

# Agenda

## Cabinet

Date: **Friday 12 January 2018**

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Time: **10.00 am**

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Place: **The Council Chamber - The Shire Hall, St. Peter's Square, Hereford, HR1 2HX**

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Notes: Please note the time, date and venue of the meeting.

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# **Agenda for the meeting of Cabinet**

## **Membership**

**Chairman**                      **Councillor AW Johnson**  
**Vice-Chairman**              **Councillor JG Lester**

**Councillor H Bramer**  
**Councillor BA Durkin**  
**Councillor DG Harlow**  
**Councillor PD Price**  
**Councillor P Rone**  
**Councillor NE Shaw**

## Agenda

		Pages
1.	<p><b>APOLOGIES FOR ABSENCE</b></p> <p>To receive any apologies for absence.</p>	
2.	<p><b>DECLARATIONS OF INTEREST</b></p> <p>To receive any declarations of interest by Members in respect of items on the Agenda.</p>	
3.	<p><b>MINUTES</b></p> <p>To approve and sign the minutes of the meeting held on 14 December 2017.</p>	11 - 24
4.	<p><b>QUESTIONS FROM MEMBERS OF THE PUBLIC</b></p> <p>To receive questions from members of the public.  <i>Deadline for receipt of questions is 5:00pm on Tuesday 9 January 2018.            Accepted questions will be published as a supplement prior to the meeting.            Please see <a href="https://www.herefordshire.gov.uk/getinvolved">https://www.herefordshire.gov.uk/getinvolved</a> for information on how to submit a question.</i></p>	
5.	<p><b>QUESTIONS FROM COUNCILLORS</b></p> <p>To receive questions from councillors.  <i>Deadline for receipt of questions is 5:00pm on Tuesday 9 January 2018.            Accepted questions will be published as a supplement prior to the meeting.</i></p>	
6.	<p><b>2018/19 CAPITAL BIDS AND APPROVAL</b></p> <p>To review the proposed capital programme including proposed investment additions for 2018/19 onwards and determine recommendations to Council.</p>	25 - 38
7.	<p><b>SETTING THE 2018/19 BUDGET AND UPDATING THE MEDIUM TERM FINANCIAL STRATEGY</b></p> <p>To agree the draft 2018/19 budget and medium term financial strategy (MTFS) for recommendation to Council on 26 January 2018.</p>	39 - 150
8.	<p><b>COUNCIL TAX REDUCTION SCHEME 2018/19</b></p> <p>To recommend the continuation of the 2017/18 council tax reduction scheme for 2018/19 initially approved by Council on 18 December 2015</p>	151 - 304





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- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
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## Guide to Cabinet

The Executive or Cabinet of the Herefordshire Council consists of a Leader and Deputy Leader and six other Cabinet Members each with their own individual programme area responsibilities. The current Cabinet membership is:

Councillor AW Johnson (Leader) (Conservative)	Corporate Strategy and Budget
Councillor JG Lester (Deputy Leader) (Conservative)	Young People and Children's Wellbeing
Councillor H Bramer (Conservative)	Contracts and Assets
Councillor BA Durkin (Conservative)	Transport and Regulatory Services
Councillor DG Harlow (Conservative)	Economy and Communications
Councillor NE Shaw (Conservative)	Finance, Housing and Corporate Services
Councillor P Rone (Conservative)	Health and Wellbeing
Councillor PD Price (Conservative)	Infrastructure

The Cabinet's roles are:

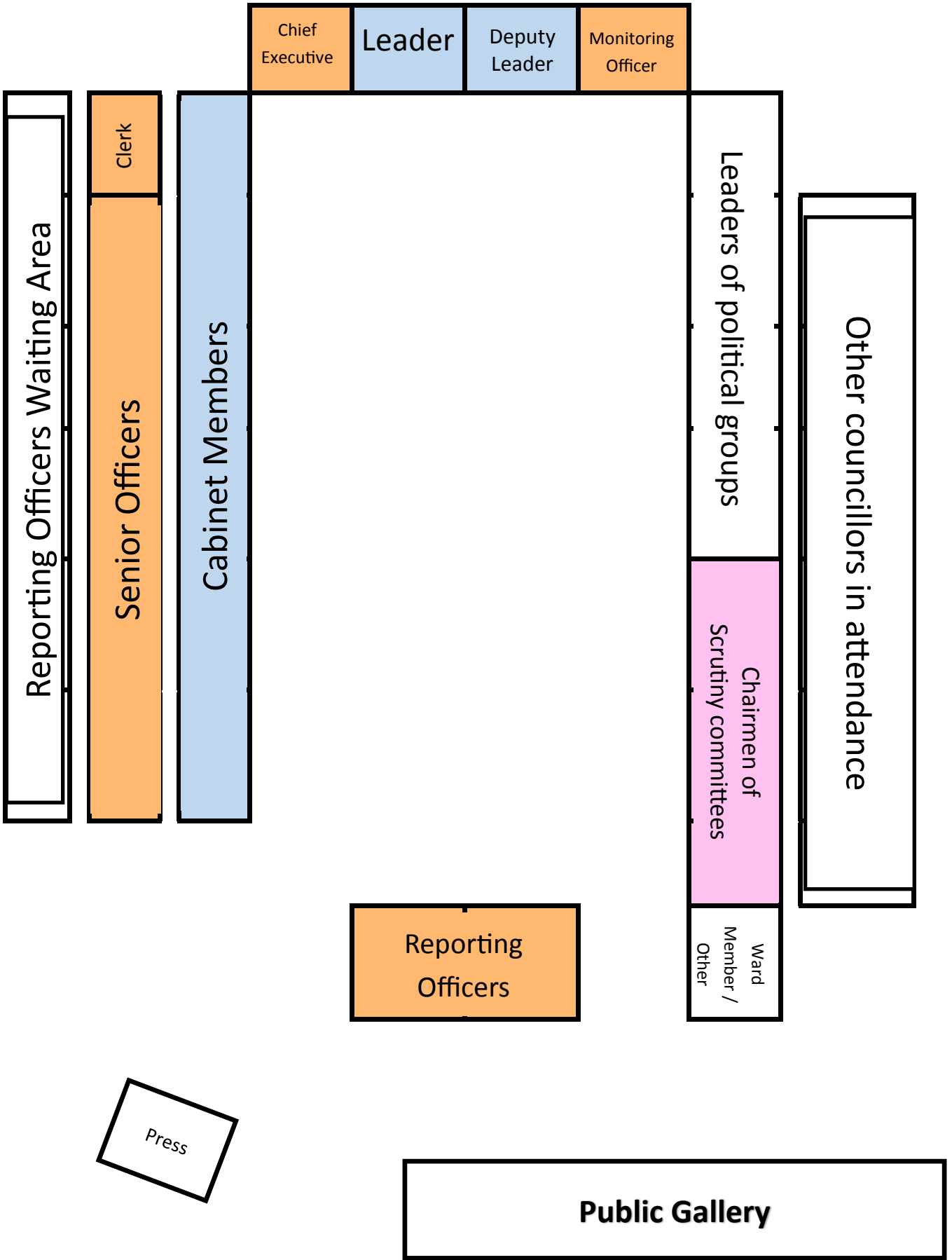
- To consider the overall management and direction of the Council. Directed by the Leader of the Council, it will work with senior managers to ensure the policies of Herefordshire are clear and carried through effectively;
- To propose to Council a strategic policy framework and individual strategic policies;
- To identify priorities and recommend them to Council;
- To propose to Council the Council's budget and levels of Council Tax;
- To give guidance in relation to: policy co-ordination; implementation of policy; management of the Council; senior employees in relation to day to day implementation issues;
- To receive reports from Cabinet Members on significant matters requiring consideration and proposals for new or amended policies and initiatives;
- To consider and determine policy issues within the policy framework covering more than one programme area and issues relating to the implementation of the outcomes of monitoring reviews.

### Who attends cabinet meetings?

On the next page you will find a layout plan of the room showing who is sitting where. Coloured nameplates are used which correspond to the colours on the plan as follows:

Pale blue	Members of the cabinet, including the leader of the council and deputy leader – these are the decision makers, only members of the cabinet can vote on recommendations put to the meeting.
Orange	Officers of the council – attend to present reports and give technical advice to cabinet members
Pink	Chairmen of scrutiny committees – attend to present the views of their committee if it has considered the item under discussion
White	Political group leaders – attend to present the views of their political group on the item under discussion
	Other councillors may also attend as observers but are not entitled to take part in the discussion.







Herefordshire Council

**Minutes of the meeting of Cabinet held at The Council Chamber - The Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Thursday 14 December 2017 at 2.00 pm**

**Present:** Councillor AW Johnson (Chairman)  
 Councillor JG Lester (Vice-Chairman)  
 Councillors H Bramer, BA Durkin, PD Price, P Rone and NE Shaw

Group leaders in attendance Councillors JM Bartlett, AJW Powers and J Hardwick

Scrutiny chairmen in attendance Councillors EJ Swinglehurst

Other councillors in attendance: Councillors ACR Chappell

Officers in attendance: Alistair Neill, Geoff Hughes, Martin Samuels, Claire Ward and Andrew Lovegrove

**64. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Harlow.

**65. DECLARATIONS OF INTEREST**

None.

**66. MINUTES**

**Resolved:**

**That the minutes of the meeting held on 16 November 2017 be approved as a correct record and signed by the Chairman.**

**67. QUESTIONS FROM MEMBERS OF THE PUBLIC (Pages 9 - 14)**

Questions received and responses given are attached as appendix 1 to the minutes.

**68. QUESTIONS FROM COUNCILLORS**

No questions were received from councillors for this meeting.

**69. SOUTH WYE TRANSPORT PACKAGE - ACTIVE TRAVEL MEASURES**

The cabinet member infrastructure introduced the item. The purpose of the report was to consider the feedback received to the consultation on the south wye transport package active travel measures and to seek approval for the next steps towards delivery of these

measures. A list of proposed schemes was put forward for specific consultation from 12 September 2016. The questionnaire was well responded to and there was a high level of support for the measures, with some scoring higher than others. The cabinet member noted that some of the measures would be able to be implemented ahead of the construction of the southern link road while others would have to come after. Funding had been achieved through the Local Enterprise Partnership (LEP) of £27m within a budget of £35m. The strategic outline case put to the LEP in the bid for funding estimated the cost of the southern link road in the region of £29.75m with public realm schemes at £3m and cycle and walking schemes at £2m. As the detail of the road and active travel measures were developed further these estimates would be updated and presented in the full business case for the project, which would be signed off by the Department for Transport (DfT).

The head of infrastructure delivery summarised the purpose of the report and the outcomes of the consultation into the active travel measures. She noted that other suggestions had come forward in the response to the consultation other than those specifically consulted on. These suggestions would be evaluated alongside the options actually consulted on.

The cabinet member for finance, housing and corporate services noted that the ATMs within the development would enhance the lives and health of residents in the areas which were affected. He asked for more details of those measures which might be brought forward ahead of the SLR and an idea of the timescales involved in their delivery. The head of infrastructure delivery responded that a number of the measures consulted on did not rely on the SLR for implementation such as a wider implementation of 20mph limits in residential zones, improvements along Holme Lacy Road and some other routes remote from Belmont Road. The analysis needed to move forward these schemes could be completed within a 12 month period.

Group leaders were invited to give the views of their group.

The leader of the Its Our County group thanked officers for the detailed data provided and relayed the following points:

- disappointment regarding the lack of recognition for the strongly supported alternative proposals, in particular for a light tram system and park and ride provision; the intention to evaluate these suggestions alongside the options in the consultation was noted and the group asked that due weight be given to the strongly supported and excellent suggestions;
- whether it would be possible to apply any 20mph restriction for residential zones to the whole city rather than area by area;
- a desire to see the active travel measures delivered before the SLR wherever possible or alongside the SLR where necessary;
- that any pressure on the costs of delivery of the SLR must not lead to a reduction in funding for the ATMs;
- that the full business case for the SWTP must be as a stand alone package, no details of potential benefits from the bypass should be included;
- it would have been helpful to have sight of the detailed risk register developed for the SWTP project with the agenda papers and a link to the strategic baseline business case.

The cabinet member infrastructure confirmed that all options would be considered and that if the selected active travel measures could be delivered in advance of the construction of the southern link road they would be. He explained that the risk register was an operational document which was updated as the programme developed but agreed to send a copy of the current register and a link to the business case.



The leader of the green group stated that they did wish to see all the active travel measures taken forward. There was significant support across the county for the introduction of a 20mph limit for residential zones and the group leader queried whether this could be rolled out over a larger area.

The cabinet member infrastructure confirmed that the 9 options listed had been prioritised but that other schemes would probably come into the equation as part of the Hereford Area Plan. He stated that the cost of introducing a 20mph limit to a wider area would be likely to exceed the budget made available for this particular transport package but that this could be explored to see what might be practical.

**Resolved that:**

- (a) having regard to the public support for the SWTP active travel proposals the assistant director environment and place be authorised to take all operational decisions necessary to progress further analysis and detailed design, to a maximum value of £500,000, to confirm a preferred package of active travel measures to be delivered with the SLR for approval by the cabinet member for infrastructure;**
- (b) a programme for delivery of this preferred package of active travel measures and a procurement strategy for their delivery be developed for approval by the cabinet member for infrastructure.**

**70. TO APPROVE THE MOBILISATION OF THE DEVELOPMENT AND REGENERATION PROGRAMME**

The cabinet member contracts and assets introduced the item. He noted that the past months had been spent evaluating a preferred development partner for the development and regeneration programme (DRP). The report currently before cabinet was to support the finalisation of the contract and set out the costs involved.

The programme director housing and growth summarised the report. He highlighted that:

- in June 2016 cabinet decided to carry out a procurement exercise to identify a strategic development partner;
- the objective of the programme was to achieve maximum benefit for the council from the land and assets it owned, particularly in relation to economic and housing growth;
- many authorities across the country were going through similar processes;
- in July 2017 cabinet approved a recommendation to appoint Keepmoat Homes as the preferred development partner;
- since that decision the council had undertaken due diligence in the relation to the contract and the stand still period set out in the procurement arrangements had been fulfilled; and
- the recommendations now put before cabinet sought to mobilise the contract and start work on the first phase of sites to be assessed for potential development.

The cabinet member finance, housing and corporate services asked whether, in light of the additional projects on the potential list for the development partner to assist in delivering, the council should consider allocating additional capital to this area of spend over the next two years. The current allocation being £20m.

The programme manager confirmed that there might be future requests for additional funding based on a case by case assessment of each site appraisal.

The cabinet member infrastructure queried how the figure of £503k for client side capital costs was arrived at. The programme manager responded that the figure was simply an assessment of the requirements as seen at the time.

Group leaders were asked to give the views of their group.

The leader of the Its Our County group asked for confirmation that full due diligence had been carried out, whether the preferred development partner had expressed an interest in delivering student accommodation and whether the council would have sufficient input or control over the dwelling mix on sites developed for housing to meet local housing needs.

The programme manager confirmed that full due diligence had been carried out, that Keepmoat Homes had expressed an interest in developing student accommodation and had previous experience of delivering such accommodation. He also confirmed that the mix of dwellings on housing sites would take account of the latest housing needs assessments at the time they were developed.

The leader of the green group sought assurance that due diligence had been carried out on Keepmoat Homes. She stated that detailed questions on the delivery of the objectives and of affordable housing would be sent outside of the meeting. The group leader reported that Keepmoat Homes had not performed well in dealing with the community when redeveloping the barons cross estate in Leominster. It was hoped that this bad experience was a one-off. The role of scrutiny in evaluating the performance of the contract was also queried.

The programme manager stated that the partnership would give the council the opportunity to work on improving relations with communities surrounding development sites. The input of scrutiny would be valuable in relation to the management of the contract including look at the progress, conduct and success of the partnership. There would be a number of key performance indicators agreed as part of the contract and these would be tested through council processes.

**Resolved that:**

- (a) legal and commercial support to finalise the contract (development and regeneration programme overarching agreement) with the development partner be procured at a cost of not more than £90k;**
- (b) subject to satisfactory completion of contractual arrangements the appointed development partner be requested to develop within 3 months of the formal request being made, a stage 1 submission, including a business case and estimated timescales for housing on the Bromyard depot land and paddock site;**
- (c) subject to satisfactory completion of contractual arrangements, to include the tranche 1 projects – county bus station and car park; Model Farm, Ross-on-Wye; Hildersley SUE, Ross-on-Wye – onto the programme subject to the council completing its internal (stage 0) approval, including options appraisal, for each site;**
- (d) the council's client side revenue costs, estimated at £155k annually, be funded from within existing operational budgets; the client side capital costs, including externally commissioned professional services, are estimated at £503k annually and are included in the council's capital programme; and**
- (e) the programme director growth be authorised, following consultation with the chief finance officer, to take all operational decisions necessary to allocate the**

**above client side resources in accordance with contractual and client side requirements.**

## **71. PUBLIC ACCOUNTABLE BODY FOR NMITE**

The leader of the council introduced the item. He noted that the council had undertaken a great deal of work to support the proposed university. This included support in preparing documentation for bids for funding and a willingness to make appropriate sites available for consideration.

The cabinet member finance, housing and corporate services introduced the report. Following a green book business case funded by the council and a bid to the local enterprise partnership (LEP) the university had been awarded £15m from the department for education (DfE) and £8m from the department for communities and local government (DCLG) via the LEP. The requirements of the DfE and the LEP required the council to become the accountable body for this funding. The role of the accountable body would be to give assurance that the university was fulfilling its business case and meeting the key milestones. The accountable body would ensure that spending was in accordance with the conditions of the grants.

The chief finance officer confirmed that the arrangements for the two grants allocated were different. The council would be the accountable body for the £15m allocated from the DfE. The primary accountable body for the grant from the DCLG would be the LEP but the council would act as accountable body for the university project as a whole.

Group leaders were asked to relay the views of their group.

The leader of the Its Our County group commended all those who had worked to get the project this far and stated that his group had always supported the university project. It was understood that the council was the only acceptable accountable body in the eyes of the DfE but it should be made clear that the council's accountability was only for the public funding. Any subsequent private sector funding would not fall within this role.

The leader of the green group commented on the full debate at the general scrutiny meeting. She stated she was happy to see the project going forward with the checks and balances discussed at the scrutiny meeting.

The cabinet member finance, housing and corporate services expressed thanks to members of the scrutiny committee who had examined the request in detail. The recommendations of the scrutiny committee and responses to these that had been published as a supplement to the main report were referred to. The cabinet member also expressed thanks to the officers who had worked on producing the report in a short length of time.

### **Resolved that:**

- (a) the responses to the recommendations of the general scrutiny committee at appendix 4 be approved;**
- (b) Herefordshire Council act as accountable body for public funding to support establishment of a new university in Hereford; and**
- (c) the chief finance officer be authorised, following consultation with the monitoring officer and cabinet member corporate strategy and budget, to complete such legal documentation as is appropriate to protect the council's interests and take all operational decisions necessary to implement the above recommendations.**

## **72. STRATEGIC APPROACH TO REFUGEES AND ASYLUM SEEKERS IN HEREFORDSHIRE**

The cabinet member health and wellbeing introduced the item. He commented that the refugees the council had already accepted since 2015 had settled in well and integrated into their new communities. Fourteen families were now safe and happy in the county. Seven individuals were volunteering within the county and 4 had found employment. The home office was now asking the council to consider taking further refugees as part of its various resettlement schemes. The proposal was to accept a further 40 asylum seekers and 35 refugees in family groups. The cabinet member noted that in 2015 the council had little experience in this area. Officers had worked hard to develop professional skills and expertise.

The cabinet member finance, housing and corporate services noted that there were no immediate cost implications of the recommendations but asked what the longer term effect of the arrival of these groups might be on the economic welfare of Herefordshire.

The community capacity and wellbeing manager responded that with regard to refugees the numbers involved were fairly small but they were expected to have a positive economic impact in the long term. Herefordshire had the highest proportion of new arrivals in employment in the west midlands. Others were volunteering in the hope of securing employment in the future. There was the expectation that all those refugees who would normally be economically active would find employment in the long term.

The situation for asylum seekers was more complicated as they were not allowed to be employed while their application for asylum was processed. The council had no direct statutory duties to them in normal circumstances. It was possible that a small number would opt to remain in Herefordshire once their application for asylum had been approved. Where families chose to remain they would place some demand on public services such as schools and primary care. In a very small number of cases there could be short term problems in migrating refugees onto the benefit system.

The cabinet member finance, housing and corporate services asked whether unspent funds from the European social fund to support access to employment for disadvantaged groups could be used to assist refugees.

The refugee and asylum seeker coordinator responded that the building better opportunities fund would start from January 2018. All settled refugees were referred to that fund to support them in moving into employment.

The cabinet member young people and children's wellbeing stated that this was an example of Herefordshire doing the right thing and commended officers for the success to date. He asked what the risks were of volunteering to take additional refugees and asylum seekers where other authorities might not be willing or able to do so.

The community capacity and wellbeing manager explained that the council would expect to be asked to take additional numbers by the home office. Officers were aware of at least two other west midlands authorities who were considering voluntarily expanding the number of refugees they would take. The council could at any time decline to accept further refugees and there were currently no powers for the home office to compel the council to accept them. Powers did exist in relation to general asylum dispersal and if the council did not volunteer to accept this group then there was a real risk of being compelled to do so. By volunteering the council could exercise some control and it was expected that it would take time for numbers to grow up to the 40 proposed. There was an expectation that there would be future incremental increases.

Group leaders were asked to give the views of their group.

The leader of Its Our County stated that his group were happy to support the recommendations. He commended those involved in the success to date including the volunteers and families who had supported the scheme. It was asked whether there was any specific matching between the backgrounds of refugees and where they were settled.

The refugee and asylum seeker coordinator responded that the home office allocated refugees to the regional partnership which would look to match them to authorities. Lots of factors were taken into account in the matching process. When matched with a family the council could review their circumstances and make a decision as to whether it could offer the requisite support or not.

The leader of the green group stated that it was good to see clarification in the report on employment and volunteering. It was important for the council to learn from its past experience so that the process continued to be successful.

**Resolved that:**

- (a) Herefordshire Council's voluntary participation in the general asylum dispersal scheme is approved; and**
- (b) the extension of Herefordshire's commitment to resettlement of refugee families is approved, to include Syrian refugee families and those under the VCRS; and**
- (c) the director for adults and wellbeing be authorised, following consultation with the director for children's wellbeing and the relevant cabinet members, to take all operational decisions necessary to agree the specific terms of Herefordshire's participation in the general asylum dispersal scheme, to a maximum of 40 individuals at any time, and extend the resettlement of refugees families, from the existing pledge of 60 to a maximum of 95 individuals.**

The meeting ended at 3.30 pm

**Chairman**



## PUBLIC QUESTIONS TO CABINET – 14 December 2017

### **Question 1**

Mrs V Wegg-Prosser, Breinton

To: cabinet member: infrastructure

The purpose of the HTP bypass is to induce developers to build in areas adjacent to its route. Reference SMOTS, over 8,000 school children and their families in the Hereford area are being denied modal shift targets because the Council insist on building the bypass before setting the targets. How can this be justified when there is no sign of funding for the bypass and air quality continues to deteriorate?

### **Response**

The purpose of the Hereford Transport Package (including the bypass) is not to induce developers to build, but to reduce congestion and improve journey times, improve regional connectivity, improve safety and health, and enable growth.

The Sustainable Modes of Travel to School strategy is scheduled for Cabinet consideration in January and will recognise the need for modal shift targets to be set as the Hereford Transport Package is defined.

It is wrong to suggest there is no sign of funding; indeed some contributions for the development of the Hereford Transport Package have already been secured.

The provision of an alternative route to the A49 which currently runs through the centre of Hereford will be the most significant opportunity to improve air quality for the many people living within the city, and children who go to school in central Hereford. In the meantime individual school travel plans will continue to encourage use of alternative modes of travel.

### **Question 2**

Mr R Palgrave, How Caple

To: cabinet member: infrastructure

The January 2017 OAR for the SWTP gives one objective as, "reduce growth in transport related emissions". There is no objective to reduce actual emissions. How will the performance of the SWTP be measured against this very vague objective, and is it appropriate to be proceeding with a scheme that does not reduce actual emissions when UK carbon emissions rose last year and air quality continues to be poor?

### **Response**

It is entirely appropriate to continue progressing development of the scheme. Air quality will be improved for residents along Belmont Road due to the removal of HGVs. A monitoring and evaluation strategy will be developed which will set out the scheme and will be evaluated against its targets and this will be signed off by the Department for Transport as part of the full business case for the scheme.

### **Supplementary question**

Responses to the SWTP consultation indicated strong support for improved bus services. More people on buses should mean fewer cars and reduced emissions. Will the detailed design of the SWTP active travel measures look at improving bus services?

**Response**

Yes. Even though the consultation has thrown up responses with some actions being more preferred than others - the bus priority lanes in Belmont Road were quite lowly supported in relation to other schemes – but we will look at everything when the schemes are coming up as to what we think is the best value for money and serves the purpose for what the whole scheme is about, which is to try and get people out and about actively travelling walking cycling using buses and generally having better health.

**Question 3**

Prof R Wise, Breinton

To: cabinet member: infrastructure

Can the Council assure us that a new ,truly independent, report be produced as the earlier "2011 report by Parsons Brinckerhoff, Independent Review of Hereford Relief Road Technical Studies" was flawed in many respects ,but primarily because of the conflict of interest between HCC and Balfour Beatty and the legal consequences that would flow from relying upon that report.

**Response**

There is no need for a new report as the 2011 report is not flawed and there is no conflict of interest.

**Question 4**

Mrs J Wise, Breinton

To: cabinet member: infrastructure

If the Parsons Brinckerhoff Relief Road proposal (2011) did not include details of engineering feasibility or costs, could the council justify proceeding with the project irrespective of accurate costing and exact funding sources?

**Response**

Yes. The only way to obtain accurate costings is to progress development of the project. Any decision to deliver the project will be informed by accurate costings and available funding.

**Question 5**

Mr J Hull, Breinton

To: cabinet member: infrastructure

The volume of HGV traffic flowing on the M5/M6 currently is between 12 and 25 times greater than the A49. Even a small percentage of M5/M6 HGV relief will result in a marked increase in fine particulate pollution. Why has this not been made clear to County residents, particularly with respect to the proposed new housing developments which the road will pass through?



**Response**

The important regional role of the Hereford bypass is recognised in the Midlands Connect strategy. With a bypass for Hereford, the A49 could have an enhanced role and provide an alternative for some traffic on the parallel M5/M6. As modelling work is progressed the scale of this will be established, be made available when it is completed and agreed with Highways England, and will inform future consultation.

**Supplementary question**

What level of M5/M6 motorway relief traffic is considered to be acceptable and viable in the business case for the western relief road and on what basis was it estimated?

**Response**

I can't really give you a complete answer that you might expect for that because as you know when new roads come into being there will always be an immediate surge of extra traffic using it. However when the general motoring public want to go from a to b they will choose a route which is best suited for their purpose. This will all come out as part of the assessment from Midlands Connect and Highways England in their assessments going forward as to whether or not the bypass is the priority that they are now currently putting on it. We will be able to inform you better when we have the business case moving towards the delivery of this project.

**Question 6**

Ms K Seekings, Hereford

To: cabinet member: infrastructure

When will the planning regulations relating to the cost estimates for developments in full business plans be required to include the full long-term costs, such as the environmental costs associated with pollution, loss of habitat and loss of biodiversity?

**Response**

The business case will include analysis of the full range of costs and benefits of the scheme. Planning legislation already requires that for a scheme of this size a full Environmental Impact Assessment is undertaken and a detailed statement must be submitted with a planning application. The council will comply with all such legislation.

**Supplementary question**

I have to say I am ashamed to live in a county that it proposing such a backward step. 85% of journeys in Hereford are less than 3 miles by your own research. Why have you not already properly tried out the multiple options, imaginative and creative options for getting people out of cars for those short journeys? Electric light railway, electric buses, park and ride, proper cycling pathways. I am a cyclist, I cycled my 7 year old and 12 year old and every day we take our life in our hands. All you propose is to destroy one of the best parts of Hereford in green spaces and providing clean air. All that will result is an increase in traffic both in Hereford and in the county, why have you not already looked at other options and implemented them?

**Response**

I am of completely a different view to yourself in the context that Hereford has one river crossing to deal with all traffic. I am constantly bombarded by emails and conversations with people asking when are you going to deal with another bridge crossing that gives us a bypass around Hereford? I can tell you now that that comes at a much higher priority than

does the suggestions that you are putting forward. However we will be looking at the environmental and the other alternative actions as part of the active travel plans to try to make the city of Hereford and the neighbouring area a better place to live but we will be going ahead with the bypass, we will building a bridge across the river because it is far more supported than the likes of your suggestion. I am sorry to have to say it. I am very supportive of building the bypass and making sure that we have infrastructure to meet the needs of a growing economy.

### **Question 7**

Mr J Trimble, Hereford

To: cabinet member: infrastructure

Will the cabinet be accountable for building the new road close to and upwind of Hereford Community Farm for the increased cost of healthcare from road pollution as we have 65 weekly attendees already with ill health and compromised immune systems?

### **Response**

The route selection process aims to consider all constraints within the core strategy corridor and determine a short list of route options and then a preferred route which considers these constraints and which routes perform best across a range of criteria. In January Cabinet will consider route options for subsequent consultation. Cabinet is accountable for the decisions it takes.

### **Supplementary question**

I don't quite understand your answer to my question. I asked you if you were accountable for the increased health cost that is going to affect people that I work with who already have ill health and other related problems. Can the cabinet explain the disparity with that answer to the air quality strategy for Hereford and Worcester, section 4.3, which states that the council commits to ensuring that the council actions do not have a detrimental effect on air quality? This is a duty that local authorities have to undertake under the Environmental Act 1995.

### **Response**

As you have introduced some specific polices I will have to go and take a look at them and get the officers to come forward with an answer to meet your question precisely. You are introducing a technical question that wants a technical answer and I will endeavour to that in a written answer.

### **Question 8**

Mrs C Palgrave, How Caple

To: cabinet member: infrastructure

The SWTP ATM consultation report shows that 20mph residential areas was the most strongly supported Possible Improvement. The report notes that this improvement had "High levels of strong support evenly distributed". Is there any reason why an immediate start cannot be made on introducing 20mph limits, without waiting for the Southern Link Road to be built?

### **Response**

The report today seeks approval to develop the proposals for active travel measures. If they can be delivered in advance of the southern link road they will be.

### **Question 9**

Mr E Morfett, Breinton

To: cabinet member: infrastructure

ATMs are designed to address the health issues of the population by reducing car use to reduce emissions which are causing lung cancer, kidney cancer, asthma, dementia and premature death. City planning recognises the need to address this issue but it appears to lack any real priority. Why is the priority in reducing emissions to reduce healthcare costs using modern transport solutions so low relative to building new roads?

### **Response**

Addressing the health issues associated with transport is a priority. Each major transport package project includes a range of active travel measures which complement new infrastructure and together contribute to an improvement in air quality and improving health issues associated with congestion.

### **Supplementary question**

When will this council recognise that building roads at any cost instead of mass transit non-polluting options is unsustainable? Economic progress and measuring the true cost of the impact of healthcare costs, legal costs and the environmental costs would render its strategy uneconomic, unreasonable, unrealistic and unpopular if the public were made aware of the true full costs. When will you recognise this?

### **Response**

I believe that this council, its officers and its councillors fully undertake and understand exactly your sentiment. I had a conversation earlier this morning with the director for adult care and it is so difficult to be able to deal with health issues in a context of 'you do this what is the context of the health issues down the road from it'. We do take notice, we do care for the output of our decisions in trying to get better solutions for the residents of the county. Your question can have a multiple serious of answers but I do take on board that we do take notice of what you are suggesting.

### **Question 10**

Ms B Johnson, Ledbury

To: cabinet member: infrastructure

Herefordshire Council policies prioritise active travel and public transport over private car use. Is the council working with the health authority to measure the health of the population regularly in order to ascertain whether their policies are having any effect on the physical and mental health of the population, and if so, exactly what does this entail?

### **Response**

The council is the responsible body for public health functions. Each year the director of public health is required to produce a joint strategic needs assessment for approval by the Health and Wellbeing Board. The Herefordshire Clinical Commissioning Group are members of that board.

In addition the director of public health produces an annual report on the health of the county's residents.

The data and recommendations within these reports are used to inform scrutiny and decision-making.



<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>Friday 12 January 2018</b>
<b>Title of report:</b>	<b>Proposed 2018/19 capital bids and approval</b>
<b>Report by:</b>	<b>Cabinet member finance, housing and corporate services</b>

## Classification

Open

## Decision type

Budget and policy framework

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## Wards affected

All Wards

## Purpose and summary

To review the proposed capital programme including proposed investment additions for 2018/19 onwards and determine recommendations to Council.

Appendix 1 provides details of the proposed additions to the existing capital programme that have been identified and the impact of approving these additions.

## Recommendation(s)

That:

- (a) the proposed capital programme for 2018/19 attached at appendix 3 be recommended to Council for approval.**

## Alternative options

1. It is open to Cabinet to recommend that some, all or none of the proposed new capital investment options are taken forward, the opportunities identified in the report are recommended due to the needs detailed in this report.
2. It is open to Cabinet to recommend alternative capital investment options. No alternative options have been made to date and suggestions would require review, including consideration by general scrutiny committee, in line with the review completed on the options presented in this report as detailed in the body of this report.

## Key considerations

3. The capital programme reflects capital investment generating benefit to the county for a period in excess of one year.
4. The current approved capital programme and forecast outturn is provided at appendix 2. The profiling of capital spend and forecasting against budget is reported to Cabinet in the quarterly performance report which includes an up to date forecast of the timing of capital spend.
5. The approved capital programme has been updated for funding:-
  - a) £3.8m secured from the Departments for Transport's Tranche 2A of the Local Highways Maintenance Challenge Fund, invested in accordance with the detailed business case produced in support of the council's bid and in accordance with all award criteria;
  - b) Disabled facilities grant of £1.7m. An annual grant allocation to be spent on individual grants supporting independent living;
  - c) Schools capital maintenance grant of £1.2m. An annual grant for maintaining school properties on a highest need first basis.
6. As part of the 2018/19 budget setting process, priority capital investment needs for 2018/19 have been identified.
7. All proposals submitted as urgent need are included in appendix 1 along with a description of what each proposal includes. Proposals have been prioritised based on the following criteria:-
  - a) Consequence on not being included in 2018/19, high score indicates urgency;
  - b) Legal need for inclusion, high score represents a legal need to include;
  - c) Political support secured, high score demonstrates support;
  - d) Linkage to the corporate plan (CP), high score where scheme provide high level of support;
  - e) Funded, high score where the proposal has secured funding;
  - f) Deliverability, high score where the scheme is ready to go;

g) Risk, high score if the scheme decreases exposure to risk.

8. Each of the criteria above has been given an indicative mark out of 5, the higher the score the higher the need to include. Each proposal's score out of a maximum score of 35 is shown in Appendix 1 and detailed below:-

Scheme	Consequence	Legal need	Political support	Link to CP	Funded	Deliverability	Risk	Total
Hereford Transport Package	4	0	5	4	3	3	3	22
Marlbrook extension	3	1	3	5	3	4	3	22
Strangford closed landfill site	3	5	0	4	0	5	0	17
Gypsy & Traveller Pitch Development	2	5	4	4	2	4	0	21
Corporate Property Maintenance	3	4	0	4	0	3	3	17
Schools mobile replacement	2	4	0	5	0	3	0	14
Development Partnership activities	2	0	3	4	3	3	0	15
Leominster cemetery extension	3	2	2	3	4	2	4	20
Three Elms Trading Estate	0	4	4	4	4	3	0	19
Units 1-6 Tarsmill Court	2	0	0	4	4	5	0	15
Investment in the strategic network	4	4	5	4	4	5	3	29
Investment in bridge structures	4	3	5	4	4	5	4	29
School buildings grant	4	4	3	5	5	4	4	29
Disabled facilities grant	2	3	2	4	5	3	3	22

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Further information on the subject of this report is available from  
 Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

Children centre changes	3	0	5	4	5	3	3	23
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9. Approval of provision in the capital programme is not an approval to proceed. Each project will be subject to its own governance and business case before any spend may be incurred.
10. The proposals are recommended following consultation with the general scrutiny committee as referred to in the consultees section of this report.

## Community impact

11. The capital investment proposals support the overall corporate plan and service delivery strategies in place. The overall aim of capital expenditure is to benefit the community through improved facilities and by promoting economic growth. A specific community impact assessment, including any health and safety implications or corporate parenting responsibilities, will be included in the decision report required prior to any new capital scheme commencing and incurring spend.

## Equality duty

12. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. An equalities impact assessment will be carried out prior to any new scheme commencing and will form part of the approval process required ahead of incurring capital spend.

## Resource implications

13. The proposed additions at appendix 1 total £37.2m. Of this, £20.8m is proposed to be funded by capital grants, redirected funding allocations, capital receipts or returns on investment (ROI). This leaves £16.4m requiring financing from prudential borrowing (PB). Of this the cost of financing £0.77m of prudential borrowing repayment costs will be funded from additional revenue streams generated by the investment, leaving £15.7m prudential borrowing to be funded by the revenue budget, £4.7m in 2018/19.



<b>Scheme</b>	<b>Total Request £000</b>	<b>Capital Grant funding £000</b>	<b>Redirected funding £000</b>	<b>Capital receipt funding £000</b>	<b>Funded by ROI £000</b>	<b>Corporate funded PB £000</b>
Hereford Transport Package	2,450					2,450
Marlbrook extension	4,085	1,000	1,409			1,676
Strangford closed landfill site	31					31
Gypsy & Traveller Pitch Development	360					360
Corporate Property Maintenance	740					740
Schools mobile replacement	450					450
Development Partnership activities	20,000			10,000		10,000
Leominster cemetery extension	193				193	
Three Elms Trading Estate	125				125	
Units 1-6 Tarsmill Court	400				400	
Investment in the strategic network	4,600		4,600			
Investment in bridge structures	500		500			
School buildings grant	1,200	1,200				
Disabled facilities grant	1,706	1,706				
Children centre changes	370			370		
<b>Total</b>	<b>37,210</b>	<b>3,906</b>	<b>6,509</b>	<b>10,370</b>	<b>718</b>	<b>15,707</b>

14. The revenue implications of securing this new borrowing is supported in the current Medium Term Financial Strategy and Treasury Management Strategy which included an estimation of £5m new prudential borrowing per annum over the strategy period. The £5m of new prudential borrowing per annum has been increased to £6.7m pa to reflect the reduced debt repayment costs incurred following the approval of a revised minimum revenue provision policy by Council on 13 October 2017. This means that the proposals have not resulted in an increase to the borrowing repayment costs in the revenue budget over the medium term financial strategy period.
15. The additional borrowing requirement will be reflected in an update to the treasury management strategy as shown in the report appearing elsewhere on Cabinet's agenda today with actual borrowing being secured as cash funding is required at the optimal interest rate available at that time.

16. Individual capital scheme resourcing implications will be detailed in the approval to precede decision.

## **Legal implications**

17. The council is under a legal duty to sensibly manage capital finance. The council is able to borrow subject to limits set by the council and any nationally imposed limits and it must do so in accordance with the prudential code on borrowing.
18. The Local Government Act 2003 allows the council to borrow for any purpose relevant to its functions under any enactment and for the purposes of the prudent management of its financial affairs.
19. Full council is responsible for adopting the capital investment budget (referred to above as the capital programme) for the next financial year.
20. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on the Council's budget if he or she has an outstanding council tax debt of over two months. If a councillor is present at any meeting at which relevant matters are discussed, he or she must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.
21. In accordance with the budget and policy framework rules in the constitution the general scrutiny committee shall inform and support the process for making cabinet proposals to Council. Scrutiny considered the capital investment budget at appendix 1 (excluding the development partnership activities which has been added following the general scrutiny meeting) and 2 at its meeting on 13 December, as referred to in the consultees section of this report. As such the proposals in appendix 1 and 2 have been developed in accordance with the constitution.
22. Cabinet shall have regard to scrutiny recommendations and the responses to the consultation as have been made to it in drawing up or amending draft proposals for submission to Council, and its report to Council shall reflect those recommendations and comments and the cabinet's response to them.
23. Before approval of any individual scheme and associated spend it will be necessary to ensure that the need for the scheme arises out of a legal obligation on the council for its provision. Any scheme must be procured in accordance with the council's own contract procedure rules and appropriate contractual documentation put in place to protect the council's interests.

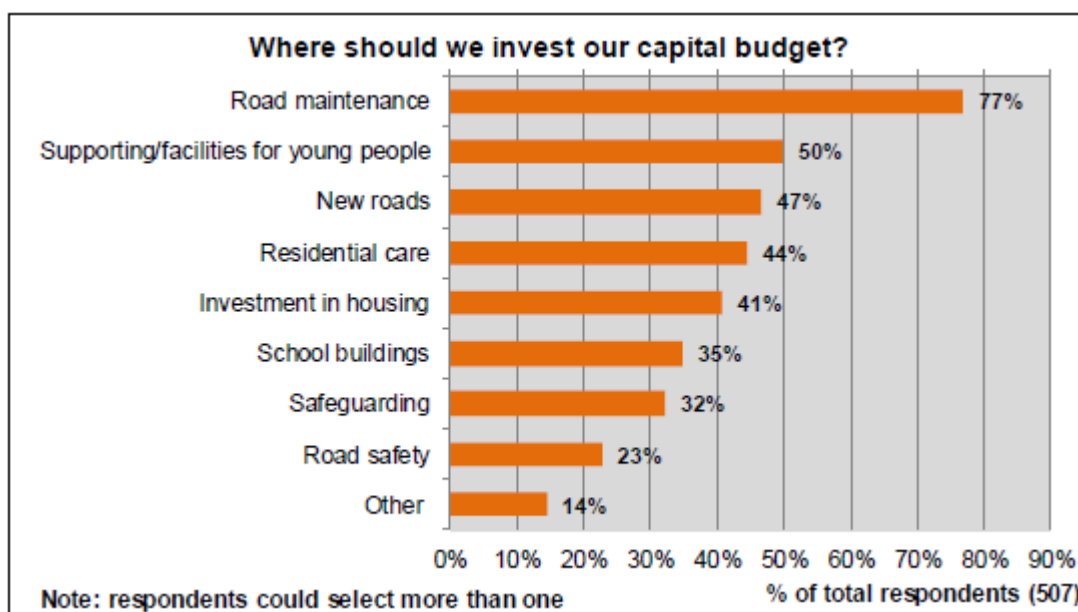
## **Risk management**

24. Monthly budget control meetings give assurance on the robustness of budget control and monitoring, to highlight key risks and to identify any mitigation to reduce the impact of pressures on the council's overall position for example through phasing of spend, identifying and securing scheme changes or alternative funding sources.
25. Capital projects inherently give rise to risks in their delivery, both in time and budget. Individual scheme reporting and associated project boards exist to mitigate these risks. A review of capital policies and processes is underway and will lead to cascading clarity on governance and mitigating scheme risks.

26. The proposed additions have been reviewed in relation to risks, both in deliverability, costs, impact and associated scheme interdependencies. The individual scheme detail of the risks will be provided as individual schemes progress to approval to deliver.

## Consultees

27. The proposed capital programme was presented to the general scrutiny committee on 13 December 2017. The committee recommended that the council makes funding available to enable the Model Farm development at Hildersley Ross-on-Wye to proceed. In response to this a new line has been added to Appendix 1 for funded towards the development partnership activities with the detail of the activity to be provided as part of the approval to spend decision. In addition the committee asked for clarity on the proposal scores and funding, additional tables have been included in paragraphs 8 and 13 to provide this detail.
28. A number of proposed additions have already been made in consultation with lead ward members, the details of this consultation and any specific wider community engagement will be reported as part of the decision approval to progress with an individual scheme.
29. The proposals in appendix 1 align to the council's corporate plan priorities consulted with as part of the budget consultation completed over the summer which was available for all residents to respond to either online or via a hard copy response. Part of the consultation asked residents on where they thought capital investment should be directed, a summary of their responses is shown below.



30. Responses support the capital investment in the county's roads, children centres, schools and housing. Appendix 1 proposes investing £24.4m in the following schemes in which directly link to the public consultation responses:-
- Hereford Transport Package (new roads)
  - Marlbrook extension from 2 form entry to 3 form entry school (school buildings)
  - Temporary Accommodation at schools Replacement with extension (school buildings)

- d) Development Partnership activities (investment in housing)
- e) Investment in the condition of the strategic network (road maintenance)
- f) Investment in the condition of bridge structures (road safety)
- g) School buildings capital maintenance grant (school buildings)
- h) Disabled facilities grant (residential care)
- i) Children centre changes (supporting / facilities for young people)

## **Appendices**

Appendix 1 - Proposed capital investment additions for 2018/19

Appendix 2 - Current status of approved capital programme

Appendix 3 – Total proposed capital programme

## **Background papers**

Proposals received.

## Proposed capital investment additions for 2018/19 (subject to Cabinet or Cabinet member approval)

Scheme name	Description	score	Capital spend			Capital funding			prudential borrowing £000
			2018/19 £000	future years £000	Total £000	2018/19 £000	future years £000	Total £000	
<b>Schemes requiring prudential borrowing</b>									
Hereford Transport Package	Package of transport improvements including a new western bypass to enable core strategy growth and improvements in the city centre.	22	2,450	-	2,450	-	-	-	2,450
Marlbrook extension from 2 form entry to 3 form entry school	To build an additional classroom block and remodel some parts of the current building to make Marlbrook school a full 3 form entry school with associated early years provision.	22	3,085	1,000	4,085	2,409	-	2,409	1,676
Strangford closed landfill site - Leachate Collection System	Improve the leachate systems currently in place by increasing the capacity of the tanks to reduce risk of leaking and number of site visits.	17	31	-	31	-	-	-	31
Gypsy & Traveller Pitch Development and Refurbishment -phase 1	To provide new traveller pitches at existing sites in Grafton and Bromyard	21	360	-	360	-	-	-	360
Proposed Planned Property Maintenance Programme 2018-19	Maintenance schemes have been identified from the condition data held by property services, investment is required to protect the users of the property or preserve the delivery of services from the sites	17	740	-	740	-	-	-	740
Temporary Accommodation at schools Replacement with extension	Removal of temporary modular building at Almeley with permanent build accommodation.	14	450	-	450	-	-	-	450
Development Partnership activities	This project will see the council commission the developer to progress the development of suitable sites in its ownership.	15	10,000	10,000	20,000	10,000	-	10,000	10,000
<b>Sub total</b>			<b>17,116</b>	<b>11,000</b>	<b>28,116</b>	<b>12,409</b>	<b>-</b>	<b>12,409</b>	<b>15,707</b>
<b>Schemes requesting funded prudential borrowing</b>									
Leominster cemetery extension	To increase the area of Leominster cemetery to safeguard future use and income.	20	193	-	193	-	-	-	193
Three Elms Trading Estate - Council Occupation Rationalisation	Work to be carried out on various units to improve current working conditions and enable the rental of units to external customers	19	125	-	125	-	-	-	125
Replacement roof over Units 1-6 Tarsmill Court, Rotherwas	Replacement of leaking roofs.	15	400	-	400	-	-	-	400
<b>Sub Total</b>			<b>718</b>	<b>-</b>	<b>718</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>718</b>
<b>Schemes not requiring prudential borrowing</b>									
Investment in the condition of the strategic network	Investment in Condition of the Strategic Network will be delivered through the Forward Programme and Annual Plan in accord with the Public Realm Services Contract.	29	4,600	-	4,600	4,600	-	4,600	-
Investment in the condition of bridge structures	Investment in the Condition of Structures will be delivered through the Forward Programme and Annual Plan in accord with the Public Realm Services Contract	29	500	-	500	500	-	500	-
School buildings capital maintenance grant	To be spent on maintenance works at maintained schools with the program of works to be developed based on priority ranking of the school condition reports.	29	1,200	-	1,200	1,200	-	1,200	-
Disabled facilities grant	To provide adaptation grants on an application basis. Actual funding allocations are confirmed around December 2017/January 2018.	22	1,706	-	1,706	1,706	-	1,706	-
Children centre changes	The proposals reflect the decision of the changes to the children centre provision outlined and agreed in the cabinet report of 14th September 2017.	23	370	-	370	370	-	370	-
<b>Sub total</b>			<b>8,376</b>	<b>-</b>	<b>8,376</b>	<b>8,376</b>	<b>-</b>	<b>8,376</b>	<b>-</b>
<b>TOTAL</b>			<b>26,210</b>	<b>11,000</b>	<b>37,210</b>	<b>20,785</b>	<b>-</b>	<b>20,785</b>	<b>16,425</b>

Prudential borrowing requirement

Funded prudential borrowing

Corporately funded prudential borrowing

5,425 11,000 16,425

718 718

4,707 11,000 15,707



**Appendix 2**

**Current status of approved capital programme**

<b>Scheme Name</b>	<b>Spend in prior years</b>	<b>brought forward slippage / (accelerated spend)</b>	<b>2017/18 budget</b>	<b>additional funding secured / (outstanding)</b>	<b>forecast carry forward (slippage)/ accelerated spend</b>	<b>2017/18 forecast</b>	<b>2018/19 budget</b>	<b>2019/20 onwards budget</b>	<b>Total scheme budget</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Economy, Communities and Corporate</b>									
Hereford City Centre Transport Package	27,790	1,909	5,682		(1,909)	5,682	4,000	1,270	40,651
Local Transport Plan (LTP)			11,313	3,818		15,131	10,341	10,341	
Fastershire Broadband	15,641	(33)	9,747		(2,247)	7,467	7,248		32,603
Hereford Enterprise Zone	6,476	1,745	7,779		(4,524)	5,000			16,000
Leisure Centres	9,225	827			(30)	797			10,052
Solar Photovoltaic Panels	503	1,631			(1,552)	79			2,134
Corporate Accommodation	1,485	(385)	1,771		114	1,500			2,871
South Wye Transport Package	3,612	(629)	3,500		527	3,398	14,000	14,517	35,000
Marches business improvement grants	833		833			833	834		2,500
IT Network Upgrade		500				500			500
Property Estate Enhancement Works	500		500			500	500	500	2,000
LED street lighting	5,161	494			(207)	287			5,655
Herefordshire Enterprise Zone Shell Store			2,500		(2,037)	463	3,200	500	6,200
Development Partnership project			600		(150)	450	10,000	10,000	20,600
Highway asset management			14,033	(6,543)		7,490	7,735	7,000	29,278
Hereford Transport Package			510			510			510
Model Farm, Ross on Wye			2,520	(2,520)		0	4,250	300	7,070
Other schemes less than £500k		1,237	1,033		1,006	3,276	530		
<b>Childrens wellbeing</b>									
Colwall Primary School	2,300	2,533	1,667		(1,262)	2,938			6,500
Schools Capital Maintenance Grant				1,200		1,200			
Peterchurch Primary School	6	1,000	4,494		(5,493)	1			5,500
Expansion for Marlbrook school			2,000		(1,790)	210	726		2,726
SEN & DDA school improvements			710			710			710
Brookfield School Improvements		390	980		(1,390)	(20)			1,370
Other schemes less than £500k		2,722	300	319	(1,443)	1,898	1,774		
<b>Adults and wellbeing</b>									
Disabled facilities grant				1,706		1,706			
Private sector housing improvements			800		(100)	700	800	800	2,400
Other schemes less than £500k		1,021		200	(115)	1,106			
<b>Total</b>		<b>14,962</b>	<b>73,272</b>	<b>(1,820)</b>	<b>(22,602)</b>	<b>63,812</b>	<b>65,938</b>	<b>45,228</b>	
<b>Financed by</b>									
Prudential borrowing			24,456				22,731	14,547	
Grant and funding contributions			39,071				41,082	30,531	
Capital receipts allocated to capital schemes			9,745				2,125	150	
<b>Total</b>			<b>73,272</b>				<b>65,938</b>	<b>45,228</b>	





## Total proposed capital programme

Scheme Name	Spend in prior years £000	brought forward slippage / (accelerated spend) £000	2017/18 budget £000	2018/19 budget £000	2019/20 budget £000	2020/21 budget £000	Total scheme budget £000
<b>Economy, Communities and Corporate</b>							
Hereford City Centre Transport Package	27,790	1,909	5,682	4,000	1,270		40,651
Local Transport Plan (LTP)			15,131	10,341	10,341		
Fastershire Broadband	15,641	(33)	9,747	7,248			32,603
Hereford Enterprise Zone	6,476	1,745	7,779				16,000
Leisure Centres	9,225	827					10,052
Solar Photovoltaic Panels	503	1,631					2,134
Corporate Accommodation	1,485	(385)	1,771				2,871
South Wye Transport Package	3,612	(629)	3,500	14,000	6,200	8,317	35,000
Marches business improvement grants	833		833	834			2,500
IT Network Upgrade		500					500
Property Estate Enhancement Works	500		500	1,240	500		2,740
LED street lighting	5,161	494					5,655
Herefordshire Enterprise Zone Shell Store			2,500	3,200	500		6,200
Development Partnership activities			600	20,000	20,000		40,600
Highway asset management			14,033	12,835	7,000		33,868
Hereford Transport Package			510	2,450			2,960
Model Farm, Ross on Wye			2,520	4,250	300		7,070
Other schemes less than £500k		1,237	1,033	2,009			
<b>Childrens wellbeing</b>							
Colwall Primary School	2,300	2,533	1,667				6,500
Schools Capital Maintenance Grant			1,200	1,200			
Peterchurch Primary School	6	1,000	4,494				5,500
Expansion for Marlbrook school			2,000	3,811	1,000		6,811
SEN & DDA school improvements			710				710
Brookfield School Improvements		390	980				1,370
Other schemes less than £500k		2,722	300	2,224			
<b>Adults and wellbeing</b>							
Disabled facilities grant			1,706	1,706			
Private sector housing improvements			800	800	800		2,400
Other schemes less than £500k		1,021					
<b>Total</b>			<b>14,962</b>	<b>79,996</b>	<b>92,148</b>	<b>47,911</b>	<b>8,317</b>

## Financed by

Prudential borrowing	24,456	28,156	25,547	
Grant and funding contributions	45,795	51,497	22,214	8,317
Capital receipts	9,745	12,495	150	
<b>Total</b>	<b>79,996</b>	<b>92,148</b>	<b>47,911</b>	<b>8,317</b>





<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>Friday 12 January 2018</b>
<b>Title of report:</b>	<b>Setting the 2018/19 budget and updating the medium term financial strategy</b>
<b>Report by:</b>	<b>Cabinet member finance, housing and corporate services</b>

## Classification

Open

## Decision type

Budget and policy framework

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## Wards affected

(All Wards);

## Purpose and summary

To agree the draft 2018/19 budget and medium term financial strategy (MTFS) for recommendation to Council on 26 January 2018.

The proposed budget reflects the provisional local government settlement announced on 19 December and previously agreed MTFS has been updated to take account of the latest financial data in relation to service pressures and available funding. To deliver a balanced budget there is a need for significant savings to be achieved in 2018/19 as well as a need to increase council tax. This is in response to reduced central government funding alongside increasing budget pressures for statutory services such as looked after children and adult social care. The budget proposed includes a 4.9% total council tax increase to deliver a balanced budget.

The MTFS has also been rolled forward one year, to 2020/21. The report provides information about the recent government announcements re local government funding and reports the outcome of the budget consultation process.

## Recommendation(s)

That:

the following be recommended to Full Council:

- i. the council tax base of 68,177.57 Band D equivalents;
- ii. an increase in core council tax in 2018/19 of 1.9%
- iii. an additional precept in respect of adult social care costs of 3% applied to council tax in 2018/19 resulting in a total council tax increase of 4.9%; increasing the band D charge from £1,376.50 to £1,443.95 for Herefordshire Council in 2018/19;
- iv. the balanced 2018/19 revenue budget proposal of £144.1m subject to any amendments approved at the meeting specifically.
  - a. The net spending limits for each directorate as at Appendix 3
  - b. The gross revenue budget of £241.2m
  - c. Delegates to the section 151 officer the power to make necessary changes to the budget arising from any variations in central government funding allocations via general reserves;
- v. the treasury management strategy at appendix 5 be approved;
- vi. the medium term financial strategy (MTFS) at appendix 1 be approved.

## Alternative options

1. It is open to Cabinet to recommend alternative spending proposals or strategies; however given the legal requirement to set a balanced budget should additional expenditure be proposed compensatory savings proposals must also be identified.
2. Cabinet can propose that the intended total council tax uplift of 4.9% is achieved through a core council tax uplift of 2.9% and an adult social care precept of 2% ( as opposed to 1.9% and 3% as included in the recommendations above).
3. Following the government's provisional settlement announcement on 19 December 2017, which raised the referendum principle, it is now open to Cabinet to propose that the core council tax uplift is increased by 1% to 2.9%, bringing the total council tax increase for 2018/19 to 5.9%. This would increase the budget by £0.9m.
4. Cabinet can propose a council tax increase above the referendum principle levels. This is not recommended as doing so would require the increase to be subject to a local referendum, incurring additional costs to the council.

## Key considerations

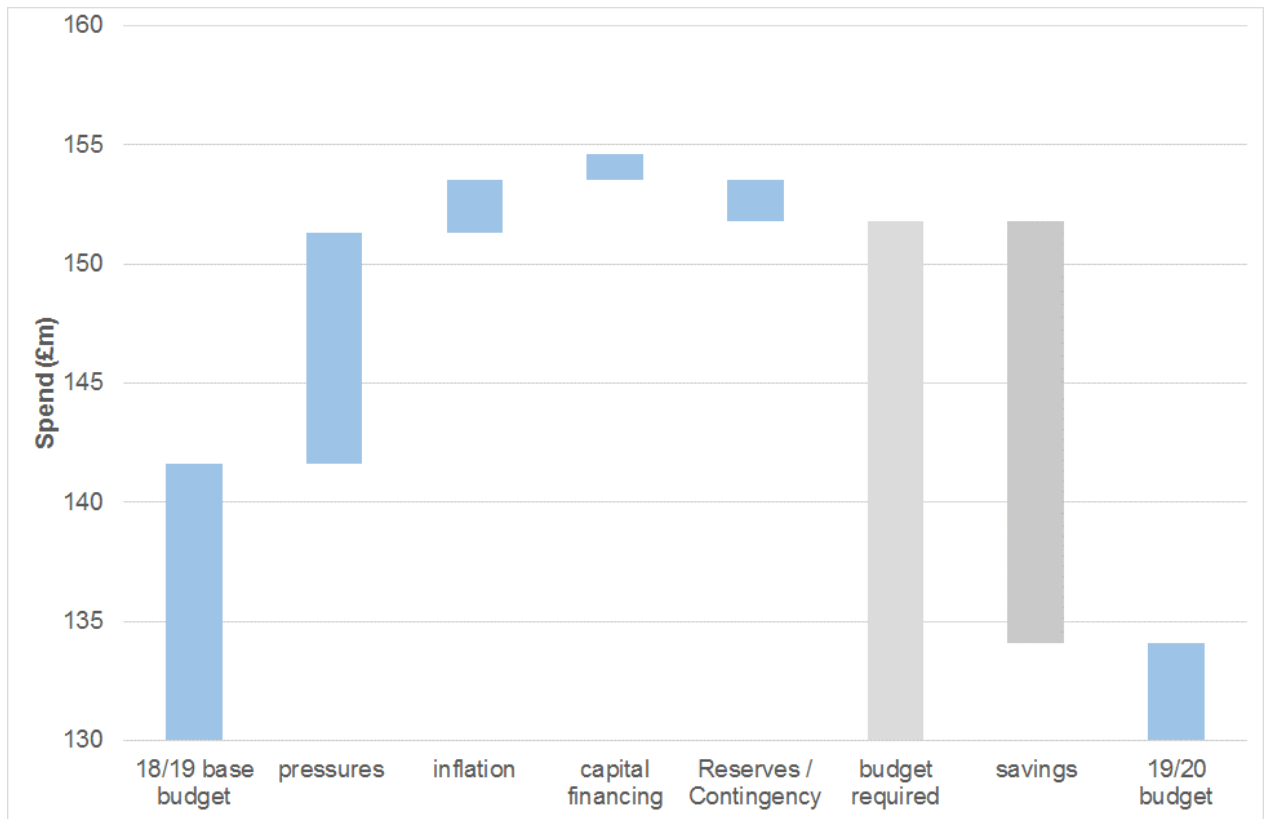
5. The impact of continuing reductions in central government funding to councils means that Herefordshire Council is required to make further savings to balance its budget for 2018/19 and in the years to come.

6. The council continues to direct its resources to deliver the key services required by residents while reducing overall costs to demonstrate efficiency and ensure good use of scarce resources.
7. A balanced, deliverable budget is proposed which, subject to any approved amendments, is recommended to full council for approval.
8. The MTFs, attached at appendix 1, has been updated to reflect current spending, a review of savings plans, contingencies and demographic pressures. There is less certainty around the 2020/21 estimates as government has yet to determine future local government funding arrangements beyond 2019/20. The Government is currently consulting on its fair funding review, which closes on the on 12 March 2018. The current comprehensive spending review ends in 2019/20.
9. The 2018/19 budget assumes a 1.9% increase in the core council tax plus an increase of 3% in 2018/19 (1% in 2019/20) in relation to the adult care precept, a total council tax increase of 4.9% in 2018/19. The core council tax increase is restricted by council tax referendum principles, prior to the provisional local government financial settlement announced on 19 December this was restricted to an uplift of 2%. An uplift in excess of this would be excessive and require a successful local referendum to be implemented. On the 19 December the government issued draft regulations that describe an excessive amount of council tax as 6%. In addition to the core council tax increase councils have been permitted to levy an adult social care precept in recognition of the financial pressures faced in providing adult social care services, the income raised this way is ring-fenced.
10. The Chancellor of the Exchequer's autumn statement was issued on 22 November and the provisional local government funding settlement announced on 19 December 2017. The consultation on the provisional settlement closes on 16 January 2018 with the final settlement expected to be announced shortly thereafter. Herefordshire will play an active part in responses to the provisional settlement through the Rural Services Network and the Society of County Treasurers. The provisional settlement included the following:-
  - a. Increasing the rural services delivery grant funding for Herefordshire by £1m in 2018/19 to remain at the level of funding, being £4.1m, in 2017/18 and 2019/20.
  - b. Confirmation that Herefordshire will not be a business rate pilot in 2018/19, Herefordshire Council applied to be a joint pilot area for 100% business rate retention in 2018/19 in a pooling arrangement with Shropshire Council and Telford and Wrekin Council which, if successful, would have seen additional funding in 2018/19.
  - c. Business rate income expected to be retained locally at 75% (not 100%) from 2020/21.
  - d. The ability to increase the core Council Tax requirement by an additional 1%
11. Herefordshire accepted the four year funding settlement in 2016/17 this forms the basis of the MTFs to 2019/20 and an estimate for 2020/21.
12. The Herefordshire Council Corporate Plan 2016 – 2020 was adopted by Council in February 2016. This identified four priorities and was the subject of an extensive consultation exercise. The following vision for Herefordshire Council was developed as part of the Communications Strategy 2016 – 2020 adopted by cabinet in September 2016: 'People, organisations and businesses working together to bring sustainable prosperity and well-being for all, in the outstanding natural environment of Herefordshire.'

This vision builds upon our four key priorities and has helped to inform the development of our 2018/19 budget and medium term financial strategy.

**Current savings plan 2018-19 to 2019-20**

- 13. The current savings plans require £17.8m of savings, this represents the funding gap arising from increased costs and reduced funding, as shown below.



