



Chief Executive's Department
Civic Centre
HARTLEPOOL

20 January 2014

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Atkinson, Barclay, Beck, Brash, Cook, Cranney, Dawkins, Fisher, Fleet, Gibbon, Griffin, Hall, Hargreaves, Hill, Jackson, James, Lauderdale, A E Lilley, G Lilley, Loynes, Martin-Wells, Dr. Morris, Payne, Richardson, Robinson, Shields, Simmons, Sirs, Tempest and Thompson.

Madam or Sir,

You are hereby summoned to attend an Extraordinary meeting of the COUNCIL to be held on THURSDAY 30 JANUARY 2014 AT 7.00 pm in the Civic Centre, Hartlepool to consider the subjects set out in the attached agenda.

Yours faithfully

A handwritten signature in black ink that reads "D Stubbs".

D Stubbs
Chief Executive

EXTRAORDINARY COUNCIL AGENDA



Thursday 30 January 2014

at 7.00 pm

**in the Council Chamber,
Civic Centre, Hartlepool.**

1. To receive apologies from absent members.
2. To receive any declarations of interest from Members.
3. Report of the Finance and Policy Committee - Localisation of Council Tax Support 2014/15. (Attached)
4. To receive the Chief Executive's Business Report. (Attached)





Report of: Finance and Policy Committee

Subject: LOCALISATION OF COUNCIL TAX SUPPORT
2014/15

1. PURPOSE OF REPORT

1.1 To present details of the final proposals for the Localised Council Tax Support Scheme for 2014/15 recommended by the Finance and Policy Committee.

2. BACKGROUND

2.1 A copy of the report considered by Finance and Policy Committee on 24th January 2014 is attached at Appendix A, to assist familiarisation by Members of the issues and financial risks associated with the operation of the Local Council Tax Support scheme.

2.2 The former national Council Tax Benefit scheme was abolished on 31st March 2013 and local authorities were required by Government to establish their own Local Council Tax Support Schemes (LCTS). For 2013/14 the Government reduced its funding nationally to operate these new local schemes by 10% (over 13% In Hartlepool).

2.3. The Government requires that Councils must protect low income pensioners from these changes, which means that the impact of the Government funding cut for LCTS schemes must be borne by working age adults.

2.4 From 2014/15, the Government has decided to cease making a specific grant for LCTS schemes but instead will be mainstreaming the grant paid to support LCTS schemes within the Core Revenue Grant paid to Councils. In addition, the Government's financial settlement for 2014/15 and 2015/16, includes details of significant ongoing cuts in Revenue Grant funding. In view of this position, the Council needs to determine how the available Core Revenue Grant is allocated between support for the LCTS scheme and support for the General Fund Budget.

2.5 The Council's Medium Term Financial Strategy proposes that for 2014/15, the Council continues to provide the same level of support for its LCTS scheme as it did in 2013/14, at £9.6m. However for 2015/16, the strategy forecasts assume that the LCTS scheme will bear its

proportion of the Government cuts in revenue grant to the Council. This will enable the Council to reduce the 2015/16 General Fund budget cuts by about £1.4m.

- 2.6 Sustainability and affordability are key principles that underpin the operation of the LCTS scheme and on 29th November 2013, Finance and Policy Committee agreed to consult with the public on a potential 12% cut in LCTS support for 2014/15, with all other 2013/14 LCTS scheme principles remaining the same.
- 2.7. The Council has only been able to operate a 2013/14 LCTS scheme involving an 8.5% LCTS cut and a recommended 12% cut for 2014/15, as a result of previous decisions to earmark one off resources to assist with the implementation and operation of the Hartlepool LCTS scheme. The other four Tees Valley Authorities all implemented LCTS cuts of 20% in 2013/14 and it is understood will continue with these arrangements into 2014/15.
- 2.8 The results of the consultation were set out in the report to Finance and Policy Committee on 24th January 2014. Whilst recognising that the majority of respondents were non LCTS recipients, the consultation indicated a majority support for a 12% cut.

3. PROPOSALS

- 3.1 The proposals put forward by Finance and Policy Committee will enable the Council to implement a sustainable LCTS scheme for 2014/15 which reduces financial risk and provides for a more gradual phased reduction in LCTS support.

