

# Agenda

## Cabinet

**Date: Thursday 31 January 2019**

---

**Time: 10.00 am**

---

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

---

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

For any further information please contact:

**Sarah Buffrey**

Tel: (01432) 260176

Email: [sarah.buffrey@herefordshire.gov.uk](mailto:sarah.buffrey@herefordshire.gov.uk)

---

If you would like help to understand this document, or would like it in another format, please call Sarah Buffrey on (01432) 260176 or e-mail [sarah.buffrey@herefordshire.gov.uk](mailto:sarah.buffrey@herefordshire.gov.uk) in advance of the meeting.

# **Agenda for the meeting of Cabinet**

## **Membership**

<b>Chairperson</b>	<b>Councillor JG Lester, Leader of the Council</b>
<b>Vice-Chairperson</b>	<b>Councillor NE Shaw, Deputy Leader of the Council</b>
	<b>Councillor H Bramer</b>
	<b>Councillor BA Durkin</b>
	<b>Councillor DG Harlow</b>
	<b>Councillor PD Price</b>
	<b>Councillor P Rone</b>
	<b>Councillor EJ Swinglehurst</b>

## Agenda

	Pages
<p><b>1. APOLOGIES FOR ABSENCE</b></p> <p>To receive any apologies for absence.</p>	
<p><b>2. DECLARATIONS OF INTEREST</b></p> <p>To receive declarations of interests in respect of Schedule 1, Schedule 2 or Other Interests from members of the committee in respect of items on the agenda.</p>	
<p><b>3. MINUTES</b></p> <p>To approve and sign the minutes of the meeting held on 17 January 2019.</p>	To Follow
<p><b>4. 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 Friday 25 January.</i>  <i>Accepted questions will be published as a supplement prior to the meeting.</i>  <i>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>	
<p><b>5. QUESTIONS FROM COUNCILLORS</b></p> <p>To receive questions from councillors.  <i>Deadline for receipt of questions is 5:00pm on Friday 25 January.</i>  <i>Accepted questions will be published as a supplement prior to the meeting.</i></p>	
<p><b>6. 2019/20 COUNCIL TAX REDUCTION SCHEME</b></p> <p>To approve the continuation of the 2018/19 local council tax reduction scheme (CTR) for 2019/20. The current scheme was initially approved by Council on 18 December 2015.</p>	11 - 162
<p><b>7. CAPITAL PROGRAMME 2019/20 ONWARDS AND CAPITAL STRATEGY</b></p> <p>To recommend to Council for approval the capital investment budget and capital strategy for 2019/20 onwards.</p>	163 - 200
<p><b>8. SETTING THE 2019/20 BUDGET AND UPDATING THE MEDIUM TERM FINANCIAL STRATEGY AND TREASURY MANAGEMENT STRATEGY</b></p> <p>To agree the draft 2019/20 budget and associated medium term financial strategy and treasury management strategy for recommendation to Council on 15 February.</p>	201 - 318





## **The Public's Rights to Information and Attendance at Meetings**

### **YOU HAVE A RIGHT TO: -**

- Attend all Council, Cabinet, Committee and Sub-Committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information.
- Inspect agenda and public reports at least five clear days before the date of the meeting.
- Inspect minutes of the Council and all Committees and Sub-Committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.
- 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.
- Access to a public register stating the names, addresses and wards of all Councillors with details of the membership of Cabinet and of all Committees and Sub-Committees.
- Have a reasonable number of copies of agenda and reports (relating to items to be considered in public) made available to the public attending meetings of the Council, Cabinet, Committees and Sub-Committees.
- Have access to a list specifying those powers on which the Council have delegated decision making to their officers identifying the officers concerned by title.
- Copy any of the documents mentioned above to which you have a right of access, subject to a reasonable charge (20p per sheet subject to a maximum of £5.00 per agenda plus a nominal fee of £1.50 for postage).
- Access to this summary of your rights as members of the public to attend meetings of the Council, Cabinet, Committees and Sub-Committees and to inspect and copy documents.

### **Public Transport Links**

- The Shire Hall is a few minutes walking distance from both bus stations located in the town centre of Hereford.

## **RECORDING OF THIS MEETING**

Please note that filming, photography and recording of this meeting is permitted provided that it does not disrupt the business of the meeting.

Members of the public are advised that if you do not wish to be filmed or photographed you should let the governance services team know before the meeting starts so that anyone who intends filming or photographing the meeting can be made aware.

The reporting of meetings is subject to the law and it is the responsibility of those doing the reporting to ensure that they comply.

The council is making an official audio recording of this public meeting. These recordings form part of the public record of the meeting and are made available for members of the public via the council's web-site. To listen live or to hear the entire recording once the meeting has finished navigate to the page for the meeting and click the larger blue arrow at the top of the agenda. To listen to an individual agenda item click the small blue arrow against that agenda item.

## **FIRE AND EMERGENCY EVACUATION PROCEDURE**

In the event of a fire or emergency the alarm bell will ring continuously.

You should vacate the building in an orderly manner through the nearest available fire exit and make your way to the Fire Assembly Point in the Shire Hall car park.

Please do not allow any items of clothing, etc. to obstruct any of the exits.

Do not delay your vacating of the building by stopping or returning to collect coats or other personal belongings.

The Chairperson or an attendee at the meeting must take the signing in sheet so it can be checked when everyone is at the assembly point.

## 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 JG Lester (Leader) (Conservative)	Corporate Strategy and Budget
Councillor NE Shaw (Deputy Leader) (Conservative)	Finance and Corporate Services
Councillor H Bramer (Conservative)	Contracts and Assets
Councillor BA Durkin (Conservative)	Transport and Regulatory Services
Councillor DG Harlow (Conservative)	Economy and Communications
Councillor PD Price (Conservative)	Infrastructure
Councillor P Rone (Conservative)	Health and Wellbeing
Councillor E Swinglehurst (Conservative)	Children and Families

The Cabinet's roles are:

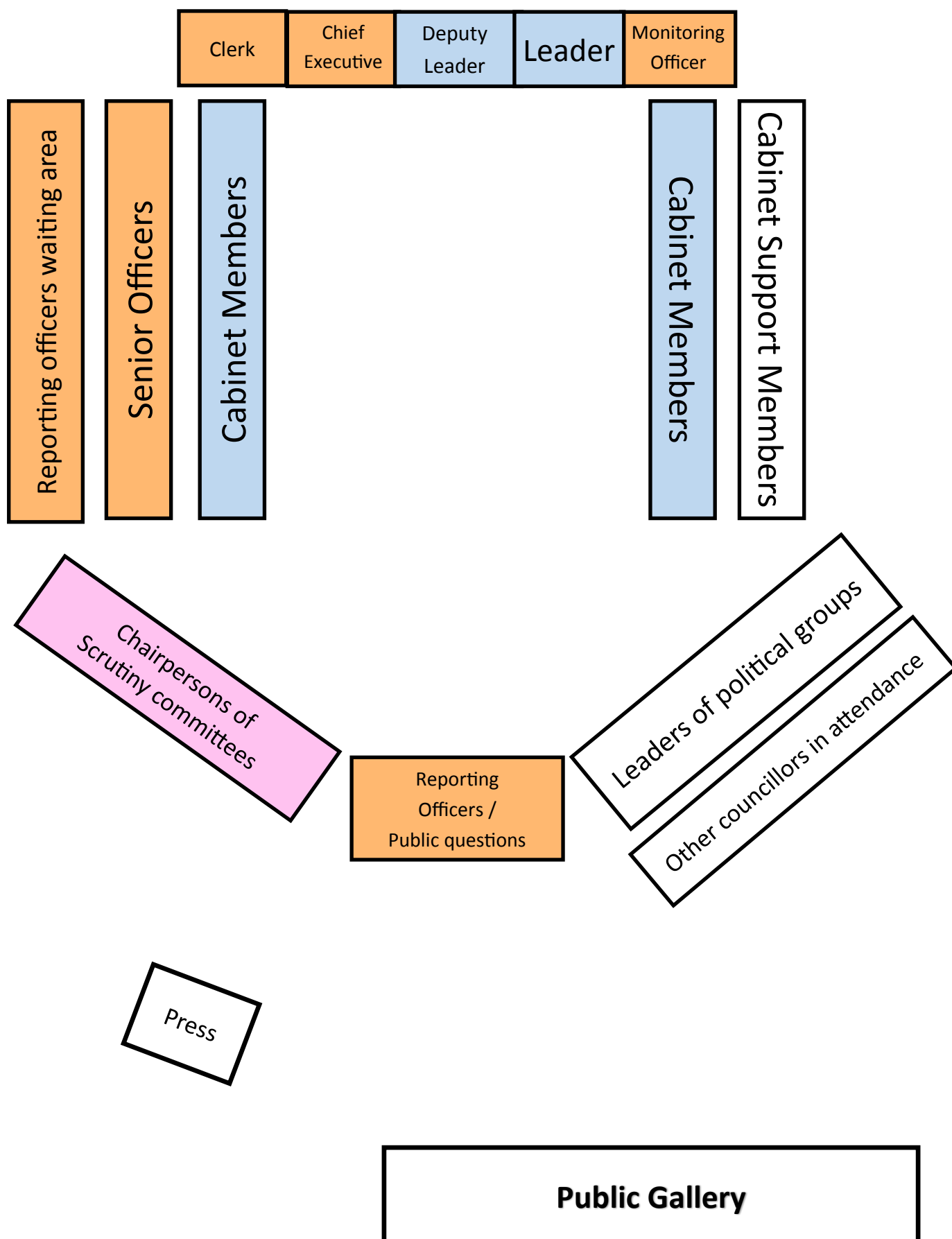
- To consider the overall management and direction of the Council. Directed by the Leader of the Council, it will work with senior managers to ensure the policies of Herefordshire are clear and carried through effectively;
- To propose to Council a strategic policy framework and individual strategic 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	Chairpersons 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.









<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>Thursday 31 January 2019</b>
<b>Title of report:</b>	<b>2019/20 Council Tax Reduction Scheme</b>
<b>Report by:</b>	<b>Cabinet member corporate strategy and budget Chief finance officer</b>

## Classification

Open

## Decision type

Budget and policy framework

## Wards affected

(All Wards);

## Purpose and summary

To approve the continuation of the 2018/19 local council tax reduction scheme (CTR) for 2019/20. The current scheme was 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) The council tax reduction scheme for 2019/20, attached at appendix 2, be approved.**

## Alternative options

1. The local council tax reduction scheme can be amended however the current scheme is working as intended and there is no evidence of a need to change. Any changes to the current scheme require statutory public consultation to be undertaken ahead of proposing scheme changes.

## Key considerations

2. Council tax charges can be reduced where the bill payer meets certain set criteria contained in the council tax reduction scheme (CTR). CTR is available to working age and pensioner claimants. The pensioner CTR scheme is set nationally. The working age CTR scheme is set locally. Approximately 12,000 bill payers in Herefordshire are in receipt of CTR, with the claims of around 50% being from pensioners.
3. The existing local CTR scheme approved by Council in December 2015 was applied in 2016/17, 2017/18 and 2018/19. It is considered appropriate to continue with this scheme for a further year, 2019/20.
4. The existing CTR scheme for working age claimants in Herefordshire provides a discount varying between 80% and 84% on the amount of council tax payable. The amount of discount awarded considers:
  - The status of the claimant. Where the claimant is protected (because they are in receipt of either severe disability premium or carers allowance, or reside 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.
5. The council summons council tax accounts that are in arrears. Summons total approximately 7,000 in one year and over 40% of these summons are to individuals in receipt of CTR, however this number is consistently falling per annum. In 2017/18 a total write-off of uncollectable council tax debt from individuals in receipt of CTR was £4,213. This supports maintaining the current CTR scheme criteria.
6. Whilst the current scheme was approved in 2015 it is a statutory requirement for the CTR scheme to be approved annually by Council in the preceding financial year.

## Community impact

7. The scheme supports the council's corporate plan by demonstrating effective management of resources to secure a balanced budget.
8. Herefordshire Council is passionate about improving the lives and life chances of our care leavers so in addition to CTR care leavers can receive discount on their council tax charge of up to 100 percent when aged between 18 and 25.

## Equality duty

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.
9. 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. The approved scheme will have an impact on some residents; appendix 1 provides more details on the potential impact and the mitigating action available. The impact of the current scheme is showing an overall diminishing impact on working age claimants. The council continues to provide assistance to claimants in meeting payments due and maintains a hardship fund for consideration in exceptional circumstances.

## **Resource implications**

- 10. Council tax charges are reduced by approximately £12.5m per annum by CTR and approximately £4m of council tax remains payable per annum by recipients of CTR. Over 80% of the amount billed to CTR claimants is collected within the year that the bill is raised. This collection rate has remained constant and has risen slightly in 2017/18, up to 84%.
- 11. The continuation of the current scheme in 2019/20 is in line with the draft budget assumptions. No new savings target has been included in the medium term financial strategy to be delivered by changes to the current CTR scheme in 2019/20.

## **Legal implications**

- 12. The CTR scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 2012.
- 13. 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 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.
- 14. A statutory procedure is provided for under Paragraph 3 of Schedule 1A which a billing authority must follow when revising its scheme. This report does not recommend that the current scheme is revised and so therefore there are no other significant legal implications arising from this report.

## **Risk management**

- 15. Approximately 40% of the current summons run relate to CTR claimants, this percentage has been declining in recent years. There is a risk that claimants may not pay their council tax charge and move further into debt because of summons charges. The actual collection of council tax charged to CTR claimants has risen in recent years. The effect on an

individual household continues to be mitigated by the availability of the hardship scheme, take up has not increased to date.

16. The resourcing of the current scheme will remain within current established working practices. The impact of the roll-out of universal credit full service from July 2018 hasn't been evidenced to be detrimental to date. The close working arrangements between the council and the department of work and pensions ahead of and post roll-out has supported this. The situation will continue to be monitored.

## **Consultees**

17. Specific consultation was completed when the current scheme was introduced. 49% of respondents to the council's 2019/20 budget consultation supported "keeping the maximum discount of 84%" for low income households in receipt of CTR.

## **Appendices**

Appendix 1 – Equality Impact Assessment (EIA)

Appendix 2 – council tax reduction scheme for 2019/20

## **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>5 December 2018</b>
<b>Signature of completing officer (to be signed after the EIA has been completed)</b>	<b>Josie Rushgrove</b>
<b>Name and signature of Head of Service (to be signed after the EIA has been completed)</b>	<b>Andrew Lovegrove</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																							
State the Function/Policy /Service/Strategy being assessed:	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Socio-economic			Priority status For EIA		
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
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			✓			✓			✓			✓			✓			✓			✓			✓

Policy - CTRS	Relevance/Risk to Equalities																							
State the Function/Policy /Service/Strategy being assessed:	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Socio-economic			Priority status For EIA		
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
taxpayers have to pay at least 20% of the council tax charge.																								
			✓			✓			✓			✓			✓			✓			✓		✓	
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.

	<p>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.</p> <p>This equality impact assessment looks at the potential for <b>not only</b> protecting pensioners (as required under the legislation) <b>but also</b> retaining a large amount of the protections already present for working age within the existing CTRS scheme carried forward from the CTB scheme.</p> <p>Where a <b>working age claimant</b> 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;</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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.</li> <li>• 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</li> <li>• 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)</li> </ul>
--	--

	<p>These parameters will apply from 01 April 2019</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 of 11,681 claimants and average council tax reduction per week of £20.37 per claimant is provided.</p>
<b>(2) How does the policy/service fit with the council's wider objectives?</b>	<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>
<b>(3) What are the expected outcomes of the policy/service? Who is intended to benefit from the policy/service and in what way?</b>	<p>The desired outcomes are as follows;</p> <p><b>Pension Age Claimants</b></p>



		<ul style="list-style-type: none"><li>• That all pensioners receive the level of support required by regulations set by Central Government (Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012);</li><li>• 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</li><li>• That all pensioner claimants continue to receive the correct level of council tax reduction at all times.</li></ul> <p><b>Working Age Claimants</b></p> <ul style="list-style-type: none"><li>• That all working age claimants are still able to receive Council Tax Reduction ; and</li><li>• That all working age claimants continue to receive the correct level of council tax reduction at all times.</li></ul>		
<p><b>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 2019/2020</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>	

<b>(5) Are there any obvious barriers to accessing the service?</b>	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. Universal credit claimants are directed to make a council tax reduction claim by their department of work and pensions key worker contact.
<b>(6) How does the policy/service contribute to promotion of equality?</b>	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.
<b>(7) Does the policy/service have the potential to promote good relations between groups?</b>	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

<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>5,577 claimants and average amount per week of £5.90 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? What new consultation, if any, do you need to undertake?</b>	No consultation required due to maintaining the council's existing CTR Scheme.

<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 2019/2020</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>

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



Herefordshire Council - Council Tax Reduction Scheme .....	1
1.0 Introduction to the Council Tax Reduction Scheme.....	7
2.0 Interpretation – an explanation of the terms used within this scheme.....	13
3.0 Definition of non-dependant .....	21
4.0 Requirement to provide a National Insurance Number .....	22
5.0 Persons who have attained the qualifying age for state pension credit .....	22
6.0 Remunerative work.....	22
7.0 Persons treated as not being in Great Britain and Persons Subject to Immigration Control .....	23
Persons subject to immigration control.....	25
7A.0 Transitional provision .....	25
8.0 Temporary Absence (period of absence) .....	25
Sections 9 - 11 .....	28
The family for Council tax reduction purposes.....	28
9.0 Membership of a family .....	29
10.0 Circumstances in which a person is to be treated as responsible (or not responsible) for a child or young person. ....	29
11.0 Circumstances in which a child or young person is to be treated as being or not being a member of the household .....	30
Sections 12 – 14 & Schedule 1.....	31
Applicable Amounts for Council tax reduction purposes .....	31
12.0 Applicable amounts.....	32
13.0 Polygamous marriages .....	32
14.0 Applicable amount: persons who are not pensioners who have an award of universal credit .....	32
Sections 15 – 32 & Schedules 3 & 4.....	34
Definition and the treatment of income for Council tax reduction purposes.....	34
15.0 Calculation of income and capital of members of applicant’s family and of a polygamous marriage .....	35
16.0 Circumstances in which capital and income of non-dependant is to be treated as applicant’s .....	36
17.0 Calculation of income on a weekly basis.....	36
18.0 Treatment of child care charges.....	36
19.0 Average weekly earnings of employed earners .....	40
20.0 Average weekly earnings of self-employed earners .....	41
21.0 Average weekly income other than earnings.....	41
22.0 Calculation of average weekly income from tax credits .....	41
23.0 Calculation of weekly income .....	42
24.0 Disregard of changes in tax, contributions etc.....	42
25.0 Earnings of employed earners.....	42
26.0 Calculation of net earnings of employed earners .....	43
27.0 Earnings of self-employed earners.....	44
Herefordshire Council - Council Tax Reduction Scheme 2019/20 .....	2

28.0	Calculation of net profit of self-employed earners .....	45
29.0	Deduction of tax and contributions of self-employed earners .....	46
30.0	Calculation of income other than earnings .....	47
31.0	Capital treated as income .....	49
32.0	Notional income .....	49
	Sections 33 – 42 & Schedule 5 .....	52
	Definition and the treatment of capital for Council tax reduction purposes .....	52
33.0	Capital limit .....	53
34.0	Calculation of capital .....	53
35.0	Disregard of capital of child and young person .....	53
36.0	Income treated as capital .....	53
37.0	Calculation of capital in the United Kingdom .....	53
38.0	Calculation of capital outside the United Kingdom .....	54
39.0	Notional capital .....	54
40.0	Not Used .....	55
41.0	Capital jointly held .....	55
42.0	Not Used .....	55
	Sections 43 - 56 .....	56
	Definition and the treatment of students for Council tax reduction purposes .....	56
43.0	Student related definitions .....	57
44.0	Treatment of students .....	60
45.0	Students who are excluded from entitlement to council tax reduction .....	60
46.0	Calculation of grant income .....	61
47.0	Calculation of covenant income where a contribution is assessed .....	62
48.0	Covenant income where no grant income or no contribution is assessed .....	63
49.0	Student Covenant Income and Grant income – non disregard .....	63
50.0	Other amounts to be disregarded .....	63
51.0	Treatment of student loans .....	63
51A.0	Treatment of fee loans .....	65
52.0	Treatment of payments from access funds .....	65
53.0	Disregard of contribution .....	65
54.0	Further disregard of student's income .....	65
55.0	Income treated as capital .....	66
56.0	Disregard of changes occurring during summer vacation .....	66
	Sections 57 – 63 .....	67
	The calculation and amount of Council tax reduction .....	67
57.0	Maximum council tax reduction .....	68
57A	Protected Group .....	68

58.0	Non-dependant deductions .....	68
59.0	Council tax reduction taper (applies to persons defined within Class E) .....	70
60.0	Extended reductions .....	70
60A.0	Duration of extended reduction period .....	71
60B.0	Amount of extended reduction.....	71
60C	Extended reductions – movers.....	72
60D.0	Relationship between extended reduction and entitlement to council tax reduction under the general conditions of entitlement.....	72
61.0	Extended reductions (qualifying contributory benefits) .....	72
61A.0	Duration of extended reduction period (qualifying contributory benefits) .....	73
61B.0	Amount of extended reduction (qualifying contributory benefits).....	73
61C.0	Extended reductions (qualifying contributory benefits) – movers .....	74
61D.0	Relationship between extended reduction (qualifying contributory benefits) and entitlement to council tax reduction under the general conditions of entitlement .....	74
62.0 - 63.0	Not Used .....	74
Sections 64 – 67.....		75
Dates on which entitlement and changes of circumstances are to take effect .....		75
64.0	Date on which entitlement is to begin .....	76
65.0 - 66.0	Not Used .....	76
67.0	Date on which change of circumstances is to take effect .....	76
Sections 68– 74A .....		77
Claiming and the treatment of claims for Council tax reduction purposes.....		77
69.0	Procedure by which a person may apply for a reduction under the authority's scheme	79
70.0	Submission of evidence electronically .....	82
71.0	Use of telephone provided evidence .....	82
72.0	Information and evidence .....	82
73.0	Amendment and withdrawal of application .....	83
74.0	Duty to notify changes of circumstances .....	84
Sections 75- 90 .....		86
Decisions, decision notices and awards of Council tax reduction .....		86
75.0	Decisions by the authority.....	87
76.0	Notification of decision .....	87
77.0	Time and manner of granting council tax reduction .....	88
78.0	Persons to whom reduction is to be paid .....	88
79.0	Shortfall in reduction.....	89
80.0	Payment on the death of the person entitled.....	89
81.0	Offsetting .....	89
82.0	Payment where there is joint and several liability .....	89
83.0 – 90.0	Not used .....	90
Sections 91 – 94.....		91



Collection, holding and forwarding of information for Council tax reduction purposes.....	91
91.0 Use of information from and to the Department of Work and Pensions (DWP) and Her Majesty's Revenues and Customs (HMRC) .....	92
92.0 Collection of information .....	92
93.0 Recording and holding information .....	92
94.0 Forwarding of information .....	92
Sections 95 – 98.....	93
Revisions, Written Statements, Termination of Council tax reduction .....	93
95.0 Persons affected by Decisions.....	94
96.0 Revisions of Decisions .....	94
97.0 Written Statements.....	94
98.0 Terminations .....	94
Section 99 .....	95
Appeals against the authority's decisions .....	95
99.0 Procedure by which a person may make an appeal against certain decisions of the authority .....	96
Section 100.....	97
Procedure for applying for a discretionary reduction .....	97
100.0 Procedure for an application to the authority for a reduction under section 13A(1)(c) of the 1992 Act.....	98
Section 101 – 106A.....	99
Electronic Communication .....	99
101.0 Interpretation.....	100
102.0 Conditions for the use of electronic communication.....	100
103.0 Use of intermediaries.....	100
104.0 Effect of delivering information by means of electronic communication.....	100
105.0 Proof of identity of sender or recipient of information .....	101
106.0 Proof of delivery of information.....	101
106A.0Proof of content of information.....	101
Section 107 .....	102
Counter Fraud and Compliance .....	102
107.0 Counter Fraud and compliance .....	103
Schedule 1 .....	104
Applicable Amounts .....	104
Personal Allowance .....	105
Family Premiums .....	105
Premiums .....	106
Disability Premium .....	106
Additional Condition for the Disability Premiums .....	106
Severe Disability Premiums .....	106

Enhanced Disability Premium.....	106
Disabled Child Premium .....	106
Carer Premium .....	106
Persons in receipt of concessionary payments .....	106
Persons in receipt of benefit for another .....	107
Amounts of Premium .....	107
The components.....	108
Transitional Addition .....	108
Amount of transitional addition .....	108
Schedule 2 .....	109
Not Used.....	109
Schedule 3 .....	110
Sums to be disregarded in the calculation of earnings .....	110
Schedule 4 .....	116
Sums to be disregarded in the calculation of income other than earnings.....	116
Schedule 5 .....	127
Capital to be disregarded .....	127

## **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 2019.
- 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 2019 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;
  - The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017;
  - The Council Tax Reduction Schemes (Amendment) (England) Regulations 2018; 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 resident;
- d. is not deemed to be absent from the dwelling;

---

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

- 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 2019/20

**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 the 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 (Civilian) 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;

**'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

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

**'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;

**‘Up-rating 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 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

<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



- 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.

#### **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.

---

<sup>15</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- 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

	<ul style="list-style-type: none"> <li>(ii) a family member (within the meaning of regulation 7 of those Regulations) of such a jobseeker;</li> </ul>
	<ul style="list-style-type: none"> <li>(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</li> <li>(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).</li> </ul>
7.5	<p>A person falls within this paragraph if the person is—</p> <ul style="list-style-type: none"> <li>(a) a qualified person for the purposes of regulation 6 of the EEA Regulations as a worker or a self-employed person;</li> <li>(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;</li> <li>(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;</li> <li>(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;</li> <li>(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— <ul style="list-style-type: none"> <li>(i) discretionary leave to enter or remain in the United Kingdom,</li> <li>(ii) leave to remain under the Destitution Domestic Violence concession which came into effect on 1st April 2012, or</li> <li>(iii) leave deemed to have been granted by virtue of regulation 3 of the Displaced Persons (Temporary Protection) Regulations 2005.</li> </ul> </li> <li>(f) a person who has humanitarian protection granted under those rules;</li> <li>(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;</li> <li>(h) in receipt of income support or on an income-related employment and support allowance;</li> <li>(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</li> <li>(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 2013 (right of residence of a Croatian who is an "accession State national subject to worker authorisation")</li> </ul>
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	<p>In this regulation—</p> <p>"claim for asylum" has the same meaning as in section 94(1) of the Immigration and Asylum Act 1999;</p> <p>"Crown servant" means a person holding an office or employment under the Crown;</p>

<sup>16</sup> As amended by the Immigration Act 2014 and the Immigration Act 2014 (Commencement No. 2) Order 2014

“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 married or unmarried couple;
  - 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;
  - two people of the same sex who are civil partners of each other and are members of the same household (with or without children);
  - 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),
  - 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;
  - 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 9.2 Paragraph 9.1 the definition of child or young person shall not apply to a person who is;
- on income support ;
  - an income-based jobseeker's allowance or an income related employment and support allowance; or be entitled to an award of Universal Credit; or
  - 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;
- the person who is receiving child benefit in respect of him; or
  - if there is no such person;
    - 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–
- 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;
  - 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
  - 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–
- in the week before the period of maternity leave, paternity leave or adoption leave began she was in remunerative work;
  - the applicant is incurring relevant child care charges within the meaning of paragraph 18.5; and
  - 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 virtue 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–
- the date that leave ends;
  - 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
  - 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
- '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
  - '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;
- who has, or
  - 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–
- over a period immediately preceding the reduction week in which the claim is made or treated as made and being a period of
    - 5 weeks, if he is paid weekly; or
    - 2 months, if he is paid monthly; or
  - 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 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;
- 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

<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

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;

	<ul style="list-style-type: none"> <li>f. any expenses incurred in providing business entertainment, and</li> <li>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.</li> </ul>
28.6	<p>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–</p> <ul style="list-style-type: none"> <li>a. the replacement in the course of business of equipment or machinery; and</li> <li>b. the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair.</li> </ul>
28.7	<p>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.</p>
28.8	<p>For the avoidance of doubt–</p> <ul style="list-style-type: none"> <li>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;</li> <li>b. a deduction shall be made thereunder in respect of– <ul style="list-style-type: none"> <li>i. the excess of any value added tax paid over value added tax received in the assessment period;</li> <li>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;</li> <li>iii. any payment of interest on a loan taken out for the purposes of the employment</li> </ul> </li> </ul>
28.9	<p>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</p> <ul style="list-style-type: none"> <li>a. income tax; and</li> <li>b. national insurance contributions payable under the Act, calculated in accordance with section 29 (deduction of tax and contributions for self-employed earners); and</li> <li>c. one-half of the amount calculated in accordance with paragraph 28.1 in respect of any qualifying contribution.</li> </ul>
28.10	<p>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.</p>
28.11	<p>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</p> <ul style="list-style-type: none"> <li>a. where the qualifying premium is payable monthly, by multiplying the amount of the qualifying premium by 12 and divided the product by 365;</li> <li>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.</li> </ul>
28.12	<p>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.</p>
<b>29.0</b>	<p><b>Deduction of tax and contributions of self-employed earners</b></p>
29.1	<p>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</p>

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

	<p>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;</p> <p>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;</p> <p>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.</p>
32.7	<p>Paragraph 32.6 shall not apply in respect of a payment of income made—</p> <p>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);</p> <p>b. pursuant to section 19(1)(a) of the Coal Industry Act 1994 (concessionary coal);</p> <p>c. pursuant to section 2 of the 1973 Act in respect of a person's participation—</p> <p>(i) in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's Allowance Regulations;</p> <p>(ii) in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;</p> <p>(iii) in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;</p> <p>(iv) in a qualifying course within the meaning specified in regulation 17A(7) of those Regulations or;</p> <p>(v) in the Flexible New Deal specified in regulation 75(1)(a)(v) of those Regulations;</p> <p>d. in respect of a previous participation in the Mandatory Work Activity Scheme;</p> <p>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—</p> <p>(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;</p> <p>(ii) the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and</p> <p>(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.</p>
32.8	<p>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.</p>
32.9	<p>Subject to paragraph 32.10, where—</p> <p>a. applicant performs a service for another person; and</p> <p>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.</p>

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—
- where there would be expenses attributable to the sale, 10 per cent.; and
  - 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 subparagraph (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>**

---

<sup>18</sup> Amounts shown in sections 43 to 56 will be uprated 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 sub-paragraphs (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, £12.20 x 1/7;
- (b) in respect of a non-dependant aged 18 or over to whom sub-paragraph (a) does not apply, £4.00 x 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

---

<sup>19</sup> The amounts shown within this section shall be uprated 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 £207.70, the deduction to be made under this paragraph shall be that specified in paragraph 58.1(b);
- (b) not less than £207.70, but less than £360.10, the deduction to be made under this section shall be £8.10 x 1/7
- (c) not less than £360.10, but less than £447.40, the deduction to be made under this section shall be £10.20 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**

---

<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.

---

<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

---

<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 it is received.

---

<sup>24</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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.

74.7 In addition to the changes required to be reported under sub-paragraph (7), a person whose

---

<sup>25</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012



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

<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.

---

<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>.
- .

---

<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).

---

<sup>36</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

**Section 101 – 106A<sup>37</sup>**  
**Electronic Communication**

---

<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>**

---

<sup>38</sup> <sup>38</sup> The amounts shown within this schedule shall be uprated 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;

- Paragraph 17 or 18 is satisfied in relation to the applicant; or
- 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
- where the applicant is a lone parent to whom sub-paragraph (3) of Schedule 3 of the Housing Benefit Regulations 2006 applies, £22.20;
  - in any other case, £17.45;

## **Premiums**

4. Except as provided in paragraph 5, the premiums specified 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 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>	£34.35
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	£48.95
<b>Severe Disability Premium</b>	£65.85
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	£65.85
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	£131.70
<b>Disabled Child Premium</b>	£64.19 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>	£36.85 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) £26.04 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) £16.80 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) £24.10 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.
<b>The components</b>	
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 £38.55.
<b>Transitional Addition</b>	
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
<b>Amount of transitional addition</b>	
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
Herefordshire Council - Council Tax Reduction Scheme 2019/20	



**Schedule 2**

**Not Used**

### **Schedule 3**

#### **Sums to be disregarded in the calculation of earnings<sup>39</sup>**

---

<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>**

---

<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>**

---

<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 subparagraph (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)





<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>Thursday 31 January 2019</b>
<b>Title of report:</b>	<b>Capital programme 2019/20 onwards and Capital Strategy</b>
<b>Report by:</b>	<b>Cabinet Member Finance 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 recommend to Council for approval the capital investment budget and capital strategy for 2019/20 onwards.

Appendix 3 provides details of the proposed additions to the existing capital programme that have been identified and the impact of approving these additions.

In line with CIPFA requirements a capital strategy has been written to reflect future direction for capital investment, the strategy is included at appendix 4 and in line with the guidelines requires Council approval.