- 14. The council has delivered £70m of savings in the financial years 2010-11 to 2016-17, with an additional £7m required in the current financial year, 2017/18. Looking forward an additional £19.2m of savings or additional income in the financial period 2018-19 to 2020/21 is needed. This gives total savings for the financial period 2010-11 to 2020/21 of £96.2m.
- 15. A base budget exercise for 2018-19 has identified additional pressures in both adults and children’s of £7.6m, additional savings have been identified in recognition of the additional pressures. Savings have been reviewed as part of the budget setting process and directorate challenge sessions were held to validate viability of savings. The budget presentation is shown in appendix 6. These savings plans are attached as appendix 2 and are summarised in the table below.

	2018-19 £m	2019-20 £m	Total 18-20 £m
Adults and wellbeing	5.4	1.5	6.9
Children's wellbeing	2.2	1.1	3.3
Economy, communities and corporate	3.9	2.0	5.9
Treasury management	1.5	0.2	1.7
<b>Total</b>	<b>13</b>	<b>4.8</b>	<b>17.8</b>

16. The majority of savings relate to continued efficiency improvements and changes to service delivery and have been referred to in the public budget consultation. The implementation of individual savings proposals may require further consultation and will be subject to specific governance as necessary, prior to their implementation.

### Base budget 2018-19

17. The draft budget for 2018-19 is set out below and detailed in appendix 3. This reflects increases in inflation, pressures, savings and other adjustments.

### Draft revenue budget summary 2018-19

Directorate	Current base budget 2017/18 £000	Net budget increases £000	Budget savings £000	Proposed base budget 2018/19 £000
Adults and wellbeing	51,243	6,081	(5,395)	51,929
Children's wellbeing	21,153	4,481	(2,232)	23,402
Economies, communities and corporate (ECC)	44,740	1,083	(3,862)	41,961
<b>Total directorates net budget</b>	<b>117,136</b>	<b>11,645</b>	<b>(11,489)</b>	<b>117,292</b>
Centralised corporate costs				4,722
Capital financing - debt repayments				7,827
Capital financing - interest				6,053
Other central budgets				4,430
MRP saving contribution to reserves				3,800
<b>Total net spend (budget requirement)</b>				<b>144,124</b>
<b>Financed by</b>				
Council tax				98,445
Business rates				33,256
Revenue support grant				5,370
New homes bonus				2,540
Collection fund surplus				420
Rural services delivery grant				4,093
				<b>144,124</b>

## Financing

18. The 2018-19 net budget requirement is financed by retained funding from council tax (£98m) and business rates (£33m) as shown in the table above. Assumptions include a 4.9% increase in council tax and business rate reliefs being funded via a central government grant. Central government funding is included as accepted in the four year funding settlement and the increased rural services delivery grant funding announced in the provisional settlement on 19 December 2017.

## Better Care Fund

19. The current Better Care Fund (BCF) plan is for two financial years- 2017/18 and 2018/19. As such the draft budget assumes the level of protection for adults social care in 2018/19 from the Better Care Fund is in line with the current plan (being £4.56m and £0.46m Care Act funding). Internal planning on the allocation of the protection of social care funding for 2018/19 has started based on the BCF plan. Herefordshire is working closely with the health sector in developing the sustainability and transformation plan with the aims of improving the health and wellbeing of the local population, improving the quality and safety of care delivery, and securing ongoing financial sustainability.
20. The BCF plan also includes the Improved Better Care Funding announced in the final 2017/18 financial settlement. This is non-recurrent grant funding paid directly to Herefordshire that must be included within the BCF plan. The funding for 2018/19 is £4.7m. The grant conditions require that the grant funding may be used only for the purposes of meeting adult social care needs; reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready; and ensuring that the local social care provider market is supported. Herefordshire is working closely with health commissioners and providers, and social care providers to develop plans for allocation of the grant funding. The detail of this will be subject to a further decision report.

## New pressures included in draft budget

21. Additional pressures have been identified that were not anticipated in the MTFS approved in February 2017, these are summarised below and detailed in the revised MTFS, appendix 1 :

	<b>2018-19</b>
	<b>£000's</b>
Adult services pressures	3,583
Children's services pressures	3,970
ECC pressures	90
<b>TOTAL</b>	<b><u>7,643</u></b>

The adult services additional pressures of £3.6m are in excess of the proposed 3% adult social care precept charge for 2018/19 which will generate new annual income of £2.8m. Revenue support grant has reduced by £4.7m, therefore savings are still required as set out at the table in paragraph 17 above.



## Reserves and balances

22. The council's revenue reserves are split between general reserves and earmarked reserves that are held for certain purposes.
23. Part of the council's general reserve is held as a strategic reserve to cover emergency events such as unforeseen financial liabilities or natural disasters. This reserve is maintained at a minimum level of between 3% and 5% of the council's net revenue budget.
24. The remainder of the council's general reserve is to support one-off and limited on-going revenue spending and, in line with the four year settlement, for smoothing the impact of the late delivery of savings plans.
25. The council's earmarked reserves, which include school balances, are held to meet identified spending commitments. These reserves will only be used for the purpose for which they were created and will be reviewed annually. If they are no longer required they will be transferred to the general reserve. The predicted general reserve includes a new reserve for the setting aside of savings in minimum reserve provision (MRP) charges following the approval of a revised MRP policy.
26. The projected reserve balances are as follows:

Balance as at	Strategic Reserve	General Reserve	School Balances	Earmarked Reserves	Total Reserves
	£m	£m	£m	£m	£m
31 March 2017	7.3	0.6	7.4	37.3	52.6
31 March 2018	7.1	4.0	7.2	29.3	47.6
31 March 2019	6.8	7.8	7.2	28.5	50.3
31 March 2020	6.8	11.4	7.2	25.6	51.0

The estimated breakdown of earmarked reserves is shown below:

Earmarked reserve	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	£m	£m	£m	£m
Settlement monies	8.0	8.0	4.0	-
Waste Disposal	5.8	4.0	4.0	4.0
Unused grants carried forward	5.0	2.0	2.0	2.0
Rural Services Delivery Grant	4.5	6.4	7.3	7.3
Risk mitigation	3.6	2.6	2.6	2.6
Business Rate smoothing	3.2	3.1	5.4	6.8
Severe Weather Fund	1.3	1.3	1.3	1.3
ICT	0.8	-	-	-
Whitecross School PFI	0.8	0.8	0.8	0.8
ECC	0.6	-	-	-
Other small reserves	0.6	-	-	-
Industrial Estates	0.4	0.4	0.4	0.4
Library/Communities	0.4	-	-	-
Schools' sickness	0.4	0.4	0.4	0.4
Hereford Futures Ltd	0.3	-	-	-
Herefordshire Relief Road	0.3	-	-	-

Further information on the subject of this report is available from  
 Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

Earmarked reserve	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	£m	£m	£m	£m
Insurance	0.3	0.3	0.3	-
Short Breaks	0.3	-	-	-
Colwall Mobiles	0.2	-	-	-
Herefordshire Local Plan	0.2	-	-	-
Economic Development	0.1	-	-	-
Property Development Vehicle	0.1	-	-	-
Special Educational Needs	0.1	-	-	-
<b>Total</b>	<b>37.3</b>	<b>29.3</b>	<b>28.5</b>	<b>25.6</b>

### Pension deficit

27. Herefordshire Council is a member of the Worcestershire County Council Pension Fund. The pension fund is revalued every three years and was last revalued as at 31 March 2016 when the actuary reviewed mortality rates, salary levels, inflation and asset growth. Herefordshire's proportion of the net deficit on the Worcestershire County Council Pension Fund as at 31 March 2017 was £247m. This represents the shortfall between the estimated value of obligations and the assets held in the pension fund as at the year end. A summary of how this obligation has fluctuated annually is shown below:-

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Present value of liabilities	(423)	(420)	(500)	(486)	(602)
Value of Scheme assets	235	260	289	282	355
<b>Surplus/(Deficit)</b>	<b>(187)</b>	<b>(159)</b>	<b>(211)</b>	<b>(204)</b>	<b>(247)</b>

28. This proportionate level of deficit is normal for council pension funds and relates to falling returns on investments and employees living significantly longer than anticipated when the scheme was initially set-up. Herefordshire council's deficit funding level was 70% on revaluation, nationally funding levels range from 0% to 140%.
29. The council ensures that funding is set aside by the time the benefits come to be paid with revised contribution rates bringing the fund into balance over a period of 18 years. Although the benefits will not actually be payable until employees retire, the council has a commitment to make deficit and in service contributions which are included in the budget proposals. In 2018/19 the council will pay £5m towards the deficit as agreed with the pensions fund's actuaries and the in service contribution rate will be 15.6%.

### Capital programme and Treasury Management Strategy

30. The MTFs at appendix 1 includes the proposed capital investment programme presented elsewhere on the cabinet agenda today.
31. Appendix 5 provides the detail of the associated Treasury Management Strategy for 2018/19 in line with this report and the MTFs.

## Community impact

32. The MTFs and budget demonstrate how the council is using its financial resources to deliver the priorities within the agreed corporate plan, health and safety obligations and corporate parenting responsibilities.
33. Over the past three years the council has delivered improvement, achievement, positive change and outcomes along the way to deliver our key priorities, including:

### **Supporting the growth of our economy**

- Delivered major public realm improvements to Hereford's centre;
- Opening of the Hereford Greenway and new cycle bridge over the River Wye completing another key link in the city cycle network;
- 368 miles of road resurfaced in the last 3 years - 19% of the entire highway network;
- Filled over 200,000 pot-holes;
- Continued rolled out of "Fasterhire" broadband to over 83% of residents and businesses in the county;
- Enterprise zone established and developed.

### **Keeping children and young people safe and giving them a great start in life**

- Developed New Horizons to enable young adults with learning disabilities to stay in build their independence in Herefordshire rather than out of county;
- Increased the number of local foster carers by 9%, against a national backdrop of reducing numbers;
- Introduction of first Multi Agency Safeguarding Hub in West Mercia;
- Development of new approach to provide housing for vulnerable young adults;
- Development of family based short breaks for children with a disability to give parents more choice.

### **Enabling residents to live safe, healthy and independent lives**

- Restructuring social work teams to provide a clearer service pathway, ensuring rapid assessment for routine cases, along with expert capacity for complex cases, dramatically increasing the proportion of clients reviewed each year;
- Reviewing all contracts and securing cost reductions of 30%-50%, while still maintaining quality and impact in key areas;
- Securing approval of a new housing strategy and housing allocations policy, in a context of major national system change.

### **Secure better services and quality of life and value of money**

- Achieve cost savings as detailed in appendix 2 and continue to directly deliver services where we are the best organisation to do so.

## Equality duty

34. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
35. We will carry out service specific equality impact assessments for the service specific budget proposals to assess the impact on the protected characteristic as set out in the Equality Act 2010.
36. The duty means that the potential impact of a decision on people with different protected characteristics is always taken into account when these assessments have been completed then we will consider mitigating against any adverse impact identified.

## Resource implications

37. The financial implications are as set out in the report. The ongoing operational costs including, HR, IT and property resource requirements are included in the draft budget.

## Legal implications

38. When setting the budget it is important that councillors are aware of the legal requirements and obligations. Councillors are required to act prudently when setting the budget and council tax so that they act in a way that considers local taxpayers. This also covers the impact on future taxpayers.
39. The Local Government Finance Act 1992 requires a council to set a balanced budget. To do this the council must prepare a budget that covers not only the expenditure but also the funding to meet the proposed budget. The budget has to be fully funded and the income from all sources must meet the expenditure. The act also covers the legal issues around council tax setting.
40. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on the Council's budget if he or she has an outstanding council tax debt of over two months. If a councillor is present at any meeting at which relevant matters are discussed, he or she must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence
41. Best estimates have to be employed so that all anticipated expenditure and resources are identified. If the budget includes unallocated savings or unidentified income then these have to be carefully handled to demonstrate that these do not create a deficit budget. An intention to set a deficit budget is not permitted under local government legislation.

42. The council must decide every year how much they are going to raise from council tax. The decision is based on a budget that sets out estimates of what is planned to be spent on services. Because the level of council tax is set before the year begins and cannot be increased during the year, risks and uncertainties have to be considered, that might force higher spending more on the services than planned. Allowance is made for these risks by: making prudent allowance in the estimates for services; and ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient. A referendum is only required if the council tax is, as currently drafted in regulations, 6% or more (comprising 3% for expenditure on adult social care and 3% or more for other expenditure).
43. Local government legislation requires the council's S151 officer to make a report to the full council meeting when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals (the statement is contained within the risk management section of this report). This is done so that members will have authoritative advice available to them when they make their decisions. As part of the Local Government Act 2003 members have a duty to determine whether they agree with the S151 statutory report.
44. The council's budget and policy framework rules require that budget consultees should include parish councils, health partners, the schools forum, business ratepayers, council taxpayers, the trade unions, political groups on the council, the scrutiny committees and such other organisations and persons as the leader shall determine. This has been completed as set out in the consultee section below.

## **Risk management**

45. Section 25 of the Local Government Act 2003 requires the s151 officer to report to Council when it is setting the budget and precept (council tax). Council is required to take this report into account when making its budget and precept decision. The Council report must deal with the robustness of the estimates included in the budget and the adequacy of reserves as detailed in the draft MTFS at appendix 1.
46. The budget has been updated using the best available information, current spending, anticipated pressures and the four year grant settlement. This draft will be updated following the autumn statement.
47. The most substantial risks have been assessed as part of the budget process and reasonable mitigation has been made. Risks will be monitored through the year and reported to cabinet as part of the budget monitoring process.
48. There are additional risks to delivery of future budgets including the delivery of new homes, Brexit, government policy changes including changes to business rates and unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement and an annual contingency budget to manage these risks.
49. Demand management in social care continues to be a key issue, against a backdrop of a demographic of older people that is rising faster than the national average, and some specific areas of inequalities amongst families and young people. Focusing public health commissioning and strategy on growth management through disease prevention and behaviour change in communities is critical for medium term change. In addition re-setting our relationship with communities focussing services on areas of greatest professional need will support the MTFS.

50. Difficulty in achieving reductions in children's safeguarding costs, we are high spending compared to statistical neighbours and methods of reducing this cost are progressing however some delays have been experienced, progress on this will be reported as part of the quarterly performance reporting to Cabinet.
51. We retain the risk of on-going litigation claims which may result in one off costs falling due, a risk mitigation reserve of £3.9m has been set aside to fund this.

## **Consultees**

52. The council's budget consultation took place over a 13 week period from 29 June 2017 until 30 September 2017. A short survey was developed to seek views on which services are important to people and so that people could help shape the way we set our annual budget across our four priority areas.
53. There were a total of 514 standard responses to the consultation, 510 of which were submitted online and 4 were paper copies. This was an increase in the number of responses compared to previous years Note that these respondents may not necessarily represent the views of the general population, as they were self-selecting and wanted to be consulted. The responses are detailed in appendix 4, The most common areas that the majority of respondents felt that the council should do more within its priorities are; roads, transport and travel, older people and vulnerable people and environment. Further information on responses is available within the summary of budget consultation (appendix 4).
54. During this consultation period, a number of other consultations have been taking place which have helped to inform our overall thinking on the 2018/19 budget and medium term financial strategy. These consultations included: Children centre buildings, Bromyard children centre services, Pharmacy survey, Public Spaces Protection Order (PSPO) alcohol restrictions and School travel.
55. The budget proposed supports the public consultation responses, including the continued use of the Public Health grant through commissioning the priority services supported as detailed in separate decision reports.
56. The survey was made available on the council's website and promoted via social media. The budget consultation was also promoted to a wide range of key stakeholders and groups including: political groups on the council, elected members, parish councils, Chamber of Commerce Hereford networking breakfast, Care homes forum, Home care forum, Making It Real service user group, Herefordshire Community Safety Partnership, Spotlight on Children, Herefordshire Schools Forum, Herefordshire Association of Secondary Headteachers, and Herefordshire Primary Headteachers' Forum.
57. The draft budget was presented to the general scrutiny committee on 13 December. The committee made comments regarding presentational issues and performance monitoring but made no recommendations to alter or amend the draft proposals. Their comments and responses are provided in Appendix 6.

## **Appendices**

Appendix 1 - Draft Medium Term Financial Strategy

Appendix 2 - Breakdown of savings plans by directorate

Appendix 3 - Detail of draft 2018/19 budget

Appendix 4 - Summary of budget consultation

Appendix 5 – Treasury Management Strategy 2018/19

Appendix 6 – General Scrutiny Committee consultation

Appendix 7 – Car park income

## **Background papers**

None identified.

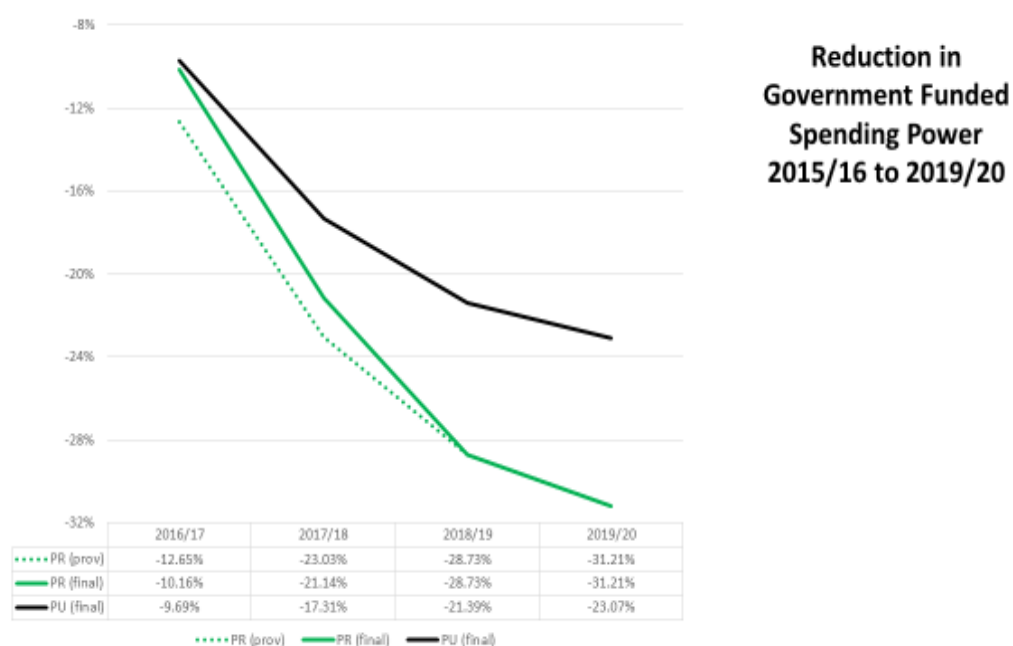




# Medium Term Financial Strategy 2018/19 – 2020/21

## 1. Background to the Medium Term Financial Strategy

- 1.1. Herefordshire is the one of the most sparsely populated counties in England, with residents dispersed across its 842 square miles. Areas of poverty and deprivation exist in Herefordshire and there are crucial economic, geographic and demographic factors, relating to distance, population sparsity, ageing, social inclusion and market structure. However, as a rural area, it receives on average, 50% less central government assistance than an urban rural area placing Herefordshire at a disadvantage compared to our urban counterparts.
- 1.2. In addition, social isolation is a growing concern, not least because of the disproportionately increasing number of older people living in Herefordshire, but also due to poverty and deprivation. The cost of living in rural areas, for example transport and domestic fuel costs, can be higher than in urban areas. There is also recognition that it is often the most vulnerable members of the community, such as frail elderly people and deprived families who suffer most from the loss of local services and the high cost of living.
- 1.3. 54% of Herefordshire's population live in rural areas of which 42% in the most rural locations. Providing services to a dispersed population across a large geographic area is a challenge and additional resources are required to ensure council services are maintained for all residents in the county
- 1.4. The four year funding settlement has partially recognised these additional pressures by increasing support for the most sparsely populated rural areas by increasing the rural services delivery grant (RSDG), increased to £4m in 2018/19 for Herefordshire. Despite this rural councils are worse off than urban ones. (Green (bottom) line rural councils/ Black (top) line urban councils)



- 1.5. Herefordshire's economic base is focused on agriculture and as such its business rates base is low compared to other areas. As such a 1% growth in the business base generates an extra £63.50 per person in Westminster but just £2.20 for Herefordshire. While Government grant systems attempt to make allowance for the additional cost and complexity of delivering services in sparsely populated areas it is not enough for councils like Herefordshire where its sparse population is more evenly distributed throughout the county. To redress this imbalance, the council works with the Rural Services Network (known as SPARSE) and its MP's to seek to improve this position.
- 1.6. Despite these constraints the council has made necessary, difficult decisions to enable it to continue to deliver important services to our residents whilst assessing the challenge of delivering savings of £96.2m between 2010 and 2021
- 1.7. Without delivering the challenging changes required, Herefordshire Council would have been unable to meet its financial obligations. The council is committed to work within budget and 2017/18 is expected be the 5th successive year that we have done so.
- 1.8. Whilst ensuring that the overall budget is balanced, the council has been carefully building reserves to a prudent level to manage financial risk and to support future needs. Over the past three years the council has delivered improvement, positive change and outcomes along the way to deliver our key priorities, including:

#### **Supporting the growth of our economy**

- Delivered major public realm improvements to Hereford's centre.
- Opening of the Hereford Greenway and new cycle bridge over the River Wye completing another key link in the city cycle network.
- 368 miles of road resurfaced - 19% of the entire highway network.
- Filled over 200,000 pot-holes.
- Continued rolled out of "Fasterhire" broadband to over 83% of residents and businesses in the county.
- Enterprise zone established and flourishing with growing numbers of businesses operating from the zone.

#### **Keeping children and young people safe and giving them a great start in life**

- Developed New Horizons to enable young adults with learning disabilities to stay in their own homes to build their independence in Herefordshire rather than out of county.
- Increased the number of local foster carers by 9%, against a national backdrop of reducing numbers.
- Introduction of first Multi Agency Safeguarding Hub in West Mercia.
- Development of new approach to provide housing for vulnerable young adults.
- Development of family based short breaks for children with a disability to give parents more choice.

#### **Enabling residents to live safe, healthy and independent lives**

- Restructuring social work teams to provide a clearer service pathway, ensuring rapid assessment for routine cases, along with expert capacity for complex cases, dramatically increasing the proportion of clients reviewed each year,
- Reviewing all contracts and securing cost reductions of 30%-50%, while still

maintaining quality and impact in key areas,

**All of which have contributed to our objective to secure better service, quality of life and value for money.**

1.9. The next three years are expected to be equally challenging but the MTFS is designed to provide a robust financial framework through which even more can be delivered to the residents of Herefordshire.

## **2. Medium Term Financial Strategy**

2.1. This Medium Term Financial Strategy (**MTFS**) covers the financial years 2018/19 to 2020/21 and demonstrates how the council will maintain financial stability, deliver efficiencies and support investment in priority services, whilst demonstrating value for money and maintaining service quality. 2020/21 is currently an estimate as we are awaiting the outcome of the next Government comprehensive spending review.

2.2. The MTFS is a key part of the council's integrated corporate, service and financial planning cycle. This process is designed to ensure that corporate and service plans are developed in the context of available resources and that those resources are allocated in line with the corporate priorities set out in the Corporate Plan. Herefordshire's key priority areas are:

- **enable residents to live safe, healthy and independent lives**
- **keep children and young people safe and give them a great start in life**
- **support the growth of our economy**
- **secure better service, quality of life and value for money.**

2.3. All councils are reducing services as the government continues to significantly reduce the funding it provides to local government across England. We are seeing a significant change in the way councils are funded, back in 2010 80% of council spend was funded by grant but by 2020 almost all council expenditure will be funded locally through council tax and business rates. We remain in an austerity period in which the council has identified savings totaling £96.2m between 2010 and 2020.

2.4. The demand for services continues to grow with the council providing care for more people, particularly in essential areas such as children's safeguarding and adult social care. Cost pressures have been reflected in this MTFS and residual risks will be constantly monitored. Demand management will be key to ensure future financial resilience alongside increased integrated working with the health sector.

### **2.5. Balancing the MTFS**

The MTFS has been set with regard to known funding reductions, additional cost pressures and identified savings of £19.2m for the period 2018/19 to 2020/21

### **2.6. Value for money**

2.6.1. In managing the financial pressures, the council's strategic and corporate plans set out its

vision for the county to support a strong, diverse and enterprising business base, operating in an exceptional and connected environment where the transfer of technology and skills foster innovation, investment and economic growth.

2.6.2. These ambitious plans will accelerate growth and provide opportunities for all who live and work in Herefordshire through strong stewardship and strong partnerships with the private sector. Over the last five years the council's performance has improved across a wide range of services building the foundations for a successful economy and this remains a key priority.

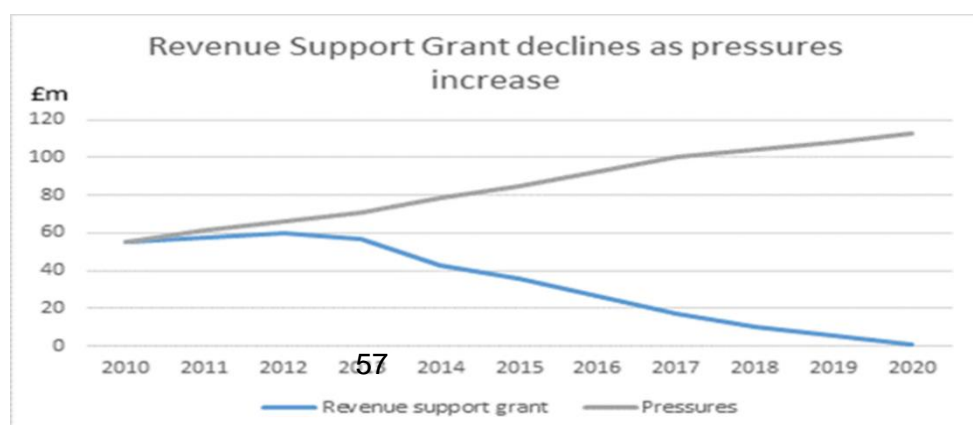
2.6.3. The council has enabled major improvements including the delivery of flood relief schemes, a new livestock market, a privately funded retail and leisure development on the site of the old livestock market, access to superfast broadband, an Enterprise Zone in Rotherwas, improved leisure facilities across the county and improvements to the highway network. A core strategy has been adopted that will provide a blueprint for developing the county over the period to 2031, including the delivery of the Hereford by-pass.

2.6.4. Using cost benchmarking data, the council is able to focus on areas where spend varies from other authorities with similar characteristics and challenges, such as providing adult social care services to a sparsely dispersed aging population. National benchmarking data is currently available to 2015/16 and showed that overall Herefordshire Council is ranked second against its thirteen statistical comparator neighbours on the basis of their cost of service (per revenue outturn).

2.6.5. These improvements have been recognized by our external auditors, Grant Thornton who annually review the value for money and statement of accounts of the council. They do this by looking at key indicators of financial performance, its approach to strategic financial planning, its approach to financial governance and its approach to financial control. In respect of the last financial year (2017/18) they were satisfied that, in all significant respects, the council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. During the year the council encountered a number of issues around the refurbishment of Blueschool House, this has been investigated by our internal Auditors, SWAP, who have identified a number of areas that lessons can be learned. The council has agreed a process to ensure that the lessons are learnt and will be imbedded.

## 2.7. National context

2.7.1. The local government finance system has undergone a significant change from a highly-centralised system of funding, with central government grants allocated on the basis of councils' relative spending need, to a system where councils as a group are self-funding and individual councils bear far more spending and revenue risk.



- 2.7.2. The impact of these changes has meant that councils are less reliant on central government grant and more responsible for their financial management, resulting in an increasing funding gap to be met by savings.
- 2.7.3. Pressures on social care costs have been recognised through the introduction of an additional 3% levy on council tax referendum thresholds to be used entirely for adult social care; this will generate £2.7m each year for Herefordshire. The 2016 Autumn Statement provided some additional flexibility to the timing and size of this precept, provided that it does not exceed 6% over the three year period from 2017/18 to 2019/20.
- 2.7.4. The government will introduce the first ever national funding formula for schools, high needs and early years, a detailed consultation was launched in 2016 and the new formulae will be implemented from April 2018.
- 2.7.5. In addition, discussions continue on the national system of business rates with the current proposal being that councils retain 75% of business rates (rather than 50% at present) but potentially without the protections for councils with lower numbers of businesses. This additional funding is likely to be accompanied with additional responsibilities, and therefore may require additional savings with an expectation for “national fiscal neutrality”. The council is continuing with its current, sound practices to manage these pressures. The council has indicated that it would be prepared to participate in a pilot scheme in respect of retention of business rates.
- 2.7.6. These national factors create further risk to the council’s core income streams and the increased need to hold reserves at a level sufficient to protect the council from unplanned events.
- 2.7.7. This MTF period will be extremely challenging for councils and many face difficult decisions about which services are scaled back or stopped altogether. It is against this background that Herefordshire Council’s MTF has been prepared.

### 3. The Revenue Budget

- 3.1. The MTF summarises the council’s financial plans for the next three years, is updated annually, and reflects the current year’s performance and the next year’s budget; it covers the period from 2018/19 to 2020/21,
- 3.2. It is prepared using the Financial Resource Model (**FRM**) which takes into account the corporate financial objectives and plans. The FRM provides an assessment of the overall resource available over the medium term linking the revenue account with the capital investment plan, treasury management strategy and reserves policy to provide a complete overview of the council’s financial position over time. It sets the financial context for corporate and service planning so that the two planning processes are fully integrated.

### 3.3. Funding Assumptions

3.3.1. The FRM includes a number of key assumptions in respect of funding on which the financial strategy is based. The council's revenue funding assumes:

- Council Tax - a 1.9% increase for 2018/19 and in future years in council tax plus a further 3% in respect of the Adult Social Care precept for 2018/19 and 1% for the Adult Social Care precept for 2019/20, making an overall increase of 4.9% for 2018/19.
- Revenue Support Grant is expected to fall in line with the four year settlement agreed between the government and council;
- Increases in business rate reliefs as set in the Autumn Statement.

3.3.2. These will be reviewed each year against further changes in government funding as part of the annual budget process to ensure all relevant and up to date information is reflected in the budget process. Increasingly the council is becoming more dependent on income from Council Tax and Business Rates than funding from central government and this will continue throughout the years covered by the MTFs. It is worth noting the system of business rates is likely to change in 2020/21 and may reduce the level of business rates retained by the council for future years.

<b>Funding Assumptions</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Council Tax	98,445	101,927	104,620
Locally Retained Business Rates	33,256	33,945	47,146
Revenue Support Grant (RSG)	5,370	620	-
New Homes Bonus (NHB)	2,540	1,760	-
Rural Services Delivery Grant (RSDG)	4,093	4,093	-
Collection Fund Surplus	420	-	-
<b>Base Budget</b>	<b>144,124</b>	<b>142,345</b>	<b>151,766</b>

\*Business rates includes top up and Section 31 grants

### 3.4. Budget Pressure Assumptions

3.4.1. Current planning assumptions include the following:

- inflation - 2%- 2.4% uplift per annum on income and costs, contract inflation indices on non-pay expenditure;
- pay – increased at 1% per annum;
- Living wage and apprenticeship levy
- interest rates – investment income and borrowing costs in line with the Treasury Management Strategy.

3.4.2. The total of directorate pressures included in the FRM are set out in the following table and also reflect the service demand pressures identified within each directorate.

<b>Budget Pressures</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>

Legislative Changes (living wage)	493	541	595
Adults Demographic Pressures	926	945	973
Childrens Service	3,970	-	-
Adults Wellbeing	3,583	-	-
ECC	90	-	-
Contract and Pay Inflation	2,154	2,277	2,828
Adults Contractual Inflation	508	529	545
Other Pressures	221	199	5,980
	<b>11,945</b>	<b>4,491</b>	<b>10,921</b>

3.4.3. The potential impact arising from the decision of the UK to leave the European Union is likely to influence future government financing and some indications of this have been provided. These changes will be reflected in future planning as they become clearer.

3.4.4. Following the approval of the budget, directorates will be expected to manage any new or additional budget pressures within their own net spending limits.

### 3.5. Savings Assumptions

3.5.1. The council delivered almost £77m of savings in the financial years 2010/11 to 2017/18 and will be required to generate an additional £17.8m of savings in the financial period 2018/19 to 2020/21 in order to balance its planned expenditure against its income.

3.5.2. Directorate savings have been identified, or revised, as part of the budget process and these are summarised in the table below:

<b>Budget Savings</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Adults and Wellbeing	5,395	1,500	
Children's Wellbeing	2,232	1,050	650
Economy, Communities and Corporate	3,862	2,017	350
Corporate Savings	1,460	200	500
<b>Total</b>	<b>12,949</b>	<b>4,767</b>	<b>1,500</b>

#### 3.5.3. Adults and Wellbeing

Key savings targets are directed toward the following areas to improve service delivery and reduce costs while protecting the most vulnerable members of the community.



<b>Adults and Wellbeing Directorate</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Review, recommissioning and decommissioning of contracts	1,430	-	-
Reducing the need for formal care services by utilising strengths based practices and application of the wider culture change programme.	1,692	600	-
Managing contract inflation and securing contract efficiencies	640	200	-
Maximise income generation through increased client contributions for care services.	500	100	-
Reduction in staffing through combining roles/functions across the Directorate/Partners.	633	600	-
Use of iBCF funding to support core Adult Social Care use of services.	500	-	-
<b>Total</b>	<b>5,395</b>	<b>1,500</b>	<b>-</b>

#### 3.5.4. **Children's Wellbeing**

Savings proposals have been directed to the following areas to minimize the impact on service delivery

<b>Childrens Wellbeing Directorate</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Manage inflation and secure contract efficiencies	670	200	-
Reduction in the number of looked after children	500	650	650
Capitalisation of the costs of staff working on capital projects	80	-	-
Manage budgets with vacancies	300	-	-
Organisational restructure to reflect the service requirements	682	200	-
<b>Base Budget</b>	<b>2,232</b>	<b>1,050</b>	<b>650</b>

3.5.5. **Economy, Community and Corporate** Directorate savings plans are focused on improving the efficient operation of core services through service re-design, operational efficiency and increased parking income:

<b>Economy, Communities &amp; Corporate</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Efficiency savings	100	180	350
Back Office Services and Corporate Accommodation efficiencies	450	250	
Car Parking charges increase	235		
Reduced cost of Public and School / College Transport and moving public transport information to online only	180	150	
Phased removal of subsidy for Community Transport organisations	60	75	
Phased removal of subsidies to parish councils for the Lengthsman and Parish Paths .	100	100	
Community asset transfer of parks and open spaces	90		
Increased income and efficiency within Public Realm Services	25	25	
Waste & Sustainability Increased income from commercial waste collections.	30	30	
Withdrawal of Museum and Heritage Services subsidy	150	250	
Savings in Customer and Library Services	380		
Accommodation Strategy	367	360	
Review of Current Staffing Budgets	200		
Remove Bypass Bass Budget	170		
Procurement Savings		500	
Organisational redesign savings	725	97	
Hoople Savings	600		
<b>Base Budget</b>	<b>3,862</b>	<b>2,017</b>	<b>350</b>

### 3.5.6. Corporate Savings Proposals

In addition to directorate savings, this MTFS targets savings related to corporately controlled assets and income to generate savings in treasury management.

### 3.6. Summary

The overall impact on the proposed revenue budget is shown below and demonstrates a balanced MTFS in each of the plan years in line with the government's four year funding settlement:

<b>Revenue Budget</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Base Budget	145,025	144,124	142,345
One Off Adjustments	103	(1,503)	-
Pressures	11,945	4,491	10,921
Savings	(12,949)	(4,767)	(1,500)
<b>Revised Budget</b>	<b>144,124</b>	<b>142,345</b>	<b>151,766</b>
<b>Funding Available</b>	<b>144,124</b>	<b>142,345</b>	<b>151,766</b>

### 3.7. Directorate Net Spending Limits

The proposed revenue budget will be allocated to directorates as set out below:

<b>Directorate Budgets</b>	<b>Adults</b>	<b>Children</b>	<b>ECC</b>	<b>Corporate</b>	<b>Total</b>
<b>2017/21</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>2017/18 Base Budget</b>	<b>51,358</b>	<b>21,153</b>	<b>44,740</b>	<b>27,774</b>	<b>145,025</b>
One off adjustment	-	-	-	103	<b>103</b>
Pressures	5,966	4,481	1,083	415	<b>11,945</b>
Savings	(5,395)	(2,232)	(3,862)	(1,460)	<b>(12,949)</b>
<b>2018/19 Budget Proposal</b>	<b>51,929</b>	<b>23,402</b>	<b>41,961</b>	<b>26,832</b>	<b>144,124</b>
Remove one off funding	-	-	-	(1,503)	(1,503)
Pressures	2,497	533	1,111	350	<b>4,491</b>
Savings	(1,500)	(1,050)	(2,017)	(200)	<b>(4,767)</b>
<b>2019/20 Draft Budget</b>	<b>52,926</b>	<b>22,885</b>	<b>41,055</b>	<b>25,479</b>	<b>142,345</b>
Pressures	6,882	533	1,111	2,395	<b>10,921</b>
Savings	-	(650)	(350)	(500)	<b>(1,500)</b>
<b>2020/21 Draft Budget</b>	<b>59,808</b>	<b>22,768</b>	<b>41,816</b>	<b>27,374</b>	<b>151,766</b>

#### 4. The Capital Budget

4.1. The capital investment set out in the capital programme will support the corporate plan priorities by:

- **Improving schools**
- **Enhancing infrastructure**
- **Housing delivery and**
- **Creating job opportunities**

4.2. The council's Capital Programme is funded by grants, borrowing and capital receipts. The revenue impact of funding schemes by borrowings are included in the budget in accordance with the Treasury Management Strategy and Prudential Borrowing Indicators. The following table summarises the capital investment programme and the detailed investment plan is set out in appendix 2.

<b>Capital Investment Programme and Financing</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Total Expenditure</b>	<b>92,148</b>	<b>47,911</b>	<b>8,317</b>
Prudential Borrowing	28,156	25,547	-
Grants and contributions	51,497	22,213	8,317
Capital Receipts	12,495	150	-
<b>Total Funding</b>	<b>92,148</b>	<b>47,911</b>	<b>8,317</b>

4.3. As the table demonstrates, capital expenditure can be funded from capital receipts, borrowing, grants and revenue contributions. The council has a policy that ensures capital cash resources are used effectively in support of corporate priorities. As a result, all capital receipts are a corporate resource and not 'owned' or earmarked for directorates unless allocated for a specific purpose. The capital receipts reserve is available to support spending on the creation or enhancement of assets.

4.4. Government support for capital investment is through the allocation of grants, known grant funding allocations for 2018/19 are listed in the appendix but a number, including disabled facilities grant and schools maintenance, are yet to be confirmed.

4.5. The challenges given to retaining assets will be based on value for money, the delivery of strategic priorities and key service delivery. Surplus properties will either be recycled or disposed of and proceeds will be reinvested. The disposal of land will be allowed after the consideration of sacrificing a capital receipt for transfer of the land for use as social housing, or as a community asset transfer.

## **5. Treasury Management Strategy**

5.1. The council is required to adopt an annual Treasury Management Strategy Statement (TMSS) each year as part of the budget setting process in order to fully recognise the financial implications arising from its revenue and capital budgets through the capital financing requirement to ensure the impact of capital investment is fully reflected in the revenue budget; this is provided through the minimum revenue provision (MRP).

5.2. The TMSS is a summary of the Treasury Management Strategy (TMS) which provides a more detailed analysis of the council's loans and investments and the future outlook for interest rates and financing, supported by the council's external treasury management advisors.

5.3. The TMS for 2018/19 sets out the council's strategy for making borrowing and investment decisions during the year to meet the capital and revenue spending plans approved by council and considers the impact of anticipated future interest rate movements. The TMS is drafted in line the updated CIPFA Prudential Code for Capital Finance and CIPFA Treasury Management Code.

## **6. Borrowing**

6.1. Total gross outstanding debt at 30 September 2017 was £168.8m of which £23.0m were short term loans and £145.8m fixed rate, long term loans, which are being repaid via the minimum revenue provision.

6.2. The need for new borrowing is based on the capital programme, with draft additions to the programme for 2018/19 indicating an additional borrowing requirement of £18.1m.

## **7. Investments**

7.1. During 2017/18 interest rates have remained low and in the year to date, the average daily rate achieved on the council's investments has averaged at 0.3%. An increase in the bank base rate, increasing it from 0.25% to 0.5%, was announced in November 2017.

7.2. The council's primary objective in relation to the investment of public funds remains the security of capital and minimisation of risk, which leads to lower returns. The council's Treasury Advisors, Capita, provide regular market intelligence to support the protection of the investment portfolio and cash balances are minimised to reduce the need to borrow.

## **8. Reserves**

- 8.1. The council's useable reserves are split between general reserves and earmarked reserves that are held for certain purposes.
- 8.2. Part of the council's general reserve is held as a strategic reserve to cover emergency events such as unforeseen financial liabilities or natural disasters. This reserve is maintained at a minimum level of between 3% and 5% of the council's net revenue budget.
- 8.3. The remainder of the council's general reserve is to support one-off and limited on-going revenue spending and, in line with the four year settlement, for smoothing the impact of the late delivery of savings plans.
- 8.4. The council's earmarked reserves, which include school balances, are held to meet identified spending commitments. These reserves will only be used for the purpose for which they were created and will be reviewed annually. If they are no longer required they will be transferred to the general reserve. The use of earmarked reserves, excluding school balances, requires the approval of the Chief Finance Officer. The predicted earmarked reserves includes a new reserve for the setting aside of savings in minimum reserve provision (MRP) charges following the approval of a revised MRP policy.
- 8.5. The projected reserve balances are as follows:

Balance as at	Strategic Reserve	General Reserve	School Balances	Earmarked Reserves	Total Reserves
	£m	£m	£m	£m	£m
31 March 2017	7.3	0.6	7.4	37.3	52.6
31 March 2018	7.1	4.0	7.2	29.3	47.6
31 March 2019	6.8	7.8	7.2	28.5	50.3
31 March 2020	6.8	11.4	7.2	25.6	51.0

## 9. Budget Risks

- 9.1. The most substantial risks have been assessed in the budget process and, where possible, reasonable mitigation has been made. Risks will be monitored through the year and reported to cabinet as part of the budget monitoring process. The proposed budget includes contingency and reserves that, if required, can be used to manage risks.

9.2. Demand management in social care continues to be a key issue, against a backdrop of a demographic of older people that is rising faster than the national average, and some specific areas of inequalities amongst families and young people. Focusing public health commissioning and strategy on demand management through disease prevention and behavioral change is critical for medium term change. In addition re-setting our relationship with communities, focusing services on areas of greatest professional need, will support the MTFS.

9.3. There are on-going risks in achieving reductions in children's safeguarding costs, Herefordshire is high spending compared to statistical neighbours and methods of reducing this cost are progressing however some delays have been experienced.

9.4. Key areas of focus include, sustaining the current focus on a new relationship with citizens and communities, changing the models of care to more family based provision, managing the price paid where the council is the commissioner and/or where this is taking place with partners with a specific reference to health, improvements in commercial interface including contract management, using technology to enable new ways of working including significant channel shift around self-service and automated business process improvement and a subsequent headcount reduction. A full risk and mitigation summary is provided in Appendix 4.

## 10. Conclusion

10.1 The council's Medium Term Financial Strategy sets out a challenging but robust financial framework through which planned services and investment can be delivered. It is a fully balanced framework so that:

- revenue expenditure is fully covered by income,
- capital expenditure is fully funded and the associated capital financing cost reflected in revenue budgets,
- effective treasury management ensures financial resources are available as required within a prudent framework
- useable reserves are sufficient to meet specific need and protect against unforeseen events.

## 11. Appendices

Appendix 1	Net Revenue budget
Appendix 2	Capital Investment Programme
Appendix 3	Reserves Policy
Appendix 4	Risk Assessment

## Appendix 1 Net Revenue budget and Directorate Spending Limits 2018/19

### Draft revenue budget summary 2018-19

Directorate	Current base budget 2017/18 £000	Net changes £000	Proposed base budget 2018/19 £000
Adults and wellbeing	51,243	685	51,929
Children's wellbeing	21,153	2,249	23,402
Economies, communities and corporate	44,740	(2,779)	41,961
<b>Total directorates net budget</b>	<b>117,136</b>	<b>155</b>	<b>117,292</b>
Centralised corporate costs			4,722
Capital financing - debt repayments			7,827
Capital financing – interest			6,053
Other central budgets			4,430
MRP saving contribution to reserves			3,800
<b>Total net spend (budget requirement)</b>			<b>144,124</b>
<b>Financed by</b>			
Council tax			98,445
Business rates			33,256
Revenue support grant			5,370
New homes bonus			2,540
Collection fund surplus			420
Rural services delivery grant			4,093
			<b>144,124</b>

## Appendix 2 Capital programme

Scheme Name	Spend in prior years	brought forward slippage / (accelerated spend)	2017/18 budget	2018/19 budget	2019/20 budget	2020/21 budget	Total scheme budget
	£000	£000	£000	£000	£000	£000	£000
<b>Economy, Communities and Corporate</b>							
Hereford City Centre Transport Package	27,790	1,909	5,682	4,000	1,270		40,651
Local Transport Plan (LTP)			15,131	10,341	10,341		
Fastershire Broadband	15,641	(33)	9,747	7,248			32,603
Hereford Enterprise Zone	6,476	1,745	7,779				16,000
Leisure Centres	9,225	827					10,052
Solar Photovoltaic Panels	503	1,631					2,134
Corporate Accommodation	1,485	(385)	1,771				2,871
South Wye Transport Package	3,612	(629)	3,500	14,000	6,200	8,317	35,000
Marches business improvement grants	833		833	834			2,500
IT Network Upgrade		500					500
Property Estate Enhancement Works	500		500	1,240	500		2,740
LED street lighting	5,161	494					5,655
Herefordshire Enterprise Zone Shell Store			2,500	3,200	500		6,200
Development Partnership activities			600	20,000	20,000		40,600
Highway asset management			14,033	12,835	7,000		33,868
Hereford Transport Package			510	2,450			2,960
Model Farm, Ross on Wye			2,520	4,250	300		7,070
Other schemes less than £500k		1,237	1,033	2,009			
<b>Childrens wellbeing</b>							
Colwall Primary School	2,300	2,533	1,667				6,500
Schools Capital Maintenance Grant			1,200	1,200			
Peterchurch Primary School	6	1,000	4,494				5,500
Expansion for Marlbrook school			2,000	3,811	1,000		6,811
SEN & DDA school improvements			710				710
Brookfield School Improvements		390	980				1,370
Other schemes less than £500k		2,722	300	2,224			
<b>Adults and wellbeing</b>							
Disabled facilities grant			1,706	1,706			
Private sector housing improvements			800	800	800		2,400
Other schemes less than £500k		1,021					
<b>Total</b>			<b>14,962</b>	<b>79,996</b>	<b>92,148</b>	<b>47,911</b>	<b>8,317</b>
<b>Financed by</b>							
Prudential borrowing			24,456	28,156	25,547		
Grant and funding contributions			45,795	51,497	22,214	8,317	
Capital receipts			9,745	12,495	150		
<b>Total</b>			<b>79,996</b>	<b>92,148</b>	<b>47,911</b>	<b>8,317</b>	



## Appendix 3

### Reserves Policy

#### 1. Introduction

- 1.1. The Local Government Act 2003 requires the Chief Finance Officer (section 151 officer) to report on the adequacy of reserves and provisions, and the robustness of budget estimates, as part of the annual budget setting process.
- 1.2. Best practice guidance does not advise on the actual level of unallocated general reserves, but on the processes that should be in place. There is a broad range within which a council might reasonably operate, depending on its particular circumstances and each council should make its own judgement, based on the advice of its Chief Finance Officer. In making this decision the Chief Finance Officer takes account of strategic, operational and financial risks. The financial risks are assessed in the context of the council's overall approach to risk management.
- 1.3. CIPFA best practice guidance suggests that a Council should hold a strategic reserve to mitigate the financial impact of major events of between 3% and 5% of its net budget. This guidance has been adopted by the Chief finance Officer for the period of the current MTFS.

#### 2. Adequacy of Proposed Financial Reserves and Robustness of Estimates

- 2.1. The Chief Finance Officer must ensure that the budget setting process, and the information provided is sufficient, to allow council to come to an informed view regarding the 2017/18 council tax requirement, revenue budget, capital programme and Treasury Management Strategy.
- 2.2. While the council continues to operate within the financial constraints arising from increasing financial pressures and reductions in central government financial settlements, robust budget monitoring and a thorough financial planning process should determine the required level of reserves. The level of reserves will be reviewed at each quarter end as part of the council's budget monitoring reports.
- 2.3. Financial and operational risks need to be considered within the context of the Council's overall approach to risk management and account taken of key budget assumptions and existing financial management arrangements.
- 2.4. The council's financial planning process should be sufficient to identify issues with a significant financial impact in order for these to be highlighted to senior officers in a timely manner.
- 2.5. An annual review of the council's reserves and balances is undertaken as part of the annual financial planning exercise and as part of the council's preparation of its annual Statement of Accounts. The level of reserves appears adequate for the forthcoming financial year and financial planning period through the continuing commitment to manage service expenditure within approved budgets
- 2.6. The Council makes appropriate financial provisions for known future liabilities or losses of uncertain timings or amount. These are detailed in the annual Statement of Accounts. The 2015/16 Statement was approved by Audit and Governance Committee on 24 September 2016 and for 2016/17, the draft Statement will be presented to Audit and Governance Committee in July 2017.

#### 3. Review of Reserves

- 3.1. The overall reserves of the council will be subject to detailed review at the end of each

financial year as part of the preparation for the production of the council's statement of accounts, and as part of the council's annual budget setting process to ensure reserves are

- 3.1.1.Relevant,
- 3.1.2.Appropriate, and
- 3.1.3.Prudent.

3.2. The Chief Finance Officer will ensure that the council has in place well established robust and regular budget monitoring processes. These take account of the current level of reserves, the latest budget requirements calling on reserves to meet current commitments and to make contributions to reserves to meet future commitments.

3.3. The Chief Finance Officer must consider strategic, operational and financial risks in assessing the adequacy of the council's reserves position.

#### **4. Use of Reserves**

4.1. Approval to use or make contributions to reserves is provided by the Chief Finance Officer, as part of the regular budgetary process, in discussion with the Chief Executive and Leader of the Cabinet

4.2. Movements in reserve will be reported to Council as part of the financial Outturn at the end of the financial year.

#### **5. Conclusion**

5.1. The Chief Finance Officer is satisfied that the Council's ongoing approach to its reserves and provisions is robust. The council's strategic reserve is maintained between 3% - 5% of the net budget requirement, at the end of March 2017 the balance was £7.3m (5% of net budget).

5.2. This is sufficient to ensure that the council has adequate resources to fund unforeseen financial liabilities, and that the council's approach to general balances for 2017/18 is deemed appropriate. The level of reserves and expected movement in reserves are set out in the MTFS as part of the annual budget setting process.

## Appendix 4

### Key risk Assessment

	<b>Key Financial Risks</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigating Actions</b>
1	<b>Unexpected events or emergencies</b> By its nature, the financial risk is uncertain	Low	High	<ul style="list-style-type: none"> <li>Council maintains a Strategic Reserve at level of between 3% and 5% of its revenue budget for emergency purposes</li> <li>Level of reserve is currently £7.3m (5% of budget)</li> </ul>
2	<b>Increasing demand for Adult Social Care</b> Demand for services continue to increase as the population gets older	High	Medium	<ul style="list-style-type: none"> <li>Demand led pressures provided for within our spending plans</li> <li>Activity indicators have been developed and will be reported quarterly alongside budget monitoring</li> </ul>
3	<b>Potential Overspend and Council does not deliver required level of savings to balance spending plans</b> Challenging savings have been identified within our spending plans.	Medium	Medium	<ul style="list-style-type: none"> <li>High risk budget areas have been identified and financial support is targeted towards these areas</li> <li>Regular progress reports on delivery of savings to Management Board and Cabinet</li> <li>Budget monitoring arrangements for forecasting year end position in place and forecast balanced</li> <li>Plan to review level of cover available from General reserves in place</li> </ul>
4	<b>Potential delay in delivery of Capital Receipts</b>	Medium	Low	<ul style="list-style-type: none"> <li>Potential new capital receipts may be available from further corporate property sales.</li> <li>Capital receipts received will be monitored quarterly</li> </ul>
5	<b>Increase in Pension Liabilities</b> Our contributions are influenced by market investment returns and increasing life expectancy.	Medium	Low	<ul style="list-style-type: none"> <li>Spending plans reflect the level of pension contribution required as identified by the Pension Fund's Actuary in 2016 for the next three years</li> </ul>
6	<b>Failure to provide safeguarding and placements for children</b> There is an increasing requirement to provide sufficient school places There is a rising number of children requiring specific support	Medium	High	<ul style="list-style-type: none"> <li>Provision has been made in the capital programme to increase school places</li> <li>Directorate plans in place to manage and mitigate demand</li> <li>Ongoing reviews of children already under care of council</li> </ul>
7	<b>Volatility in future funding streams in Government funding streams and Business Rates Retention</b>	High	Medium	<ul style="list-style-type: none"> <li>Prudent assumptions made in budget</li> <li>Ongoing review of developing business rate changes</li> <li>Business case to support future investment decisions</li> </ul>
8	<b>Brexit</b> Impact of EU exit may lead to increased volatility in economic stability and reduced access to funds	Medium	Medium	<ul style="list-style-type: none"> <li>Reduced reliance on grant funding in all directorates</li> <li>Increased local economic and social investment to increase core income</li> </ul>



## Appendix 2 – Directorate Savings Plans 2019-20

<b>Savings Proposals</b>				
<b>Adults and Wellbeing Directorate</b>				
<b>Savings Proposal</b>	<b>Impact</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>Total £000</b>
Review, recommissioning and decommissioning of contracts by re-designing, reducing and finding alternative ways of delivering services to reduce expenditure within commissioned services. Maximise usage of block contracts to drive efficiencies.	Individual EIA's will be undertaken as each contract is reviewed and recommissioned / decommissioned.	1,430	0	1,430
Reducing the need for formal care services by utilising strengths based practices and application of the wider culture change programme. Managing demand via front door re-design, hospital liaison, Homefirst, short term care pathway and trusted reviewer programme of work. To include a focused approach in respect of areas of practice where development needs have been identified. This will ensure that customers receive appropriate and proportionate support and care relevant to meet their eligible and wider well-being needs in the most cost effective way possible. This proposal also addresses the application of CHC process and practice reviews as well as the review of the AWB transport policy.	Reduction in demand for formal care services and support in line with demographic pressures. The support and care offer from Adult Social Care will be enhanced as a result of the application of a strengths based model. Access to support for those with eligible needs will be improved by ensuring that eligible and wider wellbeing needs are met as part of the AWB offer, with a particular focus on developing and connecting community social support. The equalities impact of this proposal on service users will be negligible as they will be assessed correctly and against the criteria of new services available which meet required eligible and wider wellbeing needs.	1,692	600	2,292
Managing contract inflation and securing contract efficiencies	No impact to service users as analysis of market sustainability undertaken to minimise impact on providers. The equalities impact of this proposal will be low/negligible as it is integral to their contract with the council. Each contractor has an expectation to meet the Equalities Act 2010 criteria and this forms part of the contract monitoring arrangements to ensure that any impact is understood and addressed.	640	200	840
Maximise income generation through increased client contributions for care services.	The impact of the changes will be affordable as all services will only be charged for following individual financial assessments in accordance with Care Act (2014).	500	100	600
Reduction in staffing through combining roles/functions across the Directorate/Partners.	No direct impact on service users. This saving will be achieved through increased productivity as a result of partnership working, mobile working, use of technology and capitalisation of staff costs.	633	600	1,233
Use of iBCF funding to support core Adult Social Care use of services.	The BCF plan has been approved on the basis of a joint agreement on the iBCF funding, this may therefore impact on new programmes of work that may have been developed.	500	0	500
<b>Total</b>		<b>5,395</b>	<b>1,500</b>	<b>6,895</b>

<b>Savings Proposals</b>				
<b>Children's Wellbeing Directorate</b>				
<b>Savings Proposal</b>	<b>Impact</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>Total £000</b>
Manage inflation and secure contract efficiencies	The equalities impact of this proposal will be low/negligible. Integral to their contract with the Authority, each contractor has a scheduled expectation to meet the Equalities Act 2010 criteria and is part of the contract monitoring arrangements to ensure that any impact is understood and addressed.	670	200	870
Reduction in the number of looked after children	Will provide better long term outcomes for children who are in care and promote families staying together. The equality impact of this proposal will be low and fits in with the government proposal to ensure as many children as possible are cared for safely at home.	500	650	1,150
Capitalisation of the costs of staff working on capital projects	Reduction in revenue budget requirement as costs paid for from capital budgets	80	-	80
Manage budgets with vacancies	Temporary reduction in budgets where unfilled vacancies reduce the budget requirement in year.	300	-	300
Organisational restructure to reflect the service requirements	Ensuring families benefit from a consistent and established service through a stable and capable workforce.	682	200	882
<b>Total</b>		<b>2,232</b>	<b>1,050</b>	<b>3,282</b>

Savings Proposals				
Economy, Communities & Corporate				
Savings Proposal	Impact	2018-19 £000	2019-20 £000	Total £000
<b>Efficiency savings</b> Initiatives include: Management savings, staff restructures, saving on printing cost, reduction in storage costs at the Modern Records Unit.	No impact - efficiency savings	100	180	280
<b>Back Office Services and Corporate Accommodation efficiencies</b>	No impact - efficiency saving	450	250	700
<b>Car Parking charges increase</b>	Increase in fees to support the Council's sustainable transport policies and manage available spaces to support local economy. Potential adverse impact on trade if charges deter visitors. Structure of charges will aim to address local circumstances and encourage visitors and shoppers to visit Hereford and the market towns. Income will be targeted to support transport services in accordance with the Council's Local Transport Plan. Concessions for 'blue badge' holders are not affected by the recommendations, this includes staff parking in council car parks. Any increase in charges will have an impact on all users of the car parks. The impact will naturally vary according to the necessity and frequency of use and what alternative transport arrangements are practicable. Whilst this impact is non-discriminatory in the sense that it applies to all, it is inevitably an impact that is less easily 'absorbed' by those with lower levels of household income. The balance between the impact on individual users and the wider public interest of the council has been considered, and in this context the proposal is considered to be justified.	235		235
<b>Reduced cost of Public and School / College Transport and moving public transport information to online only</b>	Reduction in public transport services, increased income from parental contributions and post 16 SEN transport users. Further savings from contract efficiencies. A transport funding review is underway which will explore a range of opportunities to reduce costs across all local passenger transport services and alternative sources of funding to support such service. Savings are likely to be achievable through the integration of passenger transport contracts, service efficiencies, moving more users onto commercial and supported bus services and review of eligibility for services. If this approach does not achieve the full savings target, it may be necessary to further reduce public transport subsidy. Public consultation carried out in autumn 2016 will inform decisions for 2017/18. Decisions have already been taken to withdraw transport services and these were subject to a full consultation and EIA . As future proposals are developed consultation and EIA will be undertaken and will form elements of future reporting and consideration by members.	180	150	330
<b>Phased removal of subsidy for Community Transport organisations</b>	The phased reduction in the support to Community Transport (CT) providers commenced in 2015/16 and the exploration of alternative funding sources to support such services. To continue this to full reduction by 2019/20 will have provided a five year transition period for providers to seek opportunities to increase their independent financial viability. Support has been made available for providers to take on more contracted work and also to assist them to increase their capacity. Grants have been available for new fleet and could be made available in future subject to funding being available. CT reductions were considered within the consultation for the transport and travel review 2014 but at that stage there was no proposal to completely withdraw direct council support. If the council wishes to progress full withdrawal of support from 2018/19 then a further consultation and EIA would be required before confirming this decision. Whilst CT provides services for people who are 'disadvantaged' it is noted that this is not in itself a specifically defined protected characteristic within the EIA duty we are aware that the majority of CT users are elderly and/or have a disability which reduces transport options. Consultation in relation to public transport savings will be used to inform this proposal.	60	75	135



<b>Phased removal of subsidies to parish councils for the Lengthsman and Parish Paths .</b>	Decision taken to phase funding out over the MTFS period. The condition of minor roads in Parish areas will be dependent upon whether Parish Councils choose to replace the subsidy with their own resources.  Those communities that do not contribute to the funding or provide support to the scheme will see a reduction in the level of service for lower level	100	100	200
<b>Community asset transfer of parks and open spaces</b>	Sports pitch and parks maintenance cost saving through a programme to transfer responsibility for assets to community groups, town and parish councils and others. Impact of this proposal could see communities taking greater care and ownership of their local environment. Positive outcome on communities taking on responsibility for open spaces. If community or interest groups cannot be found and we are unable to continue the current level of maintenance, some users of open spaces may be affected in the reduction of amenity use.	90		90
<b>Increased income and efficiency within Public Realm Services</b>	Increase income from increased enforcement in relation to works carried out by utility companies on the highway (NRSWA) - reduction in highway defects. Investment in fleet and plant to reduce ongoing revenue cost and maintenance. No adverse impact upon service. Environmental service redesign Review of service to streamline and reduce cost of cleansing and monitoring of waste/litter related issues. Improved environment through better coordination.	25	25	50
<b>Waste &amp; Sustainability</b> Increased income from commercial waste collections.	No further impact. Service changes relating to commercial waste collections and waste treatment savings do not impact on residents but on organisations.	30	30	60
<b>Withdrawal of Museum and Heritage Services subsidy</b>	Income generation through charging at the Old House from April 2017, remodel of the learning offer to schools, volunteers to support the opening of the Museum at Broad Street in Hereford. Limited impact on protected characteristics. Though charging may have an impact across all ages, special free open days will take place to support local people able to visit the Old House without cost. Education events to take place at the Old House as part of a schools programme.	150	250	400
<b>Savings in Customer and Library Services</b>	Retained library service across the county, and remodelled customer services following an appointment based approach, a comprehensive digital offer, phone service, and face to face service in Hereford. A full needs and impact assessment completed for October 2016 cabinet. A retained county library services was the key finding of the consultation to mitigate negative impact, along with a delivered service for people who are housebound. For customer services any change to the offer to be delayed until 2018 to understand the impact on people requiring face to face support for benefits.	380		380
<b>Accommodation Strategy</b>	Efficiency savings through moving out of buildings	367	360	727
<b>Review of Current Staffing Budgets</b>	Removing the two unpaid leave days and budgeting on actual scale point, instead of top of the scale.	200		200
<b>Remove Bypass Bass Budget</b>	Budget no longer required as works are now being capitalised.	170		170
<b>Procurement Savings</b>	Savings to our waste contract		500	500
<b>Organisational redesign savings</b>	Efficiency savings	725	97	822
<b>Hoople Savings</b>	Contract and staff savings on the Hoople contract as part of project Nautilus	600		600
<b>Sub Total</b>		<b>3,862</b>	<b>2,017</b>	<b>5,879</b>
<b>Asset Review</b> Capital receipts from sale of assets will be used to support delivery of the medium term financial strategy and meet the priorities of the corporate plan in the most cost efficient way	This may effect some tenants of council owned property The programme of asset disposals are largely based upon realising the value of surplus property or land assets which take account of the property rationalisation proposals set out in the Council's Accommodation Strategy. The Asset Review disposals to date are not considered to be carrying any adverse impacts on any of the groups or classifications considered within the Equalities framework.	1,400		1,400
<b>Organisational redesign savings</b>	Efficiency savings	60	200	260
<b>Sub Total</b>		<b>1,460</b>	<b>200</b>	<b>1,660</b>
<b>Total</b>		<b>5,322</b>	<b>2,217</b>	<b>7,539</b>