(This report has been prepared on the basis that Finance and Policy Committee on 24th January 2014, support the recommended 12% LCTS cut for 2014/15. If that were not to be the case, a replacement report will be submitted to Members in advance of this Council meeting).

- 3.2 The financial planning assumptions that underpin the LCTS scheme will require close monitoring to ensure that claimant numbers, scheme costs and collection of Council Tax are in line with forecasts, as any variances will either require the Council to revise the local scheme for future years, or will result in an additional General Fund budget pressure.

4. RECOMMENDATIONS

- 4.1 Council is recommended to:
 - i) Approve the implementation of a 2014/15 LCTS scheme involving a 12% cut and the following supporting recommendations;

- ii) Approve the continuation of the current policy of applying the yield from the local Council Tax Exemptions and Reductions Policy to support the LCTS scheme;
- iii) Approve the continuation in 2014/15 of the existing LCTS scheme Principles;
- iv) Approve the use of £0.15m from the Supporting Family Poverty Reserve;
- v) Approve the passporting of £4,200 of the 2014/15 Council Tax Support Grant to Parish Councils in accordance with national regulations;
- vi) Note that the approved Local Council Tax Support Scheme will be subject to close monitoring and annual review and approval by full Council.

5. REASON FOR RECOMMENDATIONS

- 5.1 To enable the Council to agree its Local Council Tax Support Scheme for 2014/15 by 31st January 2014 as required by statutory regulations.

6. BACKGROUND PAPERS

- 6.1 Medium Term Financial Strategy 2014/15 to 2016/17 reports – Finance and Policy Committee 31st May 2013, 2nd August 2013 and 3rd January 2014.
- 6.2 Local Council Tax Support 2014/15 reports – Finance and Policy Committee 19th September 2013, 29th November 2013 and 24th January 2014.

7. CONTACT OFFICER

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Finance & Policy Committee

24th January 2014



Report of: Chief Finance Officer

Subject: LOCAL COUNCIL TAX SUPPORT 2014/15

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Budget and Policy Framework Decision

2. PURPOSE OF REPORT

2.1 The purposes of the report are to:

- i) Update Members on the results of public consultation on a potential 12% LCTS scheme cut for 2014/15;
- ii) Update Members with the latest forecast data on Local Council Tax Support scheme (LCTS) costs and future government funding as set out in the December settlement;
- iii) Enable Members to determine a LCTS 2014/15 scheme to be referred to full Council for a final decision as required by statute.

3. BACKGROUND

- 3.1 An initial detailed report on the development of the 2014/15 LCTS scheme was considered by this Committee on 19th September 2013. The financial modelling in the September report was predicated on the Council being able to maintain an annual grant allocation towards the LCTS scheme of £9.6m over the financial years 2014/15 to 2017/18. There remained significant risks associated with the Government's plans to mainstream LCTS funding within the Core Revenue Grant from April 2014 and from future government grant cuts.
- 3.2 The Government's proposal to mainstream the grant paid to support LCTS schemes within the Core Revenue Grant paid to Councils from 2014/15 is a key issue, particularly for those Councils which are more dependent on Government grant, such as Hartlepool. It would have been much clearer for Councils and the public if funding for LCTS schemes had continued to be paid as a specific grant. This arrangement would also have ensured the impact of the significant shift in responsibility for supporting low income households from Central to Local Government was fully understood and properly resourced. The new arrangements have a significantly greater impact on Councils which

are more dependent on Government grant and which serve more deprived communities.

- 3.3 In view of the mainstreaming of LCTS government funding, individual Council's will need to determine how the available Core Revenue Grant is allocated between support for the LCTS scheme and support for the General Fund Budget.
- 3.4 A report on 29th November 2013 appraised Members with this information and proposed that for 2014/15 the Council continued with the existing grant allocations used for developing the 2014/15 Medium Term Financial Strategy (MTFS) and 2014/15 LCTS Scheme as detailed strategies were already in place. However, it was recommended that Members consider reviewing the proposed 2014/15 LCTS scheme with a view to increasing the cut in support from 8.5%. The rationale behind this suggestion was:
- to re-phase the reduction in LCTS support as the 2015/16 LCTS cut will need to increase to 20%, two years earlier than previously forecast. This re-phasing should help households manage the requirement to pay higher amounts of Council Tax, albeit acknowledging this will be challenging for those households;
 - to enable the Council to share the future forecast grant cut across the General Fund and the LCTS scheme, to reduce the 2015/16 General Fund budget cuts by about £1.4m.
- 3.5 On 29th November 2013, Members approved the recommendation to consult on a potential 2014/15 LCTS scheme based on a 12% reduction and noted that the 2015/16 LCTS scheme will need to be based on a 20% reduction. The impact of this proposal on individual households together with the option of continuing with a 8.5% LCTS scheme in 2014/15 are shown below:

	2013/14	2014/15	2015/16
<u>Option agreed 19 Sept 2013</u>			
Reduction in LCTS Support	8.5%	8.5%	12.0%
<u>Annual Council Tax liability (based on 2013/14 Council Tax)</u>			
Band A	£95	£95	£135
Band B	£111	£111	£157
<u>Alternative Option proposed 29 Nov 2013</u>			
Reduction in LCTS Support	8.5%	12.0%	20.0%
<u>Annual Council Tax liability (based on 2013/14 Council Tax)</u>			
Band A	£95	£135	£225
Band B	£111	£157	£262

- 3.6 As reported previously the sustainability of the LCTS scheme at 20% beyond 2015/16 will need to be reviewed when details of grant allocations for 2016/17 and future years are known. If grant cuts continue beyond 2016/17 all Councils will face an increasingly challenging position balancing the allocation of available grant funding between support for the General Fund Budget and the LCTS scheme.
- 3.7 The Council is only able to avoid a 20% LCTS cut in 2014/15 as a result of previous decisions to earmark one off resources to assist with the implementation and operation of the Hartlepool LCTS Scheme.
- 3.8 The results of the consultation on a potential 12% LCTS scheme for 2014/15 are set out in section 4.

4. Public Consultation

- 4.1 A 2014/15 LCTS scheme based on a 12% cut whilst retaining all of the principles of the 2013/14 LCTS scheme went out for formal consultation for a period of four weeks ending on 30th December 2013. The consultation exercise was publicised in the Hartlepool Mail and on the Council's website.
- 4.2 The consultation process used the Council's established arrangements via "Survey Monkey" which allows residents / interested parties the opportunity to complete questionnaires electronically, wherever they have an internet connection. In addition to the web based survey monkey, paper copies of the consultation were also available both from the Civic Centre and the Central Library and details of the consultation

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were sent electronically to those individuals signed up to the Hartlepool Online Panel.

- 4.3 In total, 135 responses were received, which is not inconsistent with levels of response received for other council consultations. 87% of responses were from people not currently receiving LCTS. The lack of engagement and participation by those most likely to be affected by the changes is similar to the 2013/14 LCTS Hartlepool consultation (where 86% of responses were from people not receiving support) and the experience of many other councils.
- 4.4 Two principle questions were asked the results of which are set out in the table below:

2014/15 LCTS Cut 12% Consultation Results

Do you think this Level of Reduction (12%) is fair	Yes 60.4%	No 35.8%
How much do you agree or disagree with this reduction in support	Strongly Agree / Agree 55.6%	Disagree / Strongly Disagree 34.1%

Whilst recognising that the majority of respondents were non LCTS recipients, the consultation indicates a majority support for a 12% cut recognising an appreciation of the financial challenges and ongoing cuts in Government funding being faced by the Council.

5 2014/15 LCTS Scheme Financial Modelling

- 5.1 The replacement of the national Council Tax Benefit Scheme and associated funding arrangements with a Local Council Tax Support Scheme has transferred a significant ongoing financial risk to the Council, which will increase in future years given the impact of a range of factors which need managing:

- **Cuts in Government grant and the requirement to protect low income pensioner households.**

As reported previously, the Government has cut the amount of funding to local authorities to operate their LCTS schemes. In addition, for 2014/15 as set out earlier this funding is no longer provided as a separate allocation but is mainstreamed as part of the Core Revenue Grant leading to a loss of transparency on levels of Central Government funding for LCTS schemes.

