

# AGENDA



For a meeting of the
<b>RESOURCES POLICY DEVELOPMENT GROUP</b>
to be held on
<b>THURSDAY, 24 JULY 2014</b>
at
<b>2.00 PM</b>
in
<b>COUNCIL CHAMBER - COUNCIL OFFICES, ST. PETER'S HILL, GRANTHAM. NG31 6PZ</b>
<b>***PLEASE NOTE TIME AND VENUE***</b>
Beverly Agass, Chief Executive

Group Members:	Councillor Mark Ashberry, Councillor Jean Bevan, Councillor Nick Craft (Chairman), Councillor Nick Robins, Councillor Bob Sandall, Councillor Trevor Scott (Vice-Chairman) and Councillor Jacky Smith
Portfolio Holders:	Councillor Teri Bryant, Portfolio: Good Housing Councillor Mike Taylor, Portfolio: Strategic Resources - Well Run Council
Support Officer:	Jo Toomey Tel: 01476 40 61 52 E-mail: <a href="mailto:j.toomey@southkesteven.gov.uk">j.toomey@southkesteven.gov.uk</a>

**Members of the Group are invited to attend the above meeting to consider the items of business listed below.**

**1. COMMENTS FROM MEMBERS OF THE PUBLIC**

To receive comments or views from members of the public at the Group's discretion.

**2. MEMBERSHIP**

The Group to be notified of any substitute members.

**3. APOLOGIES**

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**4. DISCLOSURE OF INTERESTS**

Members are asked to disclose any interests in matters for consideration at the meeting.

**5. ACTION NOTES FROM THE MEETING ON 15 MAY 2014**

(Enclosure)

**6. UPDATES FROM PREVIOUS MEETING**

**7. FEEDBACK FROM THE EXECUTIVE**

**8. CHARGEABLE REPAIRS POLICY**

Report number RIM0388 by the Head of Community Assets.

(Enclosure)

**9. HOUSING REVENUE ACCOUNT BUSINESS PLAN**

Report by the Head of Housing and Neighbourhoods.

(To follow)

**10. ST PETERS HILL DEVELOPMENT - PHASE 3 OPTIONS: UPDATE ON PROCUREMENT AND BUDGET ALLOCATION**

Report number PD019 by the Head of Property Development.

(Enclosure)

**11. LOCAL COUNCIL TAX SUPPORT SCHEME**

Report number HOF283 by the Head of Finance.

(Enclosure)

**12. LOCAL AUTHORITY MORTGAGE SCHEME UPDATE**

Report number HOF282 by the Head of Finance.

(Enclosure)

**13. POOL CAR REVIEW**

(To follow)

**14. REPORTS FROM WORKING GROUPS**

- Bourne car parking Orders

**15. WORK PROGRAMME**

**16. ANY OTHER BUSINESS, WHICH THE CHAIRMAN, BY REASONS OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT**

## MEETING OF THE RESOURCES POLICY DEVELOPMENT GROUP

THURSDAY, 15 MAY 2014 2.30 PM



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### GROUP MEMBERS PRESENT

Councillor Mark Ashberry  
Councillor Jean Bevan  
Councillor Michael Cook  
Councillor Nick Craft (Chairman)

Councillor Nick Robins  
Councillor Bob Sandall  
Councillor Trevor Scott

### PORTFOLIO HOLDER

Councillor Teri Bryant, Portfolio: Good Housing

### OFFICERS

Head of Finance (Richard Wyles)  
Head of Community Assets (Paul Stokes)  
Environmental Health Team Leader (Private Sector Housing) (Anne-Marie Coulthard)  
Team Leader Leisure and Amenities (Susie McCahon)  
Principal Democracy Officer (Jo Toomey)

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#### 1. ELECTION OF VICE-CHAIRMAN

It was proposed and seconded that Councillor Scott should continue as vice-Chairman of the Policy Development Group. On being put to the vote, this was agreed.

#### 2. MEMBERSHIP

The PDG was notified that Councillor Mike Cook would be substituting for Councillor Jacky Smith for this meeting only.

#### 3. DISCLOSURE OF INTERESTS

No interests were disclosed.

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**4. ACTION NOTES FROM THE MEETING HELD ON 27 MARCH 2014**

The action notes from the meeting held on 27 March 2014 were noted.

**5. UPDATES FROM PREVIOUS MEETING**

The PDG noted the decisions bulletins on the Site Allocations Policy and the Clean, Green and Healthy Strategy.

The Chairman also gave a brief update on pay-by-mobile in council car parks. Installation of a pay-by-mobile solution was anticipated within a month to 8-weeks of the meeting and that the 12-month trial would be cost neutral. If a cost-neutral solution was not available, Cabinet would need to decide whether to proceed with the project. The PDG Chairman also informed members that the parking study of Bourne had been completed and results were being considered.

**6. FEEDBACK FROM THE EXECUTIVE**

The Portfolio Holder for Good Housing gave a brief update on the integration of health and well-being arrangements.

**7. FUEL SWITCHING**

The Environmental Health Team Leader (Private Sector Housing) gave a brief update on the Lincolnshire Energy Switching programme. The first round, facilitated by iChoosr, was open for online and telephone registration between 14 January and 18 February 2014. 3,658 households in Lincolnshire registered for the scheme, 520 of which were in South Kesteven. Participants from Lincolnshire joined people from other local authority areas nationally, meaning the contract was auctioned on the basis of 36,000 potential customers.

PDG members were advised that 'Make It Cheaper' provided an energy comparison and switching service for businesses; several businesses in South Kesteven had already taken advantage of this programme.

A community oil buying scheme operated by the charity Community Lincs was also highlighted. This scheme was available to residents, businesses and community organisations and could lead to average savings of 5 pence per litre. The scheme also worked with Lincup on an oil savers scheme, which allowed residents to make monthly payments. The suggestion was made that a similar scheme for Calor Gas would be beneficial.

**8. MARKETS PROVISION**

Report number HOF276 was presented by the Head of Finance, the Head of Community Assets and the Team Leader Leisure and Amenities. The report gave a high-level summary of the financial position for each market in the

district: Grantham, Stamford and Bourne. It also summarised a range of initiatives designed to encourage market users and traders.

Members queried a weaker than normal trading year for Stamford market in 2012/13. While still in credit, income was significantly lower than 2011/12 and 2013/14. This was attributed to poor trading conditions generally and a decline in markets nationally, together with the deterrent effect of bad weather on casual traders. The PDG noted that Grantham's outturn position was affected by the cost of market rights although it was noted that income had been reducing over recent years.

Events and festivals had proved a particularly successful tool for promoting the markets, examples included the Georgian Festival in Stamford and Christmas markets. There were also plans for a special market to run as part of the open air event during the 2014 Gravity Fields Festival. The last 'Love Your Market' event had seen a number of traders who tried a one-off pitch stay on as regular traders in Stamford.

Work was being undertaken to identify ways of making the service more efficient, including supplying and erecting market stalls for local events. Members asked to see information in relation to this efficiency project.

Members were particularly keen to attract people to the districts markets using entertainment. Councillors were supportive of providing a performance space for local bands, schools and performing arts groups. One member also suggested more traders might be attracted if they were able to take half a pitch; officers said they had never received requests for half a pitch but it was something that could be promoted.

