

Corporate Support Centre
Alistair Neill – Chief Executive Officer

To: All members of the Council

our ref: Council - 14 February 2020
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6 February 2020

Dear Councillor,

You are hereby summoned to attend the meeting of the Herefordshire Council to be held on **Friday 14 February 2020** at the Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX at **10.00 am** at which the business set out in the attached agenda is proposed to be transacted.

Yours sincerely

C Ward

Claire Ward

Solicitor to the council

AGENDA

Council

Date: **Friday 14 February 2020**

Time: **10.00 am**

Place: **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:

Matthew Evans, Democratic Services

Tel: 01432 383690

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If you would like help to understand this document, or would like it in another format or language, please call Matthew Evans, Democratic Services on 01432 383690 or e-mail matthew.evans@herefordshire.gov.uk in advance of the meeting.

Agenda for the Meeting of the Council

Membership

Chairman

Vice-Chairman

Councillor Sebastian Bowen

Councillor Kema Guthrie

Councillor Graham Andrews

Councillor Polly Andrews

Councillor Chris Bartrum

Councillor Dave Boulter

Councillor Ellie Chowns

Councillor Gemma Davies

Councillor Toni Fagan

Councillor Carole Gandy

Councillor John Harrington

Councillor Jennie Hewitt

Councillor David Hitchiner

Councillor Bernard Hunt

Councillor Terry James

Councillor Tony Johnson

Councillor Mike Jones

Councillor Jonathan Lester

Councillor Bob Matthews

Councillor Jeremy Milln

Councillor Roger Phillips

Councillor Paul Rone

Councillor Nigel Shaw

Councillor John Stone

Councillor Elissa Swinglehurst

Councillor Kevin Tillet

Councillor Ange Tyler

Councillor William Wilding

Councillor Paul Andrews

Councillor Jenny Bartlett

Councillor Christy Bolderson

Councillor Tracy Bowes

Councillor Pauline Crockett

Councillor Barry Durkin

Councillor Elizabeth Foxton

Councillor John Hardwick

Councillor Liz Harvey

Councillor Kath Hey

Councillor Phillip Howells

Councillor Helen l'Anson

Councillor Peter Jinman

Councillor Graham Jones

Councillor Jim Kenyon

Councillor Trish Marsh

Councillor Mark Millmore

Councillor Felicity Norman

Councillor Tim Price

Councillor Alan Seldon

Councillor Louis Stark

Councillor David Summers

Councillor Paul Symonds

Councillor Diana Toynbee

Councillor Yolande Watson

Agenda

		Pages
<i>(The meeting will be preceded by thought for the day.)</i>		
1.	APOLOGIES FOR ABSENCE To receive apologies for absence.	
2.	DECLARATIONS OF INTEREST To receive declarations of interest in respect of Schedule 1, Schedule 2 or Other Interests from members of the Council in respect of items on the agenda.	
3.	MINUTES To approve and sign the Minutes of the meeting held on 11 October 2019.	9 - 40
4.	CHAIRMAN AND CHIEF EXECUTIVE'S ANNOUNCEMENTS To receive the Chairman and Chief Executive's announcements.	41 - 46
5.	QUESTIONS FROM MEMBERS OF THE PUBLIC To receive questions from members of the public. <i>Deadline for receipt of questions is 5:00pm on Monday 10 February. Accepted questions and answers will be published as a supplement prior to the meeting. At the budget meeting of the full Council questions must relate to items on the agenda. Please send questions to councillorservices@herefordshire.gov.uk.</i>	
6.	QUESTIONS FROM MEMBERS OF THE COUNCIL To receive any written questions from members of the Council. <i>Deadline for receipt of questions is 5:00pm on Monday 10 February. Accepted questions and answers will be published as a supplement prior to the meeting. At the budget meeting of the full Council questions must relate to items on the agenda. Please send questions to councillorservices@herefordshire.gov.uk.</i>	
7.	CORPORATE PLAN - THE COUNTY PLAN 2020/24 To approve the council's corporate plan – county plan 2020/24.	47 - 88
8.	2020/21 COUNCIL TAX REDUCTION SCHEME To approve the council tax reduction scheme for 2020/21.	89 - 238
9.	CAPITAL PROGRAMME 2020/21 ONWARDS AND CAPITAL STRATEGY To approve the capital investment budget and capital strategy for 2020/21 onwards.	239 - 278
10.	SETTING THE 2020/21 BUDGET AND UPDATING THE MEDIUM TERM FINANCIAL STRATEGY AND TREASURY MANAGEMENT STRATEGY To approve the 2020/21 budget and associated medium term financial strategy and treasury management strategy.	279 - 360
11.	PAY POLICY STATEMENT 2020 To approve the 2020 pay policy statement for publication.	361 - 372

12.	PROCEDURE FOR QUESTIONS AT SCRUTINY COMMITTEES AND CABINET	373 - 382
	To approve changes to the procedure for questions at scrutiny committees and Cabinet as recommended by Audit and Governance Committee.	
13.	COUNCILLORS' ALLOWANCE SCHEME AND LINK TO THE NATIONAL JOINT COUNCIL (NJC) INDEX	383 - 388
	To consider arrangements for the indexing of the annual adjustment of councillors' allowances.	
14.	DATE OF NEXT MEETING	
	The next meeting of full Council is on 6 March 2020.	

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.

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- Anyone filming a meeting is asked to focus only on those actively participating.
- If, as a member of the public, you do not wish to be filmed please make a member of the governance team aware.

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.

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

HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Council held at Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Friday 11 October 2019 at 10.00 am

Present: Councillor Sebastian Bowen (Chairman)
Councillor Kema Guthrie (Vice Chairman)

Councillors: Graham Andrews, Paul Andrews, Polly Andrews, Jenny Bartlett, Chris Bartrum, Christy Bolderson, Dave Boulter, Tracy Bowes, Ellie Chowns, Pauline Crockett, Gemma Davies, Toni Fagan, Elizabeth Foxton, Carole Gandy, John Hardwick, John Harrington, Jennie Hewitt, Kath Hey, David Hitchiner, Phillip Howells, Bernard Hunt, Helen I'Anson, Terry James, Peter Jinman, Tony Johnson, Graham Jones, Mike Jones, Jim Kenyon, Jonathan Lester, Trish Marsh, Bob Matthews, Mark Millmore, Jeremy Milln, Felicity Norman, Roger Phillips, Paul Rone, Alan Seldon, Nigel Shaw, Louis Stark, John Stone, David Summers, Elissa Swinglehurst, Paul Symonds, Kevin Tillett, Diana Toynbee, Ange Tyler, Yolande Watson and William Wilding

Officers: Director Children and Families, Head of Corporate Governance, Head of Democratic Services, Chief Finance Officer, Chief Executive Officer, Director Adults and Communities, Solicitor to the Council and Acting Assistant Director for Regulatory Environment and Waste

22. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Barry Durkin and Liz Harvey.

23. DECLARATIONS OF INTEREST

Councillor David Hitchiner declared a pecuniary interest in agenda items no. 6 questions from members of the Council and no. 11, Leader's Report as a resident of Dunan, in close proximity to the southern end of the proposed western bypass, and outlined the dispensation granted by the monitoring officer.

Councillor Roger Phillips declared *other* interests, in agenda items no. 4, Chairman and Chief Executive's, Announcements as the Chairman of the Marches European Structural Investment Fund and, agenda item no. 10, Youth Justice Plan 2019-20, as a justice of the peace and a member of the Hereford and Worcester Youth Court Panel.

There was one further declaration of interest during the meeting. See paragraph 32 below.

24. MINUTES

RESOLVED: That the minutes of the meeting held on 12 July 2019 be confirmed as a correct record and signed by the Chairman.

25. CHAIRMAN AND CHIEF EXECUTIVE'S ANNOUNCEMENTS

Council noted the Chairman and Chief Executive announcements as printed in the agenda papers. In addition to the printed announcements the following items were also raised:

- The award won by the Revenues and Benefits team at the Council;
- The visit of the Chairman to the local Hereford and Worcester Cadets;
- The recent appointments to senior management; and
- The launch of the Children and Young People Plan

It was requested that a briefing note be circulated to all members as a matter of urgency regarding the suspension of planning applications in those wards affected by phosphate levels in the River Lugg catchment area. *The Chief Executive would arrange for a briefing to be provided.*

26. QUESTIONS FROM MEMBERS OF THE PUBLIC

A copy of the public questions and written answers, together with supplementary questions asked at the meeting and their answers, is attached to the Minutes at Appendix 1.

27. QUESTIONS FROM MEMBERS OF THE COUNCIL

A copy of the Member questions and written answers, together with supplementary questions asked at the meeting and their answers, is attached to the Minutes at Appendix 2.

28. APPOINTMENTS TO COUNCIL COMMITTEES AND OUTSIDE BODIES

Council considered a report to agree the political proportionality of the Council and the allocation of seats on Council committees. The report was introduced by the monitoring officer who explained that Council was required to agree the allocation of seats on council committees and outside bodies and to make an appointment to a vacancy on the planning and regulatory committee that remained after proportionality had been recalculated.

Recommendation (a) in the report was proposed by Councillor Jonathan Lester, seconded by Councillor John Hardwick and agreed by a simple majority of the Council.

RESOLVED: that the allocation of committee seats to political groups as set out at paragraph 8 be approved.

Recommendation (b) in the report was proposed by Councillor David Hitchiner, seconded by Councillor Gemma Davies and agreed by a simple majority of the Council.

RESOLVED: that the allocation of seats on outside bodies to political groups as set out at paragraph 9 be approved.

Recommendation (c) concerned the allocation of a vacancy on the planning and regulatory committee which remained after proportionality had been calculated. Council was invited to nominate members for appointment to the committee.

Councillor Graham Andrews was proposed by Councillor John Hardwick and seconded by Councillor Alan Seldon for appointment to the planning and regulatory committee.

Councillor Graham Jones was proposed by Councillor Bob Matthews and seconded by Councillor Jonathan Lester for appointment to the planning and regulatory committee.

A named vote was conducted and Councillor Graham Andrews was appointed to the committee by 25 votes to Councillor Graham Jones's 23 votes.

FOR - Councillor Graham Andrews (25) - Councillors: Paul Andrews; Jenny Bartlett; Dave Boulter; Tracy Bowes; Ellie Chowns; Pauline Crockett; Gemma Davies; Toni Fagan; Elizabeth Foxton; John Hardwick; John Harrington; Jennie Hewitt; Kath Hey; David Hitchiner; Peter Jinman; Jim Kenyon; Trish Marsh; Jeremy Milln; Felicity Norman; Alan Seldon; David Summers; Diana Toynbee; Ange Tyler; Yolande Watson; and William Wilding.

FOR - Councillor Graham Jones (23) - Councillors: Polly Andrews; Chris Bartrum; Christy Bolderson; Sebastian Bowen; Carol Gandy; Kema Guthrie; Phillip Howells; Bernard Hunt; Helen l'Anson; Terry James; Tony Johnson; Mike Jones; Jonathan Lester; Bob Matthews; Mark Millmore; Roger Phillips; Paul Rone; Nigel Shaw; Louis Stark; John Stone; Elissa Swinglehurst; Paul Symonds; and Kevin Tillet.

RESOLVED: that Councillor Graham Andrews is appointed to the vacancy on the planning and regulatory committee.

29. TRAVELLERS' SITES DEVELOPMENT PLAN DOCUMENT

Council considered a report by the cabinet member infrastructure and transport to approve the adoption of the Herefordshire travellers' sites development plan document 2018 – 2031. The cabinet member infrastructure and transport proposed the report and recommendation and explained that the development plan document (DPD) would form part of the core strategy. He went on to explain that the DPD incorporated a temporary stopping place on the A49 and that the proposal at Madley had not been pursued but would be considered as a potential growth location in future.

The report and recommendation was seconded by Councillor Alan Seldon.

During the discussion of the DPD members raised the principal points below:

- Clarification was required concerning the allocation for Bosbury in the report and whether this was in addition to recent additional pitches at the site. *The cabinet member infrastructure and transport agreed to provide the clarification following the meeting.*
- Support was expressed for the additional four pitches at Pembridge but it was felt that it would be difficult to support any further allocation which would be seen as disproportionate. The landscaping proposed at Pembridge required proper management to ensure it was successful and safety work was required to ensure that the adjacent Kingspan Road did not pose a risk to those children resident on the site.
- There was disappointment that the section of the plan concerning animals and animal welfare had been deleted from the final version of the DPD. It was important that sites provided facilities for the protection of animal welfare and the welfare of the community within which animals were kept.
- It was recognised that the implementation of sites was costly and the budget that was in place to establish and manage sites was queried.
- The safety of the fencing around the Bromyard site was queried which was located alongside an old quarry with a deep pool.
- It was queried how the Council would seek to achieve the objective in the DPD to respect the interests of the settled community on sites which were primarily private sites, such as Bosbury.

Councillor Alan Seldon in seconding the report and recommendation explained that the document would form part of the core strategy which was currently being reviewed.

The adoption of the Herefordshire traveller's sites development plan document 2018-2031 was approved by a simple majority of Council.

RESOLVED: that:

(a) the Herefordshire Travellers Sites Development Plan Document (DPD) 2018-2031 (appendix 4), incorporating the Planning Inspector's recommended main modifications (appendix 2) and the schedule of additional modifications (appendix 3) is adopted; and

(b) the Programme Director Growth be authorised to make any further minor modifications, (e.g. typographical) to ensure consistency with other development plan documentation.

30. GAMBLING POLICY 2019-2022 (REVIEW)

Council considered a report by the cabinet member housing, regulatory services and community safety to review and approve the gambling policy 2019 – 2022. The cabinet member housing, regulatory services and community safety proposed the report and recommendation and explained that the Gambling Act 2005 required Council to produce a statement of its Gambling Policy. She further explained that the policy was largely unchanged from the previous version and incorporated guidance from the Gambling Commission. Consultation had been conducted with West Mercia Police and holders of gambling licences and the draft policy had been considered by the general scrutiny committee and cabinet.

Councillor Tracy Bowes seconded the report and recommendation.

During the debate members raised the principal points below:

- It was recognised that the policy was produced in accordance with statutory requirements but this did not recognise the adverse impact that gambling could have on individuals. It was felt that central government should be pressured to legislate for the incorporation of addiction therapy provision in local gambling policies.
- The draft policy was considered by the general scrutiny committee which made 11 recommendations.
- It was recognised that gambling added to the local economy but a robust policy was required.
- It was queried whether it was felt that the local authority had sufficient powers to monitor gambling premises and if spot checks were undertaken to ensure adherence with policy.
- It was recognised that online gambling was a problem which could affect children and young people. It was felt that restrictions on advertising could help to address problem-gambling.
- Gambling addiction was considered a public health issue and It was queried whether part of the public health budget could be utilised to address problem-gambling locally.

In seconding the report and recommendation Councillor Tracy Bowes agreed that pressure should be put on the government to respond to gambling addiction.

The gambling policy 2019-2022 (review) was approved by a simple majority of Council.

RESOLVED: that the gambling policy 2019-2022 at appendix 1 is approved.

31. YOUTH JUSTICE PLAN 2019-2020

Council considered a report from the cabinet member children and families to approve the youth justice plan 2019-2020. The cabinet member children and families proposed the report and recommendation and explained that the youth justice plan was a partnership document which was produced on behalf of local councils by the youth justice service for West Mercia. She further explained that the indicators in the report showed improvement in issues relating to youth justice in Herefordshire including: a reducing trend in the number of first time entrants to the criminal justice system (CJS); the number of young people in custody in Herefordshire in the report stood at just one; and reoffending had improved. The plan had a proactive focus which sought to prevent entry to the CJS including mental health support and mentoring.

The report and recommendation was seconded by Councillor Jeremy Milln.

The principal points below were raised by members during the debate:

- The Plan was considered by the children and young people scrutiny committee which had expressed frustration with the plan as it contained an overview of previous period without up to date data. Part of the recommendations of the committee focused on the production of an addendum in future years which provided the latest statistics relating to youth justice.
- It was recognised that the basis of the statistics in the report were misleading for a small area such as Herefordshire and did not provide an accurate representation of the issues locally.
- The improvements reported in the Plan were welcomed.
- The priority in the Plan to ensure young peoples' mental health needs were met through increased training for practitioners was highlighted and it was queried whether enough was being done in pursuance of this priority. *The cabinet member children and families explained that more could always be done and this priority was being explored with partners.*
- It was noted that a new mental health initiative was focusing on young offenders when they were taken into custody.
- Concern was expressed regarding the court appearances in Kidderminster of cases on remand which was considered to be indicative of the downgrading of services in Herefordshire.

In seconding the report and recommendation Councillor Jeremy Milln explained that the trends in the report represented improvements across West Mercia and were encouraging.

The report and recommendation was approved unanimously by Council.

RESOLVED: That the youth justice plan 2019/20 in appendix a is approved.

32. LEADER'S REPORT TO COUNCIL

Council received and noted the Leader's report. The Leader introduced his report and provided clarification concerning the status of funding from the Marches Local Enterprise Partnership (LEP). He explained that in respect of the funding of £27 million that had been dedicated to Herefordshire Council for the south wye and Hereford transport packages there was no legal justification for the LEP to recoup any funding. It was confirmed that at a recent meeting of the LEP board there had been no deadline set for the funding to be used or an amount proposed for the Council to repay to the LEP. The new administration at the Council had considered infrastructure projects and had taken a decision to pause and review those schemes in progress. The LEP had identified that there was a possibility that funding allocation to the infrastructure schemes would not be spent and in such circumstances it was hoped that the money would be reallocated to

other projects in Herefordshire. Discussions in relation to this matter were ongoing with the LEP. The potential of the loss of any funding did not provide sufficient reason to pursue the infrastructure schemes that were currently subject to pause and review; other considerations were required before a final decision was made on the projects including the response to the climate emergency.

The following was asked of the Leader:

- Why was the renewal of the council's insurance cover for a period of five years? *The Leader explained that a response would be provided following the meeting.*
- The indemnity of £850k to Nmite was queried and whether Council's money had been put at risk. It was asked whether the correspondence between Tony Bray and Shropshire Council be placed in public domain by the Leader. *The Leader explained that the risk was currently being assessed and he was discussing the potential release of the letter with the monitoring officer. He would confirm in due course if it could be released.*
- It was noted that the Enterprise Zone was close to breaching the peak 300 movement limit and it was queried how prospective new employers and their employees would access the site if the bypass is not built and Highways England did not support an increase in numbers? *The cabinet member infrastructure and transport explained that there was room for negotiating the movements cap at the enterprize zone with Highways England and a written response would be provided to the issues raised.*
- The Leader was asked whether he believed that the projects at skylon park including the shell store and cyber centre could succeed without key infrastructure projects such as the southern link road. *The Leader explained that the implications of infrastructure projects on the climate emergency would be assessed which would include the southern link road.*
- The Leader was asked whether the Council would express concern regarding the governance arrangements at the LEP and the role of the business board was queried and its support for the bypass. *The Leader explained that there was an issue with governance arrangements at the LEP which were being investigated. The role and statements of the business board also required clarification.*
- The Leader was asked how the three areas in the LEP could work together to ensure low-carbon projects were taken forward. *The Leader explained that there was a need to work together in the LEP and co-ordinate across the three areas.*
- The Leader was asked about the problems affecting the five year land supply and if this encouraged predatory development. *The cabinet member infrastructure and transport explained the core straetgy still carried weight and was out for review. The problems affecting the five year land supply had been ongoing for a long time and needed to be addressed. Part of the solution would be the construction of council housing and there was no expectation that development would be allocated to all villages.*
- The Leader was asked how the administration would seek to promote tourism in the County. *The Leader explained that the current position had been inherited by the administration and there was little expenditure on tourism. The LEP would look at the potential for combining an approach to tourism across the three regions.*
- It was important that the council worked closely with the LEP and was not too critical of the structures in place. A potential amalgamation of the LEPs may minimise Herefordshire's advantage from the arrangement. *The Leader explained that a priority was to work with the LEP but it was acknowledged that improvements were required to the governance arrangements.*
- The Leader was asked whether he thought that heavy goods vehicles posed a serious problem to air quality in Hereford or if they posed no hazard to health. It was asked what relief was planned for the impact of lorries. *The Leader*

explained that HGVs were harmful and their impact needed to be assessed in the wider decisions concerning infrastructure in Herefordshire. The cabinet member infrastructure and transport explained that there was no evidence that the bypass would relieve congestion or HGVs travelling through Hereford; other solutions were currently required to prevent HGVs idling through hereford such as withdrawing those traffic lights which inhibited traffic flow.

- It was noted that a primary source of congestion in Hereford was cars used by one person only; it was asked whether innovative approaches to address congestion would include car sharing apps. *The cabinet member infrastructure and transport explained that the approach would be looked at and explained that the majority of journeys undertaken in Hereford were under two miles which required a different solution to park and ride schemes.*
- It was asked how the fund to support Leominster town centre was being progressed. *The chief executive explained that it was being taken forward with partners and clarification of any conditions attached to the funding from central government was required.*
- It was asked whether the Leader felt that the future of the county would be best served by attempting to build its independence outside of the LEP or within its structures to assist economic development? *The Leader explained that he would work closely with the LEP and look at the wider, regional picture; tourism was an example of a benefit for all partners in the LEP. It was also important to seek innovation for Herefordshire which the enterprise zone was achieving as an initiative that was unique to the county in the Marches LEP structure.*

Councillor Christy Bolderson declared a pecuniary interest, under agenda item no. 11, Leader's Report, as a local resident to the proposed southern end of the Western Bypass and outlined the dispensation granted by the monitoring officer.

- There was concern regarding the five year housing supply. The Leader was asked if the pause and review and the suspension of planning applications in the North of the county undermined the delivery of the County's housing requirements and if the 5 year housing supply was not met how parish councils would be reassured that the neighbourhood development plans they had in place were worthwhile. *The Leader acknowledged that the five year housing supply was problematic; the latest data was available on the Council's website; and it was important that parish councils were reassured. The cabinet member infrastructure and transport explained that the core strategy was sound but the county had not kept up with the five year housing supply; a written response would be provided to the question.*
- The campaign literature used by the Leader during the election in May 2019 was queried and whether it contained a commitment to stop the bypass. *The Leader explained that his election material explained that he did not support road schemes.*

There was a brief adjournment at 12.55 p.m. The meeting reconvened at 1.05 p.m.

33. NOTICES OF MOTION UNDER STANDING ORDERS

Motion 1 – Review of Governance Models

In moving the motion Councillor Alan Seldon made the following points:

- The Council would be the first unitary authority to implement the committee system if this was the outcome of the review;
- The review would be undertaken by the audit and governance committee which would ensure that the process was open and transparent; and

- The working group would be cross-party and would consider a number of options of governance models including the committee system.

The following principal points were raised during the debate:

- The motion would not be supported if the role of the working group was to introduce the committee system, it was understood that the review would consider a number of governance model examples.
- The experience of other councils introduction of the committee system was raised and the potential issues involved in its introduction at a top tier authority;
- Any model that was introduced should ensure that effective member engagement was realised;
- The proposed review was welcomed but the length of time before the recommendations of the working group were made was queried and whether a faster timeframe should be considered;
- A committee system would involve a large number of meetings which could be lengthy;
- Any changes which members wanted to see made to current practices to bring about improvements were encouraged. Such changes need not be reliant on the outcomes of the review of governance models;

Councillor Jim Kenyon proposed an amendment to the motion to include a review of the number of councillors in the county in the work of the working group. The proposal was ruled out of order by the Chairman as it did not concern a function of the Council.

The debate continued as below

- It was important that the review took into account the potential cost to the Council of a change in Governance Model.
- The Executive should ensure that a reasonable and comprehensive budget existed for the operation of the working group.
- The review would ensure that the work of the Council was transparent.
- The working group would look at the example of other areas and determine what was best for the Council.
- The committee system was a good model to ensure that decision making was undertaken across party lines and that common ground was found on decisions of the Council;

In seconding the motion Councillor Felicity Norman made the following points:

- The review would be open to all other options including hybrid models and would investigate good practice from other areas;
- The manner in which the cabinet system operated was not conducive to open and transparent decision making;
- The review would consider the speed of decision making and would take into account the issue of cost of transferring to an alternative system.
- It was important that the working group considered systems which ensured that all councillors had a voice.

In closing the debate Councillor Seldon explained that councillors were elected to serve the best interests of their local residents and it was important that a governance model was established in support of this role. It was noted that the proposed motion contained direction that the working group considers the resource implications of any proposed changes.

The motion was put to the vote and agreed by a simple majority of the Council.

RESOLVED:

That Herefordshire Council is committed to maintain high standards of corporate governance in order to achieve the council's vision of 'People, organisations and businesses working together to bring sustainable prosperity and well-being for all, in the outstanding natural environment of Herefordshire'. Good corporate governance, covering our systems, processes, culture and values, ensures that we provide the correct services to the right people in a timely, open and accountable way; it encourages better informed, longer-term decision making, using resources efficiently and being open to scrutiny with a view to improve performance and manage risk.

The way in which our current Cabinet and Leader system operates means that many of our more significant decisions are taken by a very small proportion of the elected members. To ensure that our governance arrangements are as effective as possible in supporting fulfilment of our corporate governance commitments, and to maximise the engagement of all elected members in decision making, the Council resolves that:

- a) The Audit and Governance Committee oversee a review of governance models for a recommendation to Council no later than October 2020.**
- b) The review be undertaken by a cross-party working group, reporting to the Audit and Governance Committee. To contain representation from each political group, from the executive, scrutiny and other functions. The Monitoring Officer be authorised to determine membership following consultation with political group leaders.**
- c) The review should follow guidance from the Local Government Association and from the Centre for Public Scrutiny guidance; 'Rethinking Governance: Practical steps for councils considering changes to their governance arrangement, and**
- d) The review be undertaken having regard to the following guiding principles;**
 - To maximise member engagement and participation in decision making**
 - Ensure decision making is informed, transparent and efficient**
 - Welcome public engagement**
 - Enable member and officers to perform effectively in clearly defined functions and roles**
 - To assess any resource implications for any proposed changes.**

Councillor David Summers agreed a reordering of the motions to hear the General Permitted Development Order motion before his Mental Health Awareness Day motion.

Motion 2 – General Permitted Development Order (GDPO)

In moving the motion Councillor Elissa Swinglehurst made the following points:

- Class Q of the GDPO currently allowed for the development of up to five agricultural buildings into houses which would gain planning consent if specified criteria was fulfilled;
- The rules undermined the planning process and local planning preference;
- Agricultural buildings were usually located in the open countryside where applications for housing were not normally granted permission;
- Local planning policy was not adhered to and development control and the planning system was negated;

- The remote nature of some houses in the countryside developed from agricultural buildings also impacted upon the Council's service provision.
- The motion called on the executive to take the matter forward and write to the government to request a review of the legislation.

The following principal points were raised during the debate:

- Planning permission was required for the development of agricultural buildings to houses. The GDPO ensured that where criteria was met permission would be granted.
- The provision of council services was a concern to houses in remote parts of the countryside;
- The current large-scale housing developments proposed in Hereford was raised and it was felt that permission for five houses was minimal in comparison. Such smaller-scale development would provide jobs for local building firms;
- It was noted that a number of class Q applications concerned large, industrial-scale agricultural buildings which were of low quality and less sustainable than newly built houses;
- Class Q was felt to undermine the protection of the countryside and it was felt that article 4 should also be looked at, concerning direction;

In seconding the motion Councillor Yolande Watson made the following points:

- The longer term cost to the Council of class Q developments in unsustainable areas of the countryside should be acknowledged;
- The committee on climate changes had published a report which had recommended closing loopholes around change of use development;
- The legislation was not fit for purpose.

In closing the debate Councillor Swinglehurst thanked the Council for the debate and expressed interest in consideration around the article 4 issue.

The motion was put to the vote and agreed by a simple majority of the Council.

RESOLVED: That:

This Council has declared a climate emergency and must align policy to reflect this – we have a number of policies designed to encourage sustainability in terms of locality, design and build but the use of class Q (General Permitted Development Order as amended) is undermining the effectiveness of these policies.

This Council resolves that: the executive is requested to write to government to ask them to review the policy regarding part 3 class Q (General Permitted Development Order as amended) applications under the General Permitted Development Order.

Motion 3 – Mental Health Awareness Day

In moving the motion Councillor David Summers made the following points:

- The motion sought to establish a day in the calendar to raise awareness around mental health and support a better quality of life for all;
- Herefordshire was a rural county with a comparatively high suicide rate.
- It was important to look at the impact of mental health in the work place and working days lost.

- The awareness day would bring together all groups involved in mental health services locally;
- The establishment of a designated telephone line, magazine and a website, with the web address www.letslistenhereford.com, should be undertaken.

The following principal points were raised during the debate:

- The potential for linking the day to other events such as world mental health day was raised;
- Tribute was paid to Councillor Summer's committed campaigning on mental health issues.
- It was suggested that workshops could be arranged as part of the awareness day to provide practical events for people to undertake;
- There should be a focus on children and young people who suffer from stress and anxiety which could lead to mental health problems throughout their lives;
- The day should highlight mental health support that was available locally and also provide mental health first aid training;
- It was important that the day was a unique local awareness day for Herefordshire;

In seconding the motion Councillor Jim Kenyon made the following points:

- The timing of the proposed awareness day on the third Monday in January was apt coming at a time of year when people were particularly susceptible to mental health issues;
- The diminution of pastoral help in schools was raised and its importance to the mental wellbeing of pupils;
- There was concern with the growing use of anti-depressants in the over-65s;
- The awareness day should trend on Twitter and engage with local partners and businesses.

In closing the debate Councillor Summers explained that actions were now required to put together a wellbeing initiative to focus on people in Herefordshire.

The motion was put to the vote and agreed unanimously.

RESOLVED: That:

Mental illness has a huge social and economic impact, its effects can predispose a person to a range of negative health issues which in turn leads to depression or worse suicide. It's a matter of fact that mental health can affect a family member or anyone of us at any stage of life.

However, anyone who has been in crisis is well aware that there is still a stigma attached to it. For many of us simply having someone talk at us can increase those feelings of inadequacy and isolation. Conversely, just listening will allow a sense of being in charge.

Thankfully there is a wealth of mental health support already available in the county. To highlight this support and promote the need to listen without prejudice the Council resolves that:

The executive be asked to establish a designated annual mental health day to be named "Lets Listen Herefordshire" to be held every third Monday of each New Year from January 20th 2020 onwards.

The meeting ended at 2.12 pm

CHAIRMAN

Minutes of meeting on 11 October 2019 – Appendix 1

Question Number	Questioner	Question	Question to
PQ 1	Mr Murray, Ross-on-Wye	Could the council consider organising a (Battery electric vehicles) BEV event in Hightown in summer 2020 for taxi owners and members of the public to examine and experience electric cars and small vans; providing the overarching management and working with local car sales companies to supply vehicles and answer questions?	Cabinet member infrastructure and transport
<p>Response: Yes. I will ask officers to explore further with local car companies as part of our wider sustainable and active travel programme, Destination Hereford.</p>			
PQ 2	Ms Stanley, Ross-on-Wye	At present you expect us to pay £80 for 50 PLASTIC bags that contain many items that can be recycled - but we cannot recycle it at recycling centres because we are businesses. It should not matter if recycling is produced by a business - it should still be able to go to the recycling centre. As we are all become more aware of the need to recycle and cut back on plastic, what is going to be done to help small businesses to help meet climate change objectives?	Cabinet member commissioning, procurement and assets
<p>Response: Thank you for raising this matter.</p> <p>Household Recycling Centres, such as the one in Ross on Wye, are funded by domestic rate payers and, as such, for use by householders to take their own household waste only.</p> <p>All businesses have a legal requirement to make appropriate arrangements for the collection and disposal of the waste they produce. This means using a licensed person or organisation to collect it and take it to a permitted waste management facility.</p> <p>The council does provide a recycling service to its trade waste customers; a business may pay to have up to 5 x 240L green wheeled bins collected fortnightly. A business may recycle clean and dry paper, cardboard, metal tins & cans, glass bottles & jars, plastic bottles and plastic pots, tubs & trays through this service. However, using the council's trade waste service is one option but there are also a number of other providers in Herefordshire.</p> <p>The council is exploring options on how it can make its trade recycling collection service more accessible to small businesses in the short term and it is probable that longer term changes will be brought about by the government's proposed waste and resource strategy. It is as important to reduce waste in the first place rather than just recycle and any ideas businesses may have on how to achieve that would be welcomed.</p> <p>For further details on the council trade waste service please visit www.herefordshire.gov.uk/tradewaste.</p>			

PQ 3	Mr Adams, Ross-on- Wye	Why is Herefordshire council not using plastic roads, made with recycled plastic as an additive to bitumen? Gloucestershire and many other counties are now utilising this method, available through a company called Macrebur, based near Carlisle. The roads are not only stronger, but last longer and are 10 times more resistant to potholes. The road mix is also cheaper than conventional tarmac.	Cabinet member infrastructure and transport
<p>Response: Herefordshire council is aware of the company Macrebur which has been manufacturing plastic comprising materials for Highways use for approximately 3 years. As traditional roads are expected to last 30 years with much of the initial service life being defect or pothole free, we need to be cautious in accepting longevity claims relating to a product in existence for only 3 years.</p> <p>Central government through the Department of Transport champions innovation and has commissioned a £1.6 million trial of this experimental material which will take place in Cumbria. The Department for Transport wishes to ensure public safety and environmental safety before endorsing any new material or technology. A key objective of the trial will be to understand whether the longevity and durability of the material is as claimed and also to understand whether there are any unexpected adverse effects such as the release of micro-plastics during the wearing cycle which will not break down in the same way as the components of traditional treatments. Herefordshire council looks forward to reviewing the results of the Department of Transport's trial once future publication is available, and is open to supporting this trial should the DfT wish to trial sites in the county. The results of the DfT trial will inform any decision by this council to specify this material for its road network.</p>			
PQ 4	Mr Harper-Smith, Credenhill	Why does Herefordshire Council support the Government's decision to only fund transport to nearest school in cases where that is not their catchment school when it could either make a discretionary decision to fund to both catchment and closest or give all pupils a travel contribution equivalent to that of the cost to the closest school? The current policy removes choice from low income families, which is contrary to Herefordshire Councils own policy on education choice and where families pay for their own transport the Council makes 100% saving on transport but also increases traffic outside schools contributing to higher emissions, congestion and road safety issues.	Cabinet member infrastructure and transport
<p>Response: Whilst we are always keen to support people on low incomes, we also need to be mindful of the budget implications of decisions. The council's home to school transport policy meets the requirement to provide free transport to the nearest suitable school if a pupil lives more than 2 or 3 miles away (depending on the age of the pupil). This policy adopted in 2014 provides a level of provision that meets our statutory responsibilities to all families within the current funding available.</p> <p>There is additional support for students of families with low incomes available through the extended rights scheme which does support choice:</p> <ul style="list-style-type: none"> • For secondary-aged children aged 11-16, the entitlement to free transport is increased to any one of three nearest schools, where these are between 2 and 6 miles from home. • Primary aged children of 8 and above (years 4 to 6) attending their nearest suitable school that is more than 2 miles from home are entitled to free transport. • Where a parent or carer expresses a preference for a school based on religion or belief, then a child aged 11-16 is eligible for free transport to the nearest suitable school if they live between 2 and 15 miles of the school. 			