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- **Potential increases in demand for Council Tax Support.**

Hartlepool LCTS caseload levels are remaining broadly stable with the number of LCTS claimants as at December 2013 totalling approximately 15,000. However, over time the numbers of older people eligible may increase owing to demographic pressures and low income pensioners must be protected within local schemes. Caseloads for working age adults will be affected by economic conditions.

- **The impact on Council Tax collection rates and the administration cost implications of collecting Council Tax associated with reduced help with Council Tax bills for low income households.**

This is a significant issue, the impact of which will increase over the period of the Medium Term Financial Strategy.

The Council operates effective arrangements for collecting Council Tax and in 2012/13 collected 97% of the annual Council Tax due, which is slightly above the unitary and metropolitan authority average of 96.8%. Hartlepool Council Tax collection data for 2013/14 is positive and this position reflects the Council's effective strategy for informing households of the changes, dealing with customer enquiries and offering flexibility in payments.

Analysis shows that for those working age households that previously received full council tax benefit, 74% of these households have either paid or are paying by instalments the Council Tax due. As at the end of December, 53.8% of the amount due for the year had been received from these households. Recovery action including via the magistrates' court is being taken against the remaining 26% of these households. 2013/14 Council Tax collection levels are at this stage within the financial planning parameters that underpin the 2013/14 LCTS scheme.

The additional workload associated with dealing with those households impacted by the 2013/14 LCTS scheme has been undertaken and absorbed by the Council's Revenues and Benefits services without any additional staff numbers, in line with the proposed collection strategy.

The risk of reducing collection rates will increase in future years when the Council will have to increase the cut in Council Tax support as it will become increasingly difficult to collect increased Council Tax from some of the most financially vulnerable households in Hartlepool. This position will continue to be monitored carefully.

- 5.2 Members have previously agreed to partly mitigate the 2014/15 LCTS scheme gross funding gap by continuing to apply the additional Council Tax yield generated from the changes to Council Tax exemptions and reductions. More importantly, as previously reported, the Council is also able to partly mitigate the impact of the cut in Government grant by using

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the one-off resources earmarked to support the LCTS scheme. However, this funding does not provide a permanent solution to the Government funding cut.

- 5.3 The previous LCTS forecasts have been updated to reflect the proposed Council Tax freeze in 2014/15 and 2015/16 approved at your meeting on 2nd August 2013 and claimant caseload and scheme award costs as at December 2013.
- 5.4 The financial modelling continues to cover two options for the development of the LCTS scheme previously identified which provide a different phasing for increasing the cut in Council Tax Support to address the permanent cut in Government grant for LCTS schemes. The Council is only able to consider these options as a result of previous decisions to earmark one-off funding to temporarily support the LCTS scheme and minimise the impact on low income working age households. Both options are based on the following planning assumptions:
- The Council resolution on 24th January 2013 to allocate £0.67m of the one-off resources identified from the 2011/12 outturn to support the LCTS scheme over period 2013/14 to 2015/16 to partly mitigate the impact of cuts in support for working age households and the allocation of £0.52m to manage LCTS financial risks, including the impact of higher LCTS grant cuts over the period of the MTF5;
 - The allocation of the residual Family Poverty Reserve of £0.15m to support the 2014/15 LCTS scheme;
 - The phased use of the additional one-off funding allocated for the LCTS scheme of £0.86m over the period 2014/15 to 2017/18.
- 5.5 Forecasting the annual cost of LCTS is challenging owing to the claimant based nature of the scheme and the range of factors affecting the eligibility of individual households for 'means tested' Council Tax support. These forecasts become more challenging the longer the period covered by the forecasts and need to be considered in the context of annual LCTS scheme support expenditure of £12.25m covering about 15,000 claimant households.
- 5.6 To enable Members to consider a LCTS scheme for 2014/15 and the implications this will have on future year's schemes, detailed financial forecasts for the LCTS scheme have been prepared for the period 2014/15 to 2016/17. These forecasts are based on the following planning assumptions:

Planning assumptions underpinning LCTS forecasts for 2014/15 to 2016/17

- i) The existing caseload remains stable at approximately 15,000 households per year;

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- ii) Within the caseload forecast for 2014/15 and future years, provision has been made for a small anticipated increase in pensioners eligible for LCTS;
- iii) Members support the phased use of the one-off 2012/13 and 2013/14 LCTS Reserves to partly mitigate the impact of the Government Grant cut on working age households;
- iv) As approved by Council in January 2013 £0.52m of the 2012/13 LCTS Reserves is retained to manage LCTS financial risks, particularly the impact of higher than forecast anticipated future grant cuts.. The availability of this uncommitted funding would not provide a permanent solution to a higher grant cut, but it would provide a slightly longer lead time for the Council to manage this change and to work with households which would be affected by a higher cut in Council Tax Support.