## **9. BUSINESS RATES - SECTION 47 RELIEF POLICY**

Report number HOF275 provided proposals for a Section 47 business rate relief policy. In summarising the report, the Head of Finance explained that there was a range of business rate relief schemes available and that companies would need directing to the scheme most appropriate for their circumstances. If the PDG agreed with the recommendations, the report would be put to the Portfolio Holder for Strategic Resources – Well Run Council to make a non-key decision.

The Localism Act awarded powers to local authorities to introduce a Section 47 relief scheme, giving councils discretion to provide relief in respect of business rates. The report and the draft policy proposed criteria against which applications for relief would be considered. The proposed scheme was considered particularly useful for companies seeking to upsize or downsize, or businesses looking to move into the district, providing temporary relief to support any transition.

Discussion ensued on whether the policy should include criteria limiting relief to

businesses of certain sizes (e.g. based on the number of employees). Some concern was expressed about large national chains moving to the district and being eligible for relief. There was also concern about the potential detriment of large chains on small local businesses. After debate, a majority of members agreed that the scheme should remain as presented and it could bring real benefits for businesses in, and those looking to move to, to the district.

Members noted that no appeals system was prescribed in the legislation. It was proposed that officers would assess all applications on the criteria in the policy and that a member panel should be used to determine any appeals. One member suggested that the appeal panel should consist of the full PDG however a majority of other councillors felt it was most appropriate for the panel to comprise the Grow the Economy – Economic Development Portfolio Holder and the chairman and vice-chairman of the PDG, or a substitute in their absence.

### **Recommendations**

- 1. That an appeals panel be written into proposals comprising the Grow the Economy – Economic Development and the chairman and vice-chairman of the PDG; a substitute should be appointed to take the place of any panel member unable to sit.***
- 2. That the Portfolio Holder for Strategic Resources – Well Run Council makes a non-key decision to implement the S.47 business rate relief policy as proposed.***

## **10. WORK PROGRAMME**

Future work programme items for discussion included pool cars – fleet optimisation and fees and charge proposals for 2015/16.

## **11. CLOSE OF MEETING**

The meeting was closed at 16:07.

## REPORT TO RESOURCES P.D.G.

**REPORT OF:**                    **Paul Stokes – Head of Community Assets**  
**Liz Bishop – Asst. Service Manager – Property Services**

**REPORT NO:**                 **RIM.0388**

**DATE:**                         **27.7.14**

<b>TITLE:</b>	<b>RECHARGEABLE REPAIRS POLICY</b>	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	<b>NON KEY DECISION</b>	
<b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>	<b>CLLR TERL BRYANT – PORTFOLIO HOLDER – SUPPORT GOOD HOUSING FOR ALL</b>	
<b>CONTACT OFFICER:</b>	Liz Bishop, Asst. Service Manager – Property Services 01467 406080 ext 6416 <a href="mailto:l.bishop@southkesteven.gov.uk">l.bishop@southkesteven.gov.uk</a>	
<b>INITIAL IMPACT ANALYSIS:</b>	Carried out and Referred to in paragraph (7) below	Full impact assessment Required:
<b>Equality and Diversity</b>	Equality Assessment attached at Appendix 12.2	<b>N/A</b>
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Your Council and Democracy link on the Council’s website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS</b>	N/A	

## **1. RECOMMENDATIONS**

- 1.1 That Resources PDG considers the revised draft Rechargeable Repairs Policy and offers comment prior to implementation.

## **2. PURPOSE OF THE REPORT**

- 2.1 There are some repairs for which the local authority landlord can legitimately re-charge tenants. Current arrangements in SKDC have resulted in such repairs being undertaken but with poor performance on related income recovery. Consequently, the policy has been reviewed and updated with a view to maximising income recovery. The overall objective is to ensure that tenants accept responsibility for paying for those repairs for which they are financially responsible, irrespective of their economic status.

## **3. DETAILS OF REPORT**

- 3.1 Features of the revised policy include greater clarity with respect to the situations where tenants will be expected to pay for repairs and to when tenants will have the opportunity to undertake or arrange the repairs themselves (subject to completion to required standards).
- 3.2 The presumption will be that rechargeable repairs will be paid for in advance; exceptions being made where the repair needs to be carried out on health and safety grounds or where the required work amounts to an emergency repair. In these circumstances, payment arrangements will be agreed with the tenant.
- 3.3 In 2013/14 152 recharges were raised to a value of £21,453.88, of which £12,481.31(30 properties) were to former tenants and £8,972.57 (122 properties) to current tenants. The outstanding balances are currently £12,381.44 due from 26 former tenants and £7,418.23 from current tenants.

## **4. OTHER OPTIONS CONSIDERED**

- 4.1 N/A

## **5. RESOURCE IMPLICATIONS**

- 5.1 The introduction of the revised policy will be supported by defined procedures which should lead to improved income collection.

## **6. RISK AND MITIGATION**

Risk has been considered as part of this report and any specific high risks are included in the table below:

<b>Category Risk</b>	<b>Action / Controls</b>
No high risks identified	

## **7. ISSUES ARISING FROM IMPACT ANALYSIS**

- 7.1 Repairs required by tenants where the cause of the repair required could be linked to the illness/disability of the tenant or his/her family or visitors will be undertaken and no recharge will be made.
- 7.2 The final draft document will be discussed with the Home & Tenant Involvement Service Review Group.
- 7.3 If the repair is required by a looked after person and if the cause of the repair required could be linked to the illness/disability of the looked after person then the repair will be undertaken and no recharge will be required.
- 7.4 Where the tenant is on a means tested benefit options will be provided for payment by instalments.
- 7.5 Where an emergency repair is required due to health and safety grounds then the repair will be undertaken and the recharge recovered after completion of the repair.
- 7.6 In future we will monitor tenants requiring rechargeable repairs to identify those who are on means tested benefits and those with relevant disability/illnesses. This will enable us to identify any changes required to the policy and procedures.

## **8. CRIME AND DISORDER IMPLICATIONS**

- 8.1 The introduction of the revised policy will support the Council in ensuring that tenants comply with the terms of their tenancy agreement and are held responsible for any deliberate damage to their property.

## **9. COMMENTS OF FINANCIAL SERVICES**

- 9.1 Debts of this type currently require extensive recovery action in order for the Authority to be reimbursed for the expenditure it has incurred. The proposals detailed in the report will help reduce the level of time and resource the Council is incurring. This will assist in reducing the level of bad debt which will ultimately improve the financial standing of the Housing Revenue Account.

## **10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES**

- 10.1 The legal power to recharge comes from those clauses set out in the existing Tenancy Agreement and the Tenants Handbooks. This policy draws together those various existing arrangements already identified in the Tenancy Agreement and Tenants Handbooks. This policy will assist in providing clarity around when a tenant may be recharged for a repair undertaken by the Council.

## **11. COMMENTS OF OTHER RELEVANT SERVICES**

- 11.1 The Housing & Neighbourhoods service has been actively involved in the policy and procedural review and supports the proposed changes which seek to place the emphasis on the accountability of tenants in paying for those repairs which

should properly be re-charged whilst recognising the exceptional circumstances in which payment by instalment after the completion of the repair or waiving of recharges would be appropriate.

