

REPORT OF THE CABINET MEETING HELD ON 12 DECEMBER 2016

Present: Councillor Baroness Philippa Coultie (Chairman), Heather Acton, Nickie Aiken, Daniel Astaire, Melvyn Caplan, Danny Chalkley, Tim Mitchel, David Harvey and Rachael Robathan

1. COUNCIL TAX DISCOUNTS (INCLUDING COUNCIL TAX LOCAL REDUCTION SCHEME) AND COUNCIL TAX BASE REPORT

- (a) The Local Government 2003 provides local authorities with discretion in relation to the level of Council Tax discount for specific categories of Council Tax properties, namely second homes and long term empty properties. It also makes provision for a local authority to set its own "local" Council Tax discount categories.
- (b) The Local Government Finance Act 2012, with effect from 2013/14, removed several Council Tax exemptions and replaced them with local determined discounts. The Act also enables local authorities to remove the previous statutory minimum 10% discount for second homes and to set a local long term empty premium. We are recommending that the Council Tax discount for empty and second homes remains at 0% and that an Empty Property Premium is not implemented, which is the same as 2016/17.
- (c) The Welfare Reform Act 2012 and Local Government Finance Act 2012 replaced the previous Council Tax Benefit scheme with a locally determined Council Tax Reduction Scheme (also referred to as Council Tax Support scheme), which is effectively a new type of Council Tax discount. We also agreed that the current Council Tax Reduction scheme should continue in its current form in 2017/18. The scheme effectively mirrors the previous Council Tax Benefit scheme and will not result in the Government's 10% benefit funding cut being passed onto the borough's working age claimants. We are recommending that as previously introduced the Council agree a Council Tax Reduction Scheme for 2017/18 based on the Council Tax Reduction Schemes (Default Scheme) Regulations. We are also recommending again that War Disabled pensions, War Widows pensions and Armed Forces Compensation Scheme payments are disregarded in full when calculating a claimant's income.
- (d) The Council Tax Base is calculated in accordance with a nationally prescribed formula and represents the equivalent number of Band D properties within the area. The formula takes account of the number of properties in each band, the number of discounts given for single occupiers, empty dwellings, second homes and other eligible criteria, the prescribed proportions to convert numbers to Band D equivalents and the estimated collection rate. The relevant regulations were changed for 2013/14 so that the tax base calculation includes a deduction for the equivalent number of Band D properties relating to the Council Tax Reduction Scheme. The Council Tax Base must be determined and be notified to the Greater London Authority (GLA) and the levying bodies. As in the past, these notifications must be made by 31 January.

- (e) The calculations as detailed in Appendices 1 and 2 of the report were considered which confirm a figure of 126,975.59 equivalent Band D properties for the whole city, 3,346.26 Band D equivalent properties for Queens Park and 94.16 Band D equivalent properties for Montpelier Square. The tax base calculation is based on the assumption that the recommendations in the report in relation to the level of Council Tax discounts and in relation to the Council Tax Resolution Scheme are adopted.
- (f) The parish of Queen's Park was created on 1 April 2014 under the Council's Reorganisation of Community Governance Order 2013. The Queen's Park Community Council was elected on 22 May and consequently became a new precepting authority for the purposes of Part 1 of the Local Government Finance Act 1992. The calculations in Appendix 1 and 2 of the report considered by us confirm a tax base for Queen's Park Parish Council of 3,346.26 Band D equivalent properties.
- (g) The full report we considered is attached as Appendix A.

We recommend:

1. That the Council approve for the financial year 2017/18:
 - (i) that the Council Tax discount for second homes remains at 0%.
 - (ii) that the Council tax discounts for empty properties, including the discounts that replaced the previous Class A and C Council Tax exemptions remains at 0%.
 - (iii) that a long term empty property premium is not introduced.
 - (iv) that no new "local" discounts be introduced at this stage.
 - (v) that the Head of Revenues & Benefits determines any individual local discount applications from vulnerable Council Taxpayers received during the course of the 2017/18 financial year.
2. That the Council approve the same Council Tax Reduction Scheme for 2017/18 as operated successfully since 2013/2014 which is based on the Default Scheme Regulations and that War Disabled Pensions, War Widow, Pensions and Armed Forces Compensation Scheme payments are disregarded in full when calculating a claimant's income.
3. That the Council resolve that the Council Tax Base for 2017/18 for the whole city is 126,975.59 equivalent Band D properties, for Montpelier Square alone 94.16 equivalent Band D properties and for Queen's Park 3,346.26 equivalent Band D properties.

4. That the Council resolve that the figures set out in Recommendation 3 above for the Council Tax Base for 2017/18 be used by the Council to make a determination pursuant to the requirements of the Local Government Finance Act 1992.

2. TREASURY MANAGEMENT STRATEGY – MID YEAR REVIEW 2016-2017

- (a) We have received a report which presents the Council's half year treasury report in accordance with the Council's Treasury Management practices. As required, we are reporting this to the full Council.
- (b) The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the Treasury Management operation ensures this cash flow is adequately planned, with surplus monies being invested in low risk counter parties, providing adequate liquidity initially before considering optimising investment return.
- (c) The Treasury Management service also funds the Council's capital plans. These provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans or using longer term cash flow surpluses and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives. There are two aspects of treasury performance – debt management and cash investment. Debt management relates to the City Council's borrowing and investments of surplus cash balances.
- (d) The Council complied with all elements of the Treasury Management Strategy Statement (TMSS) except for placing two tranches of investments with the National Bank of Abu Dhabi (NBAD) and Qatar National Bank (QNB) and exceeding the counter party limit with Lloyds Bank because of overnight balances. Action has been taken to rectify the position at no loss to the Council and new management arrangements have been put in place. The investments with NBAD and QNB met the Council's required counterparty credit rating, the banks are included on the list of approved counterparties issued by the Council's Treasury Adviser, Capita, have high credit ratings which would more than meet the ratings required in the current TMSS and exceed most UK banks. They were not though included in the permitted country of domicile for banks.
- (e) There are various areas in which the TMSS can be widened to increase the opportunities available while still investing in traditional financial instruments and retaining the emphasis on security and liquidity.

Those recommended to be added, subject to due diligence, are:

Green Energy Bonds
Building Societies
Local Government Association
Other Loans

(f) The full report considered by the Cabinet is attached as Appendix B.

We recommend that:

- (i) the Annual Treasury Management Strategy 2016-2017 Mid Year Review, is approved, noting where the TMSS has been exceeded and the action taken to rectify this;
- (ii) the new opportunities, as set out in the report attached as Appendix B, be added to the TMSS for investment purposes.

Baroness Philippa Coultie, Leader of the Council

Local Government Act 1972 (Background Papers)

None