## Recommendation(s)

**That: the following be recommended to Council**

- (a) the proposed capital programme from 2019/20 attached at appendix 3 be approved;**
- (b) cabinet be delegated authority to add the two deferred projects (Countywide Investment in B, C & U roads and Countywide Investment in Strategic Road Network) in appendix 1 as funding becomes available; and**
- (c) approve capital strategy document at appendix 4.**

---

Further information on the subject of this report is available from  
Karen Morris, Tel: 01432 261865, email: [karen.morris1@herefordshire.gov.uk](mailto:karen.morris1@herefordshire.gov.uk)

## Alternative options

1. It is open to Cabinet to recommend alternative capital investment options to Council. No alternative options have been brought forward to date and suggestions would require review and assessment, in line with those completed on the options presented in this report. In addition, as an amendment to proposals put forward by Cabinet, any amendment would either require the consent of the Leader of the Council or further consideration by Cabinet before a decision could be taken in accordance with budget and policy framework rules.
2. If delegated authority is not given to include the deferred projects then any future requirements would need to be requested in the same way as new projects. They have been included to allow flexibility to utilise capital funding if it becomes available.
3. A capital strategy is required in accordance with statutory new guidance issued by CIPFA, discretion on content of the strategy but we have applied the guidelines within the draft.

## Key considerations

4. The capital programme reflects capital investment generating benefit to the county for a period in excess of one year.
5. 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.
6. The approved capital programme has been updated to show additional external funding secured for 2018/19 onwards. Since approval of the programme at July Council, an additional £28.16m has been added to the capital programme (some are included with indicative figures that will be updated once the final announcement has been made), as follows:
  - a) £734k Sustainable Energy in Public Buildings (SEPuBu) grant – this is funding to be issued as grants to match expenditure incurred for providing sustainable energy in public buildings
  - b) £3.6m Schools Maintenance grant, with £1.2m included for each year from 2019/20.
  - c) Removal of original challenge fund estimated budget of £12.045m that was not achieved.
  - d) £8.581m Basic Needs Funding Grant Allocation which is a grant provided to create additional places in schools in line with estimated pupil numbers.
  - e) £5.559m Disabled Facility Grant that has been estimated at £1.853m each year from 2019/20, this grant contributes towards the costs of adaptations to allow disabled people to remain living in their own homes.
  - f) £5.108m additional Department for Transport (DfT) grant recently announced to be spent on road improvements.
  - g) £1.461m additional European Agricultural Fund for Rural Development (EAFRD) funding increase towards the 'Fastershire' project to improve broadband across the county.
  - h) £960k Warm Homes Fund to support fuel poor households with first time central heating systems across both Herefordshire and Shropshire; Herefordshire



Council is the lead accountable body.

- i) £14.203m Local Transport Grant that has been indicated on the DfT website, to determine the annual allocation for 19/20 and 20/21 at £12.272m.
7. As part of the 2019/20 budget setting process, priority capital investment needs for 2019/20 have been identified.
8. All proposals were submitted on the basis of need, and are included in appendix 1 along with a description of what each proposal includes. Proposals have been scored based on the following criteria:-
- a) Consequence of not being included in 2019/20, high score indicates urgency;
  - b) Legal need for inclusion, high score represents a legal need to include;
  - c) Member support secured, high score demonstrates support;
  - d) Linkage to the corporate plan (CP), high score where scheme provides high level of support;
  - e) Funded, high score where the proposal has secured external funding;
  - f) Deliverability, high score where the scheme is ready to go;
  - g) Risk, high score if the scheme decreases exposure to risk.
9. Each of the criteria above has been given an indicative mark out of 5, scoring may be used to prioritise spend if Cabinet/Council wish to limit capital investment or if the overall projects funding request proposed was above the current borrowing limits. Each proposal's score out of a maximum score of 35 is detailed below:-

Scheme	Consequence	Legal need	Member support	Link to CP	Funded	Deliverability	Risk	Total
Upgrade of Herefordshire CCTV System	3	2	2	4	3	3	4	21
Countywide Investment in B, C & U roads	4	3	3	3	3	4	4	24
Countywide Investment in Footways & Cycle Ways	3	3	3	3	3	4	3	22
Countywide Investment in Strategic Road Network	4	4	4	3	3	4	4	26
Countywide Investment in Bridges	3	3	4	4	3	4	4	25
Estate Capital Programme 2019/22	3	2	2	3	3	3	3	19
School Transport Route Planning Software	2	1	2	3	2	3	2	15
Laptop/PC Replacement Programme	3	1	1	2	1	3	3	14

Scheme	Consequence	Legal need	Member support	Link to CP	Funded	Deliverability	Risk	Total
2nd Phase Gypsy & Traveller pitch development	3	3	3	3	2	3	3	20
Hereford Transport Package (HTP)	3	1	4	3	2	3	3	19
Hereford City Centre Improvements (HCCI)	2	1	3	3	2	3	2	16
Hillside	4	3	4	4	3	3	3	24
Corporate Fleet Procurement	2	1	1	4	3	3	3	17
Courtyard Development	2	1	3	3	4	3	2	18
Waverley House, Leominster	4	4	3	4	3	3	3	24
Dual use of Ledbury Children Centre	2	1	2	2	2	3	2	14
Temporary Replacement School Accommodation - Orleton	4	3	3	4	3	3	4	24

10. 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.
11. The proposals are recommended to Council by Cabinet and following consultation with all the scrutiny committees as referred to in the consultees section of this report.
12. There are two projects in appendix 1 shown as deferred projects, these were chosen due to the following reasons. The resurfacing of B, C & U roads in 19/20 has been deferred as a recent announcement of an additional grant of £5.108m from the DfT has allowed the council to carry out this maintenance work to the B, C & U road network during the last few months of 2018/19. Investment in the strategic road network of £9.2m will be added to the programme when funding becomes available.
13. Therefore as a result of both of these schemes being deferred a recommendation has been made to allow Cabinet to reinstate these projects if other projects within the programme deliver under budget and create funding that could be reallocated to fund these projects, or additional funding becomes available.
14. The capital strategy has been developed in accordance with CIPFA guidelines. The purpose of the capital strategy is to tell a story that gives a clear and concise view of how the council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It should not duplicate other more detailed policies, procedures and plans but instead sit above these and reference these to allow those seeking more detail to know where to find it. That said, it should provide sufficient detail so that it provides an accessible single source for the reader.

## Community impact

15. In accordance with the adopted code of corporate governance, Herefordshire Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these is an important strategic choice to make to ensure intended outcomes are achieved. The council needs robust decision-making mechanisms to ensure our outcomes can be achieved in a way that provides the best use of resources while still enable efficient and effective operations.
16. 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

17. 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 the council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in its 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

18. The proposed additions at appendix 1 total £30.41m over the next three years. Of this, £6.75m is proposed to be funded by capital grants to be applied for as other grants received are added to the programme with approval of the Chief Finance Officer, and £1.28m by capital receipts. This leaves £22.38m requiring financing from prudential borrowing (PB). Of this the cost of financing £1.98m of prudential borrowing repayment costs will be funded from additional revenue streams generated by the investment, leaving additional costs of financing £20.4m prudential borrowing to be funded by the corporate revenue budget, £7.43m being in 2019/20. The grant for the Courtyard will not be added to the capital programme as it will be received directly by them but was included below to enable review of the full business case. Where projects have been added but they depend on grant, if the grant request is not successful the full project including any match funding will be removed.

<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>
Upgrade of Herefordshire CCTV System	184.0				134.0	50.0
Countywide Investment in B, C & U roads	2,500.0					2,500.0
Countywide Investment in Footways & Cycle Ways	2,250.0	2,250.0				
Countywide Investment in Bridges	5,000.0	4,000.0				1,000.0
Estate Capital Programme 2019/22	4,835.0			180.0		4,655.0
School Transport Route Planning Software	90.0					90.0
Laptop/PC Replacement Programme	1,156.0					1,156.0
2nd Phase Gypsy & Traveller pitch development	1,517.0				545.0	972.0
Hereford Transport Package (HTP)	3,500.0					3,500.0
Hereford City Centre Improvements (HCCI)	5,500.0					5,500.0
Hillside	1,050.0			1,050.0		
Corporate Fleet Procurement	737.6			50.0	687.6	
Courtyard Development	1,111.0	500.0			611.0	
Waverley House, Leominster	468.0					468.0
Dual use of Ledbury Children Centre	60.0					60.0
Temporary Replacement School Accommodation - Orleton	450.0					450.0
<b>Total</b>	<b>30,408.6</b>	<b>6,750.0</b>	<b>0.0</b>	<b>1,280.0</b>	<b>1,977.6</b>	<b>20,401.0</b>

19. 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 £6.7m new prudential borrowing per annum over the strategy period. 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 and there is a surplus of £1.49m retained to use on other projects that may need funding before the end of the 3 year programme proposed.
20. The additional borrowing requirement is reflected in an update to the Treasury Management Strategy as shown in the report appearing elsewhere on Council's agenda today with actual borrowing being secured as cash funding is required at the optimal interest rate available at that time.
21. Individual capital scheme resourcing implications will be detailed in the approval to precede decision.

22. There has been a change in the funding required for the Cyber Centre where originally the £3.5m was to be funded by a £2m loan to be repaid and a £1.5m donation funded by capital receipts. During the set up phase due to tax implications when setting up the Joint Venture (JV) it is the best option to now fund this fully as a loan to the JV and therefore all £3.5m will be repaid to the Council over the terms of the loan. To enable the projects above to be funded and retain the surplus the amount identified from capital receipts has been allocated to the current £1.5m Hillside budget in the current programme, as detailed in appendix 3.
23. Procurement process for care provider for proposed new nursing care home facility at Hillside will commence; the decision to award the contract will come to Cabinet for approval.
24. Moving Hillside into Stage 1 of the Development and Regeneration Programme with Engie and commissioning Engie to undertake a package of pre-construction services at Stage 1 will be subject to a decision by the Cabinet Member for Contracts; the decision to award the contract will come to Cabinet for approval.
25. The Hereford Transport Package proposed budget of £3.5m in 19/20 will enable support of landowners who are impacted by the scheme to be provided subject to appropriate governance decisions.
26. The cabinet member decision for Hereford City Centre Transport Package (HCCTP) programme update taken on 23<sup>rd</sup> November 2017 provided the full breakdown of the current forecast cost of the package. This remains within the £40.651m budget currently allocated in the capital programme.

<b>HCCTP</b>	<b>Forecast £'000</b>
CLR Construction & Statutory Utilities	12,592
CLR Land Acquisition	14,873
CLR Professional Fees	5,715
Risk Allowance	500
Inflation Allowance	480
ATM & Transport Hub Construction and Statutory Utilities	5,927
ATM & Transport Hub Professional Fees	563
<b>Total HCCTP Costs</b>	<b>40,650</b>

27. The recent cabinet member decision in relation to land acquisition for SWTP was taken on 12<sup>th</sup> November 2018 detailed the current forecast breakdown of costs for the package which is within the budget of £35m allocated within the current capital programme.

<b>SWTP</b>	<b>Revised Forecast £'000</b>
A465 Public Realm	3,000
Belmont Cycle and Walking Schemes	1,000
Bullingham Cycle and Walking Schemes	1,000
A465/A49 Southern Link	29,729
<b>Total SWTP Costs</b>	<b>34,729</b>

## Legal implications

28. 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.
29. 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.
30. Full Council is responsible for adopting the capital investment budget (referred to above as the capital programme) for the next financial year.
31. 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 who is precluded from voting 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.
32. 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. General Scrutiny Committee considered the capital investment budget at appendix 1 at its meeting on 30 November, as referred to in the consultees section of this report. As such the proposals in appendix 1 and 3 have been developed in accordance with the constitution.
33. 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.
34. 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

35. Monthly budget control meetings give assurance to the Chief Finance Officer 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.
36. 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 was undertaken in the last few months and a number of policies have been changed and published giving more clarity on governance and mitigating scheme risks.
37. 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

38. The proposed capital investment budget additions and supporting business cases were presented to adults and wellbeing scrutiny on 27 November, children's wellbeing scrutiny on 28 November and general scrutiny committee on 30 November 2018. The general scrutiny committee asked for clarity on whether proposed schemes 2-5 were just within the city; these are countywide schemes and the wording in appendix 1 now reflects this. A change has also been made to the capital strategy to reflect the recommendation to include our funding partners (health colleagues were referred to) and future funding regimes (that we know about, e.g. LEP).
39. General scrutiny resolved to recommend that; (a) the executive considers a strategy of committing the council's capital budget to being allied to those of their funding partners and funding regimes. This has been reflected in the capital strategy, referenced above in point 38 and will maintained going forward as other funding opportunities occur.
40. 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 whether they supported borrowing to fund capital investment, a summary of their responses is shown below.
41. Responses support borrowing to fund capital investment at the levels within this report, with 15% supporting borrowing more than an additional £22.3m and 37% supporting the suggested borrowing. Of the respondents who supported borrowing to invest in the county, two fifths supported infrastructure, a fifth public transport and a sixth library, museum, tourism or children's services. There were also some suggestions for investing in affordable housing, new university and health improvement services. Therefore the current programme and the additional projects to be added are in line with the public perspective.

## Appendices

Appendix 1 - Proposed capital investment additions from 19/20

Appendix 2 - Current status of approved capital programme

Appendix 3 – Total proposed capital programme

Appendix 4 – Proposed Capital Strategy

## Background papers

Proposals received.





## Capital Funding Requests for approval

No	Scheme	Current Capital Programme £000	Total 19/20 £000	Total 20/21 £000	Total 21/22 £000	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
<b>Economy &amp; place</b>											
1	Upgrade of Herefordshire CCTV System		48.0	136.0	0.0	0.0	0.0	0.0	134.0	50.0	184.0
2	Countywide Investment in the Condition of B, C and U Roads		2,500.0	1,500.0	1,000.0	0.0	0.0	0.0	0.0	5,000.0	5,000.0
3	Countywide Investment in the Condition of Footways and Cycle ways to promote Health and Wellbeing		750.0	750.0	750.0	2,250.0	0.0	0.0	0.0	0.0	2,250.0
4	Countywide Investment in the Condition of the Strategic Network to Support the Local Economy, Secure Safety an Resilience		6,000.0	3,200.0	0.0	0.0	6,000.0	0.0	0.0	3,200.0	9,200.0
5	Countywide Investment in the condition of Bridges to Ensure Access for Communities		1,000.0	1,500.0	2,500.0	4,000.0	0.0	0.0	0.0	1,000.0	5,000.0
6	Estate Capital Programme 2019/2022		1,150.0	2,295.0	1,390.0	0.0	0.0	180.0	0.0	4,655.0	4,835.0
7	School Transport Route Planning Software		30.0	30.0	30.0	0.0	0.0	0.0	0.0	90.0	90.0
9	2nd Phase Gypsy & Traveller pitch development and enhancement of fixed assets		579.0	899.0	39.0	0.0	0.0	0.0	545.0	972.0	1,517.0



### Capital Funding Request Scheme Description

No	Scheme	Scheme Description	Meet Corporate Plan
<b>Economy &amp; place</b>			
1	Upgrade of Herefordshire CCTV System	Renewal of digital recording system and matrix in CCTV control room and transmission links and cameras in the market towns of Ledbury, Leominster and Ross-on-Wye.	A,B,C,D
2	Countywide Investment in the Condition of C and U Roads	The condition of the County's C and U roads is believed to have the greatest impact on both public satisfaction with highway maintenance and the number of third party damage claims made to the council.	C,D
3	Countywide Investment in the Condition of Footways and Cycle ways to promote Health and Wellbeing	The condition of the County's footways and cycle ways has both a significant impact on public satisfaction with highway maintenance and the poor condition of certain footways and cycling routes is a barrier to many taking up walking and cycling as part of a healthier lifestyle.	A,C,D
4	Countywide Investment in the Condition of the Strategic Network to Support the Local Economy, Secure Safety and Resilience	Further investment in addressing the condition of a corridor of routes that linked with the A44 from our border with Wales in the west across the County to our border with Worcestershire in the east. For deliverability reasons the programme of work was extended to other routes, A438 Hereford to Ledbury and A417 Ledbury to the border with Gloucestershire (M50 J2). Works to secure skid resistance across the strategic and resilience network.	C,D
5	Countywide Investment in the condition of Bridges to Ensure Access for Communities	Programme of work to bring the overall condition of its bridges up to an acceptable level and as such reduce the whole life cost of maintaining the highway asset. This investment will ensure access for communities.	C,D

6	Estate Capital Programme 2019/2022	The proposed programme is in respect of identified and prioritised property projects to be delivered over a three year time line. Some of the projects are based upon invest to save criteria which will be accomplished through the release of assets by way of optimising the corporate estate, hereby helping to meet savings targets. These savings are accounted for in the MTFS savings and do not directly offset capital.	D
7	School Transport Route Planning Software	Purchase of a route planning software tool for school transport service for a period of 3 years which coincides with the timescale during which is planned to review and tender all school transport services in the county, which currently is done manually. Specialist route planning software has been demonstrated to achieve contracting efficiencies and savings in other local authority areas.	D
9	2nd Phase Gypsy & Traveller pitch development and enhancement of fixed assets	Fund the development of 9 new traveller pitches on existing LA traveller sites and further upgrade the existing sites owned/leased and managed by Herefordshire Council.	A,B,C,D
10	Hereford Transport Package (HTP)	The HTP includes the proposed Hereford Bypass and a package of walking, cycling, public transport and public realm improvements. Improve local and regional connectivity, encourage new business and job creation, enable delivery of future housing and educational development. Reduce the impact of accidents and breakdowns on the city's roads and on air quality and noise within the city and improve road safety. Encourage healthy lifestyles by improving public spaces and encouraging more people to walk and cycle.	C,D
11	Hereford City Centre Improvements (HCCI)	Hereford City centre improvements are designed to support the local economy and enhance the retail environment. The refurbishment scheme is part of the plan for Hereford to create an attractive, vibrant city centre to help support existing businesses and create new opportunities to encourage more visitors and retailers. This request is for the delivery of the Broad Street/King Street improvements.	C,D
13	Corporate Fleet Procurement	Replace the existing and ageing corporate vehicle fleet with new, efficient and fit for purpose vehicles to ensure the resilient delivery of statutory services.	A,B,C,D
14	Courtyard Development	To develop the facilities of The Courtyard building to enable new income streams to be pursued by the Courtyard Trust, with redesign the Front of	C,D

		house area to include an improved disabled access Box Office, and to add a retail facility for local arts and crafts, a new multi-purpose room to increase artistic productions and talent development, meeting and conference room provision and to extend the Cafe Bar area and first floor dining to create an outside terrace.	
<b>Corporate</b>			
8	Laptop/PC Replacement Programme	Annual replacement of out of date and out of warranty computing devices covering period 2019-2022.	A,B,C,D
16	Dual use of Ledbury Children Centre	To convert Ledbury Children Centre into part use of offices for additional MAO/spill over for locality team to address capacity and suitability at the Masters House.	D
<b>Adult &amp; Communities</b>			
12	Hillside	Redesign of Hillside into a nursing care facility for people with high level needs (dementia).	A,D
15	Waverley House, Leominster	Remodel Waverley House to develop 11 additional nursing beds to expand capacity to support vulnerable adults in Herefordshire. This will enable nursing beds to be sought and utilised for a rate lower than is currently being purchased. This proposal will generate a potential saving of circa £100k pa which has already been built into the MTFS. Therefore additional funds are now being requested to ensure that the budget will cover the revised cost of delivering this project.	A,D
<b>Children and Families</b>			
17	Temporary Replacement School Accommodation - Orleton	Removal of temporary modular buildings from Orleton CE Primary school and replacement with permanent build accommodation. Currently using temporary accommodation as full time essential teaching basis.	B,D

**Key:- Corporate Plan**

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



Capital Programme position Dec 2018/19

Scheme Name	Spend in	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22	Total
	Prior	Total	Forecast	Carry				
	Years	Budget		Forward				
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Economy &amp; Place</b>								
Hereford City Centre Transport Package	32,321	1,342	1,260	(82)	1,550	5,438		40,651
Local Transport Plan (LTP)		13,539	13,539	(0)	12,272	12,272		38,083
Hereford Enterprise Zone	8,318	4,758	3,738	(1,020)	2,924			16,000
Leisure Centres	9,639	413	8	(405)				10,052
Solar Photovoltaic Panels	503	120	89	(31)	1,511			2,134
Corporate Accommodation	2,362	509	309	(200)				2,871
E & P's S106		756	756	0				756
South Wye Transport Package	4,978	4,508	2,508	(2,001)	17,067	8,250	197	35,000
Marches business improvement grants	415	1,297	520	(777)	788			2,500
SEPUBU Grant		381	381	0	354			734
Property Estate Enhancement Works	826	1,414	1,009	(405)	500			2,740
LED street lighting	5,478	177	90	(87)				5,655
Herefordshire Enterprise Zone Shell Store		1,500	500	(1,000)	5,816			7,316
Cyber Security Centre Project		3,500	3,500	0				3,500
Development Partnership activities	300	5,300	500	(4,800)	35,000			40,600
Highway asset management		9,790	9,790	0	3,108			12,898
Hereford Transport Package		2,960	2,950	(10)				2,960
Ross Enterprise Park (Model Farm)		800	350	(450)	6,270			7,070
Three Elms Trading Estate	(8)	125	125	0	358			475
Stretton Sugwas Closed Landfill	93	2	0	(2)				95
Customer Services and Library	10	123	41	(82)				133
Energy Efficiency		35	0	(35)	65			100
Warm Homes Fund			0	0	397	397	165	960
Strangford closed landfill site	20	11	0	(11)				31
Gypsy & Traveller Pitch development	29	331	0	(331)				360
Leominster cemetery extension	21	172	172	0				193
Tarsmill Court, Rotherwas		400	400	0				400
Car Parking Strategy	58	188	188	0				246
Car Park Re-Surfacing		116	116	(0)				116
Office and Car Park Lighting Replacement		135	80	(55)	165			300
Affordable Housing Grant		800	800	0	800	800		2,400
Community Housing Fund		150	30	(120)				150
Revolving Loans	99	101	101	0				200
Hereford Library	(6)	351	136	(215)				345
<b>Total E &amp; P Capital Projects</b>	<b>65,456</b>	<b>56,104</b>	<b>43,985</b>	<b>(12,119)</b>	<b>88,945</b>	<b>27,157</b>	<b>362</b>	<b>238,025</b>
<b>Corporate</b>								
Fastershire Broadband	16,855	5,000	1,400	(3,600)	11,420	2,463		35,738
IT Network Upgrade	209	291	0	(291)				500
PC Replacement	70	290	290	(0)				360
Data Centre Consolidation	124	106	5	(101)				230
Children centre changes		370	300	(70)				370
<b>Total Corporate Capital Projects</b>	<b>17,258</b>	<b>6,057</b>	<b>1,995</b>	<b>(4,062)</b>	<b>11,420</b>	<b>2,463</b>	<b>0</b>	<b>37,198</b>
<b>Children and Families</b>								

Capital receipts	Grant & funding cont	Prudential borrowing	Total	Prior Years	Total Funding
£000	£000	£000	£000	£000	£000
		8,330	8,330	32,321	40,651
	38,083		38,083		38,083
7,682			7,682	8,318	16,000
		413	413	9,639	10,052
		1,631	1,631	503	2,134
		509	509	2,362	2,871
	756		756		756
	30,022		30,022	4,978	35,000
	2,085		2,085	415	2,500
	734		734		734
		1,914	1,914	826	2,740
		177	177	5,478	5,655
	4,494	2,822	7,316		7,316
1,500		2,000	3,500		3,500
10,000		30,300	40,300	300	40,600
	9,653	3,245	12,898		12,898
		2,960	2,960		2,960
3,535		3,535	7,070		7,070
		483	483	(8)	475
		2	2	93	95
		123	123	10	133
		100	100		100
	960		960		960
		11	11	20	31
		331	331	29	360
		172	172	21	193
		400	400		400
		188	188	58	246
		116	116		116
		300	300		300
800		1,600	2,400		2,400
150			150		150
101			101	99	200
		351	351	(6)	345
<b>23,768</b>	<b>86,788</b>	<b>62,013</b>	<b>172,569</b>	<b>65,456</b>	<b>238,025</b>
	10,724	8,159	18,883	16,855	35,738
		291	291	209	500
		290	290	70	360
		106	106	124	230
370			370		370
<b>370</b>	<b>10,724</b>	<b>8,846</b>	<b>19,940</b>	<b>17,258</b>	<b>37,198</b>

Colwall Primary School	6,430	320	293	(27)				6,750
Schools Capital Maintenance Grant	797	1,217	1,140	(77)	1,700	1,200	1,200	6,114
Peterchurch Primary School	7	0	0	0	493	5,000		5,500
Expansion for Marlbrook school	153	450	450	0	5,538			6,141
SEN & DDA school improvements		0	0	0	710			710
Brookfield School Improvements	6	0	0	0	1,298			1,304
C & F's S106	314	392	392	(0)	604			1,310
Special Provision Capital Fund		0	0	0	333	167		500
Healthy Pupils		0	0	0	99			99
Individual Pupil Needs		151	150	(1)	120			271
Short Breaks Capital		0	0	0	118			118
Blackmarston SEN	30	55	23	(32)				84
Replacement Leominster Primary	3	39	30	(9)				42
Basic Needs Funding		0	0	0	2,058	6,833		8,891
2 Year Old Capital Funding	5	101	75	(26)				106
Preliminary works to inform key investment need throughout the county		200	200	(0)	1,815			2,015
Temporary school accommodation replacement		450	450	0				450
<b>Total C &amp; F Capital Projects</b>	<b>7,743</b>	<b>3,375</b>	<b>3,203</b>	<b>(172)</b>	<b>14,887</b>	<b>13,200</b>	<b>1,200</b>	<b>40,405</b>
<b>Adults and Communities</b>								
Disabled facilities grant		1,853	1,853	(0)	1,853	1,853	1,853	7,412
Hillside		250	250	0	1,250			1,500
Single Capital Pot	19	523	161	(362)	73			615
Private sector housing improvements	14	242	242	0				256
<b>Total A &amp; C Capital Projects</b>	<b>33</b>	<b>2,868</b>	<b>2,505</b>	<b>(362)</b>	<b>3,176</b>	<b>1,853</b>	<b>1,853</b>	<b>9,783</b>
<b>Total</b>	<b>90,491</b>	<b>68,404</b>	<b>51,689</b>	<b>(16,715)</b>	<b>118,428</b>	<b>44,673</b>	<b>3,415</b>	<b>325,411</b>

Key:

RCCO

Project Complete

Total Approved Capital Programme July Council	95,374	145,315		48,078	8,484	0	297,250
---	--------	---------	--	--------	-------	---	---------

<b>Change in Capital Programme</b>	<b>(4,883)</b>	<b>(76,911)</b>		<b>70,350</b>	<b>36,190</b>	<b>3,415</b>	<b>28,161</b>
------------------------------------	----------------	-----------------	--	---------------	---------------	--------------	---------------

**Overall Change Financed By**

	£000	£000		£000	£000	£000	£000
Prudential Borrowing							-
Grant and funding contributions		2,664		(4,687)	(22,920)	(3,218)	(28,161)
Capital receipts							-
	<b>0</b>	<b>2,664</b>		<b>(4,687)</b>	<b>(22,920)</b>	<b>(3,218)</b>	<b>(28,161)</b>

70		250	320	6,430	6,750
	5,265	52	5,317	797	6,114
305		5,188	5,493	7	5,500
	1,000	4,988	5,988	153	6,141
		710	710		710
	113	1,185	1,298	6	1,304
	996		996	314	1,310
	500		500		500
	99		99		99
		271	271		271
	118		118		118
		55	55	30	84
		39	39	3	42
	8,629	262	8,891		8,891
	101		101	5	106
		2,015	2,015		2,015
		450	450		450
375	16,822	15,464	32,661	7,743	40,405
	7,412		7,412		7,412
		1,500	1,500		1,500
	596		596	19	615
242			242	14	256
242	8,008	1,500	9,750	33	9,783
24,755	122,342	87,823	234,920	90,491	325,411



# Capital Programme position Apr 2019/20

Scheme Name	Spend in	2018/19	2019/20	2020/21	2021/22	Total
	Prior Years	Total Budget	budget	budget	budget	scheme budget
	£000	£000	£000	£000	£000	£000
<b>Economy &amp; Place</b>						
Hereford City Centre Transport Package	32,321	1,342	1,550	5,438		40,651
Local Transport Plan (LTP)		13,539	12,272	12,272		38,083
Hereford City Centre Improvements (HCCI)			1,500	2,000	2,000	5,500
Hereford Enterprise Zone	8,318	4,758	2,924			16,000
Leisure Centres	9,639	413				10,052
Solar Photovoltaic Panels	503	120	1,511			2,134
Corporate Accommodation	2,362	509				2,871
E & P's S106		756				756
South Wye Transport Package	4,978	4,508	17,067	8,250	197	35,000
Marches business improvement grants	415	1,297	788			2,500
SEPUBU Grant		381	354			734
Property Estate Enhancement Works	826	1,414	500			2,740
LED street lighting	5,478	177				5,655
Estates Capital Programme 2019/22			1,150	2,295	1,390	4,835
Herefordshire Enterprise Zone Shell Store		1,500	5,816			7,316
Cyber Security Centre Project		3,500				3,500
Development Partnership activities	300	5,300	35,000			40,600
Highway asset management		9,790	4,858	3,750	4,250	22,648
Hereford Transport Package		2,960	3,500			6,460
Ross Enterprise Park (Model Farm)		800	6,270			7,070
Three Elms Trading Estate	(8)	125	358			475
Stretton Sugwas Closed Landfill	93	2				95
Customer Services and Library	10	123				133
Energy Efficiency		35	65			100
Warm Homes Fund			397	397	165	960
Strangford closed landfill site	20	11				31
Gypsy & Traveller Pitch development	29	331	579	899	39	1,877
Leominster cemetery extension	21	172				193
Tarsmill Court, Rotherwas		400				400
Car Parking Strategy	58	188				246
Car Park Re-Surfacing		116				116
Office and Car Park Lighting Replacement		135	165			300
Upgrade of Herefordshire CCTV		0	48	136		184
Schools Transport Route Planning			30	30	30	90
Courtyard Development				611		611
Corporate Fleet Procurement			738			738
Affordable Housing Grant		800	800	800		2,400
Community Housing Fund		150				150
Revolving Loans	99	101				200
Hereford Library	(6)	351				345
<b>Total E &amp; P Capital Projects</b>	<b>65,456</b>	<b>56,104</b>	<b>98,239</b>	<b>36,878</b>	<b>8,071</b>	<b>264,750</b>
<b>Corporate</b>						

Capital receipts	Grant & funding cont	Prudential borrowing	Total	Prior Years	Total Funding
£000	£000	£000	£000	£000	£000
		8,330	8,330	32,321	40,651
	38,083		38,083		38,083
		5,500	5,500		5,500
7,682			7,682	8,318	16,000
		413	413	9,639	10,052
		1,631	1,631	503	2,134
		509	509	2,362	2,871
	756		756		756
	30,022		30,022	4,978	35,000
	2,085		2,085	415	2,500
	734		734		734
		1,914	1,914	826	2,740
		177	177	5,478	5,655
180		4,655	4,835		4,835
	4,494	2,822	7,316		7,316
		3,500	3,500		3,500
10,000		30,300	40,300	300	40,600
	15,903	6,745	22,648		22,648
		6,460	6,460		6,460
3,535		3,535	7,070		7,070
		483	483	(8)	475
		2	2	93	95
		123	123	10	133
		100	100		100
	960		960		960
		11	11	20	31
		1,848	1,848	29	1,877
		172	172	21	193
		400	400		400
		188	188	58	246
		116	116		116
		300	300		300
		184	184		184
		90	90		90
		611	611		611
50		688	738		738
800		1,600	2,400		2,400
150			150		150
101			101	99	200
		351	351	(6)	345
<b>22,498</b>	<b>93,038</b>	<b>83,757</b>	<b>199,293</b>	<b>65,456</b>	<b>264,750</b>

Fastershire Broadband	16,855	5,000	11,420	2,463		35,738
IT Network Upgrade	209	291				500
PC Replacement	70	290	374	385	397	1,516
Data Centre Consolidation	124	106				230
Children centre changes		370	60			430
<b>Total Corporate Capital Projects</b>	<b>17,258</b>	<b>6,057</b>	<b>11,854</b>	<b>2,848</b>	<b>397</b>	<b>38,414</b>
<b>Children and Families</b>						
Colwall Primary School	6,430	320				6,750
Schools Capital Maintenance Grant	797	1,217	1,700	1,200	1,200	6,114
Peterchurch Primary School	7	0	493	5,000		5,500
Expansion for Marlbrook school	153	450	5,538			6,141
SEN & DDA school improvements		0	710			710
Brookfield School Improvements	6	0	1,298			1,304
C & F's S106	314	392	604			1,310
Special Provision Capital Fund		0	333	167		500
Healthy Pupils		0	99			99
Individual Pupil Needs		151	120			271
Short Breaks Capital		0	118			118
Blackmarston SEN	30	55				84
Replacement Leominster Primary	3	39				42
Basic Needs Funding		0	2,058	6,833		8,891
2 Year Old Capital Funding	5	101				106
Preliminary works to inform key investment need throughout the county		200	1,815			2,015
Temporary school accommodation replacement		450	450			900
<b>Total C &amp; F Capital Projects</b>	<b>7,743</b>	<b>3,375</b>	<b>15,337</b>	<b>13,200</b>	<b>1,200</b>	<b>40,855</b>
<b>Adults and Communities</b>						
Disabled facilities grant		1,853	1,853	1,853	1,853	7,412
Hillside		250	2,300			2,550
Single Capital Pot (Inc Waverley House)	19	523	541			1,083
Private sector housing improvements	14	242				256
<b>Total A &amp; C Capital Projects</b>	<b>33</b>	<b>2,868</b>	<b>4,694</b>	<b>1,853</b>	<b>1,853</b>	<b>11,301</b>
<b>Total</b>	<b>90,491</b>	<b>68,404</b>	<b>130,124</b>	<b>54,779</b>	<b>11,521</b>	<b>355,319</b>