Regular reviews of these factors will need to be undertaken to assess the implications of changes in these planning assumptions which are inevitable and unavoidable, as the majority of factors are outside the Council's direct control.

- 5.7 In terms of the two options previously identified the key issues are summarised in the following paragraphs:

Option 1 – maintain LCTS cut at 8.5% in 2014/15

- The advantage of this option compared to Option 2 is the ability to maintain the existing level of support to working age households in 2014/15.
- There are a number of disadvantages to this option compared to Option 2:
 - i) The option commits £0.205m of the 2013/14 LCTS reserve and £0.02m of the 12/13 LCTS reserve. This therefore reduces the uncommitted resources available to support future years schemes and manage the risk referred to in the previous paragraphs;
 - ii) Phased reductions in Council Tax support will take place over 3 years, compared to 4 years under option 2, and there will need to be a substantial increase in the level of cut for 2015/16 to 20% from 8.5% in 2014/15;
 - iii) Working age households will become used to the level of Council Tax support provided in 2013/14 being maintained in 2014/15 and may not begin to plan for lower levels of support in future years as they may believe the Council will not implement higher cuts after 2014/15;
 - iv) It will become increasingly difficult for the Council to demonstrate that the cut in Council Tax support is the result of the Government decision in 2012 to replace the national Council Tax Benefit scheme with a LCTS scheme.

Option 2 – implement a LCTS cut at 12% in 2014/15

- There are a number of advantages of this option compared to Option 1:
 - i) The option does not require any of the LCTS reserve in 2014/15 which means the reserve is available to support future years schemes and manage the risk referred to in the previous paragraphs;
 - ii) Reductions in Council Tax support will be more gradual and phased over 4 years, compared to 3 years under option 1;
 - iii) Working age households will become used to the level of Council Tax support provided being gradually reduced and will begin to plan for lower levels of support in future years.
- The disadvantage of this option compared to Option 1 is a reduced level of support to working age households in 2014/15, although Hartlepool households will still receive higher support than households in the other 4 Tees Valley authorities, which all implemented 20% cuts in 2013/14 and it is understood will continue these arrangements in 2014/15.

5.8 The following table summarises the financial forecasts for the two options for the period 2013/14 to 2016/17 and highlights the following key issues:

- The increasing impact of the Government grant cut;
- The phased use of the one-off LCTS reserve, which has enabled the Council to phase reduction in LCTS support over the period 2013/14 to 2016/17 and implement significantly lower cuts in support than would have been required without this funding in 2013/14 and 2014/15.

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	2013/14	2014/15	2015/16	2016/17	Total
Option 1					
Cut in Council Tax Support	8.5%	8.5%	20%	20%	
Annual Council Tax increase	0%	0%	0%	2.5%	
	£'000	£'000	£'000	£'000	£'000
Reduction in Government LCTS Grant, net of changes to Council Tax exemptions	1,290	1,540	2,926	3,237	8,993
Less - One-off Transitional Grant	(260)	0	0	0	(260)
Less - One-off Collection Fund Surplus	(140)				(140)
Less - Permanent funding included in MTFS	(70)	(530)	(270)	(270)	(1,140)
Less - Use Family Poverty reserve	(160)	(150)	0	0	(310)
Less - Use 2012/13 LCTS Reserve	(10)	(20)	(640)	0	(670)
Less - Use 2013/14 LCTS Reserve	0	(205)	(502)	(153)	(860)
Less - General Fund Pressure				(1,300)	(1,300)
Total Resources allocated to offset Reduction in LCTS grant cut	(640)	(905)	(1,412)	(1,723)	(4,680)
Cut in Council Tax Support for low income working age households.	650	635	1,514	1,514	4,313
	2014/15	2014/15	2015/16	2016/17	Total
Option 2					
Cut in Council Tax Support	8.5%	12%	20%	20%	
Assumed Annual Council Tax increase	0%	0%	0%	2.5%	
	£'000	£'000	£'000	£'000	£'000
Reduction in Government LCTS Grant, net of changes to Council Tax exemptions	1,290	1,540	2,926	3,237	8,993
Less - One-off Transitional Grant	(260)	0	0	0	(260)
Less - One-off Collection Fund Surplus	(140)				(140)
Less - Permanent funding included in MTFS	(70)	(488)	(312)	(270)	(1,140)
Less - Use Family Poverty reserve	(160)	(150)	0	0	(310)
Less - Use 2012/13 LCTS Reserve	(10)	0	(660)	0	(670)
Less - Use 2013/14 LCTS Reserve **	0	0	(440)	(153)	(593)
Less - General Fund Pressure				(1,300)	(1,300)
Total Resources allocated to offset Reduction in LCTS grant cut	(640)	(638)	(1,412)	(1,723)	(4,413)
Cut in Council Tax Support for low income working age households.	650	902	1,514	1,514	4,580
** £267,000 of the 2013/14 LCTS Reserve will be available to mitigate the LCTS General Fund Pressure in 2017/18					

