

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity		√	
3	Environmental Sustainability		√	
4	Health and Well-Being		√	
5	Children and Young People		√	
6	Creating Safe Communities		√	
7	Creating Inclusive Communities		√	
8	Improving the Quality of Council Services and Strengthening Local Democracy		√	

Reasons for the Recommendation:

To ensure that the Cabinet is fully aware of the latest Revenue Budget position for 2014/2015 so that early decisions can be made to enable the Council to agree a balanced budget for 2014/2015 and agree the level of Council Tax before the statutory date of 10 March 2014.

To ensure that the Cabinet is fully aware of the latest Medium Term Financial Plan (MTFP) position so that early decisions can be made to enable the Council to achieve a sustainable financial position for the financial years 2015/16 and 2016/17.

What will it cost and how will it be financed?

(A) Revenue Costs

The Revenue Budget and Council Tax for 2014/2015 will be formally set in March 2014. The existing two year plan provides the basis for the budget.

The revenue gaps for each of the years 2015/2016 to 2016/2017 are projected at £31.6m and £22.2m respectively. The figures are individual in-year savings targets, assuming the previous year's target is achieved.

(B) Capital Costs

None.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal	Statutory Duty
Human Resources	None

Equality

- | | | |
|----|--|-------------------------------------|
| 1. | No Equality Implication | <input checked="" type="checkbox"/> |
| 2. | Equality Implications identified and mitigated | <input type="checkbox"/> |
| 3. | Equality Implication identified and risk remains | <input type="checkbox"/> |

Impact on Service Delivery:

To be determined; however it may be inevitable that in some cases service delivery will be adversely affected.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance & ICT (FD2051/14) and Head of Corporate Legal Services (LD2745/14) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

None.

Implementation Date for the Decision

Immediately following the Committee Meeting.

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Background Papers:

Provisional Local Government Finance Settlement: Parliamentary Statement by the Local Government Minister (Brandon Lewis, MP) on 18 December 2013

Local Government Finance Settlement 2014/2015 – Consultation (18 December 2013)

Draft Local Government Finance Report (England) 2014/2015 (18 December 2013)

Draft Local Government Finance Report (England) 2015/2016 (18 December 2013)

Details of SFA changes by class and region

Key Messages

This report sets out the following key messages:

- The Provisional Local Government Finance Settlement was published by the Government on 18 December 2013. This provided provisional figures for 2014/2015 and illustrative figures for 2015/2016.
- Other announcements have been made recently that impact on the level of specific grants assumed for 2014/2015, 2015/2016 and 2016/2017.
- The overall impact in 2014/2015 is a further reduction in funding of **£0.012m**, compared to the position set out in the report to Cabinet on 5 December 2013.
- The overall impact on the MTFP for 2015/2016 and 2016/2017 is a reduction in the budget gaps of **£0.794m** and **£0.131m** respectively.
- The budget plan for 2014/2015 assumes a Council Tax increase of 2% for planning purposes. This is line with previous announcements from the Government on the referendum limit. However, recent announcements have indicated that the Government may be prepared to lower the referendum limit. An announcement on this has yet to be made.

1. **Background**

- 1.1 At its meeting of 5 December 2013 Cabinet noted the latest position with regard to the Revenue Budget for 2014/2015 and the potential budget shortfalls within the MTFP as follows:

	£m
2015/2016	32.4
2016/2017	<u>22.4</u>
Total	54.8

- 1.2 The levels of external funding included in the revenue budget for 2014/2015 and budget gaps for 2015/2016 and 2016/2017 were based on assessments by officers of a number of announcements previously made by the Government.
- 1.3 The Local Government Minister (Mr Brandon Lewis, MP) announced the Provisional Local Government Finance Settlement for 2014/2015 and 2015/2016 on 18 December 2013. A copy of his Parliamentary statement and associated supporting documents is available as a Background Paper.
- 1.4 The Local Government Finance Settlement determines the amount of external funding that the Government expects the Authority will receive, known as the Settlement Funding Assessment (SFA). This is the total amount of funding relating to Revenue Support Grant, Top-Up Grant and the Local Share of the Business Rates Baseline (which is the amount the Government estimates will be received by Local Authorities rather than the amount that will actually be received).
- 1.5 In addition there have been some further announcements on the levels of Specific Grants that the Council will receive.
- 1.6 This report summarises the key features of the Provisional Settlement both nationally and for Sefton and analyses its impact on the Revenue Budget for 2014/2015 and the Medium Term Financial Plan (MTFP) for 2015/2016 and 2016/2017.

2. **Local Government Finance Settlement – National Picture**

The key features of the Provisional Settlement are set out in the following paragraphs:

2.1 **Settlement Funding Assessment**

The SFA has reduced in 2014/2015 and 2015/2016 as shown below:

	SFA	Reduction	Reduction
	£m	£m	%
2013/2014 (Adjusted)	26,256.419	-	
2014/2015 (Provisional)	23,782.508	2,473.911	9.42%
2015/2016 (Illustrative)	20,650.814	3,131.694	13.17%

Details of SFA changes by class and region are attached as a Background Paper.

3. Local Government Finance Settlement – Sefton

3.1 Settlement Funding Assessment (SFA)

The SFA for Sefton has reduced in 2014/2015 and 2015/2016 as shown below:

	SFA	Reduction	Reduction
	£m	£m	%
2013/2014 (Adjusted)	143.177	-	
2014/2015 (Provisional)	128.549	14.628	10.22%
2015/2016 (Illustrative)	109.640	18.909	14.71%

3.2 Net Impact on 2014/15 Government Funding for Sefton

Compared to the figures reported to Cabinet on 5 December 2013, the funding included for 2014/2015 has changed as follows:

	2014/2015
	£m
Settlement Funding Assessment	+0.034
<u>Other Grants</u>	
Grants Associated with the SFA	-0.045
Other Specific Grants	-0.001
Reduced Funding	-0.012

The “Other Grants” referred to above include New Homes Bonus and Business Rates Cap Grant.

3.3 NHS Funding to Support Social Care and Benefit Health

The Government’s Spending Power calculations show that the Council will receive an additional £1.271m in 2014/2015. It is assumed that this additional amount will be required to fund additional social care pressures.

The integration of health & social care from 2015/2016 is subject to a Better Care Fund bid by Sefton Health and Wellbeing Board. The bid will secure funding of approximately £11m to facilitate the growing cost of social care and the integration efficiencies required. The MTFP already assumes that the integration funding will contribute £6m towards additional social care pressures. This Integration Funding will be the subject of future reports to Cabinet and the Health & Wellbeing Board.

3.4 Adult Social Care New Burdens 2015/2016

Recent reforms (including Dilnot) to adult social care have introduced a number of new burdens on local authorities. The Government, in its Spending Power calculations, has provided an illustrative increase in funding of approximately £1.8m for Sefton in 2015/16 (although the methodology for allocating funding is still under development). It is assumed this funding will be used to offset the new costs arising from these reforms.

3.5 Spending Power

Based on the Government's exemplifications, Sefton's Spending Power has decreased by 4.1% in 2014/2015 and 2.9% in 2015/2016. As a result Sefton does not qualify for Efficiency Support grant which is only available to those authorities whose Spending Power has decreased by 6.9%. Details of how the changes in Spending Power have been calculated for Sefton are shown below: -

<u>Spending Power Components</u>	2013/2014	2014/2015	2014/2015 - Adjusted	2015/2016
	£m	£m	£m	£m
Council Tax Requirement	96.922	96.828	96.828	96.734
Settlement Funding Assessment	143.177	128.549	128.549	109.640
Other Government Funding included in calculation	31.490	35.076	38.122	49.449
	271.588	260.453	263.499	255.824
Change in Estimated Revenue Spending Power (£m)		-11.135		-7.675
Change in Estimated Revenue Spending Power (%)		-4.10%		-2.91%

