

# SHEFFIELD CITY COUNCIL

## EXECUTIVE FUNCTIONS DECISION RECORD

The following decision was taken on Wednesday 17 October 2012 by the Cabinet.

Date notified to all members: 19 October 2012

The end of the call-in period is 4:00 pm on 25 October 2012

The decision can be implemented from **26 October 2012**

### **Agenda Item**

#### **9. IMPLEMENTING THE GOVERNMENT'S COUNCIL TAX BENEFIT CHANGES**

9.1 The Cabinet received a report of the Executive Director, Resources regarding the implementation of the Government's Council Tax Benefit changes.

9.2 **RESOLVED:** That Cabinet:-

- (a) notes the proposed Council Tax support scheme detailed in the report and set out in Appendix 2 to the report; and
- (b) recommends to Council that it approve the scheme, to come into force on 1 April 2013.

#### **9.3 Reasons for Decision**

There are very significant legislative, IT, time and cost issues which mean that it will be in the best interests of the Council to establish a CTS scheme which, from 2013, aligns as closely as possible to the current CTB scheme.

This will:-

- (a) provide more confidence that we will be able to deliver the scheme within the government's timescales and within its funding provision;
- (b) spread the burden of the cut equitably across all working age claimants;
- (c) be relatively simple to administer; and
- (d) minimise disruption to taxpayers

Adopting the scheme as proposed in this report will ensure that the Council meets its statutory obligations to provide a local scheme of Council Tax Support.

#### **9.4 Alternatives Considered and Rejected**

9.4.1 There are a number of other options available to the Council including:

- (a) Doing nothing;
- (b) Introducing a discount support scheme linked to income bands
- (c) Adopting a completely discretionary financial assistance scheme.

An analysis of each of these options is shown below:

#### 9.4.2 **Doing Nothing**

Any authority which does not agree a local scheme by January 2013 will have to adopt a government imposed 'default' scheme based on the current CTB scheme. In effect, this means that Councils in default will be forced to meet the full cost of expenditure that such a scheme generates. It would also need to make provision for any future increase in demand.

This option is not being recommended because it comes with a high degree of financial risk, would be reputationally damaging and takes control of the scheme away from the Council.

#### 9.4.3 **Discount Scheme Linked to Income Bands**

Under this type of scheme Council Tax support would be provided at a level equivalent to a household's full Council Tax liability if their income was below a certain amount, e.g. £100 per week, with stepped reductions in support as income rises. An illustrative example of how this could look is shown below:

Household income up to £100 = 100% council tax support  
Household income up to £150 = 75% council tax support  
Household income up to £200 = 50% council tax support  
Household income up to £250 = 25% council tax support  
Household income above £250 = no support.

The advantages of this approach include:

- (a) the scheme would be clear to claimants and easy to understand;
- (b) there could be some people who would be better off than under the current scheme; and
- (c) once established, it would be fairly simple to administer.

However, this option is not being recommended because:-

- (a) it is a fairly 'blunt' tool, for example, the level of support takes no account of the number of people in a household, so for example, a single person with an income of £180 would get the same level of support as a family with 2

children in the same income band. This calls into question the fairness of this approach;

- (b) the level of support is not very responsive to changes in income, for example, a household income of £200 could attract 50% support. If the next income band below £200 was £150, a reduction in weekly income of up to £50 would not result in an increase in Council Tax support;
- (c) some claimants would face very high reductions in support based on slight increases in income. For example, a household income of £99 may get 100% support whilst an income of £101 may only get 75% support;
- (d) to overcome issues of 'fairness', there may be a temptation to introduce additional criteria (e.g. capital limits, income disregards, allowances for special needs). However, this added complexity would soon mean that the 'advantages' of a discount scheme would be lost;
- (e) at this stage it is highly unlikely the IT changes required to support this approach could be delivered within the required timescales; and
- (f) there is a risk that the migration of existing CTB claimants to this scheme would not be achieved in the required timescales.

#### 9.4.4 **A Completely Discretionary Financial Assistance Scheme**

This approach would look to make awards of Council Tax support on an individual basis.

Under this type of scheme it would be possible to bring together several different income streams in order to provide a holistic approach. Council Tax support would form one element of such a scheme with other funding such as free school meals, Discretionary Housing Payments, Social Fund Loans, Community Care Grants, homeless prevention funding and even supporting people funding.

This approach would in effect bring together all of the Councils' "unringfenced" discretionary payment schemes under one scheme. The advantages of such an approach include:-

- (a) the ability to take an overall view of a household's financial circumstances, using one assessment and one set of data, would increase efficiency, benefit customers who don't need to access different services, and would fit in with the Council's aim of a whole household service offer to different customer groups; and;
- (b) the scheme could be extended to providing help advice and support to customers who need to access non Council services such as Department for Work and Pensions administered benefits and pensions.

However, this option is not being recommended because:-

- (a) the scheme would require highly knowledgeable, skilled staff supported by sophisticated systems and processes. The degree of training and the time needed for this, the time and cost of developing the system needed to support the scheme and the challenge of integrating into one team staff from a number of services do not fit within the timescales the Council will have to work too;
- (b) the need to individually reassess 60,000 plus claimants against a wide ranging financial assessment significantly increases the risk that the Council will not be able to migrate from one system to another on time;
- (c) not all recipients of Council Tax support will need or indeed be eligible for wider financial support. Including Council Tax support in a wider package of corporate financial support could add complexity, delay assessments and impact on Council Tax collection;
- (d) operating a discretionary based scheme with little or no reference to regulatory criteria would increase significantly the risk of legal challenge to the Council. Such legal challenge could require significant resources to deal with and could lead to cases progressing to Judicial Review, which would further increase any financial and reputational risk to the Council; and
- (e) it would not comply with the minimum legislative requirements of a local scheme including that the scheme must specify the class of persons entitled to assistance and set out the reduction to which persons in each class will be entitled to.