5.9 Option 2 is the recommended option as it reduces the annual financial risk of managing the LCTS scheme and also provides a slightly longer time for working age households to prepare for reduced levels of Council Tax Support as a result of the Government Grant cuts implemented in 2013/14 and continuing in future years.

5.10 In relation to Parish Councils the national regulations require billing authorities (ie. Hartlepool Borough Council) to pass on an element of the Council Tax Support Grant received to individual Parish Councils. For some local authorities with a large number of Parish Councils levying relatively high Parish Council Tax precepts this may be a significant issue. This is not the case for Hartlepool as the total share of the grant for all parish councils is estimated at around £4,200 for 2014/15.

6 2014/15 LCTS Scheme Principles

6.1 In common with those LCTS schemes established by many other Council's, the Hartlepool 2013/14 LCTS scheme is centred around a number of core principles.

A - Every working age household should pay something towards Council Tax

Working age claimants should have their LCTS entitlements recalculated and reduced to ensure an affordable and sustainable scheme.

B - Everyone in the Household should contribute appropriately

Hartlepool would implement the government's annual increases in the value of non dependant adult deductions from Council Tax Support entitlements.

C - The LCTS scheme should encourage work

Claimants should be allowed to keep more of their earnings before they are taken into account in the LCTS award calculation. The Hartlepool LCTS scheme increased earnings disregards by £5 per week; to £10, £15 and £30 for single person, couple and single parent households respectively.

D - Streamline / Simplify the LCTS Scheme

The Hartlepool LCTS scheme involved the removal of 2nd Adult Rebate, and the restriction of backdating to a maximum of 4 weeks.

E - Retain War Widows / War Pensions Local disregards framework

Under the national CTB regulations Local Authorities are required to disregard the first £10 per week of War Pension Scheme and Armed Forces Compensation Scheme payments. In addition Local Authorities have the discretion to top up the disregard to the full amount. Hartlepool had historically applied the discretionary top up and this was carried over to the Council's 2013/14 LCTS scheme.

- 6.2 For 2014/15, it is proposed that the existing scheme principles should continue to be applied, as they are clear, fair and were generally supported in the previous consultation on the 2013/14 scheme. Members will retain the opportunity to revisit these scheme principles in developing the 2015/16 LCTS scheme.

7. CONCLUSION

- 7.1 The replacement in 2013/14 of the national Council Tax Benefit scheme with Local Council Tax Support schemes determined by individual Council's and a 10% national fund cut transferred a significant new financial risk to Councils. The requirement to protect low income pensioners means the whole of the funding cut falls on low income working income households, which effectively meant the Council was

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looking at a 20% cut in Council Tax Support for low income working households in 2013/14. As reported previously this change has a greater impact on Council's serving more deprived communities, including Hartlepool. These Council's, including Hartlepool, have also faced disproportionate cuts in core grant funding over the last few years.