### Appendix 3 – Detailed 2018/19 budget

PROPOSED REVENUE BUDGET 2018/19									
Service	Current 2017/18 base budget	Pensions, pay and inflation	Pressures	Savings	Other Adjusts	Proposed 2018/19 base	Gross Budget	Income Budget	Change
	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Adults and Wellbeing</b>									
Commissioned Care	42,822	(210)	4,856	(3,196)	0	44,273	55,267	(10,994)	3.4%
Adults Operations	5,587	59	190	(80)	0	5,756	6,491	(735)	3.0%
Directorate Management	(1,509)	640	294	(1,550)	11	(2,115)	5,509	(7,624)	40.1%
Commissioning/Transformation	4,344	24	404	(569)	(188)	4,015	5,138	(1,123)	
<b>Total Adults and Wellbeing</b>	<b>51,243</b>	<b>513</b>	<b>5,744</b>	<b>(5,395)</b>	<b>(177)</b>	<b>51,929</b>	<b>72,405</b>	<b>(20,476)</b>	
<b>Children's Wellbeing</b>									
Children's Safeguarding & Early Help	15,708	78	3,417	(1,114)	(82)	<b>18,007</b>	18,646	(639)	14.6%
Statutory Education Services	5,358	29	553	(581)	223	<b>5,582</b>	8,641	(3,059)	4.2%
Directorate Management and Grant Income	87	404	0	(537)	(141)	<b>(187)</b>	(187)	0	(314.9%)
<b>Total Children's Wellbeing</b>	<b>21,153</b>	<b>511</b>	<b>3,970</b>	<b>(2,232)</b>	<b>0</b>	<b>23,402</b>	<b>27,100</b>	<b>(3,698)</b>	
<b>Economy, Communities &amp; Corporate</b>									
Highways, Planning, Waste, and Parking	24,510	802	0	(1,360)	(26)	<b>23,926</b>	38,772	(14,846)	(2.4%)
Communities (Legal, Governance, Libraries, ICT)	7,484	339	0	(1,195)	(8)	<b>6,620</b>	8,420	(1,800)	(11.5%)
Economic Development and Housing Growth	2,038	(185)	0	(100)	0	<b>1,753</b>	2,307	(554)	(14.0%)
Directorate Management	565	37	0	75	0	<b>677</b>	680	(3)	19.8%
Corporate Resources (Finance, ICT, Property and HR)	10,143	128	0	(1,282)	(4)	<b>8,985</b>	12,933	(3,948)	(11.4%)
<b>Total Economy, Community &amp; Corporate</b>	<b>44,740</b>	<b>1,121</b>	<b>0</b>	<b>(3,862)</b>	<b>(38)</b>	<b>41,961</b>	<b>63,112</b>	<b>(21,151)</b>	
Central Corporate Costs	24,403	103	0	(1,460)	3,786	<b>26,832</b>	78,588	(51,756)	10.0%
<b>Total Herefordshire Council</b>	<b>141,539</b>	<b>2,248</b>	<b>9,714</b>	<b>(12,949)</b>	<b>3,571</b>	<b>144,124</b>	<b>241,205</b>	<b>(97,081)</b>	

Revenue Budget 2018/19				Adults and Wellbeing				
Service	Current 2017/18 base budget	Pensions and Inflation	Pressures	Savings	Other Adjusts	Proposed 2018/19 base budget	Gross Budget	Income Budget
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Commissioned Care</b>								
Learning Disabilities	16,947	-48	2,737	(1,345)	0	18,290	20,694	(2,404)
Mental Health	3,898	-6	675	(300)	0	4,267	5,016	(749)
Memory & Cognition	2,453	-13	(564)	(16)	0	1,860	2,513	(653)
Physical Disabilities	19,146	-141	1,976	(1,532)	0	19,449	26,573	(7,124)
Sensory Support	379	-1	33	(3)	0	408	472	(64)
<b>Total Commissioned Care</b>	<b>42,822</b>	<b>-210</b>	<b>4,856</b>	<b>(3,196)</b>	<b>0</b>	<b>44,273</b>	<b>55,267</b>	<b>(10,994)</b>
<b>Operations and Management</b>								
Operations	5,587	59	190	(80)	0	5,756	6,491	(735)
Commissioning	3,200	21	404	(336)	0	3,289	4,096	(807)
Directorate Management	(1,509)	640	294	(1,550)	11	(2,115)	5,509	(7,624)
Public Health	119	0	0	0	-119	(0)	9,303	(9,303)
Transformation & Safeguarding	1,025	3	0	(233)	-69	726	1,042	(316)
<b>Total Operations and Management</b>	<b>8,421</b>	<b>723</b>	<b>888</b>	<b>(2,199)</b>	<b>(177)</b>	<b>7,656</b>	<b>26,441</b>	<b>(18,785)</b>
<b>Total Adults and Wellbeing</b>	<b>51,243</b>	<b>513</b>	<b>5,744</b>	<b>(5,395)</b>	<b>(177)</b>	<b>51,929</b>	<b>81,708</b>	<b>(29,779)</b>

Revenue Budget 2018/19			Childrens Wellbeing					
Service	Current 2017/18 base budget	Pensions and Inflation	Pressures	Savings	Other Adjusts	Proposed 2018/19 base budget	Gross Budget	Income Budget
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Safeguarding and Early Help</b>								
Safeguarding Board and Independent Review	673	8	-	(6)	8	683	683	
Early Help and Family Support	370	5	-	(103)	(18)	254	254	
Front Line Social Workers	2,595	26	-	(155)	-	2,466	2,566	(100)
Looked After Children - Fostering and Adoption	7,282	25	1,297	(410)	-	8,194	8,194	
Looked After Children External Placements	3,270	-	2,120	(195)	-	5,195	5,195	
Social Care Training and Development	359	3	-	(9)	(35)	318	318	
Safeguarding and Early Help Management	1,159	11	-	(236)	(37)	897	1,436	(539)
<b>Total Safeguarding and Early Help</b>	<b>15,708</b>	<b>78</b>	<b>3,417</b>	<b>(1,114)</b>	<b>(82)</b>	<b>18,007</b>	<b>18,646</b>	<b>(639)</b>
<b>Statutory Education Services</b>								
Special Educational Needs	3,200	10	523	(146)	-	3,587	3,859	(272)
Contracts and Commissioning	961	8	30	(325)	57	731	3,431	(2,700)
Educational Development	1,121	10	-	(108)	166	1,189	1,276	(87)
Statutory Education Improvement Services	76	1	-	(2)	-	75	75	
<b>Total Statutory Education Services</b>	<b>5,358</b>	<b>29</b>	<b>553</b>	<b>(581)</b>	<b>223</b>	<b>5,582</b>	<b>8,641</b>	<b>(3,059)</b>
<b>Directorate Management and Grant Income</b>								
Directors Office	(119)	404	-	(527)	(132)	(374)	(374)	
Youth Offending Service	206	-	-	(10)	(9)	187	187	
<b>Total Directorate Management and Grant Income</b>	<b>87</b>	<b>404</b>	<b>-</b>	<b>(537)</b>	<b>(141)</b>	<b>(187)</b>	<b>(187)</b>	<b>0</b>
<b>Total Children's Wellbeing</b>	<b>21,153</b>	<b>511</b>	<b>3,970</b>	<b>(2,232)</b>	<b>-</b>	<b>23,402</b>	<b>27,100</b>	<b>(3,698)</b>

Revenue Budget 2018/19						ECC		
Service	Current 2017/18 base budget	Pensions and Inflation	Pressures	Savings	Other Adjusts	Proposed 2018/19 base budget	Gross Budget	Income
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Highways, Planning, Waste and Parking</b>								
Directorate Services	363	4	0	(5)	0	362	362	0
Environment and Waste	14,463	286	0	(40)	(13)	14,696	16,467	(1,771)
Highways and Community Services	1,050	5	0	(36)	(24)	995	995	0
Public Realm Annual Plan	6,132	250	0	(335)	11	6,058	6,058	0
Regulatory and Development Management Services	836	20	0	(165)	0	691	4,072	(3,381)
Technical and Parking Services	(5,517)	3	0	(352)	0	(5,866)	1,552	(7,418)
Transport and Access Services	7,183	234	0	(427)	0	6,990	9,266	(2,276)
<b>Total Highways, Planning, Waste and Parking</b>	<b>24,510</b>	<b>802</b>	<b>0</b>	<b>(1,360)</b>	<b>(26)</b>	<b>23,926</b>	<b>38,772</b>	<b>(14,846)</b>
<b>Communities (Legal, Governance, Libraries, ICT)</b>								
Collections, Archives and Leisure	243	300	0	(232)	0	311	366	(55)
Communications and Web	308	3	0	(3)	0	308	308	0
Customer and Library Services	1,626	11	0	(493)	7	1,151	1,339	(188)
Economic Projects	259	3	0	(125)	0	137	137	0
Equality, Information and Records	751	3	0	(10)	0	744	1,245	(501)
Legal Services and Governance	3,014	19	0	(82)	15	2,966	3,405	(439)
ICT	1,283	0	0	(250)	(30)	1,003	1,620	(617)
<b>Total Communities (Legal, Governance, Libraries, ICT)</b>	<b>7,484</b>	<b>339</b>	<b>0</b>	<b>(1,195)</b>	<b>(8)</b>	<b>6,620</b>	<b>8,420</b>	<b>(1,800)</b>

<b>Economic Development and Housing Growth</b>									
Community Regeneration	260	3	0	(6)	0	<b>257</b>	283	(26)	
Economic Development	865	(196)	0	(4)	0	<b>665</b>	940	(275)	
Neighbourhood Planning	103	1	0	(1)	0	<b>103</b>	253	(150)	
Growth	272	1	0	(30)	0	<b>243</b>	243	0	
Regeneration	266	4	0	(57)	0	<b>213</b>	316	(103)	
Strategic Planning	272	2	0	(2)	0	<b>272</b>	272	0	
<b>Total Economic Development and Housing Growth</b>	<b>2,038</b>	<b>(185)</b>	<b>0</b>	<b>(100)</b>	<b>0</b>	<b>1,753</b>	<b>2,307</b>	<b>(554)</b>	
<b>Directorate Management</b>									
Directors	407	4	0	(3)	0	<b>408</b>	411	(3)	
Management	158	33	0	78	0	<b>269</b>	269	0	
<b>Total Directorate Management</b>	<b>565</b>	<b>37</b>	<b>0</b>	<b>75</b>	<b>0</b>	<b>677</b>	<b>680</b>	<b>(3)</b>	
<b>Corporate Resources (Finance, ICT, Property and HR)</b>									
Asset Management and Property Services	3,050	(62)	0	(579)	(4)	<b>2,405</b>	6,150	(3,745)	
Finance	7,174	188	0	(683)	0	<b>6,679</b>	6,851	(172)	
Local Tax, Revenues and Benefits	(1,333)	0	0	0	0	<b>(1,333)</b>	(1,333)	0	
Internal Audit Services	195	0	0	0	0	<b>195</b>	226	(31)	
HR, Payroll, Recruitment and Organisational Development	351	2	0	0	0	<b>353</b>	353	0	
Corporate Management	706	0	0	(20)	0	<b>686</b>	686	0	
<b>Total Corporate Resources (Finance, ICT, Property and HR)</b>	<b>10,143</b>	<b>128</b>	<b>0</b>	<b>(1,282)</b>	<b>(4)</b>	<b>8,985</b>	<b>12,933</b>	<b>(3,948)</b>	
<b>Total Economy, Communities &amp; Corporate</b>	<b>44,740</b>	<b>1,121</b>	<b>0</b>	<b>(3,862)</b>	<b>(38)</b>	<b>41,961</b>	<b>63,112</b>	<b>(21,151)</b>	



# Budget and priorities consultation 2017

Version 1.0  
Herefordshire Council Intelligence Unit

October 2017

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If you need help to understand this document please call the Research Team on 01432 261944 or e-mail [researchteam@herefordshire.gov.uk](mailto:researchteam@herefordshire.gov.uk)



## Key findings:

- The most common areas that the council should do more within it's priorities are; roads, transport and travel, older people and vulnerable people and environment identified by the majority of respondents.
- Over 60 per cent of respondents agreed that 'support with day to day tasks such as shopping, cleaning and gardening' and 'help people feel safe and secure in their communities and homes' were the best ways that communities can support people with vulnerabilities/ disabilities to maintain independent lives.
- 'Provide training and support to individuals so that they can offer support and advice within their own local communities', 'expand the remit of professionals, such as pharmacies and dentists' and "use a time-banking system where volunteers are rewarded through giving their time' gathered the highest responses to how should the council develop a network of groups and individuals across the county, who can offer advice and guidance for people wanting to adopt a healthier lifestyle.
- 57 per cent of respondents said the council should make it easier for people who need care to manage their own budget by letting them 'choose their own care' and 43 per cent said the council should let them 'choose from a selection of providers chosen by the council'.
- The council should 'invest in more roads and transport', 'build new houses itself' and 'encourage housing associations' to prioritise getting more houses built in Herefordshire according to the majority of respondents.
- 68 per cent of respondents agreed that the council should continue investing in promoting childhood immunisation and antenatal, newborn and children screening programmes to achieve national targets in the next year.
- The council should 'focus support to the most disadvantaged families to ensure children are school ready' or 'promote healthy eating for parents and young children' to give the children the best start in life in their early years according to 60 per cent of respondents.
- 88 per cent of respondents said that the council should support young people to make the most of their education and employment opportunities by 'making apprenticeships available across the county and explore transport options to support this'.
- The council should 'improve road network', 'support local business start-ups' or 'promote investment into Herefordshire' to assist in ensuring that the infrastructure and support needed to provide jobs and houses within the local economy is in place according to the majority of respondents.
- 77 per cent of respondents would like the council to invest its capital budget on 'road maintenance' and 50 per cent would like it to invest on 'supporting/facilities for young people'.

- 'School nursing and Health Visiting service' and 'NHS Health Checks' were ranked as the most important public health services that the council should prioritise to commission. 'Stop smoking service' and 'Sexual health service' were ranked as the least important while 'Substance misuse service' and 'Sexual health service' were kept at the middle of the priority list by the respondents.
- There was a clear order of priority on how the council could raise sufficient income; 'Council Tax increase for general use' would be the first priority followed by 'adult social care precept on Council Tax' and 'increased fees/charges'

## **Introduction**

The consultation on Herefordshire Council's priorities and budget for 2017/18 began on Thursday 29 June 2017 and ended on Saturday 30 September 2017. This report presents the key points from the analysis of standard responses received to the consultation questionnaire.

## **Methodology**

The budget consultation questionnaire was designed and quality assured by a project team. The questionnaire was published on the Herefordshire Council website and residents were invited to complete it online. A printable version was made available on the website for residents who preferred to download, print and complete the questionnaire. The consultation was promoted on the council's social media sites (Twitter and Facebook).

This report presents the results of the combined online and paper responses to the questionnaire. The sample base is the number of respondents to the question and is the base from which percentages are calculated. The sample base used is specified for each question. Percentages are presented rounded to the nearest whole number in the tables; however, the charts are based on unrounded percentages.

Note that if respondents could select more than one answer to a particular question, the percentages may add up to more than 100 per cent.

Where comments have been provided these are listed in full but have been anonymised and corrected for spelling where appropriate.

There were a total of 514 responses to the questionnaire, of which 510 were submitted online and four were completed paper copies.

## Results

The following analysis represents 514 responses received to the consultation questionnaire.

Appendix A contains the responses received as letters and e-mails to the consultation. The analysis of free text comments and suggestions to the questionnaire are included in this report. The full list of comments and suggestions will be published as a separate document.

### Q1. Are there any areas within these priorities that you think the council should do more?

Seventy seven per cent of respondents said that there are other priorities that the council should do more.

Table 1: responses to Q1

	Number of respondents	Per cent of respondents
Yes	381	77%
No	116	23%
Total respondents	497	100%
Not answered	17	

If 'Yes', please specify below:

The analysis of this question indicated that frequently cited suggestions were around several areas such as:

- ❖ **Roads** (new roads, maintenance of existing roads, road safety and accelerate the bypass)
- ❖ **Transport and travel** (improved public transport, sustainable transport and promoting active travel)
- ❖ **Older people and vulnerable people** (safeguarding, social care provision, employment for people with disabilities, services for offenders etc.)
- ❖ **Environment** (maintain parks and countryside, waste recycling, litter clearance and protect the outstanding beauty of the county)

## Enable residents to live safe, healthy and independent lives

### Q2. How can communities support people with vulnerabilities/disabilities to maintain independent lives? (Please tick all that apply)

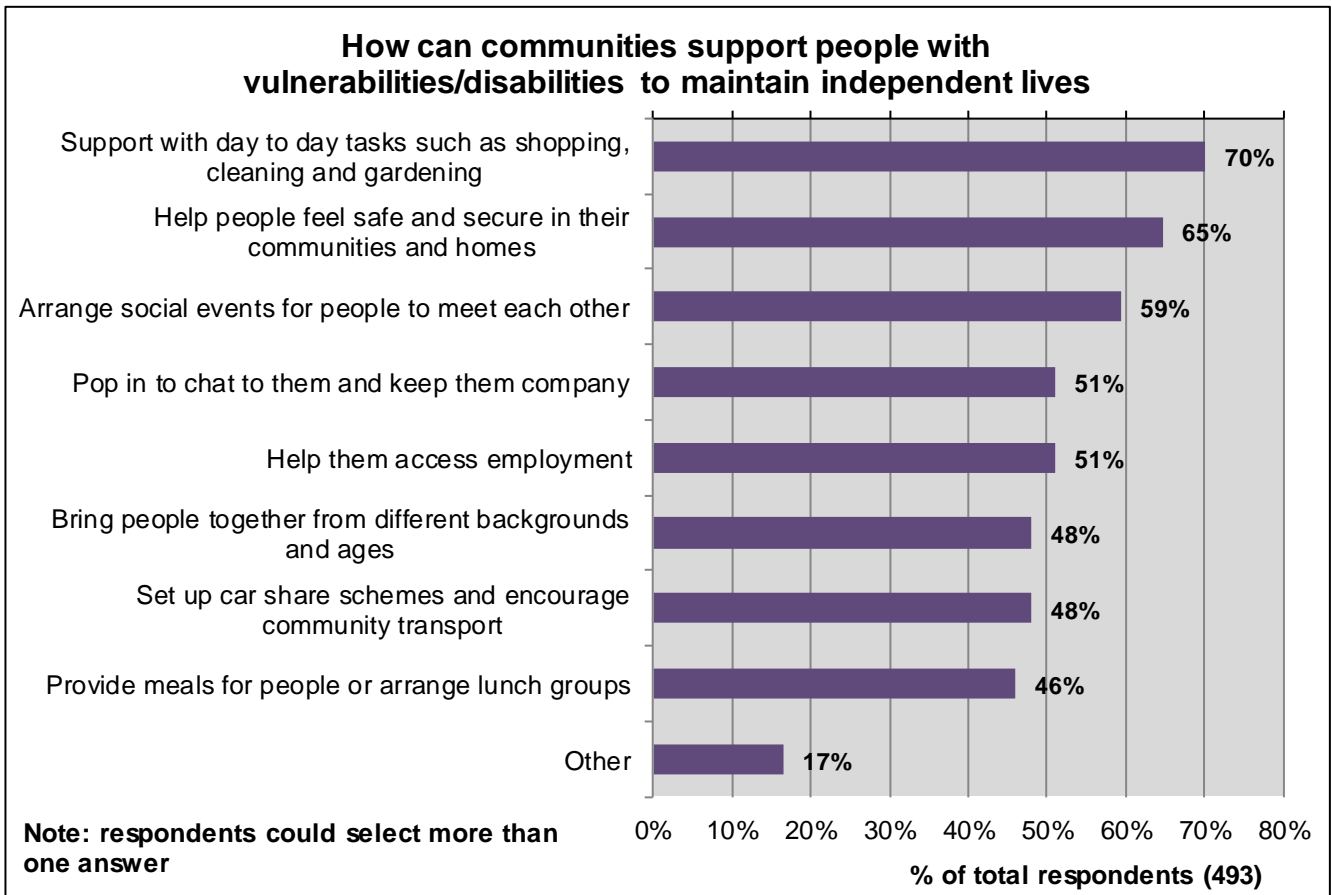
According to over 60 per cent of respondents 'support with day to day tasks such as shopping, cleaning and gardening' and 'help people feel safe and secure in their communities and homes' were the best ways that communities can support people with vulnerabilities/ disabilities to maintain independent lives. Also there were high consensus for 'arrange social events for people to meet each other', 'pop in to chat to them and keep them company and for 'help them access employment' in terms of supporting people with vulnerabilities/disabilities to maintain independent lives (Table 2).

Table 2: responses to Q2

	<b>Number of respondents</b>	<b>Per cent of respondents</b>
Support with day to day tasks such as shopping, cleaning and gardening	346	<b>70%</b>
Help people feel safe and secure in their communities and homes	319	<b>65%</b>
Arrange social events for people to meet each other	293	<b>59%</b>
Pop in to chat to them and keep them company	252	<b>51%</b>
Help them access employment	252	<b>51%</b>
Bring people together from different backgrounds and ages	237	48%
Set up car share schemes and encourage community transport	237	48%
Provide meals for people or arrange lunch groups	227	46%
Other	82	17%
Total respondents	493	100%
Not answered	21	

Note: respondents could select more than one answer

Chart 1: responses to Q2



Other, please specify:

The analysis indicated that the most common suggestions were:

- ❖ **Providing activities for healthy living** (e.g. walking, visiting outdoors, healthy eating, healthy cooking)
- ❖ **Proving practical help** (form filling, help with internet access etc.)
- ❖ **Council to coordinate the volunteer support** (liaise with volunteers, organisations and people with vulnerabilities/disabilities and their families)
- ❖ **Ensure safety** (CCTV in public places, extra visible police presence)

**Q3. How should the council develop a network of groups and individuals across the county, who can offer advice and guidance for people wanting to adopt a healthier lifestyle? (Please tick all that apply)**

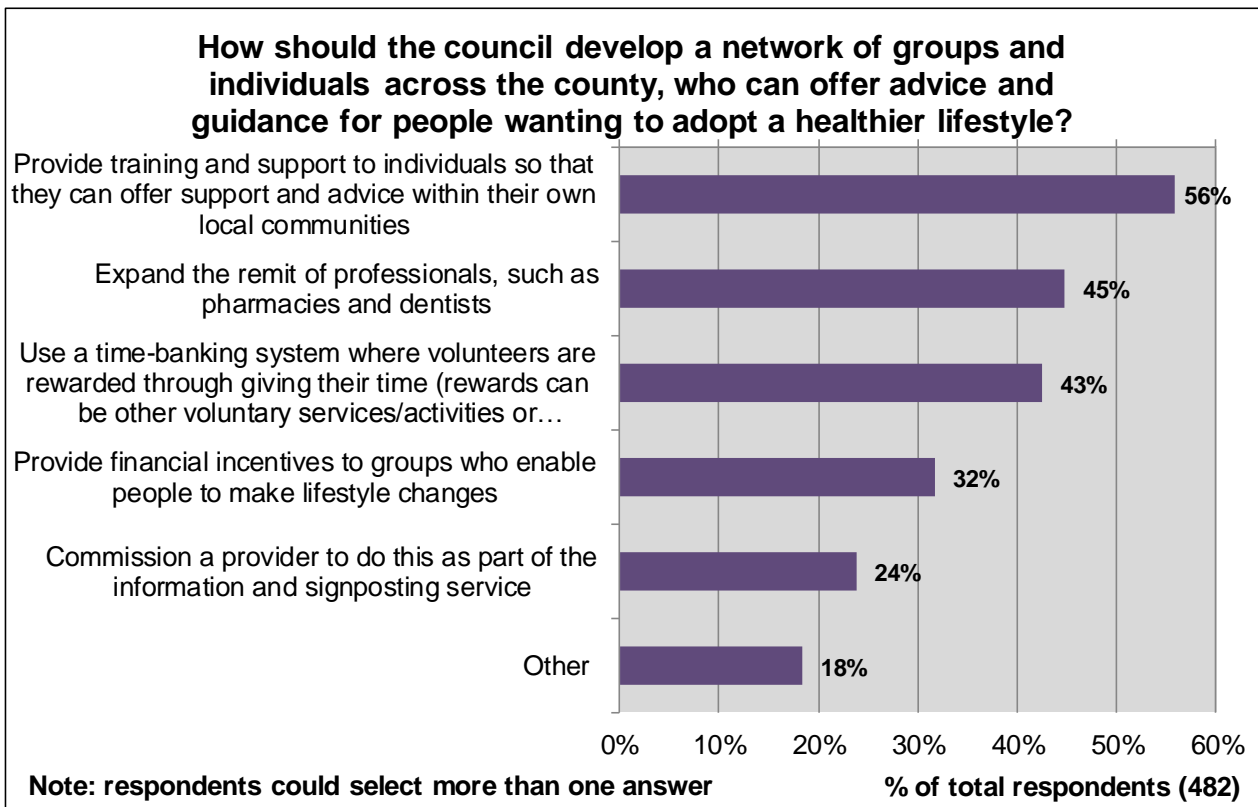
According to the majority of respondents (56 per cent) the council should ‘provide training and support to individuals so that they can offer support and advice within their own local communities’ to develop a network of groups and individuals across the county who can offer advice and guidance for people wanting to adopt a healthier lifestyle. Around 45 per cent of respondents think that the council should ‘expand the remit of professionals, such as pharmacies and dentists’ or ‘use a time-banking system where volunteers are rewarded through giving their time’. A third (32 per cent) of respondents think the council should ‘provide financial incentives to groups who enable people to make lifestyle changes’ and a quarter (24 per cent) of respondents think the council should ‘commission a provider to do this as part of the information and signposting service’ to develop a network of groups and individuals across the county to offer advice and guidance for people wanting to adopt a healthier lifestyle.

Table 3: responses to Q3

	<b>Number of respondents</b>	<b>Per cent of respondents</b>
Provide training and support to individuals so that they can offer support and advice within their own local communities	269	<b>56%</b>
Expand the remit of professionals, such as pharmacies and dentists	216	<b>45%</b>
Use a time-banking system where volunteers are rewarded through giving their time (rewards can be other voluntary services/activities or discount schemes etc.)	205	<b>43%</b>
Provide financial incentives to groups who enable people to make lifestyle changes	153	32%
Commission a provider to do this as part of the information and signposting service	115	24%
Other	89	18%
Total respondents	482	100%
Not answered	32	

Note: respondents could select more than one answer

Chart 2: responses to Q3



Other, please specify:

The analysis of comments identified 'other' common suggestions such as:

- ❖ **Providing support for existing groups** (financial support, incentives, publicity)
- ❖ **Coordinate with professionals** (GPs, healthy lifestyle trainers, district nurses and community health groups)
- ❖ **Establish a place where people can get hold of free advice and information**

Some respondents suggested that 'adopting a healthier lifestyle' is an individual's responsibility therefore it should not be included in council's remit.



**Q4. How should the council make it easier for people who need care to manage their own budget?**

According to fifty seven (57) per cent of respondents the council should make it easier for people who need care to manage their own budget by letting them ‘choose their own care’, while 43 per cent think the council should let them ‘choose from a selection of providers chosen by the council’.

Table 4: responses to Q4

	<b>Number of respondents</b>	<b>Per cent of respondents</b>
Choose their own care	278	<b>57%</b>
Choose from a selection of providers chosen by the council	212	43%
Total respondents	490	100%
Not answered	24	

**Q5. How should the council prioritise getting more houses built in Herefordshire?  
(Please tick all that apply)**

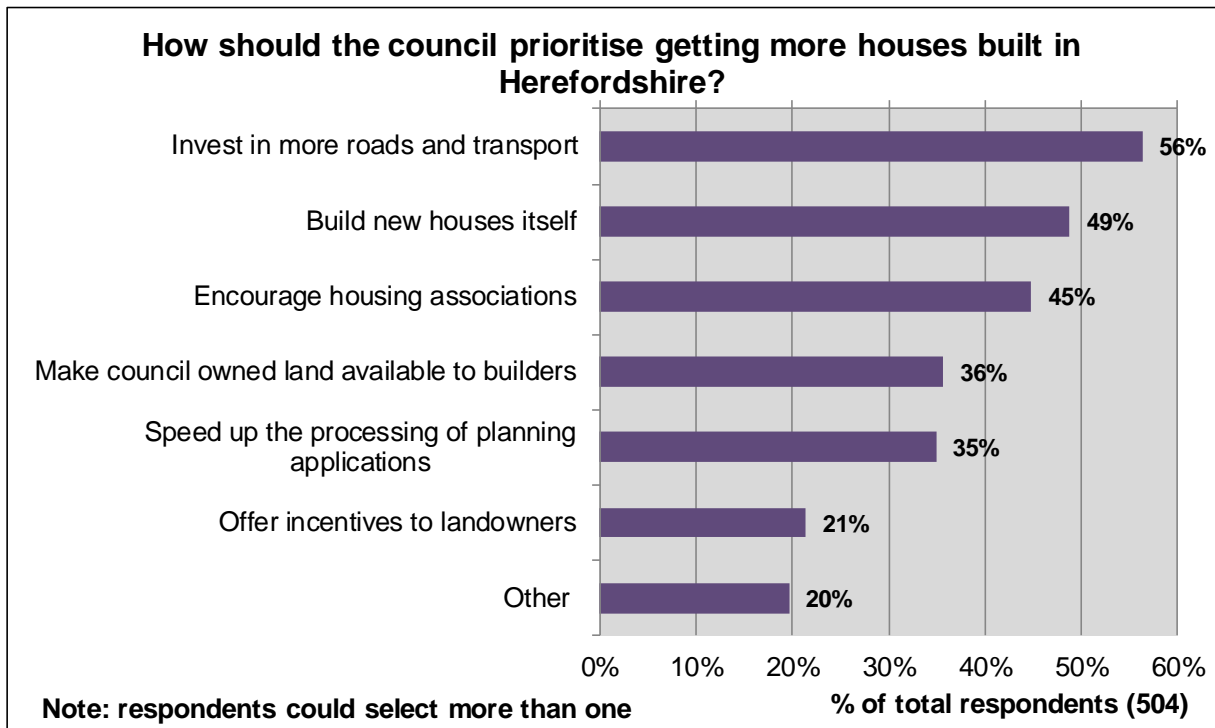
The council should ‘Invest in more roads and transport’, ‘build new houses itself’ and ‘encourage housing associations’ to prioritise getting more houses built in Herefordshire according to the majority of respondents (56 per cent, 49 per cent and 45 per cent respectively). Fewer proportion of respondents (21 per cent) think the council should ‘offer incentives to landowners’ to prioritise getting more houses in Herefordshire. A fifth of respondents (20 per cent) selected ‘other’ ways that the council should prioritise this.

Table 5: responses to Q5

	<b>Number of respondents</b>	<b>Per cent of respondents</b>
Invest in more roads and transport	284	<b>56%</b>
Build new houses itself	246	<b>49%</b>
Encourage housing associations	226	<b>45%</b>
Make council owned land available to builders	180	36%
Speed up the processing of planning applications	176	35%
Offer incentives to landowners	108	21%
Other	99	20%
Total respondents	504	100%
Not answered	10	

Note: respondents could select more than one answer

Chart 3: responses to Q5



Other, please specify:

Analysis of comments identified the most common 'other' suggestions as follows:

- ❖ **Renovate derelict properties** (empty properties, spaces above shops etc.)
- ❖ **Develop brown field sites** (e.g. former industrial sites and incentives to develop brown field sites)
- ❖ **Improve planning permission process to encourage development** (less complex, speedy process, reduce the upfront cost on planning applications and reduce the S106/CIL charges)

Some respondents have expressed concerns about whether getting more houses before improving infrastructure and sufficient public services (e.g. schools, surgeries) would be the right way forward for the county.

## Keep children and young people safe and give them a great start in life

In 2016/17 Herefordshire achieved national uptake targets for childhood immunisation and antenatal, newborn and children screening programmes. This is central to the council's policy of giving children a great start in life.

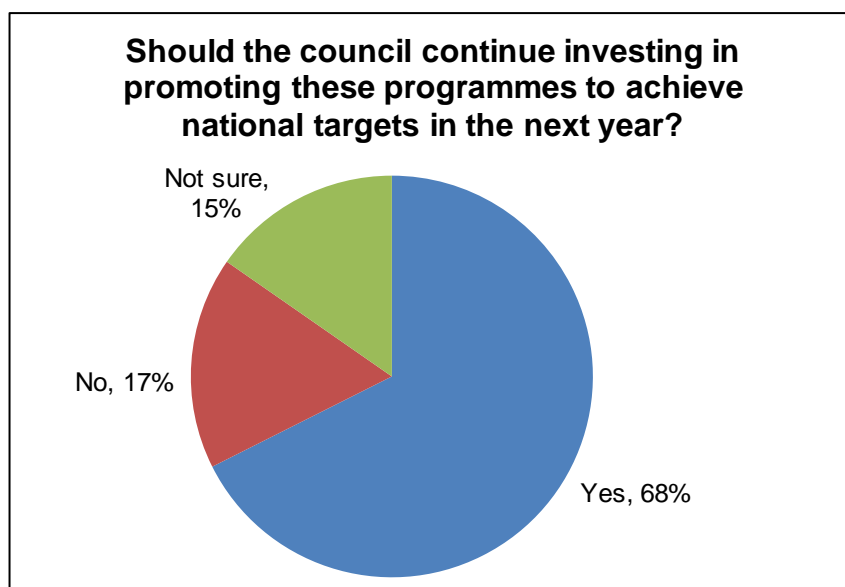
### Q6. Should the council continue investing in promoting these programmes to achieve national targets in the next year?

Over two thirds of respondents (68 per cent) agreed that the council should continue investing in promoting childhood immunisation and antenatal, newborn and children screening programmes to achieve national targets in the next year. Seventeen per cent do not think that the council should continue investing in promoting these programmes while 15 per cent were not sure about this. (Table 6)

Table 6: responses Q6

	Number of respondents	Per cent of respondents
Yes	344	68%
No	87	17%
Not sure	78	15%
Total respondents	509	100%
Not answered	5	

Chart 4: responses to Q6



**Q7. How should the council work with parents and other services to give children the best start in life in their early years? (Please tick all that apply)**

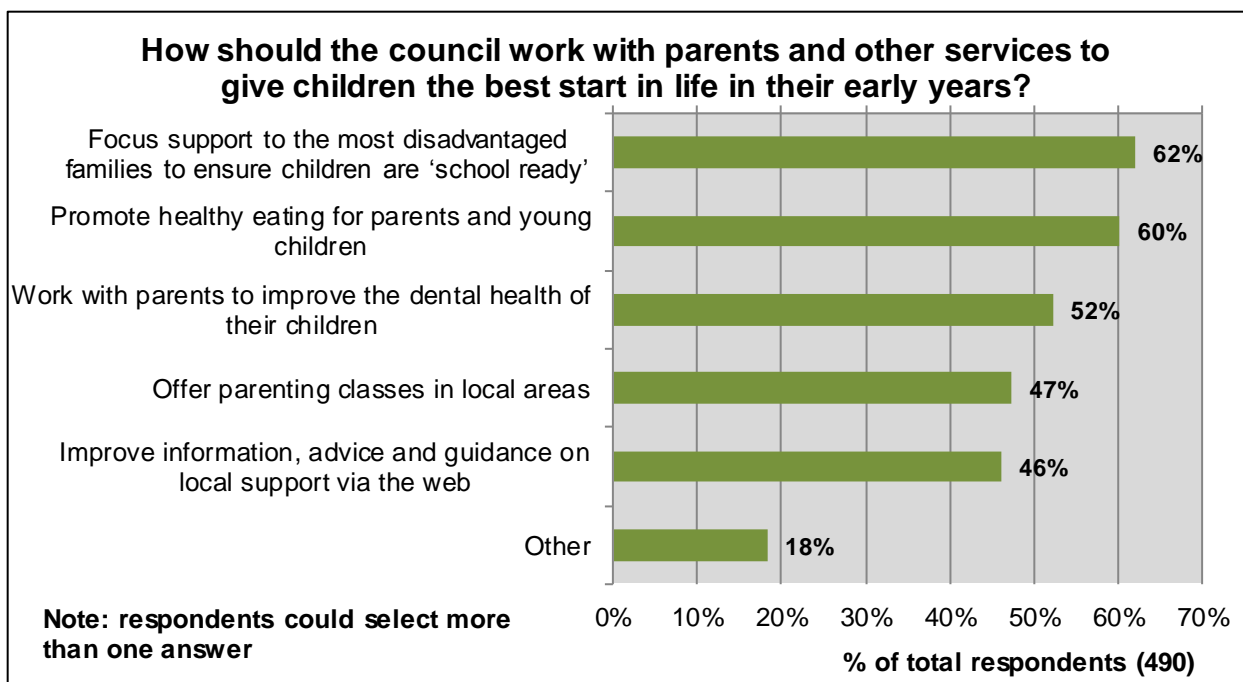
The council should 'Focus support to the most disadvantaged families to ensure children are 'school ready' and 'Promote healthy eating for parents and young children' to give children the best start in life in their early years according to 60 per cent of respondents. 'Work with parents to improve the dental health of their children' or 'offer parenting classes in local areas' or 'Improve information, advice and guidance on local support via the web' also ranked highly. Less than a fifth chose 'other' things that the council should work with parents and other services to give children the best start in life in their early years.

Table 7: responses Q7

	<b>Number of respondents</b>	<b>Per cent of respondents</b>
Focus support to the most disadvantaged families to ensure children are 'school ready'	304	<b>62%</b>
Promote healthy eating for parents and young children	295	<b>60%</b>
Work with parents to improve the dental health of their children	256	<b>52%</b>
Offer parenting classes in local areas	232	<b>47%</b>
Improve information, advice and guidance on local support via the web	226	<b>46%</b>
Other	90	18%
Total respondents	490	100%
Not answered	24	

Note: respondents could select more than one answer

Chart 5: responses to Q7



Other, please specify:

Among the other suggestions provided, the most common suggestions were:

- ❖ **Through already established organisations/groups** (Children’s Centres, community centres, libraries etc.)
- ❖ **Health education through schools and nurseries** (healthy eating, healthy lifestyles, dental health)
- ❖ **More funding to local organisations and charities** (children centres, family projects, Sure Start)
- ❖ **1-2-1 support for vulnerable parents/carers and more support for full time working parents**

**Q8. How should the council support young people to make the most of their education and employment opportunities? (Please tick all that apply)**

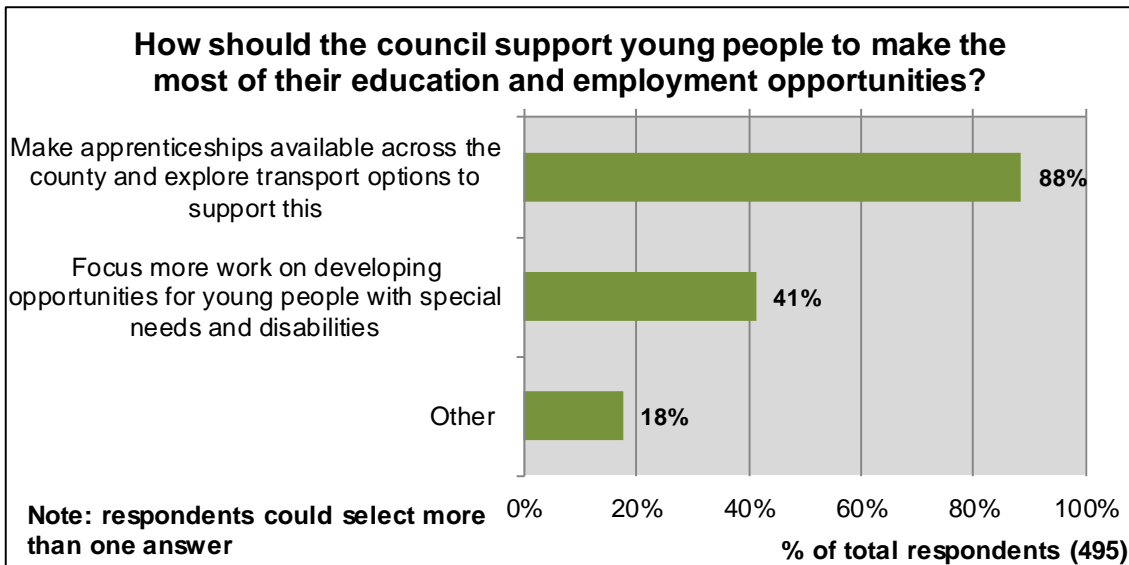
The large majority of respondents (88 per cent) said that the council should support young people to make the most of their education and employment opportunities by ‘making apprenticeships available across the county and explore transport options to support this’. Forty one per cent thought the council should ‘focus more work on developing opportunities for young people with special needs and disabilities’ while 18 per cent thought there are ‘other’ things that the council should do in terms of supporting young people to make the most of their education and employment opportunities.

Table 8: responses to Q8

	<b>Number of respondents</b>	<b>Per cent of respondents</b>
Make apprenticeships available across the county and explore transport options to support this	438	<b>88%</b>
Focus more work on developing opportunities for young people with special needs and disabilities	204	<b>41%</b>
Other	87	18%
Total respondents	495	100%
Not answered	19	

Note: respondents could select more than one answer

Chart 6: responses to Q8



Other, please specify:

The analysis of comments identified 'other' common suggestions such as:

- ❖ **Improve career guidance and advice** (Independent free advice, bringing back the, Work with schools to reinstate good careers advice, not just emphasis on university admission, mock interviews with potential employers)
- ❖ **Public transport to schools and colleges** (free or affordable fares and more regular services across county)
- ❖ **More work experience and vocational training opportunities** (wide range of employers, mentoring schemes, hands on work placements, vocational training through schools)
- ❖ **Create employment and better paid jobs with in the county** (more industries especially in information technology, employments/apprenticeships for young people with disabilities)

## Support the growth of our economy

### Q9. How should the council assist in ensuring that the infrastructure and support needed to provide jobs and houses within the local economy is in place? (Please tick all that apply)

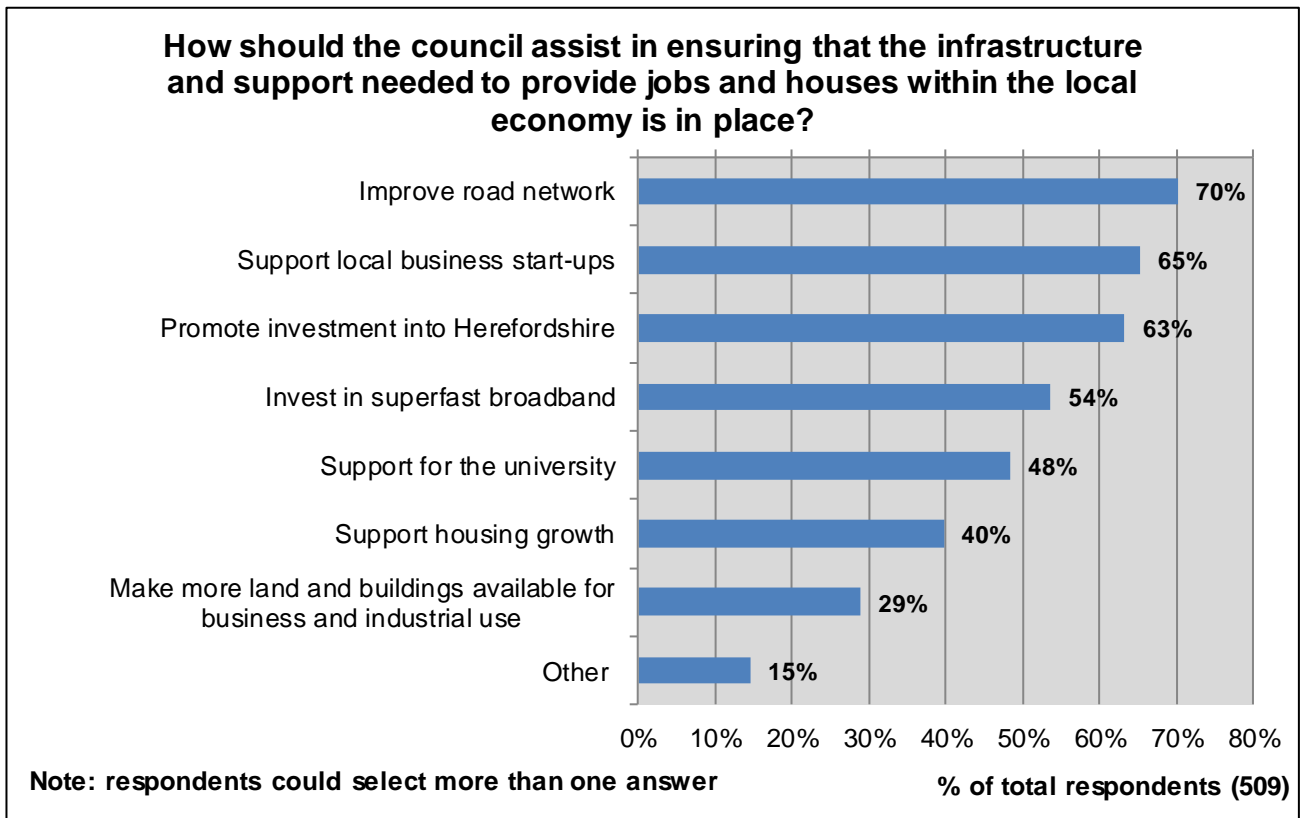
According to the majority (70 per cent) of respondents the council should 'improve road network' to assist in ensuring that the infrastructure and support needed to provide jobs and houses within the local economy is in place. 'Supporting local business start-ups', 'promoting investment into Herefordshire', 'investing in superfast broadband' and 'support for the university' are next in line for the council to assist in and were agreed by 65 per cent, 63 per cent, 54 per cent and 48 per cent of respondents respectively (Table 9)

Table 9: responses to Q9

	Number of respondents	Per cent of respondents
Improve road network	357	70%
Support local business start-ups	332	65%
Promote investment into Herefordshire	322	63%
Invest in superfast broadband	273	54%
Support for the university	246	48%
Support housing growth	202	40%
Make more land and buildings available for business and industrial use	147	29%
Other	74	15%
Total respondents	509	100%
Not answered	5	

Note: respondents could select more than one answer

Chart 7: responses to Q9



Other, please specify:

The analysis of comments made to this question indicated that the most common suggestions were:

- ❖ **Improve public transport network** (free public transport for school and college children, regular bus service across Herefordshire, train station in Rotherwas etc.)
- ❖ **Improve roads** (develop a road network to connect to motorways, reduce traffic and Hereford bypass)
- ❖ **Improve alternative travel** (more cycle routes, promote walking and cycling, park and ride facility in the city )
- ❖ **Reduce business rates to attract investors/businesses** (cheap industrial units, low rents for empty properties to encourage business start-ups)
- ❖ **Invest in recreational infrastructure to promote tourism** (footpaths, flower displays, remove litter etc.)



## Secure better services, quality of life and value for money

**Q10. The capital budget funds schemes and investments which will derive a long term benefit for the county. Capital expenditure is funded from the sale of land and assets, borrowing and annual contributions from the revenue budget. Where should we invest our capital budget? (Please tick all that apply)**

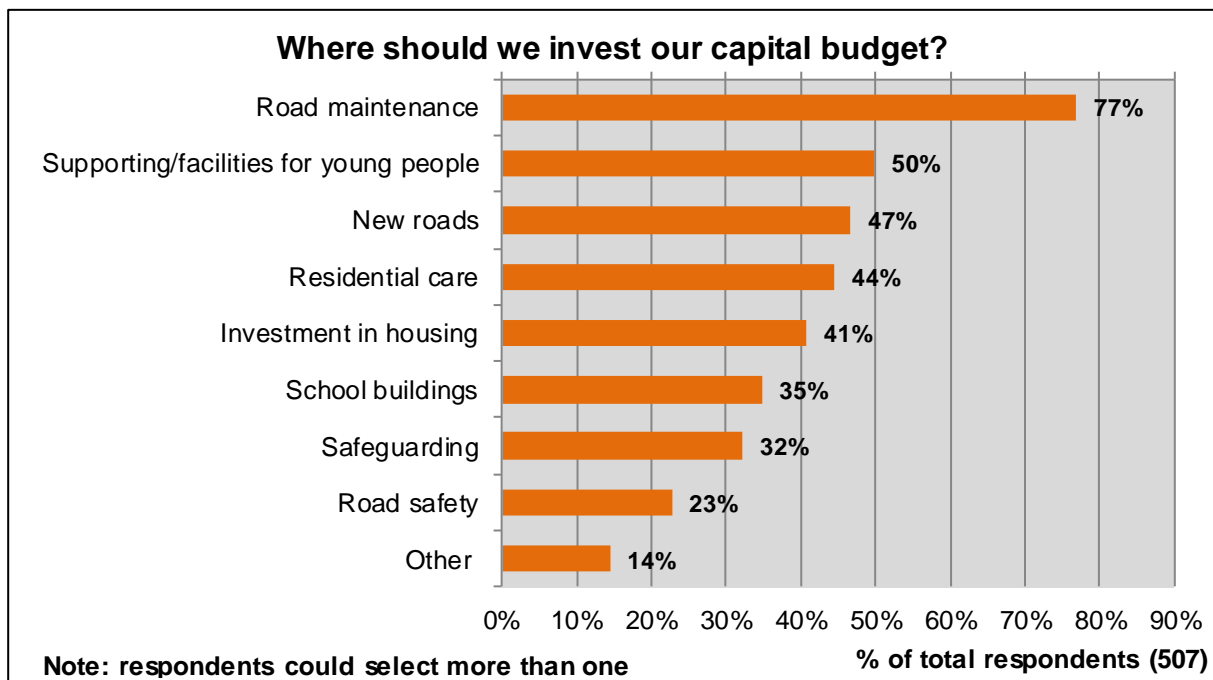
Seventy seven per cent of respondents would like the council to invest its capital budget on 'road maintenance' and 50 per cent would like it to invest on 'supporting/facilities for young people'. 'New roads', 'residential care' and 'investment in housing' were next on the list of investments that respondents would like the council to invest in.

Table 10: responses to Q10

	Number of respondents	Per cent of respondents
Road maintenance	389	77%
Supporting/facilities for young people	252	50%
New roads	236	47%
Residential care	225	44%
Investment in housing	206	41%
School buildings	176	35%
Safeguarding	163	32%
Road safety	115	23%
Other	73	14%
Total respondents	507	100%
Not answered	7	

Note: respondents could select more than one answer

Chart 8: responses to Q10



Other, please specify:

Among the other suggestions where the council should invest its capital budget, the following were the most commonly cited suggestions:

- ❖ **Transport** (improved public transport, subsidised transport for elderly and young)
- ❖ **Roads** (Road maintenance, /road network improvements and road safety, bypass, new bridge in the city)
- ❖ **Reduce traffic** (safe cycling routes, more walking and cycle schemes, accessible parking)
- ❖ **Tourism and culture** (clean countryside, encourage small family businesses, capitalise Herefordshire's unique selling point-the beautiful county)

Some respondents expressed concerns about selling land and assets to fund capital expenditure, instead respondents suggested that the council should use these to gain income and use for providing farm apprenticeships etc.

**Q11. The council is responsible for improving the health of its residents and commission a number of public health services. How would you choose to prioritise the following services? (1 = most important and 6 = least important)**

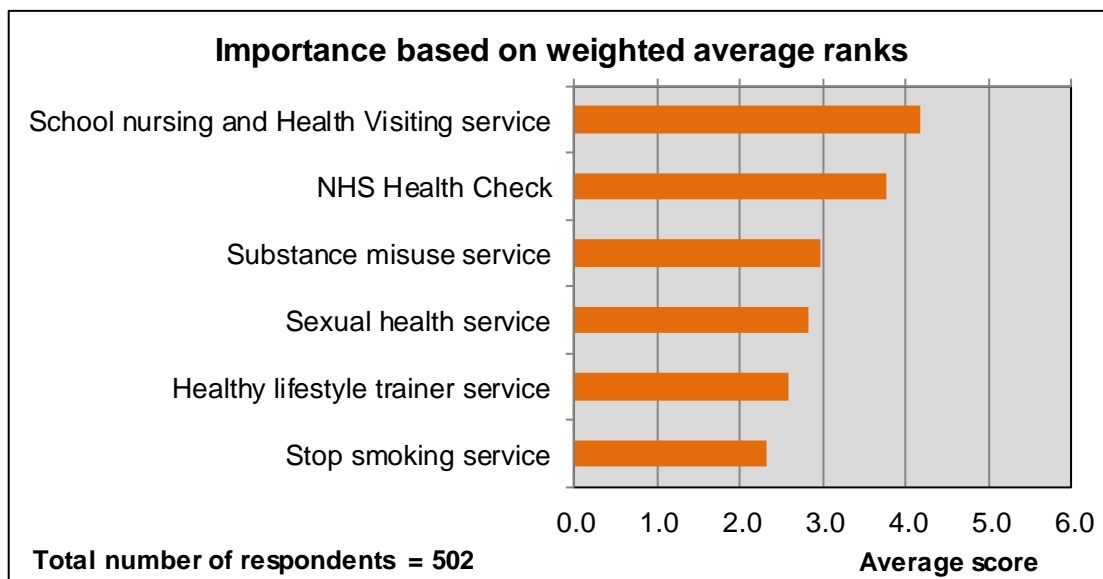
This ranking question calculates the average ranking for each answer option to determine which option (service) was most preferred overall. The answer option with the largest average ranking is the most preferred option. Weights are applied in reverse. In other words, the respondent's most important option (which the respondent ranked as 1) has the largest weight, and respondent's least important option (which the respondent ranked in the last position) has a weight of 1.

There were some clear messages from the distribution of the ranks (see Chart 9); 'school nursing and Health Visiting service' and 'NHS Health Checks' were ranked as the most important public health services that the council should prioritise to commission. 'Stop smoking service' and 'Sexual health service' were ranked as the least important public health services that the council should prioritise to commission.

Table 11: proportion of responses to Q11 based on total respondents who ranked at least one option

Options (services)	Rank (1 = most important and 6 = least important)					
	1	2	3	4	5	6
School nursing and Health Visiting service	38%	21%	11%	7%	5%	5%
NHS Health Check	26%	22%	13%	10%	11%	12%
Substance misuse service	8%	15%	18%	17%	19%	9%
Sexual health service	3%	11%	25%	22%	17%	9%
Healthy lifestyle trainer service	8%	9%	15%	17%	14%	23%
Stop smoking service	7%	10%	9%	14%	18%	27%

Chart 9: services ranked based on weighted averages



## Council Tax

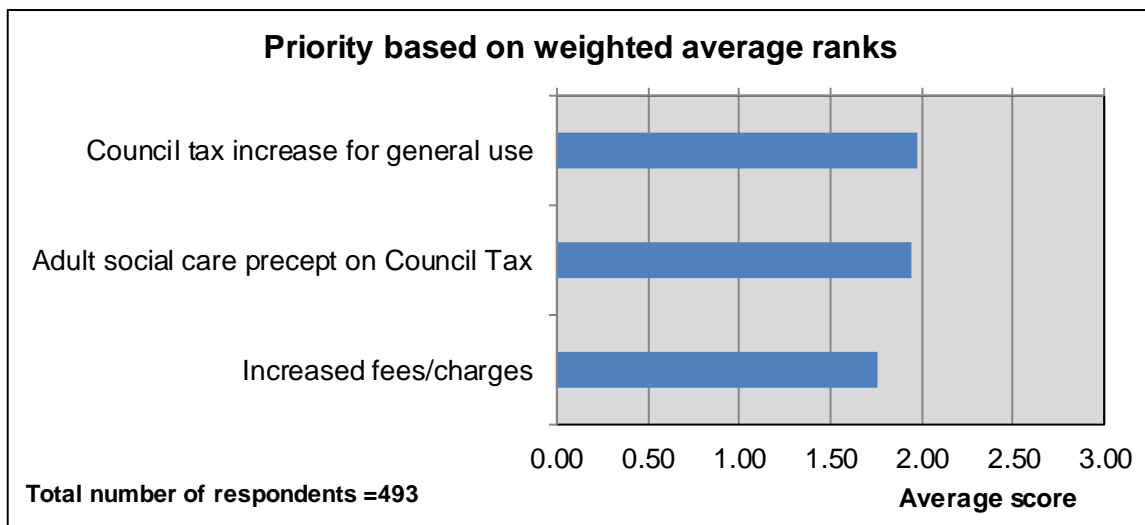
**Q12. In order to ensure the council raises sufficient income, how would you choose to prioritise the following options? (1 = first and 3 = last)**

According to the distribution of ranks there was a clear order of priority that how the council raise sufficient income; 'Council Tax increase for general use' would be the first priority followed by 'Adult social care precept on Council Tax' and 'Increased fees/charges' (Table 12).

Table 12: proportion of responses to Q12 based on total respondents who ranked at least one option

Options	Rank (1 = first and 3 = last)		
	1	2	3
Council tax increase for general use	34%	30%	31%
Adult social care precept on Council Tax	31%	43%	21%
Increased fees/charges	31%	20%	43%

Chart 10: options ranked based on weighted averages



**Q13. Do you have any other comments you would like to make?**

There were over 200 comments made to provide any other comments. The initial analysis indicated that the most common themes/suggestions/priorities emerged from the comments were:

- ❖ **Roads, transport and traffic** (improve road conditions, maintenance of roads, improve transport network for rural areas and public transport, reduce traffic etc.)
- ❖ **Herefordshire's outstanding natural beauty and heritage** (preserve and conserve beautiful country side, encourage tourism)
- ❖ **Support for economy** (support for local small businesses, improve tourism)
- ❖ **Improve services for all** (focus on everyone rather than adult and children social care, free or affordable parking, library services etc.)
- ❖ **Do not support the university**
- ❖ **Funding** (lobby government for more funding, increase council tax for all and justify the rise)

Many respondents expressed concerns about the council's internal spending (staffing costs, building renovations, office moves etc.), too many councillors and their allowances.

The full list of comments received to all questions will be published as a separate document.

## Respondent profile

- Two per cent of respondents represented an organisation or a group while 98 per cent were individuals. The organisations that responded to the consultation were:

Bromyard Walkers are Welcome

Hereford business community

Herefordshire Wildlife Rescue

Kingsland Parish Council

North Bromyard Group Parish Council

Sutton St Nicholas Parish Council

Wye Ruin It

AS IF\*

Trust (charitable) trustee\*

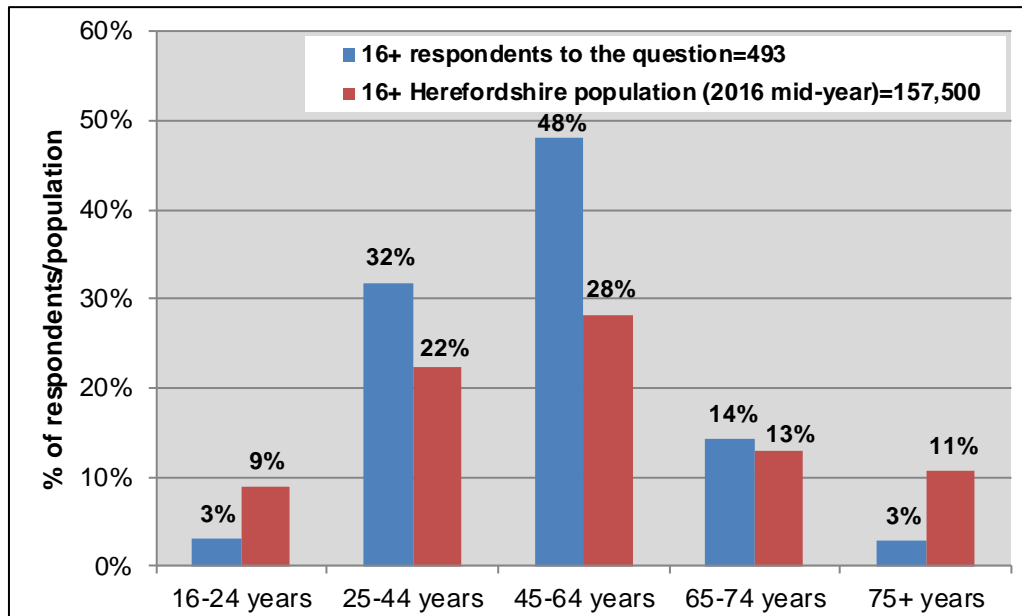
*\*unable to verify the organisation names*

- 442 respondents provided their full postcode- please see map (appendix B- map of respondents to consultation)
- 53 per cent of respondents to the survey were females and 47 per cent were males (Herefordshire population profile: 51 percent to 49 percent)<sup>1</sup>
- 17 per cent were aged 65 years or over, 48 per cent were aged 45-64 years, 32 per cent were aged 25-44 years and three per cent were 24 years or younger. According to chart 11 it is clear that people aged 24-64 years were largely over represented in the consultation.

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<sup>1</sup> The Population of Herefordshire 2016 (<https://factsandfigures.herefordshire.gov.uk/media/48832/population-of-herefordshire-2016-v20.pdf>)

Chart 11: age distribution of survey respondents and Herefordshire population



- Twenty one (21) per cent of respondents' day-to-day activities were limited a little or limited a lot because of a health problem or disability which has lasted, or is expected to last, at least 12 month.
- Ninety five (96) per cent of respondents identified themselves as English, Scottish, Welsh or British; three per cent identified themselves as another national identity.
- Of the respondents who answered the question about their ethnicity, 96 per cent identified themselves as 'white' and three percent as 'other white'. This composition is slightly different to the adult population ethnicity profile of the county, where five per cent were 'other white' and two per cent were 'non-white' (according to the 2011 Census).
- Eleven (11) per cent of respondents felt that they had been treated differently (positively or negatively) because of who they are.

In addition to the standard survey responses, there were six responses received as emails/letters from the following (please see appendix A):

- Mortimer ward councils
- Market Towns Forum
- Bromyard Walkers are Welcome
- Herefordshire Ramblers
- Four members of public

End

**Appendix A: Nonstandard/other responses**

**Appendix B: Map of respondents to consultation**

**Appendix C: The questionnaire**



## **From: Mortimer ward councils**

Dear Herefordshire Council,

Following discussions with neighbouring parish councils, the Mortimer Ward Councils wish to submit the following response:

Following an in-depth discussion it was agreed to submit the following budget priorities to Herefordshire Council:

Mortimer Ward had identified three main investment priorities:

- Roads;
- Drainage;
- Broadband.

### **Roads**

The highway network throughout the County was in a very poor state of repair and requires significant investment to bring it back up to an acceptable standard.

Investment in the Enhanced Lengthsman Scheme to continue to enable parish councils to carry out pothole repairs was essential whilst funding was sought to carry out long term repairs and resurfacing works.

### **Drainage**

The network of highway drainage was in a poor state of repair. Investment had not been made to keep the drainage network clear and in a good state of repair. This had resulted in drainage issues which was in turn undermining the highway network.

Herefordshire Council is urged to provide further investment in a proactive gulley cleaning initiative.

### **Broadband**

In order to support the tourism industry and small businesses additional investment in upgrading broadband throughout the Council was requested.