3.6 Autumn Statement 2013

In the Autumn Statement 2013 the Chancellor announced that councils outside of London wouldn't have to transfer a proportion of their New Homes Bonus to Local Enterprise Partnerships as had previously been announced. The MTFP for 2015/2016 and 2016/2017 had assumed this transfer would take place. This has had the following beneficial impact on the budget gaps for 2015/2016 and 2016/2017:

	2015/2016	2016/2017
	£m	£m
New Homes Bonus – Transfer to LEPs	-1.045	-0.131

3.7 Council Tax

The approved two year plan assumed a Council Tax increase of 2% for 2014/2015, generating £2.0m. The Secretary of State for Communities and Local Government had previously announced that the referendum limit would be:

- Changed to correct the previous anomaly of excluding levies from the calculation (this requires primary legislation under the Local Audit and Accountability Act - currently only a Bill); and
- Set at 2% for 2014/2015.

However, in the ministerial statement on the Provisional Settlement it was stated that the Government were open to representations that the threshold should be reduced for some or all authorities. The referendum principles have yet to be announced.

The Spending Round 2013 announced that funding, equivalent to a 1% increase, would be made available for councils who freeze their Council Tax for 2014/2015. If Sefton were to freeze its Council Tax and receive the grant then a permanent reduction of £1.0m in the Base would be required.

Until the Council Tax referendum rules are clarified, the Council will not be in a position to determine its budget for 2014/2015.

4. Summary Budget Gap Analysis 2015/2016 – 2016/2017

Compared with the indicative 2014/2015 budget service levels, the following shortfalls are now projected based on information included in the Provisional Settlement: -

	2015/ 2016	2016/ 2017	Total
	£m	£m	£m
Original Budget Gaps Reported to Cabinet 5 December 2013	32.366	22.340	54.706
Settlement Funding Assessment	0.166	-	0.166
Grants Associated with the SFA	0.085	-	0.085
Change relating to transfer of New Homes Bonus to LEPs	-1.045	-0.131	-1.176
Revised Budget Gaps	31.572	22.209	53.781

5. Representations on the Settlement

A response to the Provisional Settlement covering a number of specific issues relevant to Sefton was submitted to the Department for Communities and Local Government by the Leader of the Council before the consultation period ended on 15 January 2014. A copy of the response will be circulated separately prior to the meeting.

6. Capital Grant Announcement for 2014/15

The Government has not yet released any figures for Capital Grants for 2014/2015. A report will be presented to the next Cabinet meeting summarising the financial position of the Capital Programme.

8. Council Tax Reduction Scheme – Feedback on Consultation

- 8.1 At the 5 December meeting of Cabinet, the Head of Corporate Finance & ICT was authorised to publish and consult upon the draft revised Council Tax Reduction Scheme for 2014/15. The consultation relates to the annual uprating of personal allowances and applicable amounts for working age claimants.
- 8.2 The proposed revision to the Council Tax Reduction Scheme ensures that those householders on the lowest incomes are not adversely affected by the Government annual uprating of state benefits.

It was agreed that the results of the consultation would be reported to this meeting – this is attached at Annex A. A summary of the consultation is as follows: -

- a) 35 responses to the online survey have been received of which 28 agree and 7 disagree.
- b) Letters were issued to the precepting authorities – Merseyside Police and Merseyside Fire and Rescue Service.
- c) Letters were issued to stakeholders inviting them to take part in the consultation survey.
- d) Comments received indicate there is no issue regarding the proposal to uprate working age personal allowances in line with Department for Work and Pensions uprating of income-related social security benefits. Comments received are also detailed in Annex A.
- e) As part of the consultation, equalities questions were asked in connection to gender, age, disability and ethnicity. The consultation responses do not indicate any disproportional impact.
- f) The Department for Work and Pensions has announced that housing benefit personal allowances will be uprated by 1% (Housing Benefit Circular A24/2013 (Revised) dated 18th December 2013). This is in accordance with the figures presented to Cabinet 5th December 2013.

