includes major works to flat blocks that will include works that need to be recovered from leaseholders, currently Section 20 income has been assumed from 2019/20 onwards which will be used to fund that share of the works. If the monies are not received then other capital funding resources will need to be used e.g. RCCO or the capital programme will need to be reduced.

5.4.10 The risk assessed level of balances for 2018/19 has been assessed at £2,144,950, however the remaining balances are required to be held to fund the future years debt repayments and capital programmes. A summary of the risks for 2018/19 are included in Appendix E. The updated business plan currently has a deficit over the 30 year programme of £27Million.

5.5 Equalities and Diversity Implications

5.5.1 In carrying out or changing its functions (including those relating to the provision of services and the employment of staff) the Council must comply with the Equality Act 2010 and in particular section 149 which is the Public Sector Equality Duty. The Act replaced three previous equality legislations – the Race Relations Act (section 71), the Sex Discrimination Act (section 76A) and the Disability Discrimination Act (section 49A). The Council has a statutory obligation to comply with the requirements of the Act, demonstrating that as part of the decision-making process, due regard has been given to the needs described in the legislation. These duties are non-delegable and must be considered by Council when setting the budget in January 2018.

5.5.2 To inform the decisions about the Budget 2018/19 officers have undertaken Brief Equality Impact Assessments (EqIAs) for service-related budget savings proposals. Where there is a potentially negative impact, officers have identified further action needed to inform a final decision and to mitigate the impact where this is possible. These EqIA were included in the November Report and are appended to this report (Appendix F) and this includes both the HRA and General Fund options.

BACKGROUND DOCUMENTS

BD1 Housing Revenue Account Medium Term Financial Strategy (2017/18-2021/22) - September Executive

http://www.stevenage.gov.uk/content/committees/182083/182087/182091/Executive-19-September_2107-Item5.pdf

BD2 Draft HRA Rent setting and budget report – December Executive

<http://www.stevenage.gov.uk/content/committees/182083/182087/182091/Executive-12-December-2017-Item7.pdf>

APPENDICES

Appendix A - Draft HRA Summary

Appendix B - Financial Security Options

Appendix C - Growth options

Appendix D - Fees and Charges

Appendix E - Risk Assessment of Balances

Appendix F - EQIA for HRA and General Fund services

This page is intentionally left blank



HOUSING REVENUE ACCOUNT SUMMARY

	ACTUAL 2016/17 £	ORIGINAL 2017/18 £	WORKING BUDGET 2017/18 £	ORIGINAL 2018/19 £
SUMMARY OF EXPENDITURE				
SUPERVISION AND MANAGEMENT	7,955,522	8,840,250	9,025,390	9,589,250
SPECIAL SERVICES	4,227,289	4,328,230	4,300,140	4,583,620
RENT, RATES, TAXES AND OTHER CHARGES	383,894	490,410	423,150	390,600
REPAIRS AND MAINTENANCE ⁽¹⁾	6,252,321	5,843,860	5,811,350	6,324,680
CORPORATE AND DEMOCRATIC COSTS	291,450	294,500	294,500	344,280
CONTRIBUTION TO THE BAD DEBT PROVISION	228,603	255,270	255,270	255,270
TOTAL EXPENDITURE	19,339,079	20,052,520	20,109,800	21,487,700
SUMMARY OF INCOME				
RENTAL INCOME:				
DWELLING RENTS	(40,372,415)	(40,133,920)	(39,780,420)	(39,587,650)
NON DWELLING RENTS	(101,402)	(132,880)	(139,680)	(123,920)
	(40,473,817)	(40,266,800)	(39,920,100)	(39,711,570)
CHARGES FOR SERVICES & FACILITIES - TENANTS	(1,777,574)	(1,745,510)	(1,701,900)	(1,950,940)
LEASEHOLDER SERVICE CHARGES	(829,991)	(821,640)	(855,930)	(912,820)
CONTRIBUTIONS TOWARDS EXPENDITURE	(284,801)	(301,670)	(364,440)	(304,260)
REIMBURSEMENT OF COSTS	(372,362)	(105,840)	(347,610)	(358,010)
RECHARGE INCOME (GF & CAPITAL)	(1,380,538)	(1,587,060)	(1,594,540)	(1,646,880)
TOTAL INCOME	(45,119,082)	(44,828,520)	(44,784,520)	(44,884,480)
DEPRECIATION	11,172,248	11,356,970	11,356,970	11,792,190
IMPAIRMENT/LOSS ON REVALUATION	0	0	0	0
INTEREST PAYABLE	7,027,701	7,017,260	7,017,260	6,960,140
INTEREST RECEIVABLE	(310,742)	(240,400)	(302,990)	(274,360)
NET (SURPLUS)/DEFICIT FOR YEAR	(7,890,796)	(6,642,170)	(6,603,480)	(4,918,810)
APPROPRIATIONS:				
REVENUE CONTRIBUTION TO CAPITAL OUTLAY	5,068,620	110,230	60,230	7,675,440
SELF FINANCING CONTRIBUTION TO PROVISION	27,689	3,741,000	3,741,000	0
TRANSFER TO/(FROM) RESERVE	0	0	0	0
IMPAIRMENT/LOSS ON REVALUATION	0	0	0	0
HOUSING REVENUE ACCOUNT BALANCE				
NET EXPENDITURE/(INCOME) FOR YEAR	(2,794,487)	(2,790,940)	(2,802,250)	2,756,630
BALANCE B/FWD 1 APRIL	(16,955,084)	(19,749,571)	(19,749,571)	(22,551,821)
HRA BALANCE C/FWD 31 MARCH	(19,749,571)	(22,540,511)	(22,551,821)	(19,795,191)
	0	0	0	0

SERVICE DETAILS:

In 2012/13 the HRA became a self financing account and the housing subsidy system ceased. This change allows all future revenues to be available to be spent locally with the exception of the pooled element of Right to Buy sales.

⁽¹⁾ Repairs and maintenance costs only. Supervision and management is included in the Supervision and Management line.

This page is intentionally left blank

Ref No	score	Assistant Director	Name of Service	Description of Savings Proposal	Budget 2017/18	Actual 2016/17	Implementation Costs	Financial Security Option in 2018/19	Financial Security Option in 2019/20	Financial Security Option in 2020/21	Financial Security Option in 2021/22	Ongoing (Y/N) or No of	Statutory Function (Y/N)	Impact of Saving Proposal on Public/ Customers/ Staff/ Members/Partnerships etc. (include any impact on key corporate programmes/performance indicator measures)	Potential Timing	5,729	5,729	225,959	225,959	
																£ General Fund Year 1	£ General Fund Year 2	£ HRA Year 1	£ HRA Year 2	
CATEGORY A - IMMEDIATE EFFICIENCY OPTIONS																				
HFS1	3	AD Housing & Investment	Repairs	Tree works budget saving of £10k	18,000	5,774		10,000	10,000	10,000	10,000	Y	N	This budget was introduced to do tree works in gardens where tenants could not afford to do so (2014 BP). A reduction has already been made of £8,000 and a further reduction is recommended in line with spend.	1 April 2018	£0	£0	£10,000	£10,000	
HFS2	3	AD Housing & Investment	Tenancy	Tenancy campaigns budget	3,000	0		2,500	2,500	2,500	2,500	Y	N	This budget was used for campaigns to encourage tenants not to fall into arrears, especially during the Christmas period. However the campaigns have been funded from general printing and stationery budgets and this budget is not required.	1 April 2018	£0	£0	£2,500	£2,500	
HFS3	3	AD Housing & Investment	Leasehold Services	Saving of 0.5 RTB Assistant post. Merging the Leasehold Advisor (Grade 4) and RTB Assistant (Grade 3) post into a generic post ' Leasehold & RTB Assistant'. Anticipate this to be a Grade 4 however awaiting the outcome of JE. In doing so will reduce from x2 FTE to 1.5FTE.	55,660	38,886		9,750	9,750	9,750	9,750	Y	N	If the RTB applications were to increase, or the number of leaseholders significantly increased, this arrangement of 1.5FTE would need to be revised and possibly increased in order to continue to meet statutory requirements. This change does not result in any redundancies.	immediate	£0	£0	£9,750	£9,750	
HF43	new option since LSFG	AD Housing & Investment	Financial Inclusion	Savings of 1 FTE post, the role has been devolved to other officers in housing while the current staff member has been seconded to another role	55,660	38,886		34,720	34,720	34,720	34,720	Y	N	This saving is dependent on the Debt Advice post being made permanent see growth bid HG5. This change does not result in any redundancies.	from 1/12/2017	£0	£0	£34,720	£34,720	
HFS4	3	AD Housing & Investment	Various	HRA Housing services	163,030	83,858	0	66,397	66,397	66,397	66,397	Y	N	A review of HRA budgets have identified a number of underspends which will be reported as on-going in the quarterly monitoring budgets	immediate	£0	£0	£66,397	£66,397	
TOTAL					£295,350	£167,404	£0	£123,367	£123,367	£123,367	£123,367					£0	£0	£123,367	£123,367	
CATEGORY B - PROCUREMENT OPTIONS																				
FS14	3	AD Finance & Estates	Audit	Reduction in Audit days purchased from SIAS by 10% (from 390 days to 360 days)	82,650	82,650		8,550	8,550	8,550	8,550	Y	N	The level of Audit days has been discussed with SIAS Even with a reduction the S151 officer and SIAS consider there are sufficient days available as there are contingency days within the plan.	1 April 2018	£5,729	£5,729	£2,822	£2,822	
TOTAL					82,650	82,650	0	8,550	8,550	8,550	8,550						5,729	5,729	2,822	2,822
CATEGORY C - NEW INCOME GENERATION/COMMERCIALISATION OPTIONS																				
HF35	3	AD Housing & Investment	Tenancy Services	Propose to Origin that they pay more than a peppercorn rent on the 4 1 x bed (Ely Close and Norwich Close)- potentially £7k if we charge £90 per week on 4 properties (and cpi+1%) - We will consider terminating the agreement if we cannot agree a suitable revised rent.	10,719	10,715		7,550	7,550	7,550	7,550	Y	N	These properties, if rented out to SBC tenants, would attract an annual income of £18,820. We value the support services provided by Origin, however we can no longer provide the accommodation at such a reduced rate. This proposal will also more closely align the treatment of Aldwyck and Origin.	1 April 2018	£0	£0	£7,550	£7,550	