## **12. APPENDICES:**

12.1 Draft Rechargeable Repairs Policy

12.2 Equality Assessment



## **RECHARGEABLE REPAIRS POLICY**

This Policy provides details of when South Kesteven District Council will recharge a tenant to recover the cost of repairing fixtures or fittings to a property in its ownership

# RECHARGEABLE REPAIRS POLICY



## CONTENTS

- 1 Introduction**
- 2 Policy Statement**
- 3 Policy Implementation**

DRAFT

## **1 Introduction**

- 1.1 The purpose of the rechargeable repairs policy is to ensure that tenants accept liability for the repair of items which have been caused by wilful damage or by carelessness/negligence by the tenant or his/her family or visitors to the home. The recharge will include reinstatement work made necessary by unsatisfactory tenant improvements and the clearance of rubbish left in the property including untidy gardens but excludes occasional accidental damage or fair wear and tear.
- 1.2 The intention of this policy is to adhere to our repairs obligations - whilst maximising the recovery of costs for rechargeable works - from our tenants and to ensure that tenants are made responsible for their actions whilst not causing undue financial hardship.
- 1.3 This policy applies to all current SKDC tenants and any previous tenants who are liable for repair works including rubbish removal resulting from their previous tenancy.
- 1.4 The rechargeable repairs policy will ensure that all tenants have information relating to situations in which they will be required to pay for repairs and how this will be enforced.
- 1.5 Tenants shall be given the opportunity to rectify any works themselves to SKDC approved standards. No rechargeable repairs except for emergency repairs or health and safety risks will be carried out unless all costs have been paid in full.
- 1.6 The tenant is responsible for the repair of any rechargeable emergency or health and safety risks works. If the tenant wants SKDC to carry out such work the repair will be made safe or repaired at the first visit. No further work will be carried out until all costs have been paid in full.

## 2 Policy Statement

2.1 South Kesteven District Council is committed to providing an effective property maintenance service and to fulfil its repairing obligations, ensuring that tenants are encouraged to take responsibility for the maintenance and cleanliness of their homes in accordance with their responsibilities under their Tenancy Agreement.

2.2 SKDC requires that tenants should pay for repairs to their home if damage has been caused by either a deliberate act or negligence where the damage has been caused by the tenant, his/her family or visitors to the home. This will include reinstatement work made necessary by unsatisfactory tenant improvements and rubbish left at the property but will exclude fair wear and tear.

2.3 Where damage has been caused as the result of a deliberate act, proceedings for Criminal Damage and/or action against the tenant may be taken.

2.4 Where damage has been caused by a Third Party outside the tenant's household, family or visitors and the Police have been informed and a crime number issued, the tenant may not be recharged. However, SKDC reserve the right to investigate such circumstances and may impose a recharge if it considers it reasonable to do so.

2.5 If the third party is identified, action for Criminal Damage may be taken.

In implementing this Policy, SKDC staff will have due regard to the requirements of its Customer Care and Equal Opportunities Policies. In particular where the cause of a repair required which could be linked to the illness/disability of the tenant or his/her family or visitors then the repair will be undertaken and no recharge will be required.

2.6 We will take strong action against tenants who cause wilful damage to or neglect to council property. The items set out below do not constitute a definitive list but are examples of items/repairs that the tenant will be expected to either carry out themselves or have to pay to have them carried out to a standard acceptable by SKDC to ensure that the property remains at an acceptable standard. Out of hours emergency attendance will also incur additional costs.

- Boarding up broken windows
- Re-glazing windows
- Internal doors / external doors (damaged or missing)
- Forced entry as a result of the lawful execution of a warrant by the Police and/or other authorised body

- Removal of graffiti
- Forced entry because of lost/forgotten keys
- Replacement locks because of lost keys/forgotten keys
- Re-instate electrics due to fault on tenants own appliance
- Fault on tenant's own electrical fitting
- Any costs incurred due to having insufficient credit on either gas or electric meters
- Turn on and test gas supply due to insufficient credit on the meter
- Supplying/fitting or repairing additional locks ( to include suited locks)
- Alterations that have not had permission and have to be replaced/repared because they are unsafe and/or unsuitable
- Removal of rubbish that has been left in either the property or garden
- Clearing gardens at any time during the tenancy or at the point the tenancy ends
- Abuse of the emergency call out service (e.g. when the repair required is not really an emergency but has been reported as such)
- Any court costs incurred as a result of breach of tenancy conditions (e.g. as a result of incidents of antisocial behaviour in or gaining access to properties to carry out a gas service)
- Repair due to unauthorised DIY (e.g. wall removal, non standard internal doors, non standard electrical fittings , damage to pipe work, ceilings and walls)
- Making good fencing (unless SKDC has assessed there is a health and safety risk)

### **3 Policy Implementation**

- 3.1 SKDC Conditions of Tenancy detail landlord and tenant responsibilities and obligations with regard to repair and maintenance of its housing stock.
- 3.2 SKDC staff will ensure that tenants are made aware of their responsibilities in relation to the maintenance of their home when signing their Tenancy Agreement.
- 3.3 Tenants will be given the opportunity to rectify any works themselves to SKDC approved standards.
- 3.4 If the tenant wants SKDC to carry out any rechargeable works they will agree in writing to pay the full costs of the repair.
- 3.5 SKDC will identify any rechargeable repairs following an inspection or request for repairs to the property.
- 3.6 Replacement of damaged fixtures and fittings should be on a like for like basis or the appropriate standard in place at the time. However, should SKDC decide to upgrade to a higher specification where improvement works are programmed to take place in the current or following financial year, the amount recharged will be for the cost of a standard 'like for like' replacement.
- 3.7 Where applicable, the tenant should sign a declaration accepting liability for the work and agreement to pay. Tenants will not be recharged where it is established they are not liable.
- 3.8 Emergency or urgent repairs will not be delayed whilst liability is being established and will be made safe within appropriate timescales.
- 3.9 When a repair is identified as potentially rechargeable, the tenant will be given a verbal explanation of why.
- 4.0 Where the tenant seeks consent to carry out the work themselves work should be completed within a timescale agreed with SKDC. A quality check may be carried out of these repairs by SKDC.
- 4.1 If the repair is deemed to be an emergency or urgent and is a threat to the health and safety of the tenant or others, or is likely to cause further damage to the property or adjoining properties, then the tenant may not be given an opportunity to carry out the work themselves. On occasions where a tenant will be permitted to carry out the work, they should immediately make safe and undertake repair/replacement works within SKDC repair timescales or any shorter period which SKDC may specify. Failure to do so may result in SKDC undertaking the repair and recharging the tenant accordingly or taking appropriate action for breach of tenancy.