Support is also provided to schools and the council is aware that a number of schools arrange their own transport provision for pupils not entitled to free transport.			
PQ 5	Mrs Morawiecka, Breinton	The last Audit & Governance meeting were told by the External Auditor that if the South Wye Transport Project had not been put on “pause & review” that there would have been a significant loss to the local taxpayer. The External auditor also stated that they would not have been able to provide an opinion that the Council achieved Value for Money in 2018/19 without the “Pause & Review”. Can the Cabinet member confirm that processes are now in place to minimise the risk of yet more significant losses to the local taxpayer on capital projects to ensure that only those that deliver the best Value for Money are progressed by Herefordshire Council?	Cabinet member finance and corporate services
<p>Response: Grant Thornton, the council’s external auditors have issued an unqualified opinion at the September Audit & Governance meeting in respect of value for money for 2018/2019. The ‘Pause and Review’ decision has no link to the Value for Money conclusion reached by Grant Thornton following a short delay during which it was necessary for them to consider the substance of the SWAP report into the issues identified on the South Wye Transport Package (SWTP).</p> <p>Grant Thornton brought to the attention of the Audit and Governance committee in September that as, as a consequence of those issues, the contract for construction of the SWTP had not yet been awarded and that therefore there was no loss to the council.</p> <p>I welcome the recommendation from Grant Thornton that a review is carried out in respect of the governance processes for capital projects. This is underway, and I can confirm that processes are in place to further address the risks around capital projects.</p>			
<p>Supplementary Question: Why were the risks of the tender process with potential for additional costs to the tax payer, if the SLR went ahead, and the risks of the external auditor not being able to confirm a value for money opinion because of the capital project tender process not reported to the scrutiny committee meeting or all elected members?</p>			
<p>Cabinet Member Response: The cabinet member had provided her apologies to the meeting and a written response would be provided to the question.</p> <p><i>Response sent on 28 October 2019:</i></p> <p>The risks associated with procurement in relation to the South Wye Transport Package were identified within the report considered by General Scrutiny Committee at its meeting of 9th September within the appendices (3,5 and 7) setting out the implications of the different options being considered by the Cabinet Member.</p>			
PQ 6	Mrs Protherough, Clehonger	Could the Cabinet member for Infrastructure please give further details of the work to be done during the Pause and Review of plans for the Western Bypass and Southern Link Road, in particular what consultation with the general public and relevant organisations is planned?	Cabinet member infrastructure and transport
Response:			

Following the General Scrutiny Committee's meeting on the 9 September where my decision to pause and review the bypass and southern link road scheme was discussed I have considered the recommendations made by the committee. I will very shortly be publishing my final decision having regard to the four recommendations.

Supplementary Question:

Could the cabinet member provide an update on progress made with the LEP to reallocate funding received to sustainable transport measures?

Cabinet Member Response:

The Leader would make a report on the matter towards the end of the meeting.

PQ 7	Dr Geeson, Breinton	On 30th September the Government announced a major package of measures to boost bus services, including a new low-fare, high-frequency 'Superbus' network; with Cornwall the first county to benefit. Buses are disproportionately used by people on lower incomes and Cornwall has been chosen as a county with significant deprivation and social exclusion. The "Superbus" service will provide an important and reliable connection to jobs, education, health services, evenings out, etc. Other "Superbus" networks are expected soon, with the focus on places that suffer similar problems and where better (clean energy) cheaper, efficient public transport networks could significantly improve people's lives. Arguably Herefordshire has similarities with Cornwall in this respect. What are the implications for Herefordshire Council's Transport Policy of the Government's commitment to this long-term bus strategy and funding settlement?	Cabinet member infrastructure and transport
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Response:

I am very encouraged by the government's recent announcements to provide further support for buses and the development of a national bus strategy. The announcements include a number of elements which I will be keen to look at in more detail when the government publishes its detailed prospectus. We monitor funding opportunities that arise for the council to bid on and we most certainly will be applying for any relating to public transport, including buses and will be actively lobbying for this kind of investment in Herefordshire in line with the administration's objectives. We will be examining the feasibility of City and Countywide bus system, similar to the Hereford Hopper bus system that we had in the late 80s/early 90s, ensuring that, if possible, these buses are electric or hydrogen fuelled and used not just in the City but our market towns and villages.

Supplementary Question:

Have there been any approaches to local providers of bus services to consider improvements locally and government funding?

Cabinet Member Response:

Yes in relation to the administrations focus on sustainable public transport and the announcement of central government funding.

PQ 8	Mrs Wegg-Prosser, Breinton	Updated costings for the South Wye Transport Package dated April 2019 show that the professional fees for the Southern Link Road are now budgeted at £7.9 million, on a road cost of £29.252million, 27% of the road construction cost. In comparison the professional fees on the Active Travel Measures are budgeted to cost £258K on a project cost of £4.95million, just 5%. In view of this level of SLR cost of professional fees being so much higher than originally anticipated, would the cabinet member confirm that professional fees for any major infrastructure scheme should go out to competitive tender?	Cabinet member infrastructure and transport
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Response:

The £29.252m figure referred to in the question is the Southern Link Road overall scheme cost and is not the estimated construction cost of the SLR as the question suggests. The SLR professional fees quoted relate to the design and development costs of a large infrastructure project from route selection, planning and statutory processes, development of a DfT full business case and procurement. The estimated budget for the professional fees associated with the design of active travel measures is an estimate based on the kind of schemes identified and due to the nature of these schemes this reflects an appropriate estimate.

The professional design services for the SWTP were procured through the public realm contract which was subject to a competitive tendering process in 2013. The procurement options for securing professional services in future will be considered in determining the most appropriate procurement route and the options for open tender will be considered.

PQ 9	Ms Shore, Breinton	Herefordshire Council's 2018 Equality Analysis reported that the median gender pay gap is 12.8% lower for women than men. This means that a woman employed by the Council earns, on average, 87p for every £1 earned by her male colleagues. The report commented that further analysis was needed to better understand the reasons for this gender gap. In March this year, I asked a question at the Council meeting and received a helpful written response. HR informed me that they would be conducting this analysis in Quarter 2. What were the outcomes of this analysis, in particular actions taken or planned as a result?	Cabinet member finance and corporate services
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Response:
 As previously advised, the annual equality in employment report and action plan will go through the relevant governance process before being published, once approved, next year, reflecting key themes and sharing the analysis on which plans are based.

The council takes equality in the workplace seriously and the council and has a range of measures in place to support staff who have family, caring and other commitments including flexible working hours, annualised hours, compressed hours, part time working etc. Council policies are based on flexibility for all employees subject to the needs of the service and are widely used by staff of all levels. The council also offers good paid maternity leave, paternity leave, shared parental leave, emergency special leave and career breaks.

As a council we have a strong agile working ethos which means we are focused on output and actively encourage working from home, multi-agency offices or any other suitable location which gets the work done. We also ensure that staff have the right IT equipment to enable agile working. These options and behaviours are role modelled at the highest level throughout the council and give employees the flexibility they need to manage work and home commitments.

Supplementary Question:
 Can the results of the analysis of the gender pay gap be made open now? If this analysis was to be made open before the publication of the annual equality report then comments and input from women in the County would provide an invaluable resource to the Council when considering the analysis and possible actions arising from this. This could be incorporated into the next equality report as a great example of local democracy in action.

Cabinet Member Response:
 The cabinet member had provided her apologies to the meeting and a written response would be provided to the question.

Response sent on 25 October 2019:

This information is being compiled now with the aim of publishing the analysis as soon as possible.

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PQ 10	Ms Siloko,	Why is the county failing to make reasonable adjustments to accommodate Unaccompanied Asylum Seeking Children's (UASC) educational needs?	Cabinet member children and families
<p>Response: When we have refugee/asylum seeking young people of school age they are enrolled in school and access a varied curriculum. The colleges and training providers are working with the council to ensure that all asylum seeking young people and refugees (aged 16-19) have an offer of learning of at least 15 hours per week which the DfE considers full-time learning in further education (DfE guidance 'Funding guidance for young people 2019 to 2020). This can be supplemented by two sessions of additional ESOL for asylum seeking young people funded by a short-term grant and we look at reasonable adjustments on a case by case basis. If there are any concerns relating to individuals please can you raise this directly with hilary.jones@herefordshire.gov.uk.</p>			
PQ 11	Mr Stow, Rowlestone	<p>The Minutes for the Council Meeting on 12th July 2019 state that:</p> <p>"The leader explained that the new administration had been elected on a commitment to be more open and would be more outward looking".</p> <p>The new administration has been in office for over five months now.</p> <p>In order to deliver on their election commitment, what specific steps will the new administration take to change the secretive and inward-looking culture at the Council, the culture which they inherited when they took control in May 2019?</p>	Leader
<p>Response: This administration is indeed committed to being open and outward looking, making as much information available as possible. There will be times when this may not be possible and in those circumstances an explanation will be given as to why this is the case. I am aware that the Audit and Governance Committee keeps a close eye on the effectiveness of our governance arrangements and the degree to which we are upholding the principles within our Code of Corporate Governance, and I very much welcome their support in ensuring that we continue to uphold these principles. If the motion before Council regarding a review of future governance models is passed, this will also be an opportunity to review whether our arrangements are best suited to achieve this end.</p>			
PQ 12	Ms Sharp, Hereford	At the Southern Link Road Public Inquiry in November 2018 people were told that the farm land owned by Herefordshire Council needed to deliver the road scheme was given no value in the benefit cost ratio calculations prepared for the Department for Transport. Would the Cabinet member confirm if this accounting treatment for valuing Council owned land at zero value for major infrastructure projects is consistent with the way in which land is valued in the Council's annual accounts, particularly those for 2018/19?	Cabinet member infrastructure and transport
<p>Response: The treatment of land values is consistent. The council does not pay itself for the land needed for the Southern Link Road scheme, which is in line with DfT requirements. As there is no cost associated with the land owned by the council required for the scheme it is not valued as part of the total land costs for the delivery of the scheme and does not form part of the scheme costs within the business case benefit cost ratio.</p>			

The council's annual statement of accounts includes the value of the Council assets in each class, where a smallholding was retained as a smallholding it will be valued as EUV (existing use value) and reported within land and buildings. Where an asset is held for sale it will be valued at FV (fair value), each asset is reviewed annually and a valuation requested when needed dependent on the asset class.

PQ 13	Dr Lennane, Ross-on-Wye	<p>Active travel such as cycling improves the health of our population and reduces our carbon footprint. Cycling infrastructure within the city is improving, but travel to Hereford from market towns is still via fast roads which are dangerous for cyclists. We won't be able to encourage more people to cycle intermediate distances, such as Ross to Hereford, until we provide safe routes.</p> <p>Are there any plans to look at the feasibility of opening the old railway lines to make safe routes for cyclists? This would utilise existing, flat routes, facilitating access to active travel and benefiting tourism. While this is an ambitious project, it would create local employment and provide a transport system fit for the future. It would also be a much better use of transport infrastructure funds than the ecologically damaging Hereford bypass, proposed by the previous council.</p>	Cabinet member infrastructure and transport
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Response:
 Herefordshire Council has developed former railway lines in the county for walking and cycling schemes. We have invested in the Ledbury town trail, Hereford Great Western Way and the Ross-on-Wye town and country trail, all of which were former railway lines. The Hereford Greenway which opened in 2013 also utilised a former railway for part of its length.

This administration is keen to promote cycling and walking through infrastructure investment and the use of former railway lines for this purpose will be a focus for our assessments and plans. Giving people options to travel in different and more sustainable ways, whilst increasing healthier lifestyles and promoting tourism, is something we are determined to pursue.

PQ 14	Mr Geeson, Hereford	The Option Assessment Report dated November 2018 indicates that more land will be needed to deliver the redesign of the Southern Link Road and the bridge over the railway needs to be increased in height. What is the timescale of taking these amendments to another planning committee and public enquiry for the possible compulsory purchase of yet more land needed for road building?	Cabinet member infrastructure and transport
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Response:
 The SLR design has developed since the scheme gained planning consent in 2016. Some of these changes have already been considered and determined by the planning authority as supplementary planning matters and these can be viewed on the council's planning website. Other scheme design changes would be considered by planners should the scheme progress following the pause and review of the southern link road.

The SLR CPO inquiry was advised of the supplementary planning matters and the scheme design that had developed following planning consent in 2016. The report refers to these design developments but does not suggest more land outside of the planning redline boundary or CPO boundary for the scheme is required.

Supplementary Question:
 When were these amendments considered by the Major Infrastructure Delivery Board and drawn to the attention of councillors?

Cabinet Member Response:

A written response will be provided.

Response sent on 28 October:

The detailed design of the SLR following the original planning consent in July 2016 has been undertaken and as is often the case the detailed design process has meant that some amendments have been made to the scheme for which planning consent was secured in 2016 and these amendments are required due a better understanding of the existing conditions and requirements of standards. The process is for these changes to be agreed with the Local Planning Authority.

It is not for the MIDB to confirm these changes – they are reported to Local Planning authority. Changes to the design of a scheme following planning consent as the detailed design of the scheme is progressed is not unusual. Some of the changes to the consented SLR scheme have already been approved by the LPA in a supplementary planning consent and others will be considered by planners if the scheme proceeds following the pause and review.

The CPO Inquiry was presented with the detail of the scheme design and the land required to deliver it. The scheme extents remain within the red line boundary of the original application and the compulsory purchase order and no additional land would be required so no further CPO will be required. However as set out above some changes to the design have already been approved by planners as part of a supplementary planning application process and others will be submitted to planners should the scheme proceed following the review of the scheme.

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PQ 15	Mrs Steel, Hereford	<p>Two public questions about child sexual abuse were submitted to the Children and Young People Scrutiny Committee for their meeting on 16th September 2019. Both were initially rejected on the grounds they were defamatory, frivolous or offensive.</p> <p>Both questioners challenged the rejection; no explanation or justification for the ruling was offered and both questions were accepted. The written answers to both questions were identical, contained no substantive response and suggested that each question would be addressed at the committee meeting. Neither question was even discussed.</p> <p>In summary, the Council has so far not offered any attempt at a substantive response to two very serious questions about the welfare of child victims of sexual assault.</p> <p>Can the Council explain why the questions were initially rejected when neither was defamatory, frivolous or offensive, and/or give a substantive response to both questions now?</p>	Chairperson of the children and young people scrutiny committee
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Response:

The monitoring officer has advised me that questions are considered for acceptance by the monitoring officer in accordance with the constitution. The constitution provides that questions that could disclose confidential information or contain defamatory information can be rejected. On this occasion the questions were considered to be within this category but after further information being provided the monitoring officer reconsidered the questions and

accepted them. The responses to the published questions explained that the committee would be exploring the issues raised in the questions during its work programming agenda item. During the work programme item the committee agreed to establish a peer on peer abuse in schools spotlight review. The spotlight review would focus on the issue of peer on peer abuse in schools, as raised in the two questions, and respond to public concern of reports of its increasing incidence. Consistent with the criteria concerning the scope of public questions (paragraph 4.1.49 of the Council's constitution) the monitoring officer is authorised to reject a question if it requires the disclosure of confidential or exempt information or relates to an identifiable individual.

Supplementary Question:

There was concern about the process followed with respect to two questions to scrutiny and over the terms of reference for the spotlight review concerning peer on peer abuse in schools.

How long is it reasonable for the Council to delay taking action to protect children after being alerted to potential risk of harm?

Response:

The cabinet member children and families: We have a review into this and an additional review is taking place. There is a range of good practice being rolled out across the county's schools and sessions are being arranged at staff conferences.

The Chairperson children and young people scrutiny committee: The process followed in respect of the questions to scrutiny has been outlined in the response provided, both questioners had the right to ask a supplementary question but were not present at the meeting. The scoping document for the peer on peer abuse in schools spotlight review has been updated and will be brought back to the scrutiny committee in November for approval. The issues raised in the questions would be addressed during the spotlight review.

Monitoring Officer: A review has been undertaken which will be concluded shortly.

PQ 16	Mrs Morris, Hereford	In many other parts of the Country, councils have turned redundant railway lines into popular, safe cycle routes which are attractive not just for residents but for tourists and visitors. In the interests of sustainable economic growth; tourism; improving health and well and reducing car use, what plans does this Council have on turning Herefordshire's redundant rail tracks into cycle routes, particularly the route originally due to go from Hereford City out to Holme Lacy, being extended onto Ross-On-Wye?	Cabinet member infrastructure and transport
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Response:

I refer to the answer given to the question from Dr Lennane above and agree that such schemes could provide a very wide range of benefits.

Minutes of the previous meeting – Appendix 2

Question Number	Questioner	Question	Question to
MQ 1	Councillor Terry James, Kington	Bearing in mind that the current administration fought the last election on a policy of abolishing the Cabinet system and replacing it with a Committee structure and having been fully aware of the time scales necessary to introduce such changes, could he give us what progress have been made in this matter.	Leader
<p>Response: We have had discussions with the council’s Monitoring Officer concerning the process for making a change. No change may be made without the approval of full Council. This seems correct to me – it would be wrong for a new administration to be able to make such a change without the support of full Council and following full consultation. There is a motion before Council today proposing a review of governance models to ensure that the pros and cons of all options are fully understood in order to inform a future decision of full Council. Some councils that have made a swift change have subsequently reverted to their former model and I hope that the motion makes clear that we would wish to take sufficient time to fully explore the issues, before determining the best model of governance to achieve our objectives of being open and enabling the engagement of all members in the decision making process. I hope that all members will join me both in supporting that motion, and contributing their views to any review that will follow if the motion is passed.</p> <p>That said, and pending the outcome of that work should the motion be passed, this administration is committed to increasing the engagement of all members of this council in the development of strategy and policy, and in our decision making. To this end we are developing further the relationship between the executive and scrutiny to encourage the involvement of all members in developing policy options for the future. Basic information about future decisions is already made available on the published forward plan and we will supplement that information through monthly briefings from the Cabinet to all members. All members of cabinet have been asked to consider the most appropriate way of consulting members about decisions they are taking. This will vary from decision to decision depending on the scope and likely impact of each decision. I would encourage all members to make the most of these opportunities, and I would welcome any other ideas members may have to improve engagement.</p>			
<p>Supplementary Question: The motion concerning governance models on the agenda proposed delaying any changes until October 2020. Has the delay resulted from the executive’s experience of the cabinet system which they are now reluctant to lose?</p>			
<p>Leader’s response: A proper constitutional process was required; any changes to the governance model would be a decision for full Council.</p>			

MQ 2	Councillor Bob Matthews, Credenhill	<p>It is my understanding that you personally strongly believe in openness and transparency, but at recent Cabinet meetings Scrutiny Chairpersons and Group Leaders have been strongly discouraged from asking questions in respect of issues being debated and decisions of Cabinet.</p> <p>It has always been the case that the Chairperson of ANY committee can use their discretion in allowing appropriate questioning to take place, and I am confident in saying that I believe the public would welcome this more democratic approach.</p> <p>I therefore ask that you assure members that in future you will allow up to two precise questions per agenda item at the meeting, from the above mentioned post- holders.</p> <p>Cllr Tony Johnson, when he was Leader, always allowed appropriate and reasonable questioning, and this approach was always greatly appreciated by members and the public generally.</p>	Leader
<p>Response: As you will appreciate, being new to the meetings' procedures of Herefordshire Council, I must rely on the provisions of the constitution and advice from the Monitoring Officer.</p> <p>I note that the constitution (para 4.4.11) says that the following rules regarding attendance and speaking at Cabinet meetings will apply:</p> <ul style="list-style-type: none"> • where relevant to the agenda, the chairpersons of the scrutiny committees (or in their absence their vice chairpersons) have the right to attend cabinet meetings for the purpose of presenting any recommendations from their committee • group leaders have the right to attend cabinet meetings for the purpose of reporting the views of their group on any matter under consideration at the meeting. <p>No provision is made under these rules for questions to be asked, and a further provision (para 4.4.17) makes clear that the meetings of the cabinet are to be used as a means of taking final soundings from those attending on an issue for decision rather than be the forum for detailed questioning or scrutiny of decisions being taken.</p> <p>I cannot comment on Councillor Johnson's practice when he was Leader, but given Councillor Lester's objection to my having allowed a question from you at a meeting of Cabinet, I would assume that he managed Cabinet meetings in accordance with these provisions.</p>			

In addition to the rights of attendance and speaking which are set out above, there is the option for any member to submit a question to Cabinet in the usual way, and the constitution provides for the views of political groups on key decisions to be captured at a point in time when they may effectively influence the decision. I very much welcome the views from political groups about matters being discussed at Cabinet; this administration also wishes to go further in engaging members in our decision-making, as I have outlined in my response to the question from Cllr James.

Supplementary Question:

The chairpersons of committees have the discretion to allow questions when appropriate, in the interests of openness and transparency will the Leader allow two questions for groups leaders under each item at cabinet?

Leader's response:

Currently the provisions of the constitution would be relied upon as summarised in the initial response. Any potential options for changes to the arrangements would be done in consultation with past Leaders.

MQ 3	Councillor William Wilding, Penyard	In light of the cabinet decision to commit to zero carbon by 2030 could you tell us if a 'climate champion' is to be appointed?	Leader
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Response:

Thank you for making this suggestion which would certainly be one way of raising the profile of this important issue. Our current thinking is that all cabinet portfolio holders should consider this issue as part of their portfolio, and to make a special appointment would detract from this holistic approach.

Supplementary Question:

Would you consider creating a climate emergency committee, as part of the climate action day on 21 October, to support cabinet members and put forward plans and actions?

Leader's Response:

The suggestion would be actively considered.

Response sent on 25 October 2019:

This suggestion is being actively considered, with a focus on ensuring there is broad input and support for plans, actions and policies brought forward by cabinet and council. We will advise in due course following consultation with the cabinet member.

MQ 4	Councillor Bernard Hunt, Newton Farm	GIVEN THAT - this council has a historically poor record of dealing with receipts of Planning Gain Section 106 monies AND THAT many agreements go back many years EG The Old Road ,Bromyard development [ten years or more] AND THAT a recent meeting of Mayors of all five market towns unanimously agreed that the current situation is unacceptable and deprives County residents of much needed local benefits - will the appropriate cabinet member undertake to investigate and circulate a report of the statistics involved, including recommendations of how to rectify this longstanding situation?	Cabinet member infrastructure and transport
<p>Response: I thank Cllr Hunt for his pertinent question and his continued interest in Bromyard in particular. For his reassurance, the council has processes in place to secure financial contributions from development sites for community infrastructure, to monitor those sites to ensure that monies are paid at the requisite point and to spend those monies in accordance with the terms of the section 106 agreement. The council is currently working with 31 parishes and wards, and numerous community groups and clubs to deliver projects for the benefit of communities.</p> <p>The council's section 106 process has been subject to audit by the South West Audit Partnership in 2016/17. Although this audit report found the service was generally working well, it did make a number of recommendations for further improvement, all of which have been undertaken. In addition, the council's section 106 process is routinely challenged at monthly performance team meetings.</p> <p>Since the appointment of the new administration, individual briefings have taken place with new members where the council is progressing with the spend of section 106 monies in their wards.</p> <p>In addition, the council will be arranging for training for all members to assist them in understanding the process.</p> <p>With regards to the section 106 monies for Old Road, Bromyard, referred to in the question these are committed in the Balfour Beatty Annual Plan at Annexe 4 for delivery of improvements in this location.</p>			
<p>Supplementary question: Can the cabinet member produce a ball park figure for the amount of monies currently being held in the system and the figure updated and circulated to members on an annual basis?</p>			
<p>Cabinet Member response: This was a fair and good request which the executive would seek to apply.</p> <p><i>Response sent on 28 October:</i></p>			

The following section 106 contributions are held on the council balance sheet as of 22 October 2019

Gain Type	
Recycling	£29,105.38
Waste	£66,498.82
Offsite Play/Open Space	£788,222.91
Sports	£298,360.25
Education	£2,384,389.84
Transport	£3,668,339.91
Libraries	£50,944.35
Monitoring	£6,331.38
CCTV	£28,144.00
Public Realm	£109,913.00
Primary Care - CCG	£40,554.00
Health Care - Wye Valley Trust	£121,668.14
Flood	£507,501.32
Public Art	£15,519.93
Biodiversity	£5,000.00
Total	£8,120,493.23

On 1st September 2019 the Community Infrastructure Levy Regulations 2010 (as amended) introduced a requirement for local authorities, who have received developer contributions, to publish an Infrastructure Funding Statement (IFS) at least annually.

The IFS should include the following data;

- Details of the development and site
- What infrastructure is to be provided including any information on affordable housing
- Any trigger points or deadline for contributions
- When developer contributions are received
- When contributions have been spent or transferred to other parties

For the financial year 2019/20 onwards the local authority must publish online an Infrastructure Funding Statement by 31 December 2020 and by 31 December each year thereafter. The council is working towards achieving this requirement.

In addition to the financial contributions, the Infrastructure Funding Statement should set out future spending priorities on infrastructure and affordable housing in line with up-to-date or emerging plan policies. Infrastructure funding statements should set out the infrastructure projects or types of infrastructure that the authority intends to fund, either wholly or partly, by planning obligations. This will not dictate how funds must be spent but will set out the local authority's intentions.

This should be in the form of a written narrative that demonstrates how developer contributions will be used to deliver relevant strategic policies in the plan, including any infrastructure projects or types of infrastructure that will be delivered, when, and where.

MQ 5	Councillor Christy Bolderson, Wormside	To support local authority Brexit preparations, a total of £77 million of funding has been made available by central government. I understand that no template has been provided to local councils to guide them in their preparations, however, key areas of focus should include (and not be limited to): all statutory and regulatory services which councils are responsible for; the impact on supply chains; data handling; Local Partnership Working; and communications. By outlining how the money has been used, can the responsible Cabinet member give assurance to the people of Herefordshire that this Council is fully prepared to exit the European Union?	Leader
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Response:

Herefordshire Council is as best placed as it can be for exit from the EU, given the information tools that it has been provided with and the current degree of knowledge about a planned exit. We have received £105k from government. This money has not been used for any day-to-day work- it will be focused, as and when needed, to support the residents of Herefordshire. Herefordshire Council has provided on our website as much information as we have available for the residents of Herefordshire. We continue to update this information as more becomes available. Over the next few days, we will be including a 'frequently asked questions' section on the website giving as much straight forward information as possible. The website will continue to point residents to the gov.uk website where more detailed information is available.

Herefordshire Council (as part of the Local Resilience Forum) is taking part in weekly Chief Officer (strategic level officers) teleconferences. Officers are working on a day-to-day basis with partner agencies and with those critical council services (such as social care and regulatory services) where an impact could be felt. Services are currently reporting to the Emergency Planning Team every

Thursday any impacts they are experiencing. To date, there has been nothing of significance reported. From Monday 21 October we will be required to report on a daily basis to MHCLG.

Supplementary Question:

Can you further outline the risk management process in place and the body responsible for scrutiny of the process for the brexit arrangements?

Leader's response:

The chief executive provided the following response:

A website was being developed to assist people with information about brexit. To manage risk the local resilience forum engaged the police and partners. The risk register of the council focused on risks to the council's services; the risks associated with brexit were most pronounced in organisations beyond the council. The issues raised in the supplementary question would be considered in compiling frequently asked questions about brexit to be uploaded on to the website.

MQ 6	Councillor Nigel Shaw, Bromyard Bringsty	This autumn has seen a further reduction in public transport services between Hereford and Worcester on the 420 route which have impacted my ward, Bringsty /Bromyard. The 2019/20 budget included an additional amount of £500k as capital support to the county's community transport organisations, to help them to renew their fleets with new, modern and energy efficient, fit for purpose vehicles. Six months on can the cabinet member advise how much of this investment has now been delivered to these vital bodies who help deliver a service to support the independence and well-being of our rural and market town communities?	Cabinet member infrastructure and transport
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Response:

The 420 bus service is a service operated commercially by First Group between Worcester and Bromyard on weekdays. First Group recently notified us of their intention to withdraw the service as of 14th October. We are working with Worcestershire County Council to see how we can maintain the service in the short term and further work will be carried out by the two councils to determine the options for the service long term.

Council authorised an amendment to the 2019/20 budget which allocated an additional £500k to passenger transport services, £225k of this was allocated to public bus services to offset a planned savings target in the year, and a further £275k was allocated to fund a grant scheme for Community Transport operators to purchase new vehicles. A decision to commit this funding has yet to be taken and will need to be considered in the context of the overall budget position for public transport to ensure we protect essential services.

Supplementary Question:

Is the administration intending to use monies that Council intended for Community Transport to pay for uncontrolled spending in other areas of the transport portfolio?			
<p>Cabinet Member's Response: A response to points raised would be provided in writing.</p> <p><i>Response sent on 28 October:</i></p> <p>No decision has been taken on the re-allocation of the one off funding allocated for community transport vehicle grant.</p> <p>Funding support for community transport has been maintained and the 2019/202 budget has been allocated to the schemes to continue to support their activities and the important work they undertake coordinating volunteer drivers and a decision will be taken shortly which confirms how the additional one off grant of £275,000 will be allocated.</p>			
MQ 7	Councillor Roger Phillips, Arrow	When was the new surfacing on B4349 at Dunan corner laid?	Cabinet member infrastructure and transport
<p>Response: The high friction surfacing scheme (anti-skid) at Dunan corner, also known as McIntyre's corner, was laid on the 23rd and the 24th of September 2019 in accordance with this year's Annual Plan. As part of the review of locations there were 3 sites identified as needing resurfacing with High Friction Surfacing (anti – skid), these are previously treated accident sites. The locations are; A4113 Brampton Bryan, B4349 Dunan Corner/McIntyre's Bend and A449/ B4224 Old Gore crossroads. The original treatment at Dunan Corner/McIntyre's Bend, which was implemented in 2002, following a number of collisions which included a fatality, has performed well with the original treatment lasting over 17 years.</p>			
<p>Supplementary Question: Does the work to replace the high friction surface indicate that a decision has been made to not proceed with the bypass?</p>			
<p>Cabinet Member's Response: The location where the work was undertaken lies outside the area allocated for the bypass. Three areas had recently had anti-skid high friction surfacing replaced.</p>			
MQ 8	Councillor John Hardwick, Backbury	Thank you for honouring the pledge made within some member's election manifestos in connection with the SWTP and HTP. Would Cllr Harrington	Cabinet member infrastructure and transport

		care to provide the Council with an update on his decision and the next steps?	
<p>Response: I refer to the answer given to Mrs Protherough's question above.</p>			
<p>Supplementary Question: We await the response to the scrutiny committee, will the cabinet member also be scoping out other ways of reducing congestion and promoting choice in regards of transport in the city and county.</p>			
<p>Cabinet Member's Response: The recommendations of scrutiny had been considered and all had been accepted. Methods to reduce congestions would be investigated; the SWTP and HTP were not schemes to relieve congestion but they will be reviewed to see if they unlock land or create jobs. Statistics show that 56% of people in Hereford travel less than two mile by car and in order to address this improvement are required to cycling and bus infrastructure. Travel to school arrangements also need to be addressed and the viability of an Eastern river crossing would be investigated which, it had been indicated, would reduction traffic on A49 by 29%. Proposals to remove traffic lights that hindered traffic flow were also being considered and meetings were arranged with Highways England. Congestion needed to be relieved but in the context of the climate emergency.</p>			

Chairman's Announcements – Council Meeting – 14th February 2020
Events attended by the Chairman since the last
Council meeting on 11th October 2019

- 12th October – A Service of Faith and Reconciliation, Hereford Cathedral
- 12th October – Ciderlands Cider Banquet, The Green Dragon Hotel, Hereford
- 13th October – Ledbury Civic Service, St Michaels and All Angels Parish Church, Ledbury
- 14th October – Citizenship Ceremony, Town Hall, Hereford
- 15th October – Shaw Healthcare Long Service Awards, Orchard House, Withington
- 16th October – SSAFA AGM, The Kindle Centre, Hereford
- 16th October – HVOSS AGM, The Courtyard, Hereford
- ** 19th October – Trafalgar Day Parade, Hereford
- 19th October – Mayors of Bromyard Charity Dinner, The Falcon Hotel, Bromyard
- 20th October – Harvest Songs of Praise, Hereford Cathedral
- * 20th October – Malvern Hills District Council Civic Service, Hallow Church, Malvern
- 22nd October – Armed Forces Covenant Annual Review & Business Event, The Green Dragon Hotel, Hereford
- 25th October – Herefordshire Business Awards, Three Counties Hotel, Hereford
- 27th October – Leominster Civic Service, The Priory, Leominster
- 2nd November – Herefordshire Flag Unveiling, Hereford Cathedral
- 3rd November – ABF The Patrons Curry Lunch, Sulva Baracks, Hereford
- 4th November – Worcester University Graduation Dinner, Worcestershire
- 5th November – Royal Visit of HRH The Prince of Wales to Ross-on-Wye
- 6th November – Royal British Legion Field of Remembrance, Hereford Cathedral
- 7th November – An Evening of Words and Music for Remembrance, Hereford Cathedral School
- * 7th November – Postcards for Life, The Bishops Palace, Hereford
- 8th November – Royal Visit of HRH The Princess Royal, YSS, Hereford Football Club
- 8th November – High Sheriff Lecture, The Shire Hall, Hereford
- 10th November – Remembrance Service, 22 SAS Regiment
- 11th November – Citizenship Ceremony, Town Hall, Hereford
- 13th November – Herefordshire & Worcestershire Group Training Association Awards Ceremony, The Courtyard, Hereford
- 19th November – Food and Drinks Awards Evening, Hereford Racecourse
- 21st November – CLD Trust, The Courtyard, Hereford
- 22nd November – Queen's Award for Voluntary Services presented to Luctonians Sports Club
- 23rd November – Service of Farewell to Bishop Richard Frith, Hereford Cathedral
- 28th November – Regimental Cocktail Evening, Credenhill
- 30th November – Leominster Nativity Service and Light Switch On, The Priory, Leominster
- 5th December – Parkinson Christmas Lunch, Ross-on-Wye
- 6th December – Inauguration of Marcelle Lloyd-Hayes as Honorary Freeman of the City, Town Hall, Hereford
- 12th December – Carol Concert, Hereford Cathedral School
- ** 15th December – St Michael's Hospice Light Up A Life Service, Hereford Cathedral
- 17th December – ABF Carol Concert, Hereford Cathedral

18th December – Forest of Dean Carol Concert, St Mary’s Church, Lydney
19th December – RNC Celebration of Achievement Ceremony, RNC, Hereford
21st December – St John Ambulance Carol Service, St Martin’s Church, Hereford
22nd December – Festival of Lessons and Carols, Hereford Cathedral
23rd January – Royal British Legion AGM, The Kindle Centre, Hereford
13th January – Citizenship Ceremony, Town Hall, Hereford
3rd February – St John Ambulance Commissioning of the County Chaplain, Coningsby Chapel, Hereford
7th February – Hereford & Worcester Fire and Rescue Service Medals and Awards Ceremony, Town Hall, Hereford
8th February – Rotherwas Together – Your Families and Ward, HARC, Hereford
9th February – Herefordshire Federation of Women’s Institutes Centenary Service, Hereford Cathedral
10th February - Citizenship Ceremony, Town Hall, Hereford

*Attended by the Vice-Chairwoman, Councillor Kema Guthrie

** Attended by Councillor John Stone

Chief Executive's Announcements – 14 February 2020

- Capital investment in CCTV across the county will see a new CCTV video management system installed and new Wi-Fi networks and cameras installed in Ledbury, Leominster and Ross-on-Wye. The CCTV provision is being extended in the Garrick House multi-storey car park to include cameras being located at the entrance and top two levels, these will be linked to the CCTV control room.
- Parking Enforcement carried out 191 disabled person blue badge checks over the last 3 months to ensure they were being used legally. Two people were found to be using someone else's badge in order to avoid paying parking fees / obtain convenient free parking and were prosecuted. One had to pay a total of £477.25 and the other £547.84
- The auction of properties owned by the council at Rotherwas, which are tied to historic long leases, and which produce little income have generated £1.56m in capital receipts so far this year.
- A Waste Management Task and Finish Group has been set up to undertake a strategic review of the options that Herefordshire Council may have in relation to the re-procurement of both our waste disposal and waste collection contracts. This was requested by the General Scrutiny Committee on 29 November and it is intended that the group will be able to report on their findings in June/July.
- A Climate Emergency Task and Finish Group has also been set up to undertake a review of the council's existing and proposed strategies/plans as well as any future decisions the council may make in relation to their impact upon the climate emergency. This was requested by the General Scrutiny Committee on 20 January and it is intended that the group will be able to report on their findings in June.
- The Animal Health Team have been particularly busy with complaints about the welfare of livestock, particularly given the extremely wet weather endured over the winter months. This has led to the seizure and rehoming of livestock in one particular case.
- The Trading Standards Service has also been very active with the police, undertaking further raids on shops which sell illegal tobacco and which has led to the formal closure of several shops in the county.
- The Nutrient Management Board met on 29 January and was well attended by both board representatives and members of the public. The Board considered the recommendations of their Technical Advisory Group and there was unanimous agreement on pursuing a number of recommendations to improve the water quality in the Lugg catchment. This will result in the strengthening of the Nutrient Management Plan and the drafting of a Memorandum of Understanding to ensure that the different statutory regulators are consistent in their approach. The Board also agreed in principle for officers to pursue integrated wetlands as a way forward to reduce phosphate pollution and in doing so should unblock the current moratorium of development in the north of the county.
- The Travellers' Sites Development Plan Document, which sets out the Council's planning policies and proposals to ensure the accommodation needs of the traveller community are met, was adopted at Council on 11 October.