Ref No	score	Assistant Director	Name of Service	Description of Savings Proposal	Budget 2017/18	Actual 2016/17	Implementation Costs	Financial Security Option in 2018/19	Financial Security Option in 2019/20	Financial Security Option in 2020/21	Financial Security Option in 2021/22	Ongoing (Y/N) or No of	Statutory Function (Y/N)	Impact of Saving Proposal on Public/ Customers/ Staff/ Members/Partnerships etc. (include any impact on key corporate programmes/performance indicator measures)	Potential Timing	5,729	5,729	225,959	225,959
																£ General Fund Year 1	£ General Fund Year 2	£ HRA Year 1	£ HRA Year 2
HF41	3	AD Housing & Investment	Tenancy Services	Proposed that Aldwyck pay £3,000 per annum for each property (x4) in Mary mead (broadwater crescent) = £12,000 (currently zero paid) and cpi+1%. Subject to negotiation. If a rental cannot be agreed a decision will need to be taken regarding the continued use of the property	0	0		12,440	12,440	12,440	12,440	Y	N	These properties if rented out to SBC tenants would attract an annual income of £21,553. We value the support services provided by Aldwyck, however we can no longer provide the accommodation at a zero charge. This proposal will also more closely align the treatment of Aldwyck and Origin.	1 April 2018	£0	£0	£12,440	£12,440
HF36	Not scored by LSFG	AD Housing & Investment	Supported Housing	Introduce a £2 contribution towards support costs per week	0	0	0	68,900	68,900	68,900	68,900	Y	N	There are 670 accounts/units (as at 1/11/17) in flexicare/independent living schemes that do not pay anything for the 24 hour/7 day a week emergency response service provided via the alarm, providing the alarm equipment and/or the support service provided to them through the supported housing officer (visiting/calling through the alarm/referring to other agencies etc). This is due to the supporting people (housing related support grant) legacy where no one in receipt of housing benefit or fairer charging paid for the service and also protected people from 2003 (19 people). The support service is not eligible for housing benefit. It is proposed to introduce a charge to this group of people of £2 per week in 2018/19 (actual cost of service £9 per week based on 17/18 prices). We are also losing approximately £12,000 from the HCC funded		£0	£0	£68,900	£68,900
HF40	3	AD Housing & Investment	Tenancy	Recharge Choice Based Lettings adverts to HCC etc.	0	0	0	2,500	2,500	2,500	2,500	Y	N	We currently incur costs for CBL advertising which includes adverts for other partners. The proposal is to charge them a share of the costs.	1 April 2018			£2,500	£2,500
TOTAL					10,719	10,715	0	91,390	91,390	91,390	91,390					£0	£0	£91,390	£91,390

CATEGORY E - STOP / REDUCE OPTIONS

HF42	3	AD Finance & Estates	Insurance	Remove Death in Service for ex SHL staff	8,380	8,380		8,380	8,380	8,380	8,380	Y	N	When SHL staff transferred back to SBC the Death in Service was seen as a preserved right, new contracts for those staff have been issued with existing rights. However it is the interim HR manager 's view that this can be removed with notice and a plan is in place to do so. The HR manager will be speaking to the unions. The contract will need to re-procure 1 October 2017 but a rebate will be sort from 1 April onwards. A death in service benefit exists for those staff in the pension scheme. There are currently 20 staff not in the pension scheme	1 April 2018	£0	£0	£8,380	£8,380
TOTAL					8,380	8,380	0	8,380	8,380	8,380	8,380					0	0	8,380	8,380

TOTAL RECOMMENDED 2018/19 ONWARDS					397,099	269,149	0	231,687	231,687	231,687	231,687			TOTAL NEW OPTIONS RECOMMENDED FOR 2018/19		5,729	5,729	225,959	225,959
--	--	--	--	--	----------------	----------------	----------	----------------	----------------	----------------	----------------	--	--	--	--	--------------	--------------	----------------	----------------

APPENDIX C

FINANCIAL SECURITY OPTIONS 2018/19

Included in budget	£293,781	£211,229	£365,092	£193,628
--------------------	----------	----------	----------	----------

Ref No	FTFC	score	Lead Officer	Name of Service	Description of Growth Proposal	Budget 2017/18	Actual 2016/17	2017/18 Implications	Growth in 2018/19	Growth in 2019/20	Growth in 2020/21	Growth in 2021/22	On-going	Description of Growth Proposal	£ General Fund Year 1	£ General Fund Year 2	£ HRA Year 1	£ HRA Year 2
--------	------	-------	--------------	-----------------	--------------------------------	----------------	----------------	----------------------	-------------------	-------------------	-------------------	-------------------	----------	--------------------------------	-----------------------	-----------------------	--------------	--------------

CATEGORY - Future Town Business Review Growth

FS10	FS	2.8	Chief Executive	Business reviews Council wide	Review of Service	24,844,850		£401,194	£258,398	£144,409	£143,909	£177,571	Y	The Chief Executive and Strategic Directors have considered the Business Reviews and have approved a number of business restructures. The associated costs are shown per year, with an estimation only of any implementation costs. SUBJECT TO APPROVAL OF THE BUSINESS REVIEWS REPORT TO THIS EXECUTIVE.	£195,345	£116,142	£63,053	£28,266
------	----	-----	-----------------	-------------------------------	-------------------	------------	--	----------	----------	----------	----------	----------	---	---	----------	----------	---------	---------

TOTAL GROWTH OPTIONS						£24,844,850	£0	£401,194	£258,398	£144,409	£143,909	£177,571			£195,345	£116,142	£63,053	£28,266
-----------------------------	--	--	--	--	--	--------------------	-----------	-----------------	-----------------	-----------------	-----------------	-----------------	--	--	-----------------	-----------------	----------------	----------------

REVENUE GROWTH - New Proposals / Services

HG2		3	AD Housing & Investment	Empty Homes	Increase in under-occupation moves following on from allocation policy review Relocation incentive increase from £15k to £30k	£15,000	20,906		£15,000	£15,000	£15,000	£15,000	Y	As at 14.08.17, there are 566 households affected. The DHP Budget for 2016/17 was £196,244 with a total of 437 awards, excluding refusal. The budget for 2017/18 is £276,042. The criteria for payments were relaxed last year, it is stricter this year, therefore, we want to encourage customers to move. This amount will enable us to incentive customers to give us an additional 20 bedrooms by encouraging downsizing. This could also help to reduce any rent arrears for tenants that move who, are currently having their benefit reduced as a result of under occupation.			£15,000	£15,000
HG3		3	AD Housing & Investment	Investment	Annual support & maintenance for keystone risk management module.	£0	0		£2,800	£2,800	£2,800	£2,800	y	Delays in completing fire risk assessments and the associated actions.			£2,800	£2,800
HG5		3	AD Housing & Investment		Permanent funding (Debt Advice and Support Worker)	£32,819	£31,691		£0	£34,390	£34,390	£34,390	Y	This post was funded via the 2014 HRA BP (ref. DP44) up to and including 2018/19. The Debt Advice and support worker provides intensive support to those in financial difficulty. There are two posts within the team, one a permanent post and one a fixed term until March 19. With Universal Credit in place from June 18 this post will offer support to those transitioning to new benefit arrangements. The posts help with appeals, benefit queries and arrears.			£0	£34,390

TOTAL GROWTH OPTIONS						£47,819	£52,597	£0	£17,800	£52,190	£52,190	£52,190			£0	£0	£17,800	£52,190
-----------------------------	--	--	--	--	--	----------------	----------------	-----------	----------------	----------------	----------------	----------------	--	--	-----------	-----------	----------------	----------------

APPENDIX C

FINANCIAL SECURITY OPTIONS 2018/19

Included in budget	£293,781	£211,229	£365,092	£193,628
--------------------	----------	----------	----------	----------

Ref No	FTFC	score	Lead Officer	Name of Service	Description of Growth Proposal	Budget 2017/18	Actual 2016/17	2017/18 Implications	Growth in 2018/19	Growth in 2019/20	Growth in 2020/21	Growth in 2021/22	On-going	Description of Growth Proposal	£ General Fund Year 1	£ General Fund Year 2	£ HRA Year 1	£ HRA Year 2
--------	------	-------	--------------	-----------------	--------------------------------	----------------	----------------	----------------------	-------------------	-------------------	-------------------	-------------------	----------	--------------------------------	-----------------------	-----------------------	--------------	--------------

REVENUE GROWTH - FTFC

G22	PAOP	2.6667	FTFC Board	Performing at our peak	Increase in licences for new corporate insight tool	£20,000	£0		£32,000	£32,000	£32,000	£32,000	Y	The increase in licences is to enable roll out of the inphase tool used for Corporate performance to more managers to enable greater insight into performance information.	£21,440	£21,440	£10,560	£10,560
G23	PAOP	2.6667	FTFC Board	Performing at our peak	Licence costs for new INTRANET				£10,000	£10,000	£10,000	£10,000	Y	The new INTRANET is being commissioned in 2017/18, this will allow data for CSC and other services to be easily accessible, helping to avoid doubling handling of customers and providing staff with an up-to-date register of information	£6,700	£6,700	£3,300	£3,300
HG4	HD	2.6667	AD Housing & Investment	Investment	Development liaison co-ordinator- Grade 7 for two years				£43,710	£43,710			N	To manage decants and new build programmes liaising with Development and Housing and Investment, required for sheltered redevelopment scheme			£43,710	£43,710
G10	HD	2.8333	AD Housing & Investment	Emergency accommodation	set up costs for Kenilworth redevelopment				£151,418	£0	£0	£0	N	There is a budget of £366K in the HRA MTFS for home loss payments and decanting tenants while the Kenilworth scheme is completed. The latest projection based on number of tenants, the cost of temporarily moving tenants into lettable accommodation is now estimated at £151K higher. This includes statutory payable homeless costs of £311K.		£0	£151,418	£0
TOTAL FTFC Board						£20,000	£0	£0	£237,128	£85,710	£42,000	£42,000			£28,140	£28,140	£208,988	£57,570

SERVICE PRESSURES

G7		2.8333	AD Corporate Projects, Customer Services & ICT	IT Shared Service	Vmware Licence Review - SBC share	£0	£0		£6,920	£6,920	£6,920	£6,920	Y	Licence costs relating to software purchased as part of ICT review	£4,636	£4,636	£2,284	£2,284
G8		3	AD Corporate Projects, Customer Services & ICT	IT Shared Service	IT Policy Toolkit - SBC Share	£0	0		£3,000	£3,000	£3,000	£3,000	Y	Licence costs relating to software purchased as part of ICT review. This is a policy framework, which will be available on line and will be updated with the latest policies and is an essential tool to manage ICT security.	£2,010	£2,010	£990	£990