- 4.2 SKDC officers have the discretion to negotiate payment terms in cases of severe hardship, where the tenant cannot pay the total amount at one time. The rechargeable work will only be arranged once full payment has been received other than for emergencies and where there is a health and safety risk identified.
- 4.3 Tenants are advised to take out their own Home and Contents Insurance Policy which we promote through a third party provider.
- 4.4 Where tenants are moving property, we will identify rechargeable repairs at the pre-void inspection and arrangement will be made for any repairs to be carried out by the tenant prior to termination. Any rechargeable repairs outstanding once the property is vacated will be repaired by SKDC and charged to the outgoing tenant. This will also include costs of clearing out and cleaning properties and gardens on termination of tenancy.
- 4.5 If the tenant is carrying out a mutual exchange, SKDC will identify any rechargeable repairs prior to the exchange in agreement with both exchanging tenants. Any rechargeable repairs found in a property following a mutual exchange will be the responsibility of the incoming tenant and will not be the responsibility of SKDC to repair.
- 4.6 If a tenant or a member of their household, or a visitor causes damage, this is a breach of tenancy and the Council may take further legal steps such as seeking an injunction, possession proceedings and/or recovery action. Examples of this may be:
- Where actions by a tenant pose a risk to people or property – for example unauthorised alterations to the gas or mains electrical supply
  - Where damage is wilful and extensive
  - Where there has been a history of neglect over a period of time
- 4.7 If a tenant is not satisfied with any response or service they receive concerning a rechargeable repair, they should contact either repairs or estate management on 01476 40 60 80. If this does not resolve the issues, they should follow the SKDC Complaints Procedure



# South Kesteven District Council

## Equality Analysis (Stage 1)

### Rechargeable Repairs Policy and Procedures

<b>Service Area:</b> Property Services	<b>Lead officer:</b> Liz Bishop	<b>Date of Meetings</b>  <b>14/02/14</b>
	<b>Assessors:</b> Elaine Claridge	<b>09/07/14</b>
	<b>Neutral Assessors:</b> Carol Drury Jo Toomey	



<b>Sex</b>	N/A	N/A – the execution of the procedures in this policy are not determined by sex
<b>Sexual Orientation</b>	N/A	N/A – the execution of the procedures in this policy are not determined by sexual orientation
<b>Pregnancy and Maternity</b>	N/A	N/A – the execution of the procedures in this policy are not determined by pregnancy and maternity
<b>Marriage and Civil Partnership</b>	N/A	N/A – the execution of the procedures in this policy are not determined by marriage and civil partnership
<b>Carers</b>	Potential negative impact	If the cause of the repair required could be linked to the illness/disability of the looked after person then the repair will be undertaken and no recharge will be required
<b>Other Groups (e.g. those from deprived (IMD*) communities; those from rural communities, those with an offending past)</b>  *(IMD = Indices of multiple deprivation)	Potential negative impact	Where the tenant is on a means tested benefit options will be provided for payment by installments and where an emergency repair is required due to health and safety grounds then the repair will be undertaken and the recharge recovered after completion of the repair
<b>General comments</b>	Rechargeable repairs will always be undertaken on grounds of health and safety regardless of the ability to pay in advance of the repair being undertaken.	

**3. What equality data/information did you use to inform the outcomes of the proposed policy/service/function/strategy? (Note any relevant consultation who took part and key findings)**

We recover a low level of rechargeable repairs each year and the majority of the recharge costs made are to tenants who are moving from one SKDC property to another (changes to the allocation policy now require transferring tenants to undertake any rechargeable works before transferring or agree to pay for these works where they are unable to undertake the required works themselves).

In 2013/14 152 recharges were raised to a value of £21,453.88, of which £12,481.31(30 properties) were to former tenants and £8,972.57 (122 properties) to current tenants. The outstanding balances are currently £12,381.44 due from 26 former tenants and £7,418.23 from current tenants.

**If there are any gaps in the consultation/monitoring data, how will this be addressed?**

The final draft document will be discussed with the Home & Tenant Involvement Service Review Group.

In future we will monitor tenants requiring rechargeable repairs to identify those who are on means tested benefits and those with relevant disability/illnesses. We will also monitor the time it takes for tenants to meet the full cost of repairs when payment is by instalments. This will enable us to identify any changes required to the policy and procedures.

**4. Outcomes of analysis and recommendations (please note you will be required to provide evidence to support the recommendations made): Please check one of the options.**

a)	No major change needed: equality analysis has not identified any potential for discrimination or for negative impact and all opportunities to promote equality have been taken	<input type="checkbox"/>
<b><i>If you have checked option a) you will need to complete a Stage 3 analysis when your policy/service/function/strategy has been implemented</i></b>		
b)	Adjust the proposal to remove barriers identified by equality analysis or to better promote equality.	<input type="checkbox"/>
<b><i>If you have checked option b) you will need to answer questions b.1 and b.2</i></b>		
c)	Adverse impact but continue	<input checked="" type="checkbox"/>
<b><i>If you have checked option c) you will need to answer questions c.1</i></b>		
d)	Stop and remove the policy/function/service/strategy as equality analysis has shown actual or potential unlawful	<input type="checkbox"/>

- b.1 In brief, what changes are you planning to make to your proposed policy/service/function/strategy to minimise or eliminate the negative equality impacts?**

- b.2 Please provide details of whom you will consult on the proposed changes and if you do not plan to consult, please provide the rationale behind that decision.**

***If you have checked option b) you will need to complete a Stage 2 equality analysis***

- c.1 Please provide an explanation in the box below that clearly sets out your justification for continuing with the proposed policy/function/service/strategy.**

**Inbuilt safeguards to ensure that those with the potential for adverse impact will not be discriminated against, therefore stage 2 equality analysis not required**

***If you have checked option c) you will need to complete a Stage 2 equality analysis. You should consider in stage 2 whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact.***

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**Signed (Lead Officer):**  
*(Name and title)*

**Liz Bishop**  
Asst. Service Manager – Property Services

**Date completed:**

**09/07/14**

**Signed (Neutral Assessor):**  
*(Name and title)*

**Jo Toomey**  
Principal Democracy Officer

**Date signed off:**

**09/07/14**

## REPORT TO RESOURCES PDG

**REPORT OF: Property Development Manager**

**REPORT NO: PD019**

**DATE: 24 July 2014**

<b>TITLE:</b>	Redevelopment of St Peters Hill, Grantham. Procurement and Budget allocation update.	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	Key Decision	
<b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>	Councillor Frances Cartwright Grow the Economy and Economic Development  Councillor Mike Taylor Strategic Resources - Well Run Council	
<b>CONTACT OFFICER:</b>	Neil Cucksey n.cucksey@southkesteven.gov.uk 01476 40 62 24	
<b>INITIAL IMPACT ANALYSIS:</b>  Equality and Diversity	Carried out and Referred to in paragraph (7) below	Full impact assessment Required:
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Your Council and Democracy link on the Council's website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS</b>	Redevelopment of St Peter's Hill Grantham Cabinet- PD015, 03 February 2014.	

## **1. RECOMMENDATIONS**

- 1) That Rescources PDG note the progress made on developing the scheme and changes made to the component parts of the scheme from those presented in report No PD015 and to progress the scheme on this basis within the capital costs highlighted.
- 2) That the PDG recommends to Cabinet an amended allocation in the capital programme for this scheme of £4.9m from the £6.1m currently allocated.

## **2. PURPOSE OF THE REPORT**

The report provides an update from the Cabinet report PD015 on the makeup of the components of the proposed scheme, the procurement route being progressed and allocation of capital towards the component parts of the scheme.