- Strategic Housing has recently employed an Empty Property Officer to work with commercial and residential landlords and homeowners on the Council's priority of bringing empty properties back into use for housing. Since December three properties have successfully been brought back in to use through advice or assistance and discussions are continuing with a further eight households.
- Hereford is one of one hundred towns/ cities to be selected for the governments Stronger Towns funding programme, providing an opportunity to access up to £25m of new funding to support the economic development of the city, which plays an integral role in the economy of the county as a whole. We are currently organising the first meeting of the Hereford Town Board which is due to be held in early February. Over the next few months the Town Board will lead the development of the Town Plan to identify how the government funds can be best utilised to enable the economic growth of the city.
- On 21 January the Green Dragon, East Sleep Live Herefordshire and Rural Media held a Marches Tourism Conference in Hereford. Over 100 people from across Herefordshire, Shropshire and Telford attended the event to hear from an impressive range of speakers as to the potential to support the growth of a very important local industry. The council were happy to be able to support the event, and we are working with partners across the county to consider how we can all work better together in the future.
- In 2019 we were very pleased to be able to work with HCA, and our development partners Engie and CityHeart to enable the development of the first purpose built student accommodation in Hereford (178 bedrooms). We are now about to reach an exciting stage in the construction of the development, with the modular units (constructed offsite) due to begin delivery from early February.
- Following the significant rainfall and flooding in October and November 2019, the council's contractor BBLP has been cleaning up the county highways and undertaking repairs to drainage and highways assets, damaged at that time. This work will continue in coming months. Alongside this clean-up work we are working with a number of parish councils to consider how communities can improve their own local resilience. The council is also providing funding to support people whose homes and businesses have been flooded. This support consists of a Community Flood Recovery Grant worth up to £500 per eligible household, to help communities with their immediate recovery, and a Business Flood Recovery Grant, worth up to £2,500 per eligible Small and Medium Sized Enterprise (SME). Council tax reduction and Business rate reduction is also available. To date 60 households and 16 businesses have applied for funding.
- Work on a review of the transport strategy for Hereford commenced at the end of January. The review will include work to better understand existing and future road conditions, alternative transport options and the changing national policy context, particularly the declared climate emergency, alongside an independent peer assessment of the southern link road and bypass road schemes. It will also consider options that could deliver improvements more quickly, including the possibility of an eastern link road and river crossing, removal of traffic lights on key routes, emergency response arrangements to remove breakdowns on A49, an electric bus fleet for the urban bus network and improvements that provide safer routes to school. During this review the views of residents, commuters and local businesses will be invited are very important to us. While the review is being carried out work will continue towards the

implementation of agreed improvements to encourage walking and cycling in Hereford, subject to funding being available.

- Children's safeguarding services had a focused visit by Ofsted in December 2019. Ofsted found that no child seen was at risk of significant harm or without interventions. Ofsted noted that we know ourselves and that what we reported to them they found. As we recognise, the quality of our child in need and child protection work within our CP/Court teams is not where we aim to be and has not made much progress since the last Ofsted inspection. Challenges are longstanding and require tenacity over a significant period of time. The significant difficulties that recruitment and a changing workforce in the area they looked at brings were highlighted, as was supervision, and also recording. What is pleasing is to see the recognition and praise of the children with disabilities team work. Ofsted noted the investment and continued plans for improvement, the recruitment and retention strategy that is stabilizing the workforce, and also our quality assurance work. Ofsted recorded that the local authority has improved its understanding and overview of contextual safeguarding in relation to peer-on-peer abuse and has assured itself that schools recognise this issue and work with social care services to minimise risk. The areas for improvement are being addressed through the service's improvement plan, supported by the full commitment of myself, senior leaders and the cabinet.
- Public Health led a workplace flu vaccination programme: as of 6 January 2020, 412 individuals have been vaccinated, nearly 95 more than last year's programme. 271 of these individuals were employees of Herefordshire Council.
- The Chief Executive and Director of Public Health have been working closely with the other councils and emergency services across the west Mercia region, as part of the local resilience approach – in addressing the challenges of the developing Coronavirus outbreak from Wuhan in PRC. We will continue to liaise closely and regularly until we see the Coronavirus reaching a controlled stage. The decision was taken by the west Midlands Engine to postpone the scheduled 5th regional leaders summit with a major Chinese delegation, due to take place in mid-February. This will be rescheduled when the wide-ranging Coronavirus emergency has ended.
- Two senior appointments for Adults and Communities have been made - Assistant Director for Operations - Mandy Appleby and Assistant Director for All Ages Commissioning – Paul Smith. We welcome both to our permanent team.
- Adults and Communities Talk Community staff conference held on Wednesday 29th which was very well attended and provided an opportunity to update on progress to date and future plans, the conferences will be rolled out across the county at a locality level over the next six months.
- The BCF/ Better Care Fund and Integration plan for 2019/20 was formally approved by the national and regional assurance process
- The Health and Wellbeing Board has been reviewed in light of national and local landscape changes for health and social care and the future working of the board will be presented to full council in May for approval.
- The Integrated Community Equipment Store service was successfully commissioned and the provider appointed to continue the service for another three years

- The Housing Solutions Service has made a successful bid to MHCLG for additional funding in 2020-21 to assist with the Rough Sleeper Initiative programme championed by MHCLG. The bid's aims and objectives are around the provision of services tailored to identified needs specific to rough sleepers; including the deployment of a specialist mental health worker, a substance use worker, a supported lettings worker, a 'service navigator' and a health professional who will specialise in podiatry issues. MHCLG have confirmed we will receive £400,022
- Completion of the Herefordshire alcohol needs assessment – Nationally alcohol consumption has doubled since the 1950's. In Herefordshire 1 in 4 adults drink above lower risk levels resulting in preventable mortality, hospital admissions and costs to both adult and children's social care. Only around 1 in 5 alcohol dependant adults in Herefordshire are in alcohol treatment. The needs assessment makes evidence based recommendations for reducing the harm caused by alcohol consumption, which form the basis for an alcohol harm reduction plan to begin in 2020.
<https://understanding.herefordshire.gov.uk/media/1895/herefordshire-alcohol-needs-assessment.pdf>
- MECC (Making Every Contact Count) training has been rolled out in 2019/20, with over 330 people trained via e-learning and 130 undergoing face to face training. Training has been made mandatory in Adults and Communities Directorate. We continue to work with partners to increase MECC training across the health and social care system and will soon be providing Train the Trainer training across the system.



Meeting:	Council
Meeting date:	14 February 2020
Title of report:	Corporate Plan - 'County Plan 2020-24'
Report by:	Leader of the Council

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards);

Purpose and summary

To agree proposals for the Council's Corporate Plan – the 'County Plan 2020-24' following recommendation by Cabinet. The council's constitution requires Cabinet to make recommendations to council in respect of budget and policy framework; the Corporate Plan forms part of this framework.

The County Plan has been developed to set the ambition for the council following public consultation and engagement with key stakeholders. Over 2000 people have been engaged through a range of pop-up events, targeted workshops throughout the county and an online survey.

The County Plan shapes the future of Herefordshire with the overall aim to improve the sustainability, connectivity and wellbeing of the county by strengthening communities, creating a thriving local economy and protecting and enhancing our environment.

Through the development of the County Plan, three corporate priorities and objectives have been identified. These are:

- Environment – protect and enhance our environment and keep Herefordshire a great place to live
- Community – strengthen communities to ensure everyone lives well and safely together
- Economy – support an economy which builds on the county's strengths and resources

Recognising that these priorities do not exist in isolation, three cross-cutting themes of sustainability, connectivity and wellbeing have emerged. These themes will underpin the priorities and ambition set out in the County Plan and guide future service design, planning and policy making.

The County Plan is a strategic plan that sets out the overarching ambition, the annual delivery plan provides more detail of the projects and initiatives that will be undertaken in 2020/21 to meet the commitments made in the County Plan 2020-24.

Recommendation(s)

That:

(a) The County Plan 2020-24, as set out at appendix A, is approved by Council;

Alternative options

1. To amend the proposals; it is open to Council to recommend alternatives to the ambition and outcomes to those proposed. However any alternatives should be informed by the evidence base available and the prevailing financial and policy context.

Key considerations

2. The County Plan, alongside the Medium Term Financial Strategy, provides the overarching policy framework within which decisions will be taken and resources allocated by Herefordshire Council over the next 4 years.
3. This County Plan has been developed through a process of consultation and engagement with the public and key stakeholders. Details of the consultees can be found in Consultees section of this report.
4. During the initial public engagement events (phase 1), people were asked to rate their priorities against six key areas (using a token system). This exercise was completed by 1056 people, with a further 358 people replicating this exercise online. The table below details the outcome of this exercise:

Maintenance of roads and public spaces	3,827 votes
Protect and enhance our environment	3,504 votes
Start building new affordable council housing	2,683 votes
More travel choices e.g. cycling, buses, community transport	2,661 votes
Invest in job creation skills and training	2,582 votes
Help people to help themselves e.g. advice, support, community projects	2,225 votes

5. In the second phase of consultation, the focus was on the alignment of the council's budget to the priority areas, council tax proposals and proposed capital investments. This was a more qualitative exercise and more detailed conversations were undertaken during the public events; 137 people were spoken to during this phase. There was also an online survey available which was completed by 269 respondents.

6. The online and face to face results for the second phase highlighted the same five priority areas however in a slightly different order.

Face to face

Online survey

<ul style="list-style-type: none"> • Affordable housing (publicly owned) • Maintenance of highways and public spaces • Care homes and accommodation for vulnerable people • Public transport • Planning and investment to address the climate emergency 	<ul style="list-style-type: none"> • Maintenance of highways and public spaces • Planning and investment to address the climate emergency • Public transport • Care homes and accommodation for vulnerable people • Affordable housing (publicly owned)
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7. A report summarising the findings of the public engagement and consultation can be found at appendix C. Further more detailed reports can be found on the council’s website (www.herefordshire.gov.uk/ambition).
8. Feedback resulting from the consultation and engagement process has been included in each iteration of the County Plan as part of its development.
9. The new County Plan also details the key achievements of the previous plan (2016-2020), highlights include:
- Creation of the online Wellbeing, Information and Signposting for Herefordshire (WISH) website
 - Implementation of new adult social care customer pathway that focusses on people’s strengths
 - Creation of new Homefirst service to prevent or support hospital discharge. This new service has been rated “good” by the Care Quality Commission (CQC)
 - Increase in early help support for children and families; this service now works with over 1000 children
 - Children leaving the care of the council will not be required to pay council tax until they reach 25
 - Schools in Herefordshire continue to perform well, with the majority of metrics showing performance in the top quartile nationally
 - 90% of premises in the county able to access a superfast broadband service
 - An extra £20 million of works targeted to fix roads in the greatest need of repair
 - City link road has been delivered opening up a large amount of land for development
 - More than 14,000 street lights now near 100% LED, saving money and reducing light pollution
 - Acquisition of sites to support the development of higher educational facilities in Herefordshire
 - Delivered financial savings in excess of £30 million over the four year period

Community impact

10. The County Plan 2020-2024 has taken into account the key characteristics of Herefordshire, as outlined on Understanding Herefordshire (the council's Joint Strategic Needs Assessment). Factors such as rurality, the aging population and social mobility for our young people are key drivers at the heart of the ambitions.
11. Within the community ambition, the approach is focussed on strengthening communities with the aim of connecting people to their local communities; this will be developed over the duration of the plan.

Equality duty

12. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
A public authority must, in the exercise of its functions, have due regard to the need to -
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As part of the decision making processes, individual directorates and service areas assess the potential impact of any proposed project, leading to fairer, transparent and informed decisions being made.
14. Improving equality of opportunity and access, and reducing inequality, underpins the County Plan. Individual elements of activity within the plan will undergo equality impact assessments as an integral part of their planning and implementation.

Resource implications

15. The recommendations of this report have no direct financial implications, however the priorities within the County Plan set the strategic direction for the council. Proposals from the County Plan 2020-2024 and Delivery Plan 2020/21 will be delivered within the budget and Medium Term Financial Strategy to be agreed at Council on 14 February 2020.

Legal implications

16. There are no legal implications arising directly from the recommendations of this report. The legal implications of any decisions to be taken by the executive in implementing the County Plan will be set out within the relevant decision report.

Risk management

17. The County Plan and associated delivery plan are integral elements of the council's performance and risk management framework. Risks associated with objectives and projects are entered onto the relevant project, service or directorate risk register and escalated as appropriate. The corporate risk register is a living document and reviewed regularly by Management Board, Cabinet and Audit and Governance Committee.
18. The financial challenge and capacity to deliver the corporate priorities, whilst delivering the necessary savings, remains a significant risk; this will be mitigated by ensuring that there is regular oversight and monitoring as detailed in the performance and risk framework.

Consultees

19. The County Plan 2020-2024 has been developed following consultation with the public and key stakeholders. This was undertaken in two stages, the first stage aimed to test out the ambition with the public and key stakeholders and started with the Parish Council summit in September 2019.
20. The events continued through October and November and covered over twenty events throughout the county including targeted events for:
 - Young people at Hereford sixth form college and a young farmers event
 - People with a learning disability
 - Gypsy and Romany Travelling families
21. The second phase of consultation included consultation on the budget and proposed areas of investment. Further pop up events were held in Hereford city and in the market towns and focussed on engaging people in more detailed conversations around the investment proposals.
22. Further events for business representatives, the community sector, ward members and other key stakeholders were held in January 2020. These events were delivered in workshop style to explore ideas, identify gaps and understand how stakeholders could better work together to deliver the ambitions.
23. The development of the County Plan has also been reviewed by all three scrutiny committees with General Scrutiny Committee reviewing the full plan in January 2020.
24. The recommendations from the scrutiny committees have been incorporated into the final draft County Plan.

Appendices

Appendix A Draft County Plan 2020-24

Appendix B Draft One Page Plan

Appendix C Summary of key findings from formal consultation

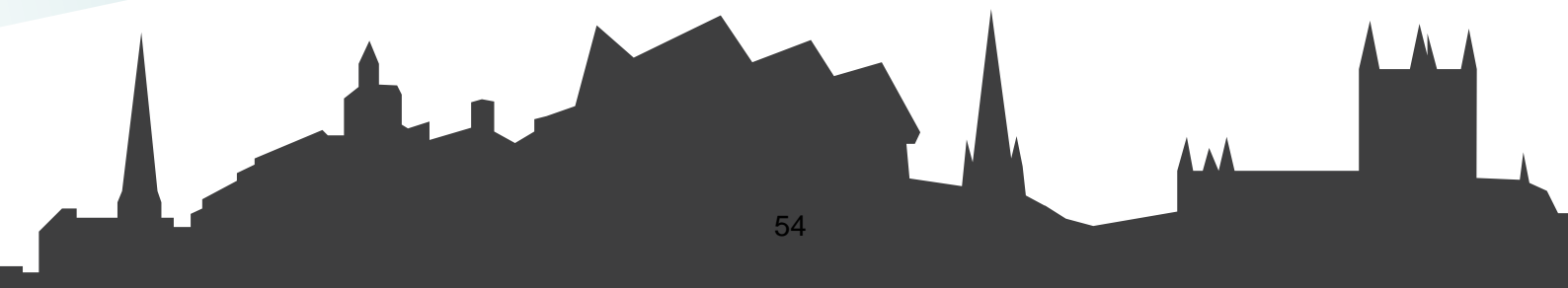
Background papers

No Background Papers

County plan 2020-2024



“Respecting our past, shaping our future - we will improve the **sustainability**, **connectivity** and **wellbeing** of our county by strengthening our **communities**, creating a thriving local **economy** and protecting and enhancing our **environment**”.



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Introduction from the Leader of Herefordshire Council Councillor David Hitchiner

Our County plan shapes the future of Herefordshire and aims to encourage and strengthen our vibrant communities, create a thriving local economy and protect and enhance our environment to ensure Herefordshire remains a great place to live, visit, work, learn and do business. The plan guides the work of the council and our relationship with individuals, families, communities and partners over the next four years. Underpinning this plan are the themes of **connectivity, wellbeing and sustainability**, which sit at the core of our policy making, planning and design for the future.

We know that in the future transport systems must, and will, change, so we need to rethink our investment now in transport infrastructure to tackle the 21st century challenges of climate emergency and to support the wellbeing of our population. This will be central to the review of the Hereford bypass and southern link road schemes and the urgent update of our Core Strategy and planning policies.

Being better connected is not just about the physical infrastructure. We all need a bit of help from time to time. During such tough times, we believe it is really important that the council supports people and finds ways to help them to connect to the rich tapestry of services provided by the voluntary sector and to their own community. The council will

always need to safeguard the most vulnerable in our communities, but we want to enable everyone to feel more strongly a part of their local community too.

We want all children and young people in this county to have a great start in life and be healthy, safe and inspired to be the best they can be. Our young people should be proud to grow up here in Herefordshire and we also want them to feel able to build their lives here. This requires us to deliver good learning facilities, great job opportunities and homes that young people can afford to buy or rent. We recognise that for some children and young people life can be particularly tough, and we are determined to address the inequalities which put these children and young people at a disadvantage.

We place arts and culture at the centre of our plans for Herefordshire. We do this to recognise the value heritage and creativity bring through generating income from our fantastic exhibitions and events and by nurturing people's overall wellbeing. There is growing evidence of the social value that cultural services provide in our communities, particularly in combatting social isolation.

We are committed to working more closely in partnership with town and parish councils, community partners, private

enterprise and our fellow public sector organisations. We recognise that we will only be able to deliver on our ambition by working together effectively.

The council must have financial resilience to enable us to continue to serve the people of Herefordshire, to invest prudently in the county and to continue to deliver the services that our residents need. This will continue to remain at the forefront of our thinking.

Our ambition is for Herefordshire to be an exemplar of 21st century rural living where market towns and rural communities are properly valued and recognised for the contributions they make to the success of the county. We will achieve this by recognising and building upon the strengths of our people, our places and our past while embracing the future by taking proven concepts and systems developed in modern cities and adapting them for rural Herefordshire so that we create a county which is better connected in every way.

Herefordshire is a great place to live with a beautiful and unique natural environment - we will work in partnership with our farming and business community to protect and enhance this wonderful asset for future generations while ensuring that we balance this sensitively with playing an active part in the modern world.



Herefordshire

Situated in the south west of the West Midlands region bordering Wales, Herefordshire has beautiful unspoilt countryside with remote valleys and rivers and a distinctive heritage. The River Wye winds through the county, flowing east from the Welsh border through Hereford city before turning south to flow through the Wye Valley Area of Outstanding Natural Beauty (AONB). The Malvern Hills border the east of county, while the south west is dominated by the western reaches of the Black Mountains.

The Wye Valley is a designated Area of Outstanding Natural Beauty and recognised as one of the nation's most treasured landscapes. Inside the Wye Valley AONB, the market town of Ross-on-Wye is steeped in culture and history, and is regarded as being the birthplace of British tourism. When the Reverend William Gilpin visited 250 years ago, he documented his trip with the UK's first 'tourist guide' of the cruises up and down the picturesque River Wye. This brought more and more visitors who dined at specific locations, took walks to particular viewpoints and visited romantic ruins, making the 'Wye Tour' the first 'package' holiday.

In addition to Hereford city, the county is served by five beautiful and distinctive market towns: Bromyard, Kington, Ledbury, Leominster and Ross-on-Wye. Understandably, the county is a

popular destination for visitors and for those who commute to employment out of the county.

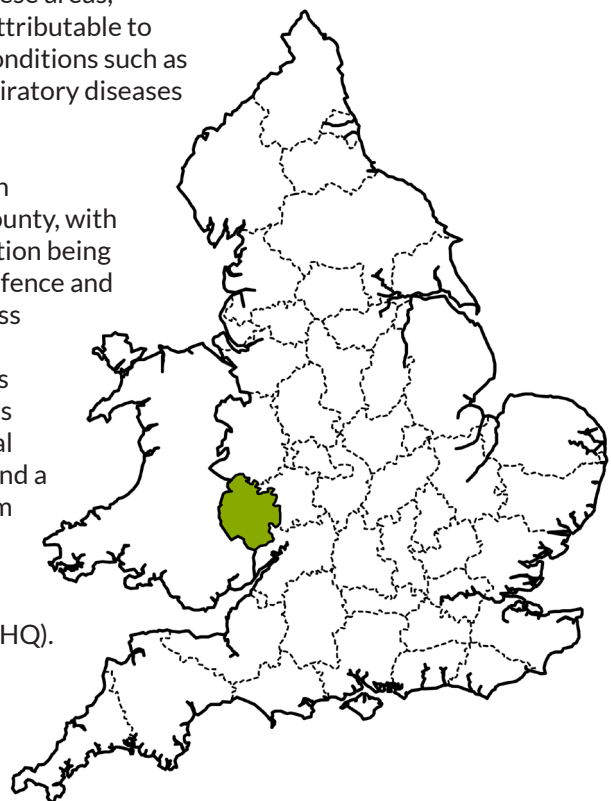
Herefordshire has the fourth lowest population density in England, with a land area of 2,180km² but a population of only 192,100 (2018). Most of the county (95%) is rural and 53% of the population live in rural areas.

While life expectancy for both males and females is higher and mortality rates are lower here than the national average, there are pockets of deprivation in the county. There are notable differences in life expectancy and mortality in these areas, much of which is attributable to lifestyle-related conditions such as circulatory or respiratory diseases or cancers.

Herefordshire is an entrepreneurial county, with 20% of the population being self-employed. Defence and technology business sectors are well-represented across the county, which is home to the Special Air Service (SAS) and a short distance from Gloucester-based Government Communication Headquarters (GCHQ).

Unemployment in the county is low, but average earnings in the county are significantly below both the regional and national averages. Average house prices are high compared with elsewhere in the region. In 2016, Herefordshire's affordable housing ratio was the worst in the West Midlands, with houses at the lower end of the market, costing around 8.6 times the annual wage of the lowest earners.

Herefordshire is generally a low crime rate area and partners work together to ensure that it continues to be a safe place to live, work and visit.



Our challenge

ENVIRONMENT



12% of households in fuel poverty (in 2015) (11% England)



We have higher service delivery costs because

95% of the county is classified as rural

COMMUNITY



24% of population over 65 (mid 2018) (18% nationally)



1 in 4 Reception age children (4-5yrs)

and more than **1 in 3** Year 6 children (aged 10-11yrs) are overweight or obese (2016/17)



Herefordshire is **the worst area within the West Midlands** region for housing affordability

ECONOMY



£461 average weekly wage in Herefordshire (national average £575)

Herefordshire's Gross Value Added per head of population was £20,300 (national average of £27,950)



36.4% of people qualified to NVQ Level 4 and above (national average of 39.3%)

Herefordshire performs in the **bottom quartile for 16 and 17 year olds** in either education, employment and training

Using our resources wisely

Using our resources wisely is one of our core principles so we are always on the look out for new ways to provide efficiencies in service delivery. We work continuously to maximise our purchasing power, deliver value for money, and direct all that we do to the benefit of Herefordshire residents and local business.

We employ nearly 1,300 staff and support many more jobs in the local economy through our contracts with local businesses.

The council has an annual budget in 2020 of £380m which we use to deliver services to over 187,000 residents. These services include the maintenance of over 2,000 miles of roads, over 2,000 miles of public rights of way, over 700 highway bridges and over 11,000 streetlights, collection of waste and recycled materials from over 85,000 residential properties, safeguarding around 1,000 children and providing care and support to 2,500 vulnerable adults.



Herefordshire is a rural county with a higher than average number of people aged over 65 living in the county. Herefordshire Council has faced significant financial challenges over recent years as annual central government funding has been reduced from £60.1m in 2011/12 to £0.6m in 2019/20. During this same period both service delivery costs and demand for those same services have increased, particularly for adult social care and children in care of the council.

The council has risen to this financial challenge by:

- Delivering substantial savings of £90m in annual operating costs
- Keeping services going by delivering them differently
- Changing how we make best use of publicly owned assets
- Consistently delivering balanced budgets

Receipts from the sale of publicly owned assets will be reinvested in projects which replenish and enhance the tangible assets of the council. We will use these assets to generate new and sustainable income streams to help fund future services and address the pressing needs of the county's residents which are not being met by market forces.

We shall also build new community facilities and bring forward new employment sites throughout the county. In making these investments we will continue to balance environmental, economic and community returns and will carry forward measures which further manage demand for our services.

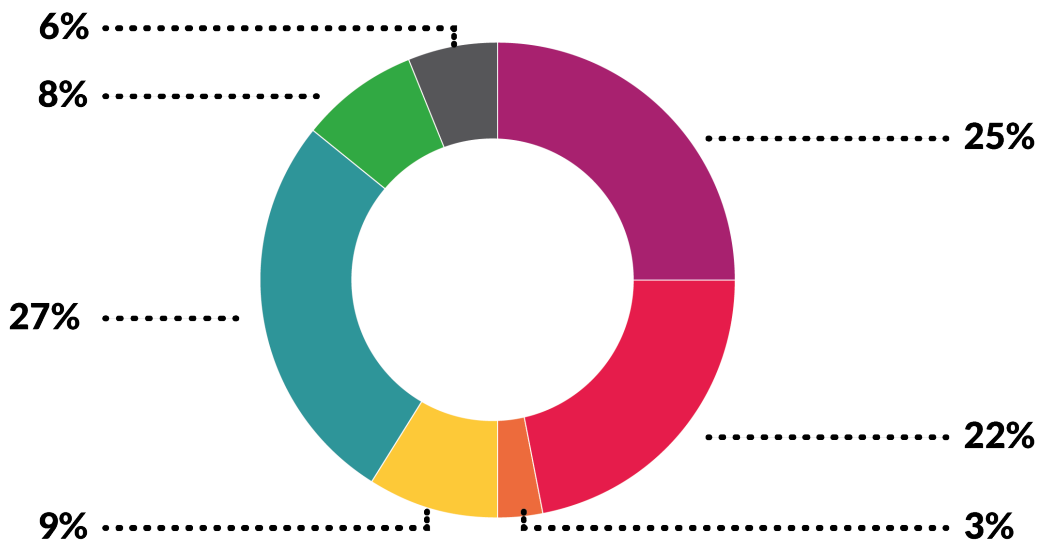
The council will continue to look for opportunities to share our accommodation and service delivery with partners. We will further rationalise our property holdings to deliver efficiencies as well as new income streams to support our services.

The council recognises, celebrates and values the central role our employees play in delivering this plan and our many statutory duties. We shall continue to invest in activities that ensure we recruit people with the skills and attributes to meet the changing demands of the council's services. We will also continue the investment we are making in developing our people, rewarding them appropriately and providing support to ensure their continued wellbeing.

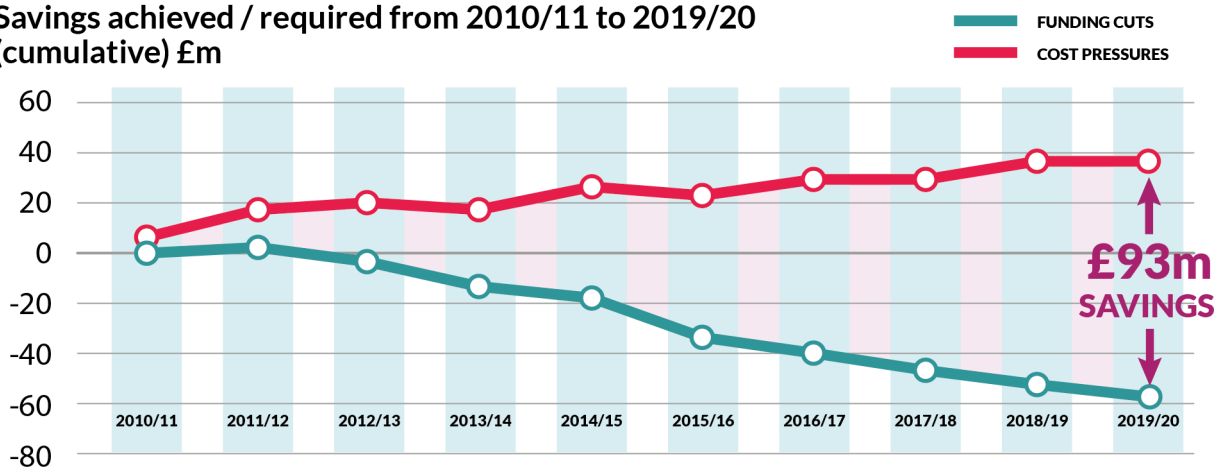


Where the money comes from

- Grants
- Education Grant
- Health Grant
- Income from traded services
- Council Tax Income
- Business Rates
- Capital Grants



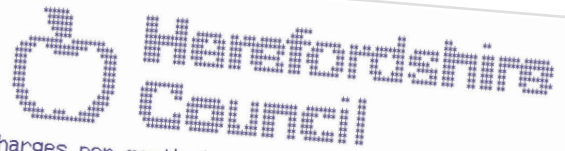
Savings achieved / required from 2010/11 to 2019/20 (cumulative) £m



Where the money goes

DID YOU KNOW?

The council spends £1m a day on delivering services to residents



Charges per month (average Band D property)
2020/21 monthly Council Tax receipt

	£s
** Daily life **	
* Waste, Cleansing	12.34
* Environmental Health	1.53
* Roads and bridges	5.73
* Care of public spaces	1.24
* Schools and education	99.16
* Public, School and community transport	5.97
* Libraries, records and customer services	1.22
** Looking after Adults **	
* Older People in residential/nursing care	14.39
* Older people supported at home	9.89
* Disabled adults	28.92
* Lifestyles services (substance abuse, sexual health)	2.84
* Health improvement (Public Health nursing, health checks, smoking cessation)	5.67
* Housing	0.53
** Looking after children **	
* Child protection	4.29
* Children in care	14.97
* Children with special needs	3.31
** Local government running costs **	
* Election, governance and legal services	3.50
* Directors & Staff costs	0.56
* Organisational administration	1.39
* IT, Council Tax and Benefits admin, invoices and payments	5.27
* Insurance and property maintenance	4.84
** Financing **	
* Capital finance - Debt repayment	6.97
* Capital finance - Interest payments	9.43
** Economic growth **	
* Economic development and regeneration	1.74
* Broadband - rural rollout	0.15
* Planning	0.35
***** VOUCHER *****	246.20
** Income that supplements council tax **	*****
* Investment Property income	**
* Car parking	-2.94
* Capital finance - Interest received	-5.42
* Public Health grant	-2.01
* National Education funding	-7.70
TOTAL TO PAY (per month)	-96.98

131.15	

MORE INFORMATION AT WWW.HEREFORDSHIRE.GOV.UK/	
COUNCIL TAX 01/01/20 09:00 1234 2342	

What we heard

The 2020-24 County plan has been developed following consultation and engagement events with the public and key stakeholders across the county.

We heard from over 2,000 people, including seldom heard from groups that included younger people through the sixth form college, a young farmers event, people with long-term illness and their carers and ethnic minority groups.

People told us that we should be prioritising investment in the following areas:

- More affordable housing
- Maintenance of our existing highways network and public spaces
- Specialist care home facilities and accommodation for vulnerable people of all ages
- Improved public transport across the county
- Action to tackle the climate emergency (this was the top priority for young people)

Our plan

The following section sets out what we aim to achieve over the next four years. Our key areas of focus will be the Environment, our Communities and the local Economy. Recognising that we don't live and work in silos these will be developed against three key themes of **Sustainability, Connectivity and Wellbeing** which will guide our planning, design and policy making over the coming years.

How we will measure success

In each of the following sections we have indicated the high level outcomes that we expect to achieve. The detailed targets for each ambition will be published each year in the annual delivery plan. This ensures we can monitor and evidence that we are delivering the outcomes we have committed to on an annual basis.

People with disabilities:
"We want to be counted in the community and we want to be listened to"

Environment
"Tackling the climate emergency should be ambitious but achievable with ambition"

Public transport:
"Public transport can be amazing e.g.. in London, therefore there should be scope to make it better here in Herefordshire."



Our ambition for Herefordshire

Environment

Protect and enhance our environment and keep Herefordshire a great place to live

WE WILL



Minimise waste and increase reuse, repair and recycling

Improve and extend active travel options throughout the county

Build understanding and support for sustainable living

Invest in low carbon projects

Identify climate change action in all aspects of council operation

Seek strong stewardship of the county's natural resources

Protect and enhance the county's biodiversity, value nature and uphold environmental standards

Community

Strengthen communities to ensure everyone lives well and safely together

WE WILL



Ensure all children are healthy, safe and inspired to achieve

Ensure that children in care, and moving on from care, are well supported and make good life choices

Build publicly owned sustainable and affordable houses and bring empty properties back into use

Protect and improve the lives of vulnerable people

Use technology to support home care and extend independent living

Support communities to help each other through a network of community hubs

Economy

Support an economy which builds on the county's strengths and resources

WE WILL



Develop environmentally sound infrastructure that attracts investment

Use council land to create economic opportunities and bring higher paid jobs to the county

Invest in education and the skills needed by employers

Enhance digital connectivity for communities and business

Protect and promote our heritage, culture and natural beauty to enhance quality of life and support tourism

Spend public money in the local economy wherever possible

13

Our principles

- Partnership** We collaborate to maximise our strengths and resources
- Resilience** We use resources wisely so Herefordshire is fit for future generations
- Integrity** We make decisions based on evidence and work with respect, openness and accountability
- Democracy** We strengthen local democracy, decision making and service delivery and involve more young people
- Engagement** We listen to and learn from our communities and help people connect through culture, creativity and care





Ambition:

ENVIRONMENT

Protect and enhance our environment and keep Herefordshire a great place to live

Herefordshire has a rich, beautiful and varied natural environment which cleans our air, channels our water, supports wildlife in all its many forms, lifts our spirits and keep us well.

The council recognises that healthy, connected and vibrant ecosystems strongly support the local economy, improve health and wellbeing and make the county an attractive place to live and to visit. It is vital that we protect and enhance this environment while stewarding it for future generations.