APPENDIX C

FINANCIAL SECURITY OPTIONS 2018/19

Ref No	FTFC	score	Lead Officer	Name of Service	Description of Growth Proposal	Budget 2017/18	Actual 2016/17	2017/18 Implications	Growth in 2018/19	Growth in 2019/20	Growth in 2020/21	Growth in 2021/22	On-going	Description of Growth Proposal	SUMMARY			
															£ General Fund Year 1	£ General Fund Year 2	£ HRA Year 1	£ HRA Year 2
G26		2.8333	AD Corporate Projects, Customer Services & ICT	IT Shared Service	ICT Improvement Plan	£0	0	£0	£95,000	£90,000	£80,000	£80,000	Y	Ongoing £80K for Cyber Security. £10K training for 2 years 2018/19-2019/20, (only SBC share shown). SUBJECT TO APPROVAL OF THE ICT IMPROVEMENT PLAN REPORT TO THIS EXECUTIVE.	£63,650	£60,300	£31,350	£29,700
HG1		3	AD Housing & Investment	Tenancy agreement - one off	Review of tenancy agreement - due to Fixed term tenancies (although DCLG guidance yet to be received)	£0	£0		£18,000				N	Subject to the DCLG guidance - this will also give an opportunity to include any issues as a result of General Data Protection Regulations (GDPR) - cost equates to £2.16 per dwelling (assuming 8,300). Whilst we are unsure if the guidance will be published before April 18, we know that the GDPR will go live in May 2018			£18,000	£0
HG6		2.8333	AD Housing & Investment	Housing Ombudsman subscription	Increase in Mandatory fees	£9,228	9,228		£12,020	£12,020	£12,020	£12,020	Y	Increase in the subscription fee from 96p per unit to £1.25 per unit. This means that subscription costs will rise from £9,228 to around £12,000.			£12,020	£12,020
HG9		2.6	AD Housing & Investment	County funding	Flexi care review	£60,680	£60,683		10,608	10,608	10,608	10,608	Y	Loss of grant reduces the HRA surplus. Other Supporting People grant has been withdrawn. LSFG - recommended writing to HCC regarding the grant cut.	£0	£0	£10,608	£10,608
TOTAL SERVICE PRESSURES						£69,908	£69,911	£0	£145,548	£122,548	£112,548	£112,548			£70,296	£66,946	£75,251	£55,601
TOTAL GROWTH AND SERVICE PRESSURES						£24,982,577	£122,508	£401,194	£658,873	£404,857	£350,647	£384,309		Growth	£293,781	£211,229	£365,092	£193,628

This page is intentionally left blank

HOUSING REVENUE ACCOUNT FEES AND CHARGE PROPOSED 2018/19

FEES AND CHARGES - RECOMMENDED FEE INCREASES FOR 2018/19 (1/4/2018)											
Service	Description of Chargeable Service	2017/18 Price £	2018/19 Price £	Increase £	Increase %	Total Budget 2017/18 £	Income changes included in budget options	Budget Increase £	Total Budget 2018/19 £	Fee Principles Applied (Y/N)	Options considered/Rationale
Housing Revenue Account											
Supported Housing:											
Guest Bedrooms	All schemes other than those listed below (per night, per person)	£10.60	£11.00	£0.40	3.77%					Y	
	Norman Court/Hobbs Ct/Gladstone Ct/Shafesbury Ct/Truro/ Pitt Court/Grosvenor Ct per night. (any bedsit type guest room, per night, per person)	£14.70	£20.00	£5.30	36.05%					Y	
Short Stay Units	Assessment (per day)	£8.40	£10.00	£1.60	19.05%					Y	
	Other, including an element of support (per day)	£16.80	£20.00	£3.20	19.05%					Y	
						8,200		1,310	9,510	Y	
Laundry Charges	Sheltered schemes first wash	FREE	FREE							Y	This will be included in the revised charges rather than separated out and is subject to ongoing work. This is to be considered as part of service charge review - service charge review to be effective for April 19.
	Second wash and thereafter	£2.35	£2.45	£0.10	4.26%					Y	
	Guest bedrooms and short stay (per wash)	£2.35	£2.45	£0.10	4.26%					Y	
						5,480		270	5,750	Y	
Room Hire	Hairdressing at Silkin/Fred Millard, (Hourly charge) *	£2.15	£2.35	£0.20	9.30%					Y	In order to encourage external service providers into the scheme for the benefit of the tenants, consideration has been given in the setting of the charges to ensure they are not cost prohibitive. Work underway to determine the number of customers who benefit from these services and to review the pricing on a more commercial basis. Both chiropodist and hairdresser are mobile. Hairdresser at Silkin is on site for one day a week at present and work is underway to determine the frequency at Fred MC. Previously, Chiropody was charged by the session (£7.25); in order to harmonise charges, this will now be charged on an hourly rate. An average session lasts three hours, so potentially the new hourly fee amounts to 25p increase (3.45%)
	Private chiropodist and other services, (per hour) *	n/a	£2.50	n/a	n/a					Y	
	Meeting room hire - Silkin Court (hourly rate)*	£11.75	£0.00	-£11.75	-100.00%					Y	
						3,280		120	3,400	Y	
Support Services and careline for HRA tenants	Sheltered housing support * (includes all services shown under careline alarms)	£17.70	£17.70	£0.00	0.00%	177,000		0		Y	Support to stay the same as 17/18 - linked into the service charge review - splitting costs between rent, communal management charge and support. This will be effective from April 19. Due to a number of enquiries made recently and to be able to offer a more modern service, SBC would like to offer a SIM Careline unit (don't need a phone line). In order to do this there would be an additional charge of £2.20 per week. reduction as this needs to be the difference between the monitoring charge and the full charge
	SIM Careline Unit (additional weekly charge)	n/a	£2.20	n/a	n/a					Y	
	response service for new customers (50 weeks)	£5.50	£6.00	£0.50	9.09%					Y	
	Response service phased (50 weeks)*	£3.50	£4.95	£1.45	41.43%					Y	
	Response service to other provider equipment (50 weeks)*	£3.85	£3.70	-£0.15	-3.90%	144,540		3,960		Y	
										Y	
						321,540		3,960	325,500		

HOUSING REVENUE ACCOUNT FEES AND CHARGE PROPOSED 2018/19

FEES AND CHARGES - RECOMMENDED FEE INCREASES FOR 2018/19 (1/4/2018)											
Service	Description of Chargeable Service	2017/18 Price £	2018/19 Price £	Increase £	Increase %	Total Budget 2017/18 £	Income changes included in budget options	Budget Increase £	Total Budget 2018/19 £	Fee Principles Applied (Y/N)	Options considered/Rationale
Careline Alarm- private (Shortfall funded from General Fund)	Response service (50 weeks) *	£5.50	£6.00	£0.50	9.09%					Y	This budget relates to private careline tenants and any increase in income means the General Fund subsidy is reduced.
	Response service phased (50 weeks)*	£3.50	£4.95	£1.45	41.43%					Y	
	Response service out of area (50 weeks)*	£6.35	£6.50	£0.15	2.36%					Y	
	Response service to other provider equipment (50 weeks)*	£3.85	£3.70	-£0.15	-3.90%					Y	
	Monitoring only service (50 weeks) *	£2.50	£2.80	£0.30	12.00%					Y	
						105,000		4,000	109,000		This Saving (£4,000) is for the GENERAL FUND - shown on there as a "one liner" - and only shown here for REFERENCE
Replacement Pendants Key safe Lock change	Careline keys*	£7.20	£9.40	£2.20	30.56%					Y	actual cost of key is £4.42 - this includes a £5 admin fee. this includes a £5 admin fee cost of pendant not known so £46 plus 3.7% inflation increase. We are still awaiting confirmation from the repairs service as to what the costs will be 18/19.
	Fobs - Sheltered Schemes	£11.50	£11.90	£0.40	3.48%					Y	
	All Pendants	£46.00	£47.70	£1.70	3.70%					Y	
	Supply	£18.72	£19.42	£0.70	3.74%					Y	
	Fit	£53.58	£55.55	£1.97	3.68%					Y	
						3,150		150	3,300	Y	
General Needs Tenants and Leaseholders:											
Key Fobs Communal door entry keys		£19.20	£19.90	£0.70	3.65%					Y	Actual cost of key fobs is £11.50 + VAT - this also include a £5.00 admin charge consistent with Sheltered scheme keys. Actual cost of keys is £10.40 + VAT. Previously same charge was levied for key fobs and keys, however as the costs are different we are proposing different charges. Includes £5.00 admin as above.
	Replacement keys for entry doors to flat blocks.	£17.90	£18.55	£0.65	3.63%	1,170		30	1,200	Y	
Laundry charges - Roundmead										Y	It is recommended that we apply at least 2% increase annually each year from 2017, which will ensure that we recover reasonable costs at any one time rather than apply a large increase at any given point. New lets should be signed up to a direct debit to ensure that there is little/no cost in collecting the rent due. Based on actual costs (electricity, water, repairs, depreciation).Benchmarked launderette costs are £4 (small wash), £6 (large) and £8 (large wash).
	Wash tokens	£5.00	£5.15	£0.15	3.00%					Y	
	Dry Tokens	£2.65	£2.75	£0.10	3.77%					Y	Based on actual costs (electricity, repairs, depreciation). It is recommended that we apply at least 2% increase annually each year from 2017, which will ensure that we recover reasonable costs at any one time rather than apply a large increase at any given point.
Management Fees for Westwood Court & Kilner Close	Administration Fees	£0.65	£0.70	£0.05	7.69%					Y	Administration fees help to recover the administration of the management fees each year in line with our SBC administration set fees
Laundry charges - Brent And Harrow										Y	
	Wash tokens	£5.00	£5.15	£0.15	3.00%					Y	
	Dry Tokens	£2.65	£2.75	£0.10	3.77%					Y	
				Average	3.39%	6,170		230	6,400	Y	

HOUSING REVENUE ACCOUNT FEES AND CHARGE PROPOSED 2018/19

FEES AND CHARGES - RECOMMENDED FEE INCREASES FOR 2018/19 (1/4/2018)											
Service	Description of Chargeable Service	2017/18 Price £	2018/19 Price £	Increase £	Increase %	Total Budget 2017/18 £	Income changes included in budget options	Budget Increase £	Total Budget 2018/19 £	Fee Principles Applied (Y/N)	Options considered/Rationale
Stores		£4.05	£4.20	£0.15	3.70%	19,880		720	20,600	Y	With the large increase last year, it was anticipated that there may be an increase in the number of sheds that were returned. This was not the case. New lets should be signed up to a direct debit to ensure that there is little/no cost in collecting the rent due.
Lock change	Callout	£109.65	£113.75	£4.10	3.74%	3,550				Y	This charge is levied if tenants call out emergency repairs service out of office hours. It acts effectively as a deterrent. The charge figure relates to a lock change in this instance, but the call out could a number of repairs.
	Admin charge	£32.95	£34.20	£1.25	3.79%	9,300				Y	Schedule of Rates charges for lock change is £91.35.
	Charge	£97.40	£101.00	£3.60	3.70%					Y	
						13,110		590	13,700	Y	
Junk Collections - Caretaking Team	Concessionary charge	£47.25	£49.50	£2.25	4.76%					Y	Charges brought into line with GF charges. All Housing tenants will have their rent account checked to determine if they are in receipt of benefits and therefore eligible for a concession. Concession is 35% being reduced to 25% by 2017/18
	Full charge	£63.00	£66.00	£3.00	4.76%					Y	
	Cancellation fee	£10.00	£10.00	£0.00	0.00%					Y	New charge proposed for introduction to mirror GF charge.
						6,500		200	6,700	Y	
Leasehold charges for services - VAT not applicable. All fees are additional income for SBC											
Solicitors enquiries/standard pre-sale enquiries*	10 working day response	£160.00	£160.00	£0.00	0.00%					Y	Would not be deemed reasonable if challenged at FTT to charge more
Solicitors enquiries/standard pre-sale enquiries*	3 working day response	£240.00	£240.00	£0.00	0.00%					Y	Would not be deemed reasonable if challenged at FTT to charge more
Re-mortgage enquiries*	Enquiries raised at a time of remortgaging	£55.00	£55.00	£0.00	0.00%					Y	Would not be deemed reasonable if challenged at FTT to charge more
Copy of lease*	fee for providing a copy of the lease	£30.00	£30.00	£0.00	0.00%					Y	Cost of obtaining from the land registry is considerably lower, and therefore would not be deemed reasonable if SBC were to charge more
Requests for landlord's consent*	where leaseholder wants to carry out alterations - permission must be sought from SBC.	£100.00	£100.00	£0.00	0.00%					Y	Would not be deemed reasonable if challenged at FTT to charge more
	charge for inspection post completion of works	£50.00	£50.00	£0.00	0.00%					Y	Would not be deemed reasonable if challenged at FTT to charge more
Retrospective landlord's consent*	where leaseholder is seeking permission for works carried out retrospectively.	£200.00	£200.00	£0.00	0.00%					Y	Would not be deemed reasonable if challenged at FTT to charge more
	additional inspection fee	£50.00	£50.00	£0.00	0.00%					Y	Would not be deemed reasonable if challenged at FTT to charge more
Copies of quarterly service charge invoice*	additional inspection fee	£5.00	£5.00	£0.00	0.00%					Y	Would not be deemed reasonable if challenged at FTT to charge more
Copies of service charge estimate or actual statement*	additional inspection fee	£5.00	£5.00	£0.00	0.00%					Y	Would not be deemed reasonable if challenged at FTT to charge more
						15,690			15,690		
GRAND TOTAL						£509,170	£0	£11,580	£520,750		