## **3. DETAILS OF REPORT**

- 3.1 In order to potentially bring forward a Business Incubation Centre (BIC) in the town, in the absence of other identified and available sites, the previously reported scheme included provision for a BIC on two floors over the A3 restaurant space adjacent to the cinema.
- 3.2 In order to test the viability of a BIC on this site a leading consultancy in economic development assessment and research, were commissioned to undertake a feasibility study and develop business plan options for the BIC.
- 3.3 The study includes a comprehensive demand analysis examining current levels of enterprise activity, business start-up rates and confidence in the market. The study also includes consultations with stakeholders and agents, a review of current supply and identification of potential gaps in the market.
- 3.4 A modelling exercise was also undertaken to determine the viability of building a BIC as part of the St Peter's Hill development and the optimum layout was investigated for the centre with associated operating costs and resulting economic impacts. Options were tested to examine the best financial and economic returns. Three options were presented.
- 3.5 A demand analysis was completed based on an assessment of data sourced from national statistics, a small office/ home office database, local demand/ enquiry data, a review of local strategies, plans and studies, consultations with stakeholders, and commuting data and population statistics.
- 3.6 The study evidenced a good level of companies being run from home, which indicates that there is potentially an excellent level of latent demand for good quality small office space (between 20 sq m and 100 sq m) in the district.
- 3.7 However, it is considered that the amount of available floor space in the St Peter's Hill Cinema development is too small to create an efficient facility for a BIC to operate at anything near optimal. Whilst Option 3 presents the most realistic model for this location, it constrains the wider redevelopment of St Peters Hill in terms of complimentary uses for the creation of a cultural and leisure quarter for Grantham. The scheme is therefore considered marginal and alternative proposals should be investigated for the available space above the ground floor A3 units in the proposed development.
- 3.8 In order to compliment the enhanced Cinema offer and existing Guildhall Arts Centre a soft marketing exercise has been carried out to ascertain the likely level of interest from

A3 (Restaurant) operators in locating new offers to Grantham in the space adjacent to the cinema.

- 3.9 The level of confirmed interest in the scheme has been strong. Taking only those operators that confirmed definite interest in having space in the scheme, there is currently more demand than available space on the ground floor. We have therefore looked to include approximately 4000 sq ft of A3 space on the first floor.
- 3.10 Typically first floor space for A3 use is less attractive to operators; however the concept of a food court with multi cuisine and live cooking areas sits well with a quality fast food offer for those seeking a quicker dining experience before or after a film. A reconfiguration of the space at first floor level will suit this use. Placing the entrance immediately adjacent to the Cinema entrance ensures footfall passes the entrance to the first floor A3 outlet.
- 3.11 The balance of the first floor, approx 5800 sq ft net, is allocated to office use. The space could be let as one unit or split into smaller units to meet some of the demand identified in the work carried out by Consultants, but without any business support or services.

#### **4.0 Procurement route**

- 4.1 The procurement route being progressed for the construction of the new Community Hall, Cinema, A3 units and public realm is via the East Midlands Property Alliance (EMPA) framework.
- 4.2 This framework has been used recently by the Council to deliver new housing and is an expedient and efficient way of procuring the works whilst having transparency and certainty of the cost model and programme early in the project.
- 4.3 The EMPA Framework also ensures a target spend through the local supply chain and typically 50% of site labour lives within 20 miles of the site and 80% within 40 miles.
- 4.4 The contractor has provided feasibility information in support of the project.
- 4.5 Following completion of the Feasibility Stage, the Council may, at its sole discretion, issue a Project Order to the Contractor to proceed to the Pre-Construction Stage. This will obviously be dependent upon the cost model and programme meeting expectations of financial viability and deliverability when fully tested.

#### **5.0 Budget Allocation.**

- 5.1 The cost plan from the EMPA framework contractor has indicated an overall project cost for the elements to be provided by the Council of circa £4,740,331. At this point the overall cost needs to be caveated in respect of the elements of fit out to be undertaken by the cinema operator. Whilst the framework contractor has met with the cinema operator there is still some work to do on the interface between the Cinema shell and fit out works.
- 5.2 The component parts of the scheme are costed as follows;

- Cinema           £2,694,005.00
- Hall               £254,800.00
- Public Realm   £155,000.00

In addition the following cost elements have been identified and included in the overall

project cost.

Preliminaries

Professional Fees

Design and construction contingency & risk @ 6%

Overheads and profit

Materials and labour inflation costs @ 8%. This reflects the current trend in the market.

## 6.0 Conclusion

At this point the overall viability of the scheme is enhanced by removal of the cost associated with an additional floor to accommodate the BIC together with the increased income potential for A3 space on the first floor. There is some further opportunity to improve the overall financial return on the scheme. The levels of rent potential occupiers have identified they are prepared to pay for the A3 space is higher than previously modelled.

The recommendations are set out to support the amendments made to the scheme and progress on to the pre construction phase of the procurement route once design details for the planning application have been finalised.

## 7.0 OTHER OPTIONS CONSIDERED

The other options considered for procurement are;

- Design and build with contractors design via OJEU compliant procurement process.
- Traditional design package commissioned by SKDC and bill of quantities for contractors to competitively price via OJEU compliant procurement process.

The above options would add between 3 to 6 months to the overall timeline before construction commenced on site and have therefore been discounted at this stage.

## 8.0. RESOURCE IMPLICATIONS

External project management support has been appointed to move the project forward in line with the overall project programme.

## 9. RISK AND MITIGATION

Risk has been considered as part of this report and any specific high risks are included in the table below:

Category Risk	Action / Controls
A risk register has been developed as part of the project governance	
The framework contractor has provided a construction phase risk register.	

**10. ISSUES ARISING FROM IMPACT ANALYSIS**

None applicable

**11. CRIME AND DISORDER IMPLICATIONS**

An initial response has been received from the Police Crime Prevention section which is generally favourable to the scheme and suggests some improvements to be considered as part of the design iteration.

**12. COMMENTS OF FINANCIAL SERVICES**

The General Fund capital programme includes an allocation for 'Town Centre Projects – St Peters Hill Development' for £6.1M for the period 2014/15 – 2016/17. This report proposes a reduction to this allocation which will result in a corresponding reduction in the financing arrangements underpinning the original allocation.

**13. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES**

The delivery of the proposed building works can be achieved through a framework agreement in accordance with the Council's Contract and Procurement Procedure Rules.

The recommendation to Council is required because the decision proposed is not wholly in accordance with the budget approved at full Council on the 3<sup>rd</sup> March 2014.

**14. COMMENTS OF OTHER RELEVANT SERVICES**

None Applicable

**15. APPENDICES:**

None Applicable

## REPORT TO RESOURCES PDG

**REPORT OF: HEAD OF FINANCE**

**REPORT NO: HOF283**

**DATE: 24 July 2014**

<b>TITLE:</b>	<b>Local Council Tax Support Scheme – Year 2</b>	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	None	
<b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>	Councillor Mike Taylor Well Run Council Portfolio Holder	
<b>CONTACT OFFICER:</b>	Richard Wyles –Head of Finance 01476 406210 Email: <a href="mailto:r.wyles@southkesteven.gov.uk">r.wyles@southkesteven.gov.uk</a>	
<b>INITIAL IMPACT ANALYSIS:</b>	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
<b>Equality and Diversity</b>	N/A	No
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Your Council and Democracy link on the Council's website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS</b>		

### 1. RECOMMENDATION

Members of the Resources PDG are asked to note the outturn position with respect to the Localised Council Tax Support Scheme (LCTSS) and to recommend if any changes to the scheme for the financial year 2015/16 are required.

## **2. PURPOSE OF THE REPORT**

To update members on the current position with respect to the LCTSS that was introduced by Council in April 2013.