### **The role of Town and Parish Councils**

The Parish Councils in Mortimer Ward believe that Herefordshire Council should consider devolving some of the maintenance responsibilities from Balfour Beatty to Parish Councils under the Enhanced Lengthsman Scheme to enable local parish councils to deliver cost effective maintenance of C and U roads, roadside verges and open spaces.

Regards

Paul Russell  
Clerk to the Council

## **From: Market Towns Forum**

Dear Herefordshire Council,

On behalf of the Market Towns Forum, which is made up of Market Towns in Herefordshire, the following response to the budget consultation has been agreed:

The following priorities have been identified by the Market Towns Forum:

- The continuation of financial support for the Enhanced Lengthsman Scheme;
- The continuation of financial support for the P3 scheme;
- Increased expenditure on highway network improvements with greater clarity and consultation with local parish and town councils on priorities;
- Town centre/public realm improvements in market towns;
- Additional investment in public transport especially in rural areas where an economic case can be made;
- Improved waste collection and litter bin emptying to improve cleanliness and care of the county for both residents and visitors;

In order to help achieve improved service delivery and some cost savings the Market Towns Forum would like to see the following initiatives developed:

- Options to work hand in hand with town and parish councils to help deliver open spaces maintenance, litter bin emptying and other quality of life services on behalf of local residents;
- The option for town and parish councils to act as contractors to HC, to receive payment to help deliver services contracted to town and parish councils.

The Market Towns Forum is made up of the following towns in Herefordshire:

Bromyard & Winslow

Hereford City Council

Kington Town Council

Ledbury Town Council

Leominster Town Council

Ross on Wye Town Council

Regards

Paul Russell

(Secretary to the MTF)

Town Clerk, Leominster Town Council

## **From: Bromyard Walkers are Welcome**

I have responded to the questionnaire but there is only limited opportunity to make broader points.

First, maintenance of public rights of way is a statutory duty. It is not an optional extra. It is doubtful whether Herefordshire's present performance and resourcing complies with this statutory obligation. To reduce it further will increase the likelihood of legal challenge.

Secondly, walking makes a huge contribution to the local economy. Tourism delivers a Gross Value Added of £150m per annum, 5% of the county total. Farming contributes 8%. This will be jeopardised by any further reductions in funding as the walking infrastructure falls into increasing disrepair. It is particularly counter-productive to abolish the P3 scheme, as currently proposed, which costs £50,000 p.a. or 0.03% of the council's required spending. P3 delivers outstanding value by using volunteer labour and local contractors who are far more cost-effective than the exorbitant rates billed by BBLP.

Thirdly, the health benefits of walking, through reduction in cardio vascular disease and improvements to mental and physical well-being are well attested. Investment and promotion here will help to reduce demand on other Council services and the NHS.

Tom Fisher

Chairman, Bromyard Walkers are Welcome

## **From: Herefordshire Ramblers**

Dear Sir / Madam,

I have NOT responded to the questionnaire as there is only limited opportunity to make broader points.

As Chair of Herefordshire Ramblers I believe it is very important that I make the following comments regarding "walking" in all its aspects as a response to the 2018/19 Budget Priorities Consultation.

Walking will help achieve Herefordshire Council's stated aspiration for the future: "*People, organisations and businesses working together to bring sustainable prosperity and well-being for all, in the outstanding natural environment of Herefordshire.*"

The council's strategic objectives and the four priorities as described within the corporate plan are to:

- Enable residents to live safe, healthy and independent lives;
- Keep children and young people safe and give them a great start in life;
- Support the growth of our economy; and
- Secure better services, quality of life and value for money.

These can be helped by getting more people out walking and by maintaining the Rights of Way Network in the county.

Firstly, the health benefits of walking, through reduction in cardio vascular disease, other medical conditions and improvements to mental and physical well-being are well established and reported. Investment and promotion here will help to reduce demand on other Council services and the NHS. Walking is the most sustainable means of exercise there is.

Secondly, maintenance of public rights of way is a statutory duty, not an optional extra. It is doubtful whether Herefordshire's present performance and resourcing complies with this statutory obligation or duty. To reduce it further will increase the likelihood of legal challenge.

Thirdly, walking makes a huge contribution to the local economy. Tourism delivers a Gross Value Added of £150m per annum, 5% of the county total. Farming contributes 8%. This will be jeopardised by any further reductions in funding as the walking infrastructure falls into increasing disrepair. It is particularly counter-productive to abolish the P3 scheme, as currently proposed, which costs £50,000 p.a. or 0.03% of the council's required spending. P3 delivers outstanding value by using volunteer labour and local contractors who are far more cost-effective than the exorbitant rates billed by the Council's contractor BBLP.

Fourthly, the allocation of £5 million pounds grant to be spent on Herefordshire roads (Highways) secured by Jesse Norman MP, will be of great help to Herefordshire Council but it begs the question: As Public Rights of Way (PROW) are Highways, how much of this £5

million will be spent in maintaining or improving PROW's in the county? A small proportion would restore the whole PROW network in the whole county.

If there are any points that you may wish to discuss further please feel free to contact me.

Regards,

Arthur Lee

Chair - Herefordshire Ramblers

## **Email responses from residents**

### **Email 1:**

Sirs, Please give high priority to Ledbury area bus services and library resources

Regards

<name removed>

### **Email 2:**

It is extremely sad how little or not at all , the council consider the importance of rural areas food drink or farming. Hereford will become another Telford, part of Birmingham, thanks to our councillors accepting far more housing than suggested. and probably a great many people from Birmingham will be rehoused in Hereford houses. Supposed to be for locals needing housing. The decimation of ancient varieties of trees and also species destroyed forever. the compulsory purchase of high grade Agricultural land NEEDED FOR FOOD, is not even considered. 'the royal society' in London organised a talk 'feeding 10 billion in two thousand and fifty' if no more agricultural land is lost it may be possible? But the food will be very different to what we have today." It would seem that we are leaving the problems in the laps of the next generation. few take seriously what our generation have done or are doing. It is totally ignored, by the so called people who try and rule us. Scrap the bypass ring rd. call it what you will. Stop spending OUR money on unnecessary things when we do not want them. Tell us what you are doing before NOT after you do it.

<name removed>

**Email 3:**

Having a daughter with SEN and an EHC plan I feel you need to be aware that it is important for funding not to be cut in this area. My daughter is finding the pressures of school difficult with funding of 20,000 a year. She is being pushed into integration more as there are funding cuts to schools, she is in a specialist provision and she is needing high levels of support so please don't cut this as my child and other children will suffer and their families too, not just educationally but socially and emotionally. She is suffering immensely with anxiety so please think carefully about the affects your cuts have to the minority of population who struggle and their families.

Many thanks

<name removed>

**Email 4:**

Good Morning,

Whilst there are European grants about I feel that Herefordshire Council should start claiming some along with lottery money to start up some community interest companies. Such as care homes and Intermediate Care Units. The N.H.S. will not look into them as it would cost too much in Herefordshire and would not pay due to the lack of population. It would also take a lot of organising.

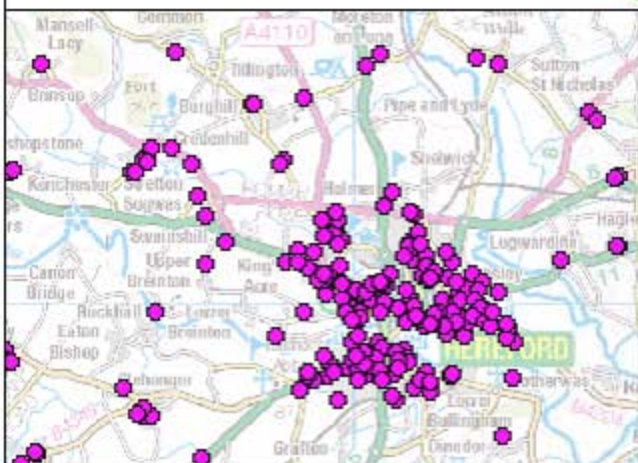
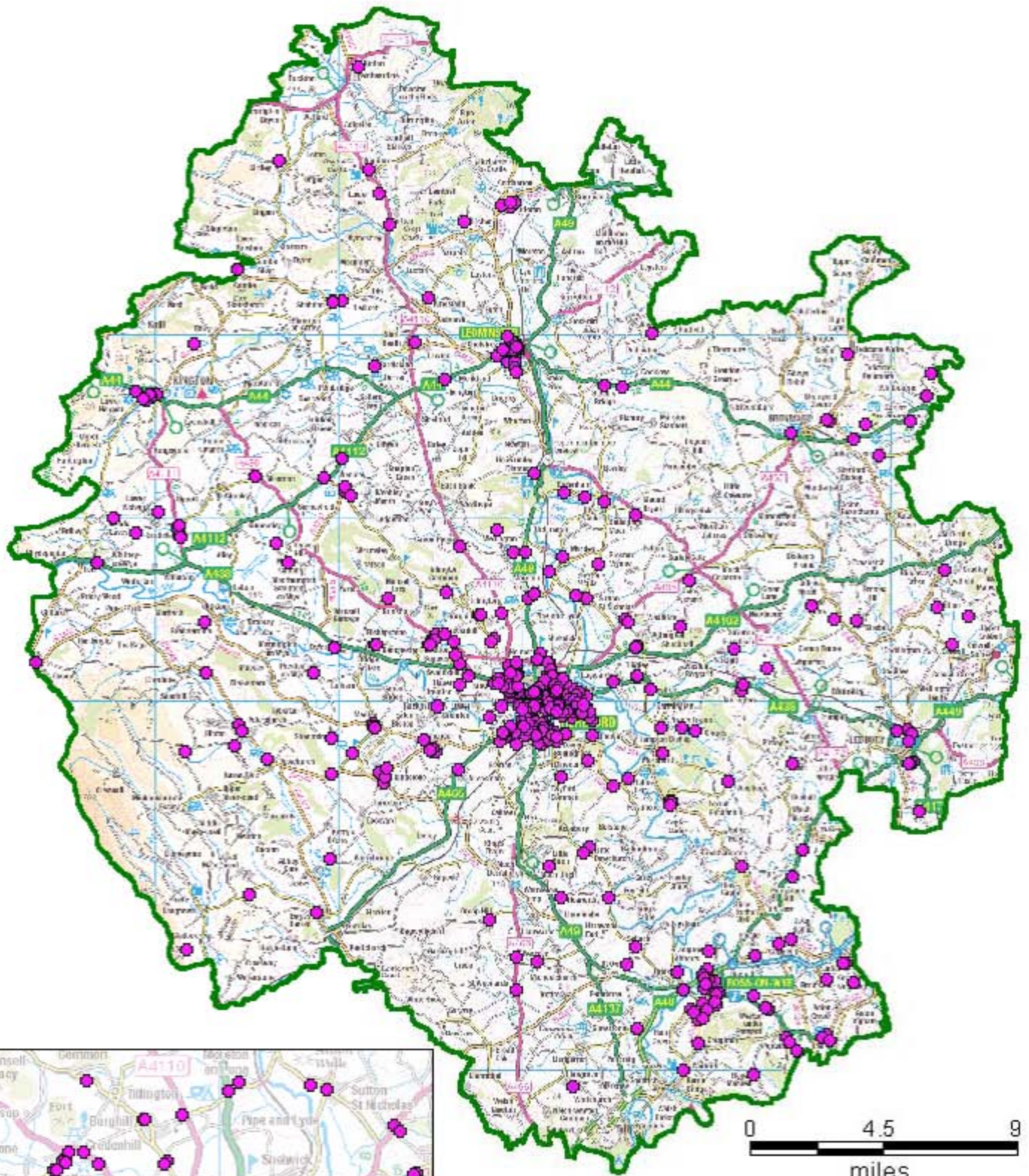
These units could be run on a not for profit basis which would cut down on the extortionate amounts of money you will need to find for care in the years to come. They would also take strain off the N.H.S.

In effect you would be able to cut out the middle man. The prices charged by care companies and homes so that the owners make a fortune. Look after your staff better and pay them a decent rate of pay that goes unrewarded for many years of dedication and hard work. It is about time someone took responsibility for the changes needed instead of ignoring it. This could save a fortune.

Yours sincerely

<name removed>







## Budget Priorities consultation – 2018/19

### The questionnaire

#### Herefordshire Council's aspiration for the future

Herefordshire Council's aspiration for the future is: *"People, organisations and businesses working together to bring sustainable prosperity and well-being for all, in the outstanding natural environment of Herefordshire."*

The council's strategic objectives are described within the corporate plan. The four priorities are to:

- Enable residents to live safe, healthy and independent lives;
- Keep children and young people safe and give them a great start in life;
- Support the growth of our economy; and
- Secure better services, quality of life and value for money.

**Q1 Are there any areas within these priorities that you think the council should do more?**

Yes, please specify below

No

#### Enable residents to live safe, healthy and independent lives

**Q2 How can communities support people with vulnerabilities/disabilities to maintain independent lives?**

**(Please tick all that apply)**

- Support with day to day tasks such as shopping, cleaning and gardening
- Arrange social events for people to meet each other
- Pop in to chat to them and keep them company
- Help them access employment
- Help people feel safe and secure in their communities and homes
- Provide meals for people or arrange lunch groups
- Bring people together from different background and ages
- Set up car share schemes and encourage community transport
- Other (please specify)

**Q3 How should the council develop a network of groups and individuals across the county, who can offer advice and guidance for people wanting to adopt a healthier lifestyle? (Please tick all that apply)**

- Provide financial incentives to groups who enable people to make lifestyle changes
- Use a time-banking system where volunteers are rewarded through giving their time (rewards can be other voluntary services/activities or discount schemes etc.)
- Expand the remit of professionals, such as pharmacies and dentists
- Provide training and support to individuals so that they can offer support and advice within their own local communities
- Commission a provider to do this as part of the information and signposting service
- Other (please specify)

**Q4 How should the council make it easier for people who need care to manage their own budget?**

- Choose their own care
- Choose from a selection of providers chosen by the council

**Q5 How should the council prioritise getting more houses built in Herefordshire? (Please tick all that apply)**

- Encourage housing associations
- Build new houses itself
- Invest in more roads and transport
- Speed up the processing of planning applications
- Make council owned land available to builders
- Offer incentives to landowners
- Other (please specify)

### **Keep children and young people safe and give them a great start in life**

In 2016/17 Herefordshire achieved national uptake targets for childhood immunisation and antenatal, newborn and children screening programmes. This is central to the council's policy of giving children a great start in life.

**Q6 Should the council continue investing in promoting these programmes to achieve national targets in the next year?**

- Yes
- No
- Not sure

**Q7 How should the council work with parents and other services to give children the best start in life in their early years? (Please tick all that apply)**

- Offer parenting classes in local areas
- Focus support to the most disadvantaged families to ensure children are 'school ready'
- Promote healthy eating for parents and young children
- Improve information, advice and guidance on local support via the web
- Work with parents to improve the dental health of their children
- Other (please specify)

**Q8 How should the council support young people to make the most of their education and employment opportunities? (Please tick all that apply)**

- Focus more work on developing opportunities for young people with special needs and disabilities
- Make apprenticeships available across the county and explore transport options to support this
- Other (please specify)

### **Support the growth of our economy**

**Q9 How should the council assist in ensuring that the infrastructure and support needed to provide jobs and houses within the local economy is in place? (Please tick all that apply)**

- Improve road network
- Invest in superfast broadband
- Support housing growth
- Promote investment into Herefordshire
- Support local business start-ups
- Make more land and buildings available for business and industrial use
- Support for the university
- Other (please specify)

## Secure better services, quality of life and value for money

**Q10 The capital budget funds schemes and investments which will derive a long term benefit for the county. Capital expenditure is funded from the sale of land and assets, borrowing and annual contributions from the revenue budget. Where should we invest our capital budget? (Please tick all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> New roads              | <input type="checkbox"/> Road safety                            |
| <input type="checkbox"/> School buildings       | <input type="checkbox"/> Investment in housing                  |
| <input type="checkbox"/> Road maintenance       | <input type="checkbox"/> Safeguarding                           |
| <input type="checkbox"/> Residential care       | <input type="checkbox"/> Supporting/facilities for young people |
| <input type="checkbox"/> Other (please specify) |   |

**Q11 The council is responsible for improving the health of its residents and commission a number of public health services. How would you choose to prioritise the following services? (1 = most important and 6 = least important)**

	1	2	3	4	5	6
School nursing and Health Visiting service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stop smoking service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Substance misuse service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Healthy lifestyle trainer service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sexual health service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NHS Health Check	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Council tax

Council Tax and business rates currently only meet around 30% of the council's costs. Furthermore, grants from government have been drastically cut in recent years (to around 10%) and will be almost eliminated by 2020. There are a number of council services which are chargeable and provide an income, such as car parking, planning, licensing and burial services.

**Q12 In order to ensure the council raises sufficient income, how would you choose to prioritise the following options? (1 = first and 3 = last)**

	1	2	3
Council tax increase for general use	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adult social care precept on Council Tax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased fees/charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q13 Do you have any other comments you would like to make? Please state below:

### About you

Q14 Are you responding on behalf of an organisation or group, or as an individual?

Organisation or group

Individual

If you are responding on behalf of an organisation or group please tell us the name of the organisation/group:

If you are responding as an individual please answer the following questions about yourself. This information helps us to understand the profile of respondents and whether views vary amongst different groups of people across the county. It will only be used for the purpose of statistical monitoring, treated as confidential and not used to identify you.

Q15 What is your full postcode?

Q16 What is your gender?

Male

Female

Q17 What is your age band?

0-15 years

25-44 years

65-74 years

16-24 years

45-64 years

75+ years

Q18 Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

Yes - limited a lot

Yes - limited a little

No

Q19 **How would you describe your national identity? (Please tick all that apply)**

- |   |                                   |                                |
|---|-----------------------------------|--------------------------------|
| <input type="checkbox"/> English        | <input type="checkbox"/> Scottish | <input type="checkbox"/> Welsh |
| <input type="checkbox"/> Northern Irish | <input type="checkbox"/> British  | <input type="checkbox"/> Irish |
| <input type="checkbox"/> Other          |                                   |                                |

Q20 **How would you describe your ethnic group?**

- White British/English/Welsh/Scottish/Northern Irish
- Other White (please specify below)
- Any other ethnic group (please specify below)

Q21 **Do you feel that the council has treated you differently (positively or negatively) because of who you are? (e.g. your gender, age, disability or ethnicity)**

- Yes  No

**Thank you**

You can complete this questionnaire online at: [www.herefordshire.gov.uk/budgetconsultation](http://www.herefordshire.gov.uk/budgetconsultation) but completed hard copies can be sent to:  
Herefordshire Council Research Team, Freepost SWC4816, PO Box 4, Hereford, HR4 0BR

**Data Protection Act 1998**

The data collected in this form will only be used for the purpose of statistical monitoring. This information will only be retained for as long as is considered necessary for monitoring purposes and then it will be destroyed. At all times it will be kept in accordance with the Act.

**Herefordshire Council**

**Treasury Management Strategy 2018/19**

**Contents**

1. Introduction
2. Summary of Strategy for 2018/19
3. Economic Background and Interest Rate Forecast
4. Capital Financing Requirement
5. Borrowing
6. Investment Strategy
7. Annual Minimum Revenue Provision Statement 2018/19

**Appendices**

- a. Existing Borrowing and Investments
- b. Borrowing Levels in Future Years
- c. Prudential Indicators
- d. Outlook for Interest Rates
- e. Treasury Management Policy Statement

## Treasury Management Strategy Statement 2018/19

### 1. Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) requires the council to approve a Treasury Management Strategy Statement (TMS) before the start of each financial year. The TMS also includes the Annual Investment Strategy as required under Investment Guidance provided by Communities and Local Government (CLG).
- 1.2 The council borrows and invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the council's treasury management strategy.
- 1.3 The purpose of this TMS is to approve:
- Treasury Management Strategy for 2018/19
  - Borrowing – Section 5
  - Investments – Section 6
  - Minimum Revenue Payment (MRP) Statement – Section 7
  - Prudential Indicators - Appendix c

### 2. Summary of Strategy for 2018/19

#### Borrowing

- 2.1 In 2018/19 council borrowing is estimated to increase by £18.1m from £257.8m to £275.9m. This increase can be analysed as follows.

	£m
<b>Estimated council borrowing as at 31<sup>st</sup> March 2018</b>	<b>257.8</b>
Capital investment funded by borrowing	28.2
Less: Provision for Repayment of Principal (MRP)	(8.2)
Less: EfW principal loan repayments due	(1.4)
MRP overprovision adjustment	(0.5)
<b>Estimated council borrowing as at 31<sup>st</sup> March 2019</b>	<b>275.9</b>

- 2.2 Any borrowing requirements will be financed by short term borrowing. Short-term rates are currently significantly lower than longer-term rates and long-term analysis, comparing short-term finance with a long-term loan, has shown this to be the most



## Treasury Management Strategy Statement 2018/19

cost effective approach with savings in the early years outweighing additional amounts payable that may fall due in later years.

- 2.3 The borrowing budget for 2018/19 includes provision to pay short-term interest rates of up to 1.5% (including brokers commission), we currently secure short term at 0.8%. The budget also includes the interest cost on existing fixed term borrowing.
- 2.4 Compared to a 20 year EIP loan (currently at 2.23%) using short-term finance (at 1.5%) interest cost incurred could be £0.2m lower in 2018/19 (using an estimated average amount of short-term debt outstanding during 2018/19 of £30m).
- 2.5 If no longer term PWLB loans are taken out, by 31<sup>st</sup> March 2019 variable rate short-term loans may total £30m (17%) compared to fixed rate longer-term borrowing of £145.6m. This strategy approves a total variable loan stock holding of up to 50% of total loans to minimise the risk of interest rate increases.
- 2.6 The council's exposure to variable rate debt has been discussed with the council's treasury adviser, Link Asset Services, who agree with the council's borrowing policy and the consideration of our interest rate forecasting.

### Investments

- 2.7 As a result of current banking regulations which, in the absence of government support, put the council's deposits at risk when banks get into difficulty, the council will:
  - Maintain lower investment balances during the year;
  - Keep low but liquid cash balances and invest these mainly in Money Market Funds;
  - Maintain counterparty limits with the banks at prudent levels;
  - Consider other creditworthy investments to increase diversification.

## 3. Economic Background and Interest Rate Forecast

### Economic background

- 3.1 **UK.** After strong economic growth in 2016, growth in 2017 has been weak; quarter 1 +0.3% (+1.8% y/y), quarter 2 +0.3% (+1.5% y/y) and quarter 3 +0.4% (+1.5% y/y). The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 80% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the manufacturing sector which is seeing strong growth, particularly as a result of increased demand for exports. However, this sector only accounts for around 10% of GDP so expansion in this sector will have a muted effect on the overall GDP growth figure for the UK economy as a whole.

## Treasury Management Strategy Statement 2018/19

- 3.2 The Bank of England is expected to give forward guidance to prepare financial markets for gradual changes in policy, the Monetary Policy Committee, (MPC), meeting of 14 September 2017 warned that the Bank Rate will need to rise soon. The Bank of England Inflation Reports during 2017 expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. The Bank revised its forecast for the peak to just over 3% at the 14 September meeting. (Inflation actually came in at 3.0% in both September and October).
- 3.3 At the 2 November meeting, the MPC delivered a 0.25% increase in the Bank Rate. It also gave forward guidance that they expected to increase the Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is in line with previous statements that Bank Rate would only go up gradually and to a limited extent.
- 3.4 However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. If this scenario was to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.
- 3.5 It is a concern that some consumers may have become complacent about interest rates going up after Bank Rate had been unchanged at 0.50% since March 2009 until falling further to 0.25% in August 2016. This is why forward guidance from the Bank of England continues to emphasise slow and gradual increases in Bank Rate in the coming years. Moreover, while there is uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is too early to be confident about how the next two to three years will actually pan out.
- 3.6 **EZ.** Economic growth in the eurozone (EZ), (the UK's biggest trading partner), had been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and has now gathered substantial strength and momentum thanks to this stimulus. GDP growth was 0.6% in quarter 1 (2.0% y/y), 0.7% in quarter 2 (2.3% y/y) and +0.6% in quarter 3 (2.5% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in October inflation was 1.4%. It is therefore unlikely to start on an upswing in rates until possibly 2019. It has, however, announced that it will slow down its monthly QE purchases of debt from €60bn to €30bn from January 2018 and continue to at least September 2018.
- 3.7 **USA.** Growth in the American economy was notably erratic and volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1% and quarter 3 coming in at 3.0%. Unemployment in the US has fallen to the lowest level for many years, reaching 4.1%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with four increases in all and three increases since December 2016; and there could be one more rate rise in 2017, which would then lift the central rate to 1.25 – 1.50%. There could then be another four increases in 2018. At its September meeting, the Fed said it would start in October to gradually unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

## Treasury Management Strategy Statement 2018/19

### Interest rate forecast

- 3.8 Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years.
- 3.9 Borrowing interest rates increased sharply after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases. The policy of avoiding new borrowing by running down spare cash balances has proved efficient and will continue to be carefully reviewed to minimise the risk of incurring higher borrowing costs in the future;
- 3.10 There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – being the difference between higher borrowing costs and lower investment returns.
- 3.11 A more detailed interest rate forecast provided by the Link Asset Services is attached at **Appendix d**.

## **4 Capital Financing Requirement**

- 4.1 Capital expenditure can be financed in a number of ways including the application of usable capital receipts, a direct charge to revenue, capital grant or by securing an up-front contribution towards the cost of a project.
- 4.2 Capital expenditure not financed by one of the above methods will increase the capital financing requirement (CFR) of the council.
- 4.3 The CFR reflects the council's underlying need to finance capital expenditure by borrowing or by other long-term liability arrangements, for example public finance initiatives.
- 4.4 The use of the term “borrowing” in this context does not necessarily imply external debt since, in accordance with best practice, the council has an integrated treasury management strategy. Borrowing is not associated with specific capital expenditure. The council will, at any point in time, have a number of cash flows both positive and negative and will be managing its position in terms of its borrowings and investments in accordance with its treasury management strategy.
- 4.5 The forecast movement in the CFR over future years is one of the Prudential Indicators which can be found in Appendix c. The movement in actual external debt and usable reserves (which have a direct bearing on when any internal borrowing may need to be externalised) combine to identify the council's borrowing requirement and potential investment strategy in the current and future years.

## Treasury Management Strategy Statement 2018/19

	<b>31.03.18 Estimate £000</b>	<b>31.03.19 Estimate £000</b>	<b>31.03.20 Estimate £000</b>	<b>31.03.21 Estimate £000</b>
<b>CFR excluding other long-term liabilities and MRP provision and grants</b>	288,724	307,307	328,395	324,345
Less: Existing Profile of Longer Term Borrowing – PWLB and bank loans	(143,011)	(137,517)	(130,282)	(126,798)
<b>Cumulative Maximum External Borrowing Requirement</b>	145,713	169,790	234,473	235,250
Internal borrowing	(30,000)	(30,000)	(20,000)	(20,000)
EfW loan repayments	(957)	(1,377)	(1,372)	(1,342)
<b>Cumulative Net Borrowing Requirement</b>	81,156	138,413	213,101	213,908
<b>Total Council Borrowing</b>	257,767	275,930	343,383	340,706

- 4.6 The above table shows the council's net borrowing requirement over and above its existing long-term loan finance. Part of this requirement relates to the refinancing of principal repaid on long-term EIP and annuity loans with the balance relating to additions to the capital programme financed by borrowing.
- 4.7 The increase in the capital financing, and associated borrowing, requirement over the period reflects the inclusion of new borrowing to fund future capital investment through the capital programme. This is at a higher rate than the minimum revenue provision required to be set aside to reflect the repayment of capital investment already made. The majority of borrowing used to fund capital investment is made on a funded basis where the cost of borrowing is funded through savings or income due, for example the historic investment in leisure centres, the continued investment in the enterprise zone and the proposed investment in the development partnership.

## 5 Borrowing Strategy

- 5.1 At 30 November 2017 the council held £160.6m of loans, comprising long-term fixed rate loans totalling £145.6m plus short-term loans from local authorities of £15m. The balance sheet forecast in table 1 shows that the council's borrowing may need to increase to £257.8m by 31 March 2018 and to £275.9m by 31 March 2019, assuming the timing and levels of capital expenditure are as budgeted.

### Objective

- 5.2 The council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the council's long-term plans change is a secondary objective.

## Treasury Management Strategy Statement 2018/19

### Strategy

- 5.3 Given the significant cuts to public expenditure and in particular to local government funding, the council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is more cost effective in the short-term to use internal resources and borrow using short-term loans.
- 5.4 This enables the council to reduce net borrowing costs (despite foregone investment income) and reduce overall credit risk by tailoring the timing of borrowing so as to minimise balances held. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. The council's treasury advisors will assist the council with 'cost of carry' and breakeven analysis. Its output will determine whether the council borrows additional sums at long-term fixed rates in 2018/19 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 5.5 Short-term loans leave the council exposed to the risk of short-term interest rate rises; they are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

### Sources

- 5.6 The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board (PWLB)
  - UK local authorities
  - any institution approved for investments (see below)
  - any other bank or building society authorised to operate in the UK
  - UK public and private sector pension funds
  - capital market bond investors
  - Local Capital Finance Company and other special purpose companies created to enable local authority bond issues.
- 5.7 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- operating and finance leases
  - hire purchase
  - Private Finance Initiative
  - sale and leaseback

### LOBO loans

- 5.8 The council has two LOBO loans (Lender's Option Borrower's Option) of £6m each on which the council pays interest at 4.5%. Every six months, when the interest

## Treasury Management Strategy Statement 2018/19

charges become due, the lenders have the option to increase the interest rate being charged at which point the council can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the council since the decision to amend the terms is entirely at the lender's discretion.

### Debt rescheduling

- 5.9 The PWLB allows the repayment of loans before maturity by either paying a premium or receiving a discount according to a set formula based on current interest rates. Due to the prevailing low interest rate regime, opportunities for debt rescheduling are likely to be very limited. However, this option will be kept under review and will be considered where this is expected to lead to an overall saving or reduction in risk.

## **6 Investment Strategy**

- 6.1 The council needs to hold adequate funds to meet day to day liquidity needs, for example salary and creditor payments. The council hold balances of around £15m to cover all contingencies. A cash flow forecast is maintained that includes all known receipts and payments so that the council can take action to ensure that it can meet all its liabilities when they fall due.

### Objective

- 6.2 Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and receiving unsuitably low investment income.

Following the introduction of MIFID II (The Markets in Financial Instruments Directive), in January 2018, being the framework of European Union legislation for:

- investment intermediaries that provide services to clients around shares, bonds, units in collective investment schemes and derivatives (collectively known as 'financial instruments'), and
- the organised trading of financial instruments

Herefordshire Council has opted up to "professional status". There are several criteria that must be met to be able to opt up from retail to professional status, with the key one being to have a total investment portfolio of over £10m. Opting up permits uninterrupted advice on as wide a range of investment / debt products that may be considered as part of our Treasury Management process. Our status has been confirmed with all counterparties where this applies. These arrangements will be regularly reviewed as appropriate.

### Strategy

- 6.3 Given the increasing risk and continued low returns from short-term unsecured bank deposits, the council will aim to keep its invested funds as low as possible and

## Treasury Management Strategy Statement 2018/19

reduce the amounts invested with banks and building societies. For 2018/19 the council will continue to rely on Money Market Funds which are highly diversified and carry reduced credit risk.

### Risk Assessment and Credit Ratings

- 6.4 The council applies the credit worthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit rating from three main credit rating agencies (Fitch, Moody's and Standard and Poor's). This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system to which Link Asset Services allocate a series of colour coded bands with suggested maximum durations for investments (as shown in table 2 below).
- 6.5 Typically the minimum credit ratings criteria the council use will be short term rating (Fitch or equivalents) of F1 and a long term rating of A-. There may be occasions when the counterparty ratings from one agency are marginally lower than these ratings but still may be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 6.6 The council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- (Fitch or equivalents). Currently these countries are:
- Australia (AAA)
  - Canada (AAA)
  - Denmark (AAA)
  - Germany (AAA)
  - Luxembourg (AAA)
  - Netherlands (AAA)
  - Norway (AAA)
  - Singapore (AAA)
  - Sweden (AAA)
  - Switzerland (AAA)
  - Finland (AA+)
  - Hong Kong (AA+)
  - U.S.A. (AA+)
  - Abu Dhabi (AA)
  - France (AA)
  - UK (AA)
  - Belgium (AA-)
  - Qatar (AA-)

### Approved Counterparties

- 6.7 The council will invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

## Treasury Management Strategy Statement 2018/19

<b>Table 2: Approved Investment Counterparties and Limits</b>				
		<b>Colour coding or long term rating</b>	<b>£ limit</b>	<b>Time limit</b>
Banks and Building Societies	Term deposits, CDs or corporate bonds	Yellow Purple Orange Blue Red Green No colour	5m 5m 5m 5m 5m 5m nil	5 years 2 years 1 year 1 year 6 months 100 days Not to be used
Council's Banker (NatWest)			5m	Liquid
DMADF	DMADF account	AAA	Unlimited	6 months
UK Government	UK Gilts	UK sovereign rating	Unlimited	1 year
UK Government	Treasury Bills	UK sovereign rating	Unlimited	1 year
Multilateral development banks	Bonds	AAA	5m	6 months
Local Authorities	Term deposits		5m	1 year
Money Market Funds	MMFs	AAA	5m	Liquid
Enhanced Money Market Funds with a credit score of 1.25	MMFs	Dark pink / AAA	5m	Liquid
Enhanced Money Market Funds with a credit score of 1.5	MMFs	Light pink / AAA	5m	Liquid
<b>Other investments:</b>				
Pooled funds		£5m per fund		
Mercia Waste Management (providing finance for Energy from Waste Plant)		£40m over the course of the contract		

### Specified Investments

6.8 The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of "high credit quality".



## Treasury Management Strategy Statement 2018/19

- 6.10 The Authority defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA- or higher.

### Non-specified Investments

- 6.11 Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

<b>Table 3: Non-Specified Investment Limits</b>	
	<b>Cash limit</b>
Total long-term investments	£5m
Total investments with unrecognised credit ratings	£2.5m
Total non-specified investments	£7.5m

## 7. Annual Minimum Revenue Provision Statement 2018/19

- 7.1 Where the council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). The Local Government Act 2003 requires the council to have regard to the Department for Communities and Local Government’s Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2012. The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits. In line with the CLG Guidance, the policy for the 2018/19 calculation of MRP is as follows:

	<b>Indicative 2018/19 MRP charge £000</b>
Supported borrowing	1,290
Prudential borrowing pre 1 April 2008	2,394
Prudential borrowing post 1 April 2008	4,662
Overprovision adjustment	(519)
Finance leases and private finance initiatives	369
<b>TOTAL</b>	<b>8,196</b>

## Treasury Management Strategy Statement 2018/19

MRP on all capital expenditure incurred before 1 April 2008, and on expenditure funded by supported borrowing thereafter, will be equal to 4% of the opening capital financing requirement with some optional adjustments.

MRP on expenditure incurred from 1 April 2008 onwards that is funded by unsupported “prudential” borrowing will be calculated by reference to the asset’s useful life, using either an annuity method, starting in the year after the asset becomes operational.

MRP on assets acquired through finance leases and Private Finance Initiative (PFI) will be equal to the cash payments that reduce the outstanding liability each year.

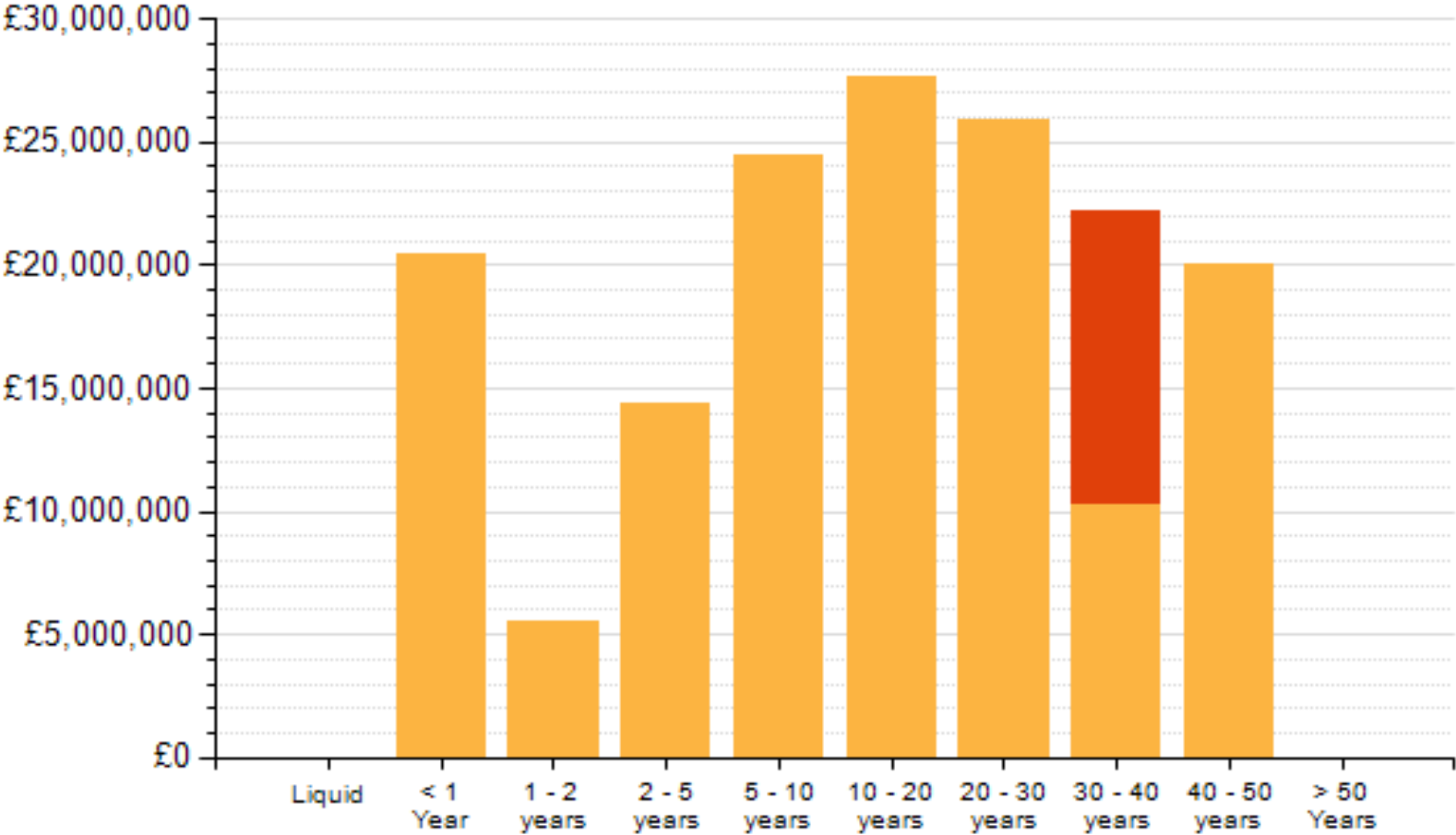
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**EXISTING BORROWING & INVESTMENTS AS AT 30 NOVEMBER 2017**

<b>External Borrowing:</b>	<b>Actual Portfolio £m</b>	<b>Average Rate %</b>
<u>Long-term loans (all fixed rate)</u>		
Public Works Loan Board	133.6	3.83%
LOBO Loans	12.0	4.50%
<u>Short-term loans</u>		
Local Authorities	15.0	0.58%
<b>Total External Borrowing</b>	<b>160.6</b>	<b>3.58%</b>

<b>Investments:</b>	<b>Actual Portfolio £m</b>	<b>Average Rate %</b>
Santander (95 day notice account)	5.0	1.00%
Money Market Funds (Instant Access)	11.8	0.34%
Fixed Term Deposits (Local Authorities)	10.0	0.35%
<b>Total Investments</b>	<b>26.8</b>	<b>0.47%</b>

Loans Maturities by Type



**PRUDENTIAL INDICATORS****1. Background**

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

**2. Estimates of Capital Expenditure**

- 2.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax levels.

<b>Capital Programme</b>	<b>2017/18 £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>
Existing approvals	73,272	65,938	36,911	8,317
2018/19 additions	-	26,210	11,000	-
<b>Total expenditure</b>	<b>73,272</b>	<b>92,148</b>	<b>47,911</b>	<b>8,317</b>
<b>Funding</b>				
Capital receipts	9,745	12,495	150	-
Capital Grants	39,071	51,497	22,213	8,317
Prudential Borrowing	24,456	28,156	25,547	-
<b>Total</b>	<b>73,272</b>	<b>92,148</b>	<b>47,910</b>	<b>8,317</b>

**3. Capital Financing Requirement**

- 3.1 The Capital Financing Requirement (CFR) measures the council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing. The table below includes PFI contracts:

## Treasury Management Strategy Statement 2018/19

4.	<b>Capital Financing Requirement</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>
	<b>Total CFR</b>	307,307	328,395	324,345

### **Gross Debt and the Capital Financing Requirement**

4.1 In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

4.2 The Section 151 Officer reports that the council currently has no difficulty meeting this requirement nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

### **5. Operational Boundary for External Debt**

5.1 The operational boundary is based on the Authority's estimate of the most likely (i.e. prudent but not worst case) level for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the council's debt.

<b>Operational Boundary</b>	<b>2018/19 Estimate £m</b>	<b>2019/20 Estimate £m</b>	<b>2020/21 Estimate £m</b>
Operational Boundary for Borrowing	270	290	290
Operational Boundary for other Long-Term Liabilities	60	60	60
<b>Operational Boundary for External Debt</b>	<b>330</b>	<b>350</b>	<b>350</b>

### **6. Authorised Limit for External Debt**

6.1 The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

## Treasury Management Strategy Statement 2018/19

Authorised Limit	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Authorised Limit for Borrowing	290	310	310
Authorised Limit for other Long-Term Liabilities	70	70	70
<b>Authorised Limit for External Debt</b>	<b>360</b>	<b>380</b>	<b>380</b>

### 7. Ratio of Financing Costs to Net Revenue Stream

7.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code and includes both interest payable and provision for repayment of loan principal.

7.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Net Revenue Stream	144,124	142,345	151,766
Financing Costs	13,880	12,821	12,241
<b>Percentage</b>	<b>9.6%</b>	<b>9.0%</b>	<b>8.0%</b>

7.3 The above table shows budgeted financing costs within the council's medium term financial strategy and reflects the revised MRP policy approved by Council in October 2017.

### 9. Adoption of the CIPFA Treasury Management Code

9.1 This indicator demonstrates that the council has adopted the principles of best practice.

9.2 The council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices. The council's Treasury Management Policy Statement is attached at Appendix e.

## Treasury Management Strategy Statement 2018/19

### 10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

10.1 These indicators allow the council to manage the extent to which it is exposed to changes in interest rates.

10.2 Due to the large difference between short-term and longer-term interest rates, the limit has been increased to accommodate the council financing the capital programme by short-term variable rate borrowing. Interest rates are forecast to remain low for the next few years and analysis (comparing a twenty year loan with short-term borrowing over the same period) indicates that short-term savings in the next few years will exceed any increased amounts payable in five to ten years time. In pursuing this policy the council recognises that it is more exposed to an unexpected hike in interest rates but the benefits of affordability and flexibility (enabling the council to reduce its short-term borrowing either to reduce cash investments at times of heightened credit risk or when the borrowing can be replaced by the proceeds from fixed asset sales) outweigh the increased interest rate risk.

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
<b>Upper Limit for Fixed Interest Rate Exposure</b>	<b>100%</b>	100%	100%
<b>Upper Limit for Variable Interest Rate Exposure</b>	<b>50%</b>	50%	50%

### 11. Maturity Structure of Fixed Rate Borrowing

11.1 The council will also limit and monitor large concentrations of fixed rate debt needing to be replaced. Limits in the following table are intended to control excessive exposures to volatility in interest rates when refinancing maturing debt.

11.2 The maturity of borrowing is determined by reference to the date on which the loans could be repaid. The council's two LOBO loans could become repayable within 12 months although, if the lenders do not increase the interest rates being charged, which is the current assumption, then the loans could remain outstanding until 2054.

<b>Maturity structure of fixed rate borrowing</b>	<b>Estimated level at 31/03/18</b>	<b>Lower Limit for 2018/19</b>	<b>Upper Limit for 2018/19</b>
Under 12 months	4%	0%	35%
12 months and within 24 months	3%	0%	30%
24 months and within 5 years	6%	0%	25%
5 years and within 10 years	23%	0%	25%



## Treasury Management Strategy Statement 2018/19

<b>Maturity structure of fixed rate borrowing</b>	<b>Estimated level at 31/03/18</b>	<b>Lower Limit for 2018/19</b>	<b>Upper Limit for 2018/19</b>
10 years and within 20 years	18%	0%	40%
20 years and within 30 years	16%	0%	40%
30 years and within 40 years	26%	0%	40%
40 years and within 50 years	4%	0%	40%
<b>Total</b>	<b>100%</b>		

### 12. Upper Limit for total principal sums invested over 364 days:

- 12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the council having to seek early repayment of the sums invested.

<b>Upper Limit for total principal sums invested over 364 days</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>
	£m	£m	£m
	5	5	5

**OUTLOOK FOR INTEREST RATES  
(FORECAST & ECONOMIC COMMENT PROVIDED BY TREASURY ADVISORS)**

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
<b>Bank Base Rate (%)</b>	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.25	1.25
<b>PWLB Rates (%):</b>													
<b>5 years</b>	1.60	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.10	2.10	2.20	2.30	2.30
<b>10 years</b>	2.20	2.30	2.40	2.40	2.50	2.60	2.60	2.70	2.70	2.80	2.90	2.90	3.00
<b>25 years</b>	2.90	3.00	3.00	3.10	3.10	3.20	3.20	3.30	3.40	3.50	3.50	3.60	3.60
<b>50 years</b>	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10	3.20	3.30	3.30	3.40	3.40
The above PWLB rates are noted by Link Asset Services as being their “central” or most likely forecast, however, they also note that there are upside and downside risks to their forecast.													

**Forecast:**

- The council’s treasury advisors forecast the bank base rate to stay on hold until quarter one of 2019 at which point small stepped increases are anticipated. It is anticipated the bank base rate standing at 1.25% at March 2021. Capital Economics forecast that interest rates will increase more rapidly with the next increase in quarter two of 2018 and with the bank base rate standing at 1.75% at December 2019.

### Council budget:

- As can be seen from the table above, the council's treasury advisors central forecast is for the Bank Base Rate to remain at 0.50% for the majority of 2018/19 possibly increasing to 0.75% at the end of the financial year. The council's short-term borrowing budget has been based on a rate of up to 1.5% which should incorporate sufficient headroom to accommodate any unexpected changes in the Base Rate.
- The investment budget is based on the majority of funds being held in instant access accounts generating low returns.
- Should the Bank Base Rate increase sooner or more rapidly than forecast the increased yield on investments will partly offset any increase in short-term variable rates.

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## TREASURY MANAGEMENT POLICY STATEMENT

### 1. Statement of Purpose

- 1.1 Herefordshire council adopts the recommendations made in CIPFA's *Treasury Management in the Public Services: Code of Practice*, which was revised in 2017. In particular, the council adopts the following key principles and clauses.

### 2. Key Principles

- 2.1 Herefordshire council adopts the following three key principles (identified in Section 4 of the Code):
- The council will put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of its treasury management activities.
  - The council will ensure that its policies and practices make clear that the effective management and control of risk are prime objectives of its treasury management activities and that responsibility for these lies clearly with the council. In addition, the council's appetite for risk will form part of its annual strategy and will ensure that priority is given to security and liquidity when investing funds.
  - The council acknowledges that the pursuit of best value in treasury management, and the use of suitable performance measures, are valid and important tools to employ in support of business and service objectives, whilst recognising that in balancing risk against return, the council is more concerned to avoid risks than to maximise returns.

### 3. Adopted Clauses

- 3.1 Herefordshire council formally adopts the following clauses (identified in Section 5 of the code):
- The council will create and maintain, as the cornerstones for effective treasury management:
    - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
    - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the council. Such amendments will not result in the organisation materially deviating from the Code's key principles.

- Full council will receive reports on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.

## Treasury Management Strategy Statement 2018/19

- The responsibility for the implementation and regular monitoring of treasury management policies and practices is delegated to Cabinet and for the execution and administration of treasury management decisions to the Chief Officer-Finance and Commercial, who will act in accordance with the organisation's policy statement and TMPs and, if he or she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

### 4. Definition of Treasury Management

4.1 Herefordshire council defines its treasury management activities as: -

*'The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'*

### 5. Policy Objectives

5.1 Herefordshire council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the council, and any financial instruments entered into to manage these risks.

5.2 Herefordshire council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

### 6. Non-treasury investments

6.1 Herefordshire Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries and investment property portfolios.

6.2 Herefordshire Council will ensure that all investments in the capital programme will set out, where relevant, the risk appetite and policy and arrangement for non-treasury investments. The risk appetite for these activities may differ from that of treasury management.

6.3 Herefordshire Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisations risk exposure within its annual statement of accounts.



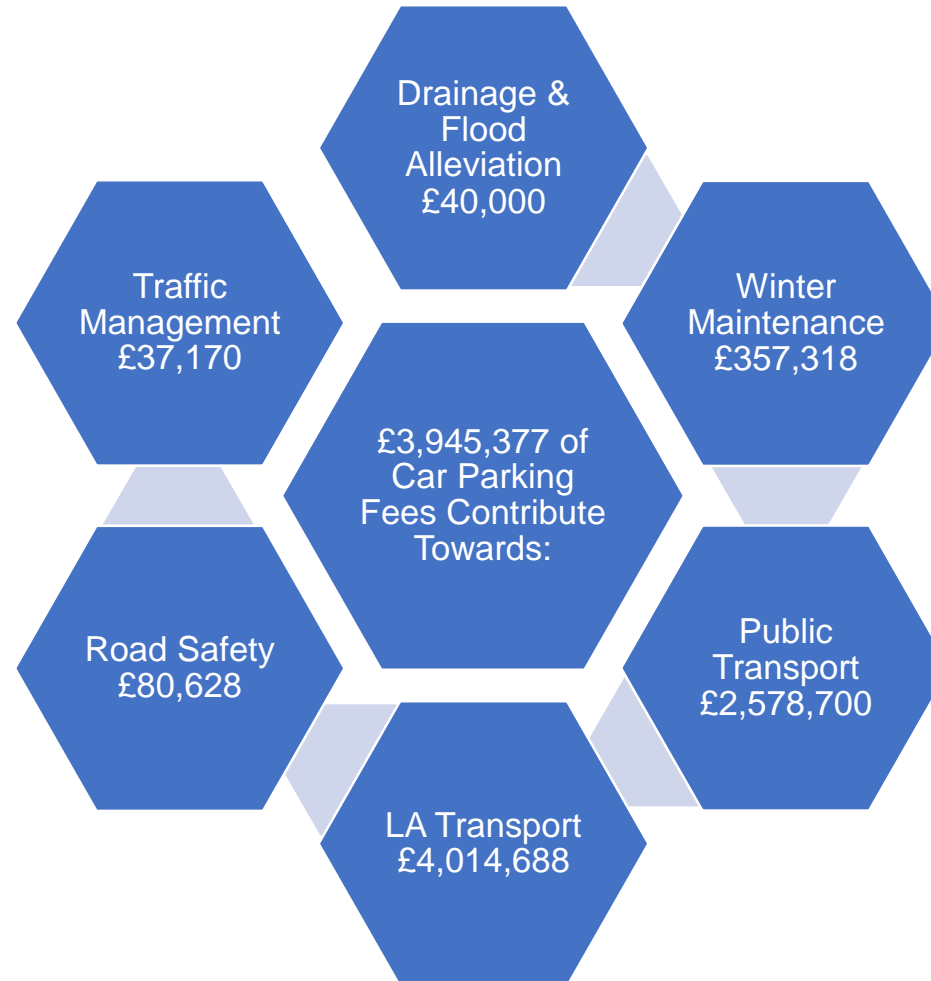
## General scrutiny committee consultation and responses

General scrutiny committee comment	Response
The budget papers should make more open and transparent use of the public consultation responses in the commentary	Consultees section of the report enhanced in response to this feedback
A clearer narrative be provided on how the 3% uplift in the precept for adult social care is proposed to be used	Paragraph 21 has been expanded to include this
As part of the review of the constitution it be recommended that all three scrutiny committees are able to review the budgets of their directorates, with all recommendations being fed in to the General Scrutiny Committee before submission to Cabinet	This has been referred to the audit and governance committee for their review
That there be ongoing review of the deliverability of the looked after children budget, with reports provided every 2 months to the Children and Young People Scrutiny committee accompanied by a profile of how savings are projected throughout the year with this information also to be made available to Group Leaders for their performance challenge meetings	To be added into the committees work plan
A clear breakdown of how income from car parking is being spent on transport services is shown in the budget papers for council together with a breakdown of the ECC directorate efficiency savings	Attached at appendix 7





# Car Parking Fees







<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>Friday 12 January 2018</b>
<b>Title of report:</b>	<b>Council tax reduction scheme 2018/19</b>
<b>Report by:</b>	<b>Head of corporate finance</b>

### **Classification**

Open

### **Decision type**

This is not an executive decision

### **Wards affected**

(All Wards);

### **Purpose and summary**

To recommend the continuation of the 2017/18 council tax reduction scheme for 2018/19 initially approved by Council on 18 December 2015.

It is a legal requirement to annually review the council's council tax reduction scheme, and the decision is reserved to full Council. The current scheme has been reviewed and there is no evidence to support a change at this time.

### **Recommendation(s)**

**That:**

- (a) it be recommended to Council that the existing council tax reduction scheme, attached at appendix 2, be retained for 2018/19.**

## Alternative options

1. The local scheme could be amended following statutory consultation, no amendments are currently proposed. The current scheme is working as intended and there is no current evidence of a need to change.

## Key considerations

2. Council tax charges can be reduced where claimants meet certain set criteria. The scheme is available to pension age and working age claimants. Herefordshire introduced a local scheme for working age claimants in 2014/15 (reducing the discount to 84% of the charge) and restricted it further in 2016/17. The scheme approved by Council December 2015 was to be applicable for 2016/17 and 2017/18 it is considered appropriate to continue with the existing scheme for a further year (2018/19).
3. The existing council tax reduction scheme for working age claimants in Herefordshire provides a discount varying between 80% and 84% on the amount of council tax payable based upon:
  - The status of the claimant, where the claimant is protected (because they are in receipt of either severe disability premium or carers allowance, or in a household with a child under the age of five) than the higher discount is provided
  - Claimants living in a property above band C have the discount value capped at 80% of a band C equivalent property in their parish
  - Claimants cannot claim discount where their available capital funds exceed £6k
4. The current scheme has delivered the savings targeted in the medium term financial strategy and the enhanced hardship fund remains available for individual applications to be considered against. Hardship applications have not increased and potential applicants are directed towards this scheme where appropriate.
5. National CTR support continues to be protected for pensioner discounts. The above scheme is in place for working age claimants only.
6. Whilst approved by full Council in 2015, it is a statutory requirement that the CTR scheme be approved by full Council annually before the end of January in the preceding financial year.

## Community impact

7. The approved scheme will have an impact on some residents, but support is available for the elderly and vulnerable, through access to support such as council tax discretionary reduction funding. There are no specific health and safety impacts and appendix 1 provides more details on potential impact to specific resident groups.
8. The scheme links to the council's corporate plan through demonstrating the effective management of resources to help secure a balanced budget.

## Equality duty

9. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

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Further information on the subject of this report is available from Josie Rushgrove  
Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
10. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes. A full equality impact assessment (EIA) was carried out as part of the approval of the current scheme, this has been reviewed and is attached at appendix 1. The scheme continues to have a consistent impact on working age benefit claimants and the council continues to support mitigation through assistance in meeting payments and the hardship scheme.

### **Resource implications**

11. The continuation of the current scheme through 2018/19 is in line with draft budget assumptions, no additional savings target has been included to be delivered by new restrictions to the existing scheme.
12. In 2016/17 the council charged approximately £4.6m of council tax to CTR claimants following applying a total discount of £10.8m. In 2016/17 there were around 17,000 CTR claimants and almost half of these were working age claimants. Collection of charges currently stands at 82.5% of the amount charged.

### **Legal implications**

13. The CTR scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 2012.
14. For each financial year each billing authority must consider whether to revise its scheme or to replace it with another scheme and this must take place no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect. If any revision has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit.
15. A statutory procedure is provided for under Paragraph 3 of Schedule 1A which a billing authority must follow when revising its scheme.
16. Successful legal challenges have been made to other council's decisions on their CTR, one was on the failure to consult which does not apply to this decision as no changes are sought and the other related to non financial criteria's used in the scheme which were found to be unlawful and do not feature in this council's scheme.
17. The risk of legal challenge for the council is low in this report as the recommendation is the

continuation of the 2017/18 council tax reduction scheme for 2018/19 initially approved by Council on 18 December 2015.

## **Risk management**

18. Approximately 40% of our current summons relate to CTR claimants, this has not changed over the period of the local scheme. There is a risk that the claimants may not pay their council tax and move further into debt because of summons charges. This may eventually affect the collection statistics and place the households concerned into further financial hardship. This continues to be mitigated through the hardship scheme and a number of the working age claimant's charges are being collected as an attachment to benefits, meaning it can take many years to settle the bill.
19. The resourcing of the scheme is contained within current working practices. Universal credit is expected to be rolled over throughout Herefordshire in July 2018 and the impact of this is to be reviewed when considering possible scheme revisions from 1 April 2019.

## **Consultees**

20. Consultation was completed when the current scheme was introduced.

## **Appendices**

Appendix 1 - Equality impact assessment (EIA)

Appendix 2 – council tax reduction scheme for 2017/18

## **Background papers**

None identified

**Equality Impact  
Assessment  
Council Tax Reduction  
Scheme (CTRS)**

<b>Service Area</b>	<b>Revenues &amp; Benefits Service</b>
<b>Policy/Service being assessed</b>	<b>Council Tax Reduction Scheme</b>
<b>Is this is a new or existing policy/service?</b>	<b>Existing Policy</b>
<b>If existing policy/service please state date of last assessment</b>	<b>21 August 2015</b>
<b>EIA Review team – List of members</b>	<b>Council Tax Reduction Project Group</b>
<b>Date of this assessment</b>	<b>6 November 2017</b>
<b>Signature of completing officer (to be signed after the EIA has been completed)</b>	<b>Anne Bradbury</b>
<b>Name and signature of Head of Service (to be signed after the EIA has been completed)</b>	<b>Josie Rushgrove</b>



## Form A1

### INITIAL SCREENING FOR STRATEGIES/POLICIES/FUNCTIONS FOR EQUALITIES RELEVANCE TO ELIMINATE DISCRIMINATION AND PROMOTE EQUALITY



High relevance/priority



Medium relevance/priority



Low or no relevance/ priority

**Note:**

1. Tick coloured boxes appropriately, and depending on degree of relevance to each of the equality strands
2. Summaries of the legislation/guidance should be used to assist this screening process

Policy - CTRS	Relevance/Risk to Equalities																							
	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Socio-economic			Priority status For EIA		
State the Function/Policy /Service/Strategy being assessed:	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CTRS – Maintain the current maximum level of council tax reduction for protected working age groups (those in receipt of severe disability premium, carers allowance and families with a child under the age of 5) at 84% - so that taxpayers have to pay at least 16% of the council tax charge.			✓			✓			✓			✓			✓			✓			✓			✓
CTRS – Maintain the current maximum level of council tax reduction for the non-protected working age group at 80% so that taxpayers have to pay at least 20% of the council tax charge.			✓			✓			✓			✓			✓			✓			✓			✓

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Policy - CTRS	Relevance/Risk to Equalities																							
	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Socio-economic			Priority status For EIA		
State the Function/Policy /Service/Strategy being assessed:	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
			✓			✓			✓			✓			✓			✓			✓			✓
CTRS – Maintain the current Band C restriction so that working age taxpayers living in properties above a Band C continue to have CTR calculated on the Band C liability			✓			✓			✓			✓			✓			✓			✓			✓
CTRS – Maintain the current capital limit for CTR entitlement at £6k so that working age taxpayers who have capital of £6k and above would not be entitled to CTR (capital is defined as savings or property owned but <b>not</b> the property the taxpayer lives in or personal possessions)			✓			✓			✓			✓			✓			✓			✓			✓

### **Stage 1 – Scoping and Defining**

(1) What are the aims and objectives of policy/service?

The Council Tax Reduction Scheme (CTRS) has been in place since 01 April 2013 and replaced the National Council Tax Benefit (CTB) scheme. CTRS is a locally determined system of council tax support. The aim of the CTRS scheme is to provide financial assistance to council taxpayers who have low incomes.

Persons who are of state pension age (persons who have reached the qualifying age of State Pension Credit) are protected under the scheme in that the calculation of the reduction they are to receive has been set by Central Government. For working age applicants however the reduction they receive is to be determined by the local authority.

This equality impact assessment looks at the potential for **not only** protecting pensioners (as required under the legislation) **but also** retaining a large amount of the protections already present for working age within the existing CTRS scheme carried forward from the CTB scheme.

Where a **working age claimant** applies or continues to receive Council Tax Reduction, it is proposed that the reduction will be calculated on the same rules as the current CTRS scheme as follows;

- Maintain the current maximum level of council tax reduction at 84% for protected working age groups , those being in receipt of severe disability premium, carers allowance and families with a child under the age of 5, working age so that taxpayers have to pay at least 16% of the council tax charge
- Maintain the current maximum level of council tax reduction for the non-protected working age group at 80% so that taxpayers have to pay at least 20% of the council tax charge.
- Maintain the current Band C restriction so that working age taxpayers living in properties above a Band C continue to have CTR calculated on the Band C liability
- Maintain the current capital limit for CTR entitlement at £6k so that

	<p>working age taxpayers who have capital of £6k and above would not be entitled to CTR (capital is defined as savings or property owned but <b>not</b> the property the taxpayer lives in or personal possessions)</p> <p>These changes will apply from 01 April 2018</p> <p>Central Government has not been prescriptive in how an authority should protect vulnerable groups, but points to the Council's existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010.</p> <p>The current level of assistance (<i>5931 claimants and average council tax reduction per week of £19.76 per claimant</i>) is provided for pension age claimants, details for working age claimants are given at the end of this assessment.</p>
<p><b>(2) How does the policy/service fit with the council's wider objectives?</b></p>	<p>All persons within the Council's area who have a low income may apply for support and assistance with their Council Tax.</p> <p>By making an application, providing evidence of their income and household circumstances, their potential entitlement for support will be calculated in line with Central Government prescribed requirements for the Council Tax Reduction scheme.</p> <p>The maintenance of a full reduction scheme within the existing Council Tax Reduction Scheme fits with the Corporate objectives in that it meets, as far as possible, equality and sustainability.</p> <p>The reduction scheme assists the local economy and also ensures, as far as possible within the constraints on a reduced budget, that persons on a low income will be able to meet their Council Tax liability.</p> <p>Pension age claimants will not see a reduction in their support however working age cases will see a reduction in the support they currently receive.</p>

**(3) What are the expected outcomes of the policy/service?  
Who is intended to benefit from the policy/service and in  
what way?**

The desired outcomes are as follows;

**Pension Age Claimants**

- That all pensioners receive the level of support required by regulations set by Central Government (Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012);
- That all pensioner claimants or existing working age claimants who rise to pension age are able to receive Council Tax Reduction in line with the regulations; and
- That all pensioner claimants continue to receive the correct level of council tax reduction at all times.