One of the effects of climate change will be that our weather becomes more unpredictable, with longer periods of both dry and wet weather, where each of these may also be more severe and intense. Significant areas of Herefordshire are low-lying and liable to flooding: climate change further increases the risk and severity of that flooding (including flash flooding) throughout the county.

In March 2019, Herefordshire Council unanimously declared a Climate Emergency and formally adopted commitments to lead a local response, aspiring for the county to become carbon neutral by 2030.

The council will consider the impact of climate change and the opportunity for carbon reduction in every aspect of our operation.

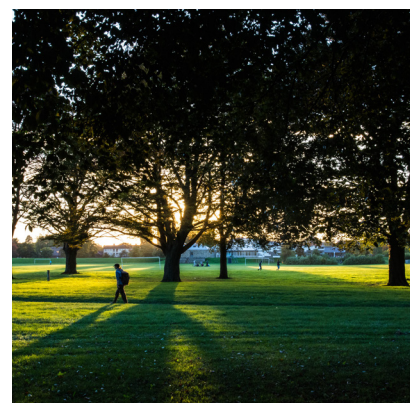
In addition we will continue to invest in low carbon projects such as renewable energy systems, using energy efficiency measures and electric vehicles to further reduce our carbon footprint and our daily running costs. We will support this commitment by ensuring that tree planting and habitat enhancement is prioritised.

Herefordshire has excellent biodiversity and natural assets and its natural environment supports a wide range of habitats. The richness of biodiversity within Herefordshire is reflected in the number of nature conservation sites within the county, including

the Rivers Wye and Lugg which benefit from European protection as 'Special Areas of Conservation' because of their unique and invaluable biodiversity.

We are proud of our rich rural heritage and will work in partnership with our farming community and land managers to promote sustainable stewardship of the County's farmland, soils and woods.

We are committed to creating greater public awareness of the part each of us can play in supporting nature and biodiversity in the county.



The county's geology and soils shape a highly fertile landscape for quality food and drink production, particularly on low-lying land. This landscape is a key economic asset creating not only an attractive place to live and work but also making Herefordshire an important tourist destination; something which is a key economic strength of the county.

We want Herefordshire to be a destination of choice for walking and cycling tourism and to increase significantly the use of these active means of travel by local residents.

We will enable more healthy low carbon travel options, including walking, public transport and cycling, to reduce congestion, improve local air quality and enhance health and wellbeing.

We all consume material resources to generate economic growth and to meet our basic human needs. But our overall use of these resources has become unsustainable. We use too much and are too quick to

throw things away. The council will use its community initiatives, partnerships and our waste contracts to make it easier for businesses and residents to share, repair, reuse and recycle.

Success measures

- Increase flood resilience and reduce levels of phosphate pollution in the county's river
- Reduce the council's carbon emissions
- Work in partnership with others to reduce county carbon emissions
- Improve the air quality within Herefordshire
- Improve residents' access to green space in Herefordshire
- Improve energy efficiency of homes and build standards for new housing

Key Facts

ENVIRONMENT

- Target of carbon neutrality by 2030
- 43% carbon reduction between 2008/09 and 2018/19 for the council's own operations
- 9% of the county designated for nature conservation
- Over 6,000 listed buildings
- 64 conservation areas across our city, towns and villages



Ambition:

COMMUNITY

Strengthen communities to ensure that everyone lives well and safely together

Our ambition is to make wellbeing inevitable here in Herefordshire by putting physical and mental health at the heart of everything we do. 'Talk Community' is the key council initiative by which we aim to progress this objective.

Talk Community is an approach which focusses on the people within our communities, the place and space in which they live and the economy in which people work. The initiative sets out to help people use their and their community's strengths to help one another to live well, stay safe and maximise their independence. Talk Community looks at how people can best be supported and can support each other to achieve this, and how communities and businesses can develop to meet the local needs of each community.

The programme has a number of strands including development of a network of Talk Community hubs throughout the county. The aim of these hubs is to concentrate investment and support to connect people more effectively to their community and to local

support systems through effective information and signposting.

In larger hubs, this will include offering a range of services that enable people to gain new skills, get help and advice, access a culture and arts offer and receive health and care services.

We recognise that communities across Herefordshire differ tremendously. Consequently, the location of these hubs, and what exactly they comprise will be down to each community to decide.

We will develop further preventative family-centred approaches with partners. This will include building up our early help approach by making best use of community spaces which might include Talk Community hubs and children's centres.

When people need support, we know that this support comes in a variety of ways and has the greatest impact when it comes from genuine connections and friendships. We shall continue to develop approaches that build

on people's strengths and the many resources they have in their local communities, such as our exceptionally strong voluntary sector and family carers. We aim to recognise and support the role that these important people play in enriching the lives of many vulnerable people in our community. By taking this community centred approach we intend that formal care services will be targeted to those most in need so that the growing demand on adult and children's social care services can continue to be met.

Where vulnerable people of all ages need formal care it is really important to us that it is of high quality and that it enables people to reach their goals. We will continue to improve outcomes for children in care, and moving on from care, and support them to make good life choices.

Demand for adult and children's social care services is increasing both in terms of the number of people and also in the cost of delivering care. Social care will also consider other things besides



care services, such as community support and the use of new technology which can contribute to meeting any desired outcomes. Some of Herefordshire’s most vulnerable residents have very complex needs which can be very challenging and costly to meet. We intend to invest in new models of care, housing and accommodation to maximise the levels of personal independence these vulnerable people are able to attain while remaining in their communities. This might include new care homes, care villages, technology or specialist accommodation for vulnerable children and young people.

There are key public health challenges for the county that we want to address including poor oral health, obesity and cold homes. We will work with partners to address these issues through an oral health action plan, physical activity strategy and measures to tackle fuel poverty.

We will also intend to use our planning and licensing functions, our contracting power and partnerships to influence and create healthy physical and cultural environments that support wellbeing.

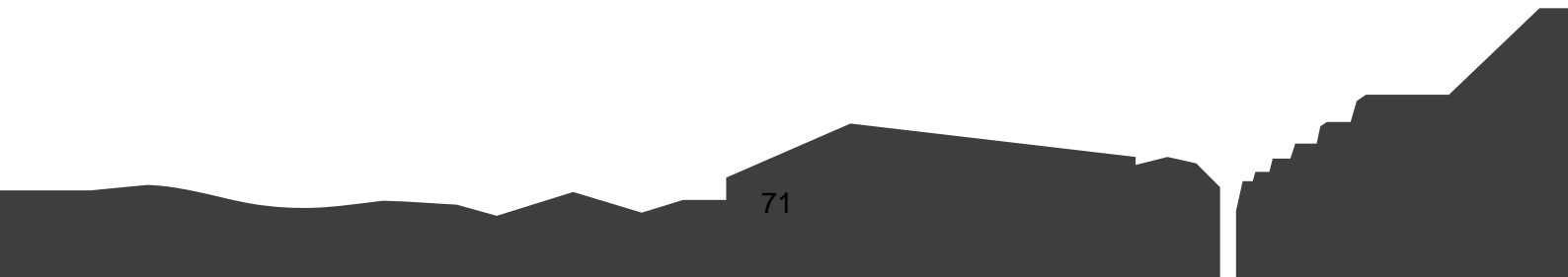
We are committed to supporting our NHS partners across Herefordshire to deliver their long-term ambitions within our communities. We will work with them as the lead partner on prevention and wellbeing initiatives.

This council recognises that arts and culture plays a huge part in our plans. We want culture and creativity to be part of



our residents’ everyday lives, whether by engaging with our many fantastic exhibitions and events; supporting the health and wellbeing agenda by recognising the significant social value that can come from cultural services such as libraries and arts; or by increasing inclusivity by providing all our residents with more opportunities to benefit from our varied cultural activities. We are committed to working with the Herefordshire Cultural Partnership to ensure that Herefordshire continues to build on our many strengths and successes.

Technology is another key component for promoting and supporting wellbeing, particularly for those with high levels of need. Technology can be very liberating and empowering where it can improve independence without relying on formal and often intrusive levels of care. This includes such things as prompts to take medication, voice-activated response services when crisis occurs (such as a fall), health and wellbeing apps etc. Over the





coming years, we will continue to develop our technology strategies and make further investments in this important, exciting and fast moving area of service transformation.

Our schools enable our young people to achieve and excel intellectually, physically and socially, and prepare them to do well once they move on to college, training or work. We continue to invest in education by redeveloping, and building new schools to ensure that we have the right facilities in the right location, to meet emerging and future demand. We will continue to work with schools and communities to improve and maximise children's attainment; our targeting of

extra support for disadvantaged children is fundamental to achieving this.

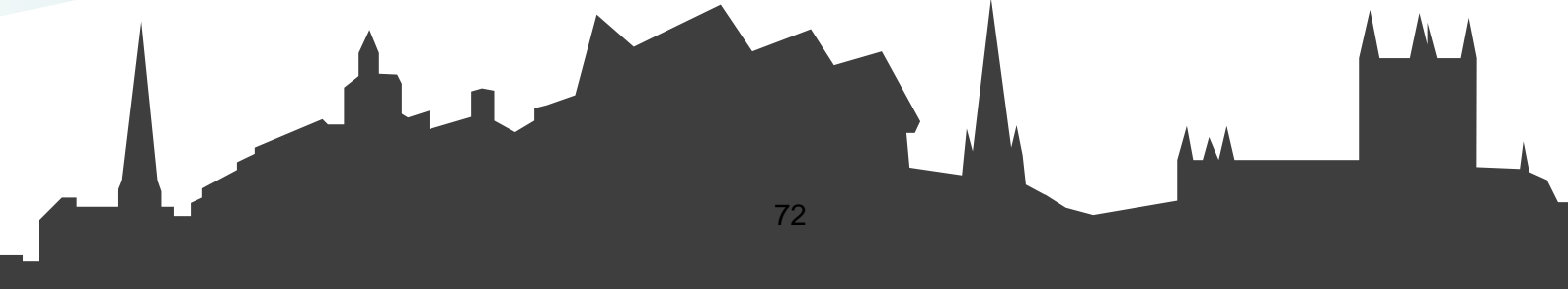
Herefordshire needs more genuinely affordable homes delivered through carefully planned policies for growth. We will use our Herefordshire Area Plan, communities' own Neighbourhood Development Plans, and an updated Core Strategy to make sure we deliver sustainable development which meets the needs of local people while respecting our heritage and our natural environment.

Investing in improved community infrastructure is an important factor in delivering community resilience as the county's population grows.

We will work with housing associations and developers to enable them to build more homes for sale and for long-term rent. To drive the delivery of affordable housing, the council will look to develop its own housing stock to provide over 1,000 additional genuinely affordable homes for local people in Herefordshire.

Increasing the number of private properties to rent is also important, so we will work

with landlords and local people to speed up the rate at which empty properties are brought back into active use and to support community land trusts and community-owned housing projects to succeed.





Success measures

- Improve Herefordshire's house affordability ratio, making accommodation more affordable to local people
- Increase the proportion of adults requiring formal care services who are supported in their own homes
- Improve the life chances of disadvantaged children in Herefordshire, meaning that they have a better chance of doing well at school, getting good jobs and secure housing (measured by the social mobility index)
- Reduce the number of children living with poverty, tooth decay or obesity
- Reduce the number of children requiring formal social care interventions (measured by the number of children in need)
- Increase the number of children that are assessed as 'ready for school'; for both children with and without free school meal status
- Improve community resilience in Herefordshire
- Reduce the number of people admitted to hospital for unplanned events
- Improve the mental wellbeing of Herefordshire residents
- Reduce the number of people in Herefordshire identified as homeless
- Reduce the number of households living in fuel poverty



Key Facts

COMMUNITY

- Herefordshire has the longest healthy life expectation across the West Midlands for both men and women
- 500,000 visits to a library a year
- Herefordshire has one of the lowest rates of violent crime in the West Midlands and over 20% less than the national average
- Herefordshire is currently ranked as a "cold spot" nationally for social mobility

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Ambition:

ECONOMY

Support an economy which builds on the county's strengths and resources

A thriving and prosperous economy is vital if we are to provide sustainable, well-paid and rewarding job opportunities to local people. A vibrant local economy improves quality of life for everyone and also generates the income through Council Tax and business rates that we need as a council to support local services.

Herefordshire faces a number of significant economic challenges. Although overall unemployment levels are very low, our average wage levels are also very low. The county has a greater proportion of retired people than the national average. Our retired residents make very significant contributions to the voluntary and third sector locally, but also contribute to house prices being high and to the lack of availability of social housing for younger families. Limited higher education opportunities in the county mean that most of the county's younger people leave the county to study beyond A-level. It is important that we increase the number of better paid job opportunities that are available so as to attract our university educated young people

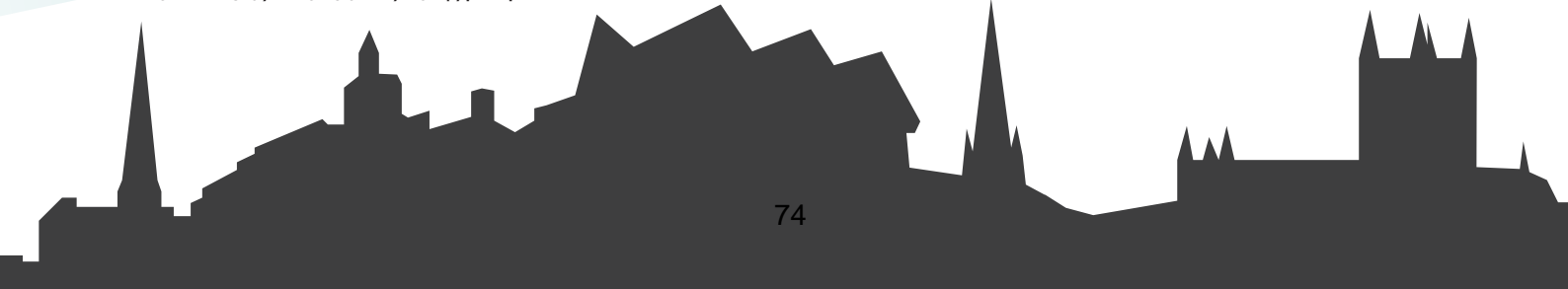
to return and to encourage others to move here to live.

For those who do choose to live here, the county offers a very good quality of life. The majority of our schools are assessed as 'Good' or 'Outstanding' and Herefordshire's natural assets, cultural offer and strong sense of community make the county a highly attractive place to live, learn, visit and to invest.

More than 90% of our businesses are SMEs (small to medium sized enterprises) or micro businesses, and business start-ups in Herefordshire are more successful than the national average. The high profile Hereford Enterprise Zone, known as Skylon Park, is a council-led initiative within the Marches Local Enterprise Partnership (LEP) which is attracting new high-tech businesses to the county and delivering a growing number of well-paid jobs, whilst also regenerating a large brownfield site to the south of the city.

Alongside supporting our bedrock businesses and attracting exciting new ones we are determined to work with all sectors of the business community to implement a community wealth building initiative. This involves four key principles:

- Spend more locally – Work with large local employers (anchor organisations) to build strong local supply chains and increase the amount of money which stays in the local economy





- Skill-up – Encourage continuous investment in our local workforce and a culture of lifelong learning in our community
- Strengthen the use of our assets– Work with our anchor organisations to be more creative in how we use and share our collective assets, increase our local investment, encourage the development of new businesses and explore new methods of financial support
- Speak up and out – Give the wider community a meaningful say in shaping economic plans and local investments. We will do this through transparent decision-making, well publicised public consultation and by engaging positively with key stakeholders on the future plans for Herefordshire

We want to emphasise the critical role the market towns and villages play in Herefordshire’s economy and we will ensure high quality employment land, business space and business support is made available throughout the county.

We will continue to support the significant growth of education opportunities within the county to provide new opportunities for younger people to live and learn locally. The council will promote a culture of lifelong learning throughout the county and enable access to tools and resources to support upskilling, reskilling and employability by providing routes to training opportunities, apprenticeships and hands-on experience.

Building on existing local strengths and seizing global opportunities we will support growth in new technology-enabled and digital business sectors, such as cyber security. We will also encourage the use of green technologies to support the growth of a clean, low-carbon economy whilst maximising the new economic opportunities this will bring to

forward thinking companies and communities throughout the county.

We will continue to take advantage of digital investments, made through the Fastershire project, to support local companies to make the most of the superfast and ultrafast digital fibre connectivity. The wide availability of high performance fibre broadband will ensure Herefordshire is able to attract entrepreneurs seeking digital connectivity and will encourage growth in the county’s already strong ‘creative sector’ whose workers are attracted by the lifestyle and work-life balance on offer here.





The council will make a positive commitment to invest in the support and development of tourism and our valuable visitor economy. We are convinced that there continues to be a significant role for the council to play in enabling growth in the number of visitors to the county, especially for those encouraged to stay for more than a day.

As a council, we continue to be successful in attracting grants to support the economic and community development of the county. We will work with partners to maximise the Stronger Towns Fund grant (up to £25m) awarded to Hereford and to support investment programmes across all our market towns. An example of which is the significant town centre enhancement programme for Leominster following the town council's successful application for Heritage Action Zone funding (up to £2m) which is being matched with county funds.

We will work to enable parish councils to act quickly to undertake routine maintenance work to improve and maintain the condition of the local road and footpath networks. We will prioritise the maintenance of our existing transport networks and through our approach to locality working we will ensure that this local delivery complements our countywide programme of works.

Success measures

- Increase the average workplace earnings in Herefordshire
- Grow jobs and keep unemployment rates low in all areas of the county
- Improve educational attainment and widen further and higher education opportunities
- Increase the number of short distance trips being done by sustainable modes of travel – walking, cycling, public transport
- Increase road safety in the county and improve the overall condition of the road network
- Increase local wealth creation (measured by the Gross Values Added per head of population)
- Extend superfast and ultrafast broadband network

Key Facts

ECONOMY

- Low unemployment levels 2.4%
- In 2018, the total number of businesses in Herefordshire was 10,130
- 90% of businesses in Herefordshire are "micro" enterprises employing nine or fewer employees
- 24% of the population are aged 65 or over



How did we do against the previous Corporate plan (2016-2020)?

Enable residents to live safe, healthy and independent lives

- Creation of online Wellbeing Information and Signposting for Herefordshire (WISH) website providing a single point of information for residents and professionals on community groups and events. Activity continues to increase
- Implementation of a new way of working to support people with adult social care needs. This focusses on client's strengths, rather than the things they can't do and looks to connect people with needs to their communities
- Client satisfaction indicators regarding care and support services is one of the highest nationally
- Delivered balanced budget for adult social care whilst many councils have struggled to managed demand in this area
- Creation of new "Homefirst" service to prevent hospital admission or support hospital discharge. This new service has been rated "good" by the Care Quality Commission
- Enabled people to access services online through major increase in the superfast and ultrafast broadband network, provide digital training and more council services provided digitally

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

- Early help services have been increased since 2018; this service now works with more than 1,000 children at a point in time
- Children leaving care of the council will not be required to pay council tax until they reach 25
- Schools in Herefordshire's continue to perform well, with the majority of metrics showing performance in the top quartile nationally
- Enhanced children's social worker offer to help recruit and retain our workforce in this critical area
- School improvements at a number of sites throughout the county
- Investment in children centres operated by the council

How did we do against the previous Corporate Plan (2016-2020)?

Support the growth of our economy

- 90% of premises in the county able to access a superfast and ultrafast broadband service with investment secured for this to increase and a bespoke programme to connect business with advice and training
- An extra £20 million of works targeted to fix roads in the greatest need of repair and with the greatest value to our local communities. Major investment over two years (2014/15 and 2015/16)
- City link road has been delivered opening up a large amount of land for development
- More than 14,000 streetlights now near 100% on LED, saving money and reducing light pollution
- New Cyber Security Centre now under construction (due to complete summer 2020)
- Acquisition of key sites to support the development of higher educational facilities in Herefordshire
- Development of Yazor Brook flood alleviation scheme to reduce flood risk and enable growth
- Expansion of Hereford Enterprise Zone (Skylon Park)

Secure better services, quality of life and value for money

- Delivered financial savings in excess of £30 million over four year period
- Continual development of the information and services available online; new council website launched in 2017 and awarded full star rating for its first two years
- Making the most of council libraries as shared sites with children centres and community facilities

Useful information

Herefordshire Council

www.herefordshire.gov.uk

Facts and figures on Herefordshire

www.understanding.herefordshire.gov.uk

Wellbeing Information and Signposting for
Herefordshire

www.wisherefordshire.org

You can contact Herefordshire Council in the following ways:

Online by visiting our mobile-friendly website:

www.herefordshire.gov.uk

On social media: @hfdscouncil

Write to us at:

Herefordshire Council, Plough Lane,
Hereford, HR4 0LE

By calling: 01432 260000

If you would like help to understand this document, or would like it in another format or language, please call the Communications Team on 01432 260006 or email: communications@herefordshire.gov.uk



www.carbonbalancedpaper.com

All information was correct at the time of publication: January 2020

Photographs courtesy of Hereford College of Arts students



“Respecting our past, shaping our future - we will improve the **sustainability, connectivity** and **wellbeing** of our county by strengthening our **communities**, creating a thriving local **economy** and protecting and enhancing our **environment**”.



Environment

Protect and enhance our environment and keep Herefordshire a great place to live

-  Minimise waste and increase reuse, repair and recycling
-  Improve and extend active travel options throughout the county
-  Build understanding and support for sustainable living
-  Invest in low carbon projects
-  Identify climate change action in all aspects of council operation
-  Seek strong stewardship of the county's natural resources
-  Protect and enhance the county's biodiversity, value nature and uphold environmental standards



Community

Strengthen communities to ensure everyone lives well and safely together

-  Ensure all children are healthy, safe and inspired to achieve
-  Ensure that children in care, and moving on from care, are well supported and make good life choices
-  Build publicly owned sustainable and affordable houses and bring empty properties back into use
-  Protect and improve the lives of vulnerable people
-  Use technology to support home care and extend independent living
-  Support communities to help each other through a network of community hubs



Economy

Support an economy which builds on the county's strengths and resources

-  Develop environmentally sound infrastructure that attracts investment
-  Use council land to create economic opportunities and bring higher paid jobs to the county
-  Invest in education and the skills needed by employers
-  Enhance digital connectivity for communities and business
-  Protect and promote our heritage, culture and natural beauty to enhance quality of life and support tourism
-  Spend public money in the local economy wherever possible

Our principles

Partnership | We collaborate to maximise our strengths and resources

Resilience | We use resources wisely so Herefordshire is fit for future generations

Integrity | We make decisions based on evidence and work with respect, openness and accountability

Democracy | We strengthen local democracy, decision making and service delivery and involve more young people

Engagement | We listen to and learn from our communities and help people connect through culture, creativity and care

Budget 2020/21 and Corporate Plan 2020-24 consultation: key findings

CONTEXT

The public consultation and engagement about Herefordshire Council's budget for 2020/21 and Corporate Plan for 2020-24 took place in three stages:

1. Informal, qualitative engagement undertaken by Impact Consultancy between September and November informed the priorities to be formally consulted on. Over 1,500 people engaged with this exercise, at a range of events targeted at specific groups of people.
2. The formal, online consultation ran throughout November 2019 (6 November to 4 December). A total of 269 responses were received to the questionnaire, all but three from individuals responding in a personal capacity. About two-thirds were aged 45-64, an over-representation compared to the population (40%).
3. Alongside the online consultation, Impact Consultancy ran six 'pop-up' events in Hereford and each of the market towns. The focus of these events was on the quality of the conversation, rather than the number of consultees. Using three tokens, the 137 people who got involved were asked to 'vote' for their priorities out of the ten areas for additional investment. Probably due to the nature of these events taking place during the working day, the vast majority were older people.

An event with local businesses is planned for early January 2020.

RESULTS: THE BUDGET

The first section of the online consultation questionnaire asked respondents about their views on the proposed budget and 4% increase to Council Tax, along with questions about discount schemes. The face-to-face engagement did not address these topics.

The main results were that:

- There was an **almost equal split in terms of support for the proposed Council Tax increase**, with just over half thinking a 4% increase was about right (36.9%) or too little (14.6%), compared to just under half (48.5%) thinking it was too much. A similar pattern of responses received to the last year's consultation.
- **A small majority (53%) disagreed with the allocation of Council Tax** as set out in the budget till receipt, whilst only a quarter (26%) agreed and the rest (21%) said they had no opinion. Although the spending allocations that were set out were different to last year, this was a very similar pattern of responses.

Analysing the comments to this question to understand **why people disagreed** with the allocation of spend, the most common themes seemed to be about the proposed increase in Council Tax. More than one in four of the 136 comments mentioned that the

proposed rise was too high compared to inflation / that it wasn't value for money, whilst one in five negatively referred to the organisational costs of running the council.

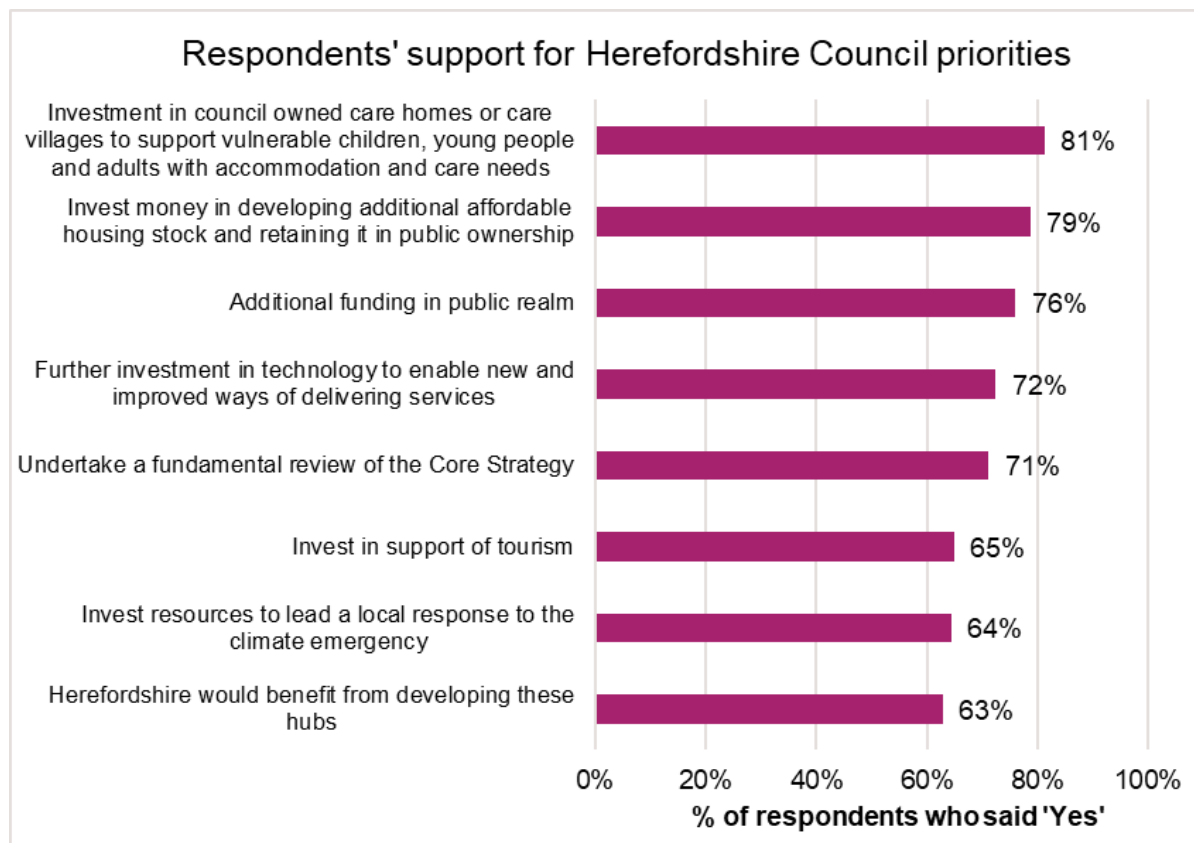
Comments that expressed an opinion about the allocation of spend were mostly saying that not enough was allocated to particular services, rather than too much. Services mentioned most frequently were **related to the environment and place**; not enough on:

- climate change / public spaces / environment / recycling and waste collection (20 comments)
- public / community / sustainable / rural transport (17 comments)
- roads / road safety and infrastructure / cycle paths / public rights of way (16 comments)

RESULTS: THE PRIORITIES

The next section of the online consultation focused on the areas identified as priorities for additional investment, with respondents first asked for their views about each of the areas (including whether they supported the proposal), before being asked to rank these areas in order of priority.

There was **majority support for all of the areas identified for additional investment**, with as many as four out of five agreeing with additional investment in council-owned care homes or villages (81%) and publicly-owned affordable housing (79%). Even the areas with lower rates of support were supported by almost two out of three respondents: developing community 'super-hubs'; leading a response to the climate emergency; and investing in tourism.



When respondents were asked to **rank the areas in order of importance**, five stood out as being more important than the others (chart below shows the score for each as a weighted average of the ranks):

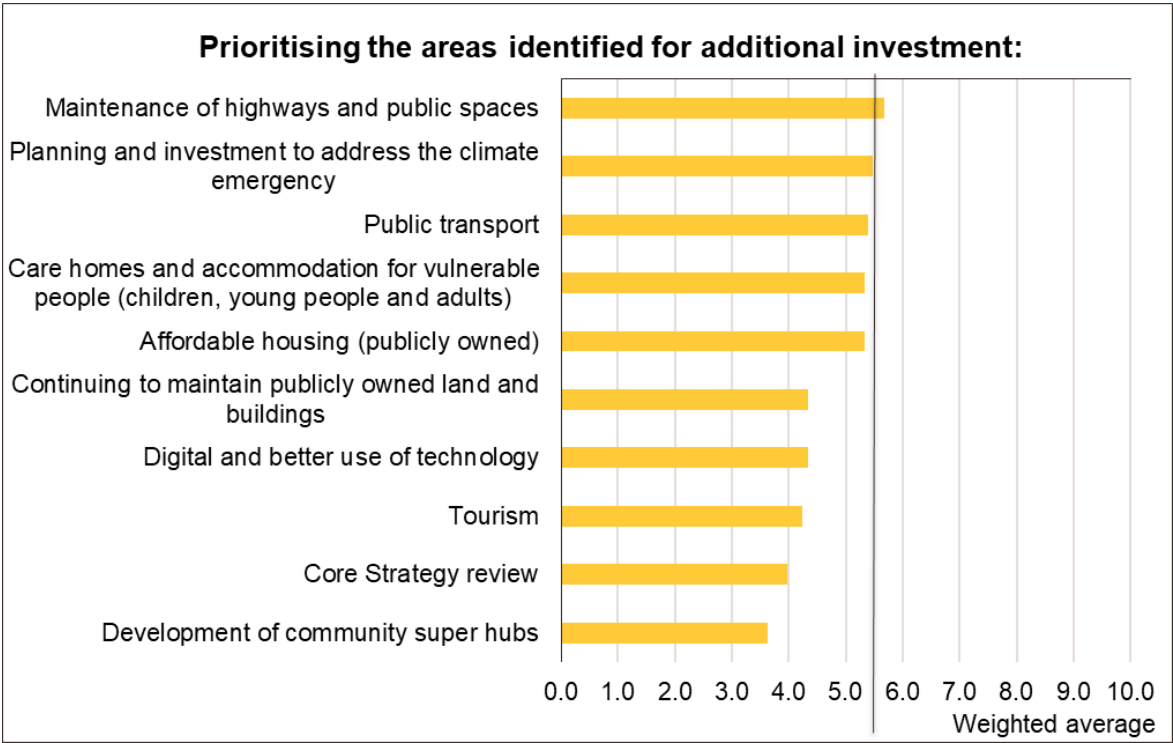
- ✓ Maintenance of highways and public spaces
- ✓ Planning and investment to address the climate emergency
- ✓ Public transport
- ✓ Care homes and accommodation for vulnerable people
- ✓ Affordable housing (publicly owned)

The same five areas were the most favoured in the face-to-face engagement as well.

Uniquely amongst the topics, views on **planning and investment to address the climate emergency** were polarised. 26% ranked it as most important (ten percentage points more than any other option), and it was in the top three for 40%. On the other hand 21% ranked it as *least* important (ten percentage points more than any other option), and it was also in the bottom three for 37% of respondents.

Comments against spending on this area covered themes such as

- it's not a priority / don't care
- should be central government's responsibility
- costly / won't make any difference / not achievable



THE PRIORITIES: REASONS

The table below summarises the broad themes in the comments about each of the areas identified for additional investment. The right-hand column identifies feedback from the face-to-face engagement that ran alongside the online consultation.

There weren't any areas where the views expressed during the face-to-face engagement were dramatically different to the responses to the online questionnaire.

Priority area	% agreeing with investment	Comments from online consultation		Themes from face to face engagement
		In support of	Not in support of	
Developing super-hubs	63%	<p>No qualitative questions were asked on this topic.</p> <p>Most common response was that if super hubs were to be developed, they should be located in the market towns (69%), followed by larger villages (47%) and the city (43%)</p> <p>Overall support for all of the services that could be offered, particularly health and social care (79%); wellbeing help, advice and activities (73%) and children's centres (71%). Other suggestions included legal, financial and housing advice and other information resource.</p>		Range of public services, nothing very different to the online consultation.
Developing additional affordable housing stock and retaining it in public ownership	79%	<ul style="list-style-type: none"> - build more houses for rent - stop developments with no social or additional affordable houses - additional affordable housing should be good quality, energy efficient and sustainable. 	<ul style="list-style-type: none"> - developers should be made to build more affordable housing that is actually affordable - state should not encourage dependency - tenants should be made to give up larger properties when under occupied - infrastructure cannot support additional housing 	Affordable housing was felt to be important, particularly starter homes or making renting more affordable, and also bringing empty properties back into use.
Investment in council owned care homes or care villages to support vulnerable children, young people and adults with accommodation and care needs	81%	<ul style="list-style-type: none"> - if they're built, care homes or care villages must provide value for money - should free up housing for younger people 	<ul style="list-style-type: none"> - very expensive to build and run these so it will not provide value for money - it's central government's or individual families' responsibility to look after vulnerable children, young people and adults 	<ul style="list-style-type: none"> - Priority for old and young people - Quality is key - Not necessarily council-owned, but council should have oversight / control - Also important to enable vulnerable people to stay in their own homes

Priority area	% agreeing with investment	Comments from online consultation		Themes from face to face engagement
		In support of	Not in support of	
Investment in support of tourism	65% (very / fairly important)	Respondents insist that investment needed to support tourism.	<ul style="list-style-type: none"> - private sector should be responsible and will do better - more tourism will create more traffic and will increase pollution (more carbon emissions) - sort out roads first 	<p>People suggested investing in tourist information centres as they've been closed.</p> <ul style="list-style-type: none"> - Not appealing for tourists - Concerns about shops, especially in Hereford city - Not done enough to promote the county and its offerings.
Undertaking a fundamental review of the Core Strategy	71%	<ul style="list-style-type: none"> - current plan needs improvement - new or different priorities required 	<ul style="list-style-type: none"> - nothing wrong with the current plan or smaller scale review better - very expensive so not value for money - take too much time and too disruptive - some believe it will be ignored anyway 	<p>Overall very low choice; people did not fully understand the implications.</p> <ul style="list-style-type: none"> - If it happens it has to be comprehensive and done well - some people felt it was essential if radical changes is to happen in the county, especially climate change and transport
Additional funding in public realm	76%	<p>If this is implemented:</p> <ul style="list-style-type: none"> - ensure that these services are provided properly and value for money - make sure areas are not neglected - avoid contractors/ if use contractors ensure accountability 	<ul style="list-style-type: none"> - this is not a priority - waste of money and not confident that it will improve anything - do not approve of using contractors or the current contractor, they are not value 	<p>Some people commented on about there being better contract management including managing overspends, better scrutiny and consequences for not meeting goals.</p>
			81% supported closer community involvement in setting the BBLP annual plan, involving parish councils or neighbourhood development partnerships.	