## **3 DETAILS OF REPORT**

### **South Kesteven District Council – Local Council Tax Support Scheme**

On 1st April 2013, South Kesteven District Council introduced a new local Council Tax Reduction (CTR) scheme to replace the Council Tax Benefit scheme previously administered on behalf of the Department of Work and Pensions (DWP). This followed the government's decision, announced in 2011, to abolish the centralised Council Tax Benefit scheme and allow councils to design and introduce their own support/reduction scheme in line with their own local policies. Government funding of the new local schemes was set at 10% less than the outgoing council tax benefit scheme which meant that a completely new scheme had to be developed to ensure that the overall cost of the scheme remained within the level of the central funding.

The initial scheme was set up as a 2 year scheme, to be reviewed after the completion of year 1 in order to ensure that it has met the council's objectives and also remains within the expenditure levels predicted during the development of the scheme.

It is also the first opportunity for the Council to consider whether or not the scheme will need to be amended from Year 3.

### **Review of SKDC's local scheme**

The new system of localised support for council tax payers was introduced from 1 April 2013. The key changes from the outgoing centralised council tax benefit scheme were that the development, delivery and administration of this new category of discount would be fully localised.

A specific grant is paid by government, both to billing authorities and to major precepting authorities, to reflect their proportions of council tax payable. Any scheme adopted by the SKDC would have to work within these financial constraints.

The discount scheme was split into two key areas. Firstly, support for pensioners which, in accordance with the new legislation, would follow the same rules as the outgoing Council Tax Benefit system. Secondly, support for working age recipients, where the design of the scheme is to a large extent at the discretion of local authorities. No amendments were permitted to the pensioner scheme, therefore any reduction in the overall cost of the scheme would have to be met by the working age claimant group.

A requirement was placed on local authorities to consider the needs of vulnerable groups when designing a local scheme.

A range of options were considered by officers and members. Each of these options provides different levels of savings and affect customers in different ways. Areas that were considered include:

- Abolishing second adult rebate
- Changing the amount of some/all non-dependent reductions
- Restrictions to a particular CTAX band E/D/C
- Increasing the taper (the rate at which support is withdrawn as income increases)
- Capping the maximum liability funded for support
- Minimum entitlement awards
- Increasing earning disregards
- Cutting capital limits and/ or reducing lower capital thresholds

Detailed analysis of our caseload enabled us to model the impact of each of these changes. Through combining different components and varying the types of restricts or incentives put in place, a scheme was been designed and introduced that took into account the needs of vulnerable groups whilst providing an improved work incentive for those in employment.

The working age scheme accepted by members had the following characteristics:

- 80% maximum eligibility for those who do not fall into a vulnerable group
- 100% maximum eligibility for vulnerable customers
- No band restrictions
- Carers, disabled and war pensioners protected
- Inclusion of enhanced working disregards

To be treated as vulnerable for Council Tax Support, a customer must either:

- Qualify for a disability, enhanced disability or severe disability premium for the claimant or partner, or
- Qualify for disability or enhanced disability premium for a dependent, or
- Qualify for a disability earnings disregard, or
- Receive a disability related council tax reduction, or
- Be in receipt of a war disability pension, or
- Be in receipt of a war widows pension, or
- Be in receipt of a carers allowance.

Applying the 80% maximum eligibility would help to ensure that the scheme was transparent for all but would mean that some customers who previously qualified for help with their council tax bill will no longer receive assistance. The 100% maximum eligibility would ensure that those in most need due to their vulnerability receive protection from this change.

The government asked that schemes were designed to include an incentive to work. Enhancing the work disregards used within the calculation of entitlement meant that SKDC would take a lower level of earnings into account when calculating council tax support entitlement. This ensured that SKDC's scheme met with the governments wishes.

### **Evaluation of the financial impact of SKDC's Council Tax Reduction scheme**

Whilst there was no requirement to work within the grant allocated by central government any additional expenditure would have to be met through other sources

available to the council, therefore members took the decision that the scheme was to be fully funded from within the central government allocation.

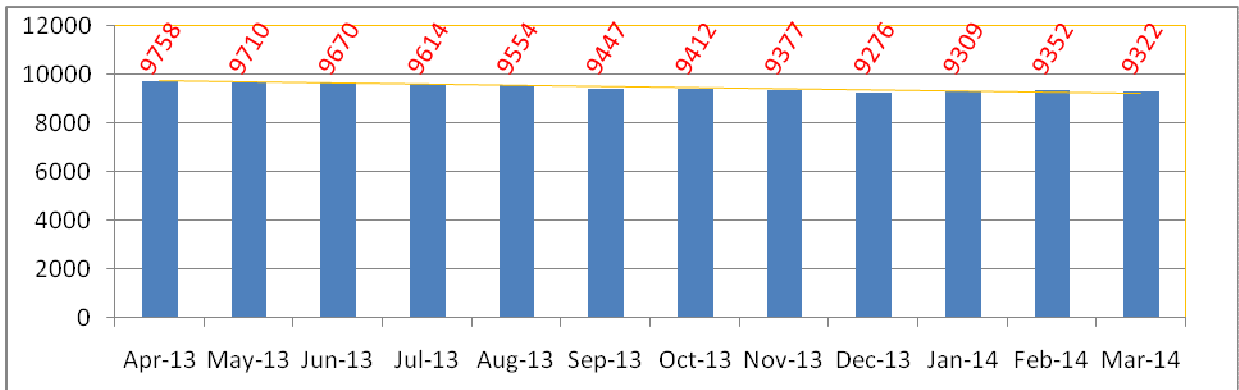
Extensive modelling and forecasting was undertaken by officers to project the likely level of expenditure in years 1 and 2. Whilst these figures gave an indication of the likely burden faced by the council, it is clear that due to the number of variables and the complexities within both the local and national economies, our actual expenditure could vary from the figures contained within the original report.

For example, sudden increases in the number of people claiming help with their Council Tax bill or increases in the council tax charge would lead to additional expenditure being incurred and the possibility that the scheme would cost more than initially expected. Once the scheme was approved, the Council would be legally obliged to continue to award support against its own rules, and would not be able to vary its scheme “in year” to limit the financial impact on itself or the general council tax payer. Conversely, improvements in the economy or the effects of wider welfare reform measures could see the amount of money spent on council tax support reduce. This may therefore mean that the local authority could have made its discount scheme more generous or have been able to provide enhanced work incentives to those taking up employment.

The following table shows an analysis of the actual CTR scheme costs for year 1, shown against the predicted cost of the scheme from the initial modelling which was contained in the original cabinet report prepared in August 2012.

<b>Council Tax Reduction - Expenditure analysis - Year 2013-14</b>	<b>Year 1 Initial Estimate</b>	<b>2013-14 Actual (Year 1)</b>
	<b>£ Amount</b>	<b>£ Amount</b>
2AR Pensioner	6,829.31	6,733.30
2AR WA	5,047.00	4,976.05
Pensioner	3,688,874.29	3,637,015.70
Vulnerable	1,477,151.16	1,456,385.21
WA Employed	706,938.57	697,000.35
WA Unemployed	947,379.11	934,060.75
	<b>6,832,219.44</b>	<b>6,736,171.36</b>

The analysis has confirmed that the overall scheme cost for Year 1 was lower than the original predicted cost by £93,048 (-1.36%). The Council’s element of this difference amounts to approximately 10% or £9,000. To determine the reason for this an analysis of the number of council tax support claimants over year 1 has revealed a drop in the number of claimants from 9,758 to 9,322, a fall of 4.5%.