HOUSING REVENUE ACCOUNT FEES AND CHARGE PROPOSED 2018/19

FEEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2018/19 (1/4/2018)											
Service	Description of Chargeable Service	2017/18 Price £	2018/19 Price £	Increase £	increase %	Total Budget 2017/18 £	Income changes included in budget options	Budget Increase £	Total Budget 2018/19 £	Fee Principles Applied (Y/N)	Options considered/Rationale
Additional Income (fees & charges)									£11,580		
Less: £4,000 (G Fund Saving)									£7,580		

Notes
 1.charges are rounded to the nearest 5p
 2.All charges are inclusive of VAT @ 20% with the exception of items marked with an *
 3.Careline and Community Support are subject to VAT for private residents unless they complete an exemption declaration.

**APPENDIX E: RISK BASED ASSESSMENT OF THE LEVEL OF HOUSING REVENUE ACCOUNT
BALANCES 2018/19**

Potential Risk Area	Comments including any mitigation factors		
Income from areas within the base budget where the Council raises "Fees and Charges"	Potential risk that the budgeted level of income from activities where the Council is charging for services will not be achieved. This is anticipated largely to be as a result of the downturn in economy, but could also be as a result of increased void rates, lower collection rates, disputed bills. All "fees and charges" income is reviewed as part of the monthly/quarterly budget monitoring process. All budgets are profiled over the year based upon previous experience.		
	Calculated Risk		
Specific Areas	Estimated Income	Risk assessed at	Balances Required
Rechargeable works not raised or recovered	£150,250	10.00%	£15,025
Leaseholder charges not realised (excluding insurance)	£829,540	5.00%	£41,477
Rental income (increase in voids rates)	£39,542,770	0.50%	£197,714
Service Charges (increase in voids rates)	£1,446,020	0.50%	£7,230
Heating charges	£190,240	5.00%	£9,512
Total			£270,958

Potential Risk Area	Comments		
Demand Led Budgets	Potential risk that spending on parts of the budget where the Council has a legal duty to provide the service increases significantly. Individual budgets reviewed as part of the monthly budget monitoring process. All budgets are profiled over the year based upon previous experience and so any variances should show up during the year.		
	Calculated Risk		
Specific Areas	Estimated Exposure	Risk assessed at	Balances Required
Storm damage and fire damage uninsured costs (excess is £25,000 for fire damage)	£25,000	100.00%	£25,000
	£6,325,840	5.00%	£316,292
Unforeseen Capital works not budgeted for requiring a contribution to capital (based on a proportion of the capital programme)	£36,967,750	1.50%	£554,516
Increased cost of borrowing on new loan of £3.5million due for replacement 2017/18	£3,500,000	0.25%	£8,750
Inflation pressures on capital works requiring additional revenue resources to fund the shortfall	£36,967,750	0.25%	£92,419
Increased cost of borrowing if retrofitting sprinklers requires the HRA to borrow	£2,000,000	2.50%	£50,000
Total			£1,046,978

Potential Risk Area	Comments including any mitigation factors		
Changes since budget was set	Potential risk that things change since the budget estimates were made and the estimates are then under budgeted for		
	Calculated Risk		
Specific Areas	Estimated Exposure	Risk assessed at	Balances Required
Increase in borrowing costs for internal borrowing	£2,090,922	0.25%	£5,227
Transitional Vacancy Rate 4.5% not achieved	£218,760	10.00%	£21,876
Increase in bad debt provision	£255,270	10.00%	£25,527
Utility inflation (Electricity increase in April 2018, Gas increase from Oct 2018)	£524,710	7.50%	£39,353
NEW Business Unit Reviews (BUR) implementation costs/restructure costs increases the pay bill (% of pay bill for the General Fund)	£7,318,957	0.50%	£36,595
Total			£128,578

Potential Risk Area	Comments including any mitigation factors		
Income from areas within the base budget where the Council raises "Fees and Charges"	Potential risk that changes in government policy and legislation mean income from activities where the Council is charging for services will not be achieved.		
	Calculated Risk		
Specific Areas	Estimated Income	Risk assessed at	Balances Required
Sale of high value properties- IF the government introduces this during 2018/19, excluded based on government announcement December 2017.	£731,900	0.00%	£0
Increased Right to buys as a result of Government initiatives reducing the amount of collectable rent. Assume an additional 50 RTB's in line with previous years sales	£124,475	50.00%	£62,238
NEW higher rent arrears as a result of the introduction of the benefit cap.	£255,270	10.00%	£25,527
Total			£87,765

Potential Risk Area	Comments including any mitigation factors		
Other Risks	Potential risk that savings options will not be realised as a result of delay or unforeseen circumstances.		
	Calculated Risk		
Specific Areas	Estimated Exposure	Risk assessed at	Balances Required
Savings Options delayed or not realised	£225,959	10.00%	£22,596
Total			£22,596

Potential Risk Area	Comments including any mitigation factors		
Estimated balances required for any over spend or under -recovery of expenditure	This calculation replaces the calculation based on Net Expenditure		
	Calculated Risk		
Specific Areas	Estimated Exposure	Risk assessed at	Balances Required
Gross Expenditure (excluding fixed interest costs)	£39,205,050	1.50%	£588,076
Total			£588,076

Level of Balances Assumed in Housing Revenue Account Based on risk	£2,144,950
Balances assumed in the Business Plan at 31 March 2019 excluding minimum balances (September Update)	£17,490,906
Total Required balances	£19,635,856
HRA balances	£19,795,191
Balances above/(below) the minimum	£159,334

This page is intentionally left blank

Equality at Stevenage Borough Council

Stevenage Borough Council as a service provider, employer and community leader is committed to achieving equal opportunities for everyone. We want to deliver services that are fair, accessible and open to everyone who needs them.

Equality Impact Assessments (EqIAs) are an important part of the process in ensuring that our intention is translated into action. They help to ensure that decisions are made in a fair, transparent and accountable way, considering the needs and the rights of different people in the community.

Based on the protected characteristics under the Equality Act 2010, the EqIA considers the impact on the following groups when making decisions, updating policies and starting new projects:

- Age
- Disability
- Gender reassignment
- Marital status
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation.

Although non-statutory, the Council has chosen to adopt the Socio-Economic Duty and so decision-makers should use their discretion in considering the impact on people in terms of their social or economic background.

EqIAs also help the council to demonstrate compliance with the requirements of the Public Sector Equality Duty (Section 149 of the Equality Act 2010). The Duty states that a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is unlawful under this Act
- advance equality of opportunity between people who share a protected characteristic and those who do not
- foster good relations between people who share a protected characteristic and those who do not.

Savings Proposals 2018/19

Prior to their consideration at Executive in November 2017, all savings proposals were reviewed to determine any potential impact on Stevenage residents in terms of their protected characteristics under the Equality Act 2010. The majority of these have no public impact and so have not been subject to any further EqIA.

Where a negative, positive or disproportionate impact is likely, assistant directors and other appropriate managers have drafted Brief EqIAs. These have been summarised over the following pages and will inform the recommendations made at Executive on 23 January and 14 February 2018. Action to further analyse or mitigate the impact on equality groups is identified where appropriate.

The following activity has taken / will take place:

November 2017 – February 2018 EqIAs finalised considering further evidence as
– necessary

January and February 2018 – Consideration of all completed EqIAs at Council meetings

FINANCIAL SECURITY : 2018/19 Appendix I

Summary of draft Equality Impact Assessments

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
HFS1	Tree works budget saving of £10,000	<p>Negative – low and not likely Age, Disability, Pregnancy & Maternity, Socio-economic: SBC’s Concessions Policy provides for a 25% discount for works carried out by the council. However after this concession the cost of tree work may still be unaffordable for some people.</p> <p>However we do not need to complete an EqIA because based on current levels of spending there should be no impact on the service. A residual budget of £8,000 has been retained compared to the spend of £5,774 in 2016/17.</p>	No further action or EqIA is required	Jaine Cresser
FS2 Page 43	Additional Pay and Display parking bays at Coreys Mill Lane	<p>Positive Disability Blue Badge holders will be entitled to park for free in P&D bays and are also permitted to park on double yellow lines.</p> <p>Negative Socio-economic Charging for parking can be considered detrimental to people in financial difficulty but these would remain affordable in relation to the charges within the Lister Hospital and the overall cost of motoring. There are strong bus links to the hospital which may prove to be more cost-effective for people on lower incomes.</p>		Zayd Al-Jawad
FS24	Proposed new Woodland Burial service	<p>Positive All characteristics Any and all will be able to use and benefit from the woodland burial service if requested.</p>	Purchase of temporary pathway matting for mourners to access the graveside (to be removed as the woodland matures)	Kevin Basford (interim) on behalf of Craig Miller