**Working Age Claimants**

- That all working age claimants are still able to receive Council Tax Reduction ; and
- That all working age claimants continue to receive the correct level of council tax reduction at all times.

<p><b>(4) Does this policy/service have the potential to directly or indirectly discriminate against any particular group?</b></p> <p>Please identify all groups that are affected and briefly explain why</p>	<p><b>RACE</b> <b>NO</b></p> <p>The reduction support scheme does not take race into account when calculating the level of support</p>	<p><b>AGE</b> <b>YES</b></p> <p>The reduction support scheme takes into account age when calculating the level of support available. Pensioners will <b>not</b> see any reduction in the support paid (as they are protected under regulations set by central government). Working age claimants <b>will not be affected</b> due to the current scheme being maintained for 2018/2019</p>	<p><b>GENDER</b> <b>NO</b></p> <p>The reduction support scheme does not take gender into account when calculating the level of support</p>
	<p><b>RELIGION/BELIEF</b> <b>NO</b></p> <p>The reduction support scheme does not take religion or belief into account when calculating the level of support</p>	<p><b>DISABILITY</b> <b>NO</b></p> <p>The reduction support scheme continues to have in-built protections for disability in the form of;</p> <ul style="list-style-type: none"> <li>• the award of additional premiums for disablement;</li> <li>• disregarding higher levels of income where a claimant is in remunerative work and is disabled; and</li> <li>• there is no requirement to have non dependant deductions where a claimant is disabled</li> </ul>	<p><b>SEXUAL ORIENTATION</b> <b>NO</b></p> <p>The reduction support scheme does not take sexual orientation into account when calculating the level of support</p>

<p><b>(5) Are there any obvious barriers to accessing the service?</b></p>	<p>No – customers will continue to access the reduction scheme in an identical means to the existing Council Tax Reduction scheme. The approach of the Council has been to provide a range of options for claiming and customers are encouraged to make a claim at any time.</p>
<p><b>(6) How does the policy/service contribute to promotion of equality?</b></p>	<p>The Council Tax Reduction scheme provides essential help towards the Council Tax liability for all claimants on a low income. By continuing to assess entitlement on a mean tested basis, similar to the national approach to means tested benefits, the scheme is equitable albeit that the level of support overall may be reduced to working age claimants.</p>
<p><b>(7) Does the policy/service have the potential to promote good relations between groups?</b></p>	<p>Due to the maintenance of the existing CTR Scheme nature all working age claimants will see a continuation to their current entitlement. The Council is maintaining the means test, which allows the most vulnerable to receive a relatively higher level of support</p>

<b><u>Stage 2 - Information Gathering</u></b>	
<b>(1) What type and range of evidence or information have you used to help you make a judgement about the policy or service?</b>	<p>Extensive modelling from existing data. The modelling has also taken into consideration the national statistics reported to the CTRS Policy Unit.</p> <p>Modelling information has included number of working age claimants and amount of council tax reduction paid (<i>6,126 claimants and average amount per week of £14.94 per claimant</i>), claim numbers and reduction paid across council tax bands, range of income types and household make-up.</p>
<b>(2) What consultation/ information has been used?</b> <b>What new consultation, if any, do you need to undertake?</b>	<p>No consultation required due to maintaining the council's existing CTR Scheme</p>

<b><u>Stage 3 – Making a Judgement</u></b>	
<p><b>(1) From your data and consultations is there any adverse or negative impact identified for any particular group?</b></p> <p><b>Is there any evidence of needs not being met?</b>  <b>e.g. language or physical access barriers; lack of appropriate resources or facilities</b></p>	<ul style="list-style-type: none"> <li>• No - the impact on the working age group is consistent</li> </ul>
<p><b>(2) If there is an adverse impact, can this be justified?</b></p>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<p><b>(3) What actions are going to be taken to reduce or eliminate negative or adverse impact?</b></p>	<ul style="list-style-type: none"> <li>• Assistance in meeting payments – 12 monthly instalments / payment arrangements to prevent recovery process</li> <li>• Advice of the Council Tax Discretionary Hardship Scheme for customers experiencing exceptional hardship</li> </ul>
<p><b>(4) Is there any positive impact? Does it promote equality of opportunity between different groups and actively address discrimination?</b></p>	<ul style="list-style-type: none"> <li>• The existing scheme is being maintained for 2018/2019</li> </ul>



<b><u>Stage 4 – Action Planning, Review &amp; Monitoring</u></b>	
<p>If No Further Action is required then go to – Review &amp; Monitoring</p> <p>(1) Action Planning – Specify any changes or improvements which can be made to the service or policy to mitigate or eradicate negative or adverse impact on specific groups, including resource implications.</p>	
<p>(2) Review and Monitoring State how and when you will monitor policy and EIA Action Plan</p>	<p>Full monitoring of scheme implementation will be undertaken on a monthly basis in line with the accepted project plan.</p> <p>The Revenues and Benefits Service will undertake monthly and quarterly collection of data.</p> <p>The Council will review the policy annually. It is expected that where there are changes in legislation and funding, that the level of Council Tax Support available will change.</p>

‘An Equality Impact Assessment on this policy was undertaken on 6 November 2017



**Herefordshire Council**  
**Council Tax Reduction Scheme**  
S13A and Schedule 1a of the Local Government Finance Act 1992



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## **1.0 Introduction to the Council Tax Reduction Scheme**

- 1.1 The following has been adopted by the Council and details the Council Tax Reduction scheme for the period from 1<sup>st</sup> April 2017.
- 1.2 This document details how the scheme will operate for both pension credit age and working age applicants and in accordance with Section 13A of the Local Government Finance Act 1992 specifies the classes of person who are to be entitled to a reduction under the scheme and is effective from 1<sup>st</sup> April 2017 for a period of one financial year.
- 1.3 The scheme in respect of pension age applicants is defined by Central Government within the following:
- Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012;
  - Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012;
  - Council Tax Reduction Schemes (Transitional Provision) (England) Regulations 2013;
  - Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013;
  - Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013;
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015;
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016 and
  - Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012).

### **The scheme for pension age applicants – Central Government’s scheme as defined by the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012**

- 1.4 There are three main classes under the prescribed pension credit age scheme, for each of which there are a number of qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction, such as a person subject to immigration control with limited leave to remain. The definition of a pension credit age person is a person who;
- a. has attained the qualifying age for state pension credit; and
  - b. is not, or, if he has a partner, his partner is not;
    - i. a person on income support, on an income-based jobseeker’s allowance or on an income-related employment and support allowance; or
    - ii. a person with an award of universal credit

The three prescribed classes are as follows;

#### **Class A: pensioners whose income is less than the applicable amount.**

On any day Class A consists of any person who is a pensioner:

- a. who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- b. who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day; in respect of whom a maximum Council Tax Reduction amount can be calculated;
- c. who does not fall within a class of persons prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority’s scheme;
- d. whose income (if any) for the relevant week does not exceed his applicable amount calculated in accordance with paragraph 9 and Schedule 2 of the Local Government Finance

- Act 1992;
- e. not have capital savings above £16,000; and
  - f. who has made an application for a reduction under the authority's scheme.

**Class B: pensioners whose income is greater than the applicable amount.**

On any day class B consists of any person who is a pensioner:

- a. who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- b. who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day; in respect of whom a maximum Council Tax Reduction amount can be calculated;
- c. who does not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- d. whose income for the relevant week is greater than his applicable amount calculated in accordance with paragraph 9 and Schedule 2 to the Local Government Finance Act 1992;
- e. in respect of whom amount A exceeds amount B where:
  - (i) amount A is the maximum Council Tax Reduction in respect of the day in the applicant's case; and
  - (ii) amount B is 2 6/7 per cent of the difference between his income for the relevant week and his applicable amount;
- g. not have capital savings above £16,000; and
- h. who has made an application for a reduction under the authority's scheme.

**Class C: alternative maximum Council Tax Reduction**

On any day class C consists of any person who is a pensioner:

- a. who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- b. who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day;
- c. in respect of whom a maximum Council Tax Reduction amount can be calculated;
- d. who does not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the 1992 Act and excluded from the authority's scheme;
- e. who has made an application for a reduction under the authority's scheme; and
- f. in relation to whom the condition below is met.

The condition referred to in sub-paragraph f. is that no other resident of the dwelling is liable to pay rent to the applicant in respect of the dwelling and there is an alternative maximum Council Tax Reduction in respect of the day in the case of that person which is derived from the income, or aggregate income, of one or more residents to whom this sub-paragraph applies.

The above applies to any other resident of the dwelling who:

- a. is not a person who, in accordance with Schedule 1 to the 1992 Act, falls to be disregarded for the purposes of discount;
- b. is not a person who is liable for council tax solely in consequence of the provisions of section 9 of the 1992 Act (spouse's or civil partner's joint and several liability for tax);
- c. is not a person who is residing with a couple or with the members of a polygamous marriage where the applicant is a member of that couple or of that marriage and—
  - (i) in the case of a couple, neither member of that couple is a person who, in accordance with Schedule 1 to the 1992 Act, falls to be disregarded for the purposes of discount; or
  - (ii) in the case of a polygamous marriage, two or more members of that marriage are not persons who, in accordance with Schedule 1 to the 1992 Act, fall to be disregarded for the purposes of discount;
- d. is not a person who, jointly with the applicant, falls within the same paragraph of section 6(2)(a) to (e) of the 1992 Act (persons liable to pay council tax) as applies in the case of the

- applicant; or
- e. is not a person who is residing with two or more persons both or all of whom fall within the same paragraph of section 6(2)(a) to (e) of the 1992 Act where two or more of those persons are not persons who, in accordance with Schedule 1 to the 1992 Act, fall to be disregarded for the purposes of discount.

#### **Disregard of certain incomes**

- 1.5 For those who have reached the qualifying age for state pension credit, the Council has resolved to enhance the government scheme (as defined by the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 to disregard in full the following:
- a. a war disablement pension;
  - b. a war widow's pension or war widower's pension;
  - c. a pension payable to a person as a widow, widower or surviving civil partner under any power of Her Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
  - d. a guaranteed income payment;
  - e. a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
  - f. a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
  - g. pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.

**The provisions outlined above, enhance the Central Government's scheme.**

#### **THE SCHEME FOR WORKING AGE APPLICANTS – THE COUNCIL'S LOCAL SCHEME**

- 1.6 The adopted scheme for working age applicants is a means test, which compares income against an assessment of *applicable amounts* (unless otherwise stated). Full details of the working age scheme of the authority are contained within this document from section 2 onwards. The authority is required to specify a scheme for working age and therefore this scheme only applies to a person who;
- a. has not attained the qualifying age for state pension credit; or
  - b. has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based jobseeker's allowance, on an income-related employment and support allowance or on universal credit.
- 1.7 The Council has resolved that there will be *two* classes of persons who will receive a reduction in line with adopted scheme. There will be *two* main classes prescribed for, for each of which there will be a number of qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction as specified within section 7 of this scheme.

#### **Class D**

To obtain reduction the individual (or partner) must:

- a. have not attained the qualifying age for state pension credit<sup>1</sup>; or
- b. he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is a person on income support, on income-based jobseeker's allowance or an income-related employment and support allowance; or a person with an award of universal credit.
- c. be liable to pay council tax in respect of a dwelling in which he is solely or mainly

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<sup>1</sup> Section 5 of this scheme

- resident;
- d. is not deemed to be absent from the dwelling;
- e. not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- f. be somebody in respect of whom a maximum Council Tax Reduction<sup>2</sup> amount can be calculated;
- g. not have capital savings above £6,000<sup>3</sup>;
- h. be a person in respect of whom a day in which s/he is liable to pay council tax falls within a week in respect of which the person's *income*<sup>4</sup> is **less** than their *applicable amount*<sup>5</sup> or the applicant or partner is in receipt of income support, jobseekers allowance (income based) or employment and support allowance (income related); and
- i. has made a valid application for reduction<sup>6</sup>.

Maximum Council Tax Reduction stated above is defined within section 57 of this scheme

#### **Class E**

To obtain reduction the individual (or partner) must:

- a. have not attained the qualifying age for state pension credit<sup>7</sup>; or
- b. he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is a person on income support, on income-based jobseeker's allowance or an income-related employment and support allowance; or a person with an award of universal credit.
- c. be liable to pay council tax in respect of a dwelling in which they are solely or mainly resident;
- d. is not deemed to be absent from the dwelling;
- e. not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- f. be somebody in respect of whom a maximum Council Tax Reduction<sup>8</sup> amount can be calculated;
- g. not have capital savings above £6,000<sup>9</sup>;
- h. be a person in respect of whom a day in which s/he is liable to pay council tax falls within a week in respect of which the person's *income*<sup>10</sup> is **more** than their *applicable amount*<sup>11</sup>;
- i. have made a valid application for reduction<sup>12</sup>;
- j. be a person in respect of whom amount A exceeds amount B where
  - (i) amount A is the maximum Council Tax Reduction in respect of the day in the applicant's case; and
  - (ii) amount B is 2 6/7 per cent of the difference between his income for the relevant week and his applicable amount.

Maximum Council Tax Reduction stated above is defined within section 57 of this scheme

<sup>2</sup> Sections 57 to 63 of this scheme

<sup>3</sup> Sections 33 to 42 and Schedule 5 of this scheme

<sup>4</sup> Sections 15 to 32 and Schedules 3 and 4 of this scheme

<sup>5</sup> Sections 12 to 14 and Schedule 1 of this scheme

<sup>6</sup> Sections 68 to 74a of this scheme

<sup>7</sup> Section 5 of this scheme

<sup>8</sup> Sections 57 to 63 of this scheme

<sup>9</sup> Sections 33 to 42 and Schedule 5 of this scheme

<sup>10</sup> Sections 15 to 32 and Schedules 3 and 4 of this scheme

<sup>11</sup> Sections 12 to 14 and Schedule 1 of this scheme

<sup>12</sup> Sections 68 to 74a of this scheme

## **Council Tax Reduction Scheme**

Details of reduction to be given for **working age applicants** for the financial year 2017/18

**Sections 2- 8**  
**Definitions and interpretation**

## 2.0 Interpretation – an explanation of the terms used within this scheme

### 2.1 In this scheme–

**‘the Act’** means the Social Security Contributions and Benefits Act 1992;

**‘the Administration Act’** means the Social Security Administration Act 1992;

**‘the 1973 Act’** means of Employment and Training Act 1973;

**‘the 1992 Act’** means the Local Government Finance Act 1992;

**‘the 2000 Act’** means the Electronic Communications Act 2000;

**‘Abbeyfield Home’** means an establishment run by the Abbeyfield Society including all bodies corporate or incorporate which are affiliated to that Society;

**‘adoption leave’** means a period of absence from work on ordinary or additional adoption leave by virtue of section 75A or 75B of the Employment Rights Act 1996;

**‘an AFIP’** means an armed forces independence payment payable in accordance with an armed and reserve forces compensation scheme established under section 1(2) of the Armed Forces (Pensions and Compensation) Act 2004

**‘applicable amount’** means the amount determined in accordance with schedule 1 of this scheme

**‘applicant’** means a person who the authority designates as able to claim Council tax reduction – for the purposes of this scheme all references are in the masculine gender but apply equally to male and female;

**‘application’** means an application for a reduction under this scheme:

**‘appropriate DWP office’** means an office of the Department for Work and Pensions dealing with state pension credit or office which is normally open to the public for the receipt of claims for income support, a jobseeker’s allowance or an employment and support allowance;

**‘assessment period’** means such period as is prescribed in sections 19 to 21 over which income falls to be calculated;

**‘attendance allowance’** means–

(a) an attendance allowance under Part 3 of the Act;

(b) an increase of disablement pension under section 104 or 105 of the Act;

(c) a payment under regulations made in exercise of the power conferred by paragraph 7(2)(b) of Part 2 of Schedule 8 to the Act;

(d) an increase of an allowance which is payable in respect of constant attendance under paragraph 4 of Part 1 of Schedule 8 to the Act;

(e) a payment by virtue of article 14, 15, 16, 43 or 44 of the Personal Injuries (Civilians) Scheme 1983 or any analogous payment; or

(f) any payment based on need for attendance which is paid as part of a war disablement pension;

**‘the authority’** means a billing authority in relation to whose area this scheme has effect by virtue of paragraph 4(6) of Schedule 1A to the 1992 Act;

**‘Back to Work scheme(s)’** means any scheme defined within the Jobseekers (Back to Work Schemes) Act 2013 or Jobseeker’s Allowance (Schemes for Assisting Persons to Obtain Employment) Regulations 2013;

**‘basic rate’**, where it relates to the rate of tax, has the same meaning as in the Income Tax Act 2007 (see section 989 of that Act).

**‘the benefit Acts’** means the Act (SSBA) and the Jobseekers Act 1995 and the Welfare Reform Act 2007;

**‘board and lodging accommodation’** means accommodation provided to a family, for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which both are cooked or prepared (by a person other than the person to whom the accommodation is provided or a member of his family) and are consumed in that accommodation or associated premises;

**‘care home’** has the meaning given by section 3 of the Care Standards Act 2000 and in Scotland means a care home service within the meaning given by section 2(3) of the Regulation of Care (Scotland) Act 2001 and in Northern Ireland means a nursing home within the meaning of Article 11 of the Health and Personal Social Services (Quality,

Improvement and Regulation) (Northern Ireland) Order 2003 or a residential care home within the meaning of Article 10 of that Order;

**'the Caxton Foundation'** means the charitable trust of that name established on 28th March 2011 out of funds provided by the Secretary of State for the benefit of certain persons suffering from hepatitis C and other persons eligible for payment in accordance with its provisions;

**'child'** means a person under the age of 16;

**'child benefit'** has the meaning given by section 141 of the SSCBA as amended by The Child Benefit (General), Child Tax Credit (Amendment) Regulations 2014 and The Child Benefit (General) (Amendment) Regulations 2015;

**'the Children Order'** means the Children (Northern Ireland) Order 1995;

**'child tax credit'** means a child tax credit under section 8 of the Tax Credits Act 2002;

**'claim'** means a claim for council tax reduction;

**'close relative'** means a parent, parent-in-law, son, son-in-law, daughter, daughter-in-law, step-parent, step-son, step-daughter, brother, sister, or if any of the preceding persons is one member of a couple, the other member of that couple;

**'concessionary payment'** means a payment made under arrangements made by the Secretary of State with the consent of the Treasury which is charged either to the National Insurance Fund or to a Departmental Expenditure Vote to which payments of benefit or tax credits under the benefit Acts or the Tax Credits Act are charged;

**'the Consequential Provisions Regulations'** means the Housing Benefit and Council tax reduction (Consequential Provisions) Regulations 2006;

**'contributory employment and support allowance'** means an allowance under Part 1 of the Welfare Reform Act 2007 as amended by the provisions of Schedule 3, and Part 1 of Schedule 14, to the Welfare Reform Act 2012 that remove references to an income-related allowance and a contributory allowance under Part 1 of the Welfare Reform Act 2007 as that Part has effect apart from those provisions;

**'converted employment and support allowance'** means an employment and support allowance which is not income-related and to which a person is entitled as a result of a conversion decision within the meaning of the Employment and Support Allowance (Existing Awards) Regulations 2008;

**'council tax benefit'** means council tax benefit under Part 7 of the SSCBA;

**'council tax reduction scheme'** has the same meaning as **'council tax reduction or reduction'**

**'council tax support (or reduction)'** means council tax reduction as defined by S13a Local Government Finance Act 1992 (as amended);

**'couple'** means;

- (a) a man and a woman who are married to each other and are members of the same household;
- (b) a man and a woman who are not married to each other but are living together as husband and wife;
- (c) two people of the same sex who are civil partners of each other and are members of the same household; or
- (d) two people of the same sex who are not civil partners of each other but are living together as if they were civil partners,

Two people of the same sex are to be treated as living together as if they were civil partners if, and only if, they would be treated as living together as husband and wife were they of opposite sexes. The above includes the Marriage (Same Sex Couples) Act 2013 and The Marriage (Same Sex Couples) Act 2013 (Commencement No. 3) Order 2014;

**'date of claim'** means the date on which the application or claim is made, or treated as made, for the purposes of this scheme

**'designated authority'** means any of the following;

the local authority; or a person providing services to, or authorised to exercise any function of, any such authority;

**'designated office'** means the office designated by the authority for the receipt of claims for council tax reduction;

- (a) by notice upon or with a form approved by it for the purpose of claiming council tax reduction; or



(b) by reference upon or with such a form to some other document available from it and sent by electronic means or otherwise on application; or

(c) by any combination of the provisions set out in sub-paragraphs (a) and (b) above;

**‘disability living allowance’** means a disability living allowance under section 71 of the Act;

**‘dwelling’** has the same meaning in section 3 or 72 of the 1992 Act;

**‘earnings’** has the meaning prescribed in section 25 or, as the case may be, 27;

**‘the Eileen Trust’** means the charitable trust of that name established on 29th March 1993 out of funds provided by the Secretary of State for the benefit of persons eligible for payment in accordance with its provisions;

**‘electronic communication’** has the same meaning as in section 15(1) of the Electronic Communications Act 2000 ;

**‘employed earner’** is to be construed in accordance with section 2(1)(a) of the Act and also includes a person who is in receipt of a payment which is payable under any enactment having effect in Northern Ireland and which corresponds to statutory sick pay or statutory maternity pay;

**‘Employment and Support Allowance Regulations’** means the Employment and Support Allowance Regulations 2008 and the Employment and Support Regulations 2013 as appropriate;

**‘Employment and Support Allowance (Existing Awards) Regulations’** means the Employment and Support Allowance (Transitional Provisions, Housing Benefit and Council Tax Benefit) (Existing Awards) Regulations 2010;

**‘the Employment, Skills and Enterprise Scheme’** means a scheme under section 17A (schemes for assisting persons to obtain employment; ‘work for your benefit’ schemes etc.) of the Jobseekers Act 1995 known by that name and provided pursuant to arrangements made by the Secretary of State that is designed to assist applicants to obtain employment, including self-employment, and which may include for any individual work-related activity (including work experience or job search). This also includes schemes covered by The Jobseekers Allowance (Employment, Skills and Enterprise Scheme) Regulations 2011 as amended by the Jobseekers (Back to Work Schemes) Act 2013 – see **‘Back to Work Schemes’**;

**‘employment zone’** means an area within Great Britain designated for the purposes of section 60 of the Welfare Reform and Pensions Act 1999 and 2014 and an **‘employment zone programme’** means a programme established for such an area or areas designed to assist applicants for a jobseeker’s allowance to obtain sustainable employment;

**‘employment zone contractor’** means a person who is undertaking the provision of facilities in respect of an employment zone programme on behalf of the Secretary of State for Work and Pensions;

**‘enactment’** includes an enactment comprised in, or in an instrument made under, an Act of the Scottish Parliament;

**‘extended reduction’** means a payment of council tax reduction payable pursuant to section 60;

**‘extended reduction period’** means the period for which an extended reduction is payable in accordance with section 60A or 61A of this scheme;

**‘extended reduction (qualifying contributory benefits)’** means a payment of council tax reduction payable pursuant to section 61;

**‘family’** has the meaning assigned to it by section 137(1) of the Act and Section 9 of this scheme;

**‘the Fund’** means moneys made available from time to time by the Secretary of State for the benefit of persons eligible for payment in accordance with the provisions of a scheme established by him on 24th April 1992 or, in Scotland, on 10th April 1992;

**‘a guaranteed income payment’** means a payment made under article 15(1)(c) (injury benefits) or 29(1)(a) (death benefits) of the Armed Forces and Reserve Forces (Compensation Scheme) Order 2011;

**‘he, him, his’** also refers to the feminine within this scheme

**‘housing benefit’** means housing benefit under Part 7 of the Act; ‘the Housing Benefit Regulations’ means the Housing Benefit Regulations 2006;

**‘Immigration and Asylum Act’** means the Immigration and Asylum Act 1999;

**‘an income-based jobseeker’s allowance’** and **‘a joint-claim jobseeker’s allowance’** have the meanings given by section 1(4) of the Jobseekers Act 1995;

**‘income-related employment and support allowance’** means an income-related allowance under Part 1 of the Welfare Reform Act 2007;

**‘Income Support Regulations’** means the Income Support (General) Regulations 1987(a);

**‘independent hospital’**–

(a) in England, means a hospital as defined by section 275 of the National Health Service Act 2006 that is not a health service hospital as defined by that section;

(b) in Wales, has the meaning assigned to it by section 2 of the Care Standards Act 2000; and

(c) in Scotland means an independent health care service as defined by section 10F of the National Health Service (Scotland) Act 1978;

**‘the Independent Living Fund (2006)’** means the Trust of that name established by a deed dated 10th April 2006 and made between the Secretary of State for Work and Pensions of the one part and Margaret Rosemary Cooper, Michael Beresford Boyall and Marie Theresa Martin of the other part;

**‘invalid carriage or other vehicle’** means a vehicle propelled by a petrol engine or by electric power supplied for use on the road and to be controlled by the occupant;

**‘Jobseekers Act’** means the Jobseekers Act 1995; **‘Jobseeker’s Allowance Regulations’** means the Jobseeker’s Allowance Regulations 1996 and Jobseeker’s Allowance Regulations 2013 as appropriate;;

**‘limited capability for work’** has the meaning given in section 1(4) of the Welfare Reform Act;

**‘limited capability for work-related activity’** has the meaning given in section 2(5) of the Welfare Reform Act 2007;

**‘the London Bombing Relief Charitable Fund’** means the company limited by guarantee (number 5505072), and registered charity of that name established on 11th July 2005 for the purpose of (amongst other things) relieving sickness, disability or financial need of victims (including families or dependants of victims) of the terrorist attacks carried out in London on 7th July 2005;

**‘lone parent’** means a person who has no partner and who is responsible for and a member of the same household as a child or young person;

**‘the Macfarlane (Special Payments) Trust’** means the trust of that name, established on 29th January 1990 partly out of funds provided by the Secretary of State, for the benefit of certain persons suffering from haemophilia;

**‘the Macfarlane (Special Payments) (No.2) Trust’** means the trust of that name, established on 3rd May 1991 partly out of funds provided by the Secretary of State, for the benefit of certain persons suffering from haemophilia and other beneficiaries;

**‘the Macfarlane Trust’** means the charitable trust, established partly out of funds provided by the Secretary of State to the Haemophilia Society, for the relief of poverty or distress among those suffering from haemophilia;

**‘main phase employment and support allowance’** means an employment and support allowance where the calculation of the amount payable in respect of the applicant includes a component under section 2(1)(b) or 4(2)(b) of the Welfare Reform Act 2007 except in Part 1 of Schedule 1;

**‘the Mandatory Work Activity Scheme’** means a scheme within section 17A (schemes for assisting persons to obtain employment; ‘work for your benefit’ schemes etc.) of the Jobseekers Act 1995 known by that name and provided pursuant to arrangements made by the Secretary of State that is designed to provide work or work related activity for up to 30 hours per week over a period of four consecutive weeks with a view to assisting applicants to improve their prospect of obtaining employment;

**‘maternity leave’** means a period during which a woman is absent from work because she is pregnant or has given birth to a child, and at the end of which she has a right to return to work either under the terms of her contract of employment or under Part 8 of the Employment Rights Act 1996;

**‘member of a couple’** means a member of a married or unmarried couple;

**‘MFET Limited’** means the company limited by guarantee (number 7121661) of that name, established for the purpose in particular of making payments in accordance with arrangements made with the Secretary of State to persons who have acquired HIV as a result

of treatment by the NHS with blood or blood products;

**‘mobility supplement’** means a supplement to which paragraph 9 of Schedule 4 refers;

**‘mover’** means a applicant who changes the dwelling in which the applicant is resident and in respect of which the applicant liable to pay council tax from a dwelling in the area of the appropriate authority to a dwelling in the area of the second authority;

**‘net earnings’** means such earnings as are calculated in accordance with section 26;

**‘net profit’** means such profit as is calculated in accordance with section 28;

**‘the New Deal options’** means the employment programmes specified in regulation 75(1)(a)(ii) of the Jobseeker’s Allowance Regulations 1996 and the training scheme specified in regulation 75(1)(b)(ii) of those Regulations;

**‘new dwelling’** means, for the purposes of the definition of ‘second authority’ and sections 60C, and 61C the dwelling to which a applicant has moved, or is about to move, in which the applicant is or will be resident;

**‘non-dependant’** has the meaning prescribed in section 3;

**‘non-dependant deduction’** means a deduction that is to be made under section 58;

**‘occasional assistance’** means any payment or provision made by a local authority, the Welsh Ministers or the Scottish Ministers for the purposes of:

(a) meeting, or helping to meet an immediate short-term need;

(i) arising out of an exceptional event or exceptional circumstances, or

(ii) that needs to be met to avoid a risk to the well-being of an individual, and

(b) enabling qualifying individuals to establish or maintain a settled home, and—

(i) ‘local authority’ has the meaning given by section 270(1) of the Local Government Act 1972 ;and

(ii) ‘qualifying individuals’ means individuals who have been, or without the assistance might otherwise be:

(aa) in prison, hospital, an establishment providing residential care or other institution, or

(bb) homeless or otherwise living an unsettled way of life; and ‘local authority’ means a local authority in England within the meaning of the Local Government Act 1972;

**‘occupational pension’** means any pension or other periodical payment under an occupational pension scheme but does not include any discretionary payment out of a fund established for relieving hardship in particular cases;

**‘occupational pension scheme’** has the same meaning as in section 1 of the Pension Schemes Act 1993 as amended by the Public Service Pension Act 2013;

**‘ordinary clothing or footwear’** means clothing or footwear for normal daily use, but does not include school uniforms, or clothing or footwear used solely for sporting activities;

**‘partner’** in relation to a person, means

(a) where that person is a member of a couple, the other member of that couple;

(b) subject to paragraph (c), where that person is polygamously married to two or more members of his household, any such member to whom he is married; or

(c) where that person is polygamously married and has an award of universal credit with the other party to the earliest marriage that still subsists, that other party to the earliest marriage;

**‘paternity leave’** means a period of absence from work on leave by virtue of section 80A or 80B of the Employment Rights Act 1996;

**‘payment’** includes part of a payment;

**‘pensionable age’** has the meaning given by the rules in paragraph 1 of Schedule 4 to the Pensions Act 1995 as amended by the Public Services Pension Act 2013 and Pensions Act 2014;

**‘pension fund holder’** means with respect to a personal pension scheme or an occupational pension scheme, the trustees, managers or scheme administrators, as the case may be, of the scheme concerned;

**‘pensioner’** a person who has attained the age at which pension credit can be claimed;

**‘person affected’** shall be construed as a person to whom the authority decides is affected by any decision made by the council;

**‘person on income support’** means a person in receipt of income support;

**‘personal independence payment’** has the meaning given by Part 4 of the Welfare Reform Act 2012 and the Social Security (Personal Independence Payments) 2013;

**‘person treated as not being in Great Britain’** has the meaning given by section 7;

**‘personal pension scheme’** means–

- a. a personal pension scheme as defined by section 1 of the Pension Schemes Act 1993 as amended by the Public Service Pension Act 2013;
- b. an annuity contractor trust scheme approved under section 620 or 621 of the Income and Corporation Taxes Act 1988 or a substituted contract within the meaning of section 622(3) or that Act which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(f) of Schedule 36 of the Finance Act 2004<sup>13</sup>;
- c. a personal pension scheme approved under Chapter 4 of Part 14 of the Income and Corporation Taxes Act 1988 which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(g) of Schedule 36 to the Finance Act 2004;
- d. a scheme prescribed in regulation 3 of the Jobseeker’s Allowance (Schemes for Assisting Persons to Obtain Employment) Regulations 2013;
- e. Back to Work scheme;

**‘policy of life insurance’** means any instrument by which the payment of money is assured on death (except death by accident only) or the happening of any contingency dependent on human life, or any instrument evidencing a contract which is subject to payment of premiums for a term dependent on human life;

**‘polygamous marriage’** means a marriage to which section 133(1) of the Act refers namely;

- (a) a person is a husband or wife by virtue of a marriage entered into under a law which permits polygamy; and
- (b) either party to the marriage has for the time being any spouse additional to the other party.

**‘public authority’** includes any person certain of whose functions are functions of a public nature;

**‘qualifying age for state pension credit’** means (in accordance with section 1(2)(b) and (6) of the State Pension Credit Act 2002)–

- (a) in the case of a woman, pensionable age; or
- (b) in the case of a man, the age which is pensionable age in the case of a woman born on the same day as the man;

**‘qualifying contributory benefit’** means;

- (a) severe disablement allowance;
- (b) incapacity benefit;
- (c) contributory employment and support allowance;

**‘qualifying course’** means a qualifying course as defined for the purposes of Parts 2 and 4 of the Job Seeker’s Allowance Regulations 1996

**‘qualifying income-related benefit’** means

- (a) income support;
- (b) income-based jobseeker’s allowance;
- (c) income-related employment and support allowance;

**‘qualifying person’** means a person in respect of whom payment has been made from the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund;

**‘reduction week’** means a period of seven consecutive days beginning with a Monday and ending with a Sunday;

**‘relative’** means a close relative, grandparent, grandchild, uncle, aunt, nephew or niece;

**‘relevant authority’** means an authority administering council tax reduction;

**‘relevant week’** In relation to any particular day, means the week within which the day in question falls;

**‘remunerative work’** has the meaning prescribed in section 6;

**‘rent’** means ‘eligible rent’ to which regulation 12 of the Housing Benefit Regulations refers less any deductions in respect of non-dependants which fall to be made under regulation 74 (non-dependant deductions) of those Regulations;

<sup>13</sup> As amended by the Finance Act 2014

**'resident'** has the meaning it has in Part 1 or 2 of the 1992 Act;

**'Scottish basic rate'** means the rate of income tax of that name calculated in accordance with section 6A of the Income Tax Act 2007;

**'Scottish taxpayer'** has the same meaning as in Chapter 2 of Part 4A of the Scotland Act 1998

**'second authority'** means the authority to which a mover is liable to make payments for the new dwelling;

**'self-employed earner'** is to be construed in accordance with section 2(1)(b) of the Act;

**'self-employment route'** means assistance in pursuing self-employed earner's employment whilst participating in—

- (a) an employment zone programme;
- (b) a programme provided or other arrangements made pursuant to section 2 of the 1973 Act (functions of the Secretary of State) or section 2 of the Enterprise and New Towns (Scotland) Act 1990 (functions in relation to training for employment, etc.);
- (c) the Employment, Skills and Enterprise Scheme;
- (d) a scheme prescribed in regulation 3 of the Jobseeker's Allowance (Schemes for Assisting Persons to Obtain Employment) Regulations 2013;
- (e) Back to Work scheme.

**'Service User'** references in this scheme to an applicant participating as a service user are to

- a. a person who is being consulted by or on behalf of—
  - (i) the Secretary of State in relation to any of the Secretary of State's functions in the field of social security or child support or under section 2 of the Employment and Training Act 1973; or
  - (ii) a body which conducts research or undertakes monitoring for the purpose of planning or improving such functions in their capacity as a person affected or potentially affected by the exercise of those functions or the carer of such a person; or
- b. the carer of a person consulted as described in sub-paragraph (a) where the carer is not being consulted as described in that sub-paragraph;

**'the Skipton Fund'** means the ex-gratia payment scheme administered by the Skipton Fund Limited, incorporated on 25th March 2004, for the benefit of certain persons suffering from hepatitis C and other persons eligible for payment in accordance with the scheme's provisions.

**'special account'** means an account as defined for the purposes of Chapter 4A of Part 8 of the Jobseeker's Allowance Regulations or Chapter 5 of Part 10 of the Employment and Support Allowance Regulations;

**'sports award'** means an award made by one of the Sports Councils named in section 23(2) of the National Lottery etc Act 1993 out of sums allocated to it for distribution under that section;

**'the SSCBA'** means the Social Security Contributions and Benefits Act 1992

**'State Pension Credit Act'** means the State Pension Credit Act 2002;

**'student'** has the meaning prescribed in section 43;

**'subsistence allowance'** means an allowance which an employment zone contractor has agreed to pay to a person who is participating in an employment zone programme;

**'support or reduction week'** means a period of 7 consecutive days commencing upon a Monday and ending on a Sunday;

**'the Tax Credits Act'** means the Tax Credits Act 2002;

**'tax year'** means a period beginning with 6th April in one year and ending with 5th April in the next;

**'training allowance'** means an allowance (whether by way of periodical grants or otherwise) payable—

- (a) out of public funds by a Government department or by or on behalf of the Secretary of State, Skills Development Scotland, Scottish Enterprise or Highlands and Islands Enterprise, the Young People's Learning Agency for England, the Chief Executive of Skills Funding or Welsh Ministers;
- (b) to a person for his maintenance or in respect of a member of his family; and

(c) for the period, or part of the period, during which he is following a course of training or instruction provided by, or in pursuance of arrangements made with, the department or approved by the department in relation to him or so provided or approved by or on behalf of the Secretary of State, Skills Development Scotland Scottish Enterprise or Highlands and Islands Enterprise or the Welsh Ministers.

It does not include an allowance paid by any Government department to or in respect of a person by reason of the fact that he is following a course of full-time education, other than under arrangements made under section 2 of the 1973 Act or is training as a teacher;

**‘the Trusts’** means the Macfarlane Trust, the Macfarlane (Special Payments) Trust and the Macfarlane (Special Payments) (No. 2) Trust;

**‘Universal Credit’** means any payment of Universal Credit payable under the Welfare Reform Act 2012, the Universal Credit Regulations 2013, The Universal Credit (Consequential, Supplementary, Incidental and Miscellaneous Provisions) Regulations 2013, Universal Credit (Miscellaneous Amendments) Regulations 2013 and the Universal Credit (Transitional Provisions) Regulations 2014;

**‘Uprating Act’** means the Welfare Benefit Up-rating Act 2013, the Welfare Benefits Up-rating Order 2014 and the Welfare Benefits Up-rating Order 2015;

**‘voluntary organisation’** means a body, other than a public or local authority, the activities of which are carried on otherwise than for profit;

**‘war disablement pension’** means any retired pay or pension or allowance payable in respect of disablement under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003;

**‘war pension’** means a war disablement pension, a war widow’s pension or a war widower’s pension;

**‘war widow’s pension’** means any pension or allowance payable to a woman as a widow under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003 in respect of the death or disablement of any person;

**‘war widower’s pension’** means any pension or allowance payable to a man as a widower or to a surviving civil partner under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003 in respect of the death or disablement of any person;

**‘water charges’** means;

(a) as respects England and Wales, any water and sewerage charges under Chapter 1 of Part 5 of the Water Industry Act 1991,

(b) as respects Scotland, any water and sewerage charges established by Scottish Water under a charges scheme made under section 29A of the Water Industry (Scotland) Act 2002, in so far as such charges are in respect of the dwelling which a person occupies as his home;

**‘week’** means a period of seven days beginning with a Monday;

**‘Working Tax Credit Regulations’** means the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 as amended<sup>14</sup>; and

**‘young person’** has the meaning prescribed in section 9(1) and in section 142 of the SSCBA.

2.2 In this scheme, references to an applicant occupying a dwelling or premises as his home shall be construed in accordance with regulation 7 of the Housing Benefit Regulations 2006.

2.3 In this scheme, where an amount is to be rounded to the nearest penny, a fraction of a penny shall be disregarded if it is less than half a penny and shall otherwise be treated as a whole penny.

2.4 For the purpose of this scheme, a person is on an income-based jobseeker’s allowance on any day in respect of which an income-based jobseeker’s allowance is payable to him and on any day;

(a) in respect of which he satisfies the conditions for entitlement to an income-based jobseeker’s allowance but where the allowance is not paid in accordance with regulation 27A of the Jobseeker’s Allowance Regulations or section 19 or 20A or

<sup>14</sup> The Working Tax Credit (Entitlement and Maximum Rate) (Amendment) Regulations 2013; The Working Tax Credit (Entitlement and Maximum Rate) (Amendment) Regulations 2015

- regulations made under section 17A of the Jobseekers Act (circumstances in which a jobseeker's allowance is not payable); or
- (b) which is a waiting day for the purposes of paragraph 4 of Schedule 1 to that Act and which falls immediately before a day in respect of which an income- based jobseeker's allowance is payable to him or would be payable to him but for regulation 27A of the Jobseeker's Allowance Regulations or section 19 or 20A or regulations made under section 17A of that Act;
- (c) in respect of which he is a member of a joint-claim couple for the purposes of the Jobseekers Act and no joint-claim jobseeker's allowance is payable in respect of that couple as a consequence of either member of that couple being subject to sanctions for the purposes of section 20A of that Act;
- (d) in respect of which an income-based jobseeker's allowance or a joint-claim jobseeker's allowance would be payable but for a restriction imposed pursuant to section 6B, 7, 8 or 9 of the Social Security Fraud Act 2001 (loss of benefit provisions).

2.4A For the purposes of this scheme, a person is on an income-related employment and support allowance on any day in respect of which an income-related employment and support allowance is payable to him and on any day;

- (a) in respect of which he satisfies the conditions for entitlement to an income- related employment and support allowance but where the allowance is not paid in accordance with section 18 of the Welfare Reform Act disqualification; or
- (b) which is a waiting day for the purposes of paragraph 2 of Schedule 2 to that Act and which falls immediately before a day in respect of which an income- related employment and support allowance is payable to him or would be payable to him but for section 18 of that Act.

2.5 For the purposes of this scheme, two persons shall be taken to be estranged only if their estrangement constitutes a breakdown of the relationship between them.

2.6 In this scheme, references to any person in receipt of state pension credit includes a person who would be in receipt of state pension credit but for regulation 13 of the State Pension Credit Regulations 2002 (small amounts of state pension credit).

### **3.0 Definition of non-dependant**

3.1 In this scheme, 'non-dependant' means any person, except someone to whom paragraph 3.2 applies, who normally resides with an applicant or with whom an applicant normally resides.

3.2 This paragraph applies to;

- a. any member of the applicant's family;
- b. if the applicant is polygamously married, any partner of his and any child or young person who is a member of his household and for whom he or one of his partners is responsible;
- c. a child or young person who is living with the applicant but who is not a member of his household by virtue of section 11(membership of the same household);
- d. subject to paragraph 3.3, any person who, with the applicant, is jointly and severally liable to pay council tax in respect of a dwelling for any day under sections 6, 7 or 75 of the 1992 Act (persons liable to pay council tax);
- e. subject to paragraph 3.3, any person who is liable to make payments on a commercial basis to the applicant or the applicant's partner in respect of the occupation of the dwelling;
- f. a person who lives with the applicant in order to care for him or a partner of his and who is engaged by a charitable or voluntary organisation which makes a charge to the applicant or his partner for the services provided by that person.

3.3 Excepting persons to whom paragraph 3.2 a) to c) and f) refer, a person to whom any of the following sub-paragraphs applies shall be a non-dependant–

- a. a person who resides with the person to whom he is liable to make payments in respect of the dwelling and either;
  - i. that person is a close relative of his or her partner; or
  - ii. the tenancy or other agreement between them is other than on a commercial basis;
- b. a person whose liability to make payments in respect of the dwelling appears to the authority to have been created to take advantage of the council tax reduction scheme except someone who was, for any period within the eight weeks prior to the creation of the agreement giving rise to the liability to make such payments, otherwise liable to make payments of rent in respect of the same dwelling;
- c. a person who becomes jointly and severally liable with the applicant for council tax in respect of a dwelling and who was, at any time during the period of eight weeks prior to his becoming so liable, a non-dependant of one or more of the other residents in that dwelling who are so liable for the tax, unless the authority is satisfied that the change giving rise to the new liability was not made to take advantage of the reduction scheme.

#### **4.0 Requirement to provide a National Insurance Number<sup>15</sup>**

4.1 No person shall be entitled to reduction unless the criteria below in 4.2 is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming reduction.

4.2 This subsection is satisfied in relation to a person if–

- a. the claim for reduction is accompanied by;
  - i. a statement of the person’s national insurance number and information or evidence establishing that that number has been allocated to the person; or
  - ii. information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or
- b. the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated and the application for reduction is accompanied by evidence of the application and information to enable it to be allocated.

4.3 Paragraph 4.2 shall not apply–

- a. in the case of a child or young person in respect of whom council tax reduction is claimed;
- b. to a person who;
  - i. is a person in respect of whom a claim for council tax reduction is made;
  - ii. is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act; and
  - iii. has not previously been allocated a national insurance number.

#### **5.0 Persons who have attained the qualifying age for state pension credit**

5.1 This scheme applies to a person if:

- (i) he has not attained the qualifying age for state pension credit; or
- (ii) he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is;
  - (a) a person on income support, on income-based jobseeker’s allowance or an income-related employment and support allowance; or
  - (b) a person with an award of universal credit.

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<sup>15</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012



## **6.0 Remunerative work**

- 6.1 Subject to the following provisions of this section, a person shall be treated for the purposes of this scheme as engaged in remunerative work if he is engaged, or, where his hours of work fluctuate, he is engaged on average, for not less than 16 hours a week, in work for which payment is made or which is done in expectation of payment.
- 6.2 Subject to paragraph 6.3, in determining the number of hours for which a person is engaged in work where his hours of work fluctuate, regard shall be had to the average of hours worked over;
- a. if there is a recognisable cycle of work, the period of one complete cycle (including, where the cycle involves periods in which the person does no work, those periods but disregarding any other absences);
  - b. in any other case, the period of 5 weeks immediately prior to that date of claim, or such other length of time as may, in the particular case, enable the person's weekly average hours of work to be determined more accurately,
- 6.3 Where, for the purposes of paragraph 6.2 a), a person's recognisable cycle of work at a school, other educational establishment or other place of employment is one year and includes periods of school holidays or similar vacations during which he does not work, those periods and any other periods not forming part of such holidays or vacations during which he is not required to work shall be disregarded in establishing the average hours for which he is engaged in work.
- 6.4 Where no recognisable cycle has been established in respect of a person's work, regard shall be had to the number of hours or, where those hours will fluctuate, the average of the hours, which he is expected to work in a week.
- 6.5 A person shall be treated as engaged in remunerative work during any period for which he is absent from work referred to in paragraph 6.1 if the absence is either without good cause or by reason of a recognised customary or other holiday.
- 6.6 A person on income support, an income-based jobseeker's allowance or an income-related employment and support allowance for more than 3 days in any reduction week shall be treated as not being in remunerative work in that week.
- 6.7 A person shall not be treated as engaged in remunerative work on any day on which the person is on maternity leave, paternity leave or adoption leave, or is absent from work because he is ill.
- 6.8 A person shall not be treated as engaged in remunerative work on any day on which he is engaged in an activity in respect of which;
- a. a sports award has been made, or is to be made, to him; and
  - b. no other payment is made or is expected to be made to him.

## **7.0 Persons treated as not being in Great Britain and Persons Subject to Immigration Control**

### **Persons treated as not being in Great Britain**

- 7.1 Persons treated as not being in Great Britain are a class of person prescribed for the purposes of paragraph 2(9)(b) of Schedule 1A to the 1992 Act and which must not be included in an authority's scheme.
- 7.2 Except where a person falls within paragraph (5) or (6), a person is to be treated as not being in Great Britain if the person is not habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland.

- 7.3 A person must not be treated as habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland unless the person has a right to reside in one of those places.
- 7.4 For the purposes of paragraph (3), a right to reside does not include a right, which exists by virtue of, or in accordance with—
- (a) regulation 13 of the EEA Regulations or Article 6 of Council Directive 2004/38/EC;
  - (aa) regulation 14 of the EEA Regulations, but only in a case where the right exists under that regulation because the person is—
    - (i) a jobseeker for the purpose of the definition of “qualified person” in regulation 6(1) of those Regulations, or
    - (ii) a family member (within the meaning of regulation 7 of those Regulations) of such a jobseeker;
  - (ab) Article 45 of the Treaty on the functioning of the European Union (in a case where the person is seeking work in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland); or
  - (b) regulation 15A(1) of the EEA Regulations, but only in a case where the right exists under that regulation because the applicant satisfies the criteria in paragraph (4A) of that regulation or Article 20 of the Treaty on the Functioning of the European Union (in a case where the right to reside arises because a British citizen would otherwise be deprived of the genuine enjoyment of their rights as a European Union citizen).
- 7.5 A person falls within this paragraph if the person is—
- (a) a qualified person for the purposes of regulation 6 of the EEA Regulations as a worker or a self-employed person;
  - (b) a family member of a person referred to in sub-paragraph (a) within the meaning of regulation 7(1)(a), (b) or (c) of the EEA Regulations;
  - (c) a person who has a right to reside permanently in the United Kingdom by virtue of regulation 15(1)(c), (d) or (e) of the EEA Regulations;
  - (d) a person recorded by the Secretary of State as a refugee within the definition in Article 1 of the Convention relating to the Status of Refugees done at Geneva on 28th July 1951, as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967;
  - (e) a person who has been granted, or who is deemed to have been granted, leave outside the rules made under section 3(2) of the Immigration Act 1971<sup>16</sup> where that leave is—
    - (i) discretionary leave to enter or remain in the United Kingdom,
    - (ii) leave to remain under the Destitution Domestic Violence concession which came into effect on 1st April 2012, or
    - (iii) leave deemed to have been granted by virtue of regulation 3 of the Displaced Persons (Temporary Protection) Regulations 2005.
  - (f) a person who has humanitarian protection granted under those rules;
  - (g) a person who is not a person subject to immigration control within the meaning of section 115(9) of the Immigration and Asylum Act 1999 and who is in the United Kingdom as a result of his deportation, expulsion or other removal by compulsion of law from another country to the United Kingdom;
  - (h) in receipt of income support or on an income-related employment and support allowance;
  - (ha) in receipt of an income-based jobseeker’s allowance and has a right to reside other than a right to reside falling within paragraph (4) or
  - (i) a person who is treated as a worker for the purpose of the definition of “qualified person” in regulation 6(1) of the EEA Regulations pursuant to regulation 5 of the Accession of Croatia (Immigration and Worker Authorisation) Regulations

<sup>16</sup> As amended by the Immigration Act 2014 and the Immigration Act 2014 (Commencement No. 2) Order 2014

2013 (right of residence of a Croatian who is an “accession State national subject to worker authorisation”)

7.6 A person falls within this paragraph if the person is a Crown servant or member of Her Majesty’s forces posted overseas.

7.7 A person mentioned in sub-paragraph (6) is posted overseas if the person is performing overseas the duties of a Crown servant or member of Her Majesty’s forces and was, immediately before the posting or the first of consecutive postings, habitually resident in the United Kingdom.

7.8 In this regulation—  
“claim for asylum” has the same meaning as in section 94(1) of the Immigration and Asylum Act 1999;

“Crown servant” means a person holding an office or employment under the Crown;

“EEA Regulations” means the Immigration (European Economic Area) Regulations 2006; and the The Immigration (European Economic Area) (Amendment) (No. 2) Regulations 2014; and

“Her Majesty’s forces” has the same meaning as in the Armed Forces Act 2006.

**Persons subject to immigration control**

7.9 Persons subject to immigration control are a class of person prescribed for the purposes of paragraph 2(9)(b) of Schedule 1A to the 1992 Act and which must not be included in an authority’s scheme.

7.10 A person who is a national of a state which has ratified the European Convention on Social and Medical Assistance (done in Paris on 11th December 1953) or a state which has ratified the Council of Europe Social Charter (signed in Turin on 18th October 1961) and who is lawfully present in the United Kingdom is not a person subject to immigration control for the purpose of paragraph 7.9

7.11 “Person subject to immigration control” has the same meaning as in section 115(9) of the Immigration and Asylum Act 1999.

**7A.0 Transitional provision**

7A.1 The above does not apply to a person who, on 31st March 2015—

- (a) is liable to pay council tax at a reduced rate by virtue of a council tax reduction under an authority’s scheme established under section 13A(2) of the Act; and
- (b) is entitled to an income-based jobseeker’s allowance, until the first of the events in paragraph 7A.2 occurs.

7A.2 The events are—

- (a) the person makes a new application for a reduction under an authority’s scheme established under section 13A(2) of the Act; or
- (b) the person ceases to be entitled to an income-based jobseeker’s allowance.

7A.3 In this section “the Act” means the Local Government Finance Act 1992.

**8.0 Temporary Absence (period of absence)**

8.1 Where a person is absent from the dwelling throughout any day then no reduction shall be payable

8.2 A person shall not, in relation to any day, which falls within a period of temporary absence from that dwelling, be a prescribed person under paragraph 8.1.

8.3 In paragraph 8.2, a ‘period of temporary absence’ means—

- a. a period of absence not exceeding 13 weeks, beginning with the first whole day on which a person resides in residential accommodation where and for so long as;
  - i. the person resides in that accommodation;
  - ii. the part of the dwelling in which he usually resided is not let or sub-let; and
  - iii. that period of absence does not form part of a longer period of absence from

the dwelling of more than 52 weeks,  
where he has entered the accommodation for the purpose of ascertaining whether it suits his needs and with the intention of returning to the dwelling if it proves not to suit his needs;

- b. a period of absence not exceeding 13 weeks, beginning with the first whole day of absence from the dwelling, where and for so long as;
  - i. the person intends to return to the dwelling;
  - ii. the part of the dwelling in which he usually resided is not let or sub-let; and
  - iii. that period is unlikely to exceed 13 weeks; and
- c. a period of absence not exceeding 52 weeks, beginning with the first whole day of absence, where and for so long as
  - i. the person intends to return to the dwelling;
  - ii. the part of the dwelling in which he usually resided is not let or sub-let;
  - iii. the person is a person to whom paragraph 8.4 applies; and
  - iv. the period of absence is unlikely to exceed 52 weeks or, in exceptional circumstances, is unlikely substantially to exceed that period.

8.4 This paragraph applies to a person who is;

- a. detained in custody on remand pending trial or required, as a condition of bail, to reside;
  - i. in a dwelling, other than the dwelling referred to in paragraph 8.1, or
  - ii. in premises approved under section 13 of the Offender Management Act 2007 as amended by the Offender Rehabilitation Act 2014, or, detained in custody pending sentence upon conviction;
- b. resident in a hospital or similar institution as a patient;
- c. undergoing, or his partner or his dependent child is undergoing, in the United Kingdom or elsewhere, medical treatment, or medically approved convalescence, in accommodation other than residential accommodation;
- d. following, in the United Kingdom or elsewhere, a training course;
- e. undertaking medically approved care of a person residing in the United Kingdom or elsewhere;
- f. undertaking the care of a child whose parent or guardian is temporarily absent from the dwelling normally occupied by that parent or guardian for the purpose of receiving medically approved care of medical treatment;
- g. in the United Kingdom or elsewhere, receiving medically approved care provided in accommodation other than residential accommodation;
- h. a student;
- i. receiving care provided in residential accommodation other than a person to whom paragraph 8.3a) applies; or
- j. has left the dwelling he resides in through fear of violence, in that dwelling, or by a person who was formerly a member of the family of the person first mentioned.

8.5 This paragraph applies to a person who is:

- a. detained in custody pending sentence upon conviction or under a sentence imposed by a court (other than a person who is detained in hospital under the provisions of the Mental Health Act 1983 (as amended by the Mental Health (Discrimination) Act 2013), or, in Scotland, under the provisions of the Mental Health (Care and Treatment) (Scotland) Act 2003 or the Criminal Procedure (Scotland) Act 1995) or, in Northern Ireland, under Article 4 or 12 of the Mental Health (Northern Ireland) Order 1986; and
- b. on temporary release from detention in accordance with Rules made under the provisions of the Prison Act 1952 or the Prisons (Scotland) Act 1989

8.6 Where paragraph 8.5 applies to a person, then, for any day when he is on temporary release—

- a. if such temporary release was immediately preceded by a period of temporary absence under paragraph 8.3 b) or c), he shall be treated, for the purposes of paragraph 8.1, as if he continues to be absent from the dwelling, despite any return to the dwelling;
- b. for the purposes of paragraph 8.4 a), he shall be treated as if he remains in detention;

- c. If he does not fall within sub-paragraph a), he is not considered to be a person who is liable to pay Council Tax in respect of a dwelling of which he is resident

8.7 In this section;

- 'medically approved' means certified by a medical practitioner;
- 'patient' means a person who is undergoing medical or other treatment as an in-patient in any hospital or similar institution; 'residential accommodation' means accommodation which is provided;
  - a. in a care home;
  - b. in an independent hospital;
  - c. in an Abbeyfield Home; or
  - d. in an establishment managed or provided by a body incorporated by Royal Charter or constituted by Act of Parliament other than a local social services authority;
- 'training course' means a course of training or instruction provided wholly or partly by or on behalf of or in pursuance of arrangements made with, or approved by or on behalf of, Skills Development Scotland, Scottish Enterprise, Highlands and Islands Enterprise, a government department or the Secretary of State.

**Sections 9 - 11**

**The family for Council tax reduction purposes**

## **9.0 Membership of a family**

- 9.1 Within the reduction scheme adopted by the Council 'family' means;
- a. a married or unmarried couple;
  - b. married or unmarried couple and a member of the same household for whom one of them is or both are responsible and who is a child or a young person;
  - c. two people of the same sex who are civil partners of each other and are members of the same household (with or without children);
  - d. two people of the same sex who are not civil partners of each other but are living together as if they were civil partners (with or without children),
  - e. and for the purposes of sub-paragraph (d) two people of the same sex are to be regarded as living together as if they were civil partners if, but only if, they would be regarded as living together as husband and wife were they instead two people of the opposite sex;
  - f. except in prescribed circumstances, a person who is not a member of a married or unmarried couple and a member of the same household for whom that person is responsible and who is a child or a young person;

For the purposes of the scheme a child is further defined as a 'child or young person'

A 'child' means a person under the age of 16 and a 'Young Person' is someone aged 16 or over but under 20 and who satisfies other conditions. These conditions are:

- they are aged 16, have left 'relevant education' or training, and 31 August following the sixteenth birthday has not yet been passed;
- they are aged 16 or 17, have left education or training, are registered for work, education or training, are not in remunerative work and are still within their 'extension period';
- they are on a course of full-time non-advanced education, or are doing 'approved training', and they began that education or training before reaching the age of 19;
- they have finished a course of full-time non-advanced education, but are enrolled on another such course (other than one provided as a result of their employment);
- they have left 'relevant education' or 'approved training' but have not yet passed their 'terminal date'.

- 9.2 Paragraph 9.1 the definition of child or young person shall not apply to a person who is;
- a. on income support ;
  - b. an income-based jobseeker's allowance or an income related employment and support allowance; or be entitled to an award of Universal Credit; or
  - c. a person to whom section 6 of the Children (Leaving Care) Act 2000 applies.

- 9.3 The definition also includes a child or young person in respect of whom there is an entitlement to child benefit but only for the period that Child Benefit is payable

## **10.0 Circumstances in which a person is to be treated as responsible (or not responsible) for a child or young person.**

- 10.1 Subject to the following paragraphs a person shall be treated as responsible for a child or young person who is normally living with him and this includes a child or young person to whom paragraph 9.3 applies

- 10.2 Where a child or young person spends equal amounts of time in different households, or where there is a question as to which household he is living in, the child or young person shall be treated for the purposes of paragraph 9.1 as normally living with;
- a. the person who is receiving child benefit in respect of him; or
  - b. if there is no such person;
    - i. where only one claim for child benefit has been made in respect of him, the

- person who made that claim; or
- ii. in any other case the person who has the primary responsibility for him.

10.3 For the purposes of this scheme a child or young person shall be the responsibility of only one person in any reduction week and any person other than the one treated as responsible for the child or young person under this section shall be treated as not so responsible.

**11.0 Circumstances in which a child or young person is to be treated as being or not being a member of the household**

11.1 Subject to paragraphs 11.2 and 11.3, the applicant and any partner and, where the applicant or his partner is treated as responsible by virtue of section 10 (circumstances in which a person is to be treated as responsible or not responsible for a child or young person) for a child or young person, that child or young person and any child of that child or young person, shall be treated as members of the same household notwithstanding that any of them is temporarily absent from that household.

11.2 A child or young person shall not be treated as a member of the applicant's household where he is;

- a. placed with the applicant or his partner by a local authority under section 23(2)(a) of the Children Act 1989 or by a voluntary organisation under section 59(1)(a) of that Act, or in Scotland boarded out with the applicant or his partner under a relevant enactment; or
- b. placed, or in Scotland boarded out, with the applicant or his partner prior to adoption; or
- c. placed for adoption with the applicant or his partner in accordance with the Adoption and Children Act 2002 or the Adoption Agencies (Scotland) Regulations 2009.

11.3 Subject to paragraph 11.4, paragraph 11.1 shall not apply to a child or young person who is not living with the applicant and he—

- a. is being looked after by, or in Scotland is in the care of, a local authority under a relevant enactment; or
- b. has been placed, or in Scotland boarded out, with a person other than the applicant prior to adoption; or
- c. has been placed for adoption in accordance with the Adoption and Children Act 2002 or the Adoption Agencies (Scotland) Regulations 2009; or in accordance with an adoption allowance scheme made under section 71 of the Adoption and Children (Scotland) Act 2007 (adoption allowances schemes).

11.4 The authority shall treat a child or young person to whom paragraph 11.3 a) applies as being a member of the applicant's household in any reduction week where;

- a. that child or young person lives with the applicant for part or all of that reduction week; and
- b. the authority considers that it is responsible to do so taking into account the nature and frequency of that child's or young person's visits.

11.5 In this paragraph 'relevant enactment' means the Army Act 1955, the Air Force Act 1955, the Naval Discipline Act 1957, the Matrimonial Proceedings (Children) Act 1958, the Social Work (Scotland) Act 1968, the Family Law Reform Act 1969, the Children and Young Persons Act 1969, the Matrimonial Causes Act 1973, the Children Act 1975, the Domestic Proceedings and Magistrates' Courts Act 1978, the Adoption and Children (Scotland) Act 1978, the Family Law Act 1986, the Children Act 1989, the Children (Scotland) Act 1995 and the Legal Aid, Sentencing and Punishment of Offenders Act 2012.



**Sections 12 – 14 & Schedule 1**  
**Applicable Amounts for Council tax reduction purposes**

## **12.0 Applicable amounts**

12.1 Subject to sections 13 and 14, an applicant's weekly applicable amount shall be aggregate of such of the following amounts as may apply in his case;

- a. an amount in respect of himself or, if he is a member of a couple, an amount in respect of both of them, determined in accordance with paragraph 1 as the case may be, of Schedule 1 of this scheme;
- b. an amount determined in accordance with paragraph 2 of Schedule 1 of this scheme in respect of any child or young person who is a member of his family;
- c. if he is a member of a family of which at least one member is a child or young person, an amount determined in accordance with paragraph 3 of Schedule 1 (family premium);
- d. the amount of any premiums which may be applicable to him, determined in accordance with paragraphs 4 to 16 of Schedule 1 of this document (premiums).
- e. the amount of either the
  - i. work-related activity component; or
  - ii. support component which may be applicable to him in accordance with paragraph 17 and 18 of Schedule 1 of this document (the components)
- f. the amount of any transitional addition which may be applicable to him in accordance with paragraph 19 to 20 of Schedule 1 of this scheme (transitional addition).