- 8.3 It is recommended that the proposed Council Tax Reduction Scheme for 2014/2015 (Cabinet 5 December 2013) which will take into account annual uprating of applicable amounts and personal allowances for working age claimants as defined by Department for Work and Pensions Housing Benefit circular A24/2013 (Revised) be implemented with effect from April 2014.
- 8.4 The Council Tax Base for Sefton Council and for each Parish Area for 2014/2015 as set out in the 5 December report will remain unchanged.

Consultation Summary

Local Council Tax Reduction Scheme 2014-2015

The summary of findings from the consultation and engagement on the Local Council Tax Reduction Scheme relating to annual uprating of personal allowances and applicable amounts for working age claimants is summarised below.

Pensioners - the Council will revise the 2013/14 Local Council Tax Reduction scheme to take account of the annual uprating for allowances, premia, non-dependant deductions and any other statutory requirements in accordance with the Government's legislation for 2014 to 2015.

The Council are required by law to implement these changes for pensioners and this does not require any consultation.

The Consultation

The Council has been consulting with the public on the proposed Local Council Tax Reduction Scheme 2014-2015.

Consultation commenced on 6th December 2013 and ended on 6th January 2014.

Methodology

The Consultation for the general public took the form of an on-line questionnaire which was accessed via the Council's website. Members of the public were able to view a copy of the proposed amendment to the scheme on the Council's website and then complete the questionnaire giving their views. A link to the questionnaire was also included on the intranet.

A press release was issued giving details of the proposed amendments to the scheme and how members of the public could have their say.

A letter was sent to 74 stakeholders inviting them to comment.

Details of the number of responses received are included in the results section of this report.

Contact was also made with Council Tax Preceptors to ascertain their views and details are also included in the results section.

The Results

35 responses were received to the **online questionnaire** by the closing date on 6th January 2014.

The following paragraphs give details of the questions asked and responses.

Question 1

Do you agree that the Council should increase (uprate) the personal allowances and applicable amounts in accordance with the Department for Work and Pensions rates for non-pensioners?

Response	No of responses	%
Yes	28	80
No	7	20
Total	35	100

Question 2

Do you have any further comments?

The following comments were received from those who **Agreed** with the proposals:

- We are living on bare minimum I am on JSA and my partner works part time. I am pregnant and no-one will hire me as I'm due to go on maternity. We get 100 to help with our rent each month and no council tax reduction off our £150 bill.
- Discounts for non-pensioners must return too..Our CT bill doubled to £1300 this year - our income didn't double though, so we're paying CT from savings.
- People on benefits should always have them uprated. They are the sectors of society who need the help the most.
- £15 per month is still too cheap for them to pay.
- I have advanced HIV and I am struggling to pay each month 28.00 to me it is a lot of money, and I budgeted that for travel to hospital, which in turn is now affecting my health. This is not the UNITED KINGDOM values we were taught in history.
- The amount of council tax reduction for non pensioners who are in receipt of income based JSA /ESA(£71.00 per week) this group of people cannot afford the 20% they are expected to pay
- The personal allowance reduction is essential for those like myself who are the sole occupiers of a property. I feel it should be more in line with a 50% reduction rather than the 25% currently given.

- It is obviously another paper exercise that is required, the same as the library review. YOU DON'T LISTEN TO WHAT RESIDENTS SAY!!!!!!!!!!!!!!!
- I am a working parent of 4 children struggling to pay household bills. I am now trying to feed us all on the £60 surplus per week I have left. I cannot take anymore reduction to my personal budget.
- Have read the info, haven't got a clue what you are talking about can't be only one
- I believe that single under 25s should get full CTR like pensioners as their applicable amount is only £57. They cannot afford to pay council tax on that amount.
- I find this quite a confusing issue. I'm not sure if "uprating personal allowances" means that people pay more of less council tax - although, in my view, NO-ONE on any sort of benefit should be forced to pay ANY council tax at all.