FINANCIAL SECURITY : 2018/19 Appendix I

Summary of draft Equality Impact Assessments

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 44</p> <p>HF42</p>	<p>Remove Death in Service benefit for ex-SHL staff</p>	<p>Staff groups</p> <p>Age 27% of the staff affected are over 60 and none under 30. The whole group represents 11% of the workforce, the remaining 89% does not have access to the benefit</p> <p>Sex 67% of the 73 staff are female, however the majority of SBC female staff do not have access to this benefit but do have access to the pension scheme.</p> <p>Socio-economic 22% or 16 of the 73 staff are a grade 3 or below, however the wider SBC staff group do not have access to this benefit, but can access through the pension scheme.</p>		<p>Jackie Foglietta</p>
<p>HF40</p>	<p>Introduction of charge for support service in independent living / Flexicare schemes</p>	<p>Age Hertfordshire County Council are consulting with non-residential residents about charging for some of their community based adult social care services that they currently provide for free. This will impact on a lot of people over 60 in the independent living/flexicare schemes as they are more likely to be in receipt of some care due to their age/medical conditions. Charges will be effective from 15 April 2018. Level of charges unknown as people will need reassessing.</p> <p>Hertfordshire County Council funding for Flexicare housing related alarm contract ends in January 2018 and for support at the end of March 2018 which would mean more cost to Stevenage Borough Council which we may need to pass on to residents.</p> <p>Socio-economic</p>	<p>Complete a full EqlA to further assess impact (December 2018)</p>	<p>Jaine Cresser</p>

FINANCIAL SECURITY : 2018/19 Appendix I

Summary of draft Equality Impact Assessments

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
		<p>Any increase/ new charges in future years need to be affordable and considered in conjunction with other changes in charges. Support charge is not eligible for housing benefit and could have a negative impact for those on lower incomes.</p> <p>Other Government proposals for supported housing funding through 'sheltered rent' to be implemented in 2020. The details are still being worked on and are out for consultation until Jan 2018</p>		

Brief Equality Impact Assessment For a minor operational change / review / simple analysis

What is being assessed?	HFS1: Tree works budget saving of £10,000	What are the key aims of it?	This £18,000 budget was introduced for tree works in gardens where tenants could not afford the works themselves. This recommendation is to reduce the budget in line with actual spend.		
Who may be affected by it?	Vulnerable tenants				
Date of full EqlA on service area (planned or completed)					
Form completed by:	Jaine Cresser	Start date	30 October 2017	End date	
		Review date			

Page 46

What data / information are you using to inform your assessment?	Tree work expenditure code. Record of work carried out to date for tenant tree work.	Have any information gaps been identified along the way? If so, please specify	None
--	--	--	------

Explain the potential positive, negative or unequal impact on the following characteristics and how likely this is:			
Age	Negative. Concessions policy only gives 25% discount for works carried out by the council. Even after this concession the cost of tree work may still be unaffordable.	Race	N/A
Disability	Negative. Concessions policy only gives 25% discount for works carried out by the council. Even after this concession the cost of tree work may still be unaffordable.	Religion or belief	N/A
Gender reassignment	N/A	Sex	N/A
Marriage or civil	N/A	Sexual orientation	N/A

partnership			
Pregnancy & maternity	Negative. Concessions policy only gives 25% discount for works carried out by the council. Even after this concession the cost of tree work may still be unaffordable.	Socio-economic ¹	Negative. Concessions policy only gives 25% discount for works carried out by the council. Even after this concession the cost of tree work may still be unaffordable.
Other	Overall, a negative impact is not likely to occur as based on current levels of spending there should be no impact on the service. A residual budget of £8,000 has been retained compared to the spend of £5,774 in 2016/17.		

Where there is a likely positive impact , please explain how it will help to fulfil our legislative duties to:					
Remove discrimination & harassment		Promote equal opportunities		Encourage good relations	

What further work / activity is needed as a result of this assessment?

Page 47

Action	Responsible officer	How will this be delivered and monitored?	Deadline
None			

Approved by Strategic Leadership Team
Date: TBC

¹Although non-statutory, the council has chosen to implement the Socio-Economic Duty and so decision-makers should use their discretion to consider the impact on people with a socio-economic disadvantage.

Brief Equality Impact Assessment For a minor operational change / review / simple analysis

What is being assessed?	FS2: Additional Pay & Display parking bays at Coreys Mill Lane	What are the key aims of it?	To manage parking provision along Coreys Mill Lane.		
Who may be affected by it?	All members of the public				
Date of full EqlA on service area (planned or completed)	TBC				
Form completed by:	Zayd Al-Jawad	Start date	30 October 2017	End date	
		Review date			

What data / information are you using to inform your assessment?	EqlA for saving option S103 in January 2014.	Have any information gaps been identified along the way? If so, please specify	No
--	--	--	----

Page 48

Explain the potential positive, negative or unequal impact on the following characteristics and how likely this is:			
Age	None identified.	Race	None identified.
Disability	Blue Badge holders will be entitled to park for free in P&D bays and are also permitted to park on double yellow lines so will not be adversely affected by these proposals.	Religion or belief	N/A
Gender reassignment	N/A	Sex	N/A
Marriage or civil partnership	N/A	Sexual orientation	N/A
Pregnancy &	N/A	Socio-	11 respondents to a Café Choice survey in 2013 attended

maternity		economic ²	<p>the hospital regularly and so would be impacted by the introduction of parking charges. A further four stated that 'money generally' was a concern for them.</p> <p>Charging for parking can be considered economically detrimental to those who are struggling financially but the charges would remain affordable in relation to those charged within the Lister Hospital car park and in relation to the overall cost of motoring.</p> <p>Pay and Display parking has been in place in the town centre for some years and this has not caused any equality challenges. There are strong bus links to Lister Hospital which may prove to be more cost-effective for people on lower incomes.</p>
-----------	--	-----------------------	---

page 49

Where there is a likely positive impact , please explain how it will help to fulfil our legislative duties to:					
Remove discrimination & harassment	N/A	Promote equal opportunities	N/A	Encourage good relations	N/A

What further work / activity is needed as a result of this assessment?

Action	Responsible officer	How will this be delivered and monitored?	Deadline

Approved by Strategic Leadership Team
Date: TBC

²Although non-statutory, the council has chosen to implement the Socio-Economic Duty and so decision-makers should use their discretion to consider the impact on people with a socio-economic disadvantage.

Brief Equality Impact Assessment For a minor operational change / review / simple analysis

What is being assessed?	FS24: Proposed New Woodland Burial Service	What are the key aims of it?	To provide an alternative natural woodland burial service		
Who may be affected by it?	Visitors, Staff, Funeral Directors				
Date of full EqlA on service area (planned or completed)	October 2017				
Form completed by:	Kevin Basford / Paul Seaby / Claire Skeels	Start date	20 October 2017	End date	25 October 2017
		Review date	April 2021		

Page 50

What data / information are you using to inform your assessment?	Main EqlA Site Inspection Proposal Plans Planning Guidance	Have any information gaps been identified along the way? If so, please specify	We have been asked by our planning consultation questions regarding the safe egress of mourners to the graveside. Subsequently, a temporary pathway is to be laid using chequered heavy duty re-usable panels to be removed as the woodland matures.
--	---	--	--

Explain the potential positive, negative or unequal impact on the following characteristics and how likely this is:			
Age	positive	Race	positive
Disability	positive	Religion or belief	positive
Gender reassignment	positive	Sex	positive
Marriage or civil partnership	positive	Sexual orientation	positive
Pregnancy & maternity	positive	Socio-economic ³	positive
Other	positive		

³Although non-statutory, the council has chosen to implement the Socio-Economic Duty and so decision-makers should use their discretion to consider the impact on people with a socio-economic disadvantage.

Where there is a likely positive impact , please explain how it will help to fulfil our legislative duties to:					
Remove discrimination & harassment	Any and all will be able to use and benefit from the woodland burial service if requested.	Promote equal opportunities	Any and all will be able to use and benefit from the woodland burial service if requested.	Encourage good relations	Any and all will be able to use and benefit from the woodland burial service if requested.

What further work / activity is needed as a result of this assessment?

Action	Responsible officer	How will this be delivered and monitored?	Deadline
Purchase of temporary pathway matting	Claire Skeels / Cristian Pinta	Procured in accordance with SBC's policy	March 2018

Brief Equality Impact Assessment For a minor operational change / review / simple analysis

What is being assessed?	HF42: Remove Death in Service benefit for ex-SHL staff	What are the key aims of it?	When ex SHL transferred back to SBC the Death in Service was seen as a preserved right. The benefit for existing SBC staff was removed from 2010/11 onwards. The scheme costs £8.3K for those eligible staff. Death in service is a benefit for those staff in the pension scheme of 3xsalary. Of the 73 staff this applies to (out of 663 paid in September), currently 18 are not in the pension scheme.		
Who may be affected by it?	73 staff or 11% of workforce				
Date of full EqIA on service area (planned or completed)					
Form completed by:	Clare Fletcher Jackie Foglietta	Start date	20 October 2017	End date	
		Review date			

Page 52

What data / information are you using to inform your assessment?	MALE	24	AGE	Number of staff	Have any information gaps been identified along the way? If so, please specify	No info is available for the 73 other than age, gender and grade.
	FEMALE	49	under 30	0		
			30-40	8		
			41-50	16		
			50-60	29		
			over 60	20		
			Total	73		
			Grade	Number of staff		
		1-3	16			
		4-6	46			
		7-9	7			
		10 and over	4			

Explain the potential positive, negative or unequal impact on the following characteristics and how likely this is:			
Age	27% of the staff affected are over 60 and none under 30. The whole group represents	Race	Not envisaged to have an unequal impact on race

	11% of the workforce, the remaining 89% does not have access to the benefit		
Disability	Not envisaged to have an unequal impact	Religion or belief	Not envisaged to have an unequal impact
Gender reassignment	Not envisaged to have an unequal impact	Sex	67% of the 73 staff are female, however the majority of SBC female staff do not have access to this benefit but do have access to the pension scheme.
Marriage or civil partnership	Not envisaged to have an unequal impact	Sexual orientation	Not envisaged to have an unequal impact
Pregnancy & maternity	Not envisaged to have an unequal impact	Socio-economic ⁴	22% or 16 of the 73 staff are a grade 3 or below, however the wider SBC staff group do not have access to this benefit, but can access through the pension scheme.
Other			

page 53

Where there is a likely positive impact , please explain how it will help to fulfil our legislative duties to:					
Remove discrimination & harassment	Not envisaged to have an unequal impact	Promote equal opportunities	Removing this benefit for a small number of staff is a more equitable position. Furthermore auto enrolment means all staff who meet the relevant criteria are entered into the pension scheme which has this benefit and pension contributions are based on the staff members pay.	Encourage good relations	

What further work / activity is needed as a result of this assessment?

Action	Responsible officer	How will this be delivered and monitored?	Deadline

Approved by Strategic Leadership Team

⁴Although non-statutory, the council has chosen to implement the Socio-Economic Duty and so decision-makers should use their discretion to consider the impact on people with a socio-economic disadvantage.