**Key:**

RCCO

Project Complete

	10,724	8,159	18,883	16,855		35,738
		291	291	209		500
		1,446	1,446	70		1,516
		106	106	124		230
370		60	430			430
<b>370</b>	<b>10,724</b>	<b>10,062</b>	<b>21,156</b>	<b>17,258</b>		<b>38,414</b>
70		250	320	6,430		6,750
	5,265	52	5,317	797		6,114
305		5,188	5,493	7		5,500
	1,000	4,988	5,988	153		6,141
		710	710			710
	113	1,185	1,298	6		1,304
	996		996	314		1,310
	500		500			500
	99		99			99
		271	271			271
	118		118			118
		55	55	30		84
		39	39	3		42
	8,629	262	8,891			8,891
	101		101	5		106
		2,015	2,015			2,015
		900	900			900
<b>375</b>	<b>16,822</b>	<b>15,914</b>	<b>33,111</b>	<b>7,743</b>		<b>40,855</b>
	7,412		7,412			7,412
2,550			2,550			2,550
	596	468	1,064	19		1,083
242			242	14		256
<b>2,792</b>	<b>8,008</b>	<b>468</b>	<b>11,268</b>	<b>33</b>		<b>11,301</b>
<b>26,035</b>	<b>128,592</b>	<b>110,202</b>	<b>264,828</b>	<b>90,491</b>		<b>355,319</b>

Current 18/19 Budget Position	90,491	68,404	118,428	44,673	0	325,411
Excluded Courtyard Grant			392	108		500

<b>Change in Capital Programme</b>	<b>0</b>	<b>0</b>	<b>12,089</b>	<b>10,214</b>	<b>11,521</b>	<b>30,409</b>
------------------------------------	----------	----------	---------------	---------------	---------------	---------------

Note 1

**Overall Change Financed By**

	£000	£000	£000	£000	£000	£000
Prudential Borrowing			(8,667)	(7,856)	(5,856)	(22,379)
Grant and funding contributions			(2,142)	(2,358)	(2,250)	(6,750)
Capital receipts			(1,280)			(1,280)
	<b>0</b>	<b>0</b>	<b>(12,089)</b>	<b>(10,214)</b>	<b>(8,106)</b>	<b>(30,409)</b>

# Capital Strategy

**2018 – 2030**

# HEREFORDSHIRE CAPITAL STRATEGY 2018-2030

## CONTENTS

	Page
1. Executive Summary	2
2. Introduction and Background	4
3. Current Capital Programme & Long Term Plan	6
4. Capital Funding Streams	7
5. Capital Scheme Selection	9
7. Capital Monitoring	11
Appendix A – Detailed Current Capital Programme	12
Appendix B – Longer Term Capital Projects	14
Appendix C – Detailed list of Council strategies	15
Appendix D – Capital Funding Approval Process	17

## 1. EXECUTIVE SUMMARY

- 1.1 An effective Capital Strategy is vital to ensure that the capital and revenue expenditure on the asset portfolio is directed efficiently and effectively to support service delivery in line with Herefordshire's priorities. This strategy considers the capital investment needs across Herefordshire including acquisition, replacement and rental of land, buildings, and vehicles etc.
- 1.2 Herefordshire Council has seen a number of schemes like the City Link Road and development of the Herefordshire Enterprise Zone enable long term plans for future development. This Capital Strategy will link to the Corporate Plan 2016-20 and its four themes, to capital planning and utilisation of resources.
- 1.3 The Capital Strategy will be reviewed annually, identifying and matching resources to deliver service priorities over a three year period. Where possible a longer term view will be incorporated to ensure we have the vision on all future development opportunities. Also to enable long term planning on capital financing through the Treasury Management Strategy to ensure the best utilisation of resources and returns on investment.
- 1.4 Herefordshire Council has set up a Development Regeneration Programme in 2018 with two key partners Keepmoat and Engie that will be looking at a number of key developments over the next eight years to ensure they meet the needs of the population and meet the council's priorities. Another key partner moving forward is NMiTE (New Model in Technology and Engineering), the new Herefordshire University and the council is keen to support their development in the coming years.
- 1.5 The challenges given to retaining property assets will be based on value for money and delivery of the councils strategic priorities and key service delivery. Surplus properties will either be recycled or disposed of in accordance with the corporate property strategy, and proceeds will be reinvested or retained within the capital receipts reserve until a decision on how to utilise the reserve is made.
- 1.6 The Corporate Property Strategy sets out a framework for determining the capital property assets needed to enable future service delivery priorities to be realised. Whereas a series of key projects have already been delivered, the capital investment budget will further inform priorities and options for investment/re-investment in assets over the medium term.
- 1.7 The Capital Strategy encourages all areas of the council to put forward requests for capital funding to ensure assets are adequately invested and development opportunities are considered. However there are limited resources and these schemes may need to be profiled over a number of years where they are to be funded corporately. Invest to save schemes are encouraged to help the future pressures we are facing on revenue budgets with reduction in government funding over a number of years which is due to end by 2020/21.
- 1.8 The priority will be to ensure that any new capital scheme will seek external funding sources such as grants in the first instance. Although borrowing will be allowed within the current agreed limits of £6.7m per annum plus any previously approved Public Works Loan Board (PWLb) provision that has not been used. The £6.7m per annum limit is corporately funded borrowing, borrowing funded from revenue savings will be made available over and above this limit. The council will always seek external capital funding grants or donations where possible to lower the cost of borrowing but it is essential that resources are used effectively.
- 1.9 The process of allocating finite resources runs alongside delivery of the Medium Term Financial Strategy, through which capital funding, borrowing costs and innovative ways of utilising capital will be captured. The recommendation, scoring and ranking of projects lies with the Executive using a range of criteria to evaluate schemes, with referral to Council for approval. However the

## HEREFORDSHIRE CAPITAL STRATEGY 2018-2030

Council may add new schemes to the capital programme and in future new schemes can be added once approved at any full council meeting.

- 1.10 The Capital Strategy aims to encourage innovation and remind officers of their ability to draw down funding to fund creative projects that demonstrate delivery of “spend to save / mitigate”. The governance arrangements in place must ensure robust monitoring to ensure projects deliver in terms of quality, cost and benefits. Following central government austerity measures the council is keen to promote capital investment to secure future local funding streams, council tax and business rates.

## 2. INTRODUCTION AND BACKGROUND

- 2.1 This Capital Strategy sets out Herefordshire's approach to capital investment and disposal over both the short and long term, to deliver the core service priorities. The availability of resources to facilitate these priorities is also considered, reconciling the provision of statutory functions, service aspiration and policy context with limited resource availability.
- 2.2 The strategy incorporates the vision of the council, the overarching policy framework and explains the processes inherent in setting budgets and monitoring the programme. In the ever changing public sector climate, this document will be reviewed annually, but in essence is written to capture the longer term vision of service priorities.
- 2.3 The Capital Strategy links into the main council strategic documents: Corporate Property Strategy, Local Transport Plan, Digital Strategy and Local Development Framework, details are provided in appendix C. It demonstrates how the council prioritises, sets targets and measures the performance of its limited capital resources to ensure that it maximises the value of investment to support the achievement of its key cross-cutting activities and initiatives.

- **What it intends to do**

- Assist in ensuring spending decisions meet key priorities
- Influence and encourage working with partners
- Encourage improvement and innovation
- Ensure revenue consequences and whole life costs are fully considered including return on investment
- Explains the fluctuating nature of capital funding
- Confirms surplus assets will be recycled or disposed of
- Implementation of three year planning and horizon scanning for longer term priorities.

- **What it sets out**

- Capital priorities and plans
- Links to key strategic documents
- How schemes are identified that meet priorities
- How schemes competing for limited resources are selected
- A summary of the capital programme
- Monitoring processes in place

- 2.4 The strategic objectives for our corporate assets are to:

- Optimise the contribution property makes to the council's strategic and service objectives. To this end, assets should only be held that meet the objectives of the council, with clear evidence to demonstrate that they contribute to the key objectives.

## HEREFORDSHIRE CAPITAL STRATEGY 2018-2030

- Prioritise investment in our operational assets to meet service delivery needs and to enhance the customer experience. Assets that no longer deliver service priorities will be reviewed and either recycled to facilitate wider community agendas, or disposed of.
- Seek innovative, value for money solutions, through use of procurement and return on investment to deliver capital projects that satisfy service need.
- Ensure maximum return from our investment property and land holdings
- Use our assets to fund new developments, re-development and urban regeneration
- Ensure that existing and new property assets are managed in an efficient, sustainable and cost effective way in terms of their use of environmental impact and other resources, their property management and other running costs



## 3. CURRENT CAPITAL PROGRAMME & LONG TERM PLAN

3.1 The following table details the capital investment by directorate over the next four years, full programme details can be seen in appendix a. The consequences of investment are reflected in both the Medium Term Financial Strategy and Treasury Management Strategy.

### Approved Capital Programme

	Prior Years £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	Total Capital Programme Budgets £000s
<b>Total Adults &amp; Communities</b>	33	2,868	3,176	1,853	1,853	9,783
<b>Total Children's &amp; Families</b>	7,743	3,375	14,887	13,200	1,200	40,405
<b>Total Corporate</b>	17,258	6,057	11,420	2,463	0	37,198
<b>Total Economy &amp; Place</b>	65,457	56,104	88,945	27,157	362	238,025
<b>Total Capital Programme</b>	90,491	68,404	118,428	44,673	3,415	325,411

### Financed by

<b>Capital Receipts</b>	<b>24,755</b>
<b>Grants &amp; Funding Contributions</b>	<b>121,382</b>
<b>Prudential Borrowing</b>	<b>88,783</b>
<b>Funded in prior years</b>	<b>90,491</b>
<b>Total Funding</b>	<b>325,411</b>

## 3.2 Long Term Capital Programme

### Development Partnership

The council has put in place a development partnership with Keepmoat Homes Ltd and Engie Regeneration Ltd. The partnership will put in place a development and regeneration programme which will deliver housing and regeneration schemes. There is a current capital budget provision to enable the partners to work together to start delivering the programme of work. In appendix b there are details of the current business cases for both Keepmoat and Engie which lists a number of projects that will be considered in the long term. If the housing developments can be delivered and further developments included then the future programme may be funded from future capital receipts. However each project will be subject to the new project approval process that will ensure that all projects will be well defined before being approved onto the programme. There may be the possibility of funding some through the use of external investment from a third party. Although there is always the availability to fund an individual project through borrowing where the project can repay the full costs through a net revenue annual income when the project has been delivered. A decision paper will be sent to cabinet in this instance after a thorough due diligence has been carried out for the decision to be made. Therefore at this time it is difficult to include these projects into future long term budgets but there is a plan of work that will be considered and of course at any time new projects can be added by either partner or the council. Delivery of housing will be aligned to the Local Plan.

# HEREFORDSHIRE CAPITAL STRATEGY 2018-2030

## One Herefordshire

One Herefordshire consists of a number of health organisations and the council represented at a group meeting, they regularly meet to discuss opportunities of where the organisations can work together for the benefit of the County when delivering services.

Herefordshire Council are committed to working with partner organisations such as Health and Higher Education establishments such as Hereford College of Arts and the creation of NMITE. Where possible the council will support economic development opportunities to enable the services to grow and deliver the best service.

### Infrastructure- future plans.

Herefordshire Council are investing in a number of road schemes and over the next few years these schemes will be progressed and included into the capital programme once fully developed and approved. The Hereford Transport Package, is identified as a priority within the council's Economic Vision, Local Plan Core Strategy (LPCS) and Local Transport Plan (LTP) and also within the Marches Strategic Economic Plan and Midlands Connect regional transport strategy. The delivery of the bypass will support the growth of the economy and the package of active travel improvements will help residents to live safe, healthy and independent lives.

## 4. CAPITAL FUNDING STREAMS

- 4.1 This section explains the source of resources available to fund the capital programme. Currently the majority of funding is allocated from central government, in part to fund specific schemes that deliver their national priorities.
- 4.2 The following funding sources are available;

### Borrowing

- Prudential borrowing (PB), has been allowed since 2004 when government relaxed the rules to allow councils to finance their own capital, providing they could demonstrate affordability to repay the debt and interest. In a time of reduced resources PB may also be used to fund initiatives to deliver future revenue savings that can then fund the annual debt and interest cost. The Council has a number of invest to save schemes currently and there is no limit to the amount of additions to the capital programme in any year where all borrowing costs can be funded from revenue savings, as long as they can show they provide value for money, score highly enough in the review and are approved by Council.

### Grants

- Government currently provide many direct grants to fund initiatives that the Council should deliver as part as their statutory duty. The major capital grants are:
  - **Transport Grants** – used to support the Hereford Integrated Transport Strategy capital programme, covering rural transport schemes, and road safety initiatives and highways maintenance. The Department for Transport has a process to allow local authorities to bid for revenue and capital funds to fund sustainable transport schemes.
  - **Basic Needs Funding** - the Government each year provide a grant based on future needs for the Council to provide enough school places.
  - **Schools Capital Maintenance Grant** – is an amount allocated each year to help maintain schools in a good state of repair.

## HEREFORDSHIRE CAPITAL STRATEGY 2018-2030

- **Devolved Formula Capital** – is an amount allocated each year to primary and secondary schools to be spent on priorities in respect of buildings, ICT and other capital needs. It may be combined with capital funding from other sources or saved to fund a larger project.
- **Disabled Facilities Grant** - contributes towards the cost of providing adaptations and facilities to enable disabled people to continue living in their own homes. The central government grant funding towards this has been protected from cuts by the coalition government in the Corporate Spending Review (CSR), in fact this grant has increased annually.
- **Broadband** – the Council continues to roll out 'Fastershire' to its most rural areas, utilising available grant funding.
- External funding bodies distribute funding for projects that satisfy their key criteria and objectives and the Council secure these via a bidding process.

### Regional Growth Fund (RGF)

- Local Enterprise partnerships (LEPs) will coordinate bids for RGF, they were introduced by the coalition government to replace regional development agencies. Their aim is to provide strategic leadership and long term vision for private sector led economic renewal working in partnership to deliver public service delivery, through the LEP area. The LEP are currently providing a number of grants for SWTP, Cyber Centre through Wolverhampton University and NMiTE. Further projects will be taken to the LEP to seek funding for delivery.

### Developer Contributions S106

- Developer contributions continue to support the capital investment need associated with developments throughout the Country.

### Capital Receipts

- The Council maintains a register of surplus property assets. These are reviewed by the Corporate Property Board, taking account of the prevailing market conditions.
- The public sector landscape of service delivery is now subject to major change. Annual reviews of the Council operational property portfolio will identify potential opportunities for remodelling and co-location, through alternative methods of service delivery. Some assets will be deemed surplus to requirement, not delivering Council priorities or key objectives, and thus progress through the Disposal Policy adopted in the Corporate Property Strategy.
- The Council must prioritise disposal for capital receipts against competing demands for affordable housing land to build social housing and Community Asset Transfers.
- The disposal of surplus assets is critical to deliver the Councils Capital Strategy. Specifically the delivery of the property maintenance and office accommodation review requires receipts to fund PB costs. Capital receipts are deemed a central receipt and so held corporately to use to deliver wider strategic priorities. Until receipts retained in the capital receipt reserve are allocated into the capital programme they reduce the overall borrowing costs of the Council.
- At the end of 2017/18 financial year there was a balance of £42.5m in the capital receipts reserve. There are a number of schemes within the capital programme to be funded by

## HEREFORDSHIRE CAPITAL STRATEGY 2018-2030

capital receipts, the balance will be retained to deliver enhanced investment on the use of these reserves, once business cases have been submitted for approval at Council.

### Revenue

- Both revenue budget and reserves can be used to fund the capital programme, either via a one off contribution to fund a project in its entirety or an annual sum to repay PB debt costs. Ongoing use of revenue should be assessed in relation to the impact on council tax via the use of assessing its prudential indicators. Funding is available throughout the year to fund both revenue and capital innovative projects that will deliver future year on year savings.

- 4.3 The table in 3.1 shows the expected resources available to fund the capital programme over the next four years.
- 4.4 The programme is heavily reliant on grants and contributions to fund capital expenditure and these are usually issued with tight timeframes and restrictions attached. The grants may also demand regular monitoring returns to demonstrate the funding has been used in accordance with the plan.

### 5. CAPITAL SCHEME SELECTION

- 5.1 The capital programme is delivering a number of projects to enable the council to deliver the objectives within the corporate plan 2016-20. Therefore projects that are added to the capital programme are for this purpose and not added as an investment purely to generate income. There are currently no expectations in the MTFs for capital investment to generate a revenue surplus to balance the budget. Although in the long term there are advantages in easing the removal of Revenue Support Grant (RSG) in generating a net revenue position it is not the priority when reviewing projects to add to the capital programme.
- 5.3 All capital schemes go through a stage process that is detailed in the capital guidance policy, summary details can be seen in appendix d.
- 5.4 Schemes are continually reviewed against evolving priorities and may be subject to change, redesign or cancellation, to ensure they continue to deliver the requirements of the council and provide value for money.
- 5.5 Capital funding will be initially allocated to council priorities, and approved by council. The capital guidance policy details the process for the capital funding requests to ensure provision in the capital programme at any time as long as they are approved at a Council meeting or otherwise as delegated by full Council. This is necessary so that services are able to request capital funding at the appropriate time, when sufficient information is available to make an informed decision and opportunities are not lost due to waiting.

### Rationale for Investment

- 5.6 Capital investment is integral to revenue budget forecasting. Capital investment must be directed to obtain maximum benefit from available resources looking at efficiencies, effectiveness, and economically. Revenue implications must be considered for all capital schemes, this could represent the cost of borrowing, future running costs and projected benefits.
- 5.7 Funding above the corporate limit of £6.7m is available to support capital investment that gives a clear pay back through revenue budget savings.

## HEREFORDSHIRE CAPITAL STRATEGY 2018-2030

- 5.8 Efficiency and Value for Money is demonstrated within the decision reports for each project and reviewed at the conclusion of a project. Value for Money on the build of a project is secured and demonstrated through utilisation of the Procurement Policies and Framework for managing capital projects.
- 5.9 The council has discretion to make loans for a number of reasons, including economic development. These loans will be treated as capital expenditure. In making loans the council is exposing itself to the risk that the borrower defaults in repayments. The council, in making these loans, must therefore ensure they are prudent and has fully considered the risk implications, with regard to both the individual loan and that the cumulative exposure of the council is proportionate and prudent. The council will ensure that a full due diligence exercise is undertaken and adequate security is in place. The business case will balance the benefits and risks. All loans will be subject to close, regular monitoring.
- 5.10 The Corporate Property Strategy Board will see the regular review of assets to ensure they are still required to deliver council priorities, alternatively assets may be recycled or deemed surplus to requirement. Sale of assets will deliver revenue savings and generate corporate capital receipts for investment in future capital schemes. Future building requirements will need to assess the concept of sale and leaseback and multi-use, shared approach for occupation.

### 6. CAPITAL MONITORING

- 6.1 Capital investment requirements are significant, however, capital finances are limited at £6.7m, due to the repayment of interest in the revenue budget for corporately funded projects and central government current funding levels are expected to reduce. Herefordshire Council must have a prudent approach to capital allocation and monitoring to ensure scarce resources are used to maximum effect.
- 6.2 Due to the significant changes that occur during capital programme implementation and forecasting it is considered prudent to maintain:
- a reserve list of deferred capital schemes that can be accelerated or delayed as required
  - a contingency sum that should be included in all projects, due to the impact an increase in inflationary capital costs can have over the length of the project.
- 6.3 As part of a project's business case, an option appraisal is carried out and a whole-life costing review is undertaken before a capital scheme is included in the capital programme, this is then developed to detailed costings so an informed decision to spend can be made.
- 6.4 Once a capital scheme is included in the capital programme it is monitored following appropriate project management methodology, using experienced officers in each service area, through a number of project boards.
- 6.5 In addition to significant individual projects, the capital programme also includes the council's annual Highways and Transportation capital programme of investment. This is guided by the Local Transport Plan to invest in the improvement and maintenance of the local transport infrastructure. Targets relating to highway maintenance standards, road safety and sustainable transport ensure that expenditure is in line with corporate plan objectives and outcomes expected by central government. This programme is managed through the Major Infrastructure Delivery Board and through the commissioning arrangements with Balfour Beatty.
- 6.6 Directorate capital programme monitoring working groups meet monthly to review capital budgets and schemes, feeding issues into the Executive and reports to Cabinet. Quarterly the capital finance position is reported and any issues with project delays and delivery will be raised.

# HEREFORDSHIRE CAPITAL STRATEGY 2018-2030

## Appendix A

### Approved capital programme

	Prior Years £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	Total Capital Programme Budgets £000s
<b>Adults and Communities</b>						
Disabled facilities grant	-	1,853	1,853	1,853	1,853	7,412
Hillside	-	250	1,250	-	-	1,500
Single Capital Pot	19	523	73	-	-	615
Private sector housing improvements	14	242	-	-	-	256
<b>Total Adults &amp; Communities</b>	<b>33</b>	<b>2,868</b>	<b>3,176</b>	<b>1,853</b>	<b>1,853</b>	<b>9,783</b>
<b>Children's &amp; Families</b>						
Colwall Primary School	6,430	320	-	-	-	6,750
Schools Capital Maintenance Grant	797	1,217	1,700	1,200	1,200	6,114
Peterchurch Primary School	7	-	493	5,000	-	5,500
Expansion for Marlbrook school	153	450	5,538	-	-	6,141
SEN & DDA school improvements	-	-	710	-	-	710
Brookfield School Improvements	6	-	1,298	-	-	1,304
CYPD's S106	313	392	605	-	-	1,310
Special Provision Capital Fund	-	-	333	167	-	500
Healthy Pupils	-	-	99	-	-	99
Individual Pupil Needs	-	151	120	-	-	271
Short Breaks Capital	-	-	118	-	-	118
Blackmarston SEN	30	55	-	-	-	85
Replacement Leominster Primary	3	39	-	-	-	42
Basic Needs Funding	-	-	2,058	6,833	-	8,891
2 Year Old Capital Funding	5	101	-	-	-	106
Preliminary works to inform key investment	-	200	1,815	-	-	2,015
Temporary school accommodation replacement	-	450	-	-	-	450
<b>Total Children's and Families</b>	<b>7,743</b>	<b>3,375</b>	<b>14,887</b>	<b>13,200</b>	<b>1,200</b>	<b>40,405</b>
<b>Corporate</b>						
Fastershire Broadband	16,855	5,000	11,420	2,463	-	35,738
IT Network Upgrade	209	291	-	-	-	500
PC Replacement	70	290	-	-	-	360
Data Centre Consolidation	124	106	-	-	-	230
Children Centre Changes	-	370	-	-	-	370
<b>Total Corporate</b>	<b>17,258</b>	<b>6,057</b>	<b>11,420</b>	<b>2,463</b>	<b>-</b>	<b>37,198</b>
<b>Economy and Place</b>						
Hereford City Centre Transport Package	32,321	1,342	1,550	5,438	-	40,651



## HEREFORDSHIRE CAPITAL STRATEGY 2018-2030

Local Transport Plan (LTP)	-	13,539	12,272	12,272	-	38,083
Hereford Enterprise Zone	8,318	4,758	2,924	-	-	16,000
Leisure Centres	9,639	413	-	-	-	10,052
Solar Photovoltaic Panels	503	120	1,511	-	-	2,134
Corporate Accommodation	2,362	509	-	-	-	2,871
ECC's S106	-	756	-	-	-	756
South Wye Transport Package	4,978	4,508	17,067	8,250	197	35,000
Marches business improvement grants	415	1,297	788	-	-	2,500
SEPUBU Grant	-	381	354	-	-	735
Property Estate Enhancement Works	826	1,414	500	-	-	2,740
LED street lighting	5,478	177	-	-	-	5,655
Herefordshire Enterprise Zone Shell Store	-	1,500	5,816	-	-	7,316
Cyber Security Centre Project	-	3,500	-	-	-	3,500
Development Partnership activities	300	5,300	35,000	-	-	40,600
Highway asset management	-	9,790	3,108	-	-	12,898
Hereford Transport Package	-	2,960	-	-	-	2,960
Ross Enterprise Park (Model Farm)	-	800	6,270	-	-	7,070
Three Elms Trading Estate	(8)	125	358	-	-	475
Stretton Sugwas Closed Landfill	93	2	-	-	-	95
Customer Services and Library	10	123	-	-	-	133
Energy Efficiency	-	35	65	-	-	100
Warm Homes Fund	-	-	397	397	165	960
Strangford closed landfill site	20	11	-	-	-	31
Gypsy & Traveller Pitch development	29	331	-	-	-	360
Leominster cemetery extension	21	172	-	-	-	193
Tarsmill Court, Rotherwas	-	400	-	-	-	400
Car Parking Strategy	58	188	-	-	-	246
Car Park Re-Surfacing	-	116	-	-	-	116
Office and Car Park Lighting Replacement	-	135	165	-	-	300
Affordable Housing Grant	-	800	800	800	-	2,400
Community Housing Fund	-	150	-	-	-	150
Revolving Loans	99	101	-	-	-	200
Hereford Library	(6)	351	-	-	-	345
<b>Total Economy and Place</b>	<b>65,457</b>	<b>56,104</b>	<b>88,945</b>	<b>27,157</b>	<b>362</b>	<b>238,025</b>
<b>Total</b>	<b>90,491</b>	<b>68,404</b>	<b>118,428</b>	<b>44,673</b>	<b>3,415</b>	<b>325,411</b>



# HEREFORDSHIRE CAPITAL STRATEGY 2018-2030

## Appendix B

Herefordshire Council, Development & Regeneration Programme															
Development and Regeneration Programme Business Plan - Net Cash Flow - Utilising Council Funding															
14 December 2018															
Project	Type	Total	1	2	3	4	5	6	7	8	9	10	11	12	13
		£'000	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030+
<b>Capital Projects Gap Fund Contribution - DRP Budget</b>															
Station Approach	Student Accomodation	17,500	1,000	10,000	6,500										
Country Bus Station	Mixed Use	30,000		1,000	8,000	15,000	6,000								
Hereford Football Ground	Accom and ground imp	18,000		4,000	5,000	2,000	2,000	5,000							
Hereford Enterprise Zone	Office and Industrial	13,000		3,000		5,000		5,000							
Ross Enterprise Park	Industrial	6,050			50	3,000	3,000								
Merton Meadows	Mixed Use	35,000		200	4,800	5,000	10,000	10,000	5,000						
Essex Arms Site	NMITE accomodation	25,000			5,000	5,000	10,000	5,000							
Hereford Business Quarter	City centre office	100		100											
Leominster Retail	Retail	15,050		50		7,000	8,000								
Business Incubation	Incubator space	4,050		50		2,000		2,000							
Franklin Barnes Building	NMITE or commercial	2,500				2,500									
Berrington Street Regeneration	Resi led mixed use	5,150			150				2,000	3,000					
Racecourse, Sport & Leisure	Hotel, conf and leisure	100			100										
Hereford River Quarter	Leisure led mixed use	2,000				1,000	1,000								
Three Elms and Chatsworth Play Fields	Commercial	5,000			1,000	2,000	2,000								
		<b>178,500</b>	<b>1,000</b>	<b>18,400</b>	<b>30,600</b>	<b>49,500</b>	<b>42,000</b>	<b>27,000</b>	<b>7,000</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Residential Sites Land Value Contribution</b>		-77,125			-2,157	-5,942	-3,377	-3,758	-6,304	-8,820	-7,534	-4,763	-4,763	-4,227	-25,480
	<b>Total</b>	<b>101,375</b>	<b>1,000</b>	<b>18,400</b>	<b>28,443</b>	<b>43,558</b>	<b>38,623</b>	<b>23,242</b>	<b>696</b>	<b>-5,820</b>	<b>-7,534</b>	<b>-4,763</b>	<b>-4,763</b>	<b>-4,227</b>	<b>-25,480</b>
	<b>Cumulative</b>		<b>1,000</b>	<b>19,400</b>	<b>47,843</b>	<b>91,401</b>	<b>130,024</b>	<b>153,266</b>	<b>153,962</b>	<b>148,142</b>	<b>140,608</b>	<b>135,845</b>	<b>131,082</b>	<b>126,855</b>	<b>101,375</b>

## Strategies that Support the Capital Strategy

### • The Corporate Property Strategy

Contains the Corporate Property Programme for the council.  
It mainly focuses on proposals to:

- Rationalise the current corporate administrative estate
- Introduce better ways of working to drive efficiency, for example home working
- Support the organisation to meet its carbon reduction targets.

The overarching strategy contains a suite of strategies and policies covering:

- Asset Disposal Policy sets out the legal and policy framework about the approach to the disposal of assets. Buildings, where flexible, will be developed into multi use facilities and the overall stock level reduced. The challenges given to retaining assets will be based on value for money and delivery of Council's 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 consideration of sacrificing a capital receipt for transfer of the land for use as social housing.
- Community Asset Transfer Policy complements the Asset Disposal Strategy in that it provides a policy framework to evaluate the benefits of the disposal of assets to the Third Sector at below market value for unlocking the value contained in underutilised surplus public assets. .

### • Local Transport Plan

This plan covers the policies and delivery plans relating to transport and explains how these contribute to the wider local agenda. It considers the transport needs both of people and of freight and includes the strategic countywide programme of transport infrastructure improvements and maintenance. The aim is to ensure the maintenance, operation, management and best use of the county's transport assets.

Annual funding available for local transport has over recent years been in the region of £10 million to support capital maintenance of the highway asset and support road safety and transport network improvements. In future the level of funding for transport capital investment will be constrained, but remain a significant component of the overall capital programme, reflecting the importance of maintaining this important asset and its crucial contribution to the economic vitality of the county.

### • Schools Capital Investment Strategy

This strategy has been developed in consultation with Schools, Children and Families Service. Its principles support the vision, objectives and targets of the Herefordshire Council. In so doing, it supports and contributes to the council's Capital Strategy. It specifically seeks to ensure that assets that do not support the objectives of the Herefordshire Council are disposed of through sale to realise a capital receipt or through community asset transfer, that investment is clearly linked to specific objectives and targets; and that assets such as schools, children's centres, youth centres and children's multi-agency offices are corporate resources, available to accommodate delivery of wider services to the community from across Herefordshire. The strategy seeks to join up future capital funding streams wherever possible to ensure that best value is achieved from the funding available and to maximise the benefits realised from the investment.

- **Digital Strategy**

The Digital Strategy aims to ensure that Herefordshire Council has a stable, fit-for-purpose and sustainable information, communications and technology platform and service organisation capable of supporting the drive to deliver efficient and effective services to the citizens, directorates, businesses, organisations, members and public sector partners within Herefordshire. It will assist Herefordshire Council to make more flexible use of technology to achieve efficiencies, access services and share workspace and resources with partner agencies.

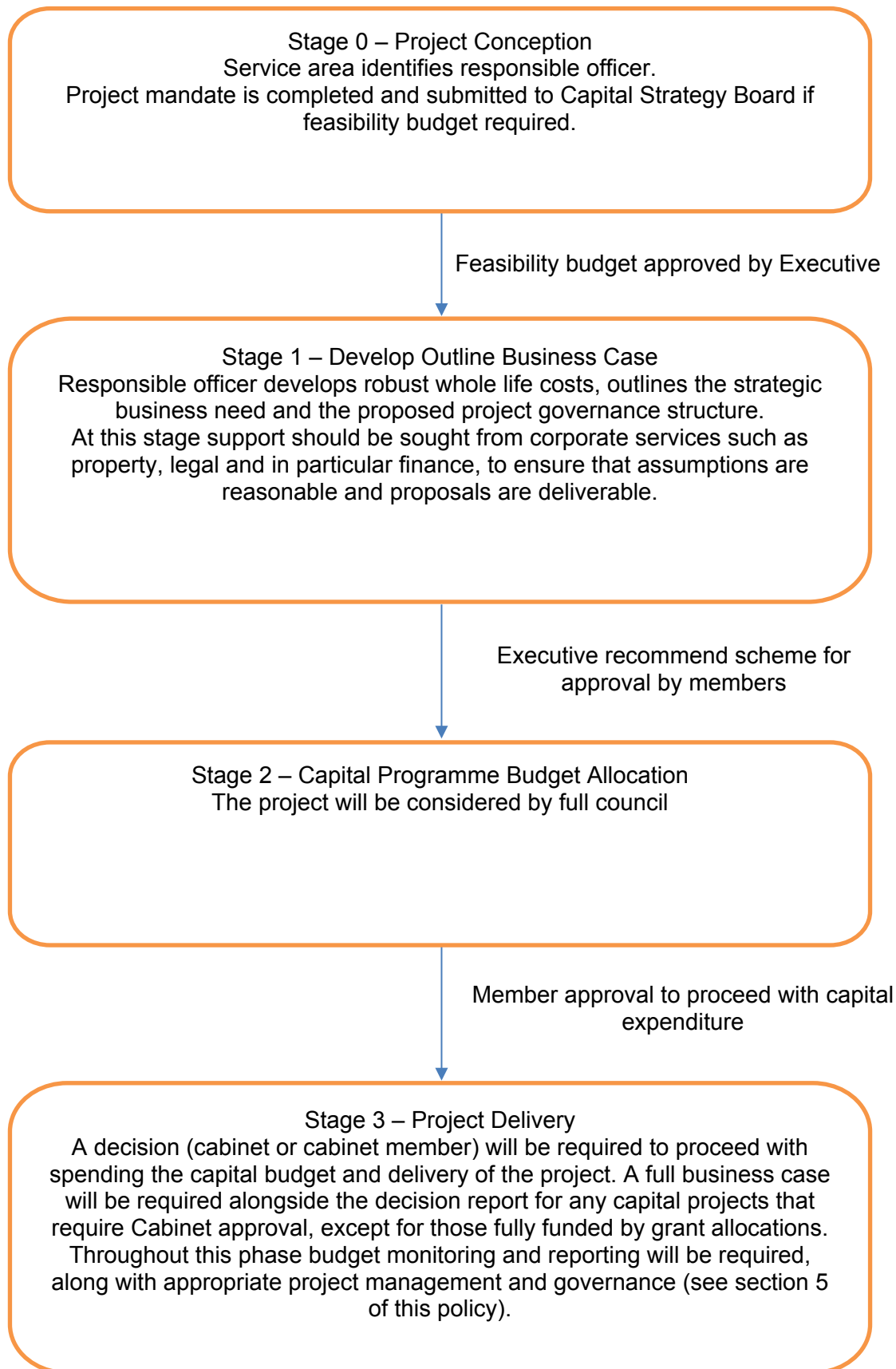
- **Medium Term Financial Strategy**

This document is approved annually, based on the budget setting requirements of the council and reflects on the strategic and operational intentions over a three-year time frame. It covers the capital programme and funding streams including the affordability of prudential borrowing and use of capital to facilitate revenue budget savings in future years.