The following comments were received from those who **did not agree** with the proposals:

- This does not make any sense at all you need to reduce council tax immediately
- I am my nan's fulltime carer. I get income support and carers allowance, which is to cover the left over of my housing costs, fuel, food and it doesn't. On top of that I then have to find an additional amount for council tax which is impossible
- It is not just pensioners in financial difficulty, single parents and those studying also need help. Stop wasting money on plants and lights for Christmas ensure vital services are maintained

Question 3

About yourself – gender

Response	No of responses	%
Female	19	54
Male	10	29
Prefer not to say	6	17
Total	35	100

Question 4

About yourself – age

Response	No of responses	%
18-24	1	3
25-39	7	20
40-59	18	52
60-74	3	9
Prefer not to say	6	16
Total	35	100

Question 5

About yourself – Do you have a long term illness, health problem or disability which limits your daily activities?

Response	No of responses	%
Yes	4	11
No	25	72
Prefer not to say	6	17
Total	35	100

Question 6

About yourself – Which of these describes your ethnic group?

Response	No of responses	%
White	26	74
Black	0	0
Asian	1	3
Mixed	1	3
Other	0	0
Prefer not to say	7	21
Total	35	100

Of those who said that they ***didn't agree*** with the proposal (7) the following statistics have been obtained:-

Gender

Response	No of responses	%
Female	2	29
Male	1	14
Prefer not to say	4	57
Total	7	100

Age

Response	No of responses	%
18-24	0	0
25-39	1	14
40-59	1	14
60-74	1	14
Prefer not to say	4	58
Total	7	100

Long Term Illness/Health Problem/Disability

Response	No of responses	%
Yes	1	14
No	2	29
Prefer not to say	4	57
Total	7	100

Ethnicity

Response	No of responses	%
White	2	29
Black	0	0
Asian	0	0
Mixed	1	14
Other	0	0
Prefer not to say	4	57
Total	7	100

Of those who said that they **did agree** with the proposal (28) the following statistics have been obtained:-

Gender

Response	No of responses	%
Female	17	61
Male	9	32
Prefer not to say	2	7
Total	28	100

Age

Response	No of responses	%
18-24	1	4
25-39	6	21
40-59	17	61
60-74	2	7
Prefer not to say	2	7
Total	28	100

Long Term Illness/Health Problem/Disability

Response	No of responses	%
Yes	3	11
No	23	82
Prefer not to say	2	7
Total	28	100

Ethnicity

Response	No of responses	%
White	24	86
Black	0	0
Asian	1	4
Mixed	0	0
Other	0	0
Prefer not to say	3	10
Total	28	100

Consultation with the precepting Authorities –

Merseyside Police and Merseyside Fire and Rescue Services

The precepting authorities were consulted in writing. The Council has received written feedback from Merseyside Fire and Rescue Service and the following comments were provided:

“Broadly the Fire and Rescue Authority recognises that the districts face a challenging task balancing

- a) The impact on vulnerable individuals of the reductions in council tax benefit funding
- b) Trying not to lose council tax income as a result of the changes in a time when resources for local government are severely constrained.

Sefton’s original scheme and the proposed changes seem a pragmatic and fair approach and we support the proposed changes and in particular the change to the discount on empty dwellings.”

Police and Crime Commissioner for Merseyside

The feedback from the Commissioner is that she is supportive of the proposals.

Stakeholders – were consulted in writing. 74 letters were issued inviting them to complete the online survey. There were no responses received in writing.

Equalities

As part of the consultation, equalities questions were asked in connection to gender, age, disability and ethnicity. The consultation responses do not indicate any disproportional impact.

Older people (pensioners) are a protected group within the Equalities Act and the annual uprating is covered in the proposed scheme by Government legislation.