## **13.0 Polygamous marriages**

13.1 Subject to section 14, where an applicant is a member of a polygamous marriage, his weekly applicable amount shall be the aggregate of such of the following amounts as may apply in his case;

- a. the amount applicable to him and one of his partners determined in accordance with paragraph 1 of Schedule 1 of this scheme as if he and that partner were a couple;
- b. an amount equal to the lowest amount within paragraph 1 of Schedule 1 of this scheme in respect of each of his other partners;
- c. an amount determined in accordance with paragraph 2 of Schedule 1 of this scheme (applicable amounts) in respect of any child or young person for whom he or a partner of his is responsible and who is a member of the same household;
- d. if he or another partner of the polygamous marriage is responsible for a child or young person who is a member of the same household, the amount specified in paragraph 3 of Schedule 1 of this scheme (family premium);
- e. the amount of any premiums which may be applicable to him determined in accordance with paragraphs 4 to 16 of Schedule 1 of this scheme (premiums).
- f. the amount of either the;
  - i. work-related activity component; or
  - ii. support component which may be applicable to him in accordance with paragraph 17 and 18 of Schedule 1 (the components).
- g. the amount of any transitional addition which may be applicable to him in accordance with paragraphs 19 and 20 of Schedule 1 of this scheme (transitional addition)

## **14.0 Applicable amount: persons who are not pensioners who have an award of universal credit**

14.1 In determining the applicable amount for a week of an applicant—

- a. who has, or
- b. who (jointly with his partner) has,

an award of universal credit, the authority must use the calculation or estimate of the maximum amount of the applicant, or the applicant and his partner jointly (as the case

may be), subject to the adjustment described in sub-paragraph (2).

14.2 The adjustment referred to in sub-paragraph (1) is to multiply the maximum amount by 12 and divide the product by 52.

14.3 In this paragraph “maximum amount” means the maximum amount calculated by the Secretary of State in accordance with section 8(2) of the Welfare Reform Act 2012

**Sections 15 – 32 & Schedules 3 & 4**

**Definition and the treatment of income for Council tax reduction purposes**

**15.0 Calculation of income and capital of members of applicant's family and of a polygamous marriage**

- 15.1 The income and capital of:
- (a) an applicant; and
  - (b) any partner of that applicant,

is to be calculated in accordance with the provisions of this Part.

- 15.2 The income and capital of any partner of the applicant is to be treated as income and capital of the applicant, and in this Part any reference to the applicant applies equally to any partner of that applicant.

- 15.3 Where an applicant or the partner of an applicant is married polygamously to two or more members of his household:
- (a) the applicant must be treated as possessing capital and income belonging to each such member; and
  - (b) the income and capital of that member is to be calculated in accordance with the following provisions of this Part in like manner as for the applicant.

**15A.0 Calculation of income and capital: persons who have an award of universal credit**

- 15A.1 In determining the income of an applicant
- a. who has, or
  - b. who (jointly with his partner) has,
- an award of universal credit the authority must, subject to the following provisions of this paragraph, use the calculation or estimate of the income of the applicant, or the applicant and his partner jointly (as the case may be), made by the Secretary of State for the purpose of determining the award of universal credit.

- 15A.2 The authority must adjust the amount referred to in sub-paragraph (1) to take account of
- (a) income consisting of the award of universal credit, determined in accordance with subparagraph (3);
  - (b) any sum to be disregarded under paragraphs of Schedule 3 to this scheme (sums to be disregarded in the calculation of earnings: persons who are not pensioners);
  - (c) any sum to be disregarded under paragraphs of Schedule 4 to this scheme (sums to be disregarded in the calculation of income other than earnings: persons who are not pensioners);
  - (d) section 33 (circumstances in which income and capital of non-dependant is to be treated as applicant's), if the authority determines that the provision applies in the applicant's case;
  - (e) such further reduction (if any) as the authority thinks fit under section 13A(1)(c) of the 1992 Act (power of billing authority to reduce amount of council tax payable).

- 15A.3 The amount for the award of universal credit is to be determined by multiplying the amount of the award by 12 and dividing the product by 52.

- 15A.4 sections 33 (income and capital of non-dependant to be treated as applicant's) and 52 and 53 (disregards from income) apply (so far as relevant) for the purpose of determining any adjustments, which fall to be made to the figure for income under sub-paragraph (2)

- 15A.5 In determining the capital of an applicant;
- (a) who has, or
  - (b) who (jointly with his partner) has,
- an award of universal credit, the authority must use the calculation or estimate of the capital of the applicant, or the applicant and his partner jointly (as the case may be), made by the Secretary of State for the purpose of determining that award

**16.0 Circumstances in which capital and income of non-dependant is to be treated as applicant's**

16.1 Where it appears to the authority that a non-dependant and the applicant have entered into arrangements in order to take advantage of the council tax reduction scheme and the non-dependant has more capital and income than the applicant, that authority shall, except where the applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, treat the applicant as possessing capital and income belonging to that non-dependant, and, in such a case, shall disregard any capital and income which the applicant does possess.

16.2 Where an applicant is treated as possessing capital and income belonging to a non-dependant under paragraph 16.1 the capital and income of that non-dependant shall be calculated in accordance with the following provisions in like manner as for the applicant and any reference to the 'applicant' shall, except where the context otherwise requires, be construed for the purposes of this scheme as if it were a reference to that non-dependant.

**17.0 Calculation of income on a weekly basis**

17.1 For the purposes of this scheme and in line with regulation 34 of the Housing Benefit Regulations 2006 (disregard to changes in tax, contributions etc.), the income of an applicant shall be calculated on a weekly basis;

- a. by estimating the amount which is likely to be his average weekly income in accordance with this Section and in line with Sections 2, 3, 4 and 5 of Part 6 of the Housing Benefit Regulations 2006;
- b. by adding to that amount the weekly income calculated in line with regulation 52 of the Housing Benefit Regulations 2006 (calculation to tariff income from capital); and
- c. by then deducting any relevant child care charges to which section 18 (treatment of child care charges) applies from any earnings which form part of the average weekly income or, in a case where the conditions in paragraph 18.2 are met, from those earnings plus whichever credit specified in sub-paragraph (b) of that paragraph is appropriate, up to a maximum deduction in respect of the applicant's family of whichever of the sums specified in paragraph (3) applies in his case.

17.2 The conditions of this paragraph are that;

- a. the applicant's earnings which form part of his average weekly income are less than the lower of either his relevant child care charges or whichever of the deductions specified in paragraph (3) otherwise applies in his case; and
- b. that applicant or, if he is a member of a couple either the applicant or his partner, is in receipt of either working tax credit or child tax credit.

17.3 The maximum deduction to which paragraph 17.1 c) above refers shall be;

- a. where the applicant's family includes only one child in respect of whom relevant child care charges are paid, £175.00 per week.
- b. where the applicant's family includes more than one child in respect of whom relevant child care charges are paid, £300.00 per week.

The amounts stated in this paragraph shall be amended in accordance with the Housing Benefit Regulations 2006 (as amended).

17.4 For the purposes of paragraph 17.1 'income' includes capital treated as income under section 31 (capital treated as income) and income, which an applicant is treated as possessing under section 32 (notional income).

**18.0 Treatment of child care charges**

18.1 This section applies where an applicant is incurring relevant child-care charges and;

- a. is a lone parent and is engaged in remunerative work;

- b. is a member of a couple both of whom are engaged in remunerative work; or
  - c. is a member of a couple where one member is engaged in remunerative work and the other;
    - i. is incapacitated;
    - ii. is an in-patient in hospital; or
    - iii. is in prison (whether serving a custodial sentence or remanded in custody awaiting trial or sentence).
- 18.2 For the purposes of paragraph 18.1 and subject to paragraph 18.4, a person to whom paragraph 18.3 applies shall be treated as engaged in remunerative work for a period not exceeding 28 weeks during which he—
- a. is paid statutory sick pay;
  - b. is paid short-term incapacity benefit at the lower rate under sections 30A to 30E of the Act;
  - c. is paid an employment and support allowance;
  - d. is paid income support on the grounds of incapacity for work under regulation 4ZA of, and paragraph 7 or 14 of Schedule 1B to, the Income Support Regulations 1987; or
  - e. is credited with earnings on the grounds of incapacity for work or limited capability for work under regulation 8B of the Social Security (Credits) Regulations 1975.
- 18.3 This paragraph applies to a person who was engaged in remunerative work immediately before
- a. the first day of the period in respect of which he was first paid statutory sick pay, short-term incapacity benefit, an employment and support allowance or income support on the grounds of incapacity for work; or
  - b. the first day of the period in respect of which earnings are credited, as the case may be.
- 18.4 In a case to which paragraph 18.2 d) or e) applies, the period of 28 weeks begins on the day on which the person is first paid income support or on the first day of the period in respect of which earnings are credited, as the case may be.
- 18.5 Relevant child care charges are those charges for care to which paragraphs 18.6 and 18.7 apply, and shall be calculated on a weekly basis in accordance with paragraph 18.10.
- 18.6 The charges are paid by the applicant for care, which is provided
- a. in the case of any child of the applicant's family who is not disabled, in respect of the period beginning on that child's date of birth and ending on the day preceding the first Monday in September following that child's fifteenth birthday; or
  - b. in the case of any child of the applicant's family who is disabled, in respect of the period beginning on that person's date of birth and ending on the day preceding the first Monday in September following that person's sixteenth birthday.
- 18.7 The charges are paid for care, which is provided by one, or more of the care providers listed in paragraph 18.8 and are not paid—
- a. in respect of the child's compulsory education;
  - b. by an applicant to a partner or by a partner to an applicant in respect of any child for whom either or any of them is responsible in accordance with section 10 (circumstances in which a person is treated as responsible or not responsible for another); or
  - c. in respect of care provided by a relative of the child wholly or mainly in the child's home.
- 18.8 The care to which paragraph 18.7 refers may be provided;
- a. out of school hours, by a school on school premises or by a local authority;
    - i. for children who are not disabled in respect of the period beginning on their eight birthday and ending on the day preceding the first Monday in September following their fifteenth birthday; or

- ii. for children who are disabled in respect of the period beginning on their eight birthday and ending on the day preceding the first Monday in September following their sixteenth birthday; or
- b. by a child care provider approved in accordance with by the Tax Credit (New Category of Child Care Provider) Regulations 1999;
- c. by persons registered under Part 2 of the Children and Families (Wales) Measure 2010; or
- d. by a person who is excepted from registration under Part 2 of the Children and Families (Wales) Measure 2010 because the child care that person provides is in a school or establishment referred to in article 11, 12 or 14 of the Child Minding and Day Care Exceptions (Wales) order 2010; or
- e. by;
  - i. persons registered under section 59(1) of the Public Services Reform Scotland Act 2010; or
  - ii. local authorities registered under section 8(1) of that Act, where the care provided is child minding or daycare within the meaning of that Act; or
- f. by a person prescribed in regulations made pursuant to section 12(4) of the Tax Credits Act 2002 or
- g. by a person who is registered under Chapter 2 or 3 of Part 3 of the Childcare Act 2006; or
- h. by any of the schools mentioned in section 34(2) of the Childcare Act 2006 in circumstances where the requirement to register under Chapter 2 of Part 3 of that Act does not apply by virtue of section 34(2) of that Act; or
- i. by any of the schools mentioned in section 53(2) of the Childcare Act 2006 in circumstances where the requirement to register under Chapter 3 of Part 3 of that Act does not apply by virtue of section 53(2) of that Act; or
- j. by any of the establishments mentioned in section 18(5) of the Childcare Act 2006 in circumstances where the care is not included in the meaning of 'childcare' for the purposes of Part 1 and Part 3 of that Act by virtue of that subsection; or
- k. by a foster parent or kinship carer under the Fostering Services Regulations 2002, the Fostering Services (Wales) Regulations 2003 or the Looked After Children (Scotland) Regulations 2009 in relation to a child other than one whom the foster parent is fostering or kinship carer is looking after; or
- l. by a domiciliary care worker under the Domiciliary Care Agencies Regulations 2002 or the Domiciliary Care Agencies (Wales) Regulations 2004; or
- m. by a person who is not a relative of the child wholly or mainly in the child's home.

18.9 In paragraphs 18.6 and 18.8 a), 'the first Monday in September' means the Monday which first occurs in the month of September in any year.

18.10 Relevant child care charges shall be estimated over such period, not exceeding a year, as is appropriate in order that the average weekly charge may be estimated accurately having regard to information as to the amount of that charge provided by the child minder or person providing the care.

18.11 For the purposes of paragraph 18.1 c) the other member of a couple is incapacitated where

- a. the applicant's applicable amount includes a disability premium on account of the other member's incapacity or the support component or the work-related activity component on account of his having limited capability for work
- b. the applicant's applicable amount would include a disability premium on account of the other member's incapacity but for that other member being treated as capable of work by virtue of a determination made in accordance with regulation made under section 171E of the Act;
- c. the applicant's applicable amount would include the support component or the work-related activity component on account of the other member having limited capability



- for work but for that other member being treated as not having limited capability for work by virtue of a determination made in accordance with the Employment and Support Allowance Regulations 2008 or 2013 as appropriate;
- d. the applicant (within the meaning of this scheme) is, or is treated as, incapable of work and has been so incapable, or has been so treated as incapable, of work in accordance with the provisions of, and regulations made under, Part 12A of the Act (incapacity for work) for a continuous period of not less than 196 days; and for this purpose any two or more separate periods separated by a break of not more than 56 days shall be treated as one continuous period;
  - e. the applicant (within the meaning of this scheme) has, or is treated as having, limited capability for work and has had, or been treated as having, limited capability for work in accordance with the Employment and Support Allowance Regulations for a continuous period of not less than 196 days and for this purpose any two or more separate periods separated by a break of not more than 84 days must be treated as one continuous period;
  - f. there is payable in respect of him one or more of the following pensions or allowances—
    - i. long-term incapacity benefit or short-term incapacity benefit at the higher rate under Schedule 4 to the Act;
    - ii. attendance allowance under section 64 of the Act;
    - iii. severe disablement allowance under section 68 of the Act;
    - iv. disability living allowance under section 71 of the Act;
    - v. personal independence payment under the Welfare Reform Act 2012;
    - vi. an AFIP;
    - vii. increase of disablement pension under section 104 of the Act;
    - viii. a pension increase paid as part of a war disablement pension or under an industrial injuries scheme which is analogous to an allowance or increase of disablement pension under head (ii), (iv) or (v) above;
    - ix. main phase employment and support allowance;
  - g. a pension or allowance to which head (ii), (iv), (v) or (vi) of sub-paragraph (f) above refers was payable on account of his incapacity but has ceased to be payable in consequence of his becoming a patient, which in this section shall mean a person (other than a person who is serving a sentence of imprisonment or detention in a youth custody institution) who is regarded as receiving free in-patient treatment within the meaning of social security (Hospital In-Patients) Regulations 2005.
  - h. an AFIP would be payable to that person but for any suspension of payment in accordance with any terms of the armed and reserve forces compensation scheme which allow for a suspension because a person is undergoing medical treatment in a hospital or similar institution;
  - i. paragraphs (f) or (g) would apply to him if the legislative provisions referred to in those sub-paragraphs were provisions under any corresponding enactment having effect in Northern Ireland; or
  - j. he has an invalid carriage or other vehicle provided to him by the Secretary of State under section 5(2)(a) of and Schedule 2 to the National Health Service Act 1977 or under section 46 of the National Health Service (Scotland) Act 1978 or provided by the Department of Health, Social Services and Public Safety in Northern Ireland under Article 30(1) of the Health and Personal Social Services (Northern Ireland) Order 1972.

18.12 For the purposes of paragraph 18.11 once paragraph 18.11d) applies to the applicant, if he then ceases, for a period of 56 days or less, to be incapable, or to be treated as incapable, of work, that paragraph shall, on his again becoming so incapable, or so treated as incapable, of work at the end of that period, immediately thereafter apply to him for so long as he remains incapable, or is treated as remaining incapable, of work.

18.12A For the purposes of paragraph 18.11, once paragraph 18.11e) applies to the applicant, if he then ceases, for a period of 84 days or less, to have, or to be treated as having, limited capability for work, that paragraph is, on his again having, or being treated as having, limited

capability for work at the end of that period, immediately thereafter apply to him for so long as he has, or is treated as having, limited capability for work.

- 18.13 For the purposes of paragraphs 18.6 and 18.8 a), a person is disabled if he is a person—
- a. in respect of whom disability living allowance or personal independence payment is payable, or has ceased to be payable solely because he is a patient;
  - b. who is registered as blind in a register compiled under section 29 of the National Assistance Act 1948 (welfare services) or, in Scotland, has been certified as blind and in consequence he is registered as blind in a register maintained by or on behalf of a council constituted under section 2 of the Local Government (Scotland) Act 1994; or
  - c. who ceased to be registered as blind in such a register within the period beginning 28 weeks before the first Monday in September following that person's fifteenth birthday and ending on the day preceding that person's sixteenth birthday.

- 18.14 For the purposes of paragraph 18.1 a person on maternity leave, paternity leave or adoption leave shall be treated as if she is engaged in remunerative work for the period specified in paragraph 18.15 ('the relevant period') provided that—
- a. in the week before the period of maternity leave, paternity leave or adoption leave began she was in remunerative work;
  - b. the applicant is incurring relevant child care charges within the meaning of paragraph 18.5; and
  - c. she is entitled to either statutory maternity pay under section 164 of the Act, statutory paternity pay by virtue of section 171ZA or 171ZB of the Act statutory adoption pay by of section 171ZL of the Act, maternity allowance under section 35 of the Act or qualifying support.

- 18.15 For the purposes of paragraph 18.14 the relevant period shall begin on the day on which the person's maternity, paternity leave or adoption leave commences and shall end on—
- a. the date that leave ends;
  - b. if no child care element of working tax credit is in payment on the date that entitlement to maternity allowance, qualifying support, statutory maternity pay, statutory paternity pay or statutory adoption pay ends, the date that entitlement ends; or
  - c. if a child care element of working tax credit is in payment on the date that entitlement to maternity allowance or qualifying support, statutory maternity pay or statutory adoption pay ends, the date that entitlement to that award of the child care element of the working tax credits ends.
- whichever shall occur first.

- 18.16 In paragraphs 18.14 and 18.15
- a. '**qualifying support**' means income support to which that person is entitled by virtue of paragraph 14B of Schedule 1B to the Income Support Regulations 1987; and
  - b. '**child care element**' of working tax credit means the element of working tax credit prescribed under section 12 of the Tax Credits Act (child care element) 2002.

- 18.17 In this section 'applicant' does not include an applicant;
- a. who has, or
  - b. who (jointly with his partner) has,  
an award of universal credit

## **19.0 Average weekly earnings of employed earners**

- 19.1 Where an applicant's income consists of earnings from employment as an employed earner his average weekly earnings shall be estimated by reference to his earnings from that employment—
- a. over a period immediately preceding the reduction week in which the claim is made or treated as made and being a period of
    - i. 5 weeks, if he is paid weekly; or

- ii. 2 months, if he is paid monthly; or
- b. whether or not sub-paragraph 19.1a i) or ii) applies, where an applicant's earnings fluctuate, over such other period preceding the reduction week in which the claim is made or treated as made as may, in any particular case, enable his average weekly earnings to be estimated more accurately.

19.2 Where the applicant has been in his employment for less than the period specified in paragraph 19.1 a)(i) or (ii)

- a. if he has received any earnings for the period that he has been in that employment and those earnings are likely to represent his average weekly earnings from that employment his average weekly earnings shall be estimated by reference to those earnings;
- b. in any other case, the authority shall require the applicant's employer to furnish an estimate of the applicant's likely weekly earnings over such period as the authority may require and the applicant's average weekly earnings shall be estimated by reference to that estimate.

19.3 Where the amount of an applicant's earnings changes during an award the authority shall estimate his average weekly earnings by reference to his likely earnings from the employment over such period as is appropriate in order that his average weekly earnings may be estimated accurately but the length of the period shall not in any case exceed 52 weeks.

19.4 For the purposes of this section the applicant's earnings shall be calculated in accordance with sections 25 and 26

#### **20.0 Average weekly earnings of self-employed earners**

20.1 Where an applicant's income consists of earnings from employment as a self-employed earner his average weekly earnings shall be estimated by reference to his earnings from that employment over such period as is appropriate in order that his average weekly earnings may be estimated accurately but the length of the period shall not in any case exceed a year.

20.2 For the purposes of this section the applicant's earnings shall be calculated in accordance with section 27 to 29 of this scheme

#### **21.0 Average weekly income other than earnings**

21.1 An applicant's income which does not consist of earnings shall, except where paragraph 18.2 applies, be estimated over such period as is appropriate in order that his average weekly income may be estimated accurately but the length of the period shall not in any case exceed 52 weeks; and nothing in this paragraph shall authorise the authority to disregard any such income other than that specified in Schedule 4 of this scheme

21.2 The period over which any benefit under the benefit Acts is to be taken into account shall be the period in respect of which that support is payable.

21.3 For the purposes of this section income other than earnings shall be calculated in accordance with paragraphs 30 to 32 of this scheme

#### **22.0 Calculation of average weekly income from tax credits**

22.1 This section applies where an applicant receives a tax credit.

22.2 Where this section applies, the period over which a tax credit is to be taken into account shall be the period set out in paragraph 22.3

- 22.3 Where the instalment in respect of which payment of a tax credit is made is;
- a. a daily instalment, the period is 1 day, being the day in respect of which the instalment is paid;
  - b. a weekly instalment, the period is 7 days, ending on the day on which the instalment is due to be paid;
  - c. a two weekly instalment, the period is 14 days, commencing 6 days before the day on which the instalment is due to be paid;
  - d. a four weekly instalment, the period is 28 days, ending on the day on which the instalment is due to be paid.

22.4 For the purposes of this section 'tax credit' means child tax credit or working tax credit.

### **23.0 Calculation of weekly income**

- 23.1 For the purposes of sections 19 (average weekly earnings of employed earners), 21 (average weekly income other than earnings) and 22 (calculation of average weekly income from tax credits), where the period in respect of which a payment is made;
- a. does not exceed a week, the weekly amount shall be the amount of that payment;
  - b. exceeds a week, the weekly amount shall be determined—
    - i. in a case where that period is a month, by multiplying the amount of the payment by 12 and dividing the product by 52;
    - ii. in any other case, by dividing the amount of the payment by the number equal to the number of days in the period to which it relates and multiplying the product by 7.

23.2 For the purpose of section 20 (average weekly earnings of self-employed earners) the weekly amount of earnings of an applicant shall be determined by dividing his earnings over the assessment period by the number equal to the number of days in that period and multiplying the product by 7.

### **24.0 Disregard of changes in tax, contributions etc.**

- 24.1 In calculating the applicant's income the appropriate authority may disregard any legislative change
- a. in the basic or other rates of income tax;
  - b. in the amount of any personal tax relief;
  - c. in the rates of national insurance contributions payable under the Act or in the lower earnings limit or upper earnings limit for Class 1 contributions under the Act, the lower or upper limits applicable to Class 4 contributions under the Act or the amount specified in section 11(4) of the Act (small profits threshold in relation to Class 2 contributions);
  - d. in the amount of tax payable as a result of an increase in the weekly rate of Category A, B, C or D retirement pension or any addition thereto or any graduated pension payable under the Act;
  - e. in the maximum rate of child tax credit or working tax credit,

for a period not exceeding 30 reduction weeks beginning with the reduction week immediately following the date from which the change is effective.

### **25.0 Earnings of employed earners**

- 25.1 Subject to paragraph 25.2, 'earnings' means in the case of employment as an employed earner, any remuneration or profit derived from that employment and includes—
- a. any bonus or commission;
  - b. any payment in lieu of remuneration except any periodic sum paid to an applicant on account of the termination of his employment by reason of redundancy;
  - c. any payment in lieu of notice or any lump sum payment intended as compensation for

- d. the loss of employment but only in so far as it represents loss of income;
- d. any holiday pay except any payable more than 4 weeks after termination or interruption of the employment;
- e. any payment by way of a retainer;
- f. any payment made by the applicant's employer in respect of expenses not wholly, exclusively and necessarily incurred in the performance of the duties of the employment, including any payment made by the applicant's employer in respect of–
- g. (i) travelling expenses incurred by the applicant between his home and his place of employment;
- (ii) expenses incurred by the applicant under arrangements made for the care of a member of his family owing to the applicant's absence from home;
- h. any award of compensation made under section 112(4) or 117(3)(a) of the Employment Rights Act 1996 (remedies and compensation for unfair dismissal);
- i. any payment or remuneration made under section 28, 34, 64, 68 or 70 of the Employment Rights Act 1996 (right to guarantee payments, remuneration on suspension on medical or maternity grounds, complaints to employment tribunals);
- j. any such sum as is referred to in section 112 of the Act (certain sums to be earnings for social security purposes);
- k. any statutory sick pay, statutory maternity pay, statutory paternity pay or statutory adoption pay, or a corresponding payment under any enactment having effect in Northern Ireland;
- l. any remuneration paid by or on behalf of an employer to the applicant who for the time being is on maternity leave, paternity leave or adoption leave or is absent from work because he is ill;
- m. the amount of any payment by way of a non-cash voucher which has been taken into account in the computation of a person's earnings in accordance with Part 5 of Schedule 3 to the Social Security (Contributions) Regulations 2001 as amended<sup>17</sup>.

25.2 Earnings shall not include–

- a. subject to paragraph 25.3, any payment in kind;
- b. any payment in respect of expenses wholly, exclusively and necessarily incurred in the performance of the duties of employment;
- c. any occupational pension
- d. any payment in respect of expenses arising out of an applicant participating as a service user.

25.3 Paragraph 25.2 a) shall not apply in respect of any non-cash voucher referred to in paragraph 25.1 m)

**26.0 Calculation of net earnings of employed earners**

26.1 For the purposes of section 19 (average weekly earnings of employed earners), the earnings of an applicant derived or likely to be derived from employment as an employed earner to be taken into account shall, subject to paragraph 26.2, be his net earnings.

26.2 There shall be disregarded from an applicant's net earnings, any sum, where applicable, specified in paragraphs 1 to 14 of Schedule 3.

26.3 For the purposes of paragraph 26.1 net earnings shall, except where paragraph 26.6 applies, be calculated by taking into account the gross earnings of the applicant from that employment over the assessment period, less;

- a. any amount deducted from those earnings by way of
  - i) income tax;
  - ii) primary Class 1 contributions under the Act;

<sup>17</sup> Social Security (Contributions)(Amendment) Regulations 2013, Social Security (Contributions)(Amendment No.2) Regulations 2013 and Social Security (Contributions)(Amendment No.2) Regulations 2013

- b. one-half of any sum paid by the applicant by way of a contribution towards an occupational pension scheme;
- c. one-half of the amount calculated in accordance with paragraph 26.5 in respect of any qualifying contribution payable by the applicant; and
- d. where those earnings include a payment which is payable under any enactment having effect in Northern Ireland and which corresponds to statutory sick pay, statutory maternity pay, statutory paternity pay or statutory adoption pay, any amount deducted for those earnings by way of any contributions which are payable under any enactment having effect in Northern Ireland and which correspond to primary Class 1 contributions under the Act.

26.4 In this section 'qualifying contribution' means any sum which is payable periodically as a contribution towards a personal pension scheme.

26.5 The amount in respect of any qualifying contribution shall be calculated by multiplying the daily amount of the qualifying contribution by the number equal to the number of days in the assessment period; and for the purposes of this section the daily amount of the qualifying contribution shall be determined—

- a. where the qualifying contribution is payable monthly, by multiplying the amount of the qualifying contribution by 12 and dividing the product by 365;
- b. in any other case, by dividing the amount of the qualifying contribution by the number equal to the number of days in the period to which the qualifying contribution relates.

26.6 Where the earnings of an applicant are estimated under sub-paragraph (b) of paragraph 2) of the section 19 (average weekly earnings of employment earners), his net earnings shall be calculated by taking into account those earnings over the assessment period, less—

- a. an amount in respect of income tax equivalent to an amount calculated by applying to those earnings the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under sections 257(1) of the Income and Corporation Taxes Act 1988(personal allowances) as is appropriate to his circumstances but, if the assessment period is less than a year, the earnings to which the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax is to be applied and the amount of the personal relief deductible under this sub-paragraph shall be calculated on a pro rata basis;
- b. an amount equivalent to the amount of the primary Class 1 contributions that would be payable by him under the Act in respect of those earnings if such contributions were payable; and
- c. one-half of any sum which would be payable by the applicant by way of a contribution towards an occupational or personal pension scheme, if the earnings so estimated were actual earnings.

## **27.0 Earnings of self-employed earners**

27.1 Subject to paragraph 27.2, 'earnings', in the case of employment as a self-employed earner, means the gross income of the employment plus any allowance paid under section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 to the applicant for the purpose of assisting him in carrying on his business unless at the date of claim the allowance has been terminated.

27.2 'Earnings' shall not include any payment to which paragraph 27 or 28 of Schedule 4 refers (payments in respect of a person accommodated with the applicant under arrangements made by a local authority or voluntary organisation and payments made to the applicant by a health authority, local authority or voluntary organisation in respect of persons temporarily in the applicant's care) nor shall it include any sports award.

- 27.3 This paragraph applies to—
- a. royalties or other sums paid as a consideration for the use of, or the right to use, any copyright, design, patent or trade mark; or
  - b. any payment in respect of any—
    - (i) book registered under the Public Lending Right Scheme 1982; or
    - (ii) work made under any international public lending right scheme that is analogous to the Public Lending Right Scheme 1982, where the applicant is the first owner of the copyright, design, patent or trade mark, or an original contributor to the book of work concerned.

- 27.4 Where the applicant's earnings consist of any items to which paragraph 27.3 applies, those earnings shall be taken into account over a period equal to such number of weeks as is equal to the number obtained (and any fraction is to be treated as a corresponding fraction of a week) by dividing the earnings by
- (a) the amount of the reduction under this scheme which would be payable had the payment not been made, plus
  - (b) an amount equal to the total of the sums which would fall to be disregarded from the payment under Schedule 3 (sums to be disregarded in the calculation of earnings) as appropriate in the applicant's case.

## **28.0 Calculation of net profit of self-employed earners**

- 28.1 For the purposes of section 20 (average weekly earnings of self-employed earners) the earnings of an applicant to be taken into account shall be
- a. in the case of a self-employed earner who is engaged in employment on his own account, the net profit derived from that employment;
  - b. in the case of a self-employed earner whose employment is carried on in partnership or is that of a share fisherman within the meaning of the Social Security (Mariners' Benefits) Regulations 1975, his share of the net profit derived from that employment, less—
    - i. an amount in respect of income tax and of national insurance contributions payable under the Act calculated in accordance with section 29 (deduction of tax and contributions for self-employed earners); and
    - ii. one-half of the amount calculated in accordance with paragraph (11) in respect of any qualifying premium.
- 28.2 There shall be disregarded from an applicant's net profit, any sum, where applicable, specified in paragraph 1 to 14 of Schedule 3.
- 28.3 For the purposes of paragraph 28.1 a) the net profit of the employment must, except where paragraph 28.9 applies, be calculated by taking into account the earnings for the employment over the assessment period less
- a. subject to paragraphs 28.5 to 28.7, any expenses wholly and exclusively incurred in that period for the purposes of that employment;
  - b. an amount in respect of;
    - (i) income tax, and
    - (ii) national insurance contributions payable under the Act, calculated in accordance with section 29 (deduction of tax and contributions for self-employed earners); and
  - c. one-half of the amount calculated in accordance with paragraph (28.11) in respect of any qualifying premium.
- 28.4 For the purposes of paragraph 28.1b) the net profit of the employment shall be calculated by taking into account the earnings of the employment over the assessment period less, subject to paragraphs 28.5 to 28.7, any expenses wholly and exclusively incurred in that period for the purposes of the employment.

- 28.5 Subject to paragraph 28.6 no deduction shall be made under paragraph 28.3 a) or 28.4, in respect of–
- a. any capital expenditure;
  - b. the depreciation of any capital asset;
  - c. any sum employed or intended to be employed in the setting up or expansion of the employment;
  - d. any loss incurred before the beginning of the assessment period;
  - e. the repayment of capital on any loan taken out for the purposes of the employment;
  - f. any expenses incurred in providing business entertainment, and
  - g. any debts, except bad debts proved to be such, but this sub-paragraph shall not apply to any expenses incurred in the recovery of a debt.
- 28.6 A deduction shall be made under paragraph 28.3 a) or 28.4 in respect of the repayment of capital on any loan used for–
- a. the replacement in the course of business of equipment or machinery; and
  - b. the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair.
- 28.7 The authority shall refuse to make deduction in respect of any expenses under paragraph 28.3 a. or 28.4 where it is not satisfied given the nature and the amount of the expense that it has been reasonably incurred.
- 28.8 For the avoidance of doubt–
- a. deduction shall not be made under paragraph 28.3 a) or 28.4 in respect of any sum unless it has been expended for the purposes of the business;
  - b. a deduction shall be made thereunder in respect of–
    - i. the excess of any value added tax paid over value added tax received in the assessment period;
    - ii. any income expended in the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair;
    - iii. any payment of interest on a loan taken out for the purposes of the employment
- 28.9 Where an applicant is engaged in employment, as a child minder the net profit of the employment shall be one-third of the earnings of that employment, less an amount in respect of
- a. income tax; and
  - b. national insurance contributions payable under the Act, calculated in accordance with section 29 (deduction of tax and contributions for self-employed earners); and
  - c. one-half of the amount calculated in accordance with paragraph 28.1 in respect of any qualifying contribution.
- 28.10 For the avoidance of doubt where an applicant is engaged in employment as a self-employed earner and he is also engaged in one or more other employments as a self-employed or employed earner any loss incurred in any one of his employments shall not be offset against his earnings in any other of his employments.
- 28.11 The amount in respect of any qualifying premium shall be calculated by multiplying the daily amount of the qualifying premium by the number equal to the number of days in the assessment period; and for the purposes of this section the daily amount of the qualifying premium shall be determined
- a. where the qualifying premium is payable monthly, by multiplying the amount of the qualifying premium by 12 and divided the product by 365;
  - b. in any other case, by dividing the amount of the qualifying premium by the number equal to the number of days in the period to which the qualifying premium relates.
- 28.12 In this section, ‘qualifying premium’ means any premium which is payable periodically in



respect of a personal pension scheme and is so payable on or after the date of claim.

## **29.0 Deduction of tax and contributions of self-employed earners**

- 29.1 The amount to be deducted in respect of income tax under section 28.1b i), 28.3 b) i) or 28.9 a) i) (calculation of net profit of self-employed earners) shall be calculated on the basis of the amount of chargeable income and as if that income were assessable to income tax at the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under section 257(1) of the Income and Corporation Taxes Act 1988 (personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax is to be applied and the amount of the personal reliefs deductible under this paragraph shall be calculated on a pro rata basis.
- 29.2 The amount to be deducted in respect of national insurance contributions under paragraphs 28.1 1 b)(i); 28.3 b) ii) or 28.9 a shall be the total of—
- a. the amount of Class 2 contributions payable under section 11(1) or, as the case may be, 11(3) of the Act at the rate applicable to the assessment period except where the applicant's chargeable income is less than the amount specified in section 11(4) of the Act (small profits threshold) for the tax year applicable to the assessment period; but if the assessment period is less than a year, the amount specified for that tax year shall be reduced pro rata; and
  - b. the amount of Class 4 contributions (if any) which would be payable under section 15 of the Act (Class 4 contributions recoverable under the Income Tax Acts) at the percentage rate applicable to the assessment period on so much of the chargeable income as exceeds the lower limit but does not exceed the upper limit of profits and gains applicable for the tax year applicable to the assessment period; but if the assessment period is less than a year, those limits shall be reduced pro rata.
- 29.3 In this section 'chargeable income' means—
- a. except where sub-paragraph (b) applies, the earnings derived from the employment less any expenses deducted under paragraph 28.3(a) or, as the case may be, 28.4 of section 28;
  - b. in the case of employment as a child minder, one-third of the earnings of that employment.

## **30.0 Calculation of income other than earnings**

- 30.1 For the purposes of section 21 (average weekly income other than earnings), the income of an applicant which does not consist of earnings to be taken into account shall, subject to paragraphs 27.2 to 27.4, be his gross income and any capital treated as income under section 31 (capital treated as income).
- 30.2 There is to be disregarded from the calculation of an applicant's gross income under paragraph 30.2, any sum, where applicable, specified in Schedule 4.
- 30.3 Where the payment of any benefit under the benefit Acts is subject to any deduction by way of recovery the amount to be taken into account under paragraph 30.1 shall be the gross amount payable.
- 30.4 Where the applicant or, where he is a member of a couple, his partner is receiving a contributory employment and support allowance and that benefit has been reduced under regulation 63 of the Employment and Support Allowance Regulations 2008 or 2013 as appropriate, the amount of that benefit to be taken into account is the amount as if it had not been reduced.

- 30.5 Where an award of any working tax credit or child tax credit under the Tax Credits Act 2002 is subject to a deduction by way of recovery of an overpayment of working tax credit or child tax credit which arose in a previous tax year the amount to be taken into account under paragraph 27.1 shall be the amount of working tax credit or child tax credit awarded less the amount of that deduction.
- 30.6 In paragraph 30.5 'tax year' means a period beginning with 6th April in one year and ending with 5th April in the next.
- 30.7 Paragraph 30.8 and 30.9 apply where a relevant payment has been made to a person in an academic year; and that person abandons, or is dismissed from, his course of study before the payment to him of the final instalment of the relevant payment.
- 30.8 Where a relevant payment is made quarterly, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph 30.1 in respect of a person to whom paragraph 30.7 applies, shall be calculated by applying the formula—  

$$\frac{A - (B \times C)}{D}$$
Where  
A = the total amount of the relevant payment which that person would have received had he remained a student until the last day of the academic term in which he abandoned, or was dismissed from, his course, less any deduction under paragraph 51.5  
B = the number of reduction weeks from the reduction week immediately following that which includes the first day of that academic year to the reduction week which includes the day on which the person abandoned, or was dismissed from, his course;  
C = the weekly amount of the relevant payment, before the application of the £10 disregard, which would have been taken into account as income under paragraph 51.2 had the person not abandoned or been dismissed from, his course and, in the case of a person who was not entitled to council tax reduction immediately before he abandoned or was dismissed from his course, had that person, at that time, been entitled to housing benefit;  
D = the number of reduction weeks in the assessment period.
- 30.9 Where a relevant payment is made by two or more instalments in a quarter, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph 30.1 in respect of a person to whom paragraph (30.8) applies, shall be calculated by applying the formula in paragraph 30.8 but as if—  
A = the total amount of relevant payments which that person received, or would have received, from the first day of the academic year to the day the person abandoned the course, or was dismissed from it, less any deduction under paragraph 51.5
- 30.10 In this section— 'academic year' and 'student loan' shall have the same meanings as for the purposes of sections 43 to 45, 'assessment period' means—
- a. in a case where a relevant payment is made quarterly, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes the last day of the last quarter for which an instalment of the relevant payment was payable to that person;
  - b. in a case where the relevant payment is made by two or more instalments in a quarter, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes—
    - i. the day immediately before the day on which the next instalment of the relevant payment would have been due had the payments continued; or
    - ii. the last day of the last quarter for which an instalment of the relevant payment was payable to that person.
whichever of those dates is earlier

'quarter' in relation to an assessment period means a period in that year beginning on;

- a. 1st January and ending on 31st March;
- b. 1st April and ending on 30th June;
- c. 1st July and ending on 31st August; or
- d. 1st September and ending on 31st December;

'relevant payment' means either a student loan or an amount intended for the maintenance of dependants referred to in paragraph 46.7 or both.

30.11 For the avoidance of doubt there shall be included as income to be taken into account under paragraph 30.1

- a. any payment to which paragraph 25.2 (payments not earnings) applies; or
- b. in the case of an applicant who is receiving support under section 95 or 98 of the Immigration and Asylum Act 1999 including support provided by virtue of regulations made under Schedule 9 to that Act, the amount of such support provided in respect of essential living needs of the applicant and his dependants (if any) as is specified in regulations made under paragraph 3 of Schedule 8 to the Immigration and Asylum Act 1999.

### **31.0 Capital treated as income**

31.1 Any capital payable by instalments which are outstanding at the date on which the claim is made or treated as made, or, at the date of any subsequent revision or supersession, shall, if the aggregate of the instalments outstanding and the amount of the applicant's capital otherwise calculated in accordance with sections 33 to 42 of this scheme exceeds £6,000, be treated as income.

31.2 Any payment received under an annuity shall be treated as income.

31.3 Any earnings to the extent that they are not a payment of income shall be treated as income.

31.4 Any Career Development Loan paid pursuant to section 2 of the Employment and Training Act 1973 Act shall be treated as income

31.5 Where an agreement or court order provides that payments shall be made to the applicant in consequence of any personal injury to the applicant and that such payments are to be made, wholly or partly, by way of periodic payments, any such periodic payments received by the applicant (but not a payment which is treated as capital), shall be treated as income.

### **32.0 Notional income**

32.1 An applicant shall be treated as possessing income of which he has deprived himself for the purpose of securing entitlement of reduction or increasing the amount of that reduction.

32.2 Except in the case of—

- a. a discretionary trust;
- b. a trust derived from a payment made in consequence of a personal injury;
- c. a personal pension scheme, occupational pension scheme or a payment made by the Board of the Pension Protection Fund where the applicant has not attained the qualifying age for state pension credit;
- d. any sum to which paragraph 47(2)(a) of Schedule 5 (capital to be disregarded) applies which is administered in the way referred to in paragraph 47(1)(a);
- e. any sum to which paragraph 48(a) of Schedule 5 refers;
- f. rehabilitation allowance made under section 2 of the 1973 Act;
- g. child tax credit; or
- h. working tax credit,
- i. any sum to which paragraph 32.13 applies;

any income which would become available to the applicant upon application being made, but which has not been acquired by him, shall be treated as possessed by the applicant but only from the date on which it could be expected to be acquired were an application made.

32.3 – 32.5 Not used

- 32.6 Any payment of income, other than a payment of income specified in paragraph 32.7 made–
- a. to a third party in respect of a single applicant or a member of the family (but not a member of the third party’s family) shall, where that payment is a payment of an occupational pension, a pension or other periodical payment made under or by a personal pension scheme or a payment made by the Board of the Pension Protection Fund, be treated as possessed by that single applicant or, as the case may be, by that member;
  - b. to a third party in respect of a single applicant or in respect of a member of the family (but not a member of the third party’s family) shall, where it is not a payment referred to in sub-paragraph a), be treated as possessed by that single applicant or by that member to the extent that it is used for the food, ordinary clothing or footwear, household fuel or rent of that single applicant or, as the case may be, of any member of that family or is used for any council tax or water charges for which that applicant or member is liable;
  - c. to a single applicant or a member of the family in respect of a third party (but not in respect of another member of that family) shall be treated as possessed by that single applicant or, as the case may be, that member of the family to the extent that it is kept or used by him or used by or on behalf of any member of the family.

- 32.7 Paragraph 32.6 shall not apply in respect of a payment of income made–
- a. under the Macfarlane Trust, the Macfarlane (Special Payments) Trust, the Macfarlane (Special Payments) (No. 2) Trust, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006);
  - b. pursuant to section 19(1)(a) of the Coal Industry Act 1994 (concessionary coal);
  - c. pursuant to section 2 of the 1973 Act in respect of a person’s participation–
    - (i) in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker’s Allowance Regulations;
    - (ii) in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;
    - (iii) in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;
    - (iv) in a qualifying course within the meaning specified in regulation 17A(7) of those Regulations or;
    - (v) in the Flexible New Deal specified in regulation 75(1)(a)(v) of those Regulations;
  - d. in respect of a previous participation in the Mandatory Work Activity Scheme;
  - e. under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where–
    - (i) a bankruptcy order has been made in respect of the person in respect of whom the payment has been made or, in Scotland, the estate of that person is subject to sequestration or a judicial factor has been appointed on that person’s estate under section 41 of the Solicitors (Scotland) Act 1980;
    - (ii) the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and
    - (iii) the person referred to in (i) and any member of his family does not possess, or is not treated as possessing, any other income apart from that payment.

32.8 Where an applicant is in receipt of any benefit (other than council tax reduction) under the benefit Acts and the rate of that benefit is altered with effect from a date on or after 1st April in any year but not more than 14 days thereafter, the authority shall treat the applicant as possessing such benefit at the altered rate from either 1st April or the first Monday in April in that year, whichever date the authority shall select to apply in its area, to the date on which the altered rate is to take effect.

32.9 Subject to paragraph 32.10, where–

- a. applicant performs a service for another person; and
- b. that person makes no payment of earnings or pays less than that paid for a comparable employment in the area, the authority shall treat the applicant as possessing such earnings (if any) as is reasonable for that employment unless the applicant satisfies the authority that the means of that person are insufficient for him to pay or to pay more for the service.

32.10 Paragraph 32.9 shall not apply–

- a. to an applicant who is engaged by a charitable or voluntary organisation or who is a volunteer if the authority is satisfied in any of those cases that it is reasonable for him to provide those services free of charge; or
- b. in a case where the service is performed in connection with–
  - (i) the applicant’s participation in an employment or training programme in accordance with regulation 19(1)(q) of the Jobseeker’s Allowance Regulations, other than where the service is performed in connection with the applicant’s participation in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations or
  - (ii) the applicant’s or the applicant’s partner’s participation in an employment or training programme as defined in regulation 19(3) of those Regulations for which a training allowance is not payable or, where such an allowance is payable, it is payable for the sole purpose of reimbursement of travelling or meal expenses to the person participating in that programme ; or
- c. to an applicant who is participating in a work placement approved by the Secretary of State (or a person providing services to the Secretary of State) before the placement starts.

32.10A In paragraph 32.10 (c) ‘work placement’ means practical work experience which is not undertaken in expectation of payment.

32.11 Where an applicant is treated as possessing any income under any of paragraph 32.1 to (32.8), the foregoing provisions of this scheme shall apply for the purposes of calculating the amount of that income as if a payment has actually been made and as if it were actual income which he does possess.

32.12 Where an applicant is treated as possessing any earnings under paragraph 32.9 the foregoing provisions of this scheme shall apply for the purposes of calculating the amount of those earnings as if a payment had actually been made and as if they were actual earnings which he does possess except that paragraph (3) of section 26 (calculation of net earnings of employed earners) shall not apply and his net earnings shall be calculated by taking into account those earnings which he is treated as possessing, less;

- a. an amount in respect of income tax equivalent to an amount calculated by applying to those earnings the starting rate or, as the case may be, the starting rate and the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under sections 257(1) of the Income and Corporation Taxes Act 1988 (personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the starting rate of tax is to be applied and the amount of the personal relief deductible under this sub-paragraph shall be calculated on a pro rate basis;
- b. an amount equivalent to the amount of the primary Class 1 contributions that would be payable by him under the Act in respect of those earnings if such contributions were payable; and
- c. one-half of any sum payable by the applicant by way of a contribution towards an occupational or personal pension scheme.

32.13 Paragraphs (32.1), (32.2), (32.6) and (32.9) shall not apply in respect of any amount of income

other than earnings, or earnings of an employed earner, arising out of the applicant's participation as a service user.

**Sections 33 – 42 & Schedule 5**

**Definition and the treatment of capital for Council tax reduction purposes**

**33.0 Capital limit**

33.1 For the purposes of this scheme, the prescribed amount is £6,000 and no reduction shall be granted when the applicant has an amount greater than this level

**34.0 Calculation of capital**

34.1 For the purposes of this scheme, the capital of an applicant to be taken into account shall, subject to paragraph (34.2), be the whole of his capital calculated in accordance with this scheme and any income treated as capital under section 36 (income treated as capital).

34.2 There shall be disregarded from the calculation of an applicant's capital under paragraph (34.1), any capital, where applicable, specified in Schedule 5.

**35.0 Disregard of capital of child and young person**

35.1 The capital of a child or young person who is a member of the applicant's family shall not be treated as capital of the applicant.

**36.0 Income treated as capital**

36.1 Any bounty derived from employment to which paragraph 8 of Schedule 3 applies and paid at intervals of at least one year shall be treated as capital.

36.2 Any amount by way of a refund of income tax deducted from profits or emoluments chargeable to income tax under Schedule D or E shall be treated as capital.

36.3 Any holiday pay which is not earnings under section 25(1)(d) (earnings of employed earners) shall be treated as capital.

36.4 Except any income derived from capital disregarded under paragraphs 1, 2, 4, 8, 14 or 25 to 28, 47 or 48 of Schedule 5, any income derived from capital shall be treated as capital but only from the date it is normally due to be credited to the applicant's account.

36.5 In the case of employment as an employed earner, any advance of earnings or any loan made by the applicant's employer shall be treated as capital.

36.6 Any charitable or voluntary payment which is not made or due to be made at regular intervals, other than a payment which is made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, the Independent Living Fund (2006) or the London Bombings Charitable Relief Fund, shall be treated as capital.

36.7 There shall be treated as capital the gross receipts of any commercial activity carried on by a person in respect of which assistance is received under the self-employment route, but only in so far as those receipts were payable into a special account during the period in which that person was receiving such assistance.

36.8 Any arrears of subsistence allowance which are paid to an applicant as a lump sum shall be treated as capital.

36.9 Any arrears of working tax credit or child tax credit shall be treated as capital.

**37.0 Calculation of capital in the United Kingdom**

37.1 Capital which an applicant possesses in the United Kingdom shall be calculated at its current market or surrender value less—

- a. where there would be expenses attributable to the sale, 10 per cent.; and
- b. the amount of any encumbrance secured on it;



**38.0 Calculation of capital outside the United Kingdom**

38.1 Capital which an applicant possesses in a country outside the United Kingdom shall be calculated

- a. in a case where there is no prohibition in that country against the transfer to the United Kingdom of an amount equal to its current market or surrender value in that country, at that value.
- b. in a case where there is such a prohibition, at the price which it would realise if sold in the United Kingdom to a willing buyer,  
less, where there would be expenses attributable to sale, 10 per cent. and the amount of any encumbrances secured on it.

**39.0 Notional capital**

39.1 An applicant shall be treated as possessing capital of which he has deprived himself for the purpose of securing entitlement to council tax reduction or increasing the amount of that reduction except to the extent that that capital is reduced in accordance with section 40 (diminishing notional capital rule).

39.2 Except in the case of

- (a) a discretionary trust; or
- (b) a trust derived from a payment made in consequence of a personal injury; or
- (c) any loan which would be obtained only if secured against capital disregarded under Schedule 5; or
- (d) a personal pension scheme, occupational pension scheme or a payment made by the Board of the Pension Protection Fund; or
- (e) any sum to which paragraph 47(2)(a) of Schedule 5 (capital to be disregarded) applies which is administered in the way referred to in paragraph 47(1)(a); or
- (f) any sum to which paragraph 48(a) of Schedule 5 refers; or
- (g) child tax credit; or
- (h) working tax credit,

any capital which would become available to the applicant upon application being made, but which has not been acquired by him, shall be treated as possessed by him but only from the date on which it could be expected to be acquired were an application made.

39.3 Any payment of capital, other than a payment of capital specified in paragraph (39.4), made

- (a) to a third party in respect of a single applicant or a member of the family (but not a member of the third party's family) shall, where that payment is a payment of an occupational pension, a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund, be treated as possessed by that single applicant or, as the case may be, by that member;
- (b) to a third party in respect of a single applicant or in respect of a member of the family (but not a member of the third party's family) shall, where it is not a payment referred to in sub-paragraph (a), be treated as possessed by that single applicant or by that member to the extent that it is used for the food, ordinary clothing or footwear, household fuel or rent of that single applicant or, as the case may be, of any member of that family or is used for any council tax or water charges for which that applicant or member is liable;
- (c) to a single applicant or a member of the family in respect of a third party (but not in respect of another member of that family) shall be treated as possessed by that single applicant or, as the case may be, that member of the family to the extent that it is kept or used by him or used by or on behalf of any member of the family.

39.4 Paragraph 39.3 shall not apply in respect of a payment of capital made:

- a. under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund;
- b. pursuant to section 2 of the 1973 Act in respect of a person's participation:
  - i. in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's

Allowance Regulations;

- ii. in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;
- iii. in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;
- iv. in a qualifying course within the meaning specified in regulation 17A(7) of those Regulations; or
- v. in the Flexible New Deal specified in regulation 75(1)(a)(v) of those Regulations;
- c. in respect of a person's participation in the Mandatory Work Activity Scheme;
- d. Enterprise Scheme;
- e. in respect of an applicant's participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme;
- f. under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where—
  - i. a bankruptcy order has been made in respect of the person in respect of whom the payment has been made or, in Scotland, the estate of that person is subject to sequestration or a judicial factor has been appointed on that person's estate under section 41 of the Solicitors (Scotland) Act 1980;
  - ii. the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and
  - iii. the person referred to in (i) and any member of his family does not possess, or is not treated as possessing, any other income apart from that payment..

39.5 Where an applicant stands in relation to a company in a position analogous to that of a sole owner or partner in the business of that company, he may be treated as if he were such sole owner or partner and in such a case

- a. the value of his holding in that company shall, notwithstanding section 34 (calculation of capital) be disregarded; and
- b. he shall, subject to paragraph 39.6, be treated as possessing an amount of capital equal to the value or, as the case may be, his share of the value of the capital of that company and the foregoing provisions of this Section shall apply for the purposes of calculating that amount as if it were actual capital which he does possess.

39.6 For so long as the applicant undertakes activities in the course of the business of the company, the amount which, he is treated as possessing under paragraph 39.5 shall be disregarded.

39.7 Where an applicant is treated as possessing capital under any of paragraphs 39.1 to 39.2 the foregoing provisions of this Section shall apply for the purposes of calculating its amount as if it were actual capital, which he does possess.

**40.0 Not Used**

**41.0 Capital jointly held**

41.1 Except where an applicant possesses capital which is disregarded under paragraph 39(5) (notional capital) where an applicant and one or more persons are beneficially entitled in possession to any capital asset they shall be treated, in the absence of evidence to the contrary, as if each of them were entitled in possession to the whole beneficial interest therein in an equal share and the foregoing provisions of this Section shall apply for the purposes of calculating the amount of capital which the applicant is treated as possessing as if it were actual capital which the applicant does possess

**42.0 Not Used**

**Sections 43 - 56**

**Definition and the treatment of students for Council tax reduction purposes<sup>18</sup>**

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<sup>18</sup> Amounts shown in sections 43 to 56 will be updated in line with the Housing Benefit Regulations 2006 (as amended)

### 43.0 Student related definitions

43.1 In this scheme the following definitions apply;

**'academic year'** means the period of twelve months beginning on 1st January, 1st April, 1st July or 1st September according to whether the course in question begins in the winter, the spring, the summer or the autumn respectively but if students are required to begin attending the course during August or September and to continue attending through the autumn, the academic year of the course shall be considered to begin in the autumn rather than the summer;

**'access funds'** means;

- a. grants made under section 68 of the Further and Higher Education Act 1992 for the purpose of providing funds on a discretionary basis to be paid to students;
- b. grants made under section 73(a) and (c) and 74(1) of the Education (Scotland) Act 1980;
- c. grants made under Article 30 of the Education and Libraries (Northern Ireland) Order 1993 or grants, loans or other payments made under Article 5 of the Further Education (Northern Ireland) Order 1997 in each case being grants, or grants, loans or other payments as the case may be, for the purpose of assisting students in financial difficulties;
- d. discretionary payments, known as "learner support funds", which are made available to students in further education by institutions out of funds provided by the Secretary of State under section 14 of the Education Act 2002 or the Chief Executive of Skills Funding under sections 100 and 101 of the Apprenticeships, Skills, Children and Learning Act 2009; or
- e. Financial Contingency Funds made available by the Welsh Ministers;

**'college of further education'** means a college of further education within the meaning of Part 1 of the Further and Higher Education (Scotland) Act 1992;

**'contribution'** means;

- a. any contribution in respect of the income of a student or any person which the Secretary of State, the Scottish Ministers or an education authority takes into account in ascertaining the amount of a student's grant or student loan; or
- b. any sums, which in determining the amount of a student's allowance or bursary in Scotland under the Education (Scotland) Act 1980, the Scottish Ministers or education authority takes into account being sums which the Scottish Ministers or education authority consider that it is reasonable for the following person to contribute towards the holder's expenses;
  - (i) the holder of the allowance or bursary;
  - (ii) the holder's parents;
  - (iii) the holder's parent's spouse, civil partner or a person ordinarily living with the holder's parent as if he or she were the spouse or civil partner of that parent; or
  - (iv) the holder's spouse or civil partner;

**'course of study'** means any course of study, whether or not it is a sandwich course and whether or not a grant is made for attending or undertaking it;

**'covenant income'** means the gross income payable to a full-time student under a Deed of Covenant by his parent;

**'education authority'** means a government department, a local authority as defined in section 579 of the Education Act 1996 (interpretation), a local education authority as defined in section 123 of the Local Government (Scotland) Act 1973, an education and library board established under Article 3 of the Education and Libraries (Northern Ireland) Order 1986, any body which is a research council for the purposes of the Science and Technology Act 1965 or any analogous government department, authority, board or body, of the Channel Islands, Isle of Man or any other country outside Great Britain;

**'full-time course of study'** means a full time course of study which;

- a. is not funded in whole or in part by the Secretary of State under section 14 of the

- Education Act 2002, the Chief Executive of Skills Funding or by the Welsh Ministers or a full-time course of study which is not funded in whole or in part by the Scottish Ministers at a college of further education or a full-time course of study which is a course of higher education and is funded in whole or in part by the Scottish Ministers;;
- b. is funded in whole or in part by the Secretary of State under section 14 of the Education Act 2002, the Chief Executive of Skills Funding or by the Welsh Ministers if it involves more than 16 guided learning hours per week for the student in question, according to the number of guided learning hours per week for that student set out—
    - (i) in the case of a course funded by the Secretary of State under section 14 of the Education Act 2002 or the Chief Executive of Skills Funding, in the student’s learning agreement signed on behalf of the establishment which is funded by either of those persons for the delivery of that course; or
    - (ii) in the case of a course funded by the Welsh Ministers, in a document signed on behalf of the establishment which is funded by that Council for the delivery of that course; or
  - c. is not higher education and is funded in whole or in part by the Scottish Ministers at a college of further education and involves—
    - (i) more than 16 hours per week of classroom-based or workshop-based programmed learning under the direct guidance of teaching staff according to the number of hours set out in a document signed on behalf of the college; or
    - (ii) 16 hours or less per week of classroom-based or workshop-based programmed learning under the direct guidance of teaching staff and additional hours using structured learning packages supported by the teaching staff where the combined total of hours exceeds 21 hours per week, according to the number of hours set out in a document signed on behalf of the college;

**‘full-time student’** means a person attending or undertaking a full-time course of study and includes a student on a sandwich course;

**‘grant’** (except in the definition of ‘access funds’) means any kind of educational grant or award and includes any scholarship, studentship, exhibition allowance or bursary but does not include a payment from access funds or any payment to which paragraph 12 of Schedule 4 or paragraph 53 of Schedule 5 applies;

**‘grant income’** means

- (a) any income by way of a grant;
- (b) any contribution whether or not it is paid;

**‘higher education’** means higher education within the meaning of Part 2 of the Further and Higher Education (Scotland) Act 1992;

**‘last day of the course’** means;

- a. in the case of a qualifying course, the date on which the last day of that course falls or the date on which the final examination relating to that course is completed, whichever is the later;
- b. in any other case, the date on which the last day of the final academic term falls in respect of the course in which the student is enrolled;

**‘period of study’** means—

- a. in the case of a course of study for one year or less, the period beginning with the start of the course and ending with the last day of the course;
- b. in the case of a course of study for more than one year, in the first or, as the case may be, any subsequent year of the course, other than the final year of the course, the period beginning with the start of the course or, as the case may be, the year’s start and ending with either—
  - (i) the day before the start of the next year of the course in a case where the student’s grant or loan is assessed at a rate appropriate to his studying throughout the year, or, if he does not have a grant or loan, where a loan would have been assessed at such a rate had he had one; or
  - (ii) in any other case, the day before the start of the normal summer vacation appropriate to his course;
- c. in the final year of a course of study of more than one year, the period beginning with that year’s start and ending with the last day of the course;

**'periods of experience'** means periods of work experience which form part of a sandwich course;

**'qualifying course'** means a qualifying course as defined for the purposes of Parts 2 and 4 of the Jobseeker's Allowance Regulations;

**'modular course'** means a course of study which consists of two or more modules, the successful completion of a specified number of which is required before a person is considered by the educational establishment to have completed the course.

**'sandwich course'** has the meaning prescribed in regulation 2(9) of the Education (Student Support) Regulations 2008, regulation 4(2) of the Education (Student Loans), (Scotland), Regulations 2007 or regulation 2(8) of the Education (Student Support) Regulations (Northern Ireland) 2007, as the case may be;

**'standard maintenance grant'** means—

- a. except where paragraph (b) or (c) applies, in the case of a student attending or undertaking a course of study at the University of London or an establishment within the area comprising the City of London and the Metropolitan Police District, the amount specified for the time being in paragraph 2(2)(a) of Schedule 2 to the Education (Mandatory Awards) Regulations 2003 ('the 2003 Regulations') for such a student;
- b. except where paragraph (c) applies, in the case of a student residing at his parent's home, the amount specified in paragraph 3 thereof;
- c. in the case of a student receiving an allowance or bursary under the Education (Scotland) Act 1980, the amount of money specified as 'standard maintenance allowance' for the relevant year appropriate for the student set out in the Student Support in Scotland Guide issued by the student Awards Agency for Scotland, or its nearest equivalent in the case of a bursary provided by a college of further education or a local education authority;
- d. in any other case, the amount specified in paragraph 2(2) of Schedule 2 to the 2003 Regulations other than in sub-paragraph (a) or (b) thereof;

**'student'** means a person, other than a person in receipt of a training allowance, who is attending or undertaking—

- a. a course of study at an educational establishment; or
- b. a qualifying course;

**'student loan'** means a loan towards a student's maintenance pursuant to any regulations made under section 22 of the Teaching and Higher Education Act 1998, section 73 of the Education (Scotland) Act 1980 or Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 and shall include, in Scotland, a young student's bursary paid under regulation 4(1)(c) of the Student's Allowances (Scotland) Regulations 2007

43.2 For the purposes of the definition of 'full-time student', a person shall be regarded as attending or, as the case may be, undertaking a full-time course of study or as being on a sandwich course

- a. in the case of a person attending or undertaking a part of a modular course which would be a full-time course of study for the purposes of this Part, for the period beginning on the day on which that part of the course starts and ending:
  - (i) on the last day on which he is registered with the educational establishment as attending or undertaking that part as a full-time course of study; or
  - (ii) on such earlier date (if any) as he finally abandons the course or is dismissed from it;
- b. in any other case, throughout the period beginning on the date on which he starts attending or undertaking the course and ending on the last day of the course or on such earlier date (if any) as he finally abandons it or is dismissed from it.

43.3 For the purposes of sub-paragraph (a) of paragraph 43.2, the period referred to in that sub-paragraph shall include;

- a. where a person has failed examinations or has failed to successfully complete a module relating to a period when he was attending or undertaking a part of the course as a full-time course of study, any period in respect of which he attends or undertakes the course for the purpose of retaking those examinations or that module;
- b. any period of vacation within the period specified in that paragraph or immediately following that period except where the person has registered with the educational

establishment to attend or undertake the final module in the course and the vacation immediately follows the last day on which he is required to attend or undertake the course.

#### **44.0 Treatment of students**

44.1 The following sections relate to students who claim Council tax reduction

#### **45.0 Students who are excluded from entitlement to council tax reduction**

45.1 Students (except those specified in paragraph 45.3) are not able to claim Council tax reduction under Classes D and E of the Council's reduction scheme.