- **Treasury Management Strategy**

This strategy sets out the council's overall approach to treasury management operations including the capital programme and links to the borrowing limits, minimum revenue provision in relation to debt repayment and prudential indicators.

The following diagram therefore illustrates the various stages of the approval process:





<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>Thursday, 31 January 2019</b>
<b>Title of report:</b>	<b>Setting the 2019/20 budget and updating the medium term financial strategy and treasury management strategy</b>
<b>Report by:</b>	<b>Cabinet member finance 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 2019/20 budget and associated medium term financial strategy and treasury management strategy for recommendation to Council on 15 February.

The proposed budget reflects current and expected service delivery requirements and the provisional local government settlement announced on 13 December. To deliver a balanced budget there is a need to deliver savings of £3.9m in 2019/20 and to increase council tax by 4.9% (inclusive of 2% adult social care precept).

The draft medium term financial strategy (MTFS), attached at appendix 1, has been extended to 2021/22 based on current assumptions on future funding and service requirements.

The treasury management strategy, attached at appendix 4, includes the proposed borrowing and investment strategy, the council's expected minimum revenue provision and the associated prudential indicators which demonstrate that the council's proposed capital investment budget is affordable, prudent and sustainable.

## **Recommendation(s)**

**That:**

- (a) the additional funding announced in the provisional settlement of £1.5m (£1.0m Rural Services Delivery Grant and £0.5m business rate levy account surplus) is added as a budget line for expenditure in 2019/20 as indicated in the table at paragraph 24, to support rural service delivery across the county;**
- (b) the following be recommended to Council;**
  - a. the council tax base of 68,826.03 Band D equivalents**
  - b. an increase in core council tax in 2019/20 of 2.9%**
  - c. an additional precept in respect of adult social care costs of 2% applied to council tax in 2019/20 resulting in a total council tax increase of 4.9%; increasing the band D charge from £1,443.95 to £1,514.70 for Herefordshire Council in 2019/20;**
  - d. the balanced 2019/20 revenue budget proposal totalling £151.0m, subject to any amendments approved at the meeting, specifically:**
  - e. the net spending limits for each directorate as at appendix 3**
  - f. 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;**
  - g. the medium term financial strategy (MTFS) 2019/2022 at appendix 1 be approved; and**
  - h. the treasury management strategy at appendix 4 be approved, this includes ratifying including the top five UK building societies as approved investment counterparties.**
- (c) To establish a financial resilience reserve (as shown in paragraph 31), previously titled the minimum revenue provision reserve; and**
- (d) Approve responses to scrutiny committee's recommendations as provided in paragraph 63.**

## **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. If it is proposed to spend less, the impact on service delivery of the proposed reduction should be considered.
- 2. 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

3. The medium term financial strategy (MTFS), attached at appendix 1, has been updated to reflect current spending and savings plans. It reflects the provisional financial settlement announced on 13 December and the current understanding of future years funding and responsibilities.
4. 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 2019/20 and in future years.
5. The council continues to direct its resources to deliver key services required by residents whilst delivering savings demonstrating efficiency and good use of resources. A balanced, deliverable 2019/20 budget is proposed which, subject to any approved amendments, is recommended to Council for approval.
6. For 2019/20 it is assumed that council tax will increase by 4.9% in total, 2.9% general increase in council tax plus a ring-fenced increase of 2% in relation to the adult social care precept. This is the maximum increase permitted, a higher increase would require the support of a referendum.
7. The council tax base for 2019/20 has been calculated at 68,826.03 band D equivalent properties, this is 226.46 additional properties, a growth of 0.95%. This is higher than expected generating £343k of additional income. This has been added to the centrally held contingency budget, previously held at £700k.
8. The provisional settlement on 13 December confirmed no change to council tax thresholds. For rural councils like Herefordshire the provisional settlement announced an increase in the Rural Services Delivery Grant (RSDG) fund by £16m from £65m to £81m in total. This provides an additional £1.0m for Herefordshire. There was no change in the New Homes Bonus national baseline from 0.4%, it was anticipated that this would increase which would decrease the grant allocated but the provisional settlement confirmed that this wasn't the case.
9. The provisional settlement also announced some unexpected funding from the business rate Levy Account surplus, any surplus was always intended to be returned to councils. £180m has been distributed pro rata to individual councils in line with their Settlement Funding Assessment, £0.5m for Herefordshire. This is to be received in 2018/19.
10. Consultation on the Fair Funding Review (FFR) proposals and the future system design of Business Rates Retention (BRR) was also announced. The FFR seeks views on the approach to measuring the relative needs and resources of councils, which will determine new baseline funding allocations. The consultation proposes to simplify the assessment of relative needs and considers the type of adjustment that will be made to take account of the relative resources available. It also proposes a set of principles that will be used to design potential transitional arrangements. The BRR system design covering the broad building blocks of the system. The deadline for submissions is 21 February. The outcome of these consultations is expected to be implemented, alongside 75% business rates retention, from 2020/21. Herefordshire will contribute to the working groups to ensure its thoughts are included in the responses.
11. The provisional settlement figures are expected to be confirmed in late January 2019.

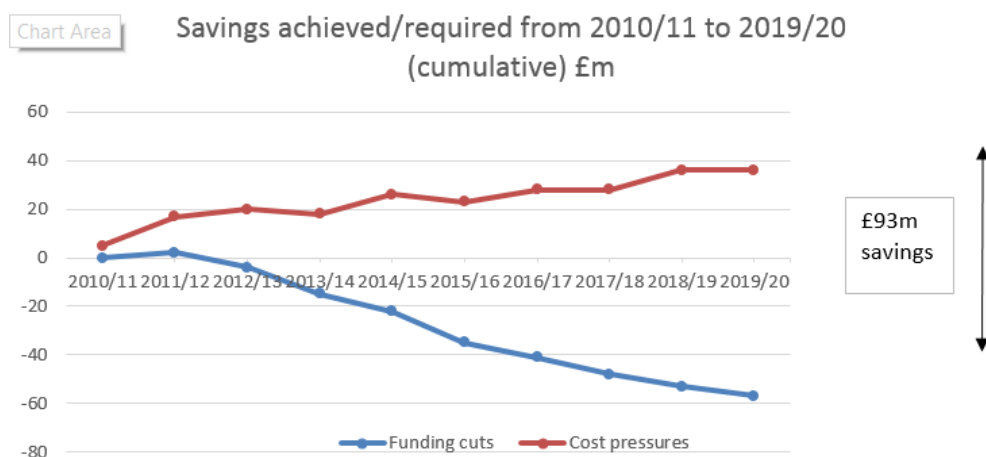
The 2019/20 announcement is the final year of the Spending Review 2015 period, with future years' announcements dependent on a number of factors, including: Spending Review 2019 (expected autumn 2019), the outcome of the Fair Funding Review, the BRR Reset, the move to 75% BRR and any reform of the New Homes Bonus scheme.

12. In addition to the provisional settlement, councils have been notified of additional special educational needs and disabilities (SEND) funding in response to the number of pupils with education, health and care plans increasing by 35% from 2013/14. An extra £350m, of which £100m will fund additional specialist places in schools, will be provided over 2 years, 2018/19 and 2019/20. This totals £380k for Herefordshire in 2019/20 with the places funding distribution yet to be confirmed.
13. Going forward a 4.5% annual council tax uplift has been assumed. Herefordshire accepted the four year funding settlement in 2016/17 and this forms the funding assumptions for 2019/20. The four year settlement included the following for 2019/20:

<b>Four year deal funding update</b>	<b>2019/20</b>
	<b>£000</b>
Revenue Support Grant	620
Rural Services Delivery Grant	4,093
<b>Total</b>	<b>4,713</b>
Additional Rural Services Delivery Grant announced in provisional settlement	1,008
<b>Revised total</b>	<b>5,721</b>

14. The council has delivered a balanced outturn in previous financial years by delivering savings as central government funding has been reduced. Since 2010 the council has delivered £90m of savings and its revenue support grant has decreased from £60.1m in 2011 to £0.6m in 2019/20.





15. The recent Local Government Association corporate peer challenge report noted:  
*“The Council has successfully delivered financial savings in recent years, while at the same time increasing general and earmarked reserves. As a result, the Council is in a relatively secure financial position over the medium term which provides a platform to realise the county’s ambitions”*
16. The treasury management strategy, attached at appendix 4, details the management of the council’s investments and cash flows; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
17. An investment was made on 17th October 2018 to a building society that is not on the Council’s approved Counter Party List. The investment is considered not a risk to the Council therefore the revised treasury management strategy includes the top five UK Building Society’s as approved counterparties. An internal audit has been completed to review the controls in place at the time and how these did not prevent this investment from being actioned. The review has ascertained where controls need to be enhanced to prevent a repeat of this type of investment from being actioned in future. All internal audit recommendations have been adopted.
18. The Herefordshire Council Corporate Plan 2016 – 2020 was adopted by Council in February 2016. This identified four priorities:
  - Keep children and young people safe and give them a great start in life
  - Support the growth of our economy;
  - Enable residents to live safe, healthy and independent lives; and
  - Secure better services, quality of life and value for money.
19. The vision adopted by Cabinet in September 2016 of: ‘People, organisations and businesses working together to bring sustainable prosperity and well-being for all, in the outstanding natural environment of Herefordshire.’ builds on the four corporate plan priorities and has helped to inform the development of our 2019/20 budget and medium term financial strategy.

### Base budget proposed and savings plan

20. A base budget exercise was completed ahead of proposing the budget below, this

involved:-

- a. Costing the service based on the current requirement of the service, not rolling over previous budgets.
- b. Income budgets to reflect income receivable.
- c. Pay budgets to reflect actual establishment, deleting vacant posts without budget or not planned to be filled.
- d. Performance in 2018/19.
- e. Projected population pressures.
- f. 2018/19 policy changes.

21. This has identified £20.0m of funded pressures over the draft MTFS period, £10.3m in 2019/20.

<b>2019/20 funded pressure</b>	<b>Adults and communities</b>	<b>Children and families</b>	<b>Economy and place</b>	<b>Corporate services</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Pay inflation	329	503	497	74	1,403
Contract inflation			774	118	892
Looked after children		1,800			1,800
Demographic growth	945				945
Deprivation Of Liberty Safeguards and restructure impact	609				609
Fee uplift	1,000				1,000
Delayed transfer of care & market support	2,385				2,385
Market forces		500			500
Allowances		338			338
Post Ofsted management capacity		100			100
Agency cover		186			186
Feasibility of capital investment budget requests			100		100
Support the autism strategy	20				20
<b>TOTAL</b>	<b>5,288</b>	<b>3,427</b>	<b>1,371</b>	<b>192</b>	<b>10,278</b>

Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: [jrushgrove@herefordshire.gov.uk](mailto:jrushgrove@herefordshire.gov.uk)

22. The current savings plans require £8.0m of savings over the MTFS period, £3.9m in 2019/20. The saving requirement represents the funding gap arising from increased cost pressures and funding assumptions. In 2018/19 the service is spending significantly above budget, the base budget for 2019/20 has been uplifted to reflect the expectation that this level of spend will continue. Savings have been reviewed and only those that are determined to be deliverable, albeit with possible service delivery consequences, are included. A summary is provided below with the detail shown in appendix 2.

<b>2019/20 savings requirement</b>	<b>Adults and communities</b>	<b>Children and families</b>	<b>Economy and place</b>	<b>Corporate services</b>	<b>Central</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Workforce & service delivery savings	600		171	66		837
Maximise income generation	100					100
Manage inflation and secure contract efficiencies		200				200
Efficiency savings			357	73	200	630
Reduced cost of Transport			225			225
Phased removal of subsidies to parish councils			100			100
Waste & Sustainability			30			30
Savings in Museums and Archives			250			250
Accommodation Strategy			360			360
Procurement Savings			500			500
Public Realm savings			200			200
Base budget realignment			280	220		500
<b>TOTAL</b>	<b>700</b>	<b>200</b>	<b>2,473</b>	<b>359</b>	<b>200</b>	<b>3,932</b>

## Base revenue budget 2019/20

23. The draft budget for 2019/20 is set out below. In addition to the budget presented will be the use of one off reserve funding (previously approved by Cabinet at £1.1m for children and families). In addition if pressures in looked after children and special educational needs or legal services continue in 2019/20 then those costs will have first call on the centrally held contingency budget. This budget is held for in year unbudgeted costs arising.
24. The base budget below shows the net budget position; the gross budget will include the dedicated school grant (£124m), housing benefit subsidy (£40m), improved better care fund (£5.7m) and public health grant (£9.0m).

	2018/19 revised base	Funded pressures	Savings	Other Adjust	2019/20 draft base budget
	£'000	£'000	£'000	£'000	£'000
Adults and communities	52,087	5,288	(700)	(325)	56,350
Children and families	23,958	3,427	(200)		27,185
Economy and place	29,169	1,371	(2,473)	(453)	27,614
Corporate services	14,301	192	(359)	932	15,066
<b>Sub Total</b>	<b>119,515</b>	<b>10,278</b>	<b>(3,732)</b>	<b>154</b>	<b>126,215</b>
Centrally held budgets	24,609		(200)	(1,138)	23,271
Provisional settlement (one off) to spend on rural matters				1,501	1,501
<b>Total</b>	<b>144,124</b>	<b>10,278</b>	<b>(3,932)</b>	<b>517</b>	<b>150,987</b>
<b>Financed by</b>					
Revenue support grant	5,370				624
Business rates	33,256				35,950
Council tax	98,445				104,251
New homes bonus	2,540				2,176
Rural sparsity delivery grant	4,093				5,101
Collection fund surplus (one off)	420				500
Adult social care grant (one off)	-				2,385
<b>Total</b>	<b>144,124</b>				<b>150,987</b>

## Financing

25. The 2019/20 net budget requirement is financed by retained funding from council tax (£104m) and business rates (£36m) as shown in the table above. Assumptions include a 4.9% increase in council tax (2.9% general increase and 2% adult social care precept) and business rate reliefs being funded via a central government grant. Central government funding is included as announced in the provisional settlement. The autumn budget announcement of additional social care grant funding is also included at £2.4m.

## Reserves

26. The council's revenue reserves are split between general reserves and earmarked reserves that are held for certain purposes.
27. 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, currently £7.9m (5%).
28. The remainder of the council's general reserve is held to support one-off and limited on-going revenue spending and for smoothing the impact of the late delivery of savings plans.
29. The council's earmarked reserves include school balances and are held to meet identified spending commitments.
30. The base budget excludes funding from reserves. Cabinet completed their annual review of earmarked reserves in June 2018. Reserves are expected to increase in 2018/19 from savings in minimum revenue provision costs and additional monies announced in the final 2018/19 settlement.
31. The projected reserve balances are as follows:

Balance as at	Strategic Reserve	Financial Resilience Reserve	Collection Fund Reserve	School Balances	Earmarked Reserves	Total Reserves
	£m	£m	£m	£m	£m	£m
31-Mar-18	7.9	5.1	1.5	8.1	43.1	65.7
31-Mar-19	7.9	11.2	1.5	7.9	35.6	64.1
31-Mar-20	7.9	16.3	1.5	7.7	32.7	66.1

32. The financial resilience reserve will ensure that the council is able to respond to financial pressures that may arise from external pressures and challenges outside of the control of the council as well as funding spend to save projects to support the delivery of savings required.
33. The proceeds from the sale of the smallholding estate is recorded in the capital receipts reserve and can only be used to fund capital expenditure. The time delay between the receipt and spend of funds is shown in the treasury management strategy as delaying the need to borrow.
34. At the end of 2017/18 financial year there was a balance of £42.5m in the capital receipts reserve. There are a number of schemes within the capital programme to be funded by capital receipts, the balance will be retained to deliver enhanced investment on the use of these reserves, once business cases have been submitted for approval at Council.

---

Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: [jrushgrove@herefordshire.gov.uk](mailto:jrushgrove@herefordshire.gov.uk)

## **Pension deficit**

35. The proposed budget includes a pension deficit contribution as agreed at the last tri-annual valuation dated 31 March 2016. In 2019/20 the council will pay £5m (excluding schools) towards the deficit as agreed with the pension fund actuaries.
36. The outcome of the next tri-annual valuation as at 31 March 2019 will be reflected in the proposed 2020/21 budget. Current pension fund performance indicates that the deficit cost may reduce therefore a savings target of £400k per annum from 2020/21 is included in appendix 2.

## **Capital Investment Budget**

37. The medium term financial strategy attached at appendix 1 and treasury management strategy attached at appendix 4 includes the impact of the proposed capital investment budget presented elsewhere on the cabinet agenda today.

## **Community impact**

38. The MTFS and budget demonstrate how the council is using its financial resources to deliver the priorities within the agreed corporate plan.
39. The council is committed to delivering continued improvement, positive change and outcomes in delivering our key priorities.
40. In accordance with the principles of the code of corporate governance, Herefordshire Council is committed to promoting a positive working culture that accepts, and encourages constructive challenge, and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development, and review.

## **Equality duty**

41. 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.
42. A service specific equality impact assessments for the service specific budget proposals will be completed as required to assess the impact on the protected characteristic as set

---

Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: [jrushgrove@herefordshire.gov.uk](mailto:jrushgrove@herefordshire.gov.uk)

out in the Equality Act 2010.

- 43. 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.
- 44. Where additional governance is required to support possible service delivery changes the impact of a decision on people with different protected characteristics will be fully detailed and disclosed in that governance decision report.

## **Resource implications**

- 45. 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 and will be detailed in separate governance decision reports as appropriate.

## **Legal implications**

- 46. 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.
- 47. 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.
- 48. 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.
- 49. 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.
- 50. 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.
- 51. The council's budget and policy framework rules require that the chairmen of a scrutiny

committee shall take steps to ensure that the relevant committee work programmes include any budget and policy framework plan or strategy, to enable scrutiny members to inform and support the process for making cabinet proposals to Council.

52. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on a calculation which might affect the calculation of 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.

## Risk management

53. 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 report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.
54. 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 through the budget setting timetable.
55. 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.
56. 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.
57. 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.
58. The risks and mitigating action is shown in Appendix M4 of the MTFS, copied below:-

	Key Financial Risks	Likelihood	Impact	Mitigating Actions
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 a level of between 3% and 5% of its revenue budget for emergency purposes</li> <li>Level of reserve is currently £7.9m (5% of budget)</li> </ul>



	Key Financial Risks	Likelihood	Impact	Mitigating Actions
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 overspend on Special Education Needs</b> the duty to secure provision identified in Education, Health and Care plans means an overspend may occur	Medium	Medium	<ul style="list-style-type: none"> <li>• This is a national issue with lobbying to increase central government funding</li> <li>• A review of the application of the matrix is underway</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 fund sufficient school places and sufficient support</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>

Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

	Key Financial Risks	Likelihood	Impact	Mitigating Actions
8	<b>Brexit</b> There may be an impact on the economic and social programmes of the Council and its partners, including: interest rates and exchange rates impacting on the affordability of the council's capital programme; and restriction on the free movement of people which could lead to skills gaps and adverse impact on the workforce.	Medium	Medium	<ul style="list-style-type: none"> <li>Continue to engage and participate on key legislation. Debt profile is monitored and managed to avoid exposure to interest rate fluctuations. The Capital Programme will include a risk assessment of the cost of borrowing, and it will be reviewed constantly to ensure its continued affordability.</li> </ul>

59. We retain the risk of on-going litigation claims which may result in one off costs falling due; a risk mitigation reserve of £3.6m has been set aside to fund this.

## Consultees

60. The council's 2019/20 budget consultation took place from 5 July 2018 until 21 September 2018. A short survey was developed to seek views on a variety of proposals, including should the council increase its borrowing to enable more investment across the county and a 4.9% total increase in council tax. The consultation was open to all, including parish councils, health partners, the schools' forum, business ratepayers, council taxpayers, the trade unions, political groups on the council and the scrutiny committees. Meetings were specifically held with businesses, parish councils and representatives from the voluntary sector to promote the consultation and information was also sent to partner bodies.
61. There were a total of 227 responses to the consultation; 225 responses to the standard questionnaire and 2 responses as emails. Although these respondents are not statistically representative of the general population, their views are an important element of the wider evidence base against which the budget proposals should be considered. The consultation report is attached at appendix 5. Key outcomes of the consultation include:-
- 51% of respondents thought the council's proposal to increase Council Tax by 4.9% was about right or not enough;
  - 37% of respondents supported the council increasing its borrowing requirement by £22.3m to increase the level of investment in the county, and 15% supported borrowing more;
  - 78% of respondents agreed that funding should support employing more children's social workers and to support more help for children, young people and families at an early stage;
  - 56% of respondents stated they did not agree with the allocation of Council Tax spend between services as set out in the consultation, however there was no consensus on alternative ways of allocating resources.
  - 49% of respondents supported 'keeping the maximum discount of 84%' for the low income households Council Tax discount.
  - 44% supported to 'continue to award the same level of business rate discount'
62. In response the proposed budget:-
- Includes a 4.9% proposed council tax increase.
  - Council borrowing for capital investment will be maintained as proposed.

---

Further information on the subject of this report is available from

Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

- c. The council's local council tax reduction scheme and business rate discounts will be maintained with the same parameters in 2019/20.
  - d. £1.6m will be used to employ more children's social workers and to support more help for children, young people and families at an early stage. Cabinet proactively recognised the need to invest in this important area of the council's business. When Ofsted inspected this service area in June 2018 they acknowledged this investment and highlighted the need to increase capacity of social workers and managers to cope with the need for services and the volume of social worker caseloads.
63. The proposals in this report have been reviewed by the three scrutiny committees (adults, children's and general). Their recommendations and responses are shown in the table below:-

Scrutiny committee	Recommendation	Response
General scrutiny committee	The executive continues to work with other local authorities, especially the more rural authorities, to lobby government and local MPs, on business rates and fairer funding settlements and requests that the earliest notice possible be given of funding changes	The provisional settlement included consulting on the future funding regime, officers will ensure the council's views are submitted in the responses
Adults and wellbeing scrutiny committee	Would like to see a strategy for investment in technology enabled care and a budget allocated to take this forward	Agreed, officers will develop spend to save proposals to be funded from the financial resilience reserve
Adults and wellbeing scrutiny committee	Would like to see a review of current commissioning of domiciliary care, especially in our more rural parts of the county	Agreed programmes, such as Home First, focus on keeping people in their homes, preventing admissions and facilitate transfer from hospital settings.
Adults and wellbeing scrutiny committee	Would like consideration given to a percentage of section 106 contributions being allocated for adult social care	This is to be considered by the relevant officers as part of the planning application process
Adults and wellbeing scrutiny committee	Would like to see the spend to save business cases and the timing of when financial savings will be delivered	Agreed, these will be published alongside the decision report when prepared
Children and young people scrutiny committee	Supports investment in early help, edge of care and placement stability services and requests that business cases are shared with the scrutiny committee when	Agreed, projects were being established to investigate alternative methods to meet needs more effectively earlier to lessen the need for placements

Scrutiny committee	Recommendation	Response
	available	
Children and young people scrutiny committee	Supports the separate monitoring and reporting of overspends on the LAC budget from the children and families budget	Agreed, this is in progress

## Appendices

Appendix 1 - draft MTFS 2019/20 – 2021/22

Appendix 2 – proposed savings details

Appendix 3 – detail of draft 2019/20 budget

Appendix 4 – treasury management strategy

Appendix 5 – budget consultation outcome

## Background papers

None identified.

# **Medium Term Financial Strategy 2019/20 – 2021/22**

# Herefordshire Council's Medium Term Financial Strategy

## **Introduction**

The Medium Term Financial Strategy (MTFS) outlines the measures Herefordshire Council has taken since 2010 to deliver savings, and describes the 2019/20 budget proposal and financial forecasts up to 2021/22.

## **Rising to the financial challenge**

Central government introduced measures in 2010 which has seen a reduction in the revenue support grant from £60.1m in 2011/12 to £5.3m in 2018/19 (reducing further to £0.6m in 2019/20). Over the same time period council services have seen increasing demand, particularly for adult social care and looked after children.

The council has risen to this financial challenge, by:-

- Delivering substantial savings of £90m
- Delivering services differently
- Increasing its financial reserves
- Consistently delivering balanced budgets

This has been achieved by the council:-

- Delivering organisational efficiencies including consolidating staff in fewer buildings, reducing the number of staff including agency staff, and introducing staff mandatory unpaid leave days
- Changing models of service delivery to focus on self-help, and early help and intervention to reduce the demand for higher cost interventions
- Reconfiguring household waste collection and grass cutting services
- Expanding the use of technology to enable people to contact the council through the website at a time that suits them, with a reduction in the need for face to face and phone contact to use resources for people who need them most
- Supporting greater community involvement in services such as community libraries, litter picks, environmental and bio-diversity initiatives
- Maximising commercial opportunities ensuring where possible, fees are set at levels which secure full cost recovery, and exploring further income generation from fees and charges, for example car parking
- Reviewing the council's smallholdings estate

At the same time the council has:-

- Significantly improved adult social care client satisfaction
- Worked with external partners to produce a business case which secured £23m of government funding to establish a new university in Hereford
- Delivered a new livestock market and a privately funded retail and leisure development on the old livestock market site
- Progressed plans for a by-pass for Hereford city and delivered major infrastructure improvements to the city and county road network

- Opened the new Hereford City Link Road which provides development opportunities for business, residential and public sector organisations.
- Successfully delivered the Hereford Enterprise Zone, creating over 600 jobs
- In partnership with Worcestershire County Council opening a new energy from waste plant
- In partnership with Gloucestershire County Council implementing the 'FasterShire' programme delivering broadband to 80% of the county

### **2019/20 budget proposal**

The MTFS proposes a balanced 2019/20 budget achieved by increasing council tax charges by 4.9%, inclusive of a 2% adult social care precept and committing to delivering savings of £3.9m.

<b>2019/20 savings requirement</b>	<b>Total</b>
	<b>£'000</b>
Workforce and service delivery savings	837
Maximise income generation	100
Manage inflation and secure contract efficiencies	200
Efficiency savings	630
Reduced cost of transport	225
Phased removal of subsidies to parish councils	100
Waste & Sustainability	30
Savings in museums and archives	250
Accommodation strategy savings	360
Procurement savings	500
Public realm savings	200
Base budget realignment	500
<b>TOTAL</b>	<b>3,932</b>

### **Going forward**

The council is recognised as being in a relatively secure financial position over the medium term which provides a platform to realise the county's ambitions.

It has increased its revenue reserves in recognition of the challenges yet to come. There are changes anticipated to national funding of local government which we are continuing to assess the impact of. We have growing demographic pressures, particularly relating to adult social care and children with disabilities, and the council needs to address the barriers to growing our economy.

The latest external audit opinion concluded that the council is financially sustainable for the foreseeable future. This MTFS demonstrates how the council will continue to utilise its financial resources to support its corporate plan objectives and realise its ambitions.

DRAFT



## 1. Overview

- 1.1. The council's gross annual revenue expenditure is in the region of £340m, this is funded by a combination of council tax, business rates, specific grants, rents, third party contributions and income from sales, fees and charges. Approximately £80m is ring-fenced to schools. This leaves the council with around £260m to meet its wide range of statutory requirements and to meet the needs of our residents, businesses and communities.
- 1.2. The council's capital expenditure on its physical assets is separate from revenue expenditure on day to day services and totals approximately £50m each year. This expenditure is funded from a combination of specific grants, third party contributions, capital receipts from sale of assets, contributions from the Local Enterprise Partnership and borrowing.

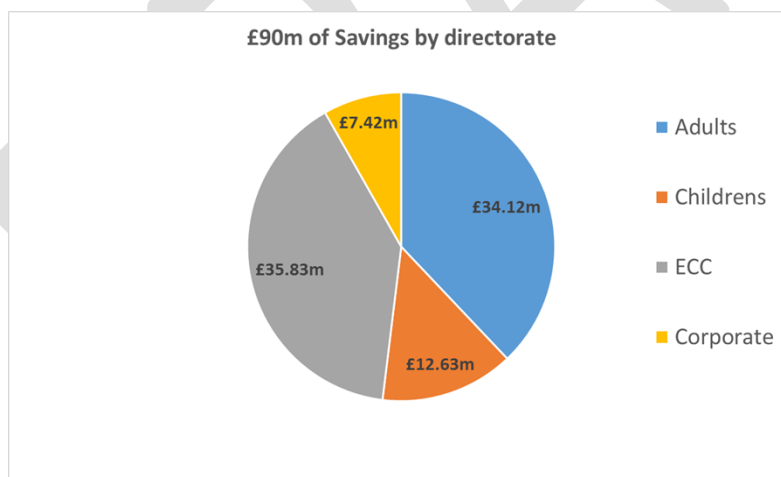
## 2. Medium Term Financial Strategy

- 2.1. This Medium Term Financial Strategy (MTFS) covers the financial years 2019/20 to 2021/22 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.
- 2.2. 2020/21 onwards is currently an estimate as we are awaiting the outcome of the next Government comprehensive spending review.
- 2.3. 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.**
- 2.4. This MTFS contains progress on the financial challenges the council faces alongside the increasing demands for services. There are higher costs associated with the county's rurality and demographics. The council aims to balance this challenge by supporting independent, safe and healthy lives.
- 2.5. The Council continues to provide value for money service delivery and aspires to bring sustainable prosperity and well-being for all.
- 2.6. During this MTFS period the funding of council services will change significantly. Central government is leading a fair funding review and local rate retention will become live as we await the next comprehensive spending settlement which is due in the spring of 2019.

- 2.7. The council recognises the need to grow and has plans for new homes throughout the county, new employment opportunities, infrastructure and supporting the establishment of a new university.

### 3. Financial outlook

- 3.1. The MTFS extends the time period under review to include 2021/22. This continues with the longer-term planning approach that is now well embedded in the Council's strategic financial management arrangements. As core government funding disappears in 2020/21, the council will become increasingly self-reliant upon local resources, council tax and business rates. Although the latter is in itself an uncertain funding source at this time.
- 3.2. By the end of 2018/19 the council will have made ongoing savings of circa £90m over the last ten years. This has involved taking some difficult decisions about the delivery of services; however the approach of long term planning supported by strong governance and a delivery focus across the whole council has meant that savings have been delivered on time or slightly ahead of time. This past strong performance in this area cannot be regarded as a guarantee for the delivery of savings in the future, and there is a need to avoid complacency.



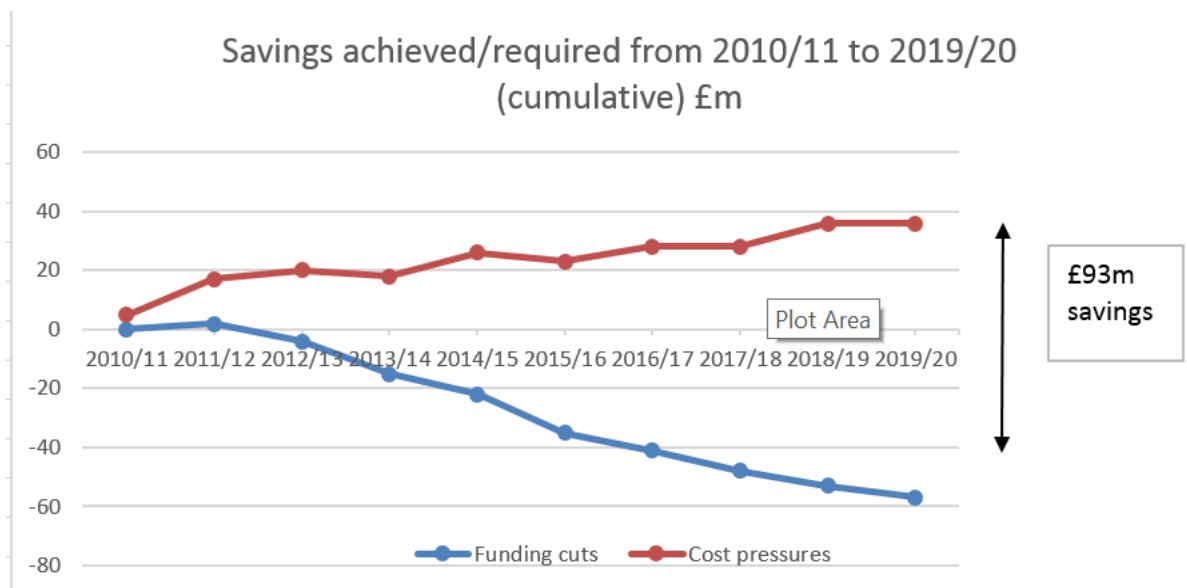
- 3.3. As well as meeting the councils legal responsibility to set a balanced budget, the benefits of long term financial planning are:
- Ensuring resources are allocated to the council's priorities,
  - Improving value for money,
  - Maintaining financial stability
  - Managing significant financial risks.