The reason for the fall in the number of CTR scheme claimants during year 1 can probably be attributed to two factors. Firstly, the number of claimants finding that they no longer qualify for any financial support has increased because the changes made to the eligibility criteria were designed to reduce the overall cost of the local scheme. Also, as the economic climate has started to improve the number of working age claimants finding work or increasing the number of hours they work has resulted in a fall in the number of working age claimants qualifying for help.

### **Year 2 (2014-15) and Year 3 (2015-16)**

We have used the same modelling tool to calculate the expected level of expenditure in year 2 and year 3. This will enable the overall scheme costs to be considered in order to determine whether or not the scheme should be amended further for year 3.

<b>Council Tax Reduction - Expenditure analysis</b>	<b>2014-15 Estimate (20% minimum payment - current scheme)</b>	<b>2015-16 Estimate (20% minimum payment - current scheme)</b>
	<b>£ Amount</b>	<b>£ Amount</b>
2AR Pensioner	£6,457.79	£6,531.95
2AR WA	£4,772.44	£4,827.25
Pensioner	£3,488,196.88	£3,528,254.13
Vulnerable	£1,396,793.08	£1,412,833.37
WA Employed	£668,480.60	£676,157.20
WA Unemployed	£895,841.00	£906,128.53
	<b>£6,460,541.79</b>	<b>£6,534,732.43</b>

Year 2 estimate is based on the known level of council tax payable for 2014-15 and assumes a static caseload during the year (caseload as at June 2014).

Year 3 estimate is based upon an assumed 1% increase in the council tax charge for 2014-15 and also assumes a static caseload (based on the current caseload as at June 2014).

In terms of central government funding, the level of funding of the local CTR scheme provided for Year 1 has been maintained for Year 2 within the councils main support grant from central government. It is therefore clear that the risk of the scheme cost in year 2 exceeding the financial limits set for year 1 are reduced due mainly to the decreasing caseload.

If a decision is taken to reduce the overall cost of the Council Tax Support scheme from Year 3, and assuming that the currently defined vulnerable groups within the scheme are to remain protected, then the only viable option available to members would be to increase the minimum payment threshold for working age claimants from 20% to 25%. The effect of such a change has been modelled and is shown in the table below.

<b>Council Tax Reduction - Expenditure analysis - Year 2013-14</b>	<b>2015-16 Estimate 20% Minimum payment</b>	<b>2015-16 Estimate 25% Minimum payment</b>
	<b>£ Amount</b>	<b>£ Amount</b>
2AR Pensioner	£6,531.95	£6,531.95
2AR WA	£4,827.25	£4,739.25
Pensioner	£3,528,254.13	£3,528,254.13
Vulnerable	£1,412,833.37	£1,412,768.88
WA Employed	£676,157.20	£623,831.12
WA Unemployed	£906,128.53	£839,610.16
	<b>6,534,732.43</b>	<b>6,415,735.49</b>

This would result in an overall reduction in the total cost of the scheme to the Council of around £12,000. However, this would increase the amount of council tax to be collected during 2015-16 and inevitably, due to the financial circumstances of the council tax payers in receipt of CTR, this debt will prove very difficult to collect and a significant proportion of this would ultimately have to be written-off as uneconomic to collect.

### **Impact on Council Tax collection**

The introduction of a minimum 20% payment for working age claimants towards their council tax has inevitably impacted on the rate of council tax recovery. Many claimants who previously had nothing to pay under the more generous Council Tax Benefit scheme are now required to find a yearly amount of around £200 for a Band A property, up to over £300+ for a Band D property and above. In addition to this, many working age claimants who may not previously have qualified for full council tax benefit but did receive some council tax benefit towards their council tax, have now found that they are no longer entitled to any help under the local CTR scheme.

It was anticipated that this “new” council tax would be more difficult to collect as many householders are struggling to make up the shortfall on their council tax payments. On that basis it is estimated that around 30% of this “new” council tax will not be collected due to the financial circumstances of some of the households affected. Having exhausted all available recovery options available to the council, some of this debt will have to be written off at a future date as uneconomical to recover or unrecoverable.

Analysis has shown that there was a significant increase in council tax recovery activity during 2013-14 which reflects the increase in the number of council tax payers as a result of the minimum 20% payment under the CTR scheme. The following table shows the volumes of the main recovery activities in 2013-14 compared to 2012-13.

Notice/ Recovery Stage	2012-13			2013-14		
	Accounts	£ Value	£ Average	Accounts	£ Value	£ Average
Reminders	14,625	£ 2,694,060	£ 184.21	19,555	£ 3,118,722	£ 159.48
Summons	5,794	£ 2,823,761	£ 487.36	8,433	£ 3,702,855	£ 439.09
Liability Orders	2,996	Not recorded		4,443	Not recorded	
Bailiffs	808	£ 605,359	£ 749.21	741	£ 527,514	£ 711.89

The data shows that the average value of the reminder notices sent is significantly lower in 2013-14 which reflects the increase in the number of smaller council tax bills issued in 2013-14 because of the number of new “20%” council tax bills issued.

As at 31st March 2014, approximately £459,872 of council tax remained outstanding from council tax payers who had received Council Tax Reduction during 2013-14.

Approximately £408,786 of the outstanding council tax relates to working age claimants who are claiming (or have claimed) council tax reduction. It is noticeable that there are a significant number of accounts that owe small amounts of council tax for 2013-14 due to the minimum 20% payment. The table below illustrates this.

Working Age Claimants	Number of Claimants	£ Total o/s	£ Average
0-£300 outstanding for 2013-14	1,309	£ 153,601	£117.34
over £300 outstanding for 2013-14	552	£ 255,185	£462.29
	1,861	£ 408,786	

- Approximately 20% of all CTR claimants have made no payments towards the council tax they owe for 2013-14.
- In addition to the council tax payments, many CTR claimants also have to find additional money towards their rent due to the introduction of the Bedroom Tax.

Due to the increased difficulty in recovering this council tax it is estimated that a realistic collection rate of about 70% will be achieved on the unpaid council tax attributable to CTR claimants. It is therefore anticipated that the likely uncollectable debt (included in the bad debt provision) could be around £100,000-£125,000 of the current outstanding amount.

### **Council tax Discount / Exemptions – technical changes in 2013-14**

The introduction of the local council tax reduction scheme coincided with the introduction of a number of significant changes to the council tax scheme affecting empty property discounts and exemptions. The implementation of these changes had the affect of providing significant additional council tax income. The estimated savings of around £800,000 generated by the technical changes, whilst not specifically targeted at the local council tax reduction scheme, have clearly provided a significant financial buffer against the impact of the local scheme on the council tax collection rate achieved during 2013-14. It is accepted that there are no further technical changes that can be introduced to lever further Council Tax income beyond those already introduced.

### **Scheme Changes for Year 3 (If required)**

If it is deemed appropriate to make any changes to the current Council Tax support scheme this will require the district council to consult with major precepting authorities and those who are likely to have an interest in the scheme.

The consultation process would be split into two stages. Firstly, subject to the approval of the new draft scheme, consultation would be undertaken with major preceptors. Once this consultation period has come to an end, public consultation would have to begin.

The public consultation would have to run for a period of eight weeks from September 2014 to 2 November 2014. To ensure that the consultation is effective, a range of literature would be produced, stating the proposed new scheme in detail, with easy to understand case studies to illustrate the effect of the changes on different groups.