45.2 To be eligible for reduction, the student must be liable for Council Tax under Section 6 of the Local Government Finance Act 1992 and they must not be deemed to be a full time student or a persons from abroad within the meaning of section 7 of this scheme (persons from aboard).

45.3 Paragraph 45.2 shall not apply to a student

- (a) who is a person on income support, an income-based jobseeker's allowance or an income-related employment and support allowance;
- (b) who is a lone parent;
- (c) whose applicable amount would, but for this section, include the disability premium or severe disability premium;
- (d) whose applicable amount would include the disability premium but for his being treated as capable of work by virtue of a determination made in accordance with regulations made under section 171E of the Act;
- (e) who is, or is treated as, incapable of work and has been so incapable, or has been so treated as incapable, of work in accordance with the provisions of, and regulations made under, Part 12A of the Act (incapacity for work) for a continuous period of not less than 196 days; and for this purpose any two or more separate periods separated by a break of not more than 56 days shall be treated as one continuous period;
- (f) who has, or is treated as having, limited capability for work and has had, or been treated as having, limited capability for work in accordance with the Employment and Support Allowance Regulations for a continuous period of not less than 196 days, and for this purpose any two or more separate periods separated by a break of not more than 84 days must be treated as one continuous period.
- (g) who has a partner who is also a full-time student, if he or that partner is treated as responsible for a child or young person;
- (h) who is a single applicant with whom a child is placed by a local authority or voluntary organisation within the meaning of the Children Act 1989, or, in Scotland, boarded out within the meaning of the Social Work (Scotland) Act 1968;
- (i) who is;
  - (i) aged under 21 and whose course of study is not a course of higher education, or
  - (ii) a qualifying young person or child within the meaning of section 142 of the Act (child and qualifying young person);
- (j) in respect of whom
  - i) a supplementary requirement has been determined under paragraph 9 of Part 2 of Schedule 2 to the Education (Mandatory Awards) Regulations 2003;
  - (ii) an allowance, or as the case may be, bursary has been granted which includes a sum under paragraph (1)(d) or regulation 4 of the Students' Allowances (Scotland) Regulations 1999 or, as the case may be, under paragraph (1)(d) of regulation 4 of the Education Authority (Bursaries) (Scotland) Regulations 1995, in respect of expenses incurred;
  - (iii) a payment has been made under section 2 of the Education Act 1962 or under or by virtue of regulations made under the Teaching and Higher Education Act 1998;

- (iv) a grant has been made under regulation 13 of the Education (Student Support) Regulations 2005 or under regulation 13 of the Education (Student Support) Regulations (Northern Ireland) 2000; or
- (v) a supplementary requirement has been determined under paragraph 9 of Schedule 6 to the Students Awards Regulations (Northern Ireland) 1999 or a payment has been made under Article 50(3) of the Education and Libraries (Northern Ireland) Order 1986,

on account of his disability by reason of deafness.

45.3A For the purposes of paragraph 45.3(h)(i) the student must have begun, or been enrolled or accepted onto the course before attaining the age of 19

45.4 For the purposes of paragraph 45.3, once paragraph 45.3(e) applies to a full-time student, if he then ceases, for a period of 56 days or less, to be incapable, or to be treated as incapable, of work, that paragraph shall, on his again becoming so incapable, or so treated as incapable, of work at the end of that period, immediately thereafter apply to him for so long as he remains incapable or is treated as remaining incapable, of work.

45.5 In paragraph 45.3(h) the reference to a course of higher education is a reference to a course of any description mentioned in Schedule 6 to the Education Reform Act 1988.

45.6 A full-time student to whom sub-paragraph (i) of paragraph 45.3 applies, shall be treated as satisfying that sub-paragraph from the date on which he made a request for the supplementary requirement, allowance, bursary or payment as the case may be.

45.7 Paragraph 45.2 shall not apply to a full-time student for the period specified in paragraph 45.8 if;

- (a) at any time during an academic year, with the consent of the relevant educational establishment, he ceases to attend or undertake a course because he is;
  - (i) engaged in caring for another person; or
  - (ii) ill;
- (b) he has subsequently ceased to be engaged in engaging in caring for that person or, as the case may be, he has subsequently recovered from that illness; and
- (c) he is not eligible for a grant or a student loan in respect of the period specified in paragraph 45.8.

45.8 The period specified for the purposes of paragraph 45.7 is the period, not exceeding one year, beginning on the day on which he ceased to be engaged in caring for that person or, as the case may be, the day on which he recovered from that illness and ending on the day before;

- (a) the day on which he resumes attending or undertaking the course; or
- (b) the day from which the relevant educational establishment has agreed that he may resume attending or undertaking the course,

which shall first occur.

#### **46.0 Calculation of grant income**

46.1 The amount of a student's grant income to be taken into account shall, subject to paragraphs 46.2 and 46.3, be the whole of his grant income.

46.2 There shall be excluded from a student's grant income any payment;

- (a) intended to meet tuition fees or examination fees;
- (b) in respect of the student's disability;
- (c) intended to meet additional expenditure connected with term time residential study away from the student's educational establishment;



- (d) on account of the student maintaining a home at a place other than that at which he resides during his course;
  - (e) on account of any other person but only if that person is residing outside of the United Kingdom and there is no applicable amount in respect of him;
  - (f) intended to meet the cost of books and equipment;
  - (g) intended to meet travel expenses incurred as a result of his attendance on the course;
  - (h) intended for the child care costs of a child dependant.
  - (i) of higher education bursary for care leavers made under Part III of the Children Act 1989.
- 46.3 Where a student does not have a student loan and is not treated as possessing such a loan, there shall be excluded from the student's grant income;
- (a) the sum of £303 per academic year in respect of travel costs; and
  - (b) the sum of £390 per academic year towards the costs of books and equipment, whether or not any such costs are incurred.
- The above figures will be increased annually in line with the Housing Benefit Regulations 2006 (as amended).
- 46.4 There shall also be excluded from a student's grant income the grant for dependants known as the parents' learning allowance paid pursuant to regulations made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 or section 22 of the Teaching and Higher Education Act 1998.
- 46.5 Subject to paragraphs 46.6 and 46.7, a student's grant income shall be apportioned;
- (a) subject to paragraph 46.8, in a case where it is attributable to the period of study, equally between the weeks in that period beginning with the reduction week, the first day of which coincides with, or immediately follows the first day of the period of study and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period of study;
  - (b) in any other case, equally between the weeks in the period beginning with the reduction week, the first day of which coincides with, or immediately follows, the first day of the period for which it is payable and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period for which it is payable.
- 46.6 Any grant in respect of dependants paid under section 63(6) of the Health Services and Public Health Act 1968 (grants in respect of the provision of instruction to officers of hospital authorities) and any amount intended for the maintenance of dependants under Part 3 of Schedule 2 to the Education (Mandatory Awards) Regulations 2004 shall be apportioned equally over the period of 52 weeks or, if there are 53 reduction weeks (including part-weeks) in the year, 53.
- 46.7 In a case where a student is in receipt of a student loan or where he could have acquired a student loan by taking reasonable steps but had not done so, any amount intended for the maintenance of dependants to which neither paragraph 46.6 nor section 50 (other amounts to be disregarded) apply, shall be apportioned over the same period as the student's loan is apportioned or, as the case may be, would have been apportioned.
- 46.8 In the case if a student on a sandwich course, any periods of experience within the period of study shall be excluded and the student's grant income shall be apportioned equally between the weeks in the period beginning with the reduction week, the first day of which immediately follows the last day of the period of experience and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period of study.

#### **47.0 Calculation of covenant income where a contribution is assessed**

47.1 Where a student is in receipt of income by way of a grant during a period of study and a contribution has been assessed, the amount of his covenant income to be taken into account for that period and any summer vacation immediately following shall be the whole amount of the covenant income less, subject to paragraph 47.3, the amount of the contribution.

47.2 The weekly amount of the student's covenant shall be determined—  
(a) by dividing the amount of income which falls to be taken into account under paragraph 47.1 by 52 or 53, whichever is reasonable in the circumstances; and  
(b) by disregarding from the resulting amount, £5.

47.3 For the purposes of paragraph 47.1, the contribution shall be treated as increased by the amount (if any) by which the amount excluded under paragraph 46.2(g) (calculation of grant income) falls short of the amount specified in paragraph 7(2) of Schedule 2 to the Education (Mandatory Awards) Regulations 2003 (travel expenditure).

#### **48.0 Covenant income where no grant income or no contribution is assessed**

48.1 Where a student is not in receipt of income by way of a grant the amount of his covenant income shall be calculated as follows;

- (a) any sums intended for any expenditure specified in paragraph 46.2 (a) to (e) (calculation of grant income) necessary as a result of his attendance on the course shall be disregarded;
- (b) any covenant income, up to the amount of the standard maintenance grant, which is not so disregarded, shall be apportioned equally between the weeks of the period of study;
- (c) there shall be disregarded from the amount so apportioned the amount which would have been disregarded under paragraph 46.2(f) and 46.3 (calculation of grant income) had the student been in receipt of the standard maintenance grant; and
- (d) the balance, if any, shall be divided by 52 or 53 whichever is reasonable in the circumstances and treated as weekly income of which £5 shall be disregarded.

48.2 Where a student is in receipt of income by way of a grant and no contribution has been assessed, the amount of his covenanted income shall be calculated in accordance with subparagraphs (a) to (d) of paragraph 48.1, except that;

- (a) the value of the standard maintenance grant shall be abated by the amount of such grant income less an amount equal to the amount of any sums disregarded under paragraph 46.2 (a) to (e); and
- (b) the amount to be disregarded under paragraph 48.1(c) shall be abated by an amount equal to the amount of any sums disregarded under paragraph 46.2(f) and (g) and 46.3.

#### **49.0 Student Covenant Income and Grant income – non disregard**

49.1 No part of a student's covenant income or grant income shall be disregarded under paragraph 15 of Schedule 4 to this scheme

#### **50.0 Other amounts to be disregarded**

50.1 For the purposes of ascertaining income other than grant income, covenant income and loans treated as income in accordance with section 51, any amounts intended for any expenditure specified in paragraph 46.2 (calculation of grant income), necessary as a result of his attendance on the course shall be disregarded but only if, and to the extent that, the

necessary expenditure exceeds or is likely to exceed the amount of the sums disregarded under paragraphs 46.2 or 46.3, 47.3, 48.1(a) or (c) or 51.5 (calculation of grant income, covenant income and treatment of student loans) on like expenditure.

#### **51.0 Treatment of student loans**

51.1 A student loan shall be treated as income.

51.2 In calculating the weekly amount of the loan to be taken into account as income

- (a) in respect of a course that is of a single academic year's duration or less, a loan which is payable in respect of that period shall be apportioned equally between the weeks in the period beginning with;
  - (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with, or immediately follows, the first day of the single academic year;
  - (ii) where the student is required to start attending the course in August or where the course is less than an academic year's duration, the reduction week, the first day of which coincides with, or immediately follows, the first day of the course, and ending with the reduction week, the last day of which coincides with, or immediately precedes with last day of the course,
- (b) in respect of an academic year of a course which starts other than on 1st September, a loan which is payable in respect of that academic year shall be apportioned equally between the weeks in the period beginning with the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year and ending with the reduction week, the last day of which coincides with or immediately precedes, the last day of that academic year but excluding any reduction weeks falling entirely within the quarter during which, in the opinion of the Secretary of State, the longest of any vacation is taken and for the purposes of this sub-paragraph, 'quarter' shall have the same meaning as for the purposes of the Education (Student Support) Regulations 2005;
- (c) in respect of the final academic year of a course (not being a course of a single year's duration), a loan which is payable in respect of that final academic year shall be apportioned equally between the weeks in the period beginning with;
  - (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year;
  - (ii) where the final academic year starts on 1st September, the reduction week, the first day of which coincide with, or immediately follows, the earlier of 1st September or the first day of the autumn term, and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the course;
- (d) in any other case, the loan shall be apportioned equally between the weeks in the period beginning with the earlier of;
  - (i) the first day of the first reduction week in September; or
  - (ii) the reduction week, the first day of which coincides with, or immediately follows the first day of the autumn term, and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of June,

and, in all cases, from the weekly amount so apportioned there shall be disregarded £10.

51.3 A student shall be treated as possessing a student loan in respect of an academic year where;

- (a) a student loan has been made to him in respect of that year; or
- (b) he could acquire such a loan in respect of that year by taking reasonable steps to do so.

- 51.4 Where a student is treated as possessing a student loan under paragraph 51.3, the amount of the student loan to be taken into account as income shall be, subject to paragraph 51.5
- (a) in the case of a student to whom a student loan is made in respect of an academic year, a sum equal to
    - (i) the maximum student loan he is able to acquire in respect of that year by taking reasonable steps to do so; and
    - (ii) any contribution whether or not it has been paid to him;
  - (b) in the case of a student to whom a student loan is not made in respect of an academic year, the maximum student loan that would be made to the student if;
    - (i) he took all reasonable steps to obtain the maximum student loan he is able to acquire in respect of that year; and
    - (ii) no deduction in that loan was made by virtue of the application of a means test.

- 51.5 There shall be deducted from the amount of income taken into account under paragraph 51.4
- (a) the sum of £303 per academic year in respect of travel costs; and
  - (b) the sum of £390 per academic year towards the cost of books and equipment, whether or not any such costs are incurred.
- The above figures will be increased annually in line with the Housing Benefit Regulations 2006 (as amended).

#### **51A.0 Treatment of fee loans**

- 51A. 1A loan for fees, known as a fee loan or a fee contribution loan, made pursuant to regulations made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998, section 22 of the Teaching and Higher Education Act 1998 or section 73(f) of the Education (Scotland) Act 1980, shall be disregarded as income.

#### **52.0 Treatment of payments from access funds**

- 52.1 This paragraph applies to payments from access funds that are not payments to which paragraph 55.2 or 55.3 (income treated as capital) applies.
- 52.2 A payment from access funds, other than a payment to which paragraph 52.3 applies, shall be disregarded as income.
- 52.3 Subject to paragraph 52.4 of this section and paragraph 35 of Schedule 4,
- a) any payments from access funds which are intended and used for an item of food, ordinary clothing or footwear, household fuel, or rent of a single applicant or, as the case may be, of the applicant or any other member of his family and
  - b) any payments from access funds which are used for any council tax or water charges for which that applicant or member is liable, shall be disregarded as income to the extent of £20 per week.
- 52.4 Where a payment from access funds is made—
- (a) on or after 1st September or the first day of the course, whichever first occurs, but before receipt of any student loan in respect of that year and that payment is intended for the purpose of bridging the period until receipt of the student loan; or
  - (b) before the first day of the course to a person in anticipation of that person becoming a student,
- that payment shall be disregarded as income.

#### **53.0 Disregard of contribution**

- 53.1 Where the applicant or his partner is a student and for the purposes of assessing a contribution to the student's grant or student loan, the other partner's income has been taken into account, an amount equal to that contribution shall be disregarded for the purposes of

assessing that other partner's income.

**54.0 Further disregard of student's income**

54.1 Where any part of a student's income has already been taken into account for the purpose of assessing his entitlement to a grant or student loan, the amount taken into account shall be disregarded in assessing that student's income.

**55.0 Income treated as capital**

55.1 Any amount by way of a refund of tax deducted from a student's covenant income shall be treated as capital.

55.2 Any amount paid from access funds as a single lump sum shall be treated as capital.

55.3 An amount paid from access fund as a single lump sum which is intended and used for an item other than food, ordinary clothing or footwear, household fuel or rent, or which is used for an item other than any council tax or water charges for which that applicant or member is liable, shall be disregarded as capital but only for a period of 52 weeks from the date of the payment.

**56.0 Disregard of changes occurring during summer vacation**

56.1 In calculating a student's income the authority shall disregard any change in the standard maintenance grant, occurring in the recognised summer vacation appropriate to the student's course, if that vacation does not form part of his period of study from the date on which the change occurred to the end of that vacation.

**Sections 57 – 63**

**The calculation and amount of Council tax reduction**

## **57.0 Maximum council tax reduction**

57.1 Subject to paragraphs 57.2 to 57.4, the amount of a person's maximum council tax reduction in respect of a day for which he is liable to pay council tax, shall be 80 per cent, of the amount A divided by B where;

- (a) A is the **lower** of either;
- i. amount set by the appropriate authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; or
  - ii. the amount set by the appropriate authority as the council tax for the relevant financial year in respect of a dwelling within Band C subject to any discount which may be appropriate to the person's circumstances; and
- (b) B is the number of days in that financial year,

less any deductions in respect of non-dependants which fall to be made under section 58 (non-dependant deductions).

In this paragraph "relevant financial year" means, in relation to any particular day, financial year within which the day in question falls.

57.2 In calculating a person's maximum council tax reduction any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act, shall be taken into account.

57.3 Subject to paragraph 57.4, where an applicant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons but excepting any person so residing with the applicant who is a student to whom paragraph 45.2 (students who are excluded from entitlement to council tax reduction) applies, in determining the maximum council tax reduction in his case in accordance with paragraph 57.1, the amount A shall be divided by the number of persons who are jointly and severally liable for that tax.

57.4 Where an applicant is jointly and severally liable for council tax in respect of a dwelling with only his partner, paragraph 57.3 shall not apply in his case

## **57A Protected Group**

57A.1 Where the applicant is:

- entitled to a severe disability premium; or
  - is in receipt of carer's allowance; or
  - normally resides with and is responsible for a dependant child under 5 years of age
- the figure shown in 57.1 shall be 84%

## **58.0 Non-dependant deductions<sup>19</sup>**

58.1 Subject to the following provisions of this paragraph, the non-dependant deductions in respect of a day referred to in section 57 (maximum council tax reduction) shall be;

- (a) in respect of a non-dependant aged 18 or over in remunerative work,  $\text{£}11.55 \times 1/7$ ;
- (b) in respect of a non-dependant aged 18 or over to whom sub-paragraph (a) does not apply,  $\text{£}3.80 \times 1/7$ .

58.2 In the case of a non-dependant aged 18 or over to whom paragraph 58.1(a) applies, where it is

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<sup>19</sup> The amounts shown within this section shall be updated in line with the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012

shown to the appropriate authority that his normal gross weekly income is–

- (a) less than £196.95, the deduction to be made under this paragraph shall be that specified in paragraph 58.1(b);
- (b) not less than £196.95, but less than £341.40, the deduction to be made under this section shall be £7.65 x 1/7
- (c) not less than £341.40, but less than £424.20, the deduction to be made under this section shall be £9.65 x 1/7;

58.3 Only one deduction shall be made under this section in respect of a couple or, as the case may be, members of a polygamous marriage and, where, but for this paragraph, the amount that would fall to be deducted in respect of one member of a couple or polygamous marriage is higher than the amount (if any) that would fall to be deducted in respect of the other, or any other, member, the higher amount shall be deducted.

58.4 In applying the provisions of paragraph 58.2 in the case of a couple or, as the case may be a polygamous marriage, regard shall be had, for the purpose of that paragraph, to the couple's or, as the case may be, all members of the polygamous marriage's joint weekly gross income.

58.5 Where in respect of a day–

- a. a person is a resident in a dwelling but is not himself liable for council tax in respect of that dwelling and that day;
- b. other residents in that dwelling (the liable persons) have joint and several liability for council tax in respect of that dwelling and that day otherwise than by virtue of section 9 or 77 or 77A of the 1992 Act (liability of spouses and civil partners); and
- c. the person to whom sub-paragraph (a) refers is a non-dependant of two or more of the liable persons, the deduction in respect of that non-dependant shall be apportioned equally between those liable persons.

58.6 No deduction shall be made in respect of any non-dependants occupying an applicant's dwelling if the applicant or his partner is–

- a. blind or treated as blind by virtue of paragraph 9 of Schedule 1 (additional condition for the disability premium); or
- b. receiving in respect of himself:
  - attendance allowance, or would be receiving that allowance but for:
    - i. a suspension of benefit in accordance with regulations under section 113(2) of The Act; or
    - ii. an abatement as a result of hospitalisation; or
  - the care component of the disability living allowance, or would be receiving that component but for:
    - i. a suspension of benefit in accordance with regulations under section 113(2) of The Act; or
    - ii. an abatement as a result of hospitalisation; or
- c. the daily living component of personal independence payment, or would be receiving that allowance but for a suspension of benefit in accordance with regulations under section 86 of the Welfare Reform Act 2012 (hospital in-patients);
- d. an AFIP, or would be receiving that payment but for a suspension of it in accordance with any terms of the armed and reserve forces compensation scheme which allows for a suspension because a person is undergoing medical treatment in a hospital or similar institution;

58.7 No deduction shall be made in respect of a non-dependant if:

- a. although he resides with the applicant, it appears to the authority that his normal home is elsewhere; or
- b. he is in receipt of a training allowance paid in connection with a youth training established under section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990; or
- c. he is a full time student within the meaning of section 44.0 (Students); or



- d. he is not residing with the applicant because he has been a patient for a period of excess of 52 weeks, and for these purposes;
- e. 'patient' has the meaning given within this scheme, and
- f. where a person has been a patient for two or more distinct periods separated by one or more intervals each not exceeding 28 days, he shall be treated as having been a patient continuously for a period equal in duration to the total of those distinct periods;
- g. he is not residing with the claimant because he is a member of the armed forces away on operations

58.8 No deduction shall be made in respect of a non-dependant;

- (a) who is on income support, state pension credit, an income-based jobseeker's allowance or an income-related employment and support allowance;
- (b) to whom Schedule 1 of the 1992 Act applies (persons disregarded for purposes of discount) but this sub-paragraph shall not apply to a non-dependant who is a student to whom paragraph 4 of that Schedule refers;
- (c) who is entitled to an award of universal credit where the award is calculated on the basis that the person does not have any earned income.";  
For the purposes of sub-paragraph (c), "earned income" has the meaning given in regulation 52 of the Universal Credit Regulations 2013.

58.9 In the application of paragraph 58.2 there shall be disregarded from his weekly gross income:

- a. any attendance allowance, disability living allowance or personal independence payment or an AFIP received by him;
- b. any payment made under or by the Trusts, the Fund, the Eileen Trust , MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006) which had his income fallen to be calculated under section 30 (calculation of income other than earnings) would have been disregarded under paragraph 24 of Schedule 4 (income in kind); and
- c. any payment which had his income fallen to be calculated under section 30 would have been disregarded under paragraph 36 of Schedule 4 (payments made under certain trusts and certain other payments).

**59.0 Council tax reduction taper (applies to persons defined within Class E)**

59.1 The prescribed daily percentage for the purpose of calculating reduction as a percentage of excess of income over the applicable amount which is deducted from maximum council tax reduction, shall be 2 6/7 per cent. Where an applicant's income exceeds their applicable amount, their council tax reduction shall be calculated by deducting their excess income multiplied by the taper from their maximum council tax reduction as defined within section 57 of this scheme

**60.0 Extended reductions**

60.1 An applicant who is entitled to council tax reduction (by virtue of the general conditions of entitlement) shall be entitled to an extended reduction where;

- (a) the applicant or the applicant's partner was entitled to a qualifying income- related benefit;
- (b) entitlement to a qualifying income-related benefit ceased because the applicant or the applicant's partner–
  - (i) commenced employment as an employed or self-employed earner;
  - (ii) increased their earnings from such employment; or
  - (iii) increased the number of hours worked in such employment,
 and that employment is or, as the case may be, increased earnings or increased number of hours are expected to last five weeks or more; and

- (c) the applicant or the applicant's partner had been entitled to and in receipt of a qualifying income-related benefit, jobseeker's allowance or a combination of those benefits for a continuous period of at least 26 weeks before the day on which the entitlement to a qualifying income-related benefit ceased.

60.2 For the purpose of paragraph 60.1(c), an applicant or an applicant's partner is to be treated as having been entitled to and in receipt of a qualifying income-related benefit or jobseeker's allowance during any period of less than five weeks in respect of which the applicant or the applicant's partner was not entitled to any of those benefits because the applicant or the applicant's partner was engaged in remunerative work as a consequence of their participation in an employment zone programme.

60.3 For the purpose of this section, where an applicant or an applicant's partner is entitled to and in receipt of joint-claim jobseeker's allowance they shall be treated as being entitled to and in receipt of jobseeker's allowance.

60.4 An applicant must be treated as entitled to council tax reduction by virtue of the general conditions of entitlement where—

- (a) the applicant ceased to be entitled to council tax reduction because the applicant vacated the dwelling in which the applicant was resident;
- (b) the day on which the applicant vacated the dwelling was either in the week in which entitlement to a qualifying income-related benefit ceased, or in the preceding week; and
- (c) entitlement to the qualifying income-related benefit ceased in any of the circumstances listed in paragraph 60.1(b).

60.5 This section shall not apply where, on the day before an applicant's entitlement to income support ceased, regulation 6(5) of the Income Support Regulations (remunerative work: housing costs) applied to that applicant.

#### **60A.0 Duration of extended reduction period**

60A.1 Where an applicant is entitled to an extended reduction, the extended reduction period starts on the first day of the reduction week immediately following the reduction week in which the applicant, or the applicant's partner, ceased to be entitled to a qualifying income-related benefit.

60A.2 For the purpose of paragraph (60A.1), an applicant or an applicant's partner ceases to be entitled to a qualifying income-related benefit on the day immediately following the last day of entitlement to that benefit.

60A.3 The extended reduction period ends;

- (a) at the end of a period of four weeks; or
- (b) on the date on which the applicant to whom the extended reduction is payable has no liability for council tax, if that occurs first.

#### **60B.0 Amount of extended reduction**

60B.1 For any week during the extended reduction period the amount of the extended reduction payable to an applicant shall be the higher of—

- (a) the amount of council tax reduction to which the applicant was entitled under the general conditions of entitlement in the last reduction week before the applicant or the applicant's partner ceased to be entitled to a qualifying income-related benefit;
- (b) the amount of council tax reduction to which the applicant would be entitled under the

- general conditions of entitlement for any reduction week during the extended reduction period, if section 60 (extended reductions) did not apply to the applicant; or
- (c) the amount of council tax reduction to which the applicant's partner would be entitled under the general conditions of entitlement, if section 60 did not apply to the applicant.

60B.2 Paragraph 60B1 does not apply in the case of a mover.

60B.3 Where an applicant is in receipt of an extended reduction under this section and the applicant's partner makes a claim for council tax reduction, no amount of council tax reduction shall be payable by the appropriate authority during the extended reduction period.

#### **60C Extended reductions – movers**

60C.1 This section applies;

- (a) to a mover; and  
(b) from the Monday following the day of the move.

60C.2 The amount of the extended reduction payable from the Monday from which this section applies until the end of the extended reduction period shall be the amount of council tax reduction which was payable to the mover for the last reduction week before the mover, or the mover's partner, ceased to be entitled to a qualifying income-related benefit.

60C.3 Where a mover's liability to pay council tax in respect of the new dwelling is to the second authority, the extended reduction may take the form of a payment from the appropriate authority to;

- (a) the second authority; or  
(b) the mover directly.

60C.4 Where—

- (a) a mover, or the mover's partner, makes a claim for council tax reduction to the second authority after the mover, or the mover's partner, ceased to be entitled to a qualifying income-related benefit; and  
(b) the mover, or the mover's partner, is in receipt of an extended reduction from the appropriate authority, the second authority shall reduce the weekly amount of council tax reduction that the mover, or the mover's partner, is entitled to by a sum equal to the amount of the extended reduction until the end of the extended reduction period.

#### **60D.0 Relationship between extended reduction and entitlement to council tax reduction under the general conditions of entitlement**

60D.1 Where an applicant's council tax reduction award would have ended when the applicant ceased to be entitled to a qualifying income-related benefit in the circumstances listed in paragraph 60.1(b), that award will not cease until the end of the extended reduction period.

60D.2 Changes of circumstances and increases for exceptional circumstances shall not apply to any extended reduction payable in accordance with paragraph 60B.1(a) or 60C.2 (amount of extended reduction – movers).

#### **61.0 Extended reductions (qualifying contributory benefits)**

61.1 An applicant who is entitled to council tax reduction (by virtue of the general conditions of entitlement) shall be entitled to an extended reduction (qualifying contributory benefits) where;

- (a) the applicant or the applicant's partner was entitled to a qualifying contributory benefit;  
(b) entitlement to a qualifying contributory benefit ceased because the applicant or the applicant's partner;

- (i) commenced employment as an employed or self-employed earner;
  - (ii) increased their earnings from such employment; or
  - (iii) increased the number of hours worked in such employment, and that employment is or, as the case may be, increased earnings or increased number of hours are expected to last five weeks or more;
- (c) the applicant or the applicant's partner had been entitled to and in receipt of a qualifying contributory benefit or a combination of qualifying contributory benefits for a continuous period of at least 26 weeks before the day on which the entitlement to a qualifying contributory benefit ceased; and
- (d) the applicant or the applicant's partner was not entitled to and not in receipt of a qualifying income-related benefit in the last reduction week in which the applicant, or the applicant's partner, was entitled to a qualifying contributory benefit.

61.2 An applicant must be treated as entitled to council tax reduction by virtue of the general conditions of entitlement where;

- (a) the applicant ceased to be entitled to council tax reduction because the applicant vacated the dwelling in which the applicant was resident;
- (b) the day on which the applicant vacated the dwelling was either in the week in which entitlement to a qualifying contributory benefit ceased, or in the preceding week; and
- (c) entitlement to the qualifying contributory benefit ceased in any of the circumstances listed in paragraph 61.1(b).

**61A.0 Duration of extended reduction period (qualifying contributory benefits)**

61A.1 Where an applicant is entitled to an extended reduction (qualifying contributory benefits), the extended reduction period starts on the first day of the reduction week immediately following the reduction week in which the applicant, or the applicant's partner, ceased to be entitled to a qualifying contributory benefit.

61A.2 For the purpose of paragraph 61A.1, an applicant or an applicant's partner ceases to be entitled to a qualifying contributory benefit on the day immediately following the last day of entitlement to that benefit.

61A.3 The extended reduction period ends;

- (a) at the end of a period of four weeks; or
- (b) on the date on which the applicant to whom the extended reduction (qualifying contributory benefits) is payable has no liability for council tax, if that occurs first.

**61B.0 Amount of extended reduction (qualifying contributory benefits)**

61B.1 For any week during the extended reduction period the amount of the extended reduction (qualifying contributory benefits) payable to an applicant shall be the higher of;

- (a) the amount of council tax reduction to which the applicant was entitled under the general conditions of entitlement in the last reduction week before the applicant or the applicant's partner ceased to be entitled to a qualifying contributory benefit;
- (b) the amount of council tax reduction to which the applicant would be entitled under the general conditions of entitlement for any reduction week during the extended reduction period, if section 61 (extended reductions (qualifying contributory benefits)) did not apply to the applicant; or
- (c) the amount of council tax reduction to which the applicant's partner would be entitled under the general conditions of entitlement, if section 61 did not apply to the applicant.

61B .2 Paragraph 61B.1 does not apply in the case of a mover.

61B.3 Where an applicant is in receipt of an extended reduction (qualifying contributory benefits) under this section and the applicant's partner makes a claim for council tax reduction, no

amount of council tax reduction shall be payable by the appropriate authority during the extended reduction period.

**61C.0 Extended reductions (qualifying contributory benefits) – movers**

61C.1 This section applies;

- (a) to a mover; and
- (b) from the Monday following the day of the move.

61C.2 The amount of the extended reduction (qualifying contributory benefit) payable from the Monday from which this section applies until the end of the extended reduction period shall be the amount of council tax reduction which was payable to the mover for the last reduction week before the mover, or the mover's partner, ceased to be entitled to a qualifying contributory benefit.

61C.3 Where a mover's liability to pay council tax in respect of the new dwelling is to the second authority, the extended reduction (qualifying contributory benefits) may take the form of a payment from the appropriate authority to–

- (a) the second authority; or
- (b) the mover directly.

61C.4 Where

- (a) a mover, or the mover's partner, makes a claim for council tax reduction to the second authority after the mover, or the mover's partner, ceased to be entitled to a qualifying contributory benefit; and
- (b) the mover, or the mover's partner, is in receipt of an extended reduction (qualifying contributory benefits) from the appropriate authority, the second authority shall reduce the weekly amount of council tax reduction that the mover, or the mover's partner, is entitled to by a sum equal to the amount of the extended reduction (qualifying contributory benefits) until the end of the extended reduction period.

**61D.0 Relationship between extended reduction (qualifying contributory benefits) and entitlement to council tax reduction under the general conditions of entitlement**

61D.1 Where an applicant's council tax reduction award would have ended when the applicant ceased to be entitled to a qualifying contributory benefit in the circumstances listed in paragraph 61.1 (b), that award will not cease until the end of the extended reduction period.

61D.2 Changes of circumstances and increases for exceptional circumstances shall not apply to any extended reduction (qualifying contributory benefits) payable in accordance with paragraph 61B.1(a) or 61C.2 (amount of extended reduction– movers).

**61E.0 Extended reductions: movers into the authority's area<sup>20</sup>**

**61E.1** Where;

- (a) an application is made to the authority for a reduction under its scheme, and
- (b) the applicant or the partner of the applicant, is in receipt of an extended reduction from;
  - (i) another billing authority in England; or
  - (ii) a billing authority in Wales,the current authority must reduce any reduction to which the applicant is entitled under its scheme by the amount of that extended reduction.

**62.0 - 63.0 Not Used**

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<sup>20</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

**Sections 64 – 67**

**Dates on which entitlement and changes of circumstances are to take effect**

**64.0 Date on which entitlement is to begin**

64.1 Subject to paragraph 64.2, any person to whom or in respect of whom a claim for council tax reduction is made and who is otherwise entitled to that reduction shall be so entitled from the reduction week following the date on which that claim is made or is treated as made.

64.2 Where a person is otherwise entitled to council tax reduction and becomes liable for the first time for the authority's council tax in respect of a dwelling of which he is a resident in the reduction week in which his claim is made or is treated as made, he shall be so entitled from that reduction week.

**65.0 - 66.0 Not Used**

**67.0 Date on which change of circumstances is to take effect**

67.1 Except in cases where section 24 (disregard of changes in tax, contributions, etc.) applies and subject to the following provisions of this paragraph, a change of circumstances which affects entitlement to, or the amount of, a reduction under the authority's scheme ("change of circumstances"), takes effect from the first day of the reduction week following the date on which the change actually occurs, and where that change is cessation of entitlement to any benefit under the benefit Acts, the date on which the change actually occurs shall be the day immediately following the last day of entitlement to that benefit.

67.2 Subject to paragraph (3), where the change of circumstances is a change in the amount of council tax payable, it takes effect from the day on which it actually occurs.

67.3 Where the change of circumstances is a change in the amount a person is liable to pay in respect of council tax in consequence of regulations under section 13 of the 1992 Act (reduced amounts of council tax) or changes in the discount to which a dwelling may be subject under sections 11 or 12 of that Act, it shall take effect from the day on which the change in amount has effect.

67.4 Where the change of circumstances is the applicant's acquisition of a partner, the change takes effect on the day on which the acquisition takes place.

67.5 Where the change of circumstances is the death of an applicant's partner or their separation, it takes effect on the day the death or separation occurs.

67.6 If two or more changes of circumstances occurring in the same reduction week would, but for this paragraph, take effect in different reduction weeks in accordance with paragraphs (1) to (5) they take effect from the day to which the appropriate paragraph from (2) to (5) above refers, or, where more than one day is concerned, from the earlier day.

67.7 Where the change of circumstances is that income, or an increase in the amount of income, other than a benefit or an increase in the amount of a benefit under the Act, is paid in respect of a past period and there was no entitlement to income of that amount during that period, the change of circumstances shall take effect from the first day on which such income, had it been paid in that period at intervals appropriate to that income, would have fallen to be taken into account for the purposes of this scheme.

67.8 Without prejudice to paragraph (7), where the change of circumstances is the payment of income, or arrears of income, in respect of a past period, the change of circumstances takes effect from the first day on which such income, had it been timeously paid in that period at intervals appropriate to that income, would have fallen to be taken into account for the purposes of this scheme.

**Sections 68– 74A**

**Claiming and the treatment of claims for Council tax reduction purposes**



68.0 **Making an application**<sup>21</sup>

68.1 In the case of a couple or members of a polygamous marriage an application is to be made by whichever one of them they agree should so apply or, in default of agreement, by such one of them as the authority determines.

68.2 Where a person who is liable to pay council tax in respect of a dwelling is unable for the time being to act, and;

- (a) a deputy has been appointed by the Court of Protection with power to claim, or as the case may be, receive benefit on his behalf; or
- (b) in Scotland, his estate is being administered by a judicial factor or any guardian acting or appointed under the Adults with Incapacity (Scotland) Act 2000 who has power to apply or, as the case may be, receive benefit on his behalf; or
- (c) an attorney with a general power or a power to apply or, as the case may be, receive benefit, has been appointed by that person under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise,

that deputy, judicial factor, guardian or attorney, as the case may be, may make an application on behalf of that person.

68.3 Where a person who is liable to pay council tax in respect of a dwelling is unable for the time being to act and sub-paragraph (2) does not apply to him, the authority may, upon written application made to them by a person who, if a natural person, is over the age of 18, appoint that person to exercise on behalf of the person who is unable to act, any right to which that person might be entitled under the authority's scheme and to receive and deal on his behalf with any sums payable to him.

68.4 Where a person who is liable to pay council tax in respect of a dwelling is for the time being unable to act and the Secretary of State has appointed a person to act on his behalf under regulation 33 of the Social Security (Claims and Payments) Regulations 1987 (persons unable to act), the authority may if that person agrees, treat him as if he had been appointed by them under sub-paragraph (3).

68.5 Where the authority has made an appointment under sub-paragraph (3) or treated a person as an appointee under sub-paragraph (4);

- (a) it may at any time revoke the appointment;
- (b) the person appointed may resign his office after having given 4 weeks notice in writing to the authority of his intention to do so;
- (c) any such appointment terminates when the authority is notified of the appointment of a person mentioned in sub-paragraph (2).

68.6 Anything required by the authority's scheme to be done by or to any person who is for the time being unable to act may be done by or to the persons mentioned in sub-paragraph (2) above or by or to the person appointed or treated as appointed under this paragraph and the receipt of any such person so appointed shall be a good discharge to the authority for any sum paid.

68.7 The authority must;

- (a) inform any person making an application of the duty imposed by paragraph 9(1)(a);
- (b) explain the possible consequences (including prosecution) of failing to comply with that duty; and
- (c) set out the circumstances a change in which might affect entitlement to the reduction or its amount.

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<sup>21</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

**69.0 Procedure by which a person may apply for a reduction under the authority's scheme<sup>22</sup>**

69.1. Paragraphs 2 to 7 apply to an application made under the authority's scheme.

69.2. An application may be made;

- (a) in writing,
- (b) by means of an electronic communication in accordance with sections 101 – 106A of this scheme, or
- (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.

69.3 (1) An application which is made in writing must be made to the designated office on a properly completed form.

(2) The form must be provided free of charge by the authority for the purpose.

69.4 (1) Where an application made in writing is defective because—

- (a) it was made on the form supplied for the purpose but that form is not accepted by the authority as being properly completed; or
- (b) it was made in writing but not on the form approved for the purpose and the authority does not accept the application as being in a written form which is sufficient in the circumstances of the case having regard to the sufficiency of the written information and evidence,

the authority may, in a case to which sub-paragraph (a) applies, request the applicant to complete the defective application or, in the case to which sub-paragraph (b) applies, supply the applicant with the approved form or request further information and evidence.

(2) An application made on a form provided by the authority is properly completed if it is completed in accordance with the instructions on the form, including any instructions to provide information and evidence in connection with the application.

69.5. (1) If an application made by electronic communication is defective the authority must provide the person making the application with an opportunity to correct the defect.

(2) An application made by electronic communication is defective if the applicant does not provide all the information the authority requires.

69.6. In a particular case the authority may determine that an application made by telephone is only valid if the person making the application approves a written statement of his circumstances provided by the authority.

69.7 (1) If an application made by telephone is defective the authority must provide the person making the application with an opportunity to correct the defect.

(2) An application made by telephone is defective if the applicant does not provide all the information the authority requests during the telephone call.

69.8 Notwithstanding other paragraphs within this section, the authority will determine the method by which claims are to be made as well as where claims should be sent or delivered.

(1) Where an applicant ;

- (a) makes an application under this scheme which includes (or which he subsequently requests should include) a period before the

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<sup>22</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

application is made; and

- (b) from a day in that period, up to the date he made the application (or subsequently requested that the application should include a past period), the applicant had continuous good cause for failing to make an application (or request that the application should include that period),

the application is to be treated as made on the date determined in accordance with sub-paragraph (2).

(2) That date is the latest of;

- a. the first day from which the applicant had continuous good cause;
- b. the day 3 months before the date the application was made;
- c. the day 3 months before the date when the applicant requested that the application should include a past period.

**69A.0 Date on which an application is made**

69A.1 Subject to sub-paragraph (7), the date on which an application is made is;

(a) in a case where;

- (i) an award of state pension credit which comprises a guarantee credit has been made to the applicant or his partner, and
- (ii) the application for a reduction is made within one month of the date on which the claim for that state pension credit which comprises a guarantee credit was received at the appropriate DWP office,

the first day of entitlement to state pension credit which comprises a guarantee credit arising from that claim;

(b) in a case where

- (i) an applicant or his partner is a person in receipt of a guarantee credit,
- (ii) the applicant becomes liable for the first time to pay council tax in respect of the dwelling he occupies as his home, and
- (iii) the application is received at the designated office within one month of the date of the change,

the date on which the change takes place;

(c) in a case where;

- (i) an award of income support, an income-based jobseeker's allowance or an income-related employment and support allowance or an award of universal credit has been made to the applicant or his partner, and
- (ii) the application is made within one month of the date on which the claim for that income support, jobseeker's allowance, employment and support allowance or universal credit was received,

the first day of entitlement to income support, an income-based jobseeker's allowance, an income-related employment and support allowance or universal credit arising from that claim;

(d) in a case where;

- (i) an applicant or his partner is a person on income support, an income-based jobseeker's allowance or an income-related employment and support allowance or has an award of universal credit,
- (ii) the applicant becomes liable for the first time to pay council tax in respect of the dwelling which he occupies as his home, and
- (iii) the application is received at the designated office within one month of the date of the change,

the date on which the change takes place;

(e) in a case where;

- (i) an applicant is the former partner of a person who was, at the date of his death or their separation, entitled to a reduction under the authority's scheme, and
- (ii) the applicant makes an application for a reduction under that scheme within one month of the date of the death or the separation,

the date of the death or separation;

(f) except where paragraph (a), (b) or (e) is satisfied, in a case where a properly completed application is received within one month (or such longer period as the authority considers reasonable) of the date on which an application form was issued to an applicant following the applicant first notifying, by whatever means, the authority of an intention to make an application, the date of first notification;

(g) in any other case, the date on which an application is received at the designated office.

69A.2 For the purposes only of sub-paragraph (1)(c) a person who has been awarded an income-based jobseeker's allowance or an income-related employment and support allowance is to be treated as entitled to that allowance for any days which immediately precede the first day in that award and on which he would, but for regulations made under;

(a) in the case of income-based jobseeker's allowance, paragraph 4 of Schedule 1 to the Jobseekers Act 1995 (waiting days); or

(b) in the case of income-related employment and support allowance, paragraph 2 of Schedule 2 to the Welfare Reform Act 2007 (waiting days), have been entitled to that allowance.

69A.3 Where there is a defect in an applications by telephone;

(a) is corrected within one month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance;

(b) is not corrected within one month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance where it considers it has sufficient information to decide the application.

69A.4 The authority is to treat a defective application as if it had been validly made in the first instance if, in any particular case, the conditions specified in sub-paragraph (5)(a), (b) or (c) are satisfied.

69A.5 The conditions are that—

(a) where the authority receives the properly completed application or the information requested to complete it or the evidence within one month of the request, or such longer period as the authority may consider reasonable; or

(b) where an application is not on approved form or further information requested by authority applies;

(i) the approved form sent to the applicant is received at the offices of the authority properly completed within one month of it having been sent to him; or, as the case may be;

(ii) the applicant supplies whatever information or evidence was requested within one month of the request; or,

in either case, within such longer period as the authority may consider reasonable; or

(c) where the authority has requested further information, the authority receives at its offices the properly completed application or the information requested to complete it within one month of the request or within such longer period as the authority considers reasonable.

69A.6 Except in the case of an application made by a person treated as not being in Great Britain, where a person has not become liable for council tax to the authority but it is anticipated that he will become so liable within the period of 8 weeks (the relevant period), he may apply for a reduction under that authority's scheme at any time in that period in respect of that tax and, provided that liability arises within the relevant period, the authority must treat the application as having been made on the day on which the liability for the tax arises.

69A.7 Except in the case of an application made by a person treated as not being in Great Britain, where the applicant is not entitled to a reduction under the authority's scheme in the reduction week immediately following the date of his application but the authority is of the

opinion that unless there is a change of circumstances he will be entitled to a reduction under its scheme for a period beginning not later than;

(a) in the case of an application made by;

(i) a pensioner, or

(ii) a person who has attained, or whose partner has attained, the age which is 17 weeks younger than the qualifying age for state pension credit, the seventeenth reduction week following the date on which the application is made, or

(b) in the case of an application made by a person who is not a pensioner, the thirteenth reduction week following the date on which the application is made, the authority may treat the application as made on a date in the reduction week immediately preceding the first reduction week of that period of entitlement and award a reduction accordingly.

69A.8 In this paragraph “appropriate DWP office” means an office of the Department for Work and Pensions dealing with state pension credit or an office which is normally open to the public for the receipt of claims of income support, a job seekers allowance or an employment and support allowance.

#### **70.0 Submission of evidence electronically**

70.1 The authority may accept such evidence, documents and certificates to support the claim electronically where it feels that this would be acceptable given the nature of the claim

#### **71.0 Use of telephone provided evidence**

71.1 The authority may accept such evidence to support the claim by telephone where it feels that this would be acceptable given the nature of the claim

#### **72.0 Information and evidence<sup>23</sup>**

72.1 Subject to sub-paragraph (3), a person who makes an application for a reduction under an authority’s scheme must satisfy sub-paragraph (2) in relation both to himself and to any other person in respect of whom he is making the application.

72.2 This sub-paragraph is satisfied in relation to a person if—

(a) the application is accompanied by;

(i) a statement of the person’s national insurance number and information or evidence establishing that that number has been allocated to the person; or

(ii) information or evidence enabling the authority to ascertain the national insurance number that has been allocated to the person; or

(b) the person has made an application for a national insurance number to be allocated to him and the application for the reduction is accompanied by;

(i) evidence of the application for a national insurance number to be so allocated; and

(ii) the information or evidence enabling it to be so allocated.

72.3 Sub-paragraph (2) does not apply;

(a) in the case of a child or young person in respect of whom an application for a reduction is made;

(b) to a person who;

(i) is a person treated as not being in Great Britain for the purposes of this scheme;

(ii) is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act 1999; and

(iii) has not previously been allocated a national insurance number.

<sup>23</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- 72.4 Subject to sub-paragraph (5), a person who makes an application, or a person to whom a reduction under the authority's scheme has been awarded, must furnish such certificates, documents, information and evidence in connection with the application or the award, or any question arising out of the application or the award, as may reasonably be required by that authority in order to determine that person's entitlement to, or continuing entitlement to a reduction under its scheme and must do so within one month of the authority requiring him to do so or such longer period as the authority may consider reasonable.
- 72.5 Nothing in this paragraph requires a person who is a pensioner to furnish any certificates, documents, information or evidence relating to a payment to which sub-paragraph (7) applies.
- 72.6 Where the authority makes a request under sub-paragraph (4), it must;
- (a) inform the applicant or the person to whom a reduction under its scheme has been awarded of his duty under paragraph 9 (duty to notify change of circumstances) to notify the authority of any change of circumstances; and
  - (b) without prejudice to the extent of the duty owed under paragraph 9, indicate to him either orally or by notice or by reference to some other document available to him on application and without charge, the kind of change of circumstances which must be notified.
- 72.7 This sub-paragraph applies to any of the following payments;
- (a) a payment which is made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund;
  - (b) a payment which is disregarded under paragraph 24 of Schedule 5, other than a payment under the Independent Living Fund (2006);
  - (c) a payment which is disregarded under paragraph 58.9.
- 72.8 Where an applicant or a person to whom a reduction under the authority's scheme has been awarded or any partner has attained the qualifying age for state pension credit and is a member of, or a person deriving entitlement to a pension under, a personal pension scheme, he must where the authority so requires furnish the following information;
- (a) the name and address of the pension fund holder;
  - (b) such other information including any reference or policy number as is needed to enable the personal pension scheme to be identified.
- 73.0 Amendment and withdrawal of application<sup>24</sup>**
- 73.1 A person who has made an application may amend it at any time before a decision has been made on it by a notice in writing delivered or sent to the designated office.
- 73.2 Where the application was made by telephone the amendment may also be made by telephone.
- 73.3 Any application amended is to be treated as if it had been amended in the first instance.
- 73.4 A person who has made an application may withdraw it by notice to the designated office at any time before a decision has been made on it.
- 73.5 Where the application was made by telephone, the withdrawal may also be made by telephone.
- 73.6 Any notice of withdrawal given in accordance with sub-paragraph (4) or (5) has effect when

<sup>24</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

it is received.

73.7 Where a person, by telephone, amends or withdraws an application the person must (if required to do so by the authority) confirm the amendment or withdrawal by a notice in writing delivered or sent to the designated office.

**74.0 Duty to notify changes of circumstances<sup>25</sup>**

74.1 Subject to sub-paragraphs (3), (6) and (7), an applicant (or any person acting on his behalf) must comply with sub-paragraph (2) if there is a relevant change of circumstances at any time;

(a) between the making of an application and a decision being made on it, or

(b) after the decision is made (where the decision is that the applicant is entitled to a reduction under the authority's scheme) including at any time while the applicant is in receipt of such a reduction.

74.2 The applicant (or any person acting on his behalf) must notify any change of circumstances which the applicant (or that person) might reasonably be expected to know might affect his entitlement to, or the amount of, a reduction under the authority's scheme (a "relevant change of circumstances") by giving notice to the authority;

(a) in writing; or

(b) by telephone—

(i) where the authority has published a telephone number for that purpose unless the authority determines that in any particular case or class of case notification may not be given by telephone; or

(ii) in any case or class of case where the authority determines that notice may be given by telephone; or

(c) by any other means which the authority agrees to accept in any particular case, within a period of 21 days beginning with the day on which the change occurs, or as soon as reasonably practicable after the change occurs, whichever is later.

74.3 The duty imposed on a person by sub-paragraph (1) does not extend to notifying

(a) changes in the amount of council tax payable to the authority;

(b) changes in the age of the applicant or that of any member of his family;

(c) in the case of an applicant in receipt of a relevant benefit, changes in circumstances which affect the amount of the benefit but not the amount of the reduction under the authority's scheme to which he is entitled, other than the cessation of that entitlement to the benefit.

74.4 For the purposes of sub-paragraph (3)(c) "relevant benefit" means income support, an income-based jobseeker's allowance or an income-related employment and support allowance or universal credit.

74.5 Notwithstanding sub-paragraph (3)(b) or (c) an applicant is required by sub-paragraph (1) to notify the authority of any change in the composition of his family arising from the fact that a person who was a member of his family is now no longer such a person because he has ceased to be a child or young person.

74.6 A person who has been awarded a reduction under the authority's scheme who is also on state pension credit must report;

(a) changes affecting the residence or income of any non-dependant normally residing with the applicant or with whom the applicant normally resides;

(b) any absence from the dwelling which exceeds or is likely to exceed 13 weeks.

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<sup>25</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- 74.7 In addition to the changes required to be reported under sub-paragraph (7), a person whose state pension credit comprises only a savings credit must also report—
- (a) changes affecting a child living with him which may result in a change in the amount of reduction under the authority's scheme allowed in his case, but not changes in the age of the child;
  - (b) any change in the amount of the applicant's capital to be taken into account which does or may take the amount of his capital to more than £6,000;
  - (c) any change in the income or capital of;
    - (i) a non-dependant whose income and capital are treated as belonging to the applicant; or
    - (ii) a person to whom their partner is treated as member of the household, and whether such a person or, as the case may be, non-dependant stops living or begins or resumes living with the applicant.
- 74.8 All changes in circumstances should be notified to the authority in writing (or by whatever format agreed by the authority) within one calendar month of the happening of the event or change in circumstance. This timescale may be extended at the discretion of the authority. Where such a change is not received within that timescale and where the change would increase the level of reduction payable, the authority may use a date later than the actual change of circumstances



**Sections 75- 90**

**Decisions, decision notices and awards of Council tax reduction**

**75.0 Decisions by the authority<sup>26</sup>**

75.1 The authority must make a decision on an application under its scheme within 14 days of paragraphs 4 and 7 and section 69 being satisfied, or as soon as reasonably practicable thereafter.

**76.0 Notification of decision<sup>27</sup>**

76.1 The authority must notify in writing any person affected by a decision made by it under its scheme;

(a) in the case of a decision on an application, forthwith or as soon as reasonably practicable thereafter;

(b) in any other case, within 14 days of that decision or as soon as reasonably practicable thereafter.

76.2 Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement;

(a) informing the person affected of the duty imposed by 74.1;

(b) explaining the possible consequences (including prosecution) of failing to comply with that duty; and

(c) setting out the circumstances a change in which might affect entitlement to the reduction or its amount.

76.3 Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement as to how that entitlement is to be discharged.

76.4 In any case, the notification under sub-paragraph (1) must inform the person affected of the procedure by which an appeal may be made and must refer the person to the provisions in the authority's scheme relating to the procedure for making an appeal.

76.5 A person affected to whom the authority sends or delivers a notification of decision may, within one month of the date of the notification of that decision request in writing the authority to provide a written statement setting out the reasons for its decision on any matter set out in the notice.

76.6 The written statement referred to in sub-paragraph (5) must be sent to the person requesting it within 14 days or as soon as reasonably practicable thereafter.

76.7 For the purposes of this paragraph a person is to be treated as a person affected by a decision of the authority under its scheme where the rights, duties or obligations of that person are affected by that decision and the person falls within sub-paragraph (8).

76.8 This sub-paragraph applies to—

(a) the applicant;

(b) in the case of a person who is liable to pay council tax in respect of a dwelling and is unable for the time being to act;

(i) a deputy appointed by the Court of Protection with power to claim, or as the case may be, receive benefit on his behalf; or

(ii) in Scotland, a judicial factor or any guardian acting or appointed under the Adults with Incapacity (Scotland) Act 2000(3) who has power to apply or, as the case may be, receive benefit on the person's behalf; or

(iii) an attorney with a general power or a power to apply or, as the case may be,

<sup>26</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>27</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

receive benefit, has been appointed by that person under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise,

(c) a person appointed by the authority to act for a person unable to act.

#### **77.0 Time and manner of granting council tax reduction<sup>28</sup>**

77.1 Where a person is entitled to a reduction under this authority's scheme in respect of his liability for the authority's council tax as it has effect in respect of a chargeable financial year ("the chargeable year"), the authority must discharge his entitlement;

- (a) by reducing, so far as possible, the amount of his liability to which regulation 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992 refers; or
- (b) where;
  - (i) such a reduction is not possible; or
  - (ii) such a reduction would be insufficient to discharge the entitlement to a reduction under the authority's scheme; or
  - (iii) the person entitled to the reduction is jointly and severally liable for the council tax and the authority determines that such a reduction would be inappropriate, by making payment to him of the amount of reduction to which he is entitled, rounded where necessary to the nearest penny.

77.2 The authority must notify the person entitled to a reduction under this scheme of the amount of that reduction and how his entitlement is to be discharged in pursuance of paragraph (1).

77.3 In a case to which paragraph (1)(b) refers;

- (a) if the amount of the council tax for which he remains liable in respect of the chargeable year, after any reduction to which sub-paragraph (1)(a) refers has been made, is insufficient to enable his entitlement to a reduction under the authority's scheme in respect thereof to be discharged, upon the final instalment of that tax becoming due any outstanding reduction;
  - (i) must be paid to that person if he so requires; or
  - (ii) in any other case must (as the authority determines) either be repaid or credited against any subsequent liability of the person to make a payment in respect of the authority's council tax as it has effect for any subsequent year;
- (b) if that person has ceased to be liable for the authority's council tax and has discharged the liability for that tax, the outstanding balance (if any) of the reduction under the authority's scheme in respect thereof must be paid within 14 days or, if that is not reasonably practicable, as soon as practicable thereafter
- (c) in any other case, the reduction under the authority's scheme must be paid within 14 days of the receipt of the application at the offices of the authority or, if that is not reasonably practicable, as soon as practicable thereafter.

77.4 For the purposes of this paragraph "instalment" means any instalment of the authority's council tax to which regulation 19 of the Council Tax (Administration and Enforcement) Regulations 1992 refers (council tax payments).

#### **78.0 Persons to whom reduction is to be paid<sup>29</sup>**

78.1 Subject to section 80 (payment on death) and paragraph (2), any payment of the amount

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<sup>28</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>29</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

of a reduction must be made to that person.

78.2 Where a person other than a person who is entitled to a reduction under this authority's scheme made the application for the reduction and that first person is a person acting pursuant to an appointment or is treated as having been so appointed, the amount of the reduction may be paid to that person.

**79.0 Shortfall in reduction<sup>30</sup>**

79.1 Where, on the revision of a decision allowing a reduction under the authority's scheme to a person, it is determined that the amount allowed was less than the amount to which that person was entitled, the authority must either;

- (a) make good any shortfall in reduction which is due to that person, by reducing so far as possible the next and any subsequent payments he is liable to make in respect of the council tax of the authority as it has effect for the chargeable financial year until that shortfall is made good; or
- (b) where this is not possible or the person concerned so requests, pay the amount of any shortfall in reduction due to that person within 14 days of the revision of the decision being made or if that is not reasonable practicable, as soon as possible afterwards.

**80.0 Payment on the death of the person entitled<sup>31</sup>**

80.1 Where the person entitled to any reduction under this scheme has died and it is not possible to award the reduction which is due in the form of a reduction of the council tax for which he was liable, the authority must make payment of the amount of the reduction to his executor or administrator in accordance with regulation 58(4) of the Council Tax (Administration and Enforcement) Regulations 1992.

**81.0 Offsetting**

81.1 Where a person has been allowed or paid a sum of council tax reduction under a decision which is subsequently revised or further revised, any sum allowed or paid in respect of a period covered by the subsequent decision shall be offset against arrears of entitlement under the subsequent decision except to the extent that the sum exceeds the arrears and shall be treated as properly awarded or paid on account of them.

**82.0 Payment where there is joint and several liability<sup>32</sup>**

82.1 Where;

- (a) a person is entitled to a reduction under the authority's scheme in respect of his liability for the authority's council tax as it has effect in respect of a chargeable financial year;
- (b) the person entitled to the reduction is jointly and severally liable for the council tax; and
- (c) the authority determines that discharging his entitlement by reducing the amount of his liability to which regulation 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992(7) refers would be inappropriate,

it may make a payment to him of the amount of the reduction to which he is entitled, rounded where necessary to the nearest penny.

<sup>30</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>31</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>32</sup> Inserted by Schedule 8 of the Council Tax Reductions Scheme (Prescribed Requirements) (England) Regulations 2012

82.2 Subject to sub-paragraph (3) any payment made under sub-paragraph (1) must be made to the person who is entitled to the reduction.

82.3 Where a person other than a person who is entitled to a reduction under the authority's scheme made the application and that first person is a person acting pursuant to an appointment under paragraph 4(3) or is treated as having been so appointed by virtue of paragraph 4(4), the amount of the reduction may be paid to that person.

**83.0 – 90.0 Not used**

**Sections 91 – 94**

**Collection, holding and forwarding of information for Council tax reduction purposes**

**91.0 Use of information from and to the Department of Work and Pensions (DWP) and Her Majesty's Revenues and Customs (HMRC)**

91.1 The authority will use information provided by the DWP and HMRC for the purposes of Council Tax Reduction, council tax liability, billing, administration and enforcement as outlined within Schedule 2 of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012 and the Social Security (Information-sharing in relation to Welfare Services etc.) (Amendment) Regulations 2013

91.2 Where required by the relevant department and where required by law, the authority will share information obtained for Council Tax Reduction with the DWP or HMRC as appropriate and in accordance with Data Protections requirements<sup>33</sup>.

**92.0 Collection of information**

92.1 The authority may receive and obtain information and evidence relating to claims for council tax reduction, the council may receive or obtain the information or evidence from—

- (a) persons making claims for council tax reduction;
- (b) other persons in connection with such claims;
- (c) other local authorities; or
- (d) central government departments including the DWP and HMRC

92.2 The authority may verify relevant information supplied to, or obtained.

**93.0 Recording and holding information**

93.1 The authority may

- (a) may make a record of such information; and
- (b) may hold that information, whether as supplied or obtained or recorded, for the purpose of forwarding it to the person or authority for the time being administering council tax reduction.

**94.0 Forwarding of information**

94.1 The authority may forward it to the person or authority for the time being administering claims to or awards of council tax reduction to which the relevant information relates, being

- (i) a local authority;
- (ii) a person providing services to a local authority; or
- (iii) a person authorised to exercise any function of a local authority relating to council tax reduction.

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<sup>33</sup> Data Retention and Investigatory Powers Act 2014 and Data Retention Regulations 2014

**Sections 95 – 98**

**Revisions, Written Statements, Termination of Council tax reduction**



## **95.0 Persons affected by Decisions**

95.1 A person is to be treated as a person affected by a relevant decision of the authority where that person is;

- a. an applicant;
- b. in the case of a person who is liable to make payments in respect of a dwelling and is unable for the time being to act
  - (i) a Deputy appointed by the Court of Protection with power to claim, or as the case may be, receive benefit or reduction on his behalf,
  - (ii) in Scotland, a tutor, curator, judicial factor or other guardian acting or appointed in terms of law administering that person's estate, or
  - (iii) an attorney with a general power or a power to receive benefit or reduction appointed by the person liable to make those payments under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise;
- c. a person appointed by the authority under this scheme;

## **96.0 Revisions of Decisions**

96.1 Subject to the provisions in this scheme, a relevant decision ('the original decision') may be revised or further revised by the authority, which made the decision where the person affected makes an application for a revision within;

- (i) one month of the date of notification of the original decision; or
- (ii) such extended time as the authority may allow.

96.2 The authority may revise or further revise that original decision at any time. Where further information is required from the person affected, the authority shall request such information and evidence as it feels is reasonable. Such information must be supplied within;

- i) one month of the date of notification of the additional information; or
- (ii) such extended time as the authority may allow

## **97.0 Written Statements**

97.1 Subject to the provisions in the scheme, the authority may upon a written request issue a written statement to a person affected to further explain the decision of the authority in relation to Council tax reduction. The request must be received within one month of the date of the notification being issued by the authority.

## **98.0 Terminations**

98.1 The authority may terminate reduction in whole or in part the Council tax reduction where it appears to the authority that an issue arises whether;

- a. the conditions for entitlement to Council tax reduction are or were fulfilled; or
- b. a decision as to an award of such a reduction should be revised or superseded.

98.2 The authority may terminate, in whole or in part the Council tax reduction where it appears to the authority that an issue arises whether;

- a. the conditions for entitlement to Council tax reduction are or were fulfilled; or
- b. a decision as to an award of such a reduction should be revised or superseded.