3.4. The medium term financial strategy is underpinned by the following key principles:

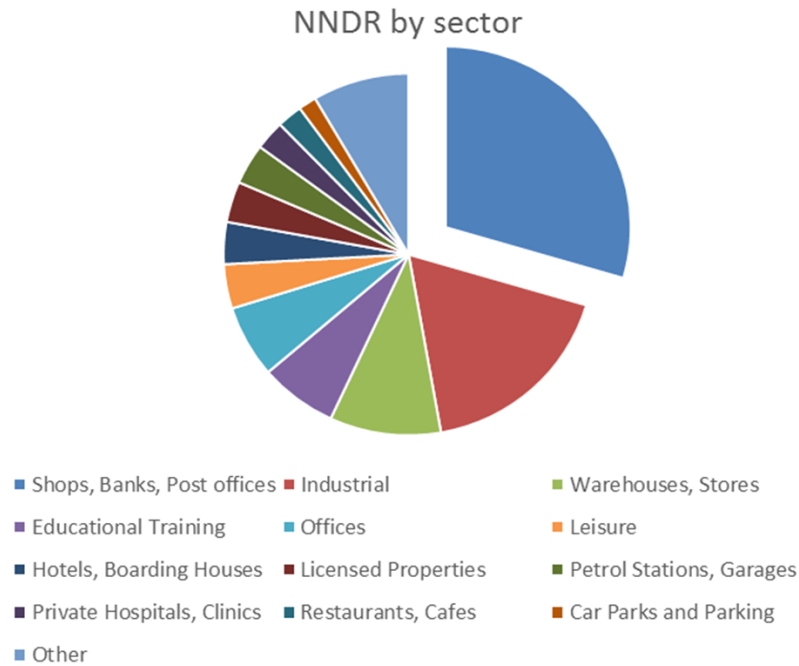
- Prudent assessment of future resources and unfunded cost pressures.
- Appropriate levels of income generated across all areas of the council, and prompt collection of all sums owed to the council.
- Prudent assessment of provisions required to mitigate future liabilities.
- Risk assessed level of reserves and balances held to mitigate potential financial liabilities and commitments.
- Prudent and planned use of reserves to fund expenditure
- Maximisation of capital receipts from disposals.
- Maximisation of external grant funding that meets our priorities.
- Prudent and proportional use of the council's borrowing powers to undertake capital investment that is not funded by capital receipts or contributions from third parties.
- Promotion of invest to save opportunities via detailed assessments of business cases.
- Effective forecasting and management of the council's cash flow requirements.
- Effective management of treasury management risks, including smoothing out the debt maturity profile, borrowing only when necessary and taking advantage of opportunities arising because of disconnects in the market between long term and short term rates.
- Full integration of revenue and capital financial decision processes, to ensure the revenue implications of capital projects are appropriately reflected in the medium term financial strategy.
- Production of detailed implementation plans for all savings proposals.
- Sign-off of all revenue budgets by the relevant senior managers including any savings plans before the commencement of the financial year.
- Regular monitoring of budgets and robust management actions to address any unplanned variances that arise.

3.5. Whilst the council's finances have contracted, the demand for services has grown. The council faces a constant challenge to manage the increases in demand for adult social care and looked after children that are increasing significantly year on year.

3.6. The council accepted a four-year Funding Settlement from the Government in 2016 and 2019/20 is the fourth and final year of that settlement. The impact of this will see the reduction in Revenue Support Grant to £0.6m in 2019/20 compared to £60.1m of Revenue Support Grant in 2011.

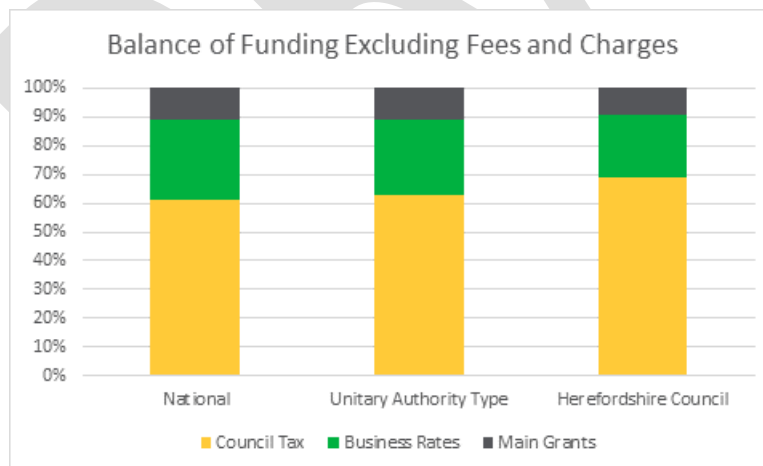


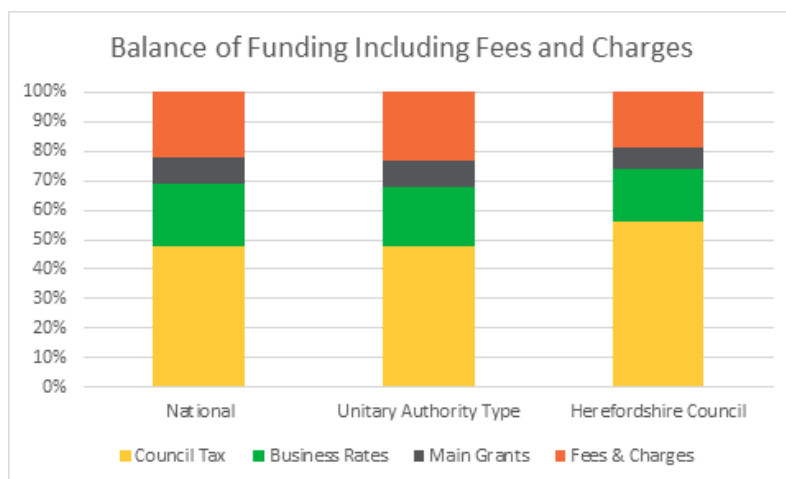
- 3.7. Over the life of the Funding Settlement the Government has introduced a range of temporary funding measures to assist with the increasing demands in adult social care but with little or no certainty beyond 2019/20.
- 3.8. Government policy is likely to be influenced by a range of internal and external factors over the coming years; it is not possible to assess the impact of the United Kingdom's withdrawal from the EU in March 2019 at this point in time. The Government has indicated that there will be a new comprehensive spending review in early 2019.
- 3.9. The Government has also indicated that the Adult Social Care Green Paper will arrive shortly. There is likely to be an extensive national debate about how to find a sustainable solution to the funding of care for an ageing population. This is a complex problem and it is very hard to predict when a solution will be found or when and how the solution will be implemented. This creates significant challenges for the council in making medium term financial plans, as a number of the shorter term funding solutions for care costs from Government are scheduled to end during the life of the MTFS, before a sustainable funding solution is found.
- 3.10. We are awaiting confirmation from Government of the implementation timetable for the move to business rates being retained by local government. The Government has indicated that it expects the move to be "fiscally neutral" and that councils should therefore pick up equivalent responsibilities commensurate with the additional funding. This raises a number of difficult challenges for the council given the makeup of the current business rates tax base within the county, with a large element reliant on retail businesses, as shown below.



#### 4. Funding assumptions

The council's main income stream is Council Tax and this is set to continue. This is positive in that it is a locally controlled funding stream and is expected to grow. A summary of how the income streams compare to unitary and national councils is shown in the graphs below.





The assumption built into the MTFS is a 4.9% Council Tax increase in 2019/20 and an increase of 4.5% in future years.

	2019/2020 £000	2020/2021 £000	2021/2022 £000
Revenue Support Grant	624		
Business Rates	35,950	45,853	46,554
Council tax	104,251	109,923	115,903
New Homes Bonus	2,176	1,209	767
Rural Sparsity Delivery Grant	5,101		
Collection Fund Surplus (one off)	500		
Adult social care grant (one off)	2,385		
<b>TOTAL</b>	<b>150,987</b>	<b>156,985</b>	<b>163,224</b>

## 5. Savings by directorate

The council has delivered £77m of savings since 2010, with a further £13m expected to be delivered in the current (2018/19) year. Going forward further savings are required to ensure the council does not overspend. The savings requirement for the next three years is £8.0m, as set out below, giving a savings total of £98m between 2010 and 2022.

	2019/2020 £000	2020/2021 £000	2021/2022 £000	Total £000
Adults and communities	700	600	500	1,800
Children and families	200	300	650	1,150
Economy and place	2,473	623	273	3,369
Corporate services	359	77	77	513
Centrally held budgets	200	500	500	1,200
<b>TOTAL</b>	<b>3,932</b>	<b>2,100</b>	<b>2,000</b>	<b>8,032</b>

## 6. Directorate base budget movements

	A&C £000	C&F £000	E&P £000	Corporate £000	Central £000	Total £000
<b>2018/19 revised base budget</b>	<b>52,087</b>	<b>23,958</b>	<b>29,169</b>	<b>14,301</b>	<b>24,609</b>	<b>144,124</b>
Pressures	5,288	3,427	1,371	192		10,278
Savings	(700)	(200)	(2,473)	(359)	(200)	(3,932)
Other movements	(325)		(453)	932	(1,138)	(984)
Removal of one off funding	(2,385)				(500)	(2,885)
<b>2019/20 base budget (excluding one offs)</b>	<b>53,965</b>	<b>27,185</b>	<b>27,614</b>	<b>15,066</b>	<b>22,771</b>	<b>146,601</b>
Pressures	2,717	714	1,364	169	91	5,055
Savings	(600)	(300)	(623)	(77)	(500)	(2,100)
Public health new responsibility	7,500					7,500
Other corporate movements					(71)	(71)
<b>2020/21 base budget</b>	<b>63,582</b>	<b>27,599</b>	<b>28,355</b>	<b>15,158</b>	<b>22,291</b>	<b>156,985</b>
Pressures	2,219	732	1,228	347	94	4,620
Savings	(500)	(650)	(273)	(77)	(500)	(2,000)
Other corporate movements					3,619	3,619
<b>2021/22 base budget</b>	<b>65,301</b>	<b>27,681</b>	<b>29,310</b>	<b>15,428</b>	<b>25,504</b>	<b>163,224</b>

## 7. University

- 6.1 The New Model in Technology & Engineering (NMiTE), Hereford's nascent engineering only university, has the potential to be one of the key catalysts that enables the transformation of the county's economy. In a world driven by knowledge, economy, technology and urbanisation, the advent of the university from 2020 will, over the next 15-20 years, not only increase the intellectual capital of Herefordshire but also has the potential to support steady population growth. With 1,600 students recruited each year this will balance the annual out-migration of young people. In addition it is likely that at least ten per cent of graduates will remain in or near the county making Herefordshire an attractive inward investment location for employers needing hi-tech work-ready employees.
- 6.2 The direct impact on the economy, over the next 15 years, will come from a £550 million capital investment to build 40,000 square metres of teaching space and 150,000 square metres of student accommodation to house up to 5,000 students who will be resident for 46 weeks of the three years of each student's study period. At this peak capacity, NMiTE will employ nearly 600 staff directly (many requiring homes) and will be supported by a range of local suppliers. Based on data from other university cities, NMiTE is expected to add at least £120 million annually to the county's GDP. Taken together, the various impacts of NMiTE will do much to help the long term sustainability of the county.
- 6.3 New innovative higher education providers such as NMiTE will play an important part in educating the next generation of much-needed engineers, providing the skills and talent that employers need. Hereford is a cold-spot for higher education provision, leading to a 'brain drain' of 18-24 year olds leaving the area to study. The Higher

Education reforms are about giving all young people access to university and an increasingly diverse market to choose from. This will ensure a steady stream of highly-skilled graduates into the workplace locally, and regionally. NMiTE builds on plans set out in the Government's modern Industrial Strategy, which aims to improve living standards and economic growth by increasing productivity and driving growth.

- 6.4 A fundamental role of the Marches LEP is to help develop a vibrant regional economy by removing barriers to growth. The creation of NMiTE will play a pivotal role in driving forward our economy through the development of a new and innovative Higher Education provision. This will help address the national shortage of graduate engineers by teaching students the key skills which employers demand in the workplace. A key focus of the project will be to help retain a large proportion of the 18-24 population who leave the region to attend Universities across the country, implementing the knowledge and skills acquired to help improve the productivity of our valued businesses.

## **8. Better Care Fund**

- 8.1 The Better Care Fund (BCF) is a pooled budget which is nationally mandated to further the integration of health and social care. Herefordshire's BCF has two partners, Herefordshire Council and Herefordshire Clinical Commissioning Group (CCG).
- 8.2 Funding is received by the council from the NHS, via Herefordshire CCG. The Department of Health and Social Care sets national minimum contributions to the pool for both revenue and capital and specifies that certain funding streams must be included within the mandatory minimum fund. Partners are permitted, and encouraged, to pool more than the minimum requirement. The BCF in Herefordshire has four components; mandatory capital and revenue contributions, additional voluntary revenue contributions from each partner, and the Improved Better Care Fund (IBCF).
- 8.3 The MTFS assumes that the transfer of funds from the NHS to the council will occur throughout the MTFS period and that the annual value will continue to grow in line with inflationary uplifts for the NHS.

## **9. Improved Better Care Fund**

- 9.1 The Government's Spending Review in 2015 announced new money for social care and the 2017 Spring Budget subsequently increased this funding. The Government requires that this additional IBCF funding for adult social care in 2017-19 is pooled into the local BCF.
- 9.2 The funding is paid to Local Authorities for adult social care as a direct grant under Section 31 of the Local Government Act 2003. The 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.
- 9.3 A recipient local authority must:
- a) pool the grant funding into the local BCF, unless an area has written



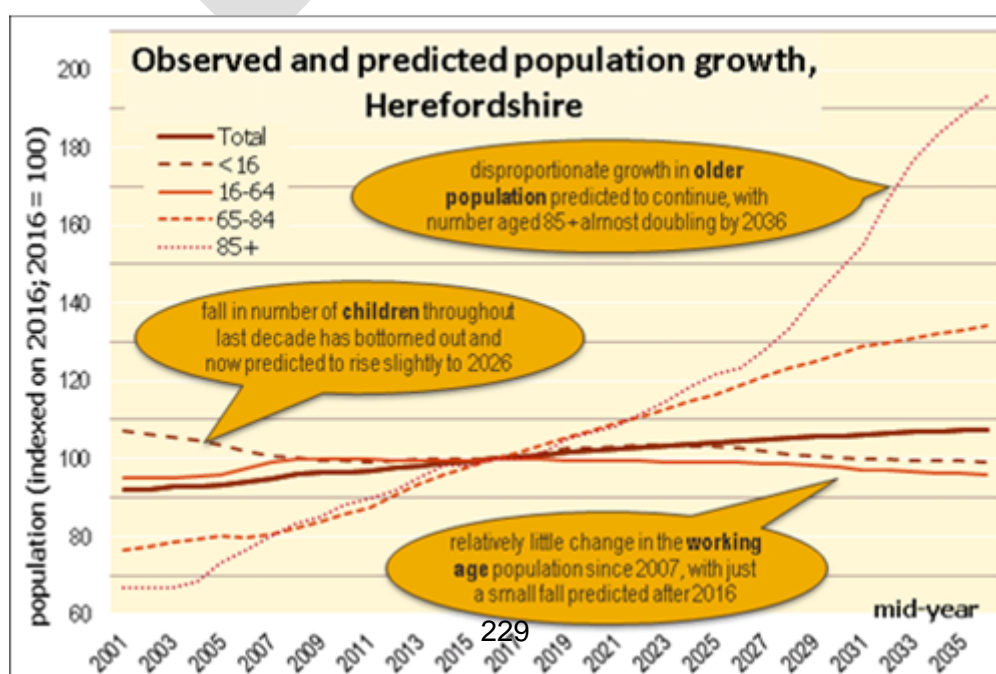
- Ministerial exemption;
- b) work with the relevant CCG and providers to meet the national BCF condition on managing transfers of care set out in the Integration and Better Care Fund Policy Framework and Planning Requirements 2017-19; and
- c) provide quarterly reports as required by the Secretary of State.

9.4 The MTFS assumes that the funding allocated in the 2015 spending review is recurrent and will be received throughout the MTFS period, albeit subject to any changes made by the forthcoming 2019 spending review; while the funding announced in the 2017 Spring Budget is assumed to be non-recurrent and will not be received after 2019/20.

## 10. Demographics

- 10.1 The latest population projections for Herefordshire are the 2016-based Subnational population projections (SNPPs), published 24 May 2018 by the Office for National Statistics (ONS). Based on the ONS' 2016 mid-year estimates, the future population is projected forward by ageing on the population and applying observed trends in relation to births, deaths and migration, year on year, up to 2041.
- 10.2 The current projections suggest slower growth than the previous (2014-based) projections. This is because of assumptions about lower future levels of fertility and international migration, and an assumption of a slower rate of increase in life expectancy.
- 10.3 The total population of Herefordshire is projected to increase from 189,500 people in 2016 to 194,100 by 2021 (an increase of two per cent); and to 203,700 people by 2036 (an increase of seven per cent), equivalent to an average annual growth of 0.35 per cent per year over this 20-year period. This is a lower projected annual rate of growth than England as a whole (0.5 per cent per year).
- 10.4 These projections serve as a baseline scenario; they do not attempt to predict the impact that future Government or local policies (such as on housing development), changing economic circumstances or other factors might have on demographic behaviour.

Predicted population growth in Herefordshire:



## **11. Minimum Revenue Provision**

- 10.1 The Minimum Revenue Provision (MRP) is a technical accounting requirement, specific to local government, which is the method by which councils charge their revenue accounts over time with the cost of their capital expenditure that was originally funded by borrowing.
- 10.2 Local government accounting rules require the council to make revenue provision to support the costs of capital spend funded by borrowing regardless of whether that borrowing has actually been taken up; this is referred to as minimum revenue provision and is intended to provide a public demonstration of the costs of capital expenditure.
- 10.3 During 2017/18 Herefordshire revised its Minimum Revenue Provision (MRP) Policy, this changed the notional debt repayment calculation basis to an annuity loan repayment method. This matches the flow of benefits generated by the assets funded from borrowing to the annual MRP charge in the revenue budget. Linking MRP to the average useful life of an asset reflects the economic benefit the council receives from using the asset to deliver services over its useful life, representing a fairer cost charge to current and future council tax payers. Council tax payers are being charged each year in line with asset usage and this avoids current council tax payers meeting the cost of future usage or future council tax payers being burdened with charges relating to assets that are no longer in use.
- 10.4 The actual MRP charge is based on the following calculation:-
- Historic debt balances, previously being written down on a 4% reducing balance basis, being charged on an annuity loan repayment basis. This change ensures all historic notional debt is repaid by 2025/26 whereas under the previous method a balance of £14m would be remaining to be repaid. The annuity rate used is a consistent 2% calculated in line with the changes in revenue support grant which was deemed to include a funding element in relation to the repayment of supported historic debt.
  - Supported borrowing, previously written down on a straight line basis over the asset life, moves to a 3% annuity also charged over the asset life under the revised method. The annuity rate has been applied to capital expenditure incurred since 1st April 2008, and spend prior to this continues to be written down on a straight line basis. The 3% represents an average of PWLB (Public Works Loan Board) loan comparator rates.
- 10.5 The MRP calculation will be reviewed again in 5 years' time to ensure the revised method above is still appropriate.

## **12. Capital Programme**

- 11.1 The current capital programme is summarised in the table below, along with the overall financing and detailed budgets by scheme in appendix 2. The capital programme approved by Council in July 2018 was approved at £297.3m; this becomes £325.4m with additional grants added to the capital programme. We know that previously a number of schemes would deliver later than planned as budgets are often estimated very optimistically across financial years, but in reality with the time it

takes to plan and progress projects they deliver later than first estimated. Work has been done to align these projects more realistically across the financial years and therefore the profile of budgets has moved between years to reflect this.

### Approved Capital Programme

	Prior Years £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	Total Capital Programme Budgets £000s
<b>Total Adults &amp; Communities</b>	33	2,868	3,176	1,853	1,853	9,783
<b>Total Children's &amp; Families</b>	7,743	3,375	14,887	13,200	1,200	40,405
<b>Total Corporate</b>	17,258	6,057	11,420	2,463	0	37,198
<b>Total Economy &amp; Place</b>	65,457	56,104	88,945	27,157	362	238,025
<b>Total Capital Programme</b>	90,491	68,404	118,428	44,673	3,415	325,411

#### Financed by

<b>Capital Receipts</b>	<b>24,755</b>
<b>Grants &amp; Funding Contributions</b>	<b>121,382</b>
<b>Prudential Borrowing</b>	<b>88,783</b>
<b>Funded in prior years</b>	<b>90,491</b>
<b>Total Funding</b>	<b>325,411</b>

- 12.2 Additional capital funding requests will be submitted to Full Council when they are required. This means there will be increases to the capital programme for 2019/20 onwards once approved by Council at any future meeting. These funding requests will be reviewed in line with Council plans and within the financing available of grants, capital receipts and increased borrowing of £6.7m annually but borrowing funded through revenue savings will be in addition to this limit. The capital receipts reserve balance at the end of 2017/18 was £42.5m and as we can see in the table above £24.8m of this has already been approved to fund current schemes but of course the reserve balance will increase by any future receipts from April 2018.
- 12.3 There are a number of large schemes of over £5m for replacement schools at Colwall, Marlbrook and Peterchurch, along with annual grants for the Local Transport Plan, Fastershire Broadband and Highways Asset Management. The Hereford Transport Package will also increase significantly once final plans and funding have been approved. However the three largest schemes are for the Hereford City Centre Transport Package for £40.6m, with only £8.3m budget remaining. The South Wye Transport Package for £35m with a £5m spend to date and plans being finalised for the project to be delivered. The Development Partnership Activities budget is for £40.6m with a £300k spend to date, although this is due to the partnership agreements only being signed in July 2018 and therefore these projects within the programme budget will begin to start to develop in the near future.

### Development Partners

- 12.4 The Development and Regeneration Programme (DRP) has been established to provide development solutions that are reflective of the policies of Herefordshire Council and will be designed and developed in an inclusive way with the community. Consideration is given in all instances of providing developments that are considerate

to the health and wellbeing of the residents, built to the latest environmental standards as set out in the building regulations (The National Standards).

- 12.5 Development partners Keepmoat and Engie are committed to encompassing the use of local suppliers and contractors and to maximise the opportunities to employ local Herefordshire people. The KPIs have been set up to reflect this and all parties will take every action possible to ensure this is achieved.
- 12.6 The development partners are keen to achieve developments that reflect the highest standards and that the real impact is to viability, or the anticipated land receipt. The decision as to what standards are applied to a development lies with the council and will impact on development returns/outcomes on a case by case basis.

#### **Keepmoat Homes Ltd**

- 12.7 Supporting the delivery of new homes that will help the council to achieve its strategic housing growth targets. Current projects include Bromyard Depot, Merton Meadow, Hildersley and Holme Lacy.
- 12.8 The first new homes are expected to commence building by late summer 2019.

#### **ENGIE Regeneration Ltd**

- 12.9 Supporting the delivery of regeneration construction projects, such as business units, student accommodation, commercial development and retirement housing.
- 12.10 The agreements will bring to life plans contained within the adopted Core Strategy (the document that sets out Herefordshire's planning priorities until 2031). The plan outlines the development opportunities enabled by the Hereford City Centre Transport Package and Hereford Transport Package, as well other sites across the county such as the Ross Enterprise Park and Hillside.

#### **Capital receipts reserve**

- 12.11 At the end of the 2017/18 financial year there was a balance of £42.5m in the capital receipts reserve. There are a number of schemes within the capital programme to be funded by capital receipts; the balance will be retained to deliver enhanced investment on the use of these reserves, once business cases have been submitted for approval at Council.

### **13. Revenue Budget / Till receipt**

Shown below is an indicative illustrative typical month's expenditure incurred by a band D property in Herefordshire from 1<sup>st</sup> April 2019, this is a draft that will be updated as the budget progresses into its final form.





Charges per month (average Band D property)  
2019/20 Monthly Council Tax receipt

<b>** Daily life **</b>	<b>#</b>
* Bin collections and environment	13,72
* Roads, bridges and care of public spaces	7,21
* Schools and education	98,13
* Buses and community transport	6,39
* Libraries, records and customer services	1,30
<b>** Looking after adults **</b>	
* Older people in residential / nursing care	13,38
* Older people supported at home	9,24
* Disabled adults	27,76
* Lifestyles services (substance abuse, sexual health)	2,64
* Health improvement (Public Health nursing, health checks, smoking cessation)	5,61
* Housing	0,52
<b>** Looking after children **</b>	
* Child protection	3,75
* Children in care	12,88
* Children with special needs	3,28
<b>** Local government running costs **</b>	
* Election, governance and legal services	3,24
* Directors & staff costs	0,65
* Organisational administration	1,41
* IT, transactions and billing (Hoople)	5,19
* Insurance and property maintenance	5,08
* Capital finance - Debt repayment	7,83
* Capital finance - Interest payments	10,24
<b>** Economic growth **</b>	
* Economic development and regeneration	1,27
* Broadband - rural rollout	0,13
* Planning	0,35
	<b>241,19</b>

*****	
<b>** VOUCHER **</b>	
<b>** Other income to supplement council tax **</b>	
* Investment Property income	-2,91
* Car parking	-5,36
* Capital finance - Interest received	-2,01
* Public Health grant	-7,70
* National Education funding (schools)	-96,98
*****	

**TOTAL TO PAY (per month) £126.23**

\*\*\*\*\*  
SIGN UP FOR MORE INFORMATION AT  
WWW.HEREFORDSHIRE.GOV.UK/COUNCILTAX  
01/04/19 09:00 1234 23 42  
\*\*\*\*\*

## **14 PFI contracts**

- 14.1 The council has two traditional PFI contracts; one in partnership with Worcestershire County Council for the provision of waste management services and the other for the provision of Whitecross High School. The council also has one contract that falls within the definition of a similar contract to a PFI, which is the Shaw Healthcare contract for the provision of residential care services. Under the Shaw Healthcare contract, the rent and service charges paid to Shaw by residents for the council's extra care flats at Leadon Bank have been treated as a contribution to the revenue costs of the units.

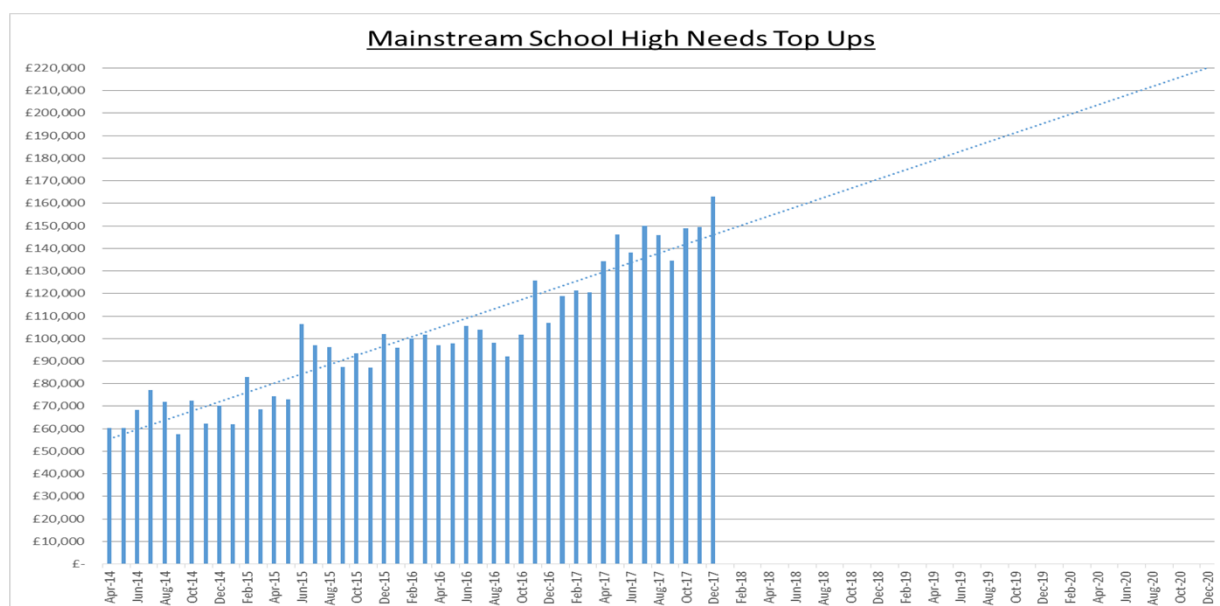
### **Waste disposal**

- 14.2 In 1998 Herefordshire Council, in partnership with Worcestershire County Council, entered into a 25 year contract with Mercia Waste Management Limited for the provision of an integrated waste management system using the Private Finance Initiative.
- 14.3 Under the contract the councils are required to ensure that all waste for disposal is delivered to the contractor, who will take responsibility for recycling or recovering energy from the waste stream. In total the estimated cost over the life of the contract is approximately £500m of which approximately 25% relates to Herefordshire Council. The original life of the contract was 25 years, until 2023, with the option to extend this by 5 years.
- 14.4 A variation to the contract was signed in May 2014 to design, build, finance and operate an Energy from Waste Plant. Construction was completed in 2017 with a funding requirement of £195m and an uplift to the annual unitary charge for both councils of £2.7m per annum.
- 14.5 Both councils provided circa 82% of the project finance requirement for the plant under a separate financing arrangement generating interest income for the councils. The remaining 18% was provided by the equity shareholders of Mercia Waste Management Limited.

### **Whitecross High School**

- 14.6 The Whitecross School PFI project delivered a fully equipped 900 place secondary school with full facilities management services. The contract with Stepnell Limited has an overall value of £74m and lasts for 25 years, until 2032. During the 2012/13 financial year the school transferred to Academy status but the obligations under the PFI contract remain with the council.

## 15 High Needs



There is a severe cost pressure on high needs spend; spend on pupils with higher support needs, with growth and projected growth shown in the table above. The council is reviewing its SEN funding matrix whilst ensuring a new approach continues to comply with the legal duty to secure the special educational provision identified in an Education, Health and Care (EHC) plan. This statutory duty means that, by meeting individual care plan needs, an overspend may occur. The council recognises its absolute duty to provide all special educational provision in children's EHC plans and is committed to fulfilling that duty for every child with an EHC plan even if this leads to a deficit in the SEN budget.

## 16 Treasury Management Strategy

- 16.1 The council has reviewed and updated its treasury management strategy for the MTFS period. The intention is to continue to utilise short term borrowing if required due to the lower cost of carry, however interest rate forecasts will continue to be monitored and, if considered financially favourable, longer term fixed rate debt will be secured.
- 16.2 As at 30 September 2018 the council held investments of £36m attracting an average of 0.71% interest and outstanding long term debt of £240m at an average interest rate payable of 4.36%.
- 16.3 Savings achieved by a change in the minimum revenue provision calculation (the notional capital investment financed by debt annual revenue repayment cost) have been allocated to a financial resilience reserve that will fund invest to save proposals.

## 17 Reserves

### Definition of Earmarked reserves and provisions

17.1 **Provisions** are required for any liabilities where the timing of payments or the amount of the liability is uncertain. Provisions are required to be recognised when:

- The council has a present obligation (legal or constrictive) as a result of a past event.
- It is probable that a transfer of economic benefit will be required to settle the obligations and;
- A reliable estimate can be made of the obligation
- Amounts set aside outside for purposes falling outside the definition of provisions are consider to be reserves.

17.2 **Earmarked reserves** are amounts set aside for specific policy purposes or for general contingencies and cash flow management. For each reserve established, the purpose, usage and the basis of transactions needs to be clearly defined.

### Use of Reserves

17.3 Reserves enable the council to do three things:

- Create a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. This forms part of the general reserves.
- Create a contingency to cushion against the impact of unexpected events or emergencies. This also forms part of general reserves.
- Creates a means of building up funds, often referred to as ear marked reserves, as defined above to meet known or predicted liabilities.

17.4 There are other reserves that can only be used for specific statutory purposes. These include the usable capital receipts and pensions reserve. These are not considered as part of this policy.

### Establishing a new reserve

17.5 When establishing reserves the council needs to ensure that it is complying with the Code of Practice on Local Authority Accounting and in particular the need to distinguish between reserves and provisions.

17.6 New reserves may be created at any time, but must be approved by the Cabinet when a reserve is established. The Cabinet needs to approve the following:

- Purpose - the reason for creating the reserve should be clearly stated.
- Usage - there should be a clear statement of how and when the reserve can be used.
- Basis of transactions - delegated authority for approval of expenditure from the reserve.