Priority area	% agreeing with investment	Comments from online consultation		Themes from face to face engagement
		In support of	Not in support of	
Invest resources to lead a local response to the climate emergency	64%	expressed support and provided suggestions for how to achieve carbon reductions.	<ul style="list-style-type: none"> - it is not a priority / don't care - should be central government's responsibility - costly /won't make any difference / not achievable 	<ul style="list-style-type: none"> - People want Herefordshire Council to show leadership on this agenda and reflect the climate emergency in their policies and action e.g. building energy efficient housing, having a green public transport plan. - Where they don't have direct influence they need to lobby and educate. - Suggestions for local partnerships / organisations in relation to accessing specialist knowledge/to help plan and advise on this agenda.
Further investment in technology to enable new and improved ways of delivering services	72%	<p>Although respondents supported, they are cautious about digital exclusion and suggested to:</p> <ul style="list-style-type: none"> - keep other formats for elderly who struggle with new technology - develop infrastructure before investing in technology enabled services 	<ul style="list-style-type: none"> - not a priority and it will not provide value for money. - unemployment can go up (threat to jobs) hence negative impact on economy. 	<p>Reflects the views made online but very low support:</p> <ul style="list-style-type: none"> - preferred face to face service delivery especially for elderly. - access to adequate broadband needed to be improved consistently across the county.
Public transport	No question asked about support for this, the questions asked why they don't use	<p>Only 16% of respondents were regular users; the most common reasons for not using public transport were:</p> <ul style="list-style-type: none"> - lack of availability of public transport in my local area - timetables do not match my needs 		<p>Similar themes to online</p> <ul style="list-style-type: none"> - Strong views that public transport is not an option in rural areas - Question of choice: those who can use other methods choose to do so, but it's important because some people rely on it - Poor connectivity and timetabling that doesn't meet needs
Publicly owned land and buildings	No question was asked about support for this	Majority of respondents (54%) felt that the council should retain and manage assets on behalf of everyone, but no qualitative questions were asked about this topic.		There weren't any common themes: equal (small) numbers of people saying they should be retained as transferred into community hands



Meeting:	Council
Meeting date:	Friday 14 February 2020
Title of report:	2020/21 Council Tax Reduction Scheme
Report by:	Leader of the council

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards);

Purpose and summary

To approve the continuation of the 2019/20 local council tax reduction scheme (CTR) for 2020/21.

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 by this council. Approximately 11,000 bill payers in Herefordshire are in receipt of CTR, with over 50% of claims from pensioners.

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) Council approve the council tax reduction scheme for 2020/21, attached at**

appendix 1, with the same parameters as the existing scheme.

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 by this council. Approximately 11,000 bill payers in Herefordshire are in receipt of CTR, with over 50% of claims from pensioners.
3. The existing local CTR scheme approved by Council in December 2015 was applied in 2016/17, 2017/18, 2018/19 and 2019/20. It is considered appropriate to continue with this scheme for a further year, 2020/21.
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) then 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. Herefordshire introduced a local CTR scheme for working age claimants in 2014/15, the collection rate for CTR council tax bills is shown below:-

Year	CTR Collection Rate (%)
2014-15	82%
2015-16	83%
2016-17	83%
2017-18	84%
2018-19	82%
6. Although the collection rates shown above do not differentiate between working age and pensioners it could be suggested that due to pensioner cases receiving 100% CTR (unless their income breaches the threshold) the vast majority of cases where there is a CTR balance overdue would be in relation to working age claimants.
7. The collection of council tax arrears is completed in line with good practice guidance by providing early intervention and proactive contact with people in arrears. Dependent upon their overall financial position customers may be signposted to an independent debt advice service.
8. The collection rate performance supports maintaining the current CTR scheme criteria, to reduce the discount may have a detrimental effect on the collection of council tax charges.

9. 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. The proposed scheme detail is attached at appendix 1.

Community impact

10. The scheme supports the council's corporate plan by demonstrating effective management of resources to secure a balanced budget.
11. 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

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

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

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. 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 2 provides more details on the potential impact and the mitigating action available. The council continues to provide assistance to claimants in meeting payments due and maintains a hardship fund for consideration in exceptional circumstances.

Resource implications

14. Council tax charges are reduced by approximately £10.9m per annum by CTR, £4.9m of this discount is awarded to working age claimants. Over 80% of the amount billed to CTR claimants is collected within the year that the bill is raised. This collection rate has remained consistent.
15. The continuation of the current scheme in 2020/21 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 2020/21.

Legal implications

16. The CTR scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 2012.
17. 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.
18. 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

19. There is a risk that claimants may not pay their council tax charge and move further into debt if summons charges are levied. The effect on an individual household continues to be mitigated by the availability of the hardship scheme where the outstanding debt balance is considered for reduction in line with the scheme parameters.
20. 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; 1,556 of CTR claimants are in receipt of universal credit. Full migration to universal credit is currently expected to occur before 2024, the situation will continue to be monitored.

Consultees

21. Specific consultation was completed when the current CTR scheme was introduced in 2015. The 2020/21 budget and corporate plan consultation ran from 6 November to 4 December. The consultation questionnaire was published on the Herefordshire Council website and residents were invited to complete it online. The consultation was promoted on the council's social media sites and there were pop up events held in the market towns and in Hereford City, 269 online survey responses were received.
22. In relation to the council tax reduction scheme 63% of consultation responses wanted to keep the council tax discount at 84%, or increase it, and 52% supported a introducing a minimum award of £5 a week. This supports the recommendation not to change the scheme and work will continue into the potential impact of introducing a minimum CTR award for the 2021/22 local CTR scheme.

Appendices

- Appendix 1 Proposed 2020/21 council tax reduction scheme
- Appendix 2 Equality Impact Assessment (EIA)

Background papers

None identified

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



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1.0 Introduction to the Council Tax Reduction Scheme

- 1.1 The following has been adopted by the Council and details the Council Tax Reduction scheme for the period from 1st April 2020.
- 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 1st April 2020 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;
 - Council Tax Reduction Schemes (Amendment) (England) Regulations 2018;
 - Council Tax Reduction Schemes (Amendment) (England) Regulations 2020: 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 credit¹; 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;

¹ Section 5 of this scheme

- 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 Reduction² amount can be calculated;
- g. not have capital savings above £6,000³;
- 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*⁴ is **less** than their *applicable amount*⁵ 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 reduction⁶.

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 credit⁷; 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 Reduction⁸ amount can be calculated;
- g. not have capital savings above £6,000⁹;
- 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*¹⁰ is **more** than their *applicable amount*¹¹;
- i. have made a valid application for reduction¹²;
- 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

² Sections 57 to 63 of this scheme

³ Sections 33 to 42 and Schedule 5 of this scheme

⁴ Sections 15 to 32 and Schedules 3 and 4 of this scheme

⁵ Sections 12 to 14 and Schedule 1 of this scheme

⁶ Sections 68 to 74a of this scheme

⁷ Section 5 of this scheme

⁸ Sections 57 to 63 of this scheme

⁹ Sections 33 to 42 and Schedule 5 of this scheme

¹⁰ Sections 15 to 32 and Schedules 3 and 4 of this scheme

¹¹ Sections 12 to 14 and Schedule 1 of this scheme

¹² 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 2020/21

Sections 2- 8
Definitions and interpretation

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

2.1 In this scheme–

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

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

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

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

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

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

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

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

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

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

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

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

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

‘attendance allowance’ means–

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

'claim' means a claim for council tax reduction;

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

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

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

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

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

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

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

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

'couple' means;

- (a) a man and a woman who are married to each other and are members of the same household;
- (b) a man and a woman who are not married to each other but are living together as if they were a married couple or civil partners;
- (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 2004¹³;
- 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

¹³ 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 amended¹⁴; 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

¹⁴ 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 Number¹⁵

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.

¹⁵ 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;
 - (aa) regulation 14 of the EEA Regulations, but only in a case where the right exists under that regulation because the person is—
 - (i) a jobseeker for the purpose of the definition of "qualified person" in regulation 6(1) of those Regulations, or

- (ii) a family member (within the meaning of regulation 7 of those Regulations) of such a jobseeker;
- (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 (5) of that regulation of the Treaty on the Functioning of the European Union (in a case where the right to reside arises because a British citizen would otherwise be deprived of the genuine enjoyment of their rights as a European Union citizen).

7.4A For the purposes of paragraph (3), a right to reside does not include a right which exists by virtue of a person having been granted limited leave to enter, or remain in, the United Kingdom under the Immigration Act 1971 by virtue of—

- (a) article 3 (grant of leave to EEA and Swiss nationals) of the Immigration (European Economic Area Nationals) (EU Exit) Order 2019 made under section 3A of that Act;
- (b) Appendix EU to the immigration rules made under section 3(2) of that Act; or
- (c) being a person with a Zambrano right to reside as defined in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of that Act.

7.5 A person falls within this paragraph if the person is—

- (a) a qualified person for the purposes of regulation 6 of the EEA Regulations as a worker or a self-employed person;
- (b) a family member of a person referred to in sub-paragraph (a) within the meaning of regulation 7(1)(a), (b) or (c) of the EEA Regulations;
- (c) a person who has a right to reside permanently in the United Kingdom by virtue of regulation 15(1)(c), (d) or (e) of the EEA Regulations;
- (d) a person recorded by the Secretary of State as a refugee within the definition in Article 1 of the Convention relating to the Status of Refugees done at Geneva on 28th July 1951, as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967;
- (e) a person who has been granted, or who is deemed to have been granted, leave outside the rules made under section 3(2) of the Immigration Act 1971¹⁶ where that leave is—
 - (i) discretionary leave to enter or remain in the United Kingdom,
 - (ii) leave to remain under the Destitution Domestic Violence concession which came into effect on 1st April 2012, or
 - (iii) leave deemed to have been granted by virtue of regulation 3 of the Displaced Persons (Temporary Protection) Regulations 2005.
- (f) a person who has humanitarian protection granted under those rules;
- (g) a person who is not a person subject to immigration control within the meaning of section 115(9) of the Immigration and Asylum Act 1999 and who is in the United Kingdom as a result of his deportation, expulsion or other removal by compulsion of law from another country to the United Kingdom;
- (h) in receipt of income support or on an income-related employment and support allowance; or
- (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).

7.6 A person falls within this paragraph if the person is a Crown servant or member of Her Majesty's forces posted overseas.

7.7 A person mentioned in sub-paragraph (6) is posted overseas if the person is performing overseas the duties of a Crown servant or member of Her Majesty's forces and was, immediately before the posting or the first of consecutive postings, habitually resident in the United Kingdom.

7.8 In this regulation—

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

“claim for asylum” has the same meaning as in section 94(1) of the Immigration and Asylum Act 1999;

“Crown servant” means a person holding an office or employment under the Crown;

“EEA Regulations” means the Immigration (European Economic Area) Regulations 2006; and the The Immigration (European Economic Area) (Amendment) (No. 2) Regulations 2014; and

“Her Majesty’s forces” has the same meaning as in the Armed Forces Act 2006.

Persons subject to immigration control

7.9 Persons subject to immigration control are a class of person prescribed for the purposes of paragraph 2(9)(b) of Schedule 1A to the 1992 Act and which must not be included in an authority’s scheme.

7.10 A person who is a national of a state which has ratified the European Convention on Social and Medical Assistance (done in Paris on 11th December 1953) or a state which has ratified the Council of Europe Social Charter (signed in Turin on 18th October 1961) and who is lawfully present in the United Kingdom is not a person subject to immigration control for the purpose of paragraph 7.9

7.11 “Person subject to immigration control” has the same meaning as in section 115(9) of the Immigration and Asylum Act 1999.

7A.0 Transitional provision

7A.1 The above does not apply to a person who, on 31st March 2015—

- (a) is liable to pay council tax at a reduced rate by virtue of a council tax reduction under an authority’s scheme established under section 13A(2) of the Act; and
- (b) is entitled to an income-based jobseeker’s allowance, until the first of the events in paragraph 7A.2 occurs.

7A.2 The events are—

- (a) the person makes a new application for a reduction under an authority’s scheme established under section 13A(2) of the Act; or
- (b) the person ceases to be entitled to an income-based jobseeker’s allowance.

7A.3 In this section “the Act” means the Local Government Finance Act 1992.

8.0 Temporary Absence (period of absence)

8.1 Where a person is absent from the dwelling throughout any day then no reduction shall be payable

8.2 A person shall not, in relation to any day, which falls within a period of temporary absence from that dwelling, be a prescribed person under paragraph 8.1.

8.3 In paragraph 8.2, a ‘period of temporary absence’ means—

- a. a period of absence not exceeding 13 weeks, beginning with the first whole day on which a person resides in residential accommodation where and for so long as;
 - i. the person resides in that accommodation;
 - ii. the part of the dwelling in which he usually resided is not let or sub-let; and
 - iii. that period of absence does not form part of a longer period of absence from the dwelling of more than 52 weeks,

where he has entered the accommodation for the purpose of ascertaining whether it suits his needs and with the intention of returning to the dwelling if it proves not to suit his needs;

- b. a period of absence not exceeding 13 weeks, beginning with the first whole day of absence from the dwelling, where and for so long as;
 - i. the person intends to return to the dwelling;
 - ii. the part of the dwelling in which he usually resided is not let or sub-let; and
 - iii. that period is unlikely to exceed 13 weeks; and

- c. a period of absence not exceeding 52 weeks, beginning with the first whole day of absence, where and for so long as
 - i. the person intends to return to the dwelling;
 - ii. the part of the dwelling in which he usually resided is not let or sub-let;
 - iii. the person is a person to whom paragraph 8.4 applies; and
 - iv. the period of absence is unlikely to exceed 52 weeks or, in exceptional circumstances, is unlikely substantially to exceed that period.

8.4 This paragraph applies to a person who is;

- a. detained in custody on remand pending trial or required, as a condition of bail, to reside;
 - i. in a dwelling, other than the dwelling referred to in paragraph 8.1, or
 - ii. in premises approved under section 13 of the Offender Management Act 2007 as amended by the Offender Rehabilitation Act 2014, or, detained in custody pending sentence upon conviction;
- b. resident in a hospital or similar institution as a patient;
- c. undergoing, or his partner or his dependent child is undergoing, in the United Kingdom or elsewhere, medical treatment, or medically approved convalescence, in accommodation other than residential accommodation;
- d. following, in the United Kingdom or elsewhere, a training course;
- e. undertaking medically approved care of a person residing in the United Kingdom or elsewhere;
- f. undertaking the care of a child whose parent or guardian is temporarily absent from the dwelling normally occupied by that parent or guardian for the purpose of receiving medically approved care of medical treatment;
- g. in the United Kingdom or elsewhere, receiving medically approved care provided in accommodation other than residential accommodation;
- h. a student;
- i. receiving care provided in residential accommodation other than a person to whom paragraph 8.3a) applies; or
- j. has left the dwelling he resides in through fear of violence, in that dwelling, or by a person who was formerly a member of the family of the person first mentioned.

8.5 This paragraph applies to a person who is:

- a. detained in custody pending sentence upon conviction or under a sentence imposed by a court (other than a person who is detained in hospital under the provisions of the Mental Health Act 1983 (as amended by the Mental Health (Discrimination) Act 2013), or, in Scotland, under the provisions of the Mental Health (Care and Treatment) (Scotland) Act 2003 or the Criminal Procedure (Scotland) Act 1995) or, in Northern Ireland, under Article 4 or 12 of the Mental Health (Northern Ireland) Order 1986; and
- b. on temporary release from detention in accordance with Rules made under the provisions of the Prison Act 1952 or the Prisons (Scotland) Act 1989

8.6 Where paragraph 8.5 applies to a person, then, for any day when he is on temporary release—

- a. if such temporary release was immediately preceded by a period of temporary absence under paragraph 8.3 b) or c), he shall be treated, for the purposes of paragraph 8.1, as if he continues to be absent from the dwelling, despite any return to the dwelling;
- b. for the purposes of paragraph 8.4 a), he shall be treated as if he remains in detention;
- c. If he does not fall within sub-paragraph a), he is not considered to be a person who is liable to pay Council Tax in respect of a dwelling of which he is resident

8.7 In this section;

- ‘medically approved’ means certified by a medical practitioner;
- ‘patient’ means a person who is undergoing medical or other treatment as an in-patient in any hospital or similar institution; ‘residential accommodation’ means accommodation which is provided;
 - a. in a care home;
 - b. in an independent hospital;

- c. in an Abbeyfield Home; or
- d. in an establishment managed or provided by a body incorporated by Royal Charter or constituted by Act of Parliament other than a local social services authority;
- 'training course' means a course of training or instruction provided wholly or partly by or on behalf of or in pursuance of arrangements made with, or approved by or on behalf of, Skills Development Scotland, Scottish Enterprise, Highlands and Islands Enterprise, a government department or the Secretary of State.

Sections 9 - 11

The family for Council tax reduction purposes

9.0 Membership of a family

- 9.1 Within the reduction scheme adopted by the Council 'family' means;
- a. a married or unmarried couple;
 - b. married or unmarried couple and a member of the same household for whom one of them is or both are responsible and who is a child or a young person;
 - c. two people of the same sex who are civil partners of each other and are members of the same household (with or without children);
 - d. two people of the same sex who are not civil partners of each other but are living together as if they were civil partners (with or without children),
 - e. and for the purposes of sub-paragraph (d) two people of the same sex are to be regarded as living together as if they were civil partners if, but only if, they would be regarded as living together as husband and wife were they instead two people of the opposite sex;
 - f. except in prescribed circumstances, a person who is not a member of a married or unmarried couple and a member of the same household for whom that person is responsible and who is a child or a young person;

For the purposes of the scheme a child is further defined as a 'child or young person'

A 'child' means a person under the age of 16 and a 'Young Person' is someone aged 16 or over but under 20 and who satisfies other conditions. These conditions are:

- they are aged 16, have left 'relevant education' or training, and 31 August following the sixteenth birthday has not yet been passed;
- they are aged 16 or 17, have left education or training, are registered for work, education or training, are not in remunerative work and are still within their 'extension period';
- they are on a course of full-time non-advanced education, or are doing 'approved training', and they began that education or training before reaching the age of 19;
- they have finished a course of full-time non-advanced education, but are enrolled on another such course (other than one provided as a result of their employment);
- they have left 'relevant education' or 'approved training' but have not yet passed their 'terminal date'.

- 9.2 Paragraph 9.1 the definition of child or young person shall not apply to a person who is;
- a. on income support ;
 - b. an income-based jobseeker's allowance or an income related employment and support allowance; or be entitled to an award of Universal Credit; or
 - c. a person to whom section 6 of the Children (Leaving Care) Act 2000 applies.

- 9.3 The definition also includes a child or young person in respect of whom there is an entitlement to child benefit but only for the period that Child Benefit is payable

10.0 Circumstances in which a person is to be treated as responsible (or not responsible) for a child or young person.

- 10.1 Subject to the following paragraphs a person shall be treated as responsible for a child or young person who is normally living with him and this includes a child or young person to whom paragraph 9.3 applies

- 10.2 Where a child or young person spends equal amounts of time in different households, or where there is a question as to which household he is living in, the child or young person shall be treated for the purposes of paragraph 9.1 as normally living with;
- a. the person who is receiving child benefit in respect of him; or
 - b. if there is no such person;
 - i. where only one claim for child benefit has been made in respect of him, the person who made that claim; or

ii. in any other case the person who has the primary responsibility for him.

10.3 For the purposes of this scheme a child or young person shall be the responsibility of only one person in any reduction week and any person other than the one treated as responsible for the child or young person under this section shall be treated as not so responsible.

11.0 Circumstances in which a child or young person is to be treated as being or not being a member of the household

11.1 Subject to paragraphs 11.2 and 11.3, the applicant and any partner and, where the applicant or his partner is treated as responsible by virtue of section 10 (circumstances in which a person is to be treated as responsible or not responsible for a child or young person) for a child or young person, that child or young person and any child of that child or young person, shall be treated as members of the same household notwithstanding that any of them is temporarily absent from that household.

11.2 A child or young person shall not be treated as a member of the applicant's household where he is;

- a. placed with the applicant or his partner by a local authority under section 23(2)(a) of the Children Act 1989 or by a voluntary organisation under section 59(1)(a) of that Act, or in Scotland boarded out with the applicant or his partner under a relevant enactment; or
- b. placed, or in Scotland boarded out, with the applicant or his partner prior to adoption; or
- c. placed for adoption with the applicant or his partner in accordance with the Adoption and Children Act 2002 or the Adoption Agencies (Scotland) Regulations 2009.

11.3 Subject to paragraph 11.4, paragraph 11.1 shall not apply to a child or young person who is not living with the applicant and he—

- a. is being looked after by, or in Scotland is in the care of, a local authority under a relevant enactment; or
- b. has been placed, or in Scotland boarded out, with a person other than the applicant prior to adoption; or
- c. has been placed for adoption in accordance with the Adoption and Children Act 2002 or the Adoption Agencies (Scotland) Regulations 2009; or in accordance with an adoption allowance scheme made under section 71 of the Adoption and Children (Scotland) Act 2007 (adoption allowances schemes).

11.4 The authority shall treat a child or young person to whom paragraph 11.3 a) applies as being a member of the applicant's household in any reduction week where;

- a. that child or young person lives with the applicant for part or all of that reduction week; and
- b. the authority considers that it is responsible to do so taking into account the nature and frequency of that child's or young person's visits.

11.5 In this paragraph 'relevant enactment' means the Army Act 1955, the Air Force Act 1955, the Naval Discipline Act 1957, the Matrimonial Proceedings (Children) Act 1958, the Social Work (Scotland) Act 1968, the Family Law Reform Act 1969, the Children and Young Persons Act 1969, the Matrimonial Causes Act 1973, the Children Act 1975, the Domestic Proceedings and Magistrates' Courts Act 1978, the Adoption and Children (Scotland) Act 1978, the Family Law Act 1986, the Children Act 1989, the Children (Scotland) Act 1995 and the Legal Aid, Sentencing and Punishment of Offenders Act 2012.

Sections 12 – 14 & Schedule 1
Applicable Amounts for Council tax reduction purposes

12.0 Applicable amounts

12.1 Subject to sections 13 and 14, an applicant's weekly applicable amount shall be aggregate of such of the following amounts as may apply in his case;

- a. an amount in respect of himself or, if he is a member of a couple, an amount in respect of both of them, determined in accordance with paragraph 1 as the case may be, of Schedule 1 of this scheme;
- b. an amount determined in accordance with paragraph 2 of Schedule 1 of this scheme in respect of any child or young person who is a member of his family;
- c. if he is a member of a family of which at least one member is a child or young person, an amount determined in accordance with paragraph 3 of Schedule 1 (family premium);
- d. the amount of any premiums which may be applicable to him, determined in accordance with paragraphs 4 to 16 of Schedule 1 of this document (premiums).
- e. the amount of either the
 - i. work-related activity component; or
 - ii. support component which may be applicable to him in accordance with paragraph 17 and 18 of Schedule 1 of this document (the components)
- f. the amount of any transitional addition which may be applicable to him in accordance with paragraph 19 to 20 of Schedule 1 of this scheme (transitional addition).

13.0 Polygamous marriages

13.1 Subject to section 14, where an applicant is a member of a polygamous marriage, his weekly applicable amount shall be the aggregate of such of the following amounts as may apply in his case;

- a. the amount applicable to him and one of his partners determined in accordance with paragraph 1 of Schedule 1 of this scheme as if he and that partner were a couple;
- b. an amount equal to the lowest amount within paragraph 1 of Schedule 1 of this scheme in respect of each of his other partners;
- c. an amount determined in accordance with paragraph 2 of Schedule 1 of this scheme (applicable amounts) in respect of any child or young person for whom he or a partner of his is responsible and who is a member of the same household;
- d. if he or another partner of the polygamous marriage is responsible for a child or young person who is a member of the same household, the amount specified in paragraph 3 of Schedule 1 of this scheme (family premium);
- e. the amount of any premiums which may be applicable to him determined in accordance with paragraphs 4 to 16 of Schedule 1 of this scheme (premiums).
- f. the amount of either the;
 - i. work-related activity component; or
 - ii. support component which may be applicable to him in accordance with paragraph 17 and 18 of Schedule 1 (the components).
- g. the amount of any transitional addition which may be applicable to him in accordance with paragraphs 19 and 20 of Schedule 1 of this scheme (transitional addition)

14.0 Applicable amount: persons who are not pensioners who have an award of universal credit

14.1 In determining the applicable amount for a week of an applicant—

- a. who has, or
- b. who (jointly with his partner) has,

an award of universal credit, the authority must use the calculation or estimate of the maximum amount of the applicant, or the applicant and his partner jointly (as the case may be), subject to the adjustment described in sub-paragraph (2).

- 14.2 The adjustment referred to in sub-paragraph (1) is to multiply the maximum amount by 12 and divide the product by 52.
- 14.3 In this paragraph “maximum amount” means the maximum amount calculated by the Secretary of State in accordance with section 8(2) of the Welfare Reform Act 2012

Sections 15 – 32 & Schedules 3 & 4

Definition and the treatment of income for Council tax reduction purposes

15.0 Calculation of income and capital of members of applicant's family and of a polygamous marriage

- 15.1 The income and capital of:
- (a) an applicant; and
 - (b) any partner of that applicant,

is to be calculated in accordance with the provisions of this Part.

- 15.2 The income and capital of any partner of the applicant is to be treated as income and capital of the applicant, and in this Part any reference to the applicant applies equally to any partner of that applicant.

- 15.3 Where an applicant or the partner of an applicant is married polygamously to two or more members of his household:
- (a) the applicant must be treated as possessing capital and income belonging to each such member; and
 - (b) the income and capital of that member is to be calculated in accordance with the following provisions of this Part in like manner as for the applicant.

15A.0 Calculation of income and capital: persons who have an award of universal credit

- 15A.1 In determining the income of an applicant
- a. who has, or
 - b. who (jointly with his partner) has,
- an award of universal credit the authority must, subject to the following provisions of this paragraph, use the calculation or estimate of the income of the applicant, or the applicant and his partner jointly (as the case may be), made by the Secretary of State for the purpose of determining the award of universal credit.

- 15A.2 The authority must adjust the amount referred to in sub-paragraph (1) to take account of
- (a) income consisting of the award of universal credit, determined in accordance with subparagraph (3);
 - (b) any sum to be disregarded under paragraphs of Schedule 3 to this scheme (sums to be disregarded in the calculation of earnings: persons who are not pensioners);
 - (c) any sum to be disregarded under paragraphs of Schedule 4 to this scheme (sums to be disregarded in the calculation of income other than earnings: persons who are not pensioners);
 - (d) section 33 (circumstances in which income and capital of non-dependant is to be treated as applicant's), if the authority determines that the provision applies in the applicant's case;
 - (e) such further reduction (if any) as the authority thinks fit under section 13A(1)(c) of the 1992 Act (power of billing authority to reduce amount of council tax payable).

- 15A.3 The amount for the award of universal credit is to be determined by multiplying the amount of the award by 12 and dividing the product by 52.

- 15A.4 sections 33 (income and capital of non-dependant to be treated as applicant's) and 52 and 53 (disregards from income) apply (so far as relevant) for the purpose of determining any adjustments, which fall to be made to the figure for income under sub-paragraph (2)

- 15A.5 In determining the capital of an applicant;
- (a) who has, or
 - (b) who (jointly with his partner) has,
- an award of universal credit, the authority must use the calculation or estimate of the capital of the applicant, or the applicant and his partner jointly (as the case may be), made by the Secretary of State for the purpose of determining that award

16.0 Circumstances in which capital and income of non-dependant is to be treated as applicant's

16.1 Where it appears to the authority that a non-dependant and the applicant have entered into arrangements in order to take advantage of the council tax reduction scheme and the non-dependant has more capital and income than the applicant, that authority shall, except where the applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, treat the applicant as possessing capital and income belonging to that non-dependant, and, in such a case, shall disregard any capital and income which the applicant does possess.

16.2 Where an applicant is treated as possessing capital and income belonging to a non-dependant under paragraph 16.1 the capital and income of that non-dependant shall be calculated in accordance with the following provisions in like manner as for the applicant and any reference to the 'applicant' shall, except where the context otherwise requires, be construed for the purposes of this scheme as if it were a reference to that non-dependant.

17.0 Calculation of income on a weekly basis

17.1 For the purposes of this scheme and in line with regulation 34 of the Housing Benefit Regulations 2006 (disregard to changes in tax, contributions etc.), the income of an applicant shall be calculated on a weekly basis;

- a. by estimating the amount which is likely to be his average weekly income in accordance with this Section and in line with Sections 2, 3, 4 and 5 of Part 6 of the Housing Benefit Regulations 2006;
- b. by adding to that amount the weekly income calculated in line with regulation 52 of the Housing Benefit Regulations 2006 (calculation to tariff income from capital); and
- c. by then deducting any relevant child care charges to which section 18 (treatment of child care charges) applies from any earnings which form part of the average weekly income or, in a case where the conditions in paragraph 18.2 are met, from those earnings plus whichever credit specified in sub-paragraph (b) of that paragraph is appropriate, up to a maximum deduction in respect of the applicant's family of whichever of the sums specified in paragraph (3) applies in his case.

17.2 The conditions of this paragraph are that;

- a. the applicant's earnings which form part of his average weekly income are less than the lower of either his relevant child care charges or whichever of the deductions specified in paragraph (3) otherwise applies in his case; and
- b. that applicant or, if he is a member of a couple either the applicant or his partner, is in receipt of either working tax credit or child tax credit.

17.3 The maximum deduction to which paragraph 17.1 c) above refers shall be;

- a. where the applicant's family includes only one child in respect of whom relevant child care charges are paid, £175.00 per week.
- b. where the applicant's family includes more than one child in respect of whom relevant child care charges are paid, £300.00 per week.

The amounts stated in this paragraph shall be amended in accordance with the Housing Benefit Regulations 2006 (as amended).

17.4 For the purposes of paragraph 17.1 'income' includes capital treated as income under section 31 (capital treated as income) and income, which an applicant is treated as possessing under section 32 (notional income).

18.0 Treatment of child care charges

18.1 This section applies where an applicant is incurring relevant child-care charges and;

- a. is a lone parent and is engaged in remunerative work;

- b. is a member of a couple both of whom are engaged in remunerative work; or
 - c. is a member of a couple where one member is engaged in remunerative work and the other;
 - i. is incapacitated;
 - ii. is an in-patient in hospital; or
 - iii. is in prison (whether serving a custodial sentence or remanded in custody awaiting trial or sentence).
- 18.2 For the purposes of paragraph 18.1 and subject to paragraph 18.4, a person to whom paragraph 18.3 applies shall be treated as engaged in remunerative work for a period not exceeding 28 weeks during which he—
- a. is paid statutory sick pay;
 - b. is paid short-term incapacity benefit at the lower rate under sections 30A to 30E of the Act;
 - c. is paid an employment and support allowance;
 - d. is paid income support on the grounds of incapacity for work under regulation 4ZA of, and paragraph 7 or 14 of Schedule 1B to, the Income Support Regulations 1987; or
 - e. is credited with earnings on the grounds of incapacity for work or limited capability for work under regulation 8B of the Social Security (Credits) Regulations 1975.
- 18.3 This paragraph applies to a person who was engaged in remunerative work immediately before
- a. the first day of the period in respect of which he was first paid statutory sick pay, short-term incapacity benefit, an employment and support allowance or income support on the grounds of incapacity for work; or
 - b. the first day of the period in respect of which earnings are credited, as the case may be.
- 18.4 In a case to which paragraph 18.2 d) or e) applies, the period of 28 weeks begins on the day on which the person is first paid income support or on the first day of the period in respect of which earnings are credited, as the case may be.
- 18.5 Relevant child care charges are those charges for care to which paragraphs 18.6 and 18.7 apply, and shall be calculated on a weekly basis in accordance with paragraph 18.10.
- 18.6 The charges are paid by the applicant for care, which is provided
- a. in the case of any child of the applicant's family who is not disabled, in respect of the period beginning on that child's date of birth and ending on the day preceding the first Monday in September following that child's fifteenth birthday; or
 - b. in the case of any child of the applicant's family who is disabled, in respect of the period beginning on that person's date of birth and ending on the day preceding the first Monday in September following that person's sixteenth birthday.
- 18.7 The charges are paid for care, which is provided by one, or more of the care providers listed in paragraph 18.8 and are not paid—
- a. in respect of the child's compulsory education;
 - b. by an applicant to a partner or by a partner to an applicant in respect of any child for whom either or any of them is responsible in accordance with section 10 (circumstances in which a person is treated as responsible or not responsible for another); or
 - c. in respect of care provided by a relative of the child wholly or mainly in the child's home.
- 18.8 The care to which paragraph 18.7 refers may be provided;
- a. out of school hours, by a school on school premises or by a local authority;
 - i. for children who are not disabled in respect of the period beginning on their eight birthday and ending on the day preceding the first Monday in September following their fifteenth birthday; or
 - ii. for children who are disabled in respect of the period beginning on their eight birthday and ending on the day preceding the first Monday in September following their sixteenth birthday; or

- b. by a child care provider approved in accordance with by the Tax Credit (New Category of Child Care Provider) Regulations 1999;
- c. by persons registered under Part 2 of the Children and Families (Wales) Measure 2010; or
- d. by a person who is excepted from registration under Part 2 of the Children and Families (Wales) Measure 2010 because the child care that person provides is in a school or establishment referred to in article 11, 12 or 14 of the Child Minding and Day Care Exceptions (Wales) order 2010; or
- e. by;
 - i. persons registered under section 59(1) of the Public Services Reform Scotland Act 2010; or
 - ii. local authorities registered under section 8(1) of that Act, where the care provided is child minding or daycare within the meaning of that Act; or
- f. by a person prescribed in regulations made pursuant to section 12(4) of the Tax Credits Act 2002 or
- g. by a person who is registered under Chapter 2 or 3 of Part 3 of the Childcare Act 2006; or
- h. by any of the schools mentioned in section 34(2) of the Childcare Act 2006 in circumstances where the requirement to register under Chapter 2 of Part 3 of that Act does not apply by virtue of section 34(2) of that Act; or
- i. by any of the schools mentioned in section 53(2) of the Childcare Act 2006 in circumstances where the requirement to register under Chapter 3 of Part 3 of that Act does not apply by virtue of section 53(2) of that Act; or
- j. by any of the establishments mentioned in section 18(5) of the Childcare Act 2006 in circumstances where the care is not included in the meaning of 'childcare' for the purposes of Part 1 and Part 3 of that Act by virtue of that subsection; or
- k. by a foster parent or kinship carer under the Fostering Services Regulations 2002, the Fostering Services (Wales) Regulations 2003 or the Looked After Children (Scotland) Regulations 2009 in relation to a child other than one whom the foster parent is fostering or kinship carer is looking after; or
- l. by a domiciliary care worker under the Domiciliary Care Agencies Regulations 2002 or the Domiciliary Care Agencies (Wales) Regulations 2004; or
- m. by a person who is not a relative of the child wholly or mainly in the child's home.

18.9 In paragraphs 18.6 and 18.8 a), 'the first Monday in September' means the Monday which first occurs in the month of September in any year.