This approach would be highly resource intensive and every decision would need to be made individually with little or no “automatic processing” to support decision making. Failure to assess each case on an individual basis would see the Council fettering its discretion and leave it open to successful legal challenge on every decision.

**9.5 Any Interest Declared or Dispensation Granted**

None

**9.6 Reason for Exemption if Public/Press Excluded During Consideration**

None.

**9.7 Respective Director Responsible for Implementation**

Executive Director, Resources

**9.8 Relevant Scrutiny and Policy Development Committee If Decision Called In**

Overview and Scrutiny Management Committee

**10. REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2012- 13 (MONTH 4)**

10.1 The Cabinet received a report of the Executive Director, Resources which provided the Month 4 monitoring statement on the City Council's Revenue Budget and Capital Programme for 2012/13.

10.2 **RESOLVED:** That Cabinet:-

- (a) notes the updated information and management actions provided by this report on the 2012/13 budget position;
- (b) approves the carry-forward request as detailed in paragraph 20 within the Place section; and
- (c) in relation to the Capital Programme:-
  - (i) approves the proposed additions to the capital programme listed in Appendix 1, including the procurement strategies and delegations of authority to the Director of Commercial Services or Delegated Officer, as appropriate, to award the necessary contracts following stage approval by Capital Programme Group;
  - (ii) approves the proposed variations in Appendix 1;
  - (iii) notes that there were neither emergency approvals nor variations approved by Directors under their delegated authority;
  - (iv) notes the latest position on the Capital Programme including the current level of forecasting performance, and
  - (v) notes the two variations approved by EMT.

**10.3 Reasons for Decision**

To formally record changes to the Revenue Budget and the Capital Programme and gain Member approval for changes in line with Financial Regulations and to reset the capital programme in line with latest information.

**10.4 Alternatives Considered and Rejected**

A number of alternative courses of action were considered as part of the process undertaken by Officers before decisions are recommended to Members. The recommendations made to Members represent what Officers believe to be the best options available to the Council, in line with Council priorities, given the constraints on funding and the use to which funding is put within the Revenue Budget and the Capital Programme

**10.5 Any Interest Declared or Dispensation Granted**

None

10.6 **Reason for Exemption if Public/Press Excluded During Consideration**

None.

10.7 **Respective Director Responsible for Implementation**

Executive Director, Resources

10.8 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Overview and Scrutiny Management Committee

**11. MEDIUM TERM FINANCIAL STRATEGY**

11.1 The Cabinet received a report of the Executive Director, Resources which provided Members with details of the forecast financial position of the Council for the next 5 years and a recommended approach to budgeting and business planning that would be necessary to achieve a balanced budget position in the medium term.

11.2 **RESOLVED:** That Cabinet:-

(a) notes the medium term financial forecast; and

(b) approves the approach to balancing the budget and business planning in 2013/14 and beyond as set out in the report.

11.3 **Reasons for Decision**

To provide a strategic framework for the development of budget proposals and the business planning process for 2013/14 and beyond.

11.4 **Alternatives Considered and Rejected**

No alternatives were put forward or considered to be appropriate in the circumstances.

11.5 **Any Interest Declared or Dispensation Granted**

None

11.6 **Reason for Exemption if Public/Press Excluded During Consideration**

None.

11.7 **Respective Director Responsible for Implementation**

Executive Director, Resources

**11.8 Relevant Scrutiny and Policy Development Committee If Decision Called In**

Overview and Scrutiny Management Committee

**12. THE CITY DEAL FOR SKILLS**

12.1 The Cabinet received a report of the Executive Director, Children, Young People and Families which provided information regarding the successful City Deal submission and sought approval to develop, on behalf of the Sheffield City Region (SCR), a £27.8m skills programme.

12.2 **RESOLVED:** That Cabinet:-

- (a) approves the City Deal for Skills programme developed in line with its corporate plan objectives;
- (b) agrees that Sheffield City Council will act as the lead body for the skills programme on behalf of the Local Enterprise Partnership and the other local authorities within city-region boundaries;
- (c) recognises and approves that any income received in advance, due to the time lag between receipt of the funding and the spending on the programme, as explained in the body of this report, will be required to be 'carried forward' to future years and should not be considered to be an under spend in-year. This amount will be highlighted in the monthly budget monitoring reports for approval; and
- (d) grants delegated authority to the Executive Director, Children, Young People and Families, in consultation with the Cabinet Member with responsibility for Business Skills and Development and Director of Legal Services, to accept and administer the City Deal fund, procure the services required to deliver its related outcomes and agree the terms and award the associated contracts.

**12.3 Reasons for Decision**

The recommendations outlined will allow the city to secure £27.8m from the Skills Funding Agency on behalf of the Sheffield City Region and provide young people and adults across Sheffield and the city-region with sustainable employment opportunities as well as improving their skills up to level 3.

**12.4 Alternatives Considered and Rejected**

A range of options have been considered but due to the very low level of funding they would attract they could not deliver the impact required to address the level of youth unemployment and skill shortages currently being experienced in the SCR economy.

**12.5 Any Interest Declared or Dispensation Granted**

None

**12.6 Reason for Exemption if Public/Press Excluded During Consideration**

None.

**12.7 Respective Director Responsible for Implementation**

Executive Director, Children, Young People and Families

**12.8 Relevant Scrutiny and Policy Development Committee If Decision Called In**

Economic and Environmental Wellbeing.