## **Reporting reserves**

- 17.7 The Chief Finance Officer has a fiduciary duty to local tax payers and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.
- 17.8 The overall level of reserves balances will be reported to Cabinet at least annually or when new reserves are proposed, the last report to Cabinet was in June 2018 (<http://councillors.herefordshire.gov.uk/ieListDocuments.aspx?CId=251&MId=6584&Ver=4> ).
- 17.9 The annual budget report to Council will include:
- A statement of movements in reserves for the year ahead and the following two years;
  - A statement of the adequacy of general reserves and provisions in the forthcoming year and in the Medium Term Financial Strategy; and
  - A statement on the annual review of reserves.
- 17.10 The level of reserves for the next three years will be reviewed at least annually as part of the Annual budget setting cycle. The Chief Finance Officer will review the Councils earmarked reserves for relevance of propose and adequacy.
- 17.11 Any amendments to earmarked reserves will be reported to the Cabinet for approval.
- 17.12 Once a reserve has fulfilled the purpose for which it was established, any remaining balance should be reallocated to another similar purpose earmarked reserve or surrendered to General Reserves.

## **18 Conclusion**

This medium term financial strategy proposes delivering a balanced budget with tough savings required but a clear focus on continuing to improve outcomes. Herefordshire has an excellent track record of transforming services in difficult financial times and continuing to meet the needs of our customers.

## **19 Appendices**

Appendix 1 - Net Revenue budget

Appendix 2 - Approved Capital Investment Programme

Appendix 3 - Reserves Policy

Appendix 4 - Risk Assessment

## Appendix 1

### Net Revenue budget and Directorate Spending Limits 2019/20

	2018/19 revised base	Funded pressures	Savings	Other adjust	2019/20 draft base budget
	£'000	£'000	£'000	£'000	£'000
Adults and communities	52,087	5,288	(700)	(325)	56,350
Children's and families	23,958	3,427	(200)	-	27,185
Economy and place	29,169	1,371	(2,473)	(453)	27,614
Corporate services	14,301	192	(359)	932	15,066
<b>Sub Total</b>	<b>119,515</b>	<b>10,278</b>	<b>(3,732)</b>	<b>154</b>	<b>126,215</b>
Centrally held budgets	24,609	-	(200)	(1,138)	23,271
Provisional settlement (one off) to spend on rural matters	-	-	-	1,501	1,501
<b>Total</b>	<b>144,124</b>	<b>10,278</b>	<b>(3,932)</b>	<b>517</b>	<b>150,987</b>
<b>Financed by</b>					
Revenue support grant	5,370				624
Business rates	33,256				35,950
Council tax	98,445				104,251
New homes bonus	2,540				2,176
Rural sparsity delivery grant	4,093				5,101
Collection fund surplus (one off)	420				500
Adult social care grant (one off)					2,385
<b>Total</b>	<b>144,124</b>				<b>150,987</b>

## Appendix 2

### Approved capital programme

	Prior Years £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	Total Capital Programme Budgets £000s
<b>Adults and Wellbeing</b>						
Disabled facilities grant	-	1,853	1,853	1,853	1,853	7,412
Hillside	-	250	1,250	-	-	1,500
Single Capital Pot	19	523	73	-	-	615
Private sector housing improvements	14	242	-	-	-	256
<b>Total Adults &amp; Wellbeing</b>	<b>33</b>	<b>2,868</b>	<b>3,176</b>	<b>1,853</b>	<b>1,853</b>	<b>9,783</b>
<b>Children's Wellbeing</b>						
Colwall Primary School	6,430	320	-	-	-	6,750
Schools Capital Maintenance Grant	797	1,217	1,700	1,200	1,200	6,114
Peterchurch Primary School	7	-	493	5,000	-	5,500
Expansion for Marlbrook school	153	450	5,538	-	-	6,141
SEN & DDA school improvements	-	-	710	-	-	710
Brookfield School Improvements	6	-	1,298	-	-	1,304
CYPD's S106	313	392	605	-	-	1,310
Special Provision Capital Fund	-	-	333	167	-	500
Healthy Pupils	-	-	99	-	-	99
Individual Pupil Needs	-	151	120	-	-	271
Short Breaks Capital	-	-	118	-	-	118
Blackmarston SEN	30	55	-	-	-	85
Replacement Leominster Primary	3	39	-	-	-	42
Basic Needs Funding	-	-	2,058	6,833	-	8,891
2 Year Old Capital Funding	4	101	-	-	-	105
Preliminary works to inform key investment	-	200	1,815	-	-	2,015
Temporary school accommodation replacement	-	450	-	-	-	450
<b>Total Children's Wellbeing</b>	<b>7,743</b>	<b>3,375</b>	<b>14,887</b>	<b>13,200</b>	<b>1,200</b>	<b>40,405</b>
<b>Corporate</b>						
Fastershire Broadband	16,855	5,000	11,420	2,463	-	35,738
IT Network Upgrade	209	291	-	-	-	500
PC Replacement	70	290	-	-	-	360
Data Centre Consolidation	124	106	-	-	-	230
Children Centre Changes	-	370	-	-	-	370
<b>Total Corporate</b>	<b>17,258</b>	<b>6,057</b>	<b>11,420</b>	<b>2,463</b>	<b>-</b>	<b>37,198</b>
<b>Economy, Communities and Corporate</b>						

Hereford City Centre Transport Package	32,321	1,342	1,550	5,438	-	40,651
Local Transport Plan (LTP)	-	13,539	12,272	12,272	-	38,083
Hereford Enterprise Zone	8,318	4,758	2,924	-	-	16,000
Leisure Centres	9,639	413	-	-	-	10,052
Solar Photovoltaic Panels	503	120	1,511	-	-	2,134
Corporate Accommodation	2,362	509	-	-	-	2,871
ECC's S106	-	756	-	-	-	756
South Wye Transport Package	4,978	4,508	17,067	8,250	197	35,000
Marches business improvement grants	415	1,297	788	-	-	2,500
SEPUBU Grant	-	381	354	-	-	735
Property Estate Enhancement Works	826	1,414	500	-	-	2,740
LED street lighting	5,478	177	-	-	-	5,655
Herefordshire Enterprise Zone Shell Store	-	1,500	5,816	-	-	7,316
Cyber Security Centre Project	-	3,500	-	-	-	3,500
Development Partnership activities	300	5,300	35,000	-	-	40,600
Highway asset management	-	9,790	3,108	-	-	12,898
Hereford Transport Package	-	2,960	-	-	-	2,960
Ross Enterprise Park (Model Farm)	-	800	6,270	-	-	7,070
Three Elms Trading Estate	(8)	125	358	-	-	475
Stretton Sugwas Closed Landfill	93	2	-	-	-	95
Customer Services and Library	10	123	-	-	-	133
Energy Efficiency	-	35	65	-	-	100
Warm Homes Fund	1	-	397	397	165	960
Strangford closed landfill site	20	11	-	-	-	31
Gypsy & Traveller Pitch development	29	331	-	-	-	360
Leominster cemetery extension	21	172	-	-	-	193
Tarsmill Court, Rotherwas	-	400	-	-	-	400
Car Parking Strategy	58	188	-	-	-	246
Car Park Re-Surfacing	-	116	-	-	-	116
Office and Car Park Lighting Replacement	-	135	165	-	-	300
Affordable Housing Grant	-	800	800	800	-	2,400
Community Housing Fund	-	150	-	-	-	150
Revolving Loans	99	101	-	-	-	200
Hereford Library	(6)	351	-	-	-	345
<b>Total Economy and Place</b>	<b>65,457</b>	<b>56,104</b>	<b>88,945</b>	<b>27,157</b>	<b>362</b>	<b>238,025</b>
<b>Total</b>	<b>90,491</b>	<b>68,404</b>	<b>118,428</b>	<b>44,673</b>	<b>3,415</b>	<b>325,411</b>

## **Appendix 3**

### **Reserves**

#### **1. Review of Reserves**

- 1.1. 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
  - 1.1.1. Relevant,
  - 1.1.2. Appropriate, and
  - 1.1.3. Prudent.
- 1.2. 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.
- 1.3. The Chief Finance Officer must consider strategic, operational and financial risks in assessing the adequacy of the council's reserves position.

#### **2. Use of Reserves**

- 2.1. 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
- 2.2. Movements in reserve will be reported to Council as part of the financial Outturn at the end of the financial year.

#### **3. Conclusion**

- 3.1. 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 2018 the balance was £7.9m (5% of net budget).
- 3.2. 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 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

	Key Financial Risks	Likelihood	Impact	Mitigating Actions
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 a level of between 3% and 5% of its revenue budget for emergency purposes</li> <li>Level of reserve is currently £7.9m (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 overspend on Special Education Needs</b> The duty to secure provision identified in Education, Health and Care plans means an overspend may occur	Medium	Medium	<ul style="list-style-type: none"> <li>This is a national issue with lobbying to increase central government funding</li> <li>A review of the application of the matrix is underway</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 fund sufficient school places and sufficient support</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>

# Savings Proposals 2019/20 to 2021/22

	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
Adults and communities	700	600	500	1,800
Children and families	200	300	650	1,150
Economy and place	2,473	623	273	3,369
Corporate services	359	77	77	513
Centrally held budgets	200	500	500	1,200
<b>Total</b>	<b>3,932</b>	<b>2,100</b>	<b>2,000</b>	<b>8,032</b>

**Savings Proposals**  
**Adults and Communities Directorate**

Savings Proposal	Impact	Savings			
		2019-20 £000	2020-21 £000	2021-22 £000	Total £000
Workforce and service delivery savings	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.	600	0	0	600
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.	0	600	500	1,100
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).	100	0	0	100
<b>Total</b>		<b>700</b>	<b>600</b>	<b>500</b>	<b>1,800</b>



**Savings Proposals**  
**Children and families directorate**

		Savings			
Savings Proposal	Impact	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
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.	200	300	450	950
Organisational restructure to reflect the service requirements	Ensuring families benefit from a consistent and established service through a stable and capable workforce.	-	-	200	200
<b>Total</b>		<b>200</b>	<b>300</b>	<b>650</b>	<b>1,150</b>

Savings Proposal	Impact	Saving			
		2019-20 £000	2020-21 £000	2021-22 £000	Total £000
<b>Efficiency savings</b> <b>Initiatives include:</b> Management savings, staff restructures, saving on printing cost, reduction in storage costs at the Modern Records Unit.	No impact - efficiency savings				
		357	273	273	903
<b>Back Office Services and Corporate Accommodation efficiencies</b>	No impact - efficiency saving	0	150	0	150
<b>Reduced cost of Public and School / College Transport and moving public transport information to online only</b>  246	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. 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.	150	0	0	150
<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.	75	0	0	75

Savings Proposal	Impact	Saving			
		2019-20 £000	2020-21 £000	2021-22 £000	Total £000
<b>Phased removal of subsidies to parish councils for the Lengthsman and Parish Paths .</b>	<p>Decision taken to phase funding out over the MTFS period.</p> <p>The condition of minor roads in Parish areas will be dependent upon whether Parish Councils choose to replace the subsidy with their own resources.</p> <p>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 activities currently carried out on the network by Parish and town councils.</p> <p>With P3 schemes , users of the ROW network could be affected by the reduced level of maintenance if parishes are unable/ unwilling to increase the level of activity from volunteers.</p>	100	0	0	100
<b>Increased income and efficiency within Public Realm Services</b>	<p>Public Realm contract efficiencies, including an increase in income from increased enforcement in relation to works carried out by utility companies on the highway (NRSWA) - reduction in highway defects.</p> <p>Investment in fleet and plant to reduce ongoing revenue cost and maintenance. No adverse impact upon service.</p> <p>Environmental service redesign</p> <p>Review of service to streamline and reduce cost of cleansing and monitoring of waste/litter related issues.</p> <p>Improved environment through better coordination.</p>	200	0	0	200
<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	200	0	230
<b>Savings in Museums and Archives</b>	<p>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.</p> <p>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.</p>	250	0	0	250
<b>Accommodation Strategy</b>	Efficiency savings through moving out of buildings	360	0	0	360
<b>Procurement Savings</b>	Including savings to our waste contract.	500	0	0	500
<b>Organisational redesign savings</b>	Base budget realignment	280	0	0	280
	Workforce and service delivery savings	171	0	0	171
<b>Sub Total</b>		<b>2,473</b>	<b>623</b>	<b>273</b>	<b>3,369</b>

Savings Proposals  
Corporate Services

		Saving			
Savings Proposal	Impact	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
Efficiency savings Initiatives include: Management savings, staff restructures, saving on printing cost,	No impact - efficiency savings	73	77	77	227
Organisational redesign savings	Workforce and service delivery savings	66	0	0	66
	Base budget realignment	220	0	0	220
Sub Total		359	77	77	513

## Savings Proposals

### Centrally held budget savings

		Saving			
Savings Proposal	Impact	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
<b>Organisational redesign savings</b>	Efficiency savings	200	-	-	200
<b>Revisions to the Council Tax Reduction Scheme</b> - discount awarded proposed to align to universal credit income bandings	This will be subject to a separate decision process that will include a detailed public consultation and equalities impact assessment	-	100	-	100
<b>Pension deficit</b> - centralised cost reduction	No public impact - tri-annual valuation expected to reduce deficit contribution requirement		400		400
<b>Treasury management</b> - in house cashflow management	No public impact - Development partnership return to minimise treasury management costs			500	500
<b>Total</b>		<b>200</b>	<b>500</b>	<b>500</b>	<b>1,200</b>



## PROPOSED REVENUE BUDGET 2019/20

	2018/19 revised base	Pressures	Savings	Other adjust	2019/20 base budget	2019/20 gross budget
	£'000	£'000	£'000	£'000	£'000	£'000
Adults and communities	52,087	5,288	(700)	(325)	56,350	92,436
Children and families	23,958	3,427	(200)		27,185	157,786
Economy and place	29,169	1,371	(2,473)	(453)	27,614	48,503
Corporate services	14,301	192	(359)	932	15,066	19,171
<b>Sub Total</b>	<b>119,515</b>	<b>10,278</b>	<b>(3,732)</b>	<b>154</b>	<b>126,215</b>	<b>317,896</b>
Centrally held budgets	24,609		(200)	(1,138)	23,271	63,271
Provisional settlement (one off)				1,501	1,501	1,501
<b>Total</b>	<b>144,124</b>	<b>10,278</b>	<b>(3,932)</b>	<b>517</b>	<b>150,987</b>	<b>382,668</b>

## Adults & Communities

	Gross Budget	Net Budget
	£000	£000
Learning Disabilities	23,947	20,307
Memory & Cognition	3,317	2,467
Mental Health	4,322	3,593
Physical Disabilities	32,331	23,722
Sensory Support	530	432
<b>Client Subtotal</b>	<b>64,447</b>	<b>50,521</b>
Care Operations and Commissioning	8,700	8,681
Commissioned Services	4,045	2,998
Transformation and Improvement	889	889
Prevention and Wellbeing	3,990	3,075
Director and Management	1,331	(9,814)
Public Health	9,034	0
<b>Non Client Subtotal</b>	<b>27,989</b>	<b>5,829</b>
<b>Adults and Wellbeing</b>	<b>92,436</b>	<b>56,350</b>



## Children & families

	Gross Budget	Net Budget
	£000	£000
Directorate	(87)	(87)
<b>Directorate</b>	<b>(87)</b>	<b>(87)</b>
Additional Needs	2,607	2,261
Children's Commissioning	852	615
Commissioning Management	3,173	472
Development and Sufficiency	1,280	944
Early Years	1,200	442
Education Improvement	236	86
<b>Education &amp; Commissioning</b>	<b>9,348</b>	<b>4,820</b>
Safeguarding and Review	942	691
Children in Need	2,929	2,829
Looked After Children	19,321	17,211
Safeguarding Development	351	321
Safeguarding & Early Help Management	1,400	1,400
<b>Safeguarding &amp; Family Support</b>	<b>24,943</b>	<b>22,452</b>
<b>Children and families</b>	<b>34,204</b>	<b>27,185</b>

The dedicated school grant of £123,582k in 2019/20 is in addition to the above

Economy and Place

E&P

	Gross Budget	Net Budget
	£000	£000
<b>Management</b>		
Management	171	171
<b>Total Management</b>	<b>171</b>	<b>171</b>
<b>Regulatory Environment &amp; Waste</b>		
Environment and Waste	15,744	13,864
Regulatory and Development Management Services	4,626	870
<b>Total Regulatory Environment &amp; Waste</b>	<b>20,370</b>	<b>14,734</b>
<b>Highways &amp; Transport</b>		
Directorate Services	365	365
Highways and Community Services	901	901
Public Realm Annual Plan	6,139	6,139
Transport and Access Services	9,561	7,133
<b>Total Highways &amp; Transport</b>	<b>16,966</b>	<b>14,538</b>
<b>Technical Services</b>		
Technical and Parking Services	2,074	(5,921)
Asset Management and Property Services	4,969	1,125
<b>Total Technical Services</b>	<b>7,043</b>	<b>(4,796)</b>
<b>Growth, Culture, Museums, Libraries, Archives</b>		
Community Regeneration	213	213
Neighbourhood Planning	263	101
Growth	32	54
Regeneration	337	165
Strategic Planning	259	259
Customer and Library Services	1,936	1,338
<b>Total Growth, Culture, Museums, Libraries, Archives</b>	<b>3,040</b>	<b>2,130</b>
<b>Economic Growth</b>		
Economic Development	913	836
<b>Total Economic Growth</b>	<b>913</b>	<b>836</b>
<b>Total Economy &amp; Place</b>	<b>48,503</b>	<b>27,613</b>

## Corporate

	Gross Budget	Net Budget
	£000	£000
<b>Corporate</b>		
Corporate Support Services	8,677	5,538
Finance, Legal & Governance	8,568	7,683
People & Performance	1,926	1,845
<b>Total Corporate</b>	<b>19,171</b>	<b>15,066</b>



**Treasury Management Strategy Statement 2019/20**

**Herefordshire Council**

**Treasury Management Strategy 2019/20**

**Contents**

- 1. Introduction**
- 2. Summary of Strategy for 2019/20**
- 3. Economic Background and Interest Rate Forecast**
- 4. Capital Financing Requirement**
- 5. Borrowing Strategy**
- 6. Investment Strategy**
- 7. Annual Minimum Revenue Provision Statement 2019/20**

**Annex**

- a. Existing Borrowing and Investments**
- b. Borrowing Maturity Profile**
- c. Prudential Indicators**
- d. Outlook for Interest Rates**
- e. Treasury Management Policy Statement**

## Treasury Management Strategy Statement 2019/20

### 1. Introduction

- 1.1 Treasury management is the pursuit of optimum performance in the management of cash flows consistent with managing the associated risks. 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 an effective treasury management strategy.
- 1.2 This strategy has been prepared in accordance with the revised reporting due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately.
- 1.3 The purpose of this Treasury Management Strategy (TMS) is to approve:
- Treasury Management Strategy for 2019/20
  - Borrowing – Section 5
  - Investments – Section 6
  - Minimum Revenue Payment (MRP) Statement – Section 7
  - Prudential Indicators – Annex C

### 2. Summary of Strategy for 2019/20

#### Borrowing

- 2.1 Borrowing is driven by the requirements of the approved capital investment budget. The forecast capital investment budget for 2019/20 indicates £69.3m of capital spend requiring financing from prudential borrowing. As long term borrowing rates are expected to be higher than investment rates, actual borrowings will be deferred by utilising cash balances and short term borrowing if required. Long term interest rate forecasts will be constantly monitored to ensure debt need is secured at the best opportunity. If less capital spend is incurred than forecast then the need to borrow will be reduced.
- 2.2 Using current forecasts during 2019/20 the councils underlying need to borrow is expected to increase by £72.2m, as shown in the table below.

	<b>£m excluding PFIs</b>
<b>Estimated council borrowing as at 31<sup>st</sup> March 2019</b>	<b>165.3</b>

## Treasury Management Strategy Statement 2019/20

Capital spend financed by prudential borrowing	69.3
Net change in internal borrowing	9.9
Less minimum revenue provision	(7.0)
<b>Estimated council borrowing as at 31<sup>st</sup> March 2020</b>	<b>237.5</b>
<b><i>Increase in estimated council borrowing</i></b>	<b>72.2</b>

- 2.3 Short-term borrowing rates are currently, at 1.15%, significantly lower than longer-term borrowing rates (Annex D) and using the long-term analysis, comparing short-term finance with a long-term loan, utilising short term borrowing is shown to be the most cost effective approach. Savings in the early years are currently outweighing additional amounts payable that may fall due in later years. Therefore the council is proposing to continue with its current policy of using short term borrowing to finance the 2019/20 borrowing requirement.
- 2.4 The borrowing budget for 2019/20 includes provision to pay short-term interest costs of up to £0.6m. The budget also includes the interest cost on existing fixed long term borrowing at £5.4m.
- 2.5 This strategy approves a total variable loan stock holding of up to 50% of total loans. By restricting variable loan stock to a total of 50% of loans held this minimises the cost risk of interest rate increases, fixed rate loans can be secured quickly if interest rates appear to be increasing.
- 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 (CNAV (Constant Net Asset Value), LVNAV (Low Volatility Net Asset Value), or VNAV (Variable Net Asset Value));
  - Maintain counterparty limits with the banks and building societies at prudent levels;
  - Consider other creditworthy investments to increase diversification.

## Treasury Management Strategy Statement 2019/20

- 2.8 Where non treasury investments are considered, a separate report will be presented for approval with any changes that may be required to Prudential Indicators incorporated with an updated TMS if necessary.

### 3. Economic Background and Interest Rate Forecast

#### Economic background

- 3.1 **UK** the Monetary Policy Committee, (MPC), unanimously (9-0) voted to increase the Bank Rate on 2<sup>nd</sup> August from 0.5% to 0.75%. Although growth looks as if it will only be modest overall at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.
- 3.2 The Consumer Price Index (CPI) measure of inflation was 2.4% in September and is expected to fall back to the 2% inflation target over the next two years. The MPC has indicated that the Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in the Bank Rate for the second half of 2019.
- 3.3 Unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. Wage inflation picked up to 3.1% (3 month average regular pay, excluding bonuses). This meant that in real terms (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%.
- 3.4 **Euro Zone.** Quarterly GDP growth in the euro area averaged 0.4% during the first half of 2018. That was lower than anticipated and lower than in 2017, when growth averaged 0.7%. That slowdown probably partly reflected temporary factors, including adverse weather in some northern European countries in Q1, particularly Germany and France.
- 3.5 Underlying demand growth in the Euro area appears to have remained relatively robust. Quarterly consumption growth was 0.5% in Q1, a little stronger than 2017 rates, while both consumer and business confidence remained strong.
- 3.6 The unemployment rate, at 8.3% in June, is above its estimated equilibrium rate — the rate consistent with stable wage pressures.
- 3.7 The European Central Bank (ECB) made no changes to its policy rates in June or July, and provided guidance in June that rates were expected to remain at present levels at least through the summer of 2019. The ECB also announced an extension to its asset purchase programme to December 2018, at a slower rate of €15 billion per month, reduced from €30 billion currently, and anticipated an end to net purchases after that date, subject to incoming data.



### Treasury Management Strategy Statement 2019/20

- 3.8 **USA** activity in the US — the UK's second largest trading partner — rebounded strongly from a dip in growth in Q1, expanding by 1% in Q2. GDP growth is expected to fall back in Q3, but to remain robust at around 0.75%. Activity will be supported thereafter by fiscal policy, following the personal and corporate tax cuts announced in December 2017, as well as the Bipartisan Budget Act of 2018, which lifted discretionary spending caps by around US\$300 billion over 2018 and 2019, equivalent to around 1.5% of GDP.
- 3.9 The economy in the US is growing at approximately three times the rate of that in the UK. It currently has the lowest unemployment rates in almost 50 years.
- 3.10 There are risks coming through though including higher tariffs that have been implemented or proposed on US trading partners and associated reciprocal measures.
- 3.11 The Federal Open Market Committee (FOMC) has continued to tighten policy, raising the target range for the federal funds rate to between 1.75% and 2% in June. The median projection of FOMC members for the federal funds rate at end 2018 also rose from 2.1% to 2.4%, implying two further 25 basis point increases in 2018, with a further three projected in 2019.

#### Interest rate forecast

- 3.12 Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years based on an assumption of an agreement being reached on Brexit between the UK and the EU.
- 3.13 Borrowing interest rates are slowly increasing, most recently as a result of the August MPC meeting where the Bank Rate was increased by 0.25% to 0.75%. The policy of avoiding new borrowing by minimising investment cash balances has proved efficient and will continue to be carefully reviewed to minimise the risk of incurring higher borrowing costs in the future.
- 3.14 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.
- 3.15 A more detailed interest rate forecast provided by the Link Asset Services is attached at Annex 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.

## Treasury Management Strategy Statement 2019/20

- 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 Annex C. The movement in actual external debt and usable reserves (which have a direct bearing on requiring to borrow) combine to identify the council's borrowing requirement and potential investment strategy in the current and future years. The table below summarises the current forecast:-

	<b>31.03.19 Estimate £000</b>	<b>31.03.20 Estimate £000</b>	<b>31.03.21 Estimate £000</b>	<b>31.03.22 Estimate £000</b>
<b>Forecast Capital Finance Requirement (CFR)</b>	317,813	378,018	388,889	382,734
Less: Expected Useable Capital Receipts Reserve	(35,200)	(23,300)	(23,300)	(23,300)
<b>CFR post capital receipts</b>	<b>282,613</b>	<b>354,718</b>	<b>365,589</b>	<b>359,434</b>
Less: PFI and other long term commitments	(53,226)	(51,097)	(49,053)	(47,091)
<b>CFR excluding other long-term liabilities (PFIs)</b>	<b>229,387</b>	<b>303,621</b>	<b>316,536</b>	<b>312,343</b>
Less: Existing fixed long term borrowing (a)	(137,517)	(130,282)	(126,798)	(124,427)
<b>Maximum new borrowing requirement</b>	<b>91,870</b>	<b>173,339</b>	<b>189,738</b>	<b>187,916</b>
Less: Internal borrowing from reserves	(64,100)	(66,100)	(62,700)	(62,700)

## Treasury Management Strategy Statement 2019/20

<b>Net new borrowing requirement (b)</b>	<b>27,770</b>	<b>107,239</b>	<b>127,038</b>	<b>125,216</b>
<b>Total Council Borrowing (a plus b)</b>	<b>165,287</b>	<b>237,521</b>	<b>253,836</b>	<b>249,643</b>

- 4.6 The above table shows the council's borrowing requirement due to capital expenditure and the refinancing of principal repaid on existing long-term debt.

## 5. Borrowing Strategy

- 5.1 At 30 September 2018 the council held £140.3m of long-term fixed rate loans as shown in Annex A. Current capital expenditure forecasts suggest that this will increase before the end of the financial year, if spend slips then the need to borrow will be deferred.

### 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.

### 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 and reduce its overall credit risk by tailoring the timing of borrowing to minimise cash 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 2019/20 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:

## Treasury Management Strategy Statement 2019/20

- 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 arrangements

### 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 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 maintains a cash flow balance 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 MHCLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments

## Treasury Management Strategy Statement 2019/20

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 reduce the amounts invested with banks and building societies. For 2019/20 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 ratings 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:

## Treasury Management Strategy Statement 2019/20

## AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

## AA+

- Finland
- U.S.A.

## AA

- Abu Dhabi (UAE)
- France
- Hong Kong
- UK

## AA-

- Belgium
- Qatar

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.

**Table 2: Approved Investment Counterparties and Limits**

		<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	5m	5 years
		Purple	5m	2 years
		Orange	5m	1 year
		Blue	5m	1 year
		Red	5m	6 months
		Green	5m	100 days

## Treasury Management Strategy Statement 2019/20

		No colour	nil	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
<b>Other investments:</b>				
Top five UK Building Society		£5m per fund (up to six months' duration)		
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 MHCLG 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".

6.9 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

6.10 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

### Treasury Management Strategy Statement 2019/20

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	£5.0m
Total investments with unrecognised credit ratings	£5.0m
Total non-specified investments	£10.0m

## 7. Annual Minimum Revenue Provision Statement 2019/20

- 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 Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018. The broad aim of the Guidance is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. In line with the Guidance, the policy for the 2019/20 calculation of MRP is as follows:

	<b>Indicative 2019/20 MRP charge £000</b>
Supported borrowing	1,316
Prudential borrowing	6,160
Overprovision adjustment	(477)
Finance leases and private finance initiatives	2,129
<b>TOTAL</b>	<b>9,128</b>

MRP on supported borrowing is written down on an annuity basis with an annuity rate of 2%.

MRP on unsupported borrowing incurred before 1 April 2008 will be written down on a straight line basis over the asset life.

MRP on unsupported borrowing from 1 April 2008 onwards is written down on an annuity basis with an annuity rate of 3%.

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.



## Treasury Management Strategy Statement 2019/20

## Annex A

## EXISTING BORROWING AND INVESTMENTS

The overall treasury management portfolio as at 31 March 2018 and for the position as at 30 September 2018 are shown below for both borrowing and investments.

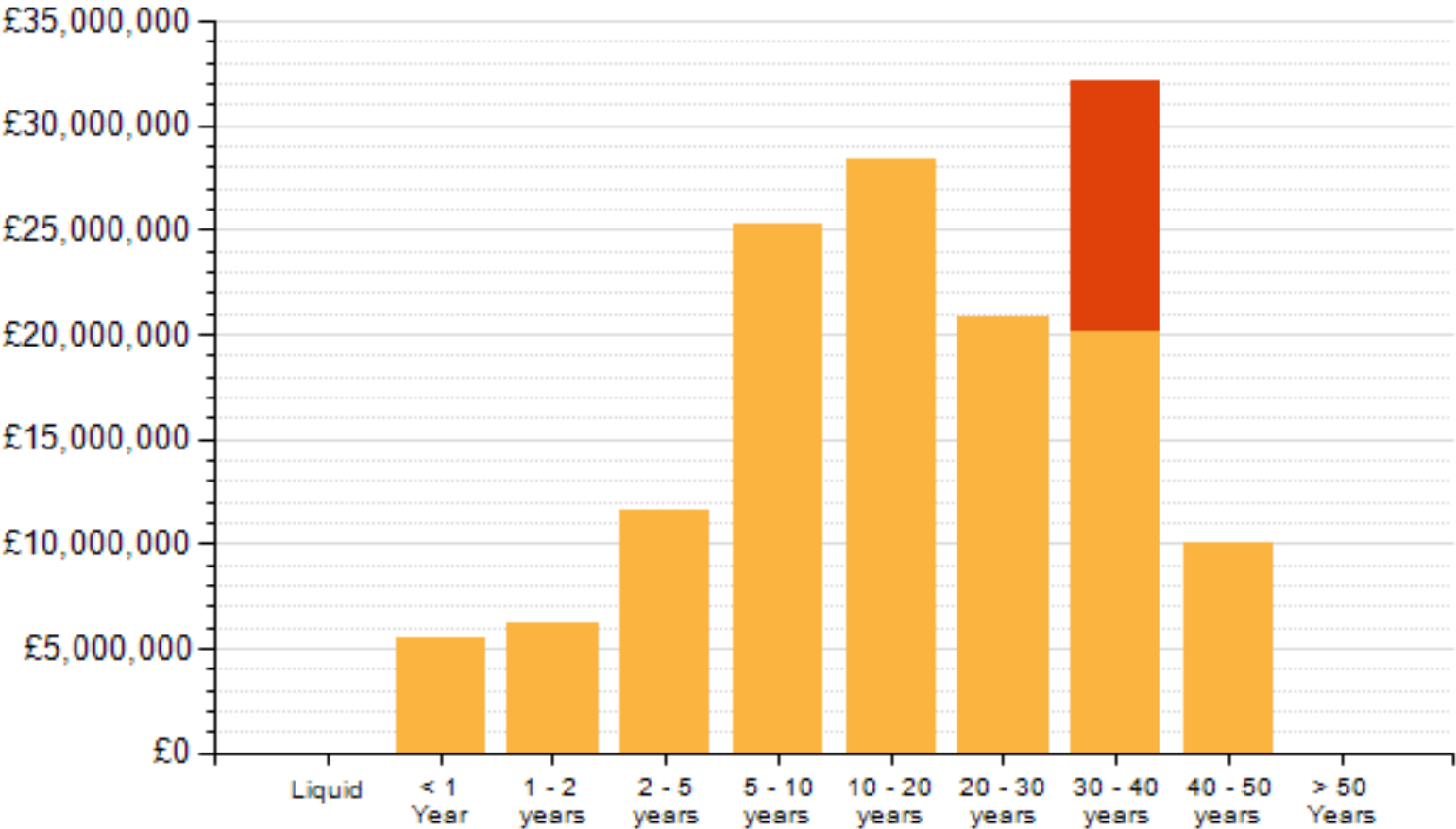
## TREASURY PORTFOLIO

Treasury Investments	actual 31.3.18	actual 31.3.18	As at 30.09.18	As at 30.09.18
	£000	%	£000	%
Banks - rated	4,740	34%	5,000	14%
building societies - rated	0	0%	0	0%
local authorities	5,000	35%	20,000	56%
DMADF (H.M. Treasury)	0	0%	0	0%
money market funds	4,380	31%	10,850	30%
certificates of deposit	0	0%	0	0%
<b>Total managed in house</b>	<b>14,120</b>	<b>100%</b>	<b>35,850</b>	<b>100%</b>
bond funds	0	0%	0	0%
property funds	0	0%	0	0%
<b>Total managed externally</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Total treasury investments</b>	<b>14,120</b>	<b>100%</b>	<b>35,850</b>	<b>100%</b>
Treasury external borrowing				
local authorities	5,000	3%	0	0%
PWLB	131,054	89%	128,266	91%
LOBOs	12,000	8%	12,000	9%
<b>Total external borrowing</b>	<b>148,054</b>	<b>100%</b>	<b>140,266</b>	<b>100%</b>
<b>Net treasury investments / (borrowing)</b>	<b>(133,934)</b>	<b>0</b>	<b>(104,416)</b>	<b>0</b>

BORROWING MATURITY PROFILE



Loans Maturities by Type



## Treasury Management Strategy Statement 2019/20

## Annex C

## 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 for the next three years.

## 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.

Capital Programme	2018/19 £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	Total £000
Existing approvals	68,404	118,428	44,673	3,415	234,920
Expected additional schemes	-	11,697	10,106	8,106	29,909
<b>Total expenditure</b>	<b>68,404</b>	<b>130,125</b>	<b>54,779</b>	<b>11,521</b>	<b>264,829</b>
<b>Funding</b>					
Capital receipts	14,091	11,944	-	-	26,035
Grants & contributions	41,171	48,848	32,960	5,613	128,592
Prudential borrowing	13,142	69,333	21,819	5,908	110,202
<b>Total</b>	<b>68,404</b>	<b>130,125</b>	<b>54,779</b>	<b>11,521</b>	<b>264,829</b>

## Treasury Management Strategy Statement 2019/20

**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:

<b>Capital Financing Requirement (CFR)</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>
Total forecast CFR	378,018	388,889	382,734

**4. 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 the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

<b>Operational Boundary</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>
Operational Boundary for Borrowing	330,000	340,000	340,000
Operational Boundary for other Long-Term Liabilities	60,000	60,000	60,000
<b>Operational Boundary for External Debt</b>	<b>390,000</b>	<b>400,000</b>	<b>400,000</b>

## Treasury Management Strategy Statement 2019/20

### 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.

Authorised Limit	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Authorised Limit for Borrowing	350,000	350,000	350,000
Authorised Limit for other Long-Term Liabilities	70,000	70,000	70,000
<b>Authorised Limit for External Debt</b>	<b>420,000</b>	<b>420,000</b>	<b>420,000</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	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Net Revenue Stream	150,987	156,985	163,224
Financing Costs	12,999	14,872	16,177
<b>Percentage</b>	<b>8.6%</b>	<b>9.5%</b>	<b>9.9%</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.