18.10 Relevant child care charges shall be estimated over such period, not exceeding a year, as is appropriate in order that the average weekly charge may be estimated accurately having regard to information as to the amount of that charge provided by the child minder or person providing the care.

18.11 For the purposes of paragraph 18.1 c) the other member of a couple is incapacitated where

- a. the applicant's applicable amount includes a disability premium on account of the other member's incapacity or the support component or the work-related activity component on account of his having limited capability for work
- b. the applicant's applicable amount would include a disability premium on account of the other member's incapacity but for that other member being treated as capable of work by virtue of a determination made in accordance with regulation made under section 171E of the Act;
- c. the applicant's applicable amount would include the support component or the work-related activity component on account of the other member having limited capability for work but for that other member being treated as not having limited capability for work by virtue of a determination made in accordance with the Employment and Support Allowance Regulations 2008 or 2013 as appropriate;

- d. the applicant (within the meaning of this scheme) is, or is treated as, incapable of work and has been so incapable, or has been so treated as incapable, of work in accordance with the provisions of, and regulations made under, Part 12A of the Act (incapacity for work) for a continuous period of not less than 196 days; and for this purpose any two or more separate periods separated by a break of not more than 56 days shall be treated as one continuous period;
- e. the applicant (within the meaning of this scheme) has, or is treated as having, limited capability for work and has had, or been treated as having, limited capability for work in accordance with the Employment and Support Allowance Regulations for a continuous period of not less than 196 days and for this purpose any two or more separate periods separated by a break of not more than 84 days must be treated as one continuous period;
- f. there is payable in respect of him one or more of the following pensions or allowances—
 - i. long-term incapacity benefit or short-term incapacity benefit at the higher rate under Schedule 4 to the Act;
 - ii. attendance allowance under section 64 of the Act;
 - iii. severe disablement allowance under section 68 of the Act;
 - iv. disability living allowance under section 71 of the Act;
 - v. personal independence payment under the Welfare Reform Act 2012;
 - vi. an AFIP;
 - vii. increase of disablement pension under section 104 of the Act;
 - viii. a pension increase paid as part of a war disablement pension or under an industrial injuries scheme which is analogous to an allowance or increase of disablement pension under head (ii), (iv) or (v) above;
 - ix. main phase employment and support allowance;
- g. a pension or allowance to which head (ii), (iv), (v) or (vi) of sub-paragraph (f) above refers was payable on account of his incapacity but has ceased to be payable in consequence of his becoming a patient, which in this section shall mean a person (other than a person who is serving a sentence of imprisonment or detention in a youth custody institution) who is regarded as receiving free in-patient treatment within the meaning of social security (Hospital In-Patients) Regulations 2005.
- h. an AFIP would be payable to that person but for any suspension of payment in accordance with any terms of the armed and reserve forces compensation scheme which allow for a suspension because a person is undergoing medical treatment in a hospital or similar institution;
- i. paragraphs (f) or (g) would apply to him if the legislative provisions referred to in those sub-paragraphs were provisions under any corresponding enactment having effect in Northern Ireland; or
- j. he has an invalid carriage or other vehicle provided to him by the Secretary of State under section 5(2)(a) of and Schedule 2 to the National Health Service Act 1977 or under section 46 of the National Health Service (Scotland) Act 1978 or provided by the Department of Health, Social Services and Public Safety in Northern Ireland under Article 30(1) of the Health and Personal Social Services (Northern Ireland) Order 1972.

18.12 For the purposes of paragraph 18.11 once paragraph 18.11d) applies to the applicant, if he then ceases, for a period of 56 days or less, to be incapable, or to be treated as incapable, of work, that paragraph shall, on his again becoming so incapable, or so treated as incapable, of work at the end of that period, immediately thereafter apply to him for so long as he remains incapable, or is treated as remaining incapable, of work.

18.12A For the purposes of paragraph 18.11, once paragraph 18.11e) applies to the applicant, if he then ceases, for a period of 84 days or less, to have, or to be treated as having, limited capability for work, that paragraph is, on his again having, or being treated as having, limited capability for work at the end of that period, immediately thereafter apply to him for so long as he has, or is treated as having, limited capability for work.

- 18.13 For the purposes of paragraphs 18.6 and 18.8 a), a person is disabled if he is a person–
- a. in respect of whom disability living allowance or personal independence payment is payable, or has ceased to be payable solely because he is a patient;
 - b. who is registered as blind in a register compiled under section 29 of the National Assistance Act 1948 (welfare services) or, in Scotland, has been certified as blind and in consequence he is registered as blind in a register maintained by or on behalf of a council constituted under section 2 of the Local Government (Scotland) Act 1994; or
 - c. who ceased to be registered as blind in such a register within the period beginning 28 weeks before the first Monday in September following that person’s fifteenth birthday and ending on the day preceding that person’s sixteenth birthday.

- 18.14 For the purposes of paragraph 18.1 a person on maternity leave, paternity leave or adoption leave shall be treated as if she is engaged in remunerative work for the period specified in paragraph 18.15 (‘the relevant period’) provided that–
- a. in the week before the period of maternity leave, paternity leave or adoption leave began she was in remunerative work;
 - b. the applicant is incurring relevant child care charges within the meaning of paragraph 18.5; and
 - c. she is entitled to either statutory maternity pay under section 164 of the Act, statutory paternity pay by virtue of section 171ZA or 171ZB of the Act statutory adoption pay by of section 171ZL of the Act, maternity allowance under section 35 of the Act or qualifying support.

- 18.15 For the purposes of paragraph 18.14 the relevant period shall begin on the day on which the person’s maternity, paternity leave or adoption leave commences and shall end on–
- a. the date that leave ends;
 - b. if no child care element of working tax credit is in payment on the date that entitlement to maternity allowance, qualifying support, statutory maternity pay, statutory paternity pay or statutory adoption pay ends, the date that entitlement ends; or
 - c. if a child care element of working tax credit is in payment on the date that entitlement to maternity allowance or qualifying support, statutory maternity pay or statutory adoption pay ends, the date that entitlement to that award of the child care element of the working tax credits ends.
- whichever shall occur first.

- 18.16 In paragraphs 18.14 and 18.15
- a. ‘**qualifying support**’ means income support to which that person is entitled by virtue of paragraph 14B of Schedule 1B to the Income Support Regulations 1987; and
 - b. ‘**child care element**’ of working tax credit means the element of working tax credit prescribed under section 12 of the Tax Credits Act (child care element) 2002.

- 18.17 In this section ‘applicant’ does not include an applicant;
- a. who has, or
 - b. who (jointly with his partner) has,
- an award of universal credit

19.0 Average weekly earnings of employed earners

- 19.1 Where an applicant’s income consists of earnings from employment as an employed earner his average weekly earnings shall be estimated by reference to his earnings from that employment–
- a. over a period immediately preceding the reduction week in which the claim is made or treated as made and being a period of
 - i. 5 weeks, if he is paid weekly; or
 - ii. 2 months, if he is paid monthly; or
 - b. whether or not sub-paragraph 19.1a i) or ii) applies, where an applicant’s earnings fluctuate, over such other period preceding the reduction week in which the claim is made or treated as made as may, in any particular case, enable his average weekly earnings to be estimated

more accurately.

19.2 Where the applicant has been in his employment for less than the period specified in paragraph 19.1 a)(i) or (ii)

- a. if he has received any earnings for the period that he has been in that employment and those earnings are likely to represent his average weekly earnings from that employment his average weekly earnings shall be estimated by reference to those earnings;
- b. in any other case, the authority shall require the applicant's employer to furnish an estimate of the applicant's likely weekly earnings over such period as the authority may require and the applicant's average weekly earnings shall be estimated by reference to that estimate.

19.3 Where the amount of an applicant's earnings changes during an award the authority shall estimate his average weekly earnings by reference to his likely earnings from the employment over such period as is appropriate in order that his average weekly earnings may be estimated accurately but the length of the period shall not in any case exceed 52 weeks.

19.4 For the purposes of this section the applicant's earnings shall be calculated in accordance with sections 25 and 26

20.0 Average weekly earnings of self-employed earners

20.1 Where an applicant's income consists of earnings from employment as a self-employed earner his average weekly earnings shall be estimated by reference to his earnings from that employment over such period as is appropriate in order that his average weekly earnings may be estimated accurately but the length of the period shall not in any case exceed a year.

20.2 For the purposes of this section the applicant's earnings shall be calculated in accordance with section 27 to 29 of this scheme

21.0 Average weekly income other than earnings

21.1 An applicant's income which does not consist of earnings shall, except where paragraph 18.2 applies, be estimated over such period as is appropriate in order that his average weekly income may be estimated accurately but the length of the period shall not in any case exceed 52 weeks; and nothing in this paragraph shall authorise the authority to disregard any such income other than that specified in Schedule 4 of this scheme

21.2 The period over which any benefit under the benefit Acts is to be taken into account shall be the period in respect of which that support is payable.

21.3 For the purposes of this section income other than earnings shall be calculated in accordance with paragraphs 30 to 32 of this scheme

22.0 Calculation of average weekly income from tax credits

22.1 This section applies where an applicant receives a tax credit.

22.2 Where this section applies, the period over which a tax credit is to be taken into account shall be the period set out in paragraph 22.3

22.3 Where the instalment in respect of which payment of a tax credit is made is;

- a. a daily instalment, the period is 1 day, being the day in respect of which the instalment is paid;
- b. a weekly instalment, the period is 7 days, ending on the day on which the instalment is due to be paid;

- c. a two weekly instalment, the period is 14 days, commencing 6 days before the day on which the instalment is due to be paid;
- d. a four weekly instalment, the period is 28 days, ending on the day on which the instalment is due to be paid.

22.4 For the purposes of this section 'tax credit' means child tax credit or working tax credit.

23.0 Calculation of weekly income

23.1 For the purposes of sections 19 (average weekly earnings of employed earners), 21 (average weekly income other than earnings) and 22 (calculation of average weekly income from tax credits), where the period in respect of which a payment is made;

- a. does not exceed a week, the weekly amount shall be the amount of that payment;
- b. exceeds a week, the weekly amount shall be determined—
 - i. in a case where that period is a month, by multiplying the amount of the payment by 12 and dividing the product by 52;
 - ii. in any other case, by dividing the amount of the payment by the number equal to the number of days in the period to which it relates and multiplying the product by 7.

23.2 For the purpose of section 20 (average weekly earnings of self-employed earners) the weekly amount of earnings of an applicant shall be determined by dividing his earnings over the assessment period by the number equal to the number of days in that period and multiplying the product by 7.

24.0 Disregard of changes in tax, contributions etc.

24.1 In calculating the applicant's income the appropriate authority may disregard any legislative change

- a. in the basic or other rates of income tax;
- b. in the amount of any personal tax relief;
- c. in the rates of national insurance contributions payable under the Act or in the lower earnings limit or upper earnings limit for Class 1 contributions under the Act, the lower or upper limits applicable to Class 4 contributions under the Act or the amount specified in section 11(4) of the Act (small profits threshold in relation to Class 2 contributions);
- d. in the amount of tax payable as a result of an increase in the weekly rate of Category A, B, C or D retirement pension or any addition thereto or any graduated pension payable under the Act;
- e. in the maximum rate of child tax credit or working tax credit,

for a period not exceeding 30 reduction weeks beginning with the reduction week immediately following the date from which the change is effective.

25.0 Earnings of employed earners

25.1 Subject to paragraph 25.2, 'earnings' means in the case of employment as an employed earner, any remuneration or profit derived from that employment and includes—

- a. any bonus or commission;
- b. any payment in lieu of remuneration except any periodic sum paid to an applicant on account of the termination of his employment by reason of redundancy;
- c. any payment in lieu of notice or any lump sum payment intended as compensation for 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,

- g. including any payment made by the applicant's employer in respect of–
 - (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 amended¹⁷.

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

¹⁷ 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;

- f. any expenses incurred in providing business entertainment, and
 - g. any debts, except bad debts proved to be such, but this sub-paragraph shall not apply to any expenses incurred in the recovery of a debt.
- 28.6 A deduction shall be made under paragraph 28.3 a) or 28.4 in respect of the repayment of capital on any loan used for–
- a. the replacement in the course of business of equipment or machinery; and
 - b. the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair.
- 28.7 The authority shall refuse to make deduction in respect of any expenses under paragraph 28.3 a) or 28.4 where it is not satisfied given the nature and the amount of the expense that it has been reasonably incurred.
- 28.8 For the avoidance of doubt–
- a. deduction shall not be made under paragraph 28.3 a) or 28.4 in respect of any sum unless it has been expended for the purposes of the business;
 - b. a deduction shall be made thereunder in respect of–
 - i. the excess of any value added tax paid over value added tax received in the assessment period;
 - ii. any income expended in the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair;
 - iii. any payment of interest on a loan taken out for the purposes of the employment
- 28.9 Where an applicant is engaged in employment, as a child minder the net profit of the employment shall be one-third of the earnings of that employment, less an amount in respect of
- a. income tax; and
 - b. national insurance contributions payable under the Act, calculated in accordance with section 29 (deduction of tax and contributions for self-employed earners); and
 - c. one-half of the amount calculated in accordance with paragraph 28.1 in respect of any qualifying contribution.
- 28.10 For the avoidance of doubt where an applicant is engaged in employment as a self-employed earner and he is also engaged in one or more other employments as a self-employed or employed earner any loss incurred in any one of his employments shall not be offset against his earnings in any other of his employments.
- 28.11 The amount in respect of any qualifying premium shall be calculated by multiplying the daily amount of the qualifying premium by the number equal to the number of days in the assessment period; and for the purposes of this section the daily amount of the qualifying premium shall be determined
- a. where the qualifying premium is payable monthly, by multiplying the amount of the qualifying premium by 12 and divided the product by 365;
 - b. in any other case, by dividing the amount of the qualifying premium by the number equal to the number of days in the period to which the qualifying premium relates.
- 28.12 In this section, ‘qualifying premium’ means any premium which is payable periodically in respect of a personal pension scheme and is so payable on or after the date of claim.
- 29.0 Deduction of tax and contributions of self-employed earners**
- 29.1 The amount to be deducted in respect of income tax under section 28.1b) i), 28.3 b) i) or 28.9 a) i) (calculation of net profit of self-employed earners) shall be calculated on the basis of the amount of chargeable income and as if that income were assessable to income tax at the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax applicable to the

assessment period less only the personal relief to which the applicant is entitled under section 257(1) of the Income and Corporation Taxes Act 1988 (personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax is to be applied and the amount of the personal reliefs deductible under this paragraph shall be calculated on a pro rata basis.

29.2 The amount to be deducted in respect of national insurance contributions under paragraphs 28.1 1 b(i); 28.3 b ii) or 28.9 a shall be the total of—

- a. the amount of Class 2 contributions payable under section 11(1) or, as the case may be, 11(3) of the Act at the rate applicable to the assessment period except where the applicant's chargeable income is less than the amount specified in section 11(4) of the Act (small profits threshold) for the tax year applicable to the assessment period; but if the assessment period is less than a year, the amount specified for that tax year shall be reduced pro rata; and
- b. the amount of Class 4 contributions (if any) which would be payable under section 15 of the Act (Class 4 contributions recoverable under the Income Tax Acts) at the percentage rate applicable to the assessment period on so much of the chargeable income as exceeds the lower limit but does not exceed the upper limit of profits and gains applicable for the tax year applicable to the assessment period; but if the assessment period is less than a year, those limits shall be reduced pro rata.

29.3 In this section 'chargeable income' means—

- a. except where sub-paragraph (b) applies, the earnings derived from the employment less any expenses deducted under paragraph 28.3(a) or, as the case may be, 28.4 of section 28;
- b. in the case of employment as a child minder, one-third of the earnings of that employment.

30.0 Calculation of income other than earnings

30.1 For the purposes of section 21 (average weekly income other than earnings), the income of an applicant which does not consist of earnings to be taken into account shall, subject to paragraphs 27.2 to 27.4, be his gross income and any capital treated as income under section 31 (capital treated as income).

30.2 There is to be disregarded from the calculation of an applicant's gross income under paragraph 30.2, any sum, where applicable, specified in Schedule 4.

30.3 Where the payment of any benefit under the benefit Acts is subject to any deduction by way of recovery the amount to be taken into account under paragraph 30.1 shall be the gross amount payable.

30.4 Where the applicant or, where he is a member of a couple, his partner is receiving a contributory employment and support allowance and that benefit has been reduced under regulation 63 of the Employment and Support Allowance Regulations 2008 or 2013 as appropriate, the amount of that benefit to be taken into account is the amount as if it had not been reduced.

30.5 Where an award of any working tax credit or child tax credit under the Tax Credits Act 2002 is subject to a deduction by way of recovery of an overpayment of working tax credit or child tax credit which arose in a previous tax year the amount to be taken into account under paragraph 27.1 shall be the amount of working tax credit or child tax credit awarded less the amount of that deduction.

30.6 In paragraph 30.5 'tax year' means a period beginning with 6th April in one year and ending with 5th April in the next.

30.7 Paragraph 30.8 and 30.9 apply where a relevant payment has been made to a person in an academic year; and that person abandons, or is dismissed from, his course of study before the payment to him of the final instalment of the relevant payment.

30.8 Where a relevant payment is made quarterly, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph 30.1 in respect of a person to whom paragraph 30.7 applies, shall be calculated by applying the formula—

$A - (B \times C)$

D

Where

A = the total amount of the relevant payment which that person would have received had he remained a student until the last day of the academic term in which he abandoned, or was dismissed from, his course, less any deduction under paragraph 51.5

B = the number of reduction weeks from the reduction week immediately following that which includes the first day of that academic year to the reduction week which includes the day on which the person abandoned, or was dismissed from, his course;

C = the weekly amount of the relevant payment, before the application of the £10 disregard, which would have been taken into account as income under paragraph 51.2 had the person not abandoned or been dismissed from, his course and, in the case of a person who was not entitled to council tax reduction immediately before he abandoned or was dismissed from his course, had that person, at that time, been entitled to housing benefit;

D = the number of reduction weeks in the assessment period.

30.9 Where a relevant payment is made by two or more instalments in a quarter, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph 30.1 in respect of a person to whom paragraph (30.8) applies, shall be calculated by applying the formula in paragraph 30.8 but as if—

A = the total amount of relevant payments which that person received, or would have received, from the first day of the academic year to the day the person abandoned the course, or was dismissed from it, less any deduction under paragraph 51.5

30.10 In this section— ‘academic year’ and ‘student loan’ shall have the same meanings as for the purposes of sections 43 to 45, ‘assessment period’ means—

a. in a case where a relevant payment is made quarterly, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes the last day of the last quarter for which an instalment of the relevant payment was payable to that person;

b. in a case where the relevant payment is made by two or more instalments in a quarter, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes—

i. the day immediately before the day on which the next instalment of the relevant payment would have been due had the payments continued; or

ii. the last day of the last quarter for which an instalment of the relevant payment was payable to that person.

whichever of those dates is earlier

‘quarter’ in relation to an assessment period means a period in that year beginning on;

a. 1st January and ending on 31st March;

b. 1st April and ending on 30th June;

c. 1st July and ending on 31st August; or

d. 1st September and ending on 31st December;

‘relevant payment’ means either a student loan or an amount intended for the maintenance of dependants referred to in paragraph 46.7 or both.

30.11 For the avoidance of doubt there shall be included as income to be taken into account under

paragraph 30.1

- a. any payment to which paragraph 25.2 (payments not earnings) applies; or
- b. in the case of an applicant who is receiving support under section 95 or 98 of the Immigration and Asylum Act 1999 including support provided by virtue of regulations made under Schedule 9 to that Act, the amount of such support provided in respect of essential living needs of the applicant and his dependants (if any) as is specified in regulations made under paragraph 3 of Schedule 8 to the Immigration and Asylum Act 1999.

31.0 Capital treated as income

- 31.1 Any capital payable by instalments which are outstanding at the date on which the claim is made or treated as made, or, at the date of any subsequent revision or supersession, shall, if the aggregate of the instalments outstanding and the amount of the applicant's capital otherwise calculated in accordance with sections 33 to 42 of this scheme exceeds £6,000, be treated as income.
- 31.2 Any payment received under an annuity shall be treated as income.
- 31.3 Any earnings to the extent that they are not a payment of income shall be treated as income.
- 31.4 Any Career Development Loan paid pursuant to section 2 of the Employment and Training Act 1973 Act shall be treated as income
- 31.5 Where an agreement or court order provides that payments shall be made to the applicant in consequence of any personal injury to the applicant and that such payments are to be made, wholly or partly, by way of periodic payments, any such periodic payments received by the applicant (but not a payment which is treated as capital), shall be treated as income.

32.0 Notional income

- 32.1 An applicant shall be treated as possessing income of which he has deprived himself for the purpose of securing entitlement of reduction or increasing the amount of that reduction.
- 32.2 Except in the case of—
 - a. a discretionary trust;
 - b. a trust derived from a payment made in consequence of a personal injury;
 - c. a personal pension scheme, occupational pension scheme or a payment made by the Board of the Pension Protection Fund where the applicant has not attained the qualifying age for state pension credit;
 - d. any sum to which paragraph 47(2)(a) of Schedule 5 (capital to be disregarded) applies which is administered in the way referred to in paragraph 47(1)(a);
 - e. any sum to which paragraph 48(a) of Schedule 5 refers;
 - f. rehabilitation allowance made under section 2 of the 1973 Act;
 - g. child tax credit; or
 - h. working tax credit,
 - i. any sum to which paragraph 32.13 applies;any income which would become available to the applicant upon application being made, but which has not been acquired by him, shall be treated as possessed by the applicant but only from the date on which it could be expected to be acquired were an application made.

32.3 – 32.5 Not used

- 32.6 Any payment of income, other than a payment of income specified in paragraph 32.7 made—
 - a. to a third party in respect of a single applicant or a member of the family (but not a member of the third party's family) shall, where that payment is a payment of an

occupational pension, a pension or other periodical payment made under or by a personal pension scheme or a payment made by the Board of the Pension Protection Fund, be treated as possessed by that single applicant or, as the case may be, by that member;

- b. to a third party in respect of a single applicant or in respect of a member of the family (but not a member of the third party's family) shall, where it is not a payment referred to in sub-paragraph a), be treated as possessed by that single applicant or by that member to the extent that it is used for the food, ordinary clothing or footwear, household fuel or rent of that single applicant or, as the case may be, of any member of that family or is used for any council tax or water charges for which that applicant or member is liable;
- c. to a single applicant or a member of the family in respect of a third party (but not in respect of another member of that family) shall be treated as possessed by that single applicant or, as the case may be, that member of the family to the extent that it is kept or used by him or used by or on behalf of any member of the family.

32.7 Paragraph 32.6 shall not apply in respect of a payment of income made—

- a. under the Macfarlane Trust, the Macfarlane (Special Payments) Trust, the Macfarlane (Special Payments) (No. 2) Trust, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006);
- b. pursuant to section 19(1)(a) of the Coal Industry Act 1994 (concessionary coal);
- c. pursuant to section 2 of the 1973 Act in respect of a person's participation—
 - (i) in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's Allowance Regulations;
 - (ii) in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;
 - (iii) in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;
 - (iv) in a qualifying course within the meaning specified in regulation 17A(7) of those Regulations or;
 - (v) in the Flexible New Deal specified in regulation 75(1)(a)(v) of those Regulations;
- d. in respect of a previous participation in the Mandatory Work Activity Scheme;
- e. under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where—
 - (i) a bankruptcy order has been made in respect of the person in respect of whom the payment has been made or, in Scotland, the estate of that person is subject to sequestration or a judicial factor has been appointed on that person's estate under section 41 of the Solicitors (Scotland) Act 1980;
 - (ii) the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and
 - (iii) the person referred to in (i) and any member of his family does not possess, or is not treated as possessing, any other income apart from that payment.

32.8 Where an applicant is in receipt of any benefit (other than council tax reduction) under the benefit Acts and the rate of that benefit is altered with effect from a date on or after 1st April in any year but not more than 14 days thereafter, the authority shall treat the applicant as possessing such benefit at the altered rate from either 1st April or the first Monday in April in that year, whichever date the authority shall select to apply in its area, to the date on which the altered rate is to take effect.

32.9 Subject to paragraph 32.10, where—

- a. applicant performs a service for another person; and
- b. that person makes no payment of earnings or pays less than that paid for a comparable employment in the area, the authority shall treat the applicant as possessing such earnings (if any) as is reasonable for that employment unless the applicant satisfies the authority that the means of that person are insufficient for him to pay or to pay more for the service.

32.10 Paragraph 32.9 shall not apply–

- a. to an applicant who is engaged by a charitable or voluntary organisation or who is a volunteer if the authority is satisfied in any of those cases that it is reasonable for him to provide those services free of charge; or
- b. in a case where the service is performed in connection with–
 - (i) the applicant’s participation in an employment or training programme in accordance with regulation 19(1)(q) of the Jobseeker’s Allowance Regulations, other than where the service is performed in connection with the applicant’s participation in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations or
 - (ii) the applicant’s or the applicant’s partner’s participation in an employment or training programme as defined in regulation 19(3) of those Regulations for which a training allowance is not payable or, where such an allowance is payable, it is payable for the sole purpose of reimbursement of travelling or meal expenses to the person participating in that programme ; or
- c. to an applicant who is participating in a work placement approved by the Secretary of State (or a person providing services to the Secretary of State) before the placement starts.

32.10A In paragraph 32.10 (c) ‘work placement’ means practical work experience which is not undertaken in expectation of payment.

32.11 Where an applicant is treated as possessing any income under any of paragraph 32.1 to (32.8), the foregoing provisions of this scheme shall apply for the purposes of calculating the amount of that income as if a payment has actually been made and as if it were actual income which he does possess.

32.12 Where an applicant is treated as possessing any earnings under paragraph 32.9 the foregoing provisions of this scheme shall apply for the purposes of calculating the amount of those earnings as if a payment had actually been made and as if they were actual earnings which he does possess except that paragraph (3) of section 26 (calculation of net earnings of employed earners) shall not apply and his net earnings shall be calculated by taking into account those earnings which he is treated as possessing, less;

- a. an amount in respect of income tax equivalent to an amount calculated by applying to those earnings the starting rate or, as the case may be, the starting rate and the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under sections 257(1) of the Income and Corporation Taxes Act 1988 (personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the starting rate of tax is to be applied and the amount of the personal relief deductible under this sub-paragraph shall be calculated on a pro rate basis;
- b. an amount equivalent to the amount of the primary Class 1 contributions that would be payable by him under the Act in respect of those earnings if such contributions were payable; and
- c. one-half of any sum payable by the applicant by way of a contribution towards an occupational or personal pension scheme.

32.13 Paragraphs (32.1), (32.2), (32.6) and (32.9) shall not apply in respect of any amount of income other than earnings, or earnings of an employed earner, arising out of the applicant’s participation as a service user.

Sections 33 – 42 & Schedule 5

Definition and the treatment of capital for Council tax reduction purposes

33.0 Capital limit

33.1 For the purposes of this scheme, the prescribed amount is £6,000 and no reduction shall be granted when the applicant has an amount greater than this level

34.0 Calculation of capital

34.1 For the purposes of this scheme, the capital of an applicant to be taken into account shall, subject to paragraph (34.2), be the whole of his capital calculated in accordance with this scheme and any income treated as capital under section 36 (income treated as capital).

34.2 There shall be disregarded from the calculation of an applicant's capital under paragraph (34.1), any capital, where applicable, specified in Schedule 5.

35.0 Disregard of capital of child and young person

35.1 The capital of a child or young person who is a member of the applicant's family shall not be treated as capital of the applicant.

36.0 Income treated as capital

36.1 Any bounty derived from employment to which paragraph 8 of Schedule 3 applies and paid at intervals of at least one year shall be treated as capital.

36.2 Any amount by way of a refund of income tax deducted from profits or emoluments chargeable to income tax under Schedule D or E shall be treated as capital.

36.3 Any holiday pay which is not earnings under section 25(1)(d) (earnings of employed earners) shall be treated as capital.

36.4 Except any income derived from capital disregarded under paragraphs 1, 2, 4, 8, 14 or 25 to 28, 47 or 48 of Schedule 5, any income derived from capital shall be treated as capital but only from the date it is normally due to be credited to the applicant's account.

36.5 In the case of employment as an employed earner, any advance of earnings or any loan made by the applicant's employer shall be treated as capital.

36.6 Any charitable or voluntary payment which is not made or due to be made at regular intervals, other than a payment which is made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, the Independent Living Fund (2006) or the London Bombings Charitable Relief Fund, shall be treated as capital.

36.7 There shall be treated as capital the gross receipts of any commercial activity carried on by a person in respect of which assistance is received under the self-employment route, but only in so far as those receipts were payable into a special account during the period in which that person was receiving such assistance.

36.8 Any arrears of subsistence allowance which are paid to an applicant as a lump sum shall be treated as capital.

36.9 Any arrears of working tax credit or child tax credit shall be treated as capital.

37.0 Calculation of capital in the United Kingdom

37.1 Capital which an applicant possesses in the United Kingdom shall be calculated at its current market or surrender value less—

- a. where there would be expenses attributable to the sale, 10 per cent.; and
- b. the amount of any encumbrance secured on it;

38.0 Calculation of capital outside the United Kingdom

38.1 Capital which an applicant possesses in a country outside the United Kingdom shall be calculated

- a. in a case where there is no prohibition in that country against the transfer to the United Kingdom of an amount equal to its current market or surrender value in that country, at that value.
- b. in a case where there is such a prohibition, at the price which it would realise if sold in the United Kingdom to a willing buyer,
less, where there would be expenses attributable to sale, 10 per cent. and the amount of any encumbrances secured on it.

39.0 Notional capital

39.1 An applicant shall be treated as possessing capital of which he has deprived himself for the purpose of securing entitlement to council tax reduction or increasing the amount of that reduction except to the extent that that capital is reduced in accordance with section 40 (diminishing notional capital rule).

39.2 Except in the case of

- (a) a discretionary trust; or
- (b) a trust derived from a payment made in consequence of a personal injury; or
- (c) any loan which would be obtained only if secured against capital disregarded under Schedule 5; or
- (d) a personal pension scheme, occupational pension scheme or a payment made by the Board of the Pension Protection Fund; or
- (e) any sum to which paragraph 47(2)(a) of Schedule 5 (capital to be disregarded) applies which is administered in the way referred to in paragraph 47(1)(a); or
- (f) any sum to which paragraph 48(a) of Schedule 5 refers; or
- (g) child tax credit; or
- (h) working tax credit,

any capital which would become available to the applicant upon application being made, but which has not been acquired by him, shall be treated as possessed by him but only from the date on which it could be expected to be acquired were an application made.

39.3 Any payment of capital, other than a payment of capital specified in paragraph (39.4), made

- (a) to a third party in respect of a single applicant or a member of the family (but not a member of the third party's family) shall, where that payment is a payment of an occupational pension, a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund, be treated as possessed by that single applicant or, as the case may be, by that member;
- (b) to a third party in respect of a single applicant or in respect of a member of the family (but not a member of the third party's family) shall, where it is not a payment referred to in 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 purposes¹⁸

¹⁸ 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 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 deductions¹⁹

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, £12.40 x 1/7;
- (b) in respect of a non-dependant aged 18 or over to whom sub-paragraph (a) does not apply, £4.05 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 shown to the appropriate authority that his normal gross weekly income is—

¹⁹ The amounts shown within this section shall be updated in line with the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012

- (a) less than £217.00, the deduction to be made under this paragraph shall be that specified in paragraph 58.1(b);
- (b) not less than £217.00, but less than £377.00, the deduction to be made under this section shall be £8.25 x 1/7
- (c) not less than £377.00, but less than £469.00, the deduction to be made under this section shall be £10.35 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 $2 \frac{6}{7}$ 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 60B.1 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**²⁰

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

²⁰ 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 application²¹

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.

²¹ 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 scheme²²

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

²² 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 evidence²³

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.

²³ 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 application²⁴**
- 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.

²⁴ 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 circumstances²⁵

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

²⁵ 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 authority²⁶

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 decision²⁷

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,

²⁶ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

²⁷ 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 reduction²⁸

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 paid²⁹

78.1 Subject to section 80 (payment on death) and paragraph (2), any payment of the amount

²⁸ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

²⁹ 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 reduction³⁰

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 entitled³¹

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 liability³²

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.

³⁰ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

³¹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

³² 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 requirements³³.

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.

³³ 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 authority³⁴

- 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 Act³⁵.

³⁴ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

³⁵ 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 Act³⁶

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 with 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).

³⁶ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

Section 101 – 106A³⁷
Electronic Communication

³⁷ 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 Amounts³⁸

³⁸ ³⁸ The amounts shown within this schedule shall be updated in line with the Housing Benefit Regulations 2006 as amended

Personal Allowance

- 1 The amounts specified in column (2) below in respect of each person or couple specified in column (1) shall be the amounts specified for the purposes the main scheme;

Column 1 Person or Couple	Column 2
1. A Single applicant who; a) is entitled to main phase employment and support allowance	£74.35
b) is aged not less than 25	£74.35
c) is aged not less than 18 but less than 25	£58.90
2. Lone Parent	£74.35
3. Couple; a) Where the applicant is entitled to the main phase of employment and support allowance	£116.80
b) Where one member is aged not less than 18	£116.80
c) Polygamous Addition	£41.75

For the purposes of paragraph 1 an applicant is entitled to main phase employment and support allowance if;

- a. Paragraph 17 or 18 is satisfied in relation to the applicant; or
- b. The applicant is entitled to a converted employment and support allowance

- 2 (1) The amount specified in column (2) below in respect of each person specified in column (1) shall, for the relevant period specified in column (1), be the amounts specified for the purposes of the main scheme

Column 1 Child or Young Person	Column 2
Person in respect of the period– (a) beginning on that person's date of birth and ending on the day preceding the first Monday in September following that person's sixteenth birthday;	£68.27
(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.	£68.27

(2) In column (1) of the table in paragraph (1), "the first Monday in September" means the Monday which first occurs in the month of September in any year.

Family Premiums

3. (1) The amount for the purposes of this scheme in respect of a family of which at least one member is a child or young person shall be
- a. where the applicant is a lone parent to whom sub-paragraph (3) of Schedule 3 of the Housing Benefit Regulations 2006 applies, £22.20;
 - b. in any other case, £17.60;

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 a
 - 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
Disability Premium	£34.95
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	£49.80
Severe Disability Premium	£66.95
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	£66.95
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	£133.90
Disabled Child Premium	£65.52 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
Carer Premium	£37.50 in respect of each person who satisfies the condition specified in paragraph 17 of Part 3 of Schedule 3 Housing Benefit Regulations 2006
Enhanced Disability Premium	(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) £17.10 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) £24.50 where the applicant is a member of a couple or a

	polygamous marriage and the conditions specified in paragraph 15 of Part 3 of Schedule 3 Housing Benefit Regulations 2006 are satisfied in respect of a member of that couple or polygamous marriage.
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The components

- 17. The condition (s) to be met is contained in Schedule 3 (21 -24) Housing Benefit Regulations 2006 as amended by the Social Security (Miscellaneous Amendments) Regulations 2013
- 18. The amount of the work-related activity component is £29.55. The amount of the support component is £39.20.