Where the person fails to provide information to the authority as requested in relation to any matter relating to their liability for Council Tax

**Section 99**

**Appeals against the authority's decisions**

**99.0 Procedure by which a person may make an appeal against certain decisions of the authority<sup>34</sup>**

- 99.1 A person who is aggrieved by a decision of the authority, which affects;
- (a) the person's entitlement to a reduction under its scheme, or
  - (b) the amount of any reduction to which that person is entitled,
- may serve a written notice on the authority stating the matter by which, and the grounds on which, he is aggrieved.
- 99.2 The authority must
- (a) consider the matter to which the notice relates;
  - (b) notify the aggrieved person in writing;
    - (i) that the ground is not well founded, giving reasons for that belief; or
    - (ii) that steps have been taken to deal with the grievance, stating the steps taken.
- 99.3 Where, following notification under sub-paragraph (2)(b)(i) or (ii), the person is still aggrieved, or if the authority fails to notify the person aggrieved in accordance with sub-paragraph (2)(b) within two months of the service of his notice, he may appeal to the valuation tribunal under section 16 of the 1992 Act<sup>35</sup>.

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<sup>34</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>35</sup> As amended by the Tribunal Procedure (Amendment No 3 ) Rules 2014

**Section 100**

**Procedure for applying for a discretionary reduction**

**100.0 Procedure for an application to the authority for a reduction under section 13A(1)(c) of the 1992 Act<sup>36</sup>**

100.1 An application to the authority for a reduction under section 13A(1)(c) of the 1992 Act may be made;

- (a) in writing,
- (b) by means of an electronic communication in accordance this scheme or
- (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.

100.2 Where;

- (a) the authority has made a determination under section 13A(1)(c) in relation to a class of case in which liability is to be reduced; and
- (b) a person in that class would otherwise be entitled to a reduction under its scheme, that person's application for a reduction under the authority's scheme may also be treated as an application for a reduction under section 13A(1)(c).

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<sup>36</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

**Section 101 – 106A<sup>37</sup>**  
**Electronic Communication**

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<sup>37</sup> Inserted by Council Tax Reductions Schemes (Prescribed Requirements) (England) Regulations 2012

### **101.0 Interpretation**

- 101.1 In this Part;  
“**information**” includes an application, a certificate, notice or other evidence; and  
“**official computer system**” means a computer system maintained by or on behalf of an authority for sending, receiving, processing or storing of any information.

### **102.0 Conditions for the use of electronic communication**

- 102.1 The authority may use an electronic communication in connection with applications for, and awards of, reductions under its scheme.
- 102.2 A person other than the authority may use an electronic communication in connection with the matters referred to in sub-paragraph (1) if the conditions specified in sub-paragraphs (3) to (6) are satisfied.
- 102.3 The first condition is that the person is for the time being permitted to use an electronic communication by an authorisation given by means of a direction of the Chief Executive of the authority.
- 102.4 The second condition is that the person uses an approved method of;
- (a) authenticating the identity of the sender of the communication;
  - (b) electronic communication;
  - (c) authenticating any application or notice delivered by means of an electronic communication; and
  - (d) subject to sub-paragraph (7), submitting to the authority any information.
- 102.5 The third condition is that any information sent by means of an electronic communication is in a form approved for the purposes.
- 102.6 The fourth condition is that the person maintains such records in written or electronic form as may be specified in a direction given by the Chief Executive of the authority.
- 102.7 Where the person uses any method other than the method approved of submitting any information, that information is to be treated as not having been submitted.
- 102.8 In this paragraph “approved” means approved by means of a direction given by the Chief Executive of the authority for the purposes of this section.

### **103.0 Use of intermediaries**

- 103.1 The authority may use intermediaries in connection with;
- (a) the delivery of any information by means of an electronic communication; and
  - (b) the authentication or security of anything transmitted by such means,
- and may require other persons to use intermediaries in connection with those matters.

### **104.0 Effect of delivering information by means of electronic communication**

- 104.1 Any information which is delivered by means of an electronic communication is to be treated as having been delivered in the manner or form required by any provision of an authority’s scheme on the day the conditions imposed;
- (a) by this section; and
  - (b) by or under an enactment,

are satisfied.

104.2 The authority may determine that any information is to be treated as delivered on a different day (whether earlier or later) from the day provided for in sub-paragraph (1).

104.3 Information may not be taken to have been delivered to an official computer system by means of an electronic communication unless it is accepted by the system to which it is delivered.

**105.0 Proof of identity of sender or recipient of information**

105.1 If it is necessary to prove, for the purpose of any legal proceedings, the identity of—  
(a) the sender of any information delivered by means of an electronic communication to an official computer system; or  
(b) the recipient of any such information delivered by means of an electronic communication from an official computer system,  
the sender or recipient, as the case may be, is to be presumed to be the person whose name is recorded as such on that official computer system.

**106.0 Proof of delivery of information**

106.1 If it is necessary to prove, for the purpose of any legal proceedings, that the use of an electronic communication has resulted in the delivery of any information this is presumed to have been the case where;

(a) any such information has been delivered to the relevant authority, if the delivery of that information has been recorded on an official computer system; or

(b) any such information has been delivered by the relevant authority, if the delivery of that information has been recorded on an official computer system.

106.2 If it is necessary to prove, for the purpose of any legal proceedings, that the use of an electronic communication has resulted in the delivery of any such information, this is presumed not to be the case, if that information delivered to the relevant authority has not been recorded on an official computer system.

106.3 If it is necessary to prove, for the purpose of any legal proceedings, when any such information sent by means of an electronic communication has been received, the time and date of receipt is presumed to be that recorded on an official computer system.

**106A.0 Proof of content of information**

106A.1 If it is necessary to prove, for the purpose of any legal proceedings, the content of any information sent by means of an electronic communication, the content is presumed to be that recorded on an official computer system.



**Section 107**  
**Counter Fraud and Compliance**

### **107.0 Counter Fraud and compliance**

107.1 In order to protect the finances of the authority and also in the interests of all council taxpayers, the authority will undertake such actions as allowed by law to;

- a. Prevent and detect fraudulent claims and actions in respect of Council tax reduction;
- b. Carry out investigations fairly, professionally and in accordance with the law; and
- c. Ensure that sanctions are applied in appropriate cases

107.2 The authority believes that it is important to minimise the opportunity for fraud and;

- a. will implement rigorous procedures for the verification of claims for council tax reduction;
- b. will employ sufficient Officers to fulfil the authority's commitment to combat fraud;
- c. will actively tackle fraud where it occurs in accordance with this scheme;
- d. will co-operate with the Department for Work and Pensions (DWP), Her Majesty's Revenues and Customs and take part in joint working including prosecutions; and
- e. will in all cases seek to recover all outstanding council tax.

107.3 The authority shall put into place such administrative policies, procedures and processes as are necessary to ensure that the actions outlined within paragraph 107.1 and 107.2 can be carried out successfully. In particular the authority shall undertake actions provided by the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013.

**Schedule 1**  
**Applicable Amounts<sup>38</sup>**

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<sup>38</sup> <sup>38</sup> The amounts shown within this schedule shall be updated in line with the Housing Benefit Regulations 2006 as amended

### Personal Allowance

- 1 The amounts specified in column (2) below in respect of each person or couple specified in column (1) shall be the amounts specified for the purposes the main scheme;

Column 1 Person or Couple	Column 2
1. A Single applicant who; a) is entitled to main phase employment and support allowance	£73.10
b) is aged not less than 25	£73.10
c) is aged not less than 18 but less than 25	£57.90
2. Lone Parent	£73.10
3. Couple; a) Where the applicant is entitled to the main phase of employment and support allowance	£114.85
b) Where one member is aged not less than 18	£114.85
c) Polygamous Addition	£41.75

For the purposes of paragraph 1 an applicant is entitled to main phase employment and support allowance if;

- a. Paragraph 17 or 18 is satisfied in relation to the applicant; or
- b. The applicant is entitled to a converted employment and support allowance

- 2 (1) The amount specified in column (2) below in respect of each person specified in column (1) shall, for the relevant period specified in column (1), be the amounts specified for the purposes of the main scheme

Column 1 Child or Young Person	Column 2
Person in respect of the period– (a) beginning on that person's date of birth and ending on the day preceding the first Monday in September following that person's sixteenth birthday;	£66.90
(b) beginning on the first Monday in September following that person's sixteenth birthday and ending on the day preceding that person's twentieth birthday.	£66.90

(2) In column (1) of the table in paragraph (1), "the first Monday in September" means the Monday which first occurs in the month of September in any year.

### Family Premiums

3. (1) The amount for the purposes of this scheme in respect of a family of which at least one member is a child or young person shall be
- a. where the applicant is a lone parent to whom sub-paragraph (3) of Schedule 3 of the Housing Benefit Regulations 2006 applies, £22.20;
  - b. in any other case, £17.45;

## **Premiums**

4. Except as provided in paragraph 5, the premiums specified in this Schedule shall, for the purposes of this scheme, be applicable to an applicant who satisfies the condition specified in paragraphs 4 to 16 in respect of that premium.
5. Subject to paragraph 6, where an applicant satisfies the conditions in respect of more than one premium in this Schedule, only one premium shall be applicable to him and, if they are different amounts, the higher or highest amount shall apply.
- 6 (1) The following premiums, namely—
- a. severe disability premium to which paragraph 10 applies;
  - b. an enhanced disability premium to which paragraph 11 applies;
  - c. a disabled child premium to which paragraph 12 applies; and
  - d. carer premium to which paragraph 13 applies,
- may be applicable in addition to any other premium which may apply under this Schedule
7. (1) Subject to sub-paragraph (2), for the purposes of this Schedule, once a premium is applicable to an applicant under this Part, a person shall be treated as being in receipt of any benefit for
- a. in the case of a benefit to which the Social Security (Overlapping Benefits) Regulations 1979 applies, any period during which, apart from the provisions of those Regulations, he would be in receipt of that benefit; and
  - b. any period spent by a person in undertaking a course of training or instruction provided or approved by the Secretary of State under section 2 of the 1973 Act or by Skills Development Scotland, Scottish Enterprise or Highlands and Islands Enterprise under or section 2 of the Enterprise and New Towns (Scotland) Act 1990 for any period during which he is in receipt of a training allowance.
- (2) For the purposes of the carer premium, a person shall be treated as being in receipt of carer's allowance by virtue of sub-paragraph (1)(a) only if and for so long as the person in respect of whose care the allowance has been claimed remains in receipt of attendance allowance, or the care component of disability living allowance at the highest or middle rate prescribed in accordance with section 72(3) of the Act or the daily living component of the personal independence payment under the Welfare Reform Act 2012 or an AFIP.

## **Disability Premium**

8. The condition (s) to be met is contained in Schedule 3 (12) Housing Benefit Regulations 2006

## **Additional Condition for the Disability Premiums**

9. The condition (s) to be met is contained in Schedule 3 (13) Housing Benefit Regulations 2006

## **Severe Disability Premiums**

10. The condition (s) to be met is contained in Schedule 3 (14) Housing Benefit Regulations 2006

## **Enhanced Disability Premium**

11. The condition (s) to be met is contained in Schedule 3 (15) Housing Benefit Regulations 2006

## **Disabled Child Premium**

12. The condition (s) to be met is contained in Schedule 3 (16) Housing Benefit Regulations 2006

## **Carer Premium**

13. The condition (s) to be met is contained in Schedule 3 (17) Housing Benefit Regulations 2006

## **Persons in receipt of concessionary payments**

14. For the purpose of determining whether a premium is applicable to a person under paragraphs 8 to 13, any concessionary payment made to compensate that person for the non-payment of any benefit mentioned in those paragraphs shall be treated as if it were a

payment of that benefit.

**Persons in receipt of benefit for another**

15. For the purposes of this Schedule, a person shall be regarded as being in receipt of any benefit if, and only if, it is paid in respect of him and shall be so regarded only for any period in respect of which that benefit is paid.

**Amounts of Premium**

16. For the purposes of this Schedule, the following amounts shall apply;

Premium	Amount
<b>Disability Premium</b>	£32.55
a. where the applicant satisfies the condition in paragraph 12(a) of Schedule 3 Housing Benefit Regulations 2006	
b. where the applicant satisfies the condition in paragraph 12(b) of Schedule 3 Housing Benefit Regulations 2006	£46.40
<b>Severe Disability Premium</b>	£62.45
a. where the applicant satisfies the condition in paragraph 14(2)(a) of Schedule 3 Housing Benefit Regulations 2006	
b. where the applicant satisfies the condition in paragraph 14(2)(b) of Schedule 3 Housing Benefit Regulations 2006	£62.45
i. in a case where there is someone in receipt of carer's allowance or if he or any partner satisfies that condition only by virtue of paragraph 14(5);	
ii. in a case where there is no one in receipt of such an allowance	£124.90
<b>Disabled Child Premium</b>	£60.90 in respect of each child or young person in respect of whom the condition specified in paragraph 16 of Part 3 of Schedule 3 Housing Benefit Regulations 2006
<b>Carer Premium</b>	£34.95 in respect of each person who satisfies the condition specified in paragraph 17 of Part 3 of Schedule 3 Housing Benefit Regulations 2006
<b>Enhanced Disability Premium</b>	(a) £24.78 in respect of each child or young person in respect of whom the conditions specified in paragraph 15 of Part 3 of Schedule 3 Housing Benefit Regulations 2006 are satisfied; (b) £15.90 in respect of each person who is neither— (i) a child or young person; nor (ii) a member of a couple or a polygamous marriage, in respect of whom the conditions specified in paragraph 15 are satisfied; (c) £22.85 where the applicant is a member of a couple or a

	polygamous marriage and the conditions specified in paragraph 15 of Part 3 of Schedule 3 Housing Benefit Regulations 2006 are satisfied in respect of a member of that couple or polygamous marriage.
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**The components**

- 17. The condition (s) to be met is contained in Schedule 3 (21 -24) Housing Benefit Regulations 2006 as amended by the Social Security (Miscellaneous Amendments) Regulations 2013
- 18. The amount of the work-related activity component is £29.05. The amount of the support component is £36.55

**Transitional Addition**

- 19. The applicant is entitled to the transitional addition calculated in accordance with paragraph 30 of Schedule 3 of the Housing Benefit Regulations 2006 where the applicant or the applicant's partner meets the conditions contained within paragraphs 27 – 29 of Schedule 3 of the Housing Benefit Regulations 2006

**Amount of transitional addition**

- 20. The amount of any transitional addition is calculated in accordance with paragraphs 30 and 31 of Schedule 3 of the Housing Benefit Regulations 2006

**Schedule 2**

**Not Used**



### **Schedule 3**

#### **Sums to be disregarded in the calculation of earnings<sup>39</sup>**

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<sup>39</sup> All amounts within this schedule will be amended in line with the Housing Benefit Regulations 2006 (as amended)

- 1.** In the case of an applicant who has been engaged in remunerative work as an employed earner or, had the employment been in Great Britain, would have been so engaged—
- (a) where—
    - (i) the employment has been terminated because of retirement; and
    - (ii) on retirement he is entitled to a retirement pension under the Act, or is not so entitled solely because of his failure to satisfy the contribution conditions,  
any earnings paid or due to be paid in respect of that employment, but only for a period commencing on the day immediately after the date on which the employment was terminated;
  - (b) where before the first day of entitlement to council tax reduction the employment has been terminated otherwise than because of retirement, any earnings paid or due to be paid in respect of that employment except—
    - (i) any payment of the nature described in
      - (aa) paragraph 25.1(e), or
      - (bb) section 28, 64 or 68 of the Employment Rights Act 1996 (guarantee payments, suspension from work on medical or maternity grounds); and
    - (ii) any award, sum or payment of the nature described in
      - (aa) paragraph 25.1(g) or (h), or
      - (bb) section 34 or 70 of the Employment Rights Act 1996 (guarantee payments and suspension from work: complaints to employment tribunals),  
including any payment made following the settlement of a complaint to an employment tribunal or of court proceedings;
  - (c) where before the first day of entitlement to council tax reduction—
    - (i) the employment has not been terminated, but
    - (ii) the applicant is not engaged in remunerative work,  
  
any earnings paid or due to be paid in respect of that employment except any payment or remuneration of the nature described in paragraph 1(b)(i) or (ii) (bb) or paragraph 25.1(i), or (j).
- 2.** In the case of an applicant who, before first day of entitlement to council tax reduction;
- (a) has been engaged in part-time employment as an employed earner or, where the employment has been outside Great Britain, would have been so engaged had the employment been in Great Britain; and
  - (b) has ceased to be engaged in that employment, whether or not that employment has been terminated,  
any earnings paid or due to be paid in respect of that employment except;
    - (i) where that employment has been terminated, any payment of the nature described in paragraph 1(b)(i) or (ii)(bb);
    - (ii) where that employment has not been terminated, any payment or remuneration of the nature described in paragraph 1(b)(i) or (ii)(bb) or paragraph 25.1(i), (i) or (j).
- 2A.** In the case of an applicant who has been engaged in remunerative work or part-time employment as a self-employed earner or, had the employment been in Great Britain would have been so engaged and who has ceased to be so employed, from the date of the cessation

of his employment any earnings derived from that employment except earnings to which paragraph 27.3 and paragraph 27.4 (earnings of self-employed earners) apply.

3. (1) In a case to which this paragraph applies and paragraph 4 does not apply, £20; but notwithstanding section 15 (calculation of income and capital of members of an applicant's family and of a polygamous marriage) if this paragraph applies to an applicant it shall not apply to his partner except where, and to the extent that, the earnings of the applicant which are to be disregarded under this paragraph are less than £20.
- (2) This paragraph applies where the applicant's applicable amount includes an amount by way of the disability premium, severe disability premium, work-related activity component or support component.
- (3) This paragraph applies where
  - (a) he is a member of a couple and his applicable amount includes an amount by way of the disability premium; and
  - (b) he or his partner has not attained the qualifying age for state pension credit and at least one is engaged in employment.
- (4)–(5) Not used
4. In a case where the applicant is a lone parent, £25.
5. (1) In a case to which neither paragraph 3 nor paragraph 4 applies to the applicant and, subject to sub-paragraph (2), where the applicant's applicable amount includes an amount by way of the carer premium, £20 of the earnings of the person who is, or at any time in the preceding eight weeks was, in receipt of carer's allowance or treated in accordance with this scheme as being in receipt of carer's allowance.
- (2) Where the carer premium is awarded in respect of the applicant and of any partner of his, their earnings shall for the purposes of this paragraph be aggregated, but the amount to be disregarded in accordance with sub-paragraph (1) shall not exceed £20 of the aggregated amount.
6. Where the carer premium is awarded in respect of an applicant who is a member of a couple and whose earnings are less than £20, but is not awarded in respect of the other member of the couple, and that other member is engaged in an employment;
  - (a) specified in paragraph 8(1), so much of the other member's earnings as would not when aggregated with the amount disregarded under paragraph 5 exceed £20;
  - (b) other than one specified in paragraph 8(1), so much of the other member's earnings from such other employment up to £10 as would not when aggregated with the amount disregarded under paragraph 5 exceed £20.
7. In a case where paragraphs 3, 5, 6 and 8 do not apply to the applicant and he is one of a couple and a member of that couple is in employment, £10; but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if this paragraph applies to an applicant it shall not apply to his partner except where, and to the extent that, the earnings of the applicant which are to be disregarded under this paragraph are less than £10.
8. (1) In a case where paragraphs 3, 4, 5 and 6 do not apply to the applicant, £20 of earnings derived from one or more employments as—
  - (a) as a part-time fire-fighter employed by a fire and rescue authority constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies;

- (b) a part-time fire-fighter employed by a fire and rescue authority (as defined in section 1 of the Fire (Scotland) Act 2005(a)) or a joint fire and rescue board constituted by an amalgamation scheme made under section 2(1) of that Act;
- (c) an auxiliary coastguard in respect of coast rescue activities;
- (d) a person engaged part-time in the manning or launching of a life boat;
- (e) a member of any territorial or reserve force prescribed in Part I of Schedule 6 to the Social Security (Contributions) Regulations 2001;

but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if this paragraph applies to an applicant it shall not apply to his partner except to the extent specified in sub-paragraph (2).

- (2) If the applicant's partner is engaged in employment;
  - (a) specified in sub-paragraph (1), so much of his earnings as would not in aggregate with the amount of the applicant's earnings disregarded under this paragraph exceed £20;
  - (b) other than one specified in sub-paragraph (1), so much of his earnings from that employment up to £10 as would not in aggregate with the applicant's earnings disregarded under this paragraph exceed £20.

**9.** Where the applicant is engaged in one or more employments specified in paragraph 8(1), but his earnings derived from such employments are less than £20 in any week and he is also engaged in any other employment so much of his earnings from that other employment, up to £5 if he is a single applicant, or up to £10 if he has a partner, as would not in aggregate with the amount of his earnings disregarded under paragraph 8 exceed £20.

**10.** In a case to which none of the paragraphs 3 to 9 applies, £5.

- 10A.** (1) Where;
- (a) the applicant (or if the applicant is a member of a couple, at least one member of that couple) is a person to whom sub-paragraph (5) applies;
  - (b) the Secretary of State is satisfied that that person is undertaking exempt work as defined in sub-paragraph (6); and
  - (c) paragraph 12 does not apply,
- the amount specified in sub-paragraph (7) ('the specified amount').

(2) Where this paragraph applies, paragraphs 3 to 10 do not apply; but in any case where the applicant is a lone parent, and the specified amount would be less than the amount specified in paragraph 4, then paragraph 4 applies instead of this paragraph.

(3) Notwithstanding section 15 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if sub-paragraph (1) applies to one member of a couple ('A') it shall not apply to the other member of that couple ('B') except to the extent provided in sub-paragraph (4).

(4) Where A's earnings are less than the specified amount, there shall also be disregarded so much of B's earnings as would not when aggregated with A's earnings exceed the specified amount; but the amount of B's earnings which may be disregarded under this sub-paragraph is limited to a maximum of £20 unless the Secretary of State is satisfied that B is also undertaking exempt work.

- (5) This sub-paragraph applies to a person who is;
- (a) in receipt of a contributory employment and support allowance;
  - (b) in receipt of incapacity benefit;
  - (c) in receipt of severe disablement allowance; or
  - (d) being credited with earnings on the grounds of incapacity for work or limited capability for work under regulation 8B of the Social Security (Credits) Regulations 1975

(6) 'Exempt work' means work of the kind described in;  
(a) regulation 45(2), (3) or (4) of the Employment and Support Allowance Regulations; or (as the case may be)  
(b) regulation 17(2), (3) or (4) of the Social Security (Incapacity for Work) (General) Regulations 1995,  
and, in determining for the purposes of this paragraph whether an applicant or a member of a couple is undertaking any type of exempt work, it is immaterial whether that person or their partner is also undertaking other work.

(7) The specified amount is the amount of money from time to time mentioned in any provision referred to in sub-paragraph (6) by virtue of which the work referred to in sub-paragraph (1) is exempt (or, where more than one such provision is relevant and those provisions mention different amounts of money, the highest of those amounts).

11. Any amount or the balance of any amount which would fall to be disregarded under paragraph 19 or 20 of Schedule 4 had the applicant's income which does not consist of earnings been sufficient to entitle him to the full disregard thereunder.

12. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, his earnings.

13. Any earnings derived from employment, which are payable in a country outside the United Kingdom for such period during which there is a prohibition against the transfer to the United Kingdom of those earnings.

14. Where a payment of earnings is made in a currency other than Sterling, any banking charge or commission payable in converting that payment into Sterling.

15. Any earnings of a child or young person.

16. (1) In a case where the applicant is a person who satisfies at least one of the conditions set out in sub-paragraph (2), and his net earnings equal or exceed the total of the amounts set out in sub-paragraph (3), the amount of his earnings that falls to be disregarded under paragraphs 3 to 10A of this Schedule shall be increased by £17.10.

(2) The conditions of this sub-paragraph are that—

(a) the applicant, or if he is a member of a couple, either the applicant or his partner, is a person to whom regulation 20(1)(c) of the Working Tax Credit Regulations applies; or

(b) the applicant—

(i) is, or if he is a member of a couple, at least one member of that couple is aged at least 25 and is engaged in remunerative work for on average not less than 30 hours per week; or

(ii) is a member of a couple and

(aa) at least one member of that couple, is engaged in remunerative work for on average not less than 16 hours per week; and

(bb) his applicable amount includes a family premium; or

(iii) is a lone parent who is engaged in remunerative work for on average not less than 16 hours per week; or

(iv) is, or if he is a member of a couple, at least one member of that couple is engaged in remunerative work for on average not less than 16 hours per week; and;

(aa) the applicant's applicable amount includes a disability premium, the work-related activity component or the support component ;

(bb) where he is a member of a couple, at least one member of that couple satisfies the qualifying conditions for the disability premium or either of the components referred to in sub-head (aa) above and is engaged in remunerative work for on average not less than 16 hours per week.

- (3) The following are the amounts referred to in sub-paragraph (1);
- (a) the amount calculated as disregardable from the applicant's earnings under paragraphs 3 to 10A of this Schedule;
  - (b) the amount of child care charges calculated as deductible under paragraph 17(1)(c); and
  - (c) £17.10

- (4) The provisions of section 6 shall apply in determining whether or not a person works for on average not less than 30 hours per week, but as if the reference to 16 hours in paragraph (1) of that section were a reference to 30 hours.

- 17.** In this Schedule 'part-time employment' means employment in which the person is engaged on average for less than 16 hours a week.

#### Schedule 4

**Sums to be disregarded in the calculation of income other than earnings<sup>40</sup>**

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<sup>40</sup> Any amounts shown in this schedule will be uprated in line with the Housing Benefit Regulations 2006 as amended

1. Any amount paid by way of tax on income, which is to be taken into account under section 30 (calculation of income other than earnings).
- A2. Any payment made to the claim and in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme.
- A3. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme, but only for 52 weeks beginning with the date of receipt of the payment.
2. Any payment in respect of any expenses incurred or to be incurred by an applicant who is–
  - (a) engaged by a charitable or voluntary organisation, or
  - (b) volunteer,
 if he otherwise derives no remuneration or profit from the employment and is not to be treated as possessing any earnings under section 32.0 (notional income).
- 2A. Any payment in respect of expenses arising out of the applicant’s participation as a service user.
3. In the case of employment as an employed earner, any payment in respect of expenses wholly, exclusively and necessarily incurred in the performance of the duties of the employment.
4. Where an applicant is on income support, an income-based jobseeker’s allowance or an income-related employment and support allowance the whole of his income.
5. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act and his partner is on an income-based jobseeker’s allowance, the whole of the applicant’s income.
6. Where the applicant, or the person who was the partner of the applicant on 31st March 2003, was entitled on that date to income support or an income-based jobseeker’s allowance but ceased to be so entitled on or before 5th April 2003 by virtue only of regulation 13 of the Housing Benefit (General) Amendment (No. 3) Regulations 1999 as in force at that date, the whole of his income.
7. Any disability living allowance or personal independence payment or AFIP
8. Any concessionary payment made to compensate for the non-payment of;
  - (a) any payment specified in paragraph 7 or 10;
  - (b) income support;
  - (c) an income-based jobseeker’s allowance.
  - (d) an income-related employment and support allowance.
9. Any mobility supplement under article 20 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (including such a supplement by virtue of any other scheme or order) or under article 25A of the Personal Injuries (Civilians) Scheme 1983 or any payment intended to compensate for the non-payment of such a supplement.
10. Any attendance allowance.
11. Any payment to the applicant as holder of the Victoria Cross or of the George Cross or any analogous payment.
12. (1) Any payment–



- (a) by way of an education maintenance allowance made pursuant to;
    - (i) regulations made under section 518 of the Education Act 1996 (payment of school expenses; grant of scholarships etc);
    - (ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980 (power to assist persons to take advantage of educational facilities);
    - (iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992
  - (b) corresponding to such an education maintenance allowance, made pursuant to;
    - (i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
    - (ii) regulations made under section 181 of that Act; or
    - (iii) in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.
- (2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;
- (a) regulations made under section 518 of the Education Act 1996;
  - (b) regulations made under section 49 of the Education (Scotland) Act 1980; or
  - (c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992,
- in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).
- 13.** Any payment made to the applicant by way of a repayment under regulation 11(2) of the Education (Teacher Student Loans) (Repayment etc.) Regulations 2002.
- 14** (1) Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 except a payment;
- (a) made as a substitute for income support, a jobseeker's allowance, incapacity benefit, severe disablement allowance or an employment and support allowance;
  - (b) of an allowance referred to in section 2(3) of the 1973 Act or section 2(5) of the Enterprise and New Towns (Scotland) Act 1990; or
  - (c) intended to meet the cost of living expenses which relate to any one or more of the items specified in sub-paragraph (2) whilst an applicant is participating in an education, training or other scheme to help him enhance his employment prospects unless the payment is a Career Development Loan paid pursuant to section 2 of the 1973 Act and the period of education or training or the scheme, which is supported by that loan, has been completed.
- (2) The items specified in this sub-paragraph for the purposes of sub-paragraph (1)(c) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
- 15** (1) Subject to sub-paragraph (2), any of the following payments;
- (a) a charitable payment;
  - (b) a voluntary payment;
  - (c) a payment (not falling within sub-paragraph (a) or (b) above) from a trust whose funds are derived from a payment made in consequence of any personal injury to the applicant;
  - (d) a payment under an annuity purchased;
    - (i) pursuant to any agreement or court order to make payments to the

- applicant; or
- (ii) from funds derived from a payment made, in consequence of any personal injury to the applicant; or
- (e) a payment (not falling within sub-paragraphs (a) to (d) received by virtue of any agreement or court order to make payments to the applicant in consequence of any personal injury to the applicant.
- (2) Sub-paragraph (1) shall not apply to a payment, which is made or due to be made by—
- (a) a former partner of the applicant, or a former partner of any member of the applicant's family; or
- (b) the parent of a child or young person where that child or young person is a member of the applicant's family.
- 16.** 100% of any of the following, namely
- (a) a war disablement pension (except insofar as such a pension falls to be disregarded under paragraph 9 or 10);
- (b) a war widow's pension or war widower's pension;
- (c) a pension payable to a person as a widow, widower or surviving civil partner under any power of Her Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
- (d) a guaranteed income payment;
- (e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
- (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
- (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.
- 17.** Subject to paragraph 35, £15 of any;
- (a) widowed mother's allowance paid pursuant to section 37 of the Act;
- (b) widowed parent's allowance paid pursuant to section 39A of the Act.
- 18.** (1) Any income derived from capital to which the applicant is or is treated under section 41 (capital jointly held) as beneficially entitled but, subject to sub-paragraph (2), not income derived from capital disregarded under paragraphs 1, 2, 4, 8, 14 or 25 to 28 of Schedule 5.
- (2) Income derived from capital disregarded under paragraphs 2, 4 or 25 to 28 of Schedule 5 but only to the extent of—
- (a) any mortgage repayments made in respect of the dwelling or premises in the period during which that income accrued; or
- (b) any council tax or water charges which the applicant is liable to pay in respect of the dwelling or premises and which are paid in the period during which that income accrued.
- (3) The definition of 'water charges' in paragraph 2(1) shall apply to sub-paragraph (2) of this paragraph with the omission of the words 'in so far as such charges are in respect of the dwelling which a person occupies as his home'.
- 19.** Where the applicant makes a parental contribution in respect of a student attending a course at an establishment in the United Kingdom or undergoing education in the United Kingdom, which contribution has been assessed for the purposes of calculating—
- (a) under, or pursuant to regulations made under powers conferred by, sections 1 or 2 of the Education Act 1962 or section 22 of the Teaching and Higher Education Act 1998, that student's award;
- (b) under regulations made in exercise of the powers conferred by section 49 of the Education (Scotland) Act 1980, that student's bursary, scholarship, or other allowance under that section or under regulations made in exercise of the powers conferred by section 73 of

that Act of 1980, any payment to that student under that section; or  
(c) the student's student loan,  
an amount equal to the weekly amount of that parental contribution, but only in respect of the period for which that contribution is assessed as being payable.

- 20.** (1) Where the applicant is the parent of a student aged under 25 in advanced education who either;
- (a) is not in receipt of any award, grant or student loan in respect of that education; or
  - (b) is in receipt of an award under section 2 of the Education Act 1962 (discretionary awards) or an award bestowed by virtue of the Teaching and Higher Education Act 1998, or regulations made thereunder, or a bursary, scholarship or other allowance under section 49(1) of the Education (Scotland) Act 1980, or a payment under section 73 of that Act of 1980,
- and the applicant makes payments by way of a contribution towards the student's maintenance, other than a parental contribution falling within paragraph 19, an amount specified in sub-paragraph (2) in respect of each week during the student's term.
- (2) For the purposes of sub-paragraph (1), the amount shall be equal to—
- (a) the weekly amount of the payments; or
  - (b) the amount by way of a personal allowance for a single applicant under 25 less the weekly amount of any award, bursary, scholarship, allowance or payment referred to in sub-paragraph (1)(b),
- whichever is less.
- 21.** Any payment made to the applicant by a child or young person or a non- dependant.
- 22.** Where the applicant occupies a dwelling as his home and the dwelling is also occupied by a person other than one to whom paragraph 21 or 23 refers and there is a contractual liability to make payments to the applicant in respect of the occupation of the dwelling by that person or a member of his family—
- (a) where the aggregate of any payments made in respect of any one week in respect of the occupation of the dwelling by that person or a member of his family, or by that person and a member of his family, is less than £20, the whole of that amount; or
  - (b) where the aggregate of any such payments is £20 or more per week, £20.
- 23.** (1) Where the applicant occupies a dwelling as his home and he provides in that dwelling board and lodging accommodation, an amount, in respect of each person for which such accommodation is provided for the whole or any part of a week, equal to—
- (a) where the aggregate of any payments made in respect of any one week in respect of such accommodation provided to such person does not exceed £20.00, 100 per cent. of such payments;
  - (b) where the aggregate of any such payments exceeds £20.00, £20.00 and 50 per cent. of the excess over £20.00.
- (2) In this paragraph, 'board and lodging accommodation' means accommodation provided to a person or, if he is a member of a family, to him or any other member of his family, for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which both are cooked or prepared (by a person other than the person to whom the accommodation is provided or a member of his family) and are consumed in that accommodation or associated premises.
- 24.** (1) Any income in kind, except where regulation 30(11)(b) (provision of support under section 95 or 98 of the Immigration and Asylum Act in the calculation of income other than earnings) applies.
- (2) The reference in sub-paragraph (1) to 'income in kind' does not include a payment to a third party made in respect of the applicant which is used by the third party to provide benefits in kind to the applicant.

- 25.** Any income which is payable in a country outside the United Kingdom for such period during which there is a prohibition against the transfer to the United Kingdom of that income.
- 26.** (1) Any payment made to the applicant in respect of a person who is a member of his family–
- (a) pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002 or in accordance or with a scheme approved by the Scottish Ministers under section 51A of the Adoption (Scotland) Act 1978(b) (schemes for payments of allowances to adopters); or in accordance with an Adoption Allowance Scheme made under section 71 of the Adoption and Children (Scotland) Act 2007 (Adoption Allowances Schemes)
  - (b) not used
  - (ba) which is a payment made by a local authority in pursuance of section 15(1) of, and paragraph 15 of Schedule 1 to, the Children Act 1989 (local authority contribution to a child’s maintenance where the child is living with a person as a result of a residence order) or in Scotland section 50 of the Children Act 1975 (payments towards maintenance of children);
  - (c) which is a payment made by an authority, as defined in Article 2 of the Children Order, in pursuance of Article 15 of, and paragraph 17 of Schedule 1 to, that Order (contribution by an authority to child’s maintenance);
  - (d) in accordance with regulations made pursuant to section 14F of the Children Act 1989(c) (special guardianship support services);
- (2) Any payment, other than a payment to which sub-paragraph (1)(a) applies, made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
- 27.** Any payment made to the applicant with whom a person is accommodated by virtue of arrangements made
- (a) by a local authority under–
    - (i) section 23(2)(a) of the Children Act 1989 (provision of accommodation and maintenance for a child whom they are looking after),
    - (ii) section 26 of the Children (Scotland) Act 1995 (manner of provision of accommodation to child looked after by local authority), or
    - (iii) regulations 33 or 51 of the Looked After Children (Scotland) Regulations 2009 (fostering and kinship care allowances and fostering allowances); or
  - (b) by a voluntary organisation under section 59(1)(a) of the Children Act 1989 (provision of accommodation by voluntary organisations).
- 28.** Any payment made to the applicant or his partner for a person (‘the person concerned’), who is not normally a member of the applicant’s household but is temporarily in his care, by–
- (a) a health authority;
  - (b) a local authority but excluding payments of housing benefit made in respect of the person concerned;
  - (c) a voluntary organisation;
  - (d) the person concerned pursuant to section 26(3A) of the National Assistance Act 1948;
  - (e) a primary care trust established under section 16A of the National Health Service Act 1977 or established by an order made under section 18(2)(c) of the National Health Service Act 2006; or
  - (f) a Local Health Board established under section 16BA of the National Health Service Act 1977 or established by an order made under section 11 of the National Health Service (Wales) Act 2006
- 29.** Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or section 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for

children and their families and advice and assistance to certain children).

- 29A.** (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989(e) or section 29 of the Children (Scotland) Act 1995(local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the applicant.
- (2) Sub-paragraph (1) applies only where A;
- (a) was formerly in the applicant's care, and
  - (b) is aged 18 or over, and
  - (c) continues to live with the applicant.
- 30.** (1) Subject to sub-paragraph (2), any payment received under an insurance policy taken out to insure against the risk of being unable to maintain repayments;
- (a) on a loan which is secured on the dwelling which the applicant occupies as his home; or
  - (b) under a regulated agreement as defined for the purposes of the Consumer Credit Act 1974 or under a hire-purchase agreement or a conditional sale agreement as defined for the purposes of Part 3 of the Hire-Purchase Act 1964.
- (2) A payment referred to in sub-paragraph (1) shall only be disregarded to the extent that the payment received under that policy does not exceed the amounts, calculated on a weekly basis, which are used to—
- (a) maintain the repayments referred to in sub-paragraph (1)(a) or, as the case may be, (b); and
  - (b) meet any amount due by way of premiums on—
    - (i) that policy; or
    - (ii) in a case to which sub-paragraph(1)(a) applies, an insurance policy taken out to insure against loss or damage to any building or part of a building which is occupied by the applicant as his home and which is required as a condition of the loan referred to in sub-paragraph (1)(a).
- 31.** Any payment of income which, by virtue of section 36 (income treated as capital) is to be treated as capital.
- 32.** Any social fund payment made pursuant to Part 8 of the Act (the Social Fund) or any local welfare provision as defined by the Social Security (Miscellaneous Amendments) Regulations 2013
- 33.** Any payment under Part 10 of the Act (Christmas bonus for pensioners).
- 34.** Where a payment of income is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
- 35.** The total of an applicant's income or, if he is a member of a family, the family's income and the income of any person which he is treated as possessing under paragraph 15.2 (calculation of income and capital of members of applicant's family and of a polygamous marriage) to be disregarded under paragraph 47.2(b) and paragraph 48.1(d) (calculation of covenant income where a contribution assessed, covenant income where no grant income or no contribution is assessed), paragraph 51(2) (treatment of student loans), paragraph 52(3) (treatment of payments from access funds) and paragraphs 16 and 17 shall in no case exceed £20 per week.
- 36.** (1) Any payment made under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006).
- (2) Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of—

- (a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of;

- (a) the person who is suffering from haemophilia or who is a qualifying person;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where;

- (a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family; and
- (b) the payment is made either:
  - (i) to that person's parent or step-parent, or
  - (ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or step-parent, to his guardian,

but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where;

- (a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who was or had been a member of his family; and
- (b) the payment is made either
  - (i) to that person's parent or step-parent, or
  - (ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian,

but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any income which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) For the purposes of sub-paragraphs (2) to (6), any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation and the London Bombings Relief Charitable Fund.

- 37.** Any housing benefit.
- 38.** Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.
- 39. - 40.** not used
- 41.** Any payment to a juror or witness in respect of attendance at a court other than compensation for loss of earnings or for the loss of a benefit payable under the benefit Acts.
- 42.** Not used
- 43.** Any payment in consequence of a reduction of council tax under section 13 or section 80 of the 1992 Act (reduction of liability for council tax).
- 44.** Not used
- 45.** (1) Any payment or repayment made—  
 (a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);  
 (b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);  
 (c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies).  
 (2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment or repayment, mentioned in sub-paragraph (1).
- 46.** Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins).
- 47.** Any payment made by either the Secretary of State for Justice or by the Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody.
- 48.** (1) Where an applicant's applicable amount includes an amount by way of a family premium, £15 of any payment of maintenance, other than child maintenance, whether under a court order or not, which is made or due to be made by the applicant's former partner, or the applicant's partner's former partner.  
 (2) For the purpose of sub-paragraph (1) where more than one maintenance payment falls to be taken into account in any week, all such payments such be aggregated and treated as if they were a single payment.  
 (3) A payment made by the Secretary of State in lieu of maintenance shall, for the purpose of sub-paragraph (1), be treated as a payment of maintenance made by a person specified in sub-paragraph (1).
- 48A.** (1) Any payment of child maintenance made or derived from a liable relative where the child or young person in respect of whom the payment is made is a member of the applicant's family, except where the person making the payment is the applicant or the applicant's partner.  
 (2) In paragraph (1) 'child maintenance' means any payment towards the maintenance of a child or young person, including any payment made voluntarily and payments made under;

- (a) the Child Support Act 1991;
- (b) the Child Support (Northern Ireland) Order 1991;
- (c) a court order;
- (d) a consent order;
- (e) a maintenance agreement registered for execution in the Books of Council and Session or the sheriff court books;

'liable relative' means a person listed in regulation 54 (interpretation) of the Income Support (General) Regulations 1987, other than a person falling within sub-paragraph (d) of that definition.

- 49.** Not used
- 50.** Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.
- 51.** Any guardian's allowance.
- 52.** (1) If the applicant is in receipt of any benefit under Parts 2, 3 or 5 of the Act, any increase in the rate of that benefit arising under Part 4 (increases for dependants) or section 106(a) (unemployability supplement) of the Act, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.
- (2) If the applicant is in receipt of any pension or allowance under Part 2 or 3 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006, any increase in the rate of that pension or allowance under that Order, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.
- 53.** Any supplementary pension under article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (pensions to surviving spouses and surviving civil partners) and any analogous payment made by the Secretary of State for Defence to any person who is not a person entitled under that Order.
- 54.** In the case of a pension awarded at the supplementary rate under article 27(3) of the Personal Injuries (Civilians) Scheme 1983(a) (pensions to widows, widowers or surviving civil partners), the sum specified in paragraph 1(c) of Schedule 4 to that Scheme.
- 55** (1) Any payment which is
- (a) made under any of the Dispensing Instruments to a widow, widower or
  - (b) surviving civil partner of a person;
    - (i) whose death was attributable to service in a capacity analogous to service as a member of the armed forces of the Crown; and
    - (ii) whose service in such capacity terminated before 31st March 1973; and equal to the amount specified in article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006.
- (2) In this paragraph 'the Dispensing Instruments' means the Order in Council of 19th December 1881, the Royal Warrant of 27th October 1884 and the Order by His Majesty of 14th January 1922 (exceptional grants of pay, non-effective pay and allowances).
- 55A.** Any council tax reduction or council tax benefit to which the applicant is entitled.
- 56.** Except in a case which falls under sub-paragraph (1) of paragraph 16 of Schedule 3, where the applicant is a person who satisfies any of the conditions of sub-paragraph (2) of that paragraph, any amount of working tax credit up to £17.10
- 56A.–56B.** Not used



- 57.** Any payment made under section 12B of the Social Work (Scotland) Act 1968, or under sections 12A to 12D of the National Health Service Act 2006 (direct payments for health care) or under regulations made under section 57 of the Health and Social Care Act 2001 (direct payments).
- 58.** (1) Subject to sub-paragraph (2), in respect of a person who is receiving, or who has received, assistance under the self-employment route, any payment to that person—  
 (a) to meet expenses wholly and necessarily incurred whilst carrying on the commercial activity;  
 (b) which is used or intended to be used to maintain repayments on a loan taken out by that person for the purpose of establishing or carrying on the commercial activity,  
 in respect of which such assistance is or was received.  
 (2) Sub-paragraph (1) shall apply only in respect of payments, which are paid to that person from the special account
- 59.** (1) Any payment of a sports award except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).  
 (2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.  
 (3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.
- 60.** Where the amount of subsistence allowance paid to a person in a reduction week exceeds the amount of income-based jobseeker's allowance that person would have received in that reduction week had it been payable to him, less 50p, that excess amount.
- 61.** In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise.
- 62.** Any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001 as amended by the Welfare Reform Act 2012 (Consequential Amendments) Regulations 2013.
- 63.** (1) Any payment made by a local authority or by the Welsh Ministers to or on behalf of the applicant or his partner relating to a service which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.  
 (2) For the purposes of sub-paragraph (1) 'local authority' includes, in England, a county council.
- 64.** Not used
- 65.** Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)
- 66.** Any payment of child benefit.

**Schedule 5**  
**Capital to be disregarded<sup>41</sup>**

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<sup>41</sup> Any amounts shown in this schedule will be uprated in line with the Housing Benefit Regulations 2006 as amended

1. The dwelling together with any garage, garden and outbuildings, normally occupied by the applicant as his home including any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular 5, in Scotland, any croft land on which the dwelling is situated; but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of polygamous marriage), only one dwelling shall be disregarded under this paragraph.
- A2. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme but only for 52 weeks beginning with the date of receipt of the payment.
- A3. Any payment made to the applicant in respect of any travel or other expenses incurred or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme but only for 52 weeks beginning with the date of receipt of the payment but only for 52 weeks beginning with the date of receipt of payment.
2. Any premises acquired for occupation by the applicant, which he intends to occupy as his home within 26 weeks of the date of acquisition or such longer period as is reasonable in the circumstances to enable the applicant to obtain possession and commence occupation of the premises.
3. Any sum directly attributable to the proceeds of sale of any premises formerly occupied by the applicant as his home which is to be used for the purchase of other premises intended for such occupation within 26 weeks of the date of sale or such longer period as is reasonable in the circumstances to enable the applicant to complete the purchase.
4. Any premises occupied in whole or in part—
  - (a) by a partner or relative of a single applicant or any member of the family as his home where that person has attained the qualifying age for state pension credit or is incapacitated;
  - (b) by the former partner of the applicant as his home; but this provision shall not apply where the former partner is a person from whom the applicant is estranged or divorced or with whom he had formed a civil partnership that has been dissolved.
5. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, the whole of his capital.
6. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act 1995 and his partner is on income-based jobseeker's allowance, the whole of the applicant's capital.
7. Any future interest in property of any kind, other than land or premises in respect of which the applicant has granted a subsisting lease or tenancy, including sub- leases or sub-tenancies.
8. (1) The assets of any business owned in whole or in part by the applicant and for the purposes of which he is engaged as a self-employed earner, or if he has ceased to be so engaged, for such period as may be reasonable in the circumstances to allow for disposal of any such asset.  
 (2) The assets of any business owned in whole or in part by the applicant where—
  - (a) he is not engaged as a self-employed earner in that business by reason of some disease or bodily or mental disablement; but
  - (b) he intends to become engaged or, as the case may be, re-engaged as a self-employed earner in that business as soon as he recovers or is able to become engaged or re-engaged in that business;

for a period of 26 weeks from the date on which the claim for council tax reduction is made, or is treated as made, or, if it is unreasonable to expect him to become engaged

or re-engaged in that business within that period, for such longer period as is reasonable in the circumstances to enable him to become so engaged or re-engaged.

(3) In the case of a person who is receiving assistance under the self-employment route, the assets acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is being received.

(3) In the case of a person who has ceased carrying on the commercial activity in respect of which assistance was received as specified in sub-paragraph (3), the assets relating to that activity for such period as may be reasonable in the circumstances to allow for disposal of any such asset.

9. (1) Subject to sub-paragraph (2), any arrears of, or any concessionary payment made to compensate for arrears due to the non-payment of;
- (a) any payment specified in paragraphs 7, 9 or 10 of Schedule 4;
  - (b) an income-related benefit under Part 7 of the Act;
  - (c) an income-based jobseeker's allowance;
  - (d) any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001;
  - (e) working tax credit and child tax credit
  - (f) an income-related employment and support allowance

but only for a period of 52 weeks from the date of the receipt of arrears or of the concessionary payment.

(2) In a case where the total of any arrears and, if appropriate, any concessionary payment referred to in sub-paragraph (1) relating to one of the specified payments, benefits or allowances amounts to £5,000 or more (referred to in this sub-paragraph and in sub-paragraph (3) as 'the relevant sum') and is

- (a) paid in order to rectify or to compensate for, an official error as defined in regulation 1(2) of the Decisions and Appeals Regulations; and
- (b) received by the applicant in full on or after 14th October 2001,

sub-paragraph (1) shall have effect in relation to such arrears or concessionary payment either for a period of 52 weeks from the date of receipt, or, if the relevant sum is received in its entirety during the award of council tax reduction, for the remainder of that award if that is a longer period.

- (3) For the purposes of sub-paragraph(2), 'the award of council tax reduction' means–
- (a) the award in which the relevant sum is first received (or the first part thereof where it is paid in more than one instalment); and
  - (b) where that award is followed by one or more further awards which, or each of which, begins immediately after the end of the previous award, such further award provided that for that further award the applicant;
    - (i) is the person who received the relevant sum; or
    - (ii) is the partner of the person who received the relevant sum, or was that person's partner at the date of his death.

10. Any sum
- (a) paid to the applicant in consequence of damage to, or loss of the home or any personal possession and intended for its repair or replacement; or
  - (b) acquired by the applicant (whether as a loan or otherwise) on the express condition that it is to be used for effecting essential repairs or improvement to the home, which is to be used for the intended purpose, for a period of 26 weeks from the date on which it was so paid or acquired or such longer period as is reasonable in the circumstances to effect the repairs, replacement or improvement.

- 11.** Any sum—
- (a) deposited with a housing association as defined in section 1(1) of the Housing Associations Act 1985 or section 338(1) of the Housing (Scotland) Act 1987 as a condition of occupying the home;
  - (b) which was so deposited and which is to be used for the purchase of another home,
- for the period of 26 weeks or such longer period as may be reasonable in the circumstances to enable the applicant to complete the purchase.
- 12.** Any personal possessions except those which have been acquired by the applicant with the intention of reducing his capital in order to secure entitlement to council tax reduction or to increase the amount of that reduction.
- 13.** The value of the right to receive any income under an annuity or the surrender value (if any) of such an annuity.
- 14.** Where the funds of a trust are derived from a payment made in consequence of any personal injury to the applicant or applicant's partner, the value of the trust fund and the value of the right to receive any payment under that trust.
- 14A.** (1) Any payment made to the applicant or the applicant's partner in consequence of any personal injury to the applicant or, as the case may be, the applicant's partner.
- (2) But sub-paragraph (1)
- (a) applies only for the period of 52 weeks beginning with the day on which the applicant first receives any payment in consequence of that personal injury;
  - (b) does not apply to any subsequent payment made to him in consequence of that injury (whether it is made by the same person or another);
  - (c) ceases to apply to the payment or any part of the payment from the day on which the applicant no longer possesses it;
  - (d) does not apply to any payment from a trust where the funds of the trust are derived from a payment made in consequence of any personal injury to the applicant.
- (3) For the purposes of sub-paragraph (2)(c), the circumstances in which an applicant no longer possesses a payment or a part of it include where the applicant has used a payment or part of it to purchase an asset.
- (4) References in sub-paragraphs (2) and (3) to the applicant are to be construed as including references to his partner (where applicable).
- 15.** The value of the right to receive any income under a life interest or from a life rent.
- 16.** The value of the right to receive any income, which is disregarded under paragraph 13 of Schedule 3 or paragraph 25 of Schedule 4.
- 17.** The surrender value of any policy of life insurance.
- 18.** Where any payment of capital falls to be made by instalments, the value of the right to receive any outstanding instalments.
- 19.** Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or sections 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).
- 19A.** (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989 or section 29 of the Children (Scotland) Act 1995 (local authorities' duty to promote welfare of children and powers to

grant financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the applicant.

(2) Sub-paragraph (1) applies only where A;

- (a) was formerly in the applicant's care, and
- (b) is aged 18 or over, and
- (c) continues to live with the applicant.

- 20.** Any social fund payment made pursuant to Part 8 of the Act.
- 21.** Any refund of tax which falls to be deducted under section 369 of the Income and Corporation Taxes Act 1988 (deduction of tax from certain loan interest) on a payment of relevant loan interest for the purpose of acquiring an interest in the home or carrying out repairs or improvements to the home.
- 22.** Any capital which, by virtue of sections 31 or 51 (capital treated as income, treatment of student loans) is to be treated as income.
- 23.** Where any payment of capital is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
- 24.** (1) Any payment made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the Charitable Fund.
- (2) Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of—
- (a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;
  - (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
  - (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.
- (3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of—
- (a) the person who is suffering from haemophilia or who is a qualifying person;
  - (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
  - (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.
- (4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where—
- (a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family;

and

(b) the payment is made either;

(i) to that person's parent or step-parent; or

(ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or step-parent, to his guardian,

but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or any of the Trusts to which sub-paragraph (1) refers, where

(a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he had formed a civil partnership that had not been dissolved, nor any child or young person who was or had been a member of his family; and

(b) the payment is made either;

(i) to that person's parent or step-parent; or

(ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian,

but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any capital resource which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) For the purposes of sub-paragraphs (2) to (6), any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited the Skipton Fund, the Caxton Foundation, and the London Bombings Relief Charitable Fund.

**25.** (1) Where an applicant has ceased to occupy what was formerly the dwelling occupied as the home following his estrangement or divorce from, or dissolution of his civil partnership with, his former partner, that dwelling for a period of 26 weeks from the date on which he ceased to occupy that dwelling or, where the dwelling is occupied as the home by the former partner who is a lone parent, for so long as it is so occupied.

(2) In this paragraph 'dwelling' includes any garage, garden and outbuildings, which were formerly occupied by the applicant as his home and any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular, in Scotland, any croft land on which the dwelling is situated.

**26.** Any premises where the applicant is taking reasonable steps to dispose of those premises, for a period of 26 weeks from the date on which he first took such steps, or such longer period as is reasonable in the circumstances to enable him to dispose of those premises.

**27.** Any premises which the applicant intends to occupy as his home, and in respect of which he is taking steps to obtain possession and has sought legal advice, or has commenced legal proceedings, with a view to obtaining possession, for a period of 26 weeks from the date on which he first sought such advice or first commenced such proceedings whichever is the earlier, or such longer period as is reasonable in the circumstances to enable him to obtain possession and commence occupation of those premises.

**28.** Any premises which the applicant intends to occupy as his home to which essential repairs or alterations are required in order to render them fit for such occupation, for a period of 26 weeks from the date on which the applicant first takes steps to effect those repairs or alterations, or such longer period as is necessary to enable those repairs or alterations to be

carried out.

29. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.
30. Not used
31. The value of the right to receive an occupational or personal pension.
32. The value of any funds held under a personal pension scheme
33. The value of the right to receive any rent except where the applicant has a reversionary interest in the property in respect of which rent is due.
34. Any payment in kind made by a charity or under or by the Trusts, the Fund, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006).
35. Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990, but only for the period of 52 weeks beginning on the date of receipt of the payment.
36. Not used.
37. Any payment in consequence of a reduction of council tax under section 13 or, as the case may be, section 80 of the Local Government Finance Act 1992 (reduction of liability for council tax), but only for a period of 52 weeks from the date of the receipt of the payment.
38. Any grant made in accordance with a scheme made under section 129 of the Housing Act 1988 or section 66 of the Housing (Scotland) Act 1988 (schemes for payments to assist local housing authority and local authority tenants to obtain other accommodation) which is to be used—
  - (a) to purchase premises intended for occupation as his home; or
  - (b) to carry out repairs or alterations which are required to render premises fit for occupation as his home,for a period of 26 weeks from the date on which he received such a grant or such longer period as is reasonable in the circumstances to enable the purchase, repairs or alterations to be completed and the applicant to commence occupation of those premises as his home.
39. Any arrears of supplementary pension which is disregarded under paragraph 53 of Schedule 4 (sums to be disregarded in the calculation of income other than earnings) or of any amount which is disregarded under paragraph 54 or 55 of that Schedule, but only for a period of 52 weeks from the date of receipt of the arrears.
40. (1) Any payment or repayment made—
  - (a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);
  - (b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);
  - (c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies),but only for a period of 52 weeks from the date of receipt of the payment or repayment.  
(2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment, or repayment mentioned



in sub-paragraph (1), but only for a period of 52 weeks from the date of the receipt of the payment or repayment.

- 41.** Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins), but only for a period of 52 weeks from the date of receipt of the payment.
- 41A.** Any payment made under Part 8A of the Act (entitlement to health in pregnancy grant).
- 42.** Any payment made either by the Secretary of State for Justice or by Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody, but only for a period of 52 weeks from the date of the receipt of the payment.
- 43.** Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.
- 44.** Not used
- 45.** Any payment made by a local authority under section 3 of the Disabled Persons (Employment) Act 1958 to homeworkers assisted under the Blind Homeworkers' Scheme.
- 46.** (1) Subject to sub-paragraph (2), where an applicant satisfies the conditions in section 131(3) and (6) of the Act (entitlement to alternative maximum council tax reduction), the whole of his capital.  
(2) Where in addition to satisfying the conditions in section 131(3) and (6) of the Act the applicant also satisfies the conditions in section 131(4) and (5) of the Act (entitlement to the maximum council tax reduction), sub-paragraph (1) shall not have effect.
- 47.** (1) Any sum of capital to which sub-paragraph (2) applies and  
(a) which is administered on behalf of a person by the High Court or the County Court under Rule 21.11(1) of the Civil Procedure Rules 1998 or by the Court of Protection;  
(b) which can only be disposed of by order or direction of any such court; or  
(c) where the person concerned is under the age of 18, which can only be disposed of by order or direction prior to that person attaining age 18.  
(2) This sub-paragraph applies to a sum of capital which is derived from;  
(a) an award of damages for a personal injury to that person; or  
(b) compensation for the death of one or both parents where the person concerned is under the age of 18.
- 48.** Any sum of capital administered on behalf of a person in accordance with an order made under section 13 of the Children (Scotland) Act 1995, or under Rule 36.14 of the Ordinary Cause Rules 1993 or under Rule 128 of those Rules, where such sum derives from  
(a) award of damages for a personal injury to that person; or  
(b) compensation for the death of one or both parents where the person concerned is under the age of 18.
- 49.** Any payment to the applicant as holder of the Victoria Cross or George Cross.
- 50.** Not used
- 51.** In the case of a person who is receiving, or who has received, assistance under the self-employment route, any sum of capital which is acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is or

was received but only for a period of 52 weeks from the date on which that sum was acquired.

- 52.** (1) Any payment of a sports award for a period of 26 weeks from the date of receipt of that payment except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).

(2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.

(3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.

- 53.** (1) Any payment;

- (a) by way of an education maintenance allowance made pursuant to—  
(i) regulations made under section 518 of the Education Act 1996;  
(ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980;  
(iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992;
- (b) corresponding to such an education maintenance allowance, made pursuant to;  
(i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or  
(ii) regulations made under section 181 of that Act ;

or in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.

- (2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;  
(a) regulations made under section 518 of the Education Act 1996;  
(b) regulations made under section 49 of the Education (Scotland) Act 1980; or  
(c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992, in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).

**53A.-53B.** Not used

- 54.** In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise, but only for the period of 52 weeks from the date of receipt of the payment.

- 55.** Any arrears of subsistence allowance paid as a lump sum but only for the period of 52 weeks from the date of receipt of the payment.

- 56.** Where an ex-gratia payment of £10,000 has been made by the Secretary of State on or after 1st February 2001 in consequence of the imprisonment or interment of—

- (a) the applicant;  
(b) the applicant's partner;  
(c) the applicant's deceased spouse or deceased civil partner; or  
(d) the applicant's partner's deceased spouse or deceased civil partner,

by the Japanese during the Second World War, £10,000.

- 57.** (1) Subject to sub-paragraph (2), the amount of any trust payment made to an applicant or

- a member of an applicant's family who is
- (a) a diagnosed person;
  - (b) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
  - (c) a parent of a diagnosed person, a person acting in place of the diagnosed person's parents or a person who was so acting at the date of the diagnosed person's death; or
  - (d) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other than his partner) at the date of the diagnosed person's death.
- (2) Where a trust payment is made to;
- (a) a person referred to in sub-paragraph (1)(a) or (b), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending on the date on which that person dies;
  - (b) a person referred to in sub-paragraph (1)(c), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending two years after that date;
  - (c) a person referred to in sub-paragraph (1)(d), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending—
    - (i) two years after that date; or
    - (ii) on the day before the day on which that person—
      - (aa) ceases receiving full-time education; or
      - (bb) attains the age of 20,
 whichever is the latest.
- (3) Subject to sub-paragraph (4), the amount of any payment by a person to whom a trust payment has been made or of any payment out of the estate of a person to whom a trust payment has been made, which is made to an applicant or a member of an applicant's family who is—
- (a) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
  - (b) a parent of a diagnosed person, a person acting in place of the diagnosed person's parents or a person who was so acting at the date of the diagnosed person's death; or
  - (c) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other than his partner) at the date of the diagnosed person's death, but only to the extent that such payments do not exceed the total amount of any trust payments made to that person.
- (4) Where a payment as referred to in sub-paragraph (3) is made to—
- (a) a person referred to in sub-paragraph (3)(a), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending on the date on which that person dies;
  - (b) a person referred to in sub-paragraph (3)(b), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending two years after that date; or
  - (c) person referred to in sub-paragraph (3)(c), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending—
    - (i) two years after that date; or
    - (ii) on the day before the day on which that person
      - (aa) ceases receiving full-time education; or
      - (bb) attains the age of 20,
 whichever is the latest.
- (5) In this paragraph, a reference to a person—
- (a) being the diagnosed person's partner;
  - (b) being a member of a diagnosed person's family;

(c) acting in place of the diagnosed person's parents, at the date of the diagnosed person's death shall include a person who would have been such a person or a person who would have been so acting, but for the diagnosed person residing in a care home, an Abbeyfield Home or an independent hospital on that date.

- (6) In this paragraph— 'diagnosed person' means a person who has been diagnosed as suffering from, or who, after his death, has been diagnosed as having suffered from, variant Creutzfeld- Jakob disease;  
'relevant trust' means a trust established out of funds provided by the Secretary of State in respect of persons who suffered, or who are suffering, from variant Creutzfeld- Jakob disease for the benefit of persons eligible for payments in accordance with its provisions;  
'trust payment' means a payment under a relevant trust.

- 58.** The amount of any payment, other than a war pension, to compensate for the fact that the applicant, the applicant's partner, the applicant's deceased spouse or deceased civil partner or the applicant's partner's deceased spouse or deceased civil partner
- (a) was a slave labourer or a forced labourer;
  - (b) had suffered property loss or had suffered personal injury; or
  - (c) was a parent of a child who had died,
- during the Second World War.
- 59** (1) Any payment made by a local authority, or by the Welsh Ministers, to or on behalf of the applicant or his partner relating to a service, which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.
- (2) For the purposes of sub-paragraph (1) 'local authority' includes in England a county council.
- 60.** Any payment made under regulations made under section 57 of the Health and Social Care Act 2001 or under section 12B of the Social Work (Scotland) Act 1968, or under section 12A to 12D of the National Health Service Act 2006 (direct payments for health care).
- 61.** Any payment made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
- 62.** Any payment made to the applicant in accordance with regulations made pursuant to section 14F of the Children Act 1989 (special guardianship support services).
- 63.** Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)