### 8 Adoption of the CIPFA Treasury Management Code

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

### Treasury Management Strategy Statement 2019/20

- 8.2 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 Annex E.

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

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

	2019/20 Estimate	2020/21 Estimate	2021/22 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%

#### 10. Maturity Structure of Fixed Rate Borrowing

- 10.1 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.
- 10.2 The maturity of borrowing (as shown in Annex B) 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 31/03/19</b>	<b>Lower Limit for 2019/20</b>	<b>Upper Limit for 2019/20</b>
Under 12 months	5%	0%	35%
12 months and within 24 months	3%	0%	30%
24 months and within 5 years	9%	0%	25%
5 years and within 10 years	18%	0%	25%
10 years and within 20 years	20%	0%	40%
20 years and within 30 years	15%	0%	40%

**Treasury Management Strategy Statement 2019/20**

30 years and within 40 years	23%	0%	40%
40 years and within 50 years	7%	0%	40%
<b>Total</b>	<b>100%</b>		

**11. Upper Limit for total principal sums invested over 364 days:**

- 11.1 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>2019/20 Estimate  £m</b>	<b>2020/21 Estimate  £m</b>	<b>2021/22 Estimate  £m</b>
<b>Authorised counterparties</b>	<b>5</b>	<b>5</b>	<b>5</b>

## Treasury Management Strategy Statement 2019/20

## Annex D

## OUTLOOK FOR INTEREST RATES

## (FORECAST &amp; ECONOMIC COMMENT PROVIDED BY TREASURY ADVISORS)

	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
<b>Bank Base Rate (%)</b>	0.75	1.00	1.00	1.00	1.00	1.25	1.25	1.50	1.50	1.50	1.75	1.75	2.00
<b>PWLB Rates (%):</b>													
<b>5 years</b>	2.10	2.20	2.20	2.30	2.30	2.40	2.50	2.50	2.60	2.60	2.70	2.70	2.80
<b>10 years</b>	2.50	2.60	2.70	2.70	2.80	2.90	2.90	3.00	3.10	3.10	3.20	3.20	3.20
<b>25 years</b>	3.00	3.00	3.10	3.20	3.20	3.30	3.40	3.50	3.50	3.60	3.60	3.60	3.70
<b>50 years</b>	2.80	2.80	2.90	3.00	3.00	3.10	3.20	3.30	3.30	3.40	3.40	3.40	3.50
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 June 2019 at which point small stepped increases are anticipated. Capital Economics forecast that interest rates will increase more rapidly.

**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 0.75% for the first quarter of 2019/20 possibly increasing to 1.00% for the remainder 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.



**Treasury Management Strategy Statement 2019/20**

- The investment budget is based on the majority of funds being held in instant access accounts generating low returns, currently budgeted at 0.5%.
- 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 borrowing rates.

DRAFT

## Treasury Management Strategy Statement 2019/20

## Annex E

**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

## Treasury Management Strategy Statement 2019/20

year, a mid-year review and an annual report after its close.

- 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.



# **Budget consultation 2019/20**

## **Outcome report**

Version V1.0  
Herefordshire Council Intelligence Unit

November 2018

## Contents

Key findings: .....	3
Introduction .....	4
Methodology .....	4
Results.....	5
Respondent profile .....	13
Appendix A: Nonstandard/other responses .....	14
Appendix B: Map of respondents to consultation.....	14
Appendix C: List of comments.....	14
Appendix D: The questionnaire .....	14

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:

- 39 per cent of respondents thought the council's proposal to increase Council Tax by 4.9% is about right, while 49 per cent thought it is too much and 12 per cent thought it is too little.
- While 25 per cent of respondents agreed with the allocation of Council tax spend as set out in the budget till receipt, 56 per cent did not. There was a broad range of views about alternative ways of allocating resources.
- 37 per cent of respondents supported the council increasing its borrowing requirement by £22.3m to increase the level of investment in the county, 15 per cent supported borrowing more, and 48 per cent supported borrowing less.
- 49 per cent of respondents supported 'keeping the maximum discount of 84%' for the low income households Council Tax discount, 12 per cent supported increasing the discount and 39 per cent supported reducing the level of discount.
- With regard to the council's award of business rate discounts to small businesses, 44 per cent supported to 'continue to award the same level of business rate discount', compared to 32 per cent supported 'increasing the availability of business rates discount' and 24 per cent supported 'reducing the level of discount'.
- 78 per cent of respondents agreed with the proposal to use £1.6m to employ more children's social workers and to support more help for children, young people and families at an early stage.

## **Introduction**

The consultation on Herefordshire Council's budget for 2019/20 ran Thursday 5 July 2018 to Friday 21 September 2018. 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). And was also promoted to a wide range of key stakeholders and groups.

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 in appendix C but have been anonymised and corrected for spelling where appropriate.

There were a total of 225 responses to the questionnaire, of which 219 were submitted online and six were completed paper copies.



## Results

The following analysis represents 225 responses received to the consultation questionnaire. Appendix A contains the responses received 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 can be found in appendix C.

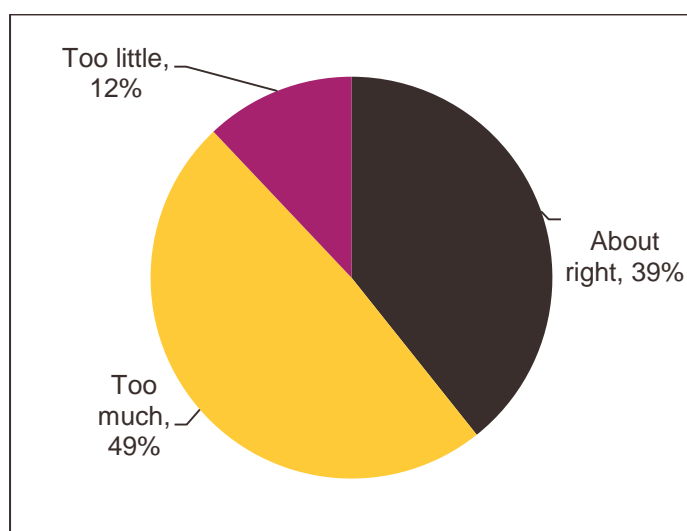
### Q1. What do you think about our proposal to increase Council Tax by 4.9% in 2019/20?

39 per cent of respondents thought the council's proposal to increase Council Tax by 4.9% is about right, while 49 per cent thought it is too much and 12 per cent thought it is too little.

Table 1: Respondents to Q1

	Number of respondents	Percentage of respondents
About right	88	39%
Too much	109	49%
Too little	27	12%
Total answered	224	100%
Not answered	1	

Figure 1: Percentage of respondents to Q1



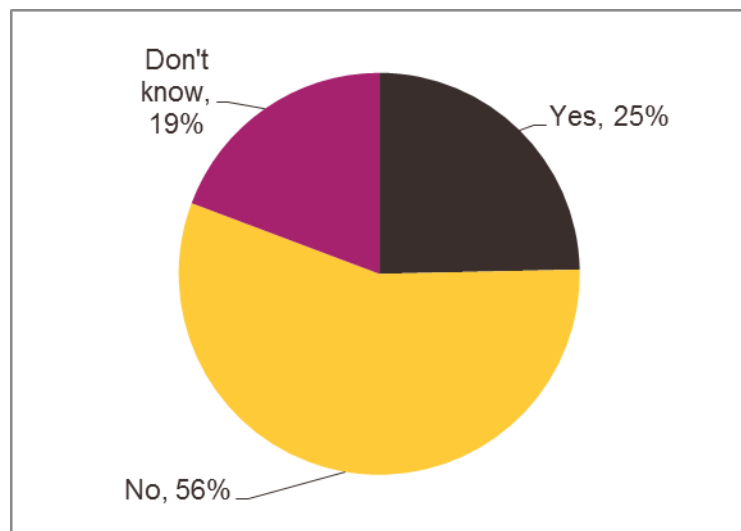
**Q2. Do you agree with the allocation of Council Tax spend as set out in the budget till receipt? This includes a 4.9% increase for 2019/20.**

While 25 per cent of respondents agreed with the allocation of Council tax spend as set out in the budget till receipt, 56 per cent of respondents did not. 19 per cent of respondents said they 'don't know'.

Table 2: Respondents to Q2

	Number of respondents	Percentage of respondents
Yes	55	25%
No	125	56%
Don't know	43	19%
Total answered	223	100%
Not answered	2	

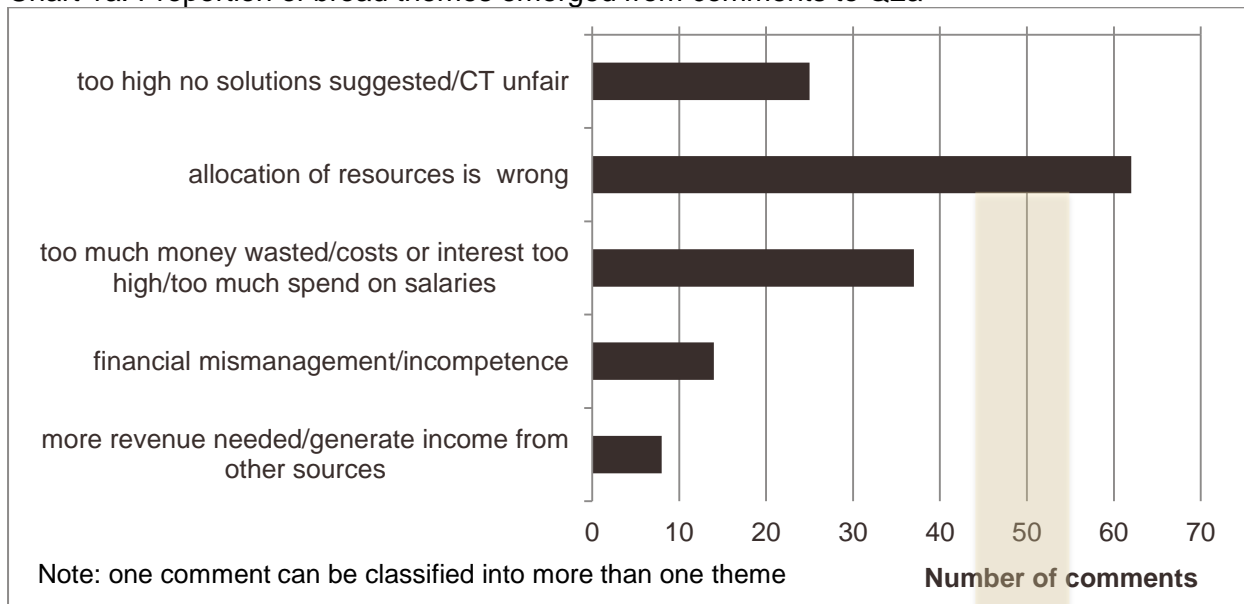
Chart 1: Percentage of respondents to Q2



If not, please explain why:

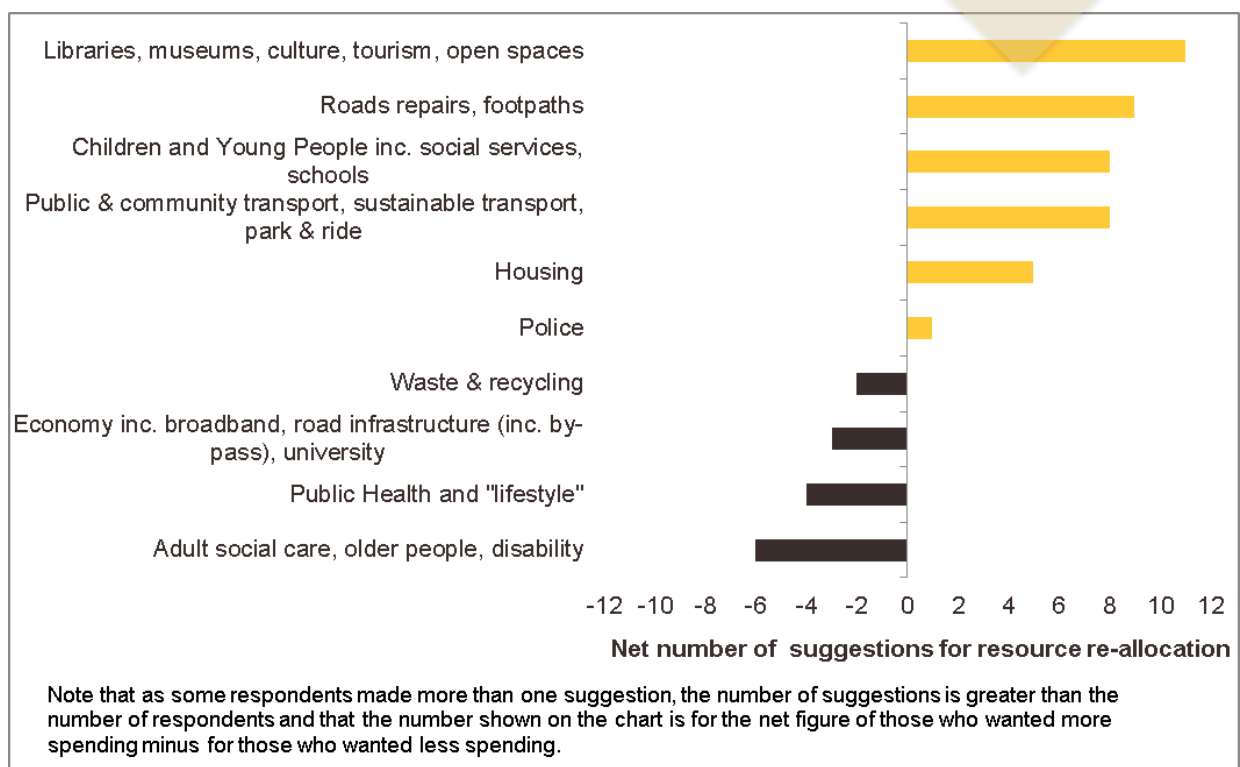
Respondents were asked to explain why they do not agree with the Council Tax allocation for 2019/20. There were 112 comments provided, the broad themes emerged from these comments as follows:

Chart 1a: Proportion of broad themes emerged from comments to Q2a



The comments of those respondents who indicated they felt the allocation of resources is wrong were analysed further to see which areas they felt should have more or less spent on them. The results were as follows:

Chart 1b: suggestions for resource reallocation



Please see appendix C for the full list of comments.

The council intends to invest over £48m in capital projects, such as improving Herefordshire's roads and transport network, developing facilities for business to establish and grow in Hereford and Ross-on-Wye, improving schools and supporting delivery of housing.

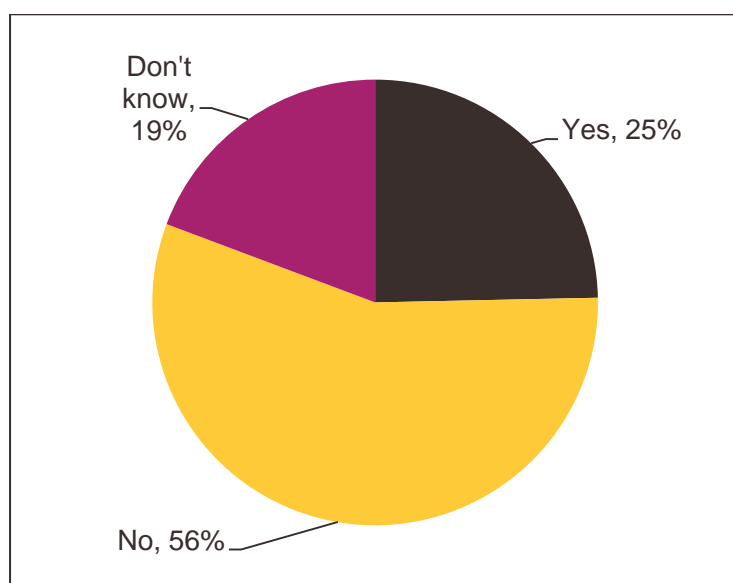
**Q3. To support this investment we intend to borrow £22.3m, with repayment costs incorporated into household Council Tax. Do you:**

37 per cent of respondents supported the council increasing its borrowing requirement by £22.3m to increase the level of investment in the county, and 15 per cent supported borrowing more. 48 per cent supported borrowing less.

Table 3: Respondents to Q3

	Number of respondents	Percentage of respondents
Support the council increasing its borrowing requirement by £22.3m as proposed?	82	37%
Think that the council should borrow more than proposed to increase the level of investment in the county?	33	15%
Think that the council should borrow less, and reduce its investment in the county?	105	48%
Total answered	220	100%
Not answered	5	

Chart 2: Percentage of respondents to Q3



**If borrow more, what should the extra borrowed money be spent on?**

Of the respondents who provided a meaningful suggestion, two fifths would support investing on 'infrastructure', a fifth would support investing on 'public transport', a sixth for 'library/museums/tourism' or 'children's services'. There were also suggestions for investing in 'affordable housing, 'new university' and 'health improvement services'.

**If borrow less, what investment should be cut?**

A third of respondents who provided a comment suggesting a 'cut' to investment have suggested that council should cut down investment on 'proposed bypass and/or on new roads and transport network', a fifth suggested reducing expenditure, a sixth suggested reducing investment in 'housing'. Cutting down investment on 'economy and businesses', 'schools' and overall investment in 'Hereford' were also suggested.

Please see appendix C for the full list of comments.

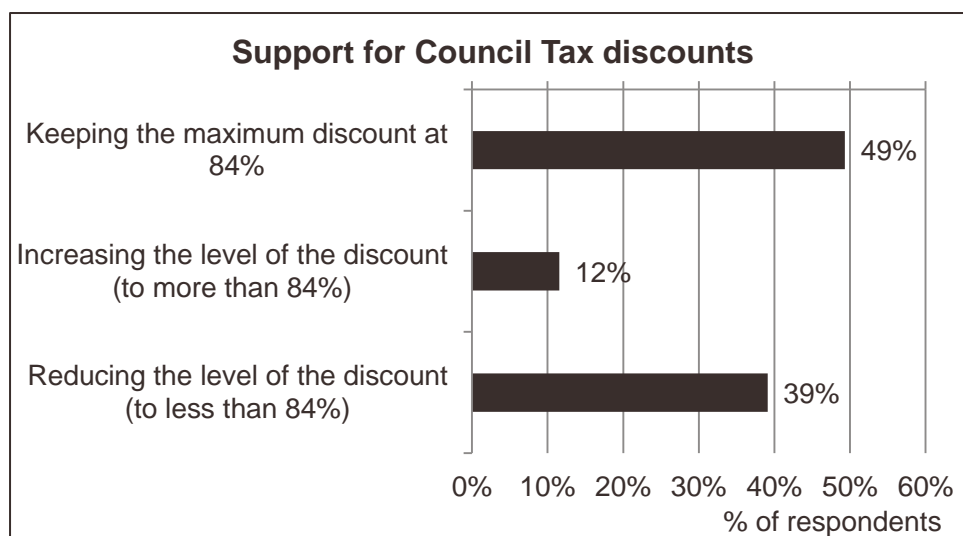
**Q4. The Council Tax Reduction scheme currently allows for households on low income to have their Council Tax discounted by a maximum of 84% of the amount payable. Would you support:**

'Keeping the maximum discount at 84%' is supported by 49 per cent of respondents, while 12 per cent would support 'increasing the level of discount' and 39 per cent would support 'reducing the level of discount'.

Table 4: Respondents to Q4

	Number of respondents	Percentage of respondents
Keeping the maximum discount at 84%	111	49%
Increasing the level of the discount (to more than 84%)	26	12%
Reducing the level of the discount (to less than 84%)	88	39%
Total answered	225	100%

Figure 2: Percentage of respondents to Q4



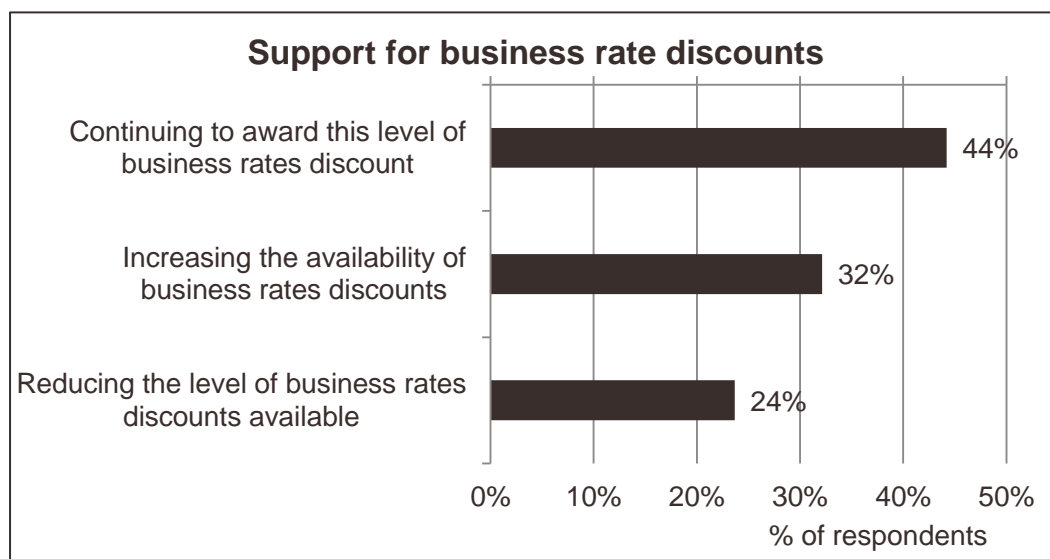
**Q5. The council awards approximately £18.7m of business rates discounts in a year, including £8.4m awarded to small businesses. Would you support:**

44 per cent of respondents supported to continue to award the same level of business rates, while 32 per cent supported increasing the availability of business rates, and 24 per cent supported a reduction in the level of available business rates discounts.

Table 5: respondents to Q5

	Number of respondents	Percentage of respondents
Continuing to award this level of business rates discount	99	44%
Increasing the availability of business rates discounts	72	32%
Reducing the level of business rates discounts available	53	24%
Total answered	224	100%
Not answered	1	

Figure 3: percentage of respondents to Q5



The caseloads of social workers who work with children, young people and their families to keep them safe are of concern to us. In order to reduce these workloads and the chance of children and young people being at risk because of them, we are proposing to use £1.6m to employ more children's social workers and to support more help for children, young people and families at an early stage.

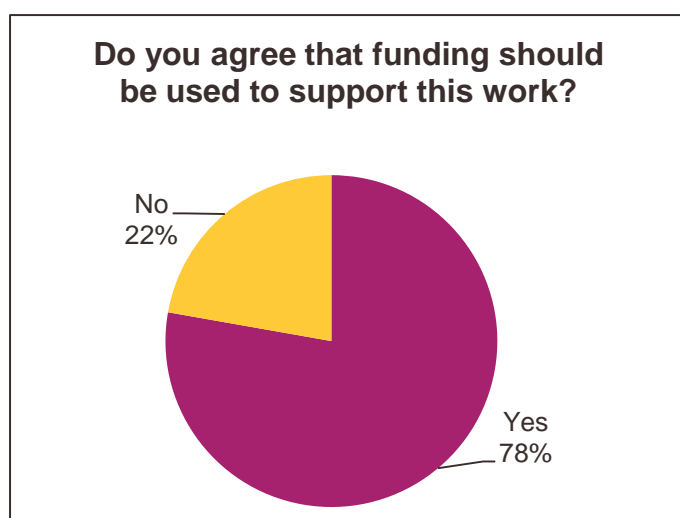
**Q6. Do you agree that funding should be used to support this work?**

78 per cent of respondents supported the proposal to use £1.6m to employ more children's social workers and to support more help for children, young people and families at an early stage – table 6

Table 6: respondents to Q6

	Number of respondents	Percentage of respondents
Yes	175	78%
No	50	22%
Total answered	225	100%

Figure 4: percentage of respondents to Q6

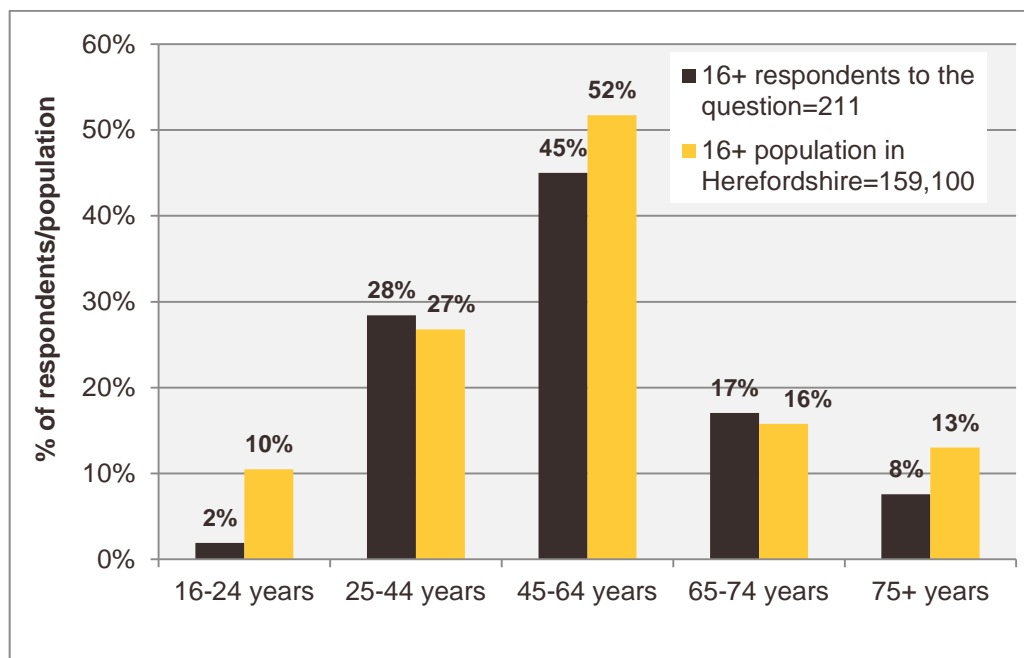




## Respondent profile

- Two per cent of respondents represented an organisation or a group while 98 per cent were individuals. Three organisations identified themselves as:;  
Kingstone Academy Trust  
Bosbury and Coddington Parish Council  
Hereford and South Herefordshire Green Party
- 181 respondents provided their full postcode - please see map (appendix B- map of respondents to consultation)
- 53 per cent of respondents to the survey were males, 40 per cent were females, and 7 per cent preferred not to say.  
(Herefordshire population profile: 50 percent to 50 percent)<sup>1</sup>
- 25 per cent were aged 65 years or over, 45 per cent were aged 45-64 years, 28 per cent were aged 25-44 years and two per cent were 24 years or younger. People aged 24-64 years were largely over represented in the consultation.

Chart 4: Age distribution of survey respondents and Herefordshire population



<sup>1</sup> The Population of Herefordshire 2018 (<https://factsandfigures.herefordshire.gov.uk/media/60636/population-of-herefordshire-2018-v10.pdf>)

- 13 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 months.
- 94 per cent of respondents identified themselves as English, Scottish, Welsh or British; five 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' (2011 Census).

#### **Appendix A: Nonstandard/other responses**

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

#### **Appendix C: List of comments**

#### **Appendix D: The questionnaire**

## **Email responses from residents**

### **Email 1:**

Companies such as Balfour Beatty to make a profit for their shareholders, not to enhance the lives of residents. In this rural county their lack of expertise in tree work and general care for the rural environment is all too obvious.

If the council ran its own in house workforce it would provide local jobs and that element of profit margin would be saved.

Distance travelled is a big factor in this county; employ local people in the market towns to care for the environment and facilities such as toilets.

We are a tourist destination for people keen to escape urban areas and experience old world charm so spend more on Tourist Information to promote what we have

Instead of intricate paving schemes in the heart of Hereford, spend more on plain tarmac so that our charming lanes and few main roads can be driven along smoothly and people do not trip over numerous potholes. Does the County Hospital send you details of the number of casualties they treat? Broken hips are the beginning of the end for many elderly people – this county has more than most authorities.

<name removed>

## Email 2:

1. I refer to the consultation "till receipt" included in the consultation.

In the list of items 'Other income to supplement council tax' I would expect to see some income from Business Rates, Revenue Support Grant and possibly from the Energy from Waste scheme?

(In the presentation you show an expected income of £36m from business rates - a third of the income from Council Tax. Admittedly RSG is tiny.)

2. Can you explain why in the presentation of the budget for 2018/19, it showed that the savings expected from EC&C in 2019/20 were £1.060m, and in the presentation of the 2019/20 budget this time, the same directorate is expected to make savings of £2.017m.

For example, are you proposing to make additional cuts (£225m) to Public and Community Transport that were not originally projected for 2019/20?

And why the savings from Corporate in 2018/19 budget presentation were £1.2m and are now £0.5m?

3. The Corporate Plan for 2016-2020, shows a base budget of £141m for 2019/20. This consultation has a figure of £145.4m. Why has the budget increased?

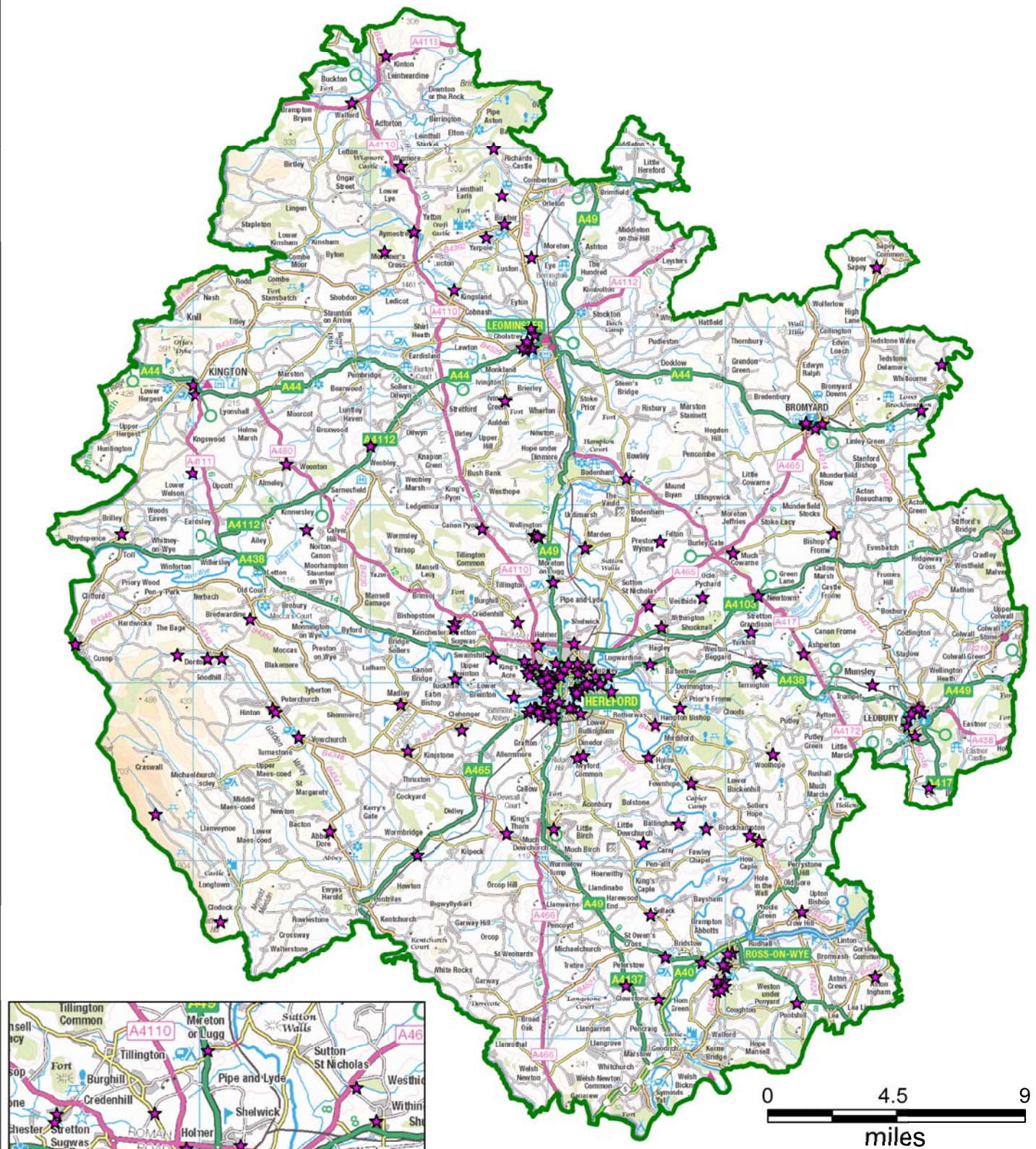
4. The MTFS Capital Programme shows a spend of £10.341m on the Local Transport Plan in both 2018/19 and 2019/20. What is this expenditure for?