- 7.2 The Council had recognised the risk from the Council Tax Benefit scheme abolition before the Government had provided details of the actual changes to be implemented in 2013/14. Accordingly, the Council had set aside one-off resources to manage the impact of this unprecedented transfer of responsibility for an element of Welfare Support from Central Government to Local Government. This approach enabled the Council to limit the cut in Council Tax Support to 8.5% in 2013/14. This position was helped by the late announcement by the Government of one-off funding for Council's limiting the 2013/14 cut to 8.5%, although for Hartlepool this one off grant only covered part of the additional local cost.
- 7.3 Following the Government's decision to mainstream the Local Council Tax Support grant within the main revenue grant allocation from 2014/15 individual Council's now face a difficult choice over the use of the overall grant. This is particularly challenging for Hartlepool as the overall grant will be cut significantly over the next two years as summarised below:

	2014/15 £'000	2014/15 Percentage cut	2015/16 £'000	2015/16 Percentage cut
Actual Grant cut	5,984	9.6%	8,213	14.6%
Forecast Grant cut	5,992	9.6%	8,127	14.4%
Increase/(decrease) in grant cut	(8)		86	
Cumulative Grant cut since 2010/11	£22.365m	28%	£30.578m	39%

- 7.4 In view of impact of the above changes and the level of grant cuts in 2014/15 and 2015/16 Members are requested to consider a 12% LCTS cut for 2014/15 and a 20% reduction in 2015/16. This approach is designed to phase the reduction in Council Tax Support and in 2015/16 reduces the General Fund budget cuts by £1.4m. As reported on 3rd January 2013 the financial year 2015/16 will be the most difficult year the Council has ever faced as budget cuts of **£6.030m** will need to be made in this year, this is after reflecting the £1.4m referred to in the previous sentence. Further cuts of around **£8.8m** will need to be made in 2016/17.

8. RECOMMENDATIONS

8.1 It is recommended that Members:

- i) Note the report, including the results of the consultation on the proposed 2014/15 Local Council Tax Support Scheme;
- ii) Approve a LCTS cut of 12% for 2014/15 to be referred to full Council for approval;
- iii) Approve the continuation in 2014/15 of the current policy of applying the yield from local Council Tax Exemptions and Reductions Policy to support the LCTS scheme.
- iv) Approve the application of scheme funding from the Family Poverty Reserve, and LCTS Reserves to support the LCTS scheme detailed in Section 5 for Option 2 – the 2014/15 LCTS scheme based on a 12% cut
- v) Approve the continuation in 2014/15 of the principles A to E as set out in section 6.
- vi) To note that in accordance with national regulations approximately £4,200 of the 2014/15 Council Tax Support Grant will be passported to Parish Councils.

9. REASONS FOR RECOMMENDATIONS

9.1 To allow Finance and Policy Committee to approve a proposed Local Council Tax Support Scheme for 2014/15, to be referred to full Council for approval.

10. BACKGROUND PAPERS

10.1 Medium Term Financial Strategy 2014/15 to 2016/17 reports - Finance and Policy Committee 31st May 2013 and 2nd August 2013.

10.2 Local Council Tax Support 2014/15 Reports – Finance and Policy Committee 19th September and 29th November 2013

11. CONTACT OFFICER

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Report of: Chief Executive

Subject: BUSINESS REPORT

1. NON-ATTENDANCE OF MEMBER

Council is advised that due to ill-health, Councillor Cath Hill has been unable to attend recent meetings of the Authority.

Section 85 of the Local Government Act 1972, stipulates that a Member who fails to attend a meeting for six consecutive months, unless for a reason approved by the Authority, then ceases to be a member of the Authority. 'Meeting' covers 'any committee or sub-committee of the Authority, or any joint committee, joint board or other body' which discharges the functions of the Authority or advises on the discharge of those functions'.

Councillor Hill was able to attend a committee meeting on the 30th July, 2013, but ill health has prevented further attendance. Consequently, should Councillor Hill be unable to attend a meeting over the six consecutive months from the above date, then in the absence of approval, she would cease to be a member of the Council.

Given the circumstances surrounding Councillor Hill's absence from meetings, Council is requested to approve Councillor Hill's non-attendance due to ill health. As the expiry of a further six months would be beyond the date of the next election, Council is requested to approve non-attendance to coincide with the holding of the next ordinary election of a Borough Councillor which will take place on 22 May 2014.