Transitional Addition

- 19. The applicant is entitled to the transitional addition calculated in accordance with paragraph 30 of Schedule 3 of the Housing Benefit Regulations 2006 where the applicant or the applicant's partner meets the conditions contained within paragraphs 27 – 29 of Schedule 3 of the Housing Benefit Regulations 2006

Amount of transitional addition

- 20. The amount of any transitional addition is calculated in accordance with paragraphs 30 and 31 of Schedule 3 of the Housing Benefit Regulations 2006

Schedule 2

Not Used

Schedule 3

Sums to be disregarded in the calculation of earnings³⁹

³⁹ 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 earnings⁴⁰

⁴⁰ 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 disregarded⁴¹

⁴¹ Any amounts shown in this schedule will be updated 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)

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

Service Area	Revenues & Benefits Service
Policy/Service being assessed	Council Tax Reduction Scheme
Is this is a new or existing policy/service?	Existing Policy
If existing policy/service please state date of last assessment	21 August 2015
EIA Review team – List of members	Council Tax Reduction Project Group
Date of this assessment	3 December 2019
Signature of completing officer (to be signed after the EIA has been completed)	Head of corporate finance
Name and signature of Head of Service (to be signed after the EIA has been completed)	Chief Finance Officer

Form A1

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



High relevance/priority



Medium relevance/priority



Low or no relevance/ priority

Note:

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

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

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Policy - CTRS	Relevance/Risk to Equalities																							
	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Socio-economic			Priority status For EIA		
State the Function/Policy /Service/Strategy being assessed:	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
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 not the property the taxpayer lives in or personal possessions)			✓			✓			✓			✓			✓			✓			✓			✓

Stage 1 – Scoping and Defining

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

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

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

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

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

- Maintain the current maximum level of council tax reduction at 84% for protected working age groups , those being in receipt of severe disability premium, carers allowance and families with a child under the age of 5, working age so that taxpayers have to pay at least 16% of the council tax charge
- Maintain the current maximum level of council tax reduction for the non-protected working age group at 80% so that taxpayers have to pay at least 20% of the council tax charge.
- Maintain the current Band C restriction so that working age taxpayers living in properties above a Band C continue to have CTR calculated on the Band C liability
- Maintain the current capital limit for CTR entitlement at £6k so that 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 **not** the property the taxpayer lives in or personal possessions)

	<p>These parameters will apply from 01 April 2020.</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 11,092 claimants and average council tax reduction per week of £18.98 per claimant is provided.</p>
<p>(2) How does the policy/service fit with the council's wider objectives?</p>	<p>All persons within the Council's area who have a low income may apply for support and assistance with their Council Tax.</p> <p>By making an application, providing evidence of their income and household circumstances, their potential entitlement for support will be calculated in line with Central Government prescribed requirements for the Council Tax Reduction scheme.</p> <p>The maintenance of a full reduction scheme within the existing Council Tax Reduction Scheme fits with the Corporate objectives in that it meets, as far as possible, equality and sustainability.</p> <p>The reduction scheme assists the local economy and also ensures, as far as possible within the constraints on a reduced budget, that persons on a low income will be able to meet their Council Tax liability.</p>
<p>(3) What are the expected outcomes of the policy/service? Who is intended to benefit from the policy/service and in what way?</p>	<p>The desired outcomes are as follows;</p> <p>Pension Age Claimants</p> <ul style="list-style-type: none"> • That all pensioners receive the level of support required by regulations set by Central Government (Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012); • That all pensioner claimants or existing working age claimants who

		<p>rise to pension age are able to receive Council Tax Reduction in line with the regulations; and</p> <ul style="list-style-type: none"> • That all pensioner claimants continue to receive the correct level of council tax reduction at all times. <p>Working Age Claimants</p> <ul style="list-style-type: none"> • That all working age claimants are still able to receive Council Tax Reduction ; and • That all working age claimants continue to receive the correct level of council tax reduction at all times. 	
<p>Does this policy/service have the potential to directly or indirectly discriminate against any particular group?</p> <p>Please identify all groups that are affected and briefly explain why</p>	<p>RACE NO</p> <p>The reduction support scheme does not take race into account when calculating the level of support</p>	<p>AGE YES</p> <p>The reduction support scheme takes into account age when calculating the level of support available. Pensioners will not see any reduction in the support paid (as they are protected under regulations set by central government). Working age claimants will not be affected due to the current scheme being maintained for 2020/2021</p>	<p>GENDER NO</p> <p>The reduction support scheme does not take gender into account when calculating the level of support</p>
	<p>RELIGION/BELIEF NO</p> <p>The reduction support scheme does not take religion or belief into account when calculating the level of support</p>	<p>DISABILITY NO</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"> • the award of additional premiums for disablement; • disregarding higher levels of income where a claimant is in remunerative work and is disabled; and • there is no requirement to have non dependant deductions where a claimant is disabled 	<p>SEXUAL ORIENTATION NO</p> <p>The reduction support scheme does not take sexual orientation into account when calculating the level of support</p>

(5) Are there any obvious barriers to accessing the service?	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.
(6) How does the policy/service contribute to promotion of equality?	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.
(7) Does the policy/service have the potential to promote good relations between groups?	Due to the maintenance of the existing CTR scheme 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 higher level of support

<u>Stage 2 - Information Gathering</u>	
(1) What type and range of evidence or information have you used to help you make a judgement about the policy or service?	Extensive modelling from existing data. Modelling information has included number of working age claimants and amount of council tax reduction paid (<i>5,375 claimants and average amount per week of £17.40 per claimant</i>), claim numbers and reduction paid across council tax bands, range of income types and household make-up.
(2) What consultation/ information has been used? What new consultation, if any, do you need to undertake?	No consultation required due to maintaining the council's existing CTR scheme.

<u>Stage 3 – Making a Judgement</u>	
<p>(1) From your data and consultations is there any adverse or negative impact identified for any particular group?</p> <p>Is there any evidence of needs not being met? e.g. language or physical access barriers; lack of appropriate resources or facilities</p>	<ul style="list-style-type: none"> • No - the impact on the working age group is consistent
<p>(2) If there is an adverse impact, can this be justified?</p>	<ul style="list-style-type: none"> • N/A
<p>(3) What actions are going to be taken to reduce or eliminate negative or adverse impact?</p>	<ul style="list-style-type: none"> • Assistance in meeting payments – 12 monthly instalments / payment arrangements to prevent recovery process • Advice of the Council Tax Discretionary Hardship Scheme for customers experiencing exceptional hardship
<p>(4) Is there any positive impact? Does it promote equality of opportunity between different groups and actively address discrimination?</p>	<ul style="list-style-type: none"> • The existing scheme is being maintained for 2020/2021

<p><u>Stage 4 – Action Planning, Review & Monitoring</u></p>	
<p>If No Further Action is required then go to – Review & 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>



Meeting:	Council
Meeting date:	Friday 14 February 2020
Title of report:	Capital Programme 2020/21 onwards and Capital Strategy
Report by:	Leader of the Council

Classification

Open

Decision type

Budget and Policy Framework

Wards affected

(All Wards);

Purpose and summary

To approve the capital investment budget and capital strategy for 2020/21 onwards.

Appendix 1 provides details of the proposed additions to the existing capital programme that have been identified and the impact of approving these additions. Eighteen capital investment budget proposals totaling £88.3m have been identified, to be funded by capital grants (£39.1m), redirected existing funding (£1.5m), capital receipt funding (£21.2m), returns on capital investment (£18.6m) and prudential borrowing of (£7.9m).

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:

- (a) the proposed capital programme for 2020/21 attached at appendix 3 be approved; and**
- (b) the capital strategy document at appendix 4 be approved.**

Further information on the subject of this report is available from
Karen Morris, email: karen.morris1@herefordshire.gov.uk

Alternative options

1. It is open to Council to propose alternative capital investment options. Any amendment to proposals put forward by Cabinet, must have been discussed with the relevant service director to determine the context and possible consequences of the proposal and have secured confirmation from the chief finance officer that the action proposed is achievable; it would then either require the consent of the Leader of the Council or further consideration by Cabinet before a decision could be taken in accordance with the council's constitution.
2. A capital strategy is required in accordance with statutory new guidance issued by CIPFA, the council has discretion on content of the strategy but we have applied the guidelines within the draft.

Key considerations

3. The capital programme reflects capital investment generating benefit to the county for a period in excess of one year.
4. The current approved capital programme and forecast outturn is provided at appendix 2. The profiling of capital spend and forecasting against budget is reported to Cabinet in the quarterly performance report which includes an up to date forecast of the timing of capital spend.
5. The approved capital programme has been updated to show changes to external funding secured for 2019/20 onwards. Since approval of the programme at February Council, an additional £5.085m has been added to the capital programme (some are reduction in assumed grant or virements of grant to fund other schemes), as follows:
 - a) £0.349m Special Provision Capital Fund – this is an increase in the grant to be used to fund works at Brookfield school.
 - b) £0.603m additional grant for pothole repairs awarded to increase LTP.
 - c) (£1.131m) LTP project line reduced after funding allocated to SWTP project costs in 2019/20.
 - d) £1.042m S106 additional funding drawn down from reserves to fund projects being delivered in 2019/20.
 - e) £0.146m additional Disabled Facility Grant awarded in 2019/20, this grant contributes towards the costs of adaptations to allow disabled people to remain living in their own homes.
 - f) (£0.113m) an assumed grant for Brookfield was included but not received so has been removed from the capital programme.
 - g) £1.188m Marches Renewable Energy Grant (MarRE) was awarded in 2019/20 for the next three financial years – this grant will be allow any eligible applicants to apply for a 50% grant for the new installation of eligible renewable technologies on their premises.
 - h) £3m Marches Business Investment Programme Grants was awarded in 2019/20 for three financial years – grants are awarded to business for a specific project or purpose.
6. As part of the 2020/21 budget setting process, priority capital investment needs for 2020/21 have been identified.
7. All proposals were submitted based on need, and are included in appendix 1 along with a

Further information on the subject of this report is available from
Karen Morris, email: karen.morris1@herefordshire.gov.uk

description of what each proposal includes.

8. Cabinet completed an informal review of all prospective capital funding requests, two schools maintenance projects were not progressed, as it was felt the work should be carried out within the existing schools maintenance grant. A number of individual highways assets capital funding requests were not progressed but an overall budget of £2m to cover the highest priority work to be agreed is being proposed for progression.
9. The informal review was carried out to ensure all funding requests proposed were manageable within current borrowing limits in the existing medium term financial strategy and retains approximately £10m in the capital receipts reserve.
10. Latest assessment indicates a shortfall of around 4,000 social and affordable homes; the council intends to respond to this challenge by progressing plans to invest in developing additional genuinely affordable housing stock and retaining it in public ownership. These ambitions are for both the rental and shared ownership markets.
11. This could lead to investing up to £100m in housing in the four years from 2022/23, it is anticipated that the income streams generated would cover the revenue costs of providing the housing including any borrowing costs.
12. Approval of provision in the capital programme is not an approval to proceed. Each project will be subject to its own governance and full business case before any spend may be incurred.
13. Cabinet recommends the proposals to Council and following consultation with all the scrutiny committees as referred to in the consultees section of this report.
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.
18. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. An equality impact assessment (EIA) 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

19. The proposed additions at appendix 1 total £88.3m over the next three years. Of this, £39.1m is proposed to be funded by capital grants, of this only £2m for Leominster Heritage action zone has been secured and the remainder will need to be applied for, £1.5m is funded from redirected existing funding and £21.2m by capital receipts. This leaves £26.5m requiring financing from prudential borrowing (PB). Of this the cost of financing £18.6m of prudential borrowing repayment costs will be funded from additional revenue streams generated by the investment, leaving additional costs of financing £7.9m prudential borrowing to be funded by the corporate revenue budget. 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.

Scheme	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
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Community:- Build communities to ensure everyone lives well and safely together

Brookfield School	0.0	0.0	1,195.0	0.0	0.0	1,195.0
Peterchurch Area School Investment	0.0	0.0	5,353.0	0.0	0.0	5,353.0
Technology Enabled Communities	0.0	1,500.0	0.0	0.0	0.0	1,500.0

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Super Hubs	0.0	0.0	2,000.0	0.0	0.0	2,000.0
Widemarsh Gardens	80.0	0.0	0.0	0.0	0.0	80.0
Care home and Extra Care Development	0.0	0.0	6,081.0	7,000.0	0.0	13,081.0
Empty Property Investment	0.0	0.0	800.0	0.0	0.0	800.0
Total Community	80.0	1,500.0	15,429.0	7,000.0	0.0	24,009.0

Economy:- Support an economy which builds on the county's strengths and resources

Electronic Document Management Storage	0.0	0.0	0.0	0.0	380.0	380.0
Hereford Transport Package	0.0	0.0	0.0	0.0	3,600.0	3,600.0
Vehicle Replacement	0.0	0.0	0.0	19.0	0.0	19.0
Employment Land and Incubation Space in Market Towns	2,053.0	0.0	4,020.0	7,558.0	0.0	13,631.0
Leominster Heritage Action Zone	2,000.0	0.0	1,800.0	0.0	0.0	3,800.0
Investment in Infrastructure Assets	0.0	0.0	0.0	0.0	2,000.0	2,000.0
Strangford Landfill Site Toilet Facilities	0.0	0.0	0.0	0.0	25.0	25.0
Total Economy	4,053.0	0.0	5,820.0	7,577.0	6,005.0	23,455.0

Environment:- Protect our environment and keep Herefordshire a great place to live

Passenger Transport Fleet - Contracted fleet (Electric)	26,500.0	0.0	0.0	4,000.0	0.0	30,500.0
Passenger Transport Fleet - Hereford City Commercial (Electric)	8,500.0	0.0	0.0	0.0	0.0	8,500.0
Better Ways of Working	0.0	0.0	0.0	0.0	850.0	850.0
Hereford Active Travel Measures & Super Cycle Highways	0.0	0.0	0.0	0.0	1,000.0	1,000.0
Total Environment	35,000.0	0.0	0.0	4,000.0	1,850.0	40,850.0
Total	39,133.0	1,500.0	21,249.0	18,577.0	7,855.0	88,314.0

20. The revenue implications of securing this new borrowing is supported in the current

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Medium Term Financial Strategy and Treasury Management Strategy which included an estimation of £6.7m new prudential borrowing per annum over the strategy period. Central government announced that from the 9th October 2019 a 1% increase in the public works loan board (PWLB) interest rate will be applied. PWLB is the usual route of obtaining loan finance for councils including Herefordshire Council. The forecast interest cost of new borrowing has therefore been increased in the revenue budget proposals to reflect the anticipated additional cost burden based on the capital strategy borrowing requirement..

21. 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.
22. Individual capital scheme resourcing implications will be detailed in the approval to precede decision.
23. There is a line in the capital programme, within children and families for preliminary works to inform key investment need throughout the county for £2m. This line has been reduced by £1m to allow a surplus of £1.45m to be retained to use on other projects that may need funding before the end of the 3-year programme proposed.

Legal implications

24. 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, any nationally imposed limits, and it must do so in accordance with the prudential code on borrowing.
25. 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.
26. Full Council is responsible for adopting the capital investment budget (referred to above as the capital programme) for the next financial year. Local Authorities deliver a range of services some of which are required to be undertaken under statutory duties and others which are a discretionary use of statutory powers. Local Authorities powers and duties are defined by legislation. The Localism Act 2011 provides a General Power of Competence under Section 1, which provides local authorities with the power to do anything that an individual may do, subject to limitations. Capital expenditure is defined under the Local Government Act 2003. It is therefore not only schemes that are necessary for the council to meet its statutory duties, which can be approved. 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.
27. 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.
28. 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 29 November, as referred to in the consultees section of this report. As such, the proposals in appendix 3 and 4 have been developed in accordance with the constitution.

29. 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, comments, and the cabinet's response to them.

Risk management

30. 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.
31. 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 processes is currently taking place and any recommendations to help mitigate scheme risks will be put in place once approved.
32. 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

33. The proposed capital programme was presented to Cabinet on 30 January, all recommendations were supported, and no changes have been made to the recommendations.
34. The proposed capital investment budget additions and supporting business cases were presented to adults and wellbeing scrutiny on 18 November, children's wellbeing scrutiny on 25 November and general scrutiny committee on 29 November 2019. All proposals were supported at each of the meetings and no amendments have so far been made to the capital investment proposals.
35. General scrutiny resolved to recommend that; (a) for business cases to specify the existence of partnership and the consideration of state aid as appropriate. This will be reflected in the full business case before the projects seeks permission to progress.
36. The proposals in appendix 1 align to the council's new corporate plan priorities consulted on as part of the public consultation on the 2020/21 budget and corporate plan 2020-24, which ran from the 6th November to 4th December. The consultation questionnaire was published on the Herefordshire Council website and residents were invited to complete it online. A printable version was given upon request. The consultation was promoted on the council's social media sites (Twitter and Facebook). In addition to the online survey, there were pop up events held in the market towns and in Hereford City.
37. Residents were asked to comment on the council priorities, the full report was shared at

each scrutiny meeting in January but a summary of the responses that support the proposed capital investment proposals are;

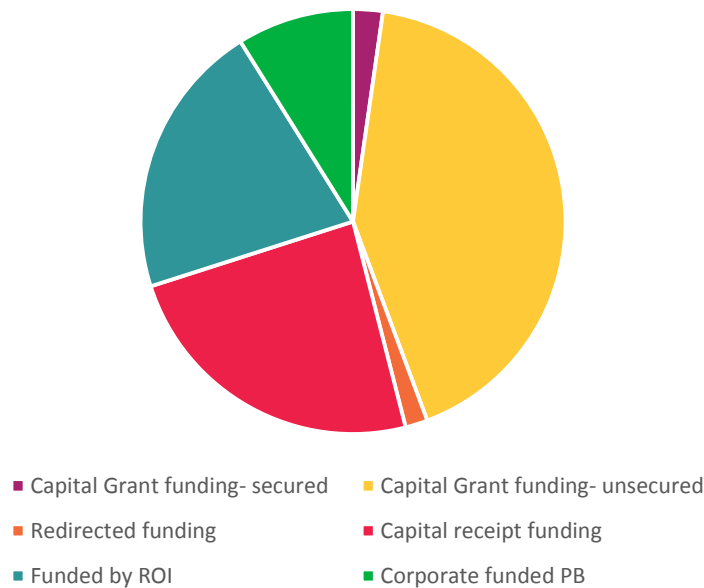
- Regarding the proposal to develop community “super-hubs” that could potentially offer a range of council and partner services within different localities around the county, 63% of respondents indicated that Herefordshire would benefit compared to 31% who did not think it would benefit.
- 79% of respondents agreed that the council should invest money in developing additional affordable housing stock and retaining it in public ownership.
- 81% of respondents supported for investing in council owned care homes or care villages to support vulnerable children, young people and adults with accommodation and care needs.
- 65% of respondents thought that it was important for the council to invest to support tourism.
- 76% of respondents agreed with the additional funding in public realm.
- 72% of respondents supported further investment in technology to enable new and improved ways of delivering services and 18% did not.
- It was clear that some priority areas for investment were more favoured than others. If we take the overall weighted average for each priority, five areas were noticeably more favoured than the others, with not much difference in support between these five. They were, in order of priority, maintenance of highways and public spaces, planning and investment to address the climate emergency, care homes and accommodation for vulnerable people (children, young people and adults), affordable housing (publicly owned) and public housing.

38. The proposed capital investment budget additions were again presented to adults and wellbeing scrutiny on 13 January, children’s wellbeing scrutiny on 14 January and general scrutiny committee on 20 January 2020, where again all proposals were supported but adults and wellbeing made some recommendations to general scrutiny.

39. General scrutiny resolved to recommend that;

- The Cabinet considers providing a specific capital allocation for market towns to be able to bid for public realm improvements. The capital investment proposals were discussed at the Cabinet meeting.
- Greater transparency around the figures presented in item 23 on the leaders report in relation to where the funding originates from. The below graph shows how the £88.3m of new capital investment proposals are being funded and individual project details are included in section 19 of this report. Further details of the types of funding can be found in section 4 of the capital strategy in appendix 4.

Capital Funding Requests for approval



- To inform the detailed business cases for the key areas of capital investment and to provide assurance that they are sustainable and represent value for money, the executive be asked to arrange an all members' seminar to explore the options appraisals. As full business cases are developed, member involvement will be reviewed by Cabinet.
- That the options appraisal for public housing also consider the potential to support key workers with their accommodation needs. This will be taken into account as the full business case is developed.

Appendices

Appendix 1 - Proposed capital investment additions for 20/21

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

Scheme	Current Capital Programme £000	Total 20/21 £000	Total 21/22 £000	Total 22/23 £000	Total Future Years £000	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
Community:- Build communities to ensure everyone lives well and safely together											
Brookfield School	2,744.0	0.0	1,195.0	0.0	0.0	0.0	0.0	1,195.0	0.0	0.0	1,195.0
Peterchurch Area School Investment	5,500.0	0.0	5,353.0	0.0	0.0	0.0	0.0	5,353.0	0.0	0.0	5,353.0
Technology Enabled Communities		300.0	1,200.0	0.0	0.0	0.0	1,500.0	0.0	0.0	0.0	1,500.0
Super Hubs		2,000.0	0.0	0.0	0.0	0.0	0.0	2,000.0	0.0	0.0	2,000.0
Widemarsh Gardens		80.0	0.0	0.0	0.0	80.0	0.0	0.0	0.0	0.0	80.0
Carehome and Extra Care Development	919.0	0.0	0.0	13,081.0	0.0	0.0	0.0	6,081.0	7,000.0	0.0	13,081.0
Empty Property Investment	800.0	200.0	300.0	300.0	0.0	0.0	0.0	800.0	0.0	0.0	800.0
Total Community	9,963.0	2,580.0	8,048.0	13,381.0	0.0	80.0	1,500.0	15,429.0	7,000.0	0.0	24,009.0
Economy:- Support an economy which builds on the county's strengths and resources											
Electronic Document Management Storage		380.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	380.0	380.0
Hereford Transport Package		2,350.0	625.0	625.0	0.0	0.0	0.0	0.0	0.0	3,600.0	3,600.0
Vehicle Replacement		19.0	0.0	0.0	0.0	0.0	0.0	0.0	19.0	0.0	19.0
Employment Land and Incubation Space in Market Towns		843.0	4,209.0	3,066.0	5,513.0	2,053.0	0.0	4,020.0	7,558.0	0.0	13,631.0
Leominster Heritage Action Zone		237.5	1,425.0	2,137.5	0.0	2,000.0	0.0	1,800.0	0.0	0.0	3,800.0

Capital Funding Request Scheme Description

Scheme	Scheme Description
Community:- Build communities to ensure everyone lives well and safely together	
Brookfield School	Improvement project seeking to achieve; higher school buildings compliance, more robust fire evacuation buildings compliance, the release of a council owned split site facility at Symonds Street, the capacity to deliver the full statutory curriculum and improved accommodation.
Peterchurch Area School Investment	A replacement primary school for Peterchurch including all teaching and support spaces, including playground and playing field, necessary for it to function as a full one form entry school with the provision of five classes and the provision of a nursery and the swimming pool to enable its continued use.
Technology Enabled Communities	An outcomes-led approach to embedding technology enabled living at scale, driven by the power of data analytics to support informed decision making, will shift the care model and elements of a health and care system from a traditional dependency, just in case support model to one of promoting independence, empowering self-care and taking action ahead of crises.
Super Hubs	Super hubs to support communities through capital investment plus resource to manage and develop community engagement.
Widemarsh Gardens	To commission the design and build of a discovery garden primarily for children and families using Widemarsh children centre. The garden will be designed to create a low maintenance space that can be managed under the existing provider agreement whilst designing a play and learning space that creates a greater understanding of the natural environment, fruit and vegetable growing and tree planting.
Care Home and Extra Care Development	For the local authority to further scope the potential opportunity to build and develop its own care home and / or extra care scheme which will be purpose built and sympathetically designed for people with dementia. The council needs to do a comprehensive analysis and options appraisal to inform a decision on a detailed return on investment proposal.
Empty Property Investment	To bring empty properties back into use with a focus on long term empty properties, increasing available housing for local people, reduced spend of the Housing Prevention fund and use of temporary accommodation.

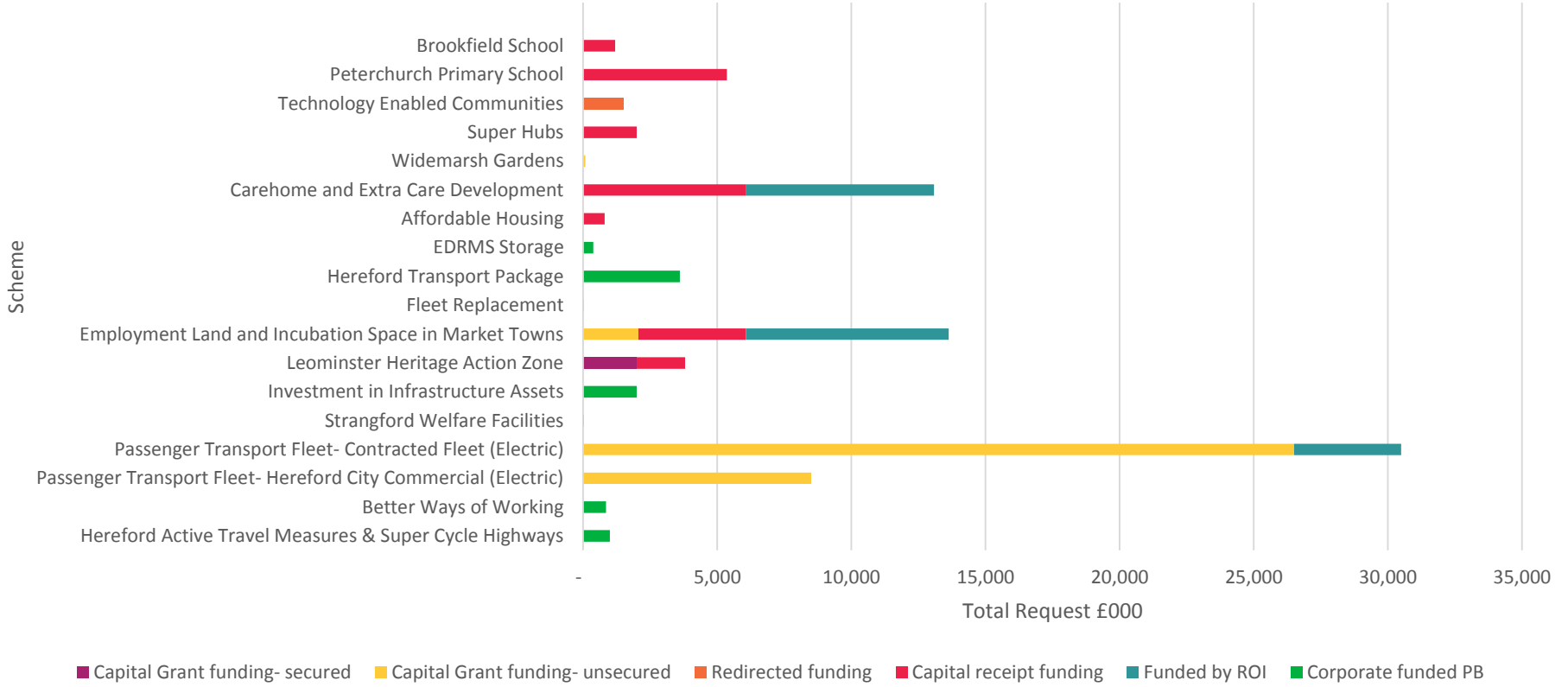
Economy:- Support an economy which builds on the county's strengths and resources

Electronic Document Management Storage	To replace the data archiving storage solution to support future demand for electronic records and a programme of back scanning to store documents as well as build additional storage capacity to support increasing demand for Microsoft SharePoint solution.
Hereford Transport Package	To enable further development of the Hereford Transport Package including progressing measures to improve transport within the city and the package of walking, cycling, bus and public realm schemes. Programme would be subject to further governance and guided by outcome of review of the bypass scheme.
Vehicle Replacement	The purchase of a vehicle for Facilities Management and prevent the high costs involved in leasing a vehicle and maintenance costs.
Employment Land and Incubation Space in Market Towns	Provide a ready supply of serviced and available employment land within Herefordshire and provide a range of business premises to support business growth.
Leominster Heritage Action Zone	Refurbishment of the town centre to help achieve the vision for Leominster to be one of the country's more sustainable towns, vibrant and bustling with a prosperous and unpolluted environment. Potential of £2m grant funding to be match funded locally.
Investment in Infrastructure Assets	Sustained investment over the whole life of the Herefordshire's road network; an ongoing programme targeted at improvement to highways and public spaces. Priorities to be determined through the Public Realm Annual Plan.
Strangford Landfill Site Toilet Facilities	To provide Officers with toilet and washing facilities at remote closed landfill site.

Environment:- Protect our environment and keep Herefordshire a great place to live

Passenger Transport Fleet - Contracted fleet (Electric)	Improving the quality of passenger transport services, encouraging greater patronage and reduce reliance on private car transport and provide more environmentally friendly vehicles to support the climate emergency thus reducing the revenue burden on budgets in relation to SEND transport and pressures relating to Public Service Vehicle Accessible Regulations. Subject to obtaining grant funding.
Passenger Transport Fleet - Hereford City Commercial (Electric)	
Better Ways of Working	To drive a change in working practice to more agile working across the county to improve workforce productivity and reduce capital and operational costs through optimising use of fewer buildings.
Hereford Active Travel Measures & Super Cycle Highways	To enable delivery of a programme of improvements to improve and provide a network of active travel routes across the county covering Hereford city, market towns and key long distance rural links between them.

Capital Funding Requests for approval



Capital Programme position Dec 2019/20

Scheme Name	Spend in		2019/20 Forecast £000	2019/20 Variance £000	2020/21 Total Budget £000	2021/22 Total Budget £000	2022/23 Total Budget £000	Total scheme budget £000	Capital receipts £000	Grant & Prudential		Total £000	Prior Years £000	Total Funding £000
	Prior Years	Total Budget								funding cont	borrowing			
	£000	£000								£000	£000			
Economy & Place														
Hereford City Centre Transport Package	33,166	631	877	246	1,500	5,353				7,485	7,485	33,166		40,651
South Wye Transport Package	6,984	4,718	1,174	(3,544)	14,795	6,422	2,081		28,016		28,016	6,984		35,000
Hereford City Centre Improvements (HCCI)		1,500	90	(1,410)	2,000	2,000				5,500	5,500			5,500
Hereford Transport Package	2,908	3,702	1,059	(2,643)	0	0			0	3,702	3,702	2,908		6,610
Major Infrastructure Delivery Board	43,058	10,552	3,200	(7,352)	18,295	13,775	2,081	87,761						
Local Transport Plan (LTP)		11,745	11,745	0	12,272	0			24,017		24,017			24,017
E & P's S106		1,441	1,441	0	0	0			1,441		1,441			1,441
Highway asset management		3,843	2,093	(1,750)	3,750	4,250			6,250	5,593	11,843			11,843
Public Realm Delivery Board	0	17,028	15,278	(1,750)	16,022	4,250	0	37,300						
Hereford Enterprise Zone	10,769	3,400	2,095	(1,305)	1,831	0		5,231			5,231	10,769		16,000
Herefordshire Enterprise Zone Shell Store	83	5,935	4,000	(1,935)	1,298	0			4,494	2,739	7,233	83		7,316
Ross Enterprise Park (Model Farm)	11	2,377	350	(2,027)	4,174	508		3,524		3,535	7,059	11		7,070
Marches business improvement grants	877	1,623	635	(988)	0	0			1,623		1,623	877		2,500
Marches Renewable Energy Grant		88	88	0	764	336			1,188		1,188			1,188
Marches Business Investment Programme		99	99	0	1,125	1,336	440		3,000		3,000			3,000
Affordable Housing Grant	35	1,599	1,142	(457)	800	0		799		1,600	2,399	35		2,434
Community Housing Fund	9	141	141	0	0	0		141			141	9		150
Revolving Loans	145	55	55	0	0	0	200	55			55	145		200
Development Partnership activities	6,042	9,558	292	(9,266)	25,000	0		4,312		30,246	34,558	6,042		40,600
Economic Development Delivery Board	17,971	24,875	8,897	(15,978)	34,992	2,180	440	80,458						
Property Estate Enhancement Works	1,241	1,499	987	(512)	0	0				1,499	1,499	1,241		2,740
Corporate Accommodation	2,540	331	331	0	0	0				331	331	2,540		2,871
Leisure Centres	9,684	368	150	(218)	0	0				368	368	9,684		10,052
Solar Photovoltaic Panels	606	55	4	(51)	1,473	0				1,528	1,528	606		2,134
SEPUBU Grant		734	120	(614)	0	0			734		734			734
LED street lighting	5,478	177	80	(97)	0	0				177	177	5,478		5,655
Estates Capital Programme 2019/22		1,350	777	(573)	2,095	1,390		180		4,655	4,835			4,835
Three Elms Trading Estate	95	380	380	0	0	0				380	380	95		475
Customer Services and Library	112	21	21	0	0	0	133	112			21	112		133
Energy Efficiency		54	31	(23)	46	0				100	100			100
Warm Homes Fund		397	397	0	397	165			960		960			960
Gypsy & Traveller Pitch development	29	910	30	(880)	899	39				1,848	1,848	29		1,877
Leominster cemetery extension	148	45	45	0	0	0	193	148			45	148		193
Tarsmill Court, Rotherwas	341	59	59	0	0	0				59	59	341		400
Car Parking Strategy	77	169	121	(48)	0	0				169	169	77		246
Car Park Re-Surfacing	0	116	2	(114)	0	0				116	116	0		116
Office and Car Park Lighting Replacement	79	164	34	(130)	58	0				221	221	79		300
Upgrade of Herefordshire CCTV		48	48	0	136	0				184	184			184
Schools Transport Route Planning		30	50	20	30	30				90	90			90
Courtyard Development		0	0	0	611	0				611	611			611
Corporate Fleet Procurement		738	738	0	0	0		50		688	738			738
Hereford Library	132	213	5	(208)	0	0				213	213	132		345
Corporate Property Delivery Board	20,560	7,860	4,410	(3,449)	5,745	1,624	0	35,789						
Total E & P Capital Projects	81,589	60,315	31,786	(28,529)	75,054	21,830	2,521	241,308	14,292	71,722	73,705	159,719	81,589	241,308
Corporate														
Fastershire Broadband	16,979	10,152	5,366	(4,786)	8,607	0			10,600	8,159	18,759	16,979		35,738
PC Replacement	261	218	233	15	641	397				1,255	1,255	261		1,516
Children centre changes	167	263	173	(90)	0	0		203		60	263	167		430
Total Corporate Capital Projects	17,407	10,633	5,772	(4,861)	9,247	397	0	37,684	203	10,600	9,474	20,277	17,407	37,684