Date: TBC

Page 54

Brief Equality Impact Assessment

For a minor operational change / review / simple analysis

Page 55

What is being assessed?	Introduction of charge for support service in independent living/flexicare schemes for people who get a free service		What are the key aims of it?	Introduction of a £2.00 charge for those 670 people in independent living/flexicare schemes that do not pay anything towards the cost of the 24 hour/7 day a week emergency response service via the alarm or providing the alarm equipment or the support service provided to them through the supported housing officer. This is due to the supporting people/housing related support grant legacy where no one in receipt of housing benefit or fairer charging paid for the service and also protected people from 2003 (19 people). The support service is not eligible for housing benefit, but this introductory charge of £2.00 is a move to make some charge for the service since the grant from HCC has been removed. This option has the support of the housing portfolio holder.		
Who may be affected by it?	Residents living in sheltered housing/flexicare schemes who currently don't pay for anything for the support service (those on housing benefit, fairer charging, protected due to supporting people implementation in 2003)					
Date of full EqIA on service area (planned or completed)	December 2018					
Form completed by:	Karen Long		Start date	Nov 17	End date	Jan 18
			Review date	Nov 18		

What data / information are you using to inform your assessment?	<ul style="list-style-type: none"> • Data of those on full/partial housing, fairer charging or those that are protected due to supporting people implementation in 2003. • Age profile of sheltered/flexicare housing tenants • Scheme profile data 	Have any information gaps been identified along the way? If so, please specify	
--	--	--	--

Explain the potential positive, negative or unequal impact on the following characteristics and how likely this is:			
Age	<p>Hertfordshire County Council are consulting with non-residential residents about charging for some of their community based adult social care services that they currently provide for free. This will impact on a lot of people over 60 in the independent living/flexicare schemes as they are more likely to be in receipt of some care due to their age/medical conditions. Charges will be effective from 15 April 2018. Level of charges unknown as people will need reassessing.</p> <p>Hertfordshire County Council funding for Flexicare housing related alarm contract ends in January 2018 and for support at the end of March 2018 which would mean more cost to Stevenage Borough Council which we may need to pass on to residents.</p>	Race, Religion or belief, Sex, Sexual orientation	Residents – no impact Staff – no impact
Disability, Gender reassignment, Marriage or civil partnership, Pregnancy & maternity	Residents – no impact Staff – no impact		
		Socio-economic ⁵	Any increase/ new charges in future years need to be affordable and considered in conjunction with other changes in charges. Support charge is not eligible for housing benefit and could have a negative impact for those on lower incomes.
Other	Government proposals for supported housing funding through ‘sheltered rent’ to be implemented in 2020. The details are still being worked on and are out for consultation until Jan 2018		

⁵Although non-statutory, the council has chosen to implement the Socio-Economic Duty and so decision-makers should use their discretion to consider the impact on people with a socio-economic disadvantage.

Where there is a likely positive impact , please explain how it will help to fulfil our legislative duties to:					
Remove discrimination & harassment		Promote equal opportunities	The government proposals for Supported Housing funding would mean that long-term supported housing will remain funded via the welfare system and will ensure the best outcomes for tenants and manage costs.	Encourage good relations	

What further work / activity is needed as a result of this assessment?

Action	Responsible officer	How will this be delivered and monitored?	Deadline
Complete a full EqlA to further assess impact	Karen Long	This will be completed as part of the review of service charges for 2019 and reviewed after the outcome of the government proposals and HCC proposals.	Dec 2018

Page 57

Approved by Strategic Leadership Team
Date: TBC

This page is intentionally left blank

Meeting: EXECUTIVE / COUNCIL

Portfolio Area: RESOURCES

Date: 23 JANUARY / 30 JANUARY 2018

Council Agenda Item:

3

COUNCIL TAX SUPPORT SCHEME

Authors – Su Tarran 01279 502076

Contributor – Clare Fletcher Ext. 2933

Lead Officers – Su Tarran 01279 502076

1. PURPOSE

1.1 To propose a Council Tax Support scheme for 2018/19.

2. RECOMMENDATIONS

2.1 That Executive makes the following recommendations to Council -

2.1.1 That the impact of welfare reforms on the CTS scheme (section 4.4 of the report refers) be noted.

2.1.2 That the options considered as part of changes in the scheme (section 4.6 of the report refers) be noted.

2.1.3 That the work of the Members of Overview and Scrutiny in reviewing the scheme be noted.

2.1.4 That the timescale recommended by the Members of Overview and Scrutiny in reviewing the scheme for 2019/20 (paragraph 4.1.15 of the report refers) be noted.

2.1.5 That the 2018/19 CTS Scheme proposed within this report (based on a 8.5% liability) as set in section 4.5. of the report be approved.

3. BACKGROUND

3.1 The Government made provision within the Local Government Finance Act 2012 to replace the national Council Tax Benefit (CTB) scheme from 1st April 2013 with localised schemes for CTS devised by individual local authorities (LAs).

3.2 A local CTS scheme cannot be revised for at least one financial year. A Billing Authority (SBC) must consider whether to revise or replace its scheme with another on an annual basis.

3.4 Any revision to a scheme must be made by the Council by the 31 January, immediately preceding the financial year in which it is to take effect and will

require consultation with those affected. Additionally consideration should be given to providing transitional protection where the support is to be reduced or removed.

- 3.5 The Council must, in the following order, consult with major precepting authorities (i.e. Hertfordshire County Council and Police and Crime Commissioner for Hertfordshire), publish a draft scheme in such manner as it thinks fit, and consult such other persons as it considers are likely to have an interest in the operation of the scheme. Both organisations have indicated their support of the proposed scheme for 2018/19.
- 3.6 Each year a report is brought to Members to determine whether any changes should be made to the current scheme as outlined above and if so to start consultation during the summer.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Review in 2016/17

- 4.1.1 Last year both the Overview & Scrutiny Committee and the Executive considered a number of possible changes to the Council Tax Support scheme (CTS) and concluded that these would make the scheme more complex and increase the risk of non-payment.
- 4.1.2 The following report details each of the areas that are relevant to a consideration of changes to the CTS, and intends to demonstrate that a recommendation to keep the scheme the same for 2018/19 should be made.
- 4.1.3 At a policy development meeting of the Overview and Scrutiny Members on the 5 September 2017, Members reviewed the areas considered for the 2017/18 scheme and agreed to recommend no change to the existing scheme for 2018/19.
- 4.1.4 Members asked for an early consideration of option for the 2019/20 scheme in March 2018, to give time for any consultation required on proposals.

4.2. Tax base

- 4.2.1 The tax base is an estimate of the number of properties on which a council tax charge can be levied in the financial year. In simple terms it is a sum of all the residential properties in the borough, less those which qualify for exemptions and discounts, (including council tax support), plus those new properties which will be chargeable during the coming year. Consideration then has to be given to how much of the tax base will be paid.
- 4.2.2 The tax base for 2016/17 was set at 25,888.5 Band D equivalent properties based on a 97.7% collection rate. This reflected assumptions about the number of each of the discounts and exemptions that would be granted during

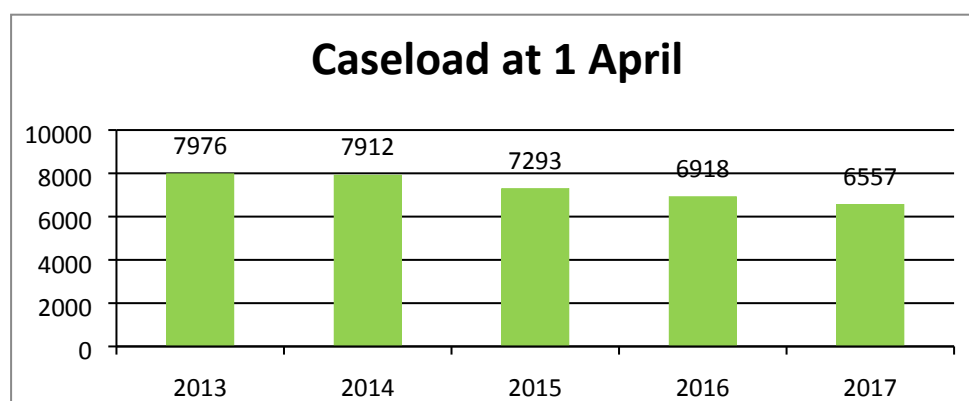
the year, as well as the inclusion of forecasted new properties. A major component of the tax base is the cost of the council tax support scheme, which reduces the collectable income in the same way as the other discounts and exemptions.

4.2.3 At 31 March 2017 the tax base was 823.99 Band D equivalents higher than the original estimate for 2016/17. Of which 293 Band D equivalents related to lower than estimated spend on CTS, (the remainder reflecting changes in other discounts, and new properties coming in to rating more quickly than estimated). The tax base for 2017/18 has been set assuming the spend on CTS to be the equivalent of 3865 band D properties or a cost of £6,169,095. At 1.11.2017 the cost is lower at £5,905,993 or 3,700 band D equivalents, (165 Band D equivalents lower), If this trend continues the lower level of spend will generate a surplus on the Collection Fund at year end. This is summarised in the table below.

	Estimated cost of CTS	Band D	Number of Band D equivalents
2017/18 tax base	£6,169,095	£1,596.35	3,865
01/11/2017	£5,905,993	£1,596.35	3,700
(Less than)/more than 2017/18 tax base	(£263,102)		(165)

4.2.4 Since the introduction of CTS in April 2013 it has become more difficult to project the tax base on which to levy council tax on. Estimates of the number and values of claims have to be made, which is then calculated as a reduction to the number of properties chargeable for council tax (less discounts). This is exacerbated when planned for Government policies are delayed or amended after the tax base is determined. Examples include proposed changes to tax credits, and the introduction of the new lower benefit cap. The CTS scheme can be a volatile and distorting factor in the tax base calculation. The Table below shows the reduction in the caseload.

Reducing caseloads



The caseload number at 1.11.17 is 6,492

4.2.6 Setting the tax base is an estimate calculated and approved at the January Executive, the value of precepts levied is £42 Million plus and some variations are likely to occur. In considering any changes to the CTS discount to be awarded, an allowance is made for the estimated impact of any government welfare reforms based on the current caseload levels.

4.3 Arrears

4.3.1 The tax base collection rate recognises that not all of the estimated total liability will be collectable. This could be as a result of changes in the number and value of discounts granted, but mostly despite robust recovery processes not everybody will pay promptly.

4.3.2 The table below demonstrates the arrears position at 31 March 2017 for each council tax bill year. The CTS column shows that part of the total arrears (pre and post CTS introduction) relates to customers who have been in receipt of CTS for any period since April 2013. Consequently the CTS column includes arrears accumulated before or after an entitlement to CTS.

Council Tax arrears at 31.3.2017 are detailed below by year.