Consultation would have to be undertaken through a wide range of media. Consultation would begin with our proposed scheme being published on the Councils web page and promoted through the home screen. This would be accompanied by an online survey to allow residents to express their views on the main principles of the scheme.

Pensioners would not form part of the direct survey as they are protected through government legislation. It is anticipated that in the region of 5000 households would be asked to participate in this part of the consultation exercise.

The overall cost of a full consultation process is estimated to be around £15,000.

An overview of the consultation work plan is shown below which details key dates and milestones to be followed if a revised scheme is required for Year 3.

<b><u>Task</u></b>	<b><u>Start Date</u></b>	<b><u>End Date</u></b>
<i>Consultation with major precepting authorities</i>	<i>August 2014</i>	<i>September 2014</i>
<i>Consultation with affected groups</i>	<i>September 2014</i>	<i>November 2014</i>
<i>Production of Council Tax Support regulations</i>	<i>August 2014</i>	<i>November 2014</i>
<i>Cabinet Meeting</i>	<i>December 2014</i>	<i>December 2014</i>
<i>Full Council</i>	<i>December 2014</i>	<i>December 2014</i>
<i>Officer training (if required)</i>	<i>January 2015</i>	<i>January 2015</i>
<i>Data cleansing and promotional activities.</i>	<i>January 2015</i>	<i>February 2015</i>

**4. OTHER OPTIONS CONSIDERED**

All options are considered and included in the report.

**5. RESOURCE IMPLICATIONS**

These are included in the report.

**6. RISK AND MITIGATION**

None applicable

**7. ISSUES ARISING FROM EQUALITY IMPACT ANALYSIS**

These were included as part of the scheme when it was introduced in April 2013.

**8. CRIME AND DISORDER IMPLICATIONS**

None applicable

**9. COMMENTS OF FINANCIAL SERVICES**

Financial considerations are included in the report.

**10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES**

- 10.1** The Local Government Finance Act introduced in April 2013 a framework for the localisation of support for council tax in England which gives councils increased financial autonomy and a greater stake in the economic future of their local area, while providing continuation of council tax support for the most vulnerable in society including pensioners.

Consequently, the Council has no alternative but to develop and review its local scheme for council tax support.

**11. COMMENTS OF OTHER RELEVANT SERVICES**

None applicable

**12. APPENDIX:**

None

## REPORT TO RESOURCES PDG

**REPORT OF: HEAD OF FINANCE**

**REPORT NO: HOF282**

**DATE: 24 July 2014**

<b>TITLE:</b>	<b>Local Authority Mortgage Scheme update</b>	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	None	
<b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>	Councillor Mike Taylor Well Run Council Portfolio Holder	
<b>CONTACT OFFICER:</b>	Richard Wyles –Head of Finance 01476 406210 Email: <a href="mailto:r.wyles@southkesteven.gov.uk">r.wyles@southkesteven.gov.uk</a>	
<b>INITIAL IMPACT ANALYSIS:</b>	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
<b>Equality and Diversity</b>	N/A	No
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Your Council and Democracy link on the Council's website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS</b>		

### 1. RECOMMENDATION

To inform members of the current position with respect to the Local Authority Mortgage Scheme (LAMS).

## 2. PURPOSE OF THE REPORT

To update members on the progress and financial position with respect to the South Kesteven LAMS what was introduced in March 2012.

## 3 DETAILS OF REPORT

The Local Authority Mortgage scheme (LAMS) is designed to help increase the supply of affordable housing for those who need it, and to help the local housing market and thereby the local economy.

The scheme requires the Local Authority to provide a financial indemnity of up to 20% of a mortgage for potential home-buyers who qualify for Local Authority support, and who meet the strict lending criteria set by the lender. The indemnity could be un-funded or 'cash backed'. That is an agreed figure can be lodged with Lender (Bank or Building Society) or merely given in the form of a financial undertaking. The criteria will be set by the participating LA in conjunction with the mortgage provider.

At its meeting in March 2012, Council gave its approval for the implementation of a local scheme in partnership with Lloyds Bank Plc up to a limit of £1M. A further £1M was approved by Council in July 2013.

The scheme went live in June 2012 and an analysis of the take up of the scheme is provided below:

Month	Offers made in month (cumulative total)	Completed	Cumulative indemnity amount
July 2012	1	-	£19,800
August 2012	2 (3)	-	£61,800
September 2012	3 (6)	2	£111,550
October 2012	5 (11)	2	£183,150
November 2012	2 (13)	5	£213,600
December 2012	2 (15)	8	£251,400
January 2013	2 (17)	13	£288,400
February 2013	4 (21)	14	£364,375
March 2013	3 (24)	16	£425,650
April 2013	2 (26)	18	£450,650
May 2013	3 (29)	21	£518,225
June 2013	5 (34)	22	£608,738
July 2013	6 (40)	24	£671,450
August 2013	3 (43)	27	£739,446
September 2013	4 (47)	29	£841,646
October 2013	5 (52)	34	£935,596
November 2013	2 (54)	36	£935,596*
December 2013	7 (61)	43	£935,596*
January 2014	1 (62)	44	£956,652*
March 2014	2 (63)	45	£956,652*
May 2014	1 (64)	46	£978,983*

*\*the indemnity figures reflects both offers and completed mortgages.*

In terms of postcode analysis, the 64 applications received to date are received in respect of the following postcode areas:

NG31 – 47  
NG32 – 2  
NG33 – 2  
PE9 – 12  
PE6 – 1

A map of the district is attached which shows the distribution of the **completed** mortgage applications. The majority of these are under the scheme 1 criterion which included a lower loan to value limit of £118,750 and is reflected by a higher number of applications in the north of the district. It is expected that scheme 2 will introduce a more balanced position following the increase of loan size.

A further £1M was deposited on 20 February 2014 to support the scheme as agreed at the Council meeting in July 2013, and the maximum loan size per application was increased to £147,250 in order to increase the take up of the scheme in the PE9 area.

It is pleasing to note that there are currently no default payments on the mortgages that are operating under the SK LAMS scheme which will partly be due to the careful validation process Lloyds have undertaken before accepting an applicant onto the SK backed scheme.

The Authority will receive £190K in interest for the 5 year period of the £1M deposited at a fixed interest rate of 3.79%. This rate is significantly higher than current investment rates that are in the region of 0.60% - 1.10%. The interest earned is set aside to fund any potential future default payment arrangements with respect to the scheme participants. The second £1M is attracting a rate of 2.86% and annual interest of £29K. In the event that no payment defaults occur then the earned interest will be transferred to revenue balances.

**4. OTHER OPTIONS CONSIDERED**

**5. RESOURCE IMPLICATIONS**

**6. RISK AND MITIGATION**

None applicable

**7. ISSUES ARISING FROM EQUALITY IMPACT ANALYSIS**

None applicable

**8. CRIME AND DISORDER IMPLICATIONS**

None applicable

**9. COMMENTS OF FINANCIAL SERVICES**

Financial considerations are included in the report.

**10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES**

It is appropriate that the Resources PDG are updated on the scheme and the outcome following the work which was done to deliver this project.

**11. COMMENTS OF OTHER RELEVANT SERVICES**

None applicable

**12. APPENDIX:**