5. The MTFS Capital programme for 2019/20 shows zero spend on other schemes less than £500k. Is this realistic?

Thank you

<name removed>





## Budget and priorities consultation 2018 respondents



**Herefordshire  
Council**

© Crown copyright and database rights (2018) Ordnance Survey (100024168)  
ONS LSOA boundaries are reproduced with the permission of HMSO



Intelligence Unit  
Herefordshire Council  
Pough Lane  
Hereford  
HR4 0LE

## **Appendix C: List of comments**

### **Introduction**

This report shows the comments made by residents to budget consultation 2018 questionnaire. Some of the comments have been edited to preserve anonymity, where this has been done the changes are marked within < >. Any remarks added by data entry personnel are shown in parenthesis, for example [comment illegible].

Note: Some of the comments refer to the statement number in the questionnaire. Where necessary, please refer to the consultation questionnaire.

**Q2. Do you agree with the allocation of Council Tax spend as set out in the budget till receipt? This includes a 4.9% increase for 2019/20. If not, please explain why:**

Comments:
Not enough is spent on fixing the county's roads nor on the library and museum's service
Need more road maintenance, hence answer to question1
Not enough is spent on providing affordable housing for local residents. In particular in rural villages where young families are being pushed out by market forces and buyers that come to the county from afar. It is an absolute disgrace that Herefordshire does not help its own young working families to get on the housing ladder. If private enterprise is not willing to provide affordable housing due to profit margins, perhaps the council should consider building its own housing to provide for its residents.
You waste too much money on non-essentials
Money not being put into early intervention and charities offer services for much lower rates why is this?
Your questionnaire assumes I agree with the method of collecting tax i.e. Council Tax. It is unfair regressive and there are not enough bands so that wealthy householders pay more
Economic growth is a priority for the council yet there seems to be a lack of investment; shouldn't investment in this area be presented as providing for our children's future? On the subject of protecting our children - when are the council going to get to grips with their finances. They have a research team that forecasts need, a finance team which allocates budget, and a management team that seem to overspend in this area. One of them must be wrong in what they do!!
Childrens Services require more spending helping young people in the care system and those that support them. The budget is stretched far too thinly and I would like to see the budget doubled
Too high
Start saving before spending and pay cuts up the top would help
The continuous cuts to services and rewritings regulatory criteria to reduce expenditure is not the best approach. The undefined level of savings and the means of achieving them is just wishful thinking.
I'd like to see far more spent on broadband rollout, and roads (repairs, snow clearance etc.); and much less on lifestyle services, schools and buses.
You need to lower your running costs and spend less on vanity projects and more on economic development



Comments:
Make cuts to staffing and executive pay
Some of your costs are simply too high. Why do we insist on having libraries, when most people read / buy books online now (if you do keep them, they should be part of other buildings / community hubs). Why are we paying towards planning when it's a chargeable service? Why do we pay so much for council office / administration / IT costs, these should be a lot lower and would be if you ran yourselves like a proper business.
Herefordshire residents are already paying the highest Council Tax I the UK, and have consistently and persistently shouldered the burden.
No faith in HC councillors or staff to properly consider such matters.
Too little spent on housing
Insufficient funding for child protection, e.g. early intervention, buses and community transport for isolated and deprived rural areas, roads, health in terms of preventative measures, support for elderly in their own homes and local government running costs appear high
Too greater spend on social care
Paying Hoople too much... Capital finance ill thought through... Should not have wasted do much on Blue school house... Broadband is private enterprise, not a utility. Why spend public money on it?
Far too much spent on local government running costs as a percentage of the whole, with too much time, effort and money being spent on vanity projects e.g. the bypass, a proposed university, etc.
Cost of local government running costs is too high, e.g. council overspend on Blue school House and not taking responsibility. Council is not fit to manage a budget
Children with disabilities' education are at crisis point. Families and/or carers are at crisis point. The number of profoundly disabled children is increasing. Special schools are bursting at the seams.
Where's the public transport support? I want to use a bus instead of my car all the time! What about community transport? Help that, too!
You do not spend the money wisely
Why is so much going on interest and debt repayments and so little on investment in economic growth?
Council control libraries and they are the future for our children. Increase share of funding
No arts provision. Nothing much for libraries. Herefordshire is a cultural desert - risks become very small minded, etc.
Too much for schools
More income could be achieved from car parking and investment property. Election, governance & legal costs could be reduced.
Running costs to high and low value from Roads & Bridges charges



Comments:
Suggest reduce lifestyle services (paying for people to do something they could do for themselves). Spend something on Tourist Information services.
Too much on substance abuse, sexual health and other Nanning services
I feel the council rewards its 'top' staff with large salaries when we have a history of failing the county with services that continually dwindle. Not to mention the underquote on the new building on Blue school Street! The amount of money that had been spent on the council offices and continual refurbishment is also disgraceful frankly. No accountability springs to mind.
More should go to the police.
"Roads, bridges and care of...", "Housing", and "Child protection" should be invested in more.
If you didn't waste money and overspent on things that would help with ensuring better management of tax payers money
more funding for sustainable transport solutions including buses and park and ride for the city
Nearly 40% of the allocation is 'looking after adults' - we should expect families to do more to support their loved ones, not the state. Also, the allocation against IT, Transactions & Billing seems high compared to Staff & Administration costs
Too little money is spent on maintaining public rights of way. In particular it is very short-sighted and counter-productive to close the P3 scheme, as using local contractors is far more cost-effective than using BBLP
Too much spent on capital finance
Child protection is totally out of control a complete shambles that needs scrapping.
Too much spending on adult social care and elderly. More should be done for the social responsibility of the families of these people to pay
I think more should be spent on affordable housing and less on bin collection. More emphasis should be made of community spirit, people do not have disposable income as they used to fund things like the new roads that do not provide that much function.
<u>Too much being spent on financing. Cut costs rather than borrow each year! (yes that includes those individual bottles of water at each meeting and the taxis)</u>
More funds need to be allocated to children with disabilities and additional needs given the rising costs.
We pay too much to Herefordshire Council for a bad service now
More should be spent on Broadband and less on economic regeneration.
This is not clear. More focus on prevention e.g... lifestyle
Annual inflation is not 4.9%
Social care should be paid for by the people who use it, it is expected for us to fund our own social care, I cannot afford to pay for other people's as well

Comments:
<p>Because it is not affordable to me. Why does bin collection and environment cost so much, is this due to lack of efficient commissioning of service? It's not fit for purpose. Why is so much allocated to schools when parents are still asked to contribute so much financially additionally. Too much funding is allocated to preventative measures for smoking and has been the case for several years, what about other preventative measures and dropping the smoking. There is no rural transport and as they are run by private companies, why is this subsidised through the Council Tax. Too much money is allocated to people with disability which if invested in the community and voluntary sector organisations directly could lead to a reduction in this extortionate allocation. Why is more money not allocated to Looked after children, they are the real in need and poorly served.</p>
<p>Please invest more in health improvement and lifestyle services - this will reduce our costs and improve our wellbeing and health for the future</p>
<p>Borrowing so much is not prudent. The interest payments just mean that we have to pay higher Council Tax</p>
<p>I don't see why drug addiction &amp; sexual health should have twice the allocation of resources as libraries and records. That seems very unbalanced.</p>
<p>Too much spent on substance abuse and sexual health</p>
<p>More money should be allocated to rural transport, housing, economic development and libraries, records and customer services and less should be spent on lifestyles services and I.T.</p>
<p>Salaries are too high for Directors in Council. Do not spend on stopping smoking campaign. Care for older people - families need to contribute more.</p>
<p>too much waste in council spending</p>
<p>Apart from the budget till receipt trivialising important decisions, it does not provide enough information. The expenditure on Hoople appears excessive, economic development and regeneration is not broken down. Why is "environment" lumped in with bin collections - what on earth does that mean? Why are elections, governance and legal services lumped together? Capital finance and interest payments are excessive and given the low level of reserves, the Council should not take on any further capital expenditure commitments. Much greater transparency and consultation is needed.</p>
<p>Year on year we are asked to pay way over the rate of Consumer Price Index (CPI) inflation; my pension is not keeping up with these rises and it is not fair.</p>
<p>I think it is too little. Everything requires more funding.</p>
<p>Unless incomes go up by 5% how can people afford a 5% Council Tax increase?</p>
<p>More should be spent on funding public services such as museums, galleries, records and libraries as well as open spaces.</p>

Comments:
Why Election and Governance costs are over four times staff costs? Why is so many locum staff employed at extortionately high agency rates? Why do the Council find it so hard to recruit and retain good experienced staff in social care teams across Adults and Childrens Services?
It is too big an increase for the services we get and too costly for struggling households
This is way above inflation
Insufficient information. Headings too broad
Stop the unnecessary by-pass and you can spread the saving without such an increase or so much borrowing - it is criminal to suggest borrowing more when you're wasting what you have
I think there should be more funding available for the public realm, open spaces, roads etc.
More needs to be spent on maintaining our roads as they are now in a shocking state. A quick repair job is not the answer or do we all have to buy rough terrain vehicles.
Libraries are the future for children, underfunded. Something only the council can do.
The spend on schooling looks high, until you see the central government income also. The net spend is comparably small. More needs to be spent on schooling - this is the future. There is both income and expenditure from capital financing interest. Assuming that the interest income is at a lower % than the interest expenditure, this appears wasteful.
How have you come to a figure of a 4.9% increase? Our family's wages have only increased 1% per year for the last decade with a pay freeze the year before that and we are a band D. 4.9% increase in a year is ridiculous.
I absolutely reject the need for the by-pass and am therefore totally against the Council borrowing millions of pounds to pay for it. I do not live in any of the residential areas affected by it, but I do travel into Hereford every day. The bypass is NOT needed, what is needed is a better internal traffic infrastructure for getting children to school - during school holidays there is hardly any problem at all. Plainly not all the traffic during the holidays will be using the by-pass, which shows how little actually would.
Car parking?
10% of Council Tax spent on disabled. Who probably make up 1% or less of population
Would like to see a bit more spent on buses, community transport, libraries and customer services and a bit less on running costs (admin, property maintenance)
It is difficult to come to a conclusion without comparisons to previous years or against other similar authorities. It seems that caring for disable adults costs twice as much as residential care for old people. Is this reasonable? Probably it is but without further breakdown of how the money is spent, I can't come to any conclusion.
Unfair that houses in higher Council Tax bands should pay 2or 3 times more than lower tax band households
Burdensome to already cash strapped residents whilst we are paying too much for IT (Hoople)

Comments:	
More needs to be allocated to children's and adult social care services. Less money should be spent on commercial ventures	
4.9% increase it far too much	
We already pay enough for too little!	
It is too big an increase for the services we get and too costly for struggling households	
I disagree with the amounts being borrowed for new road schemes including the Hereford bypass. Like Nottingham council you could tax work place car parks to invest in safe Active travel especially safe routes to school, bus subsidies & comprehensive segregated cycle network across Hereford. Best use of public health grants.	
It is more than twice the rate of inflation. Pensioners will not be able to afford to stay in their own homes they have worked all their lives for.	
as the amount of money spent is too high and results are too small no increase if needed if procurement is done correctly	
More needs to be spent on preventative services-which can only happen if there is an increase above 4.9%	
Too much spent on disabled, debt repayment, and buses	
Too much being spent on children in care. Too many in care given population	
I think it would be possible to further reduce/sell off the council's buildings estate. It is difficult to assess whether the proportionate spend is appropriate without more detail. You do appear to be spending a colossal amount on debt interest payments - is this normal or a symptom of previous financial mismanagement?	
I have had enough of my bill going up as I cannot afford it and have no access to council run services so do not benefit from any of it.	
Too much	
families are already struggling	
I am on slightly above average wages that have been frozen for 2 years then a 1% pay raise for the past 3 years, the majority of people cannot afford their bills as they are with food and housing inflation continuing to rise from 2.3-5.6% over the past few years. We have already had a rise this past year of 4.9% which is frankly crippling most people on top of inflated costs and this would finish our family off without exaggeration.	
Too much on children in care - this is not good for the children whose life chances are low	
Too much is being spent on debt repayment and interest. Scale back capital investment to reduce these charges. Increase the allocation of funding to Children's Services and to Buses and Community Transport	
you waste money and overspend on project , no accountability on over spending on projects like blue school street	
Local salaries are not increasing at this rate	

Comments:
No one's wages has gone up by that amount.
I don't agree with increase as a whole. There is an increase every year, yet the levels of services decrease every year.
Too many cuts in essential services and too much money spent and planned on vanity projects and expensive private consultants like wasp and Balfour Beatty. This stuff should be done in house and people's needs prioritised over and above expensive privatisation. Follow Liverpool and take the running of services in house with proper expert's who have our real needs at heart, not profit for multinationals.
No money should be spent on building new roads and more spent on improving public transport and encouraging cycling/walking in safe spaces.
I do not agree with the increase. How on Earth can a Conservative administration justify tax increases?
Not enough for children's services
I am on a fixed pension income from 34 years of full-time work, and have truly grafted to pay off my mortgage; hence I am fundamentally opposed to the continuing drawdown on Council Tax-paying householders to pay for adult social care costs ad infinitum. If your view of the welfare state is take care of all, forever, costs irrespective, -then pay for it from Council borrowings with interest rates so low. For so long.
Debt repayment and interest payments should be reduced, by reducing capital spend on road building. More money should go to Buses and Community Transport and Looking after Children. Further comments / observations. 1. No income is shown on the Till Receipt from Business Rates and Revenue Support Grant 2. Can you explain why in the presentation of the budget for 2018/19, it showed that the savings expected from EC&C in 2019/20 were £1.060m, and in the presentation of the 2019/20 budget this time; the same directorate is expected to make savings of £2.017m. For example, are you proposing to make additional cuts (£225m) to Public and Community Transport that were not originally projected for 2019/20? And why the savings from Corporate in 2018/19 budget presentation were £1.2m and are now £0.5m? 3. The Corporate Plan for 2016-2020, shows a base budget of £141m for 2019/20. This consultation has a figure of £145.4m. Why has the budget increased? 4. The Medium Term Financial Strategy (MTFS) Capital Programme shows a spend of £10.341m on the Local Transport Plan in both 2018/19 and 2019/20. What is this expenditure for? 5. The MTFS Capital programme for 2019/20 shows zero spend on 'other schemes less than £500k'. Is this realistic?
Less should be spend on governance. Additionally, the council should not give in to pressures around road maintenance, verges etc. Providing education, care and services to our children, vulnerable people and older people should take priority. We should absolutely focus on infrastructure which brings revenue into Herefordshire and focus funding on prevention to reduce future demand. Pot holes can wait!
More on roads resurfacing, more on libraries, more on public transport, Less on economic development and regeneration.

**Comments:**

Not enough on roads, repairs & need for Leominster bypass, Excessive pollution unacceptable. Not enough on Libraries/Museum/archives

**Q3a. To support this investment we intend to borrow £22.3m, with repayment costs incorporated into household Council Tax. If borrow more, what should the extra borrowed money be spent on?**

**Comments**

Bus services, library and museums

bus services

Social housing and infrastructure

A detailed plan for transport especially in Hereford, which doesn't rely on a bus based system. The condition of the existing network is very poor and needs a dramatic new approach to restoring its condition.

Infrastructure

Public transport - buses to rural communities

To make sure that the above is actually completed.

Cultural provision, support for craft workers, investment in people and place - and much, much less spent on senior and middle management pay - cut the top not the bottom.

More radical thinking in our transport infrastructure at county and city level which would encourage more businesses to relocate. e.g. properly upgraded, fast, trunk roads to Hereford from M50 and Worcester; segregated cycle paths from outlying villages into Hereford city, free/cheap shuttle buses within the city to reduce car movements.

Improving the public right of way network to make it more accessible and to repair numerous bridges which are in poor repair. If these problems are not addressed the Council's fixed assets will further deteriorate

Road network needs a massive amount spent on it.

Roads, children, hospital

Projects like the university and further investment in roads like the proposed bypass

Comments
museums & libraries, public transport
Better support for Third Sector projects, schools and staff
Resurfacing roads
investment in resources for the new influx of residents and students to the County - Museums and libraries and similar tourism / enrichment activities
child health, adult mental health services, care agencies
Developing more facilities in Ledbury to allow existing businesses to expand and new businesses to be attracted to Ledbury. PS: The arithmetic on page 8-savings required is not correct. The total savings should read £6,267,000 not the figure of £5,267,000 shown. A considerable difference.
Infrastructure expenditure is declining significantly from 2018-2020. The base is hardly one of over-investment. I support more investment in infrastructure, schools and roads - but not council offices.
Borrowing is cheap at the moment. Do it now while rates are low. Don't forget North Herefordshire....
Herefordshire university & Healthy Lifestyles
More infrastructure. More housing.
Education, new council housing

**Q3b. To support this investment we intend to borrow £22.3m, with repayment costs incorporated into household Council Tax. If borrow less, what investment should be cut?**

Comments
fire most of them at Plough lane
Economic development and IT, transactions and billing
I do not believe taxpayers' money should be used to promote private enterprise in the county. It is not for local government to intervene and subsidise private firms or entice them with business rate cuts.

Comments
all non-essential spend such as social care which should come out of central gov. funds
I think that you need to be more specific about what these projects are. Then I can make a real decision. Borrowing is something we should look to reduce, not increase and expect us to pay for mismanaged money
Supporting delivery of, presumably private, housing shouldn't be something that my tax money is going on. I don't see how taking out loans is sustainable funding for the council.
They shouldn't sold everything as they would have funds if they waited and save the borrowing just going to get more and more as they haven't got as much income coming in
Stupid kerbs in hi town, stop moving offices every 2 minutes, stop wasting money paying 10 men to do a job when only 2 work.
Borrowing is simply disguising the Council spending beyond its means. Cut schools and housing delivery but maintain investment in roads.
New university
To date there are no projects run competitively all go to Balfour Beatty Living Places (BBLP) why are tax cows being used to fill there trough
I don't think you should cut investment into the county, as this is highly needed, however I don't see why households should pay for it. Shouldn't the repayment costs be covered by the investment you bring into the county instead?
Stop all the ridiculous vanity projects. Reduce the number of councillors and staff. No more new housing. Let market town councils do their own funding
schools
The proposed bypass scheme
Investment too Hereford and Ross focussed
New Road allocation and the building of executive homes
Anything that is not a legal requirement should not be funded
Salaries for managers in the Council should be frozen and when officers are replaced, get rid of the six-figure salaries. Stop building of new roads, repair those we have and invest in park and ride, cycling and pedestrian infrastructures instead.



Comments
I don't think the council is capable of managing a decent sized capital project and should refrain from wasting any more public money.
Borrowing will simply add to the cost of debt, which is already at 7.5% of your "budget till receipt", you are simply pushing the financial problems of the Council forward to the next generation.
Facilities for business, a general heading which could be anything. Hereford Councils recent big projects appear to be reckless and beyond comprehension
Investing in pointless roads that serve only to increase congestion
The western bypass. For heaven's sake, it's a rubbish idea. Invest in public transport, turning space above shops into flats, reduce waste in the city and towns
Stop spending most of the money in the mid to south part of county. There is a large part of Herefordshire North of Dinmore
None. Make savings elsewhere. Investment shouldn't be the first thing to be cut.
Concentrate on maintaining existing services rather than having these capital projects.
Stop building bypass road
Get better value for investment
Over staffing and overpaying council officers who care nothing for the county unless it lines their pockets. I.E. allowing Herefordshire to disappear under acres of plastic sheeting
From all plans.
No. Comment on this
Why invest in Ross as you are not investing in the other Market Towns? Would excluding Ross mean you borrow less?
land, whilst only supporting public housing
Developing facilities for business
The so called by pass.
All should be cut equally
I do not agree the Council's spend on its proposed SLR or by-pass roads. Instead it should invest convincingly in modal shift to low carbon and active transport
Make wiser decisions. Spend less on silly little things like cycle path signs, stop executive expense waste don't spend millions on office upgrades. Need I continue?
If you haven't got it don't spend it on projects, people should always come first

Comments
New Roads/bypass
central government should be funding care of elderly, not local councils
Make sure that capital spend is necessary, will the by Really reduce city traffic?
Improving schools and delivery of housing. Schools are allowed to close when they have been in existence for 5 years with little support. There is no point in investing in housing when you are not investing in the infrastructure which needs to accompany it. Investment into business is only aimed at private businesses and not enough for the smaller businesses. Seeing as the new bypass will take years to build why the increase now?
That's your job, not mine. But I'm not at all convinced that the famous link road is money well spent.
Consultations. These are very expensive and every week there seems to be a new one for something. I have also noticed that if a consultation produces a result the council doesn't like another one is set up.
Concentrate on Hereford. Ross on Wye is just a small town - no investment needed. Make sure the bypass around Hereford actually happens!
spend more wisely, stop waste
I assume the investment includes expenditure on the bypass - perhaps the bypass should be re-visited
Plans for new roads, opening up the areas for new housing development with no corresponding provision of services - in particular health, hospitals, education and public transport. Absolutely no further borrowing.
Delivery of excessive amounts of housing that are swamping small villages and where there is no work for those who can afford to buy those new houses.
None. This money should be collected by increasing Council Tax.
I think that we should not borrow the capital because it will cost us more in the longer term in interest repayments. In my opinion, we should save until we can afford this investment.
I disagree that borrowing less necessitates a reduction in investment in our county, and strongly object to the leading wording of this question. I believe in raising sufficient funds from Council Tax revenues to finance public services and capital projects.
That is for councillors to decide
Focus business in Hereford rather than Ross on Wye
The council should prioritise its investment and reduce its borrowing to avoid problems in the future.
This bypass waste of money

Comments
This is a slanted question with misleading optional answers, i.e. investment in the county is not only borrowing especially when that includes the bypass.
The proposed bypass is a waste of money, more needs to be done to support sustainable transport
How dare you borrow more and charge us more for something we neither want nor need. In school holidays we can sail through town without the hold ups, which proves it is not the through traffic causing the problem. If you must borrow then improve the infrastructure not waste it on a white elephant and one or two Councillors personal ambition & pride!
Reduce the spend on business facilities
Focus on schools and housing
Councillors pay at the top. Stop proposed road across Kings Acre and reroute it somewhere off Roman Road/Stretton Sugwas road to make better use of that investment.
Bypass
Businesses can find other ways to gain investment.
The loan for building the by-pass should be cut. The consultation was a farce - the man in charge said it didn't matter what the outcome was; the by-pass will go ahead anyway (nowhere near his house of course!). I live further away from the city than he does but travel in every day - during the busy times. Borrowing millions to pay for what I think is his personal ambition is abhorrent - I wish I had never voted for him and certainly won't again!
Less money on roads and transport and supporting business
Supporting delivery of housing - developers make enough money on new homes and shouldn't require the help of the council
Roads and schools
My concern is not with the amount of money to be borrowed but where it is to be spent. From what I have been able to determine, plans involve mainly Hereford with some investment in Ross and Leominster. It is unclear how the market towns and rural areas will benefit yet their residents will be expected to pay for the borrowing. I would like to see increased investment in the county not just in the county town.
Herefordshire's roads and transport network
commercial ventures; consultants fees; factor in savings on interest on borrowing
Make savings elsewhere
The authority keeps on borrowing and hiking up the Council Tax so that we end up paying for the investment. A more community and holistic approach is needed to find out exactly where residents think their money should be spent.
Doesn't need to borrow less if more thought was considered from public before decisions were taken. Not a good question for public to answer.

Comments
The council should prioritise its investment and reduce its borrowing to avoid problems in the future.
Investment in the Hereford bypass which has no business case & makes congestion worse. Will worsen the average spend in the city centre decreasing the vibrancy of the Commercial sector. Cycling cities have a higher local spend per head of population so investment in a cycling network would support the city & tourism businesses.
New road building
The council has a huge income from Council Tax; I think it should be spent more wisely. Why new council offices, again? Works on Commercial Road when it has so recently been paved...
to date Hereford transport policy is a joke until this is sorted no further money should be borrowed
The endless cycle of more housing, more roads, more demand for services, more need to invest, more debt has to end eventually and the longer it takes the more painful it will be - if you haven't got the money don't buy it.
Get central government to distribute tax more fairly throughout the UK. Londoners have a far better standard of living subsidised by Europe and central government.
Houses
Reduce building of houses from 2020 when funding removed. Herefordshire's roads and transport network needs improving first, spend money on maintaining current infrastructure
The council should reduce its role in economic development & leave this to the private sector
Building the Hereford Bypass and the Southern Link Road
Salaries for Directors in Council e.g. <name removed> should be reduced significantly. Stop lining the pockets of council employees and look after the residents better
Concentrate on roads, and housing, then you're income will rise because you will be able to collect more Council Tax due to move housing.
There is a great deal of wastage by the council services. Services should be brought back in house as other Counties are finding out. Balfour Beatty are taking us all for fools as did Jarvis and Amey. Learn from your mistakes. Don't borrow more as that just leads to more being paid out in extortionate interest charges
These are unaffordable vanity projects. Investment is needed now in safe active and public transport. This would reduce congestion, improve our health, reduce crime and mental health and improve economics and social mobility. Affordable homes are needed now and city regeneration should be worked on with owners of derelict buildings and brownfield sites required to redevelop or sell up for this purpose of affordable homes.
Business development and growth. New road building. You cannot have infinite growth on a finite planet. More roads = more traffic. This has been proven time and time again.

Comments
The taxpayer should not be expected to subsidise private enterprise.
Social care. Housing delivery - developers should slim their profits to pay a % more for essential associated infrastructure, or there should be less housing - period.
Investment in road building (Hereford Bypass specifically) should be cut.
land and property
Disagree with this. If it is not viable for the private sector it is inappropriate for local government.

## Budget consultation 2019/20

### The questionnaire

Our budget proposals for 2019/20 have been prepared against the backdrop of the government's continuing austerity programme. Grants from central government have been drastically cut in recent years and will be almost eliminated by 2020. Council Tax and business rates currently meet around 40% of the council's annual costs and fund many services across the county, from waste collection and road maintenance to looking after vulnerable children and adults. Therefore, Council Tax would need to be raised by 4.9% to balance the budget for 2019/20. This includes a 2.9% increase in the core Council Tax and the 2% adult social care precept. The impact of this increase on a Band D property is £5.90 per month.

Your Council Tax funds many services across the county, from waste collection and road maintenance, to looking after vulnerable children and adults. Each year we set a budget to decide how much we're able to spend on services for Herefordshire residents and businesses for the next financial year.

**Q1 What do you think about our proposal to increase Council Tax by 4.9% in 2019/20?**

- ☐ About right
- ☐ Too much
- ☐ Too little

**Q2 Do you agree with the allocation of Council Tax spend as set out in the budget till receipt at the end of this document? This includes a 4.9% increase for 2019/20.**

- ☐ Yes
- ☐ No
- ☐ Don't know

If not, please explain why:

The capital programme - the money the council expects to spend on key infrastructure projects over the coming year - supports delivery of the council's priorities. The current 2019/20 capital programme is over £48m. This money can also be used to invest in and maintain roads, land and property. The council can use its powers to borrow funds to fund significant capital investment.

**Q3 The council intends to invest over £48m in capital projects, such as improving Herefordshire's roads and transport network, developing facilities for business to establish and grow in Hereford and Ross-on-Wye, improving schools and supporting delivery of housing. To support this investment we intend to borrow £22.3m, with repayment costs incorporated into household Council Tax. Do you:**

- ☐ Support the council increasing its borrowing requirement by £22.3m as proposed?
- ☐ Think that the council should borrow more than proposed to increase the level of investment in the county?
- ☐ Think that the council should borrow less, and reduce its investment in the county?

If borrow more, what should the extra borrowed money be spent on?

If borrow less, what investment should be cut?

The council awards approximately £24.8m of Council Tax discounts in certain circumstances, such as a disabled person or carer discount. We also have the power to offer a Council Tax Reduction scheme to those on low incomes and in 2017/18 we awarded these households a discount of around £10.7m.

**Q4 The Council Tax Reduction scheme currently allows for households on low income to have their Council Tax discounted by a maximum of 84% of the amount payable. Would you support:**

- ☐ Keeping the maximum discount at 84%?
- ☐ Increasing the level of the discount (to more than 84%)?
- ☐ Reducing the level of the discount (to less than 84%)?

The council has the power to award business rates discounts, such as to small businesses, charities and businesses in rural locations.

**Q5 The council awards approximately £18.7m of business rates discounts in a year, including £8.4m awarded to small businesses. Would you support:**

- ☐ Continuing to award this level of business rates discount?
- ☐ Increasing the availability of business rates discounts?
- ☐ Reducing the level of business rates discounts available?

The caseloads of social workers who work with children, young people and their families to keep them safe are of concern to us. In order to reduce these workloads and the chance of children and young people being at risk because of them, we are proposing to use £1.6m to employ more children's social workers and to support more help for children, young people and families at an early stage.

**Q6 Do you agree that funding should be used to support this work?**

☐ Yes

☐ No

### About you

**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.

**What is your full postcode?**

**At birth, were you described as....?**

☐ Male

☐ Intersex

☐ Female

☐ Prefer not to say

**What is your age band?**

☐ 0-15 years

☐ 25-44 years

☐ 65-74 years

☐ 16-24 years

☐ 45-64 years

☐ 75+ years

**Do you have a disability, long-term illness or health problem (12 months or more) which limits daily activities or the work you can do?**

☐ Yes

☐ No

☐ Prefer not to say

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

☐ English

☐ Scottish

☐ Welsh

☐ Northern Irish

☐ British

☐ Irish

☐ Other



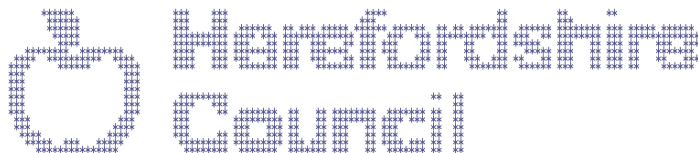
**How would you describe your ethnic group?**

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

**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

Any information you provide will be held and used in accordance with the Data Protection Act 2018. The information you provide will not be shared with any third parties, but where appropriate, it will be used to support the planning of services and the continuous improvement of various functions. For further information, please visit Herefordshire Council website.



Charges per month (average Band D property) 2019/20

-----	
<b>** Daily life **</b>	<b>#</b>
* * Bin collections and Environment	13.46
* Roads, bridges and care of public spaces	7.08
* Schools and education	98.11
* Buses and community transport	6.27
* Libraries, records and customer services	1.28
<b>** Looking after adults **</b>	
* Older People in residential / nursing care	12.16
* Older people supported at home	8.58
* Disabled adults	25.86
* Lifestyles services (substance abuse, sexual health)	2.64
* Health improvement (Public Health nursing, health checks, smoking cessation)	5.61
* Housing	0.52
<b>** Looking after children **</b>	
* Child protection	3.68
* Children in care	12.63
* Children with special needs	3.22
<b>** Local government running costs **</b>	
* Election, governance and legal services	3.18
* Directors & Staff costs	0.64
* Organisational administration	1.39
* IT, Transactions and billing (Hoople)	5.17
* Insurance and property maintenance	4.96
* Capital finance - Debt repayment	7.83
* Capital finance - Interest payments	10.24
<b>** Economic growth **</b>	
* Economic development and regeneration	1.24
* Broadband - rural rollout	0.13
* Planning	0.34

\*\*\*\*\*

**\*\* VOUCHER \*\***

**\*\* Other income to supplement council tax \*\***

* Investment Property income	-2.92
* Car parking	-5.26
* Capital finance - Interest received	-2.01
* Public Health grant	-7.70
* National Education funding	-96.98

\*\*\*\*\*

**TOTAL TO PAY (per month) £121.36**

\*\*\*\*\*

SIGN UP FOR MORE INFORMATION AT  
[WWW.HEREFORDSHIRE.GOV.UK/SUBSCRIBE](http://WWW.HEREFORDSHIRE.GOV.UK/SUBSCRIBE)

01/04/19 09:00 1234 23 42

\*\*\*\*\*