Year	All Customers	CTS customers
	Arrears at 31.3.17	arrears at 31.3.17
2001/02	£ 777.83	
2002/03	£ 2,389.77	£ 163.34
2003/04	£ 5,555.51	£ 339.40
2004/05	£ 14,322.89	£ 1,363.01
2005/06	£ 26,372.65	£ 2,360.73
2006/07	£ 32,433.09	£ 2,586.96
2007/08	£ 52,191.18	£ 3,780.55
2008/09	£ 78,928.11	£ 10,562.40
2009/10	£ 105,134.25	£ 18,882.64
2010/11	£ 129,710.59	£ 32,320.55
2011/12	£ 163,901.74	£ 49,727.42
2012/13	£ 221,903.29	£ 62,866.78
2013/14	£ 327,153.90	£ 123,695.91
2014/15	£ 471,041.52	£ 187,725.74
2015/16	£ 658,574.99	£ 229,784.91
2016/17	£ 1,550,591.62	£ 403,675.62
Totals at 31.3.2017	£ 3,840,982.93	£ 1,129,835.96

Totals at 31.3.16	£ 3,936,737.13	£ 1,154,054.15
-------------------	----------------	----------------

- 4.3.3 Considering just those customers who have at any time been in receipt of CTS, the following table shows the value split between elderly and working age customers, (elderly claimants have entitlement to Council Tax support assessed on 100% of the net liability). Net liability refers to the liability after reductions for single person discount etc.

Split of arrears between Working Age and Elderly

	Working age	Elderly	Total
2002/03	£ 158.89	£ 4.45	£ 163.34
2003/04	£ 339.40		£ 339.40
2004/05	£ 1,363.01		£ 1,363.01
2005/06	£ 2,360.73		£ 2,360.73
2006/07	£ 2,586.96		£ 2,586.96
2007/08	£ 3,776.89	£ 3.66	£ 3,780.55
2008/09	£ 9,037.12	£ 1,525.28	£ 10,562.40
2009/10	£ 17,213.40	£ 1,669.24	£ 18,882.64
2010/11	£ 30,371.52	£ 1,949.03	£ 32,320.55
2011/12	£ 46,727.14	£ 3,000.28	£ 49,727.42
2012/13	£ 60,831.79	£ 2,034.99	£ 62,866.78
2013/14	£ 119,529.86	£ 4,166.05	£ 123,695.91
2014/15	£ 183,333.50	£ 4,392.24	£ 187,725.74
2015/16	£ 224,939.16	£ 4,845.75	£ 229,784.91
2016/17	£ 387,759.32	£ 15,916.30	£ 403,675.62
Totals	£ 1,090,328.69	£ 39,507.27	£ 1,129,835.96

- 4.3.4 The change in arrears outstanding for working age residents who have at some time been in receipt of CTS is shown below. A small amount of the debt will have been written off.

Change in arrears for Working Age customers

Liability outstanding from	WA CTS - outstanding liability at 31.3.15	WA CTS - outstanding liability at 31.3.16	WA CTS - outstanding liability at 31.3.17
2013/14	£272,947.80	£171,160.75	£ 119,529.86
2014/15	£481,756.77	£284,141.11	£ 183,333.50
2015/16		£430,393.45	£ 224,939.16
2016/17			£ 387,759.32
Totals	£754,704.57	£885,695.31	£915,561.84

- 4.3.5 This means that whilst recovery is being achieved on these outstanding balances, there is an increasing level of arrears to be collected from customers who have at some time received CTS.

- 4.3.6 At 31 March 2016 there were 657 working age CTS households where the outstanding liability is equal to or greater than their initial net liability for 2015/16, indicating they had not paid their liability and/or had incurred additional costs of recovery. However at 31 March 2017 this had fallen to 445 households.
- 4.3.7 CTS customers are most likely to have also been affected by other welfare reforms:
- 702 homes are currently (as at 1 April 2017) subject to the spare room subsidy restriction in the Housing Benefit (HB) regulations.
 - 475 of these are working age CTS claimants as well.
 - 61 of these households (12.8%) had CTS arrears equal to or greater than their liability for Council Tax in 2016/17. This means that they had not paid anything towards their Council Tax liability and or had costs added for failing to pay.
- 4.3.8 Based on the level of estimated arrears as a result of CTS the tax base only assumes that 70% of the in-year liability of working age CTS customers will be paid, compared to 98% of other council tax.
- 4.3.9 In 2016/17 The overall collection rate for Working Age customers in receipt of CTS at 31.3.17 was 76.5%. The collection rate for those working age customers who only had to pay 8.5% of their liability was 73.69%. The overall in year collection rate for all tax payers was 96.6%.
- 4.3.10 Officers will review the deduction of 30% for non payment of CTS for 18/19 based on current trends and the number of cases not having paid any council tax.

4.4 **Wider welfare reforms**

- 4.4.1 The welfare reform agenda is constantly changing, with planned for changes being modified and reviewed, and this is why it is so difficult to predict the level of CTS spend (see also section 4.3). Some of the recent changes have included;
- From April 16 changes to Housing Benefit have been introduced to reduce entitlement for new claims (removal of the family premium) and for the period claims can be backdated. An example is given below.
- BEFORE: A couple with one child living in a band D property, with a net weekly income of £274.90, would qualify for £11.65 per week CTS when getting the family premium.*
- AFTER: The same family would only qualify for £8.16 per week CTS when assessed without the family premium. A difference of £3.00 per week.*
- The new lower Benefit CAP went live in November 2016, and has further reduced the income of families who claim benefit.

- Customers moving on to Universal Credit are experiencing a different form of entitlement with the added challenge of responsibility of paying their own rent. Rent arrears are increasing.
- Local Housing Allowance rates are frozen – so rent increases in the private sector may not be eligible for additional help through Housing Benefit/universal credit.
- HB working age allowances are frozen, so in real terms these entitlements are falling against other cost of living increases in income.
- April 2017 – new claimants to HB and UC's allowances are limited to 2 children (exceptions do apply).

4.4.2 The impact of these reforms and others is likely to reduce the income of residents affected by them and accordingly put increased pressure on their ability to pay any Council Tax liability. This will lead to increased costs of recovery for both the resident and the Council.

4.4.3 In considering changes to the CTS scheme the impact of other welfare reforms and therefore the ability to collect any increases in CTS liability needs to be taken into account.

4.5 CTS scheme income & expenditure

4.5.1 The current scheme is assessed on 91.5% of maximum liability. For all working age customers this means that they have to pay at least 8.5% of their liability. This is demonstrated below.

Annual value of 8.5% of liability by band

8.5% per year	2013/14/ 2014/15	2015/16	2016/17	2017/18
Band A	£82.46	£83.72	£86.54	£ 90.46
Band B	£96.20	£97.67	£100.96	£ 105.54
Band C	£109.95	£111.63	£115.38	£ 120.61
Band D	£123.69	£125.58	£129.81	£ 135.69
Band E	£151.18	£153.49	£158.65	£ 165.84
Band F	£178.66	£181.40	£187.50	£ 196.00
Band G	£206.15	£209.30	£216.34	£ 226.15
Band H	£247.38	£251.16	£259.61	£ 271.38

Weekly value of 8.5% of liability by band

8.5% per week	2013/14/ 2014/15	2015/16	2016/17	£	2017/18
Band A	£1.59	£1.61	£1.66	£	1.74
Band B	£1.85	£1.88	£1.94	£	2.03
Band C	£2.11	£2.15	£2.22	£	2.32
Band D	£2.38	£2.42	£2.50	£	2.61
Band E	£2.91	£2.95	£3.05	£	3.19
Band F	£3.44	£3.49	£3.61	£	3.77
Band G	£3.96	£4.03	£4.16	£	4.35
Band H	£4.76	£4.83	£4.99	£	5.22

4.5.2 Before the introduction of CTS the case load applying for council tax benefit was increasing. The caseload has since stabilised and begun to reduce and estimates versus actual costs of discount granted are shown below.

Estimate and Actual spend on CTS

Year	Estimated cost of CTS scheme	Actual cost of CTS scheme	Value of variance	SBC share	Total Collection fund surplus
2013/14	£7,002,424	£6,605,773	£396,650	£51,406	£111,748
2014/15	£6,892,704	£6,137,922	£754,782	£97,819	£176,710
2015/16	£6,700,958	£5,755,876	£945,082	£120,592	£203,468
2016/17	£6,236,794	£5,683,162	£553,632	£70,157	£179,403
2017/18	£6,169,174				

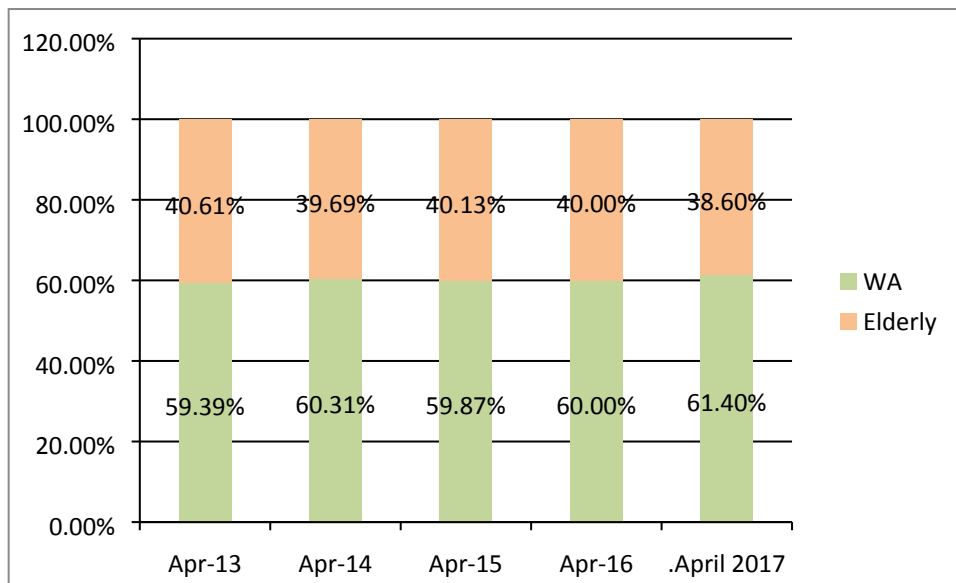
4.5.3 Putting these variances into context, they represent between 6% -14 % of actual spend. The 2017/18 scheme is estimated to cost £6.17 million, which is an increase of £486k over the actual costs for 2016/17, but reflects an increase of 4.53% in the council tax in Stevenage (total all preceptors) between 2016/17 and 2017/18.

4.5.4 Calculating the total scheme cost, i.e. the cost of the CTS scheme versus the CTS grant given by the government is now impossible, as the grant has been subsumed within total RSG and NDR figures. RSG has been cut over the past few years and will be totally removed from 2019/20 for Stevenage Borough Council. Members need to be mindful of the councils overall financial budgetary position in the context of requiring General Fund savings of £1.464Million and that central government funding has reduced from over £6Million to an estimated £2.5Million by 2019/20.

4.5.5 The amount of CTS discount awarded could increase if there was an increase in the proportion of Elderly customers. The scheme for Elderly claimants (of state pension age) is still controlled by central government through prescribed regulations. It is important therefore to be conscious of the movement in each caseload.

4.5.6 The proportion has changed marginally over time with 40.61% of claims in April 2013 being for elderly customers, and at 1 April 2017 only 38.6% from this group. The reduction may be attributed to the raising retirement age.

Caseload movement and split between working age and elderly



4.5.7 The proportion of elderly claimants is monitored during the year and is a consideration when calculating the value of CTS discount for the year.

4.6 Options considered to amend the Council Tax Support scheme in 2017/18 and 2018/19.

4.6.1 A number of options were considered in detail and rejected last year. All revisions would affect working age customers only and would require consultation with all taxpayers.

In brief the following areas where considered and rejected.

Area considered	Explanation
Re align the schemes	Changing the Council Tax support scheme to match reductions in entitlement built into the Housing Benefit scheme
Changing the level of “minimum payment” for all working age customers	Consideration was given to the impact of increasing the minimum % paid from 8.5% to 10%\15%\20% and 25%, as well as reducing the amount paid to 5%.
Introducing a band cap	This would limit the amount that we would pay to a value of a lower property band, for example Band C
Introducing a minimum amount that the council would fund	For example the minimum award would be £5 per week, if you qualified for less, you would not be granted the relief.
Changes around discretions for Disability, Children and other Dependents	Introducing or amending the existing weighting of awards in favour of these groups
Non dependents	Increasing the amount of benefit lost when there is a non-dependant resident in the home.
Capital Limits – reduce the level of Capital that excludes from entitlement.	Claimants with capital (savings/property etc) in excess of £16,000 are ineligible for Council Tax Support.
Other adjustments	There are a number of other component elements of the scheme that could be adjusted including income tapers, income disregards etc.

4.7 Other factors to consider

4.7.1 All the above changes carry the same risk to bad debt provisions, potential recovery costs and costs of administration. The more complex the scheme, the more difficult it is to comply with and customers’ levels of understanding could be compromised

4.7.2 The CTS should comply with the Government's key principles of protecting pensioner claimants from changes, supporting work incentives, and has is drafted with regard to appropriate consideration to vulnerable groups. The manner in which this is achieved in relation to the DCLG policy Statement of Intent is set out below.

4.7.3 **Armed Forces Covenant** – The Covenant sets out the relationship between the Nation, the State and the Armed Forces and recognises that the whole nation has a moral obligation to members of the Armed Forces and their families, and it establishes how they should expect to be treated. It exists to redress the disadvantages that the Armed Forces community faces in comparison to other citizens, and to recognise sacrifices made. In some cases this will require special consideration, especially for those who have given the most such as the injured and the bereaved. In consideration of the above the recommended scheme reaffirms that in addition to war widow's, war widower's and war disablement pensions, guaranteed income payments (including survivor's guaranteed income payments under the Armed Forces Compensation Scheme) be disregarded in full for working age claimants thus ensuring that receipt of these incomes does not impact upon their Council Tax Support entitlement.

It is also important to note that under Government regulations for pensionable age claimants, which will apply to all LAs, only £10 per week can be disregarded from the receipt of the above pensions. SBC currently exercises its discretion within the current legislation whereby these pensions are disregarded in full, and there is no proposal to change this.

4.7.4 **Child Poverty Act 2010** - The principles enshrined within the recommended CTS Scheme should support the objectives of reducing and mitigating the effects of child poverty through the following means:

- a) Child Benefit be completely disregarded as a claimant's income thus ensuring that their entitlement to CTS is unaffected by the receipt of this income.
- b) Premiums and allowances shall be used to determine a claimant's basic living needs, with amounts being determined for each child and young person resident in the claimant's household.
- c) The provision of disregards for child care costs will be applied within the scheme, up to a maximum prescribed level.

4.7.5 **Incentivising Work** – There is no proposal to change the provision of extended payments for the first four weeks after a claimant commences work, where they meet certain prescribed requirements through the recommended scheme.

4.7.6 **Equalities Implications** - The Equality Act 2010 S149 sets out the public sector equality duty which requires the Council, when exercising its functions (including those as an employer) to have 'due regard' to the need to eliminate discrimination (both direct and indirect discrimination), harassment

and victimization and other conduct prohibited under the Act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic.

4.7.7 If the scheme is amended in anyway an EQIA will be completed to consider the impact on any of the protected characteristics. At the same time, the Council must also pay regard to any countervailing factors, which it is proper and reasonable for them to consider. Budgetary pressures faced by the Council form part of the analysis shown in the equality impact assessment.

4.7.8 Councils have introduced differing schemes across the County depending on the demographic of the CTS claimants, the financial position of the council and its political views. This is shown in the table below

Table 10: What other councils are doing – (these are subject to change)

Local authority	Scheme
Watford	Default national scheme ie <ul style="list-style-type: none"> <input type="checkbox"/> No band capping • Maximum benefit is 100% of liability • Second adult rebate retained
St Albans	Default national scheme i.e <ul style="list-style-type: none"> • Maximum benefit is 100% of liability
Welwyn/Hatfield	<ul style="list-style-type: none"> • Maximum benefit is 75% of liability • 100% to protected groups <ul style="list-style-type: none"> <input type="checkbox"/> Disability premium <input type="checkbox"/> Enhanced disability premium <input type="checkbox"/> Severe disability premium <input type="checkbox"/> Disabled child premium <input type="checkbox"/> Child under 5 <input type="checkbox"/> ESA support group <input type="checkbox"/> DLA/PIP <input type="checkbox"/> War widow/ers <p>Removal of Second Adult Rebate for working Age</p> <p>Removal of Family Premium</p> <p>Backdating limited to 1 Month</p>

Local authority	Scheme
North Herts	<ul style="list-style-type: none"> • Maximum benefit is 75% of liability • 100% to protected groups <ul style="list-style-type: none"> <input type="checkbox"/> Disability premium <input type="checkbox"/> Enhanced disability premium <input type="checkbox"/> ESA support component <input type="checkbox"/> Disabled child premium <input type="checkbox"/> Earnings disregard increased to £7.50 (single); £15 (couple); £30 (disabled/carer/auxiliary occupation); £37.50 (lone parent)
Dacorum	<ul style="list-style-type: none"> • Restriction of liability to Band D • Protected groups <ul style="list-style-type: none"> <input type="checkbox"/> Disabled child premium <input type="checkbox"/> Disability premium or underlying DP for those with limited capability for work <input type="checkbox"/> ESA work related activity group <input type="checkbox"/> ESA support group <input type="checkbox"/> Child under 5 <input type="checkbox"/> War widow/ers or war disablement pension • Maximum benefit is 75% of liability <ul style="list-style-type: none"> <input type="checkbox"/> 100% to protected groups as above • Non dependant deductions modified • Second adult rebate - those over pension credit age only • Backdating - 3 months for pensioners and 1 month for everyone else
Three Rivers	<ul style="list-style-type: none"> • Restriction of liability to Band D • Capital limit reduced to £8,000 • Non dependant deductions increased • Second adult rebate – those over pension credit age only

Local authority	Scheme
Hertsmere	<ul style="list-style-type: none"> • Restriction of liability to Band D* • Protected groups <ul style="list-style-type: none"> <input type="checkbox"/> Claimant, partner or child gets DLA, AA or PIP <input type="checkbox"/> ESA support group <input type="checkbox"/> Lone parent with child under 5 <p>May align scheme to HB rules from 2018/19</p> <ul style="list-style-type: none"> • Maximum benefit is 80% of liability* <ul style="list-style-type: none"> <input type="checkbox"/> 100% of liability to protected groups as above • Non dependant deductions modified <ul style="list-style-type: none"> <input type="checkbox"/> Protection from non dependant charges to groups as above <p>*ie liability is actually restricted to 80% of Band D or 80% of actual liability (whichever is lower) except for protected groups</p>
Stevenage	<ul style="list-style-type: none"> • Maximum benefit is 91.5% of liability
East Herts	<ul style="list-style-type: none"> • Maximum benefit is 91.5% of liability
Broxbourne	<ul style="list-style-type: none"> • Restriction of liability to Band E • Protected groups – claimant, partner, child <ul style="list-style-type: none"> <input type="checkbox"/> Disability premium <input type="checkbox"/> Enhanced disability premium <input type="checkbox"/> Severe disability premium <input type="checkbox"/> DLA/PIP <input type="checkbox"/> ESA support component <input type="checkbox"/> Incapacity benefit long term rate <input type="checkbox"/> War disablement pension <input type="checkbox"/> War widow/ers • Maximum benefit is 80% liability • 100% of liability to protected groups as above • Income taper increased from 20-25% • Protected groups as above

Local authority	Scheme
	<ul style="list-style-type: none"> • Non dependant deductions modified • Earnings disregard increased to £10.00 (single); £15 (couple); £25 (disabled/carer/auxiliary occupation); £30.00 (lone parent) • Back to work 'run on ' increased from 4-6 weeks • Backdating replaced by automatic 3 month start date prior to claim if satisfies rules in that period.

4.7.9 Stevenage Borough Council has previously agreed no additional protection for individual groups, other than that required in law (pensionable aged claimants) is still valid. An example below demonstrates how the scheme differentiates.

Table 11: Example of scheme differentiation

Couple, with two children – one of which is entitled to Disability living allowance, with a weekly income of £496.70, made up of earnings and disability benefits, would qualify for £21.19 per week CTS if living in a band D property. The same household without a disability with the same income, would not qualify for any help. This is because the scheme disregards more of the income as well as using higher applicable amounts for the disabled household.

	Disabled	Not disabled
Income		
Earnings	379.20	462.3
DLA © high rate	83.10	
Child benefit	34.4	34.4
Gross Income	496.7	496.7
<i>Income disregarded</i>	<i>141.7</i>	<i>59.4</i>
Net income used in assessment	327.00	437.3
<i>Applicable Amounts</i>	<i>334.2</i>	<i>224.35</i>
Income in excess of applicable amounts	28.00	212.95
Council Tax liability	29.28	29.28
91.5% of liability	26.79	26.79
taper	5.60	42.59
Weekly entitlement	21.19	0

4.8 Feedback from Overview and Scrutiny

4.8.1 Overview and Scrutiny Members completed some policy work on potential changes to the CTS scheme on the 5 September 2017 and Members agreed that the scheme should remain at an 8.5% liability (as set out in section 4.5) for 2018/19. However the members did request that the review for 2019/20 was commenced earlier and officers have a meeting planned with Overview and Scrutiny members on the 29 March 2018.

4.8.2 As this matter is a Budget & Policy Framework matter the Overview and Scrutiny committee considered what was then the draft proposals on the 13 December and had no further comments to make other than contained in paragraph 4.8.1.

5. IMPLICATIONS

5.1 Financial Implications

5.1.1 As detailed in the report.

5.2 Legal Implications

5.2.1 As detailed in the report

5.3 Equalities and Diversity Implications

5.3.1 An Equality Impact Assessment will be undertaken if there are proposals to amend the Council Tax support scheme.

5.4 Risk Implications

5.4.1 As detailed in the report

5.5 Policy Implications

5.5.1 As detailed in the report

BACKGROUND PAPERS

None

APPENDICES

Appendix A - Glossary

Appendix A GLOSSARY

IS	Income support
JSA (IB)	Job seekers allowance (Income based)
UC	Universal Credit
PC	Pension credit
GC	Guaranteed credit
SC	Savings credit
ESA (IR)	Employment support allowance (Income related)

This page is intentionally left blank