Children and Families														
Colwall Primary School	6,665	85	40	(44)	0	0	6,750	0	85	85	6,665	6,750		
Schools Capital Maintenance Grant		2,152	1,800	(352)	1,200	1,200	4,552	4,552	0	4,552	0	4,552		
Peterchurch Area School Investment	7	493	0	(493)	5,000	0	5,500	305	5,188	5,493	7	5,500		
Expansion for Marlbrook school	527	3,614	850	(2,764)	2,000	0	6,141	626	4,988	5,614	527	6,141		
SEN & DDA school improvements		0	0	0	0	0	0		0	0		0		
Brookfield School Improvements	6	2,577	50	(2,527)	167	0	2,750	849	1,895	2,744	6	2,750		
C & F's S106		915	500	(415)	0	0	915		915	915		915		
Special Provision Capital Fund		0	0	0	0	0	0		0	0		0		
Healthy Pupils		99	99	0	0	0	99		99	99		99		
Individual Pupil Needs	152	119	75	(44)	0	0	271		119	119	152	271		
Short Breaks Capital		118	118	0	0	0	118	118		118		118		
Blackmarston SEN	30	54	54	0	0	0	84		54	54	30	84		
Replacement Leominster Primary	6	36	25	(11)	0	0	42		36	36	6	42		
Basic Needs Funding		0	0	(0)	8,891	0	8,891	8,629	262	8,891		8,891		
2 Year Old Capital Funding	75	31	31	0	0	0	106	31		31	75	106		
Preliminary works to inform key investment need throughout the county	5	2,010	100	(1,910)	0	0	2,015		2,010	2,010	5	2,015		
Temporary school accommodation replacement	85	515	365	(150)	300	0	900		815	815	85	900		
Total C & F Capital Projects	7,558	12,819	4,108	(8,711)	17,558	1,200	0	39,135	305	15,820	15,451	31,577	7,558	39,135
Adults and Communities														
Disabled facilities grant		1,999	1,999	0	1,853	1,853	5,705		5,705	5,705		5,705		
Hillside		2,550	0	(2,550)	0	0	2,550	2,550		2,550		2,550		
Single Capital Pot (Inc Waverley House)	164	919	0	(919)	0	0	1,083		451	468	164	1,083		
Private sector housing improvements	57	199	0	(199)	0	0	256	199		199	57	256		
Total A & C Capital Projects	222	5,667	1,999	(3,667)	1,853	1,853	0	9,594	2,749	6,156	468	9,373	222	9,594
Total	106,776	89,433	43,664	(45,768)	103,712	25,280	2,521	327,721	17,548	104,298	99,098	220,945	106,776	327,721

Key:

RCCO

Project Complete

Approved February Council	90,491	130,124			54,779	11,521	0	286,916
Reprofile Budget		(61,210)			47,043	12,086	2,081	0
Grant/funding Movement		1,083			1,889	1,672	440	5,085
18/19 Carry Forward		19,435						19,435
Budget not carried forward for projects completed								0
2018/19 Budget Utilised								0
Prior Spend adj closed projects and 18/19 one off grant excluded	16,286							16,286

Change in Capital Programme	0	1,083			0	13,758	2,521	5,085
								Note 1

Overall Change Financed By

	£000		£000	£000	£000	£000	
Prudential Borrowing							0
Grant and funding contributions		(1,083)		(1,889)	(1,672)	(440)	(5,085)
Capital receipts							0
							0
	0	(1,083)		0	(1,672)	(440)	(5,085)

Capital Programme position Apr 2020/21

Scheme Name	Spend in						Total scheme budget £000	Capital receipts £000	Grant & Prudential			Prior Years £000	Total Funding £000
	2019/20	2020/21	2021/22	2022/23	2023/24 onwards	Total			funding cont	borrowing	Total		
	Prior Years £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000			£000	£000	£000		
Economy & Place													
Hereford City Centre Transport Package	33,166	631	1,500	5,353	0	40,651			7,485	7,485	33,166	40,651	
South Wye Transport Package	6,984	4,718	14,795	6,422	2,081	35,000		28,016		28,016	6,984	35,000	
Hereford City Centre Improvements (HCCI)		1,500	2,000	2,000	0	5,500			5,500	5,500		5,500	
Hereford ATMs and Super Cycle Highway			1,000	0	0	1,000			1,000	1,000		1,000	
Passenger Transport Fleet (Electric)			7,800	7,800	7,800	15,600				0		0	
Hereford Transport Package	2,908	3,702	2,350	625	625	10,210		0	7,302	7,302	2,908	10,210	
Major Infrastructure Delivery Board	43,058	10,552	29,445	22,200	10,506	15,600		35,000	4,000	39,000		39,000	
Local Transport Plan (LTP)		11,745	12,272	0	0	24,017		24,017		24,017		24,017	
E & P's S106		1,441	0	0	0	1,441		1,441		1,441		1,441	
Investment in Infrastructure Assets			2,000	0	0	2,000			2,000	2,000		2,000	
Highway asset management		3,843	3,750	4,250	0	11,843		6,250	5,593	11,843		11,843	
Public Realm Delivery Board	0	17,028	18,022	4,250	0	39,300							
Hereford Enterprise Zone	10,769	3,400	1,831	0	0	16,000	5,231			5,231	10,769	16,000	
Herefordshire Enterprise Zone Shell Store	83	5,935	1,298	0	0	7,316		4,494	2,739	7,233	83	7,316	
Ross Enterprise Park (Model Farm)	11	2,377	4,174	508	0	7,070	3,524		3,535	7,059	11	7,070	
Marches business improvement grants	877	1,623	0	0	0	2,500		1,623		1,623	877	2,500	
Marches Renewable Energy Grant		88	764	336	0	1,188		1,188		1,188		1,188	
Marches Business Investment Programme		99	1,125	1,336	440	3,000		3,000		3,000		3,000	
Empty Property Investment	35	1,599	1,000	300	300	3,234	1,599		1,600	3,199	35	3,234	
Community Housing Fund	9	141	0	0	0	150	141			141	9	150	
Revolving Loans	145	55	0	0	0	200	55			55	145	200	
Employment Land & Incubation Space in Market Towns			843	4,209	3,066	5,513	13,631	4,020	2,053	7,558		13,631	
Leominster Heritage Action Zone			238	1,425	2,138		3,800	1,800	2,000			3,800	
Development Partnership activities	6,042	9,558	25,000	0	0	40,600	4,312		30,246	34,558	6,042	40,600	
Economic Development Delivery Board	17,971	24,875	36,272	8,114	5,944	5,513	98,689						
Property Estate Enhancement Works	1,241	1,499	0	0	0	2,740			1,499	1,499	1,241	2,740	
Corporate Accommodation	2,540	331	0	0	0	2,871			331	331	2,540	2,871	
Leisure Centres	9,684	368	0	0	0	10,052			368	368	9,684	10,052	
Solar Photovoltaic Panels	606	55	1,473	0	0	2,134			1,528	1,528	606	2,134	
SEPUBU Grant		734	0	0	0	734		734		734		734	
LED street lighting	5,478	177	0	0	0	5,655			177	177	5,478	5,655	
Estates Capital Programme 2019/22		1,350	2,095	1,390	0	4,835	180		4,655	4,835		4,835	
Three Elms Trading Estate	95	380	0	0	0	475			380	380	95	475	
Customer Services and Library	112	21	0	0	0	133			21	21	112	133	
Energy Efficiency		54	46	0	0	100			100	100		100	
Warm Homes Fund		397	397	165	0	960		960		960		960	
Gypsy & Traveller Pitch development	29	910	899	39	0	1,877			1,848	1,848	29	1,877	
Leominster cemetery extension	148	45	0	0	0	193			45	45	148	193	
Tarsmill Court, Rotherwas	341	59	0	0	0	400			59	59	341	400	
Car Parking Strategy	77	169	0	0	0	246			169	169	77	246	
Car Park Re-Surfacing	0	116	0	0	0	116			116	116	0	116	
Office and Car Park Lighting Replacement	79	164	58	0	0	300			221	221	79	300	
Upgrade of Herefordshire CCTV		48	136	0	0	184			184	184		184	
Schools Transport Route Planning		30	30	30	0	90			90	90		90	
Courtyard Development		0	611	0	0	611			611	611		611	
Corporate Fleet Procurement		738	0	0	0	738	50		688	738		738	

Vehicle Replacement			19	0	0		19
Strangford Landfill Site Toilet Facilities			25	0	0		25
Hereford Library	132	213	0	0	0		345
Corporate Property Delivery Board	20,560	7,860	5,789	1,624	0	0	35,833
Total E & P Capital Projects	81,589	60,315	89,528	36,189	16,450	21,113	305,183
Corporate							
Fastershire Broadband	16,979	10,152	8,607	0	0		35,738
PC Replacement	261	218	641	397	0		1,516
Widemarsh Gardens			80	0	0		80
Electronic Document Management Storage			380	0	0		380
Better Ways of Working			850	0	0		850
Children centre changes	167	263	0	0	0		430
Total Corporate Capital Projects	17,407	10,633	10,557	397	0	0	38,994
Children and Families							
Colwall Primary School	6,665	85	0	0	0		6,750
Schools Capital Maintenance Grant		2,152	1,200	1,200	0		4,552
Peterchurch Area School Improvement	7	493	5,000	5,353	0		10,853
Expansion for Marlbrook school	527	3,614	2,000	0	0		6,141
Brookfield School Improvements	6	2,577	167	1,195	0		3,945
C & F's S106		915	0	0	0		915
Healthy Pupils		99	0	0	0		99
Individual Pupil Needs	152	119	0	0	0		271
Short Breaks Capital		118	0	0	0		118
Blackmarston SEN	30	54	0	0	0		84
Replacement Leominster Primary	6	36	0	0	0		42
Basic Needs Funding		0	8,891	0	0		8,891
2 Year Old Capital Funding	75	31	0	0	0		106
Preliminary works to inform key investment need throughout the county	5	1,010	0	0	0		1,015
Temporary school accommodation replacement	85	515	300	0	0		900
Total C & F Capital Projects	7,558	11,819	17,558	7,748	0	0	44,683
Adults and Communities							
Disabled facilities grant		1,999	1,853	1,853	0		5,705
Hillside		2,550	0	0	0		2,550
Carehome & Extra Care Development	164	919	0	0	13,081		14,164
Technology Enabled Communities	0	0	300	1,200	0		1,500
Super Hubs			2,000	0	0		2,000
Private sector housing improvements	57	199	0	0	0		256
Total A & C Capital Projects	222	5,667	4,153	3,053	13,081	0	26,175
Total	106,776	88,433	121,796	47,387	29,531	21,113	415,035

		19	19		19		
		25	25		25		
	213	213	132		345		
	20,912	110,775	91,907	223,594	81,589		305,183
		10,600	8,159	18,759	16,979		35,738
			1,255	1,255	261		1,516
		80		80			80
			380	380			380
			850	850			850
	203		60	263	167		430
	203	10,680	10,704	21,587	17,407		38,994
	0		85	85	6,665		6,750
		4,552	0	4,552	0		4,552
	5,658		5,188	10,846	7		10,853
		626	4,988	5,614	527		6,141
	1,195	849	1,895	3,939	6		3,945
		915		915			915
		99		99			99
			119	119	152		271
		118		118			118
			54	54	30		84
			36	36	6		42
		8,629	262	8,891			8,891
		31		31	75		106
			1,010	1,010	5		1,015
			815	815	85		900
	6,853	15,820	14,451	37,125	7,558		44,683
		5,705		5,705			5,705
	2,550			2,550			2,550
	6,081	451	7,468	14,000	164		14,164
		1,500		1,500			1,500
	2,000			2,000			2,000
	199			199	57		256
	10,830	7,656	7,468	25,954	222		26,175
	38,797	144,931	124,530	308,259	106,776		415,035

Key:

RCCO

Project Complete

Current 19/20 Budget Position 106,776 89,433 103,712 25,280 2,521 0 327,721

Change in Capital Programme 0 (1,000) 18,085 22,107 27,010 21,113 87,314

Note 1

Overall Change Financed By

	£000	£000	£000	£000	£000	£000	£000
Prudential Borrowing			6,624	3,624	10,691	5,493	26,432
Grant and funding contributions			9,261	11,635	8,138	11,600	40,633
Capital receipts			2,200	6,848	8,181	4,020	21,249
Reduction in project budget		(1,000)					(1,000)
	0	(1,000)	18,085	22,107	27,010	21,113	87,314

DRAFT

Capital Strategy

2019 – 2030

HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

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HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

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 2020-24 and its three 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 four 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 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 the reduction in government funding over a number of years.
- 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. This is the current limit included within the MTFS if further corporately funded borrowing is required, there could be a change to the MTFS and Treasury Management Strategy to allow this but the revenue budget would need to be adjusted to repay the borrowing costs. 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.

HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

- 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 of capital projects lies with the Executive using a range of criteria to evaluate schemes, with referral to Council for approval. However, the Council may add new schemes to the capital programme and 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 Through this strategy, the Council makes a clear distinction between capital investments, where the strategic aims will be considered alongside affordability; and treasury management investments which are made for the purpose of cash flow management.
- 2.4 Capital investments, as opposed to pure cash flow management decisions, will be made in line with the Capital Strategy priorities set out in this document. These decisions are clearly within the economic powers of the Council and there are strong governance arrangements in place that underpin the decision making.
- 2.5 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 B. 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

HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

2.6 The strategic objectives for our corporate assets are to:

- From 2021/22, Herefordshire Council will largely be funded from local taxation – Council Tax and Business Rates. Through capital investment, the Council will seek to stimulate the Herefordshire economy in order to advance business, commerce, jobs and economic prosperity across the county – and provide for a sustainable financial future.
- 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.
- 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

HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

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	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 onwards £000s	Total Capital Programme Budgets £000s
Total Adults & Communities	222	5,667	4,153	3,053	13,081	0	26,175
Total Children's & Families	7,558	11,819	17,558	7,748	0	0	44,683
Total Corporate	17,407	10,633	10,557	397	0	0	38,994
Total Economy & Place	81,589	60,315	89,528	36,189	16,450	21,113	305,183
Total Capital Programme	106,776	88,433	121,796	47,387	29,531	21,113	415,035

Financed by

Capital Receipts	38,797
Grants & Funding Contributions	144,931
Prudential Borrowing	124,531
Funded in prior years	106,776
Total Funding	415,035

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. 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 2019-2030

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 potentially investing in a number of road schemes and over the next few years these schemes are currently under review and will be included into the capital programme if 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.

Housing Plans

Latest assessment indicates a shortfall of around 4,000 social and affordable homes; the council intends to respond to this challenge by progressing plans to invest in developing additional affordable housing stock and retaining it in public ownership. These ambitions are for both the rental and shared ownership models. This could lead to investing up to £100m in housing in the four years from 2022/23, it is anticipated that the income streams generated would cover the revenue costs of providing the housing, including any borrowing costs. A housing strategy is being developed and this will support the council in achieving its long term ambitions for housing; improving the supply of housing to support current and future residents.

Enterprise Zone

A capital allocation of £16m was approved by Council to fund the development of the enterprise zone; to date just under £11.5m has been spent with the remainder of this work being completed in 20/21. It has been estimated to complete the full build out of the enterprise zone a further £2.6m would be required and it is anticipated this could be funded by future grant awards. This would enable to growth of businesses in the zone and increase the number of jobs for Herefordshire.

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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;

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.
 - **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.

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.

Developer Contributions S106

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

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- In future once a S106 has been completed, planning permission has been granted and the development the subject of the agreement has commenced, with the right governance in place the Council will be able to internally borrow to fund the project to commence prior to the developer contributions being received. The project to be funded must be within the terms of the S106 agreement. The borrowing will be funded short term within the cash balances and repaid once the developer contributions have been received. Do note however there may be a risks to the Council namely; if the development does not reach the trigger point for payment, the Council would then have to find alternative funding. The trigger points for the contributions to be paid are tailored to each development on a case by case basis and are not standard. The developer can advance at any stage of the development that a scheme is not viable. This would be independently reviewed by the District Valuer (at a cost to the developer) but it may conclude that the financial contributions are not viable. The scheme may proceed as a wholly 100% affordable scheme whereby financial contributions towards infrastructure are not required.

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 they reduce the overall borrowing costs of the Council.
- At the end of 2018/19 financial year there was a balance of £41.4m 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.

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.

- 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.

HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

5. Risk Management

- 5.1 Risk is the threat that an event or action will adversely affect the Council's ability to achieve its objectives and to execute its strategies successfully and/or limit its ability to exploit opportunities.
- 5.2 Risk management is the process of identifying risks, evaluating their potential consequence and determining the most effective methods of mitigating them. It is both a means of minimising the cost and disruption to the organisation and of ensuring staff understand and appreciate the element of risk in all their activities.
- 5.3 Through effective risk management the Council aims to minimise its exposure to unwanted risk – those risks that are not actively sought and which carry no commensurate reward to the Council. This may involve transferring risk to a third party.
- 5.4 It is important to note that risk will always exist in some measure and cannot be removed in its entirety. Additionally, in order to realise investment and commercial gains, a measure of risk must be taken – and therefore risk should be considered both in terms of threat to the Council as well as positive opportunities.
- 5.5 To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored – and especially when investing in capital assets held primarily for financial returns. Under the CIPFA Prudential Code these are defined as investments and so the key principle of control of risk and optimising returns consistent with the level of risk applies.
- 5.6 An assessment of risk should be built into every capital project and major risks recorded in the Risk Register. This may include political, economic, legal and regulatory, technological, environmental, reputation as well as financial risk. By managing risk effectively, the Council is better able to make careful, well thought through decisions in full knowledge of the adverse risks that apply and mitigating measures.

6. Knowledge and Skills

- 6.1 All capital investment approvals are subject to robust consideration and challenge by members and officers from across the Council with extensive experience from varying professional backgrounds.
- 6.2 All officers attend courses on an ongoing basis to keep abreast of new developments and skills to ensure their Continuous Professional Development. Members are also offered training annually to ensure they have up to date skills and are able to make capital and treasury decisions.
- 6.3 The Council's property portfolio is managed by its Property Services Team. The team has extensive knowledge of the Herefordshire property market and experience dealing with a mix of property types and professional work including professional services, landlord and tenant, statutory valuations, acquisitions and disposals, commercial and residential property management.
- 6.4 The Council's asset valuations for its financial statements are assessed on an agreed five year programme covering the whole property portfolio. The Council also has internal resources to advise on construction, repair and maintenance, and statutory compliance matters across its property portfolio.
- 6.5 Where required, and with due diligence, the Council may also appoint external agents to advise on particular specialist matters or to access specialist expertise that may not be available 'in house.'

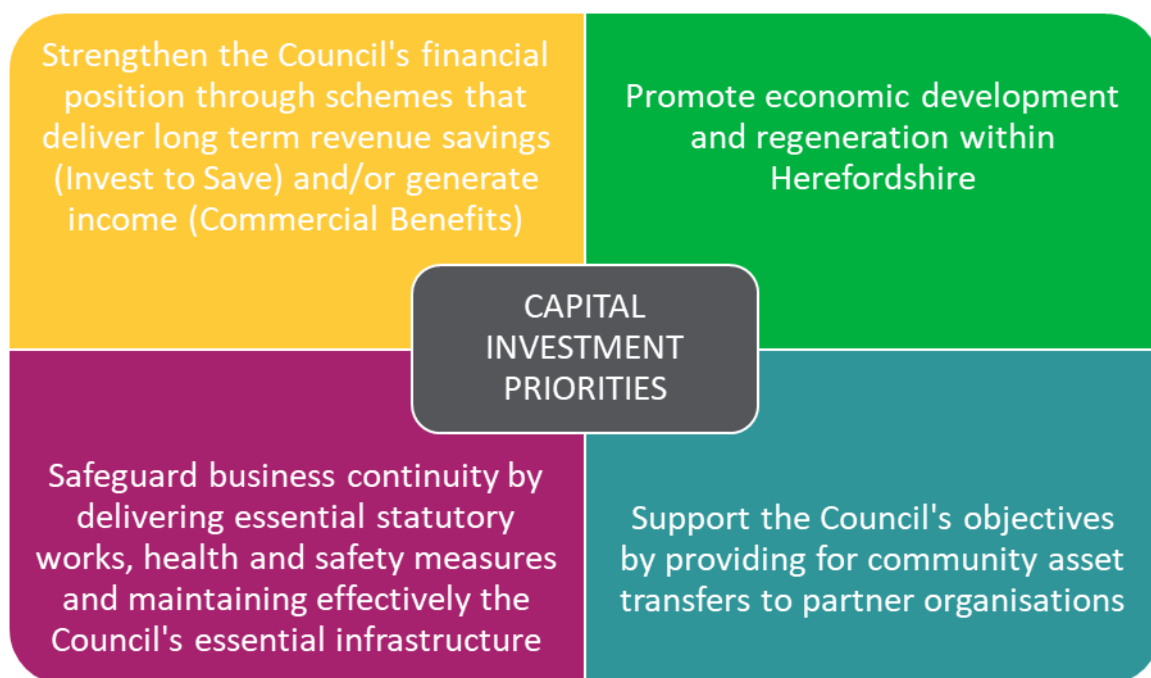
HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

7. CAPITAL SCHEME SELECTION

- 7.1 The capital programme is delivering a number of projects to enable the council to deliver the objectives within the corporate plan 2020-24. 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.
- 7.2 All capital schemes go through a stage process that is detailed in the capital guidance policy, summary details can be seen in appendix C.
- 7.3 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.
- 7.4 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

- 7.5 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. Schemes included for capital investment must demonstrate at least one of the following prioritisation criteria;



- 7.6 Funding above the corporate limit of £6.7m is available to support capital investment that gives a clear pay back through revenue budget savings.

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- 7.7 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.
- 7.8 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.
- 7.9 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.

8. CAPITAL MONITORING

- 8.1 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.
- 8.2 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.
- 8.3 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.
- 8.4 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.
- 8.5 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.
- 8.6 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.

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Appendix A

Approved capital programme

	Prior Years £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 onwards £000s	Total Capital Prog. Budgets £000s
Adults and Communities							
Disabled facilities grant		1,999	1,853	1,853	0	0	5,705
Hillside		2,550	0	0	0	0	2,550
Carehome & Extra Care Development	164	919	0	0	13,081	0	14,164
Technology Enabled Communities	0	0	300	1,200	0	0	1,500
Super Hubs			2,000	0	0	0	2,000
Private sector housing improvements	57	199	0	0	0	0	256
Total Adults & Communities	222	5,667	4,153	3,053	13,081	0	26,175
Children's & Families							
Colwall Primary School	6,665	85	0	0	0	0	6,750
Schools Capital Maintenance Grant		2,152	1,200	1,200	0	0	4,552
Peterchurch Area School Investment	7	493	5,000	5,353	0	0	10,853
Expansion for Marlbrook school	527	3,614	2,000	0	0	0	6,141
Brookfield School Improvements	6	2,577	167	1,195	0	0	3,945
C & F's S106		915	0	0	0	0	915
Healthy Pupils		99	0	0	0	0	99
Individual Pupil Needs	152	119	0	0	0	0	271
Short Breaks Capital		118	0	0	0	0	118
Blackmarston SEN	30	54	0	0	0	0	84
Replacement Leominster Primary	6	36	0	0	0	0	42
Basic Needs Funding		0	8,891	0	0	0	8,891
2 Year Old Capital Funding	75	31	0	0	0	0	106
Preliminary works to inform key investment need throughout the county	5	1,010	0	0	0	0	1,015
Temporary school accommodation replacement	85	515	300	0	0	0	900

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Total Children's and Families	7,558	11,819	17,558	7,748	0	0	44,683
Corporate							
Fastershire Broadband	16,979	10,152	8,607	0	0	0	35,738
PC Replacement	261	218	641	397	0	0	1,516
Widemarsh Gardens			80	0	0	0	80
Electronic Document Management Storage			380	0	0	0	380
Better Ways of Working			850	0	0	0	850
Children centre changes	167	263	0	0	0	0	430
Total Corporate	17,407	10,633	10,557	397	0	0	38,994
Economy and Place							
Hereford City Centre Transport Package	33,166	631	1,500	5,353	0	0	40,651
South Wye Transport Package	6,984	4,718	14,795	6,422	2,081	0	35,000
Hereford City Centre Improvements (HCCI)		1,500	2,000	2,000	0	0	5,500
Hereford ATMs and Super Cycle Highway			1,000	0	0	0	1,000
Passenger Transport Fleet (Electric)			7,800	7,800	7,800	15,600	39,000
Hereford Transport Package	2,908	3,702	2,350	625	625	0	10,210
Local Transport Plan (LTP)		11,745	12,272	0	0	0	24,017
E & P's S106		1,441	0	0	0	0	1,441
Investment in Infrastructure Assets			2,000	0	0	0	2,000
Highway asset management		3,843	3,750	4,250	0	0	11,843
Hereford Enterprise Zone	10,769	3,400	1,831	0	0	0	16,000
Herefordshire Enterprise Zone Shell Store	83	5,935	1,298	0	0	0	7,316
Ross Enterprise Park (Model Farm)	11	2,377	4,174	508	0	0	7,070
Marches business improvement grants	877	1,623	0	0	0	0	2,500
Marches Renewable Energy Grant		88	764	336	0	0	1,188
Marches Business Investment Programme		99	1,125	1,336	440	0	3,000
Empty Property Investment	35	1,599	1,000	300	300	0	3,234
Community Housing Fund	9	141	0	0	0	0	150
Revolving Loans	145	55	0	0	0	0	200

HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

Employment Land & Incubation Space in Market Towns			843	4,209	3,066	5,513	13,631
Leominster Heritage Action Zone			238	1,425	2,138	0	3,800
Development Partnership activities	6,042	9,558	25,000	0	0	0	40,600
Property Estate Enhancement Works	1,241	1,499	0	0	0	0	2,740
Corporate Accommodation	2,540	331	0	0	0	0	2,871
Leisure Centres	9,684	368	0	0	0	0	10,052
Solar Photovoltaic Panels	606	55	1,473	0	0	0	2,134
SEPUBU Grant		734	0	0	0	0	734
LED street lighting	5,478	177	0	0	0	0	5,655
Estates Capital Programme 2019/22		1,350	2,095	1,390	0	0	4,835
Three Elms Trading Estate	95	380	0	0	0	0	475
Customer Services and Library	112	21	0	0	0	0	133
Energy Efficiency		54	46	0	0	0	100
Warm Homes Fund		397	397	165	0	0	960
Gypsy & Traveller Pitch development	29	910	899	39	0	0	1,877
Leominster cemetery extension	148	45	0	0	0	0	193
Tarsmill Court, Rotherwas	341	59	0	0	0	0	400
Car Parking Strategy	77	169	0	0	0	0	246
Car Park Re-Surfacing	0	116	0	0	0	0	116
Office and Car Park Lighting Replacement	79	164	58	0	0	0	300
Upgrade of Herefordshire CCTV		48	136	0	0	0	184
Schools Transport Route Planning		30	30	30	0	0	90
Courtyard Development		0	611	0	0	0	611
Corporate Fleet Procurement		738	0	0	0	0	738
Vehicle Replacement			19	0	0	0	19
Strangford Landfill Site Toilet Facilities			25	0	0	0	25
Hereford Library	132	213	0	0	0	0	345
Total Economy and Place	81,589	60,315	89,528	36,189	16,450	21,113	305,183
Total	106,776	88,433	121,796	47,387	29,531	21,113	415,035

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.

HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

- **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.

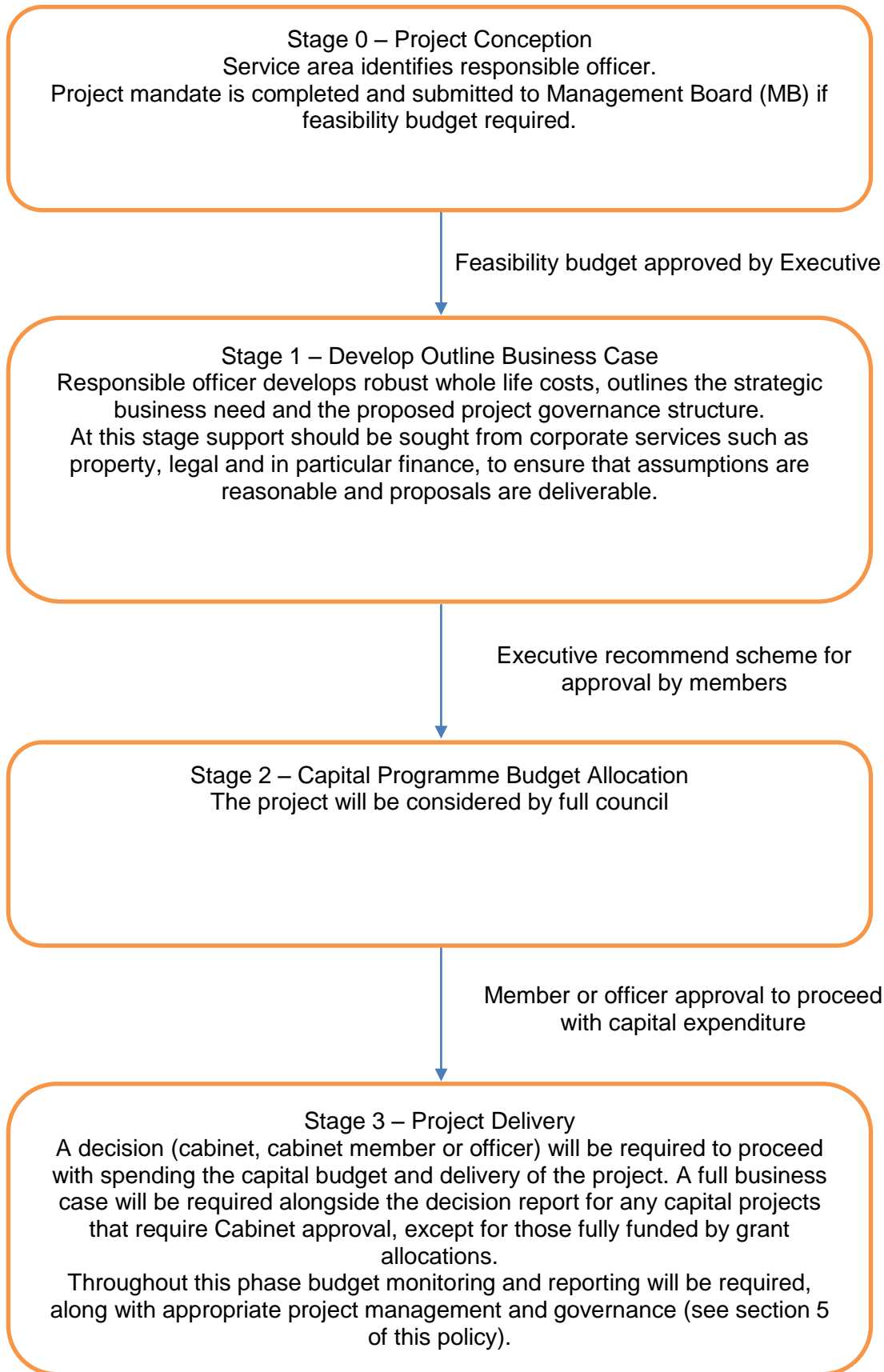
- **Treasury Management Strategy**

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.

Capital vs Treasury Management Investments

- Treasury Management investment activity covers those investments arising from the Council's cash flows and debt management activity. The power to invest is set out in the Local Government Act, Section 12.
- For treasury management investments, the security and liquidity of funds are placed ahead of investment return/yield. Treasury related activity, including the management of associated risk, are managed separately in accordance with the Council's Annual Treasury Management Strategy and are not covered by this Capital Strategy.
- The CIPFA Treasury Management Code recognises that organisations may make investments for policy reasons outside normal treasury management activity. These may include service and commercial investments and are subject to the guiding principles outlined in this capital strategy:
 - service investments; investments held clearly and explicitly in the course of the provision, and for the purposes of operational services including regeneration
 - commercial investments; investments taken mainly for financial reasons e.g. purchase of investment property
- Latest guidance issued by the Secretary of State makes clear that borrowing to finance the acquisition of non-financial investments (e.g. commercial property investment) made *purely* for profit shall be considered 'borrowing in advance of need'.
- The Council's policy on borrowing in advance of need forms part of the Annual Treasury Management Strategy. However, and to be clear, the Council will not borrow for capital investment made solely for yield generating opportunities. Under the Prudential Code if, exceptionally, the Council chooses not to have regard that provision, then an explanation should be brought forward explaining the rationale for its decision.

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





Meeting:	Council
Meeting date:	Friday 14 February 2020
Title of report:	Setting the 2020/21 budget and updating the medium term financial strategy and treasury management strategy
Report by:	Leader of the council

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards);

Purpose and summary

To approve the 2020/21 budget and associated medium term financial strategy and treasury management strategy.

The proposed budget reflects current and expected service delivery requirements and the provisional local government settlement announced on 20 December. Overall the base budget for 2020/21 is proposed to increase to fund budget pressures and new initiatives. Savings of £2.4m in 2020/21 remain and an increase in council tax of 3.9% (inclusive of 2% adult social care precept) is proposed to deliver a balanced budget.

The medium term financial strategy (MTFS), attached at appendix 1, has been extended to 2023/24 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) Council approves;

- a. the council tax base of 69,756.19 Band D equivalents in 2020/21;**
- b. an increase in core council tax in 2020/21 of 1.9%;**
- c. an additional precept in respect of adult social care costs of 2% applied to council tax in 2020/21 resulting in a total council tax increase of 3.9%, increasing the band D charge from £1,514.70 to £1,573.77 for Herefordshire Council in 2020/21;**
- d. the balanced 2020/21 revenue budget proposal totalling £157.1m, subject to any amendments approved at the meeting, specifically the net spending limits for each directorate as at appendix 3;**
- e. 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;**
- f. the medium term financial strategy (MTFS) 2020-24 at appendix 1; and**
- g. the treasury management strategy at appendix 4.**

Alternative options

1. It is open to Council 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. Council 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 20 December and the current understanding of future years funding and responsibilities.
4. Funding and service demand pressures continue, a balanced budget for 2020/21 is proposed. The proposal includes a 3.9% total increase in council tax, a 3% expected annual pay increase settlement and central government funding announced in the provisional financial settlement.

5. The impact of historic reductions in central government funding to councils means that Herefordshire Councils saving target for 2020/21 remains to enable a balanced budget for 2020/21 to be proposed. This is attached at appendix 2.
6. The proposed 2020/21 revenue budget is based on an assumed total council tax increase of 3.9%, 1.9% increase in core council tax and a 2% adult social care precept. This increases the band D equivalent charge to £1,573.77 representing an increase of £1.14 per week. This is the maximum increase permitted, a higher increase would require the support of a referendum.
7. The 2% adult social precept will generate additional income of approximately £2m. This income is ring-fenced to fund the adult and communities base budget.
8. The council tax base for 2020/21 has been calculated at 69,756.19 band D equivalent properties, this is a growth of 1.4%, higher than the anticipated 0.9% growth expected, generating £0.5m of additional income that is funding the net budget proposed.
9. The 2020/21 budget includes the creation of social care pooled budget, this will support the cradle to grave provision of social care to vulnerable citizens and is formed from central government funding announced in the provisional settlement for 2020/21.
10. 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 2020/21 budget is proposed which, subject to any approved amendments, is recommended for approval.
11. The provisional settlement shared on 20 December 2019 confirmed the council tax referendum thresholds, confirmed expected grant funding announced in the 2019 spending review and announced revenue support grant funding of £0.6m and new homes bonus grant funding of £2.2m in 2020/21. Confirmation of the final financial settlement for 2020/21 is expected before the Council meeting 14 February.
12. The new homes bonus funding is based on the legacy payments for 2017/18 to 2019/20. The ministerial statement announced a Spring 2020 consultation on the future of the scheme, stating that "It is not clear that the New Homes Bonus in its current form is focused on incentivising homes where they are needed most" and the consultation will "include moving to a new, more targeted approach that rewards local authorities where they are ambitious in delivering the homes we need, and which is aligned with other measures around planning performance".
13. For this reason it is proposed that this funding of £2.2m is treated as one-off funding. At Cabinet it was proposed that this funding be earmarked for spend on the delivery of new houses throughout the county. More specifically, as detailed in Appendix 7, the proposed use is to fund expenditure on addressing the phosphate levels in the county's rivers to support the delivery of homes (£2m) and to establish a new climate change action earmarked reserve (£0.2m).
14. The 2020/21 is a one year financial settlement, with future years' funding announcements expected to be dependent on a number of factors, including the outcome of the fair funding review and local business rates retention at 75%. The MTFS attached at appendix 1 is based on current assumptions and includes an annual council tax uplift of 2% in future years.

15. The council has delivered a balanced outturn in previous financial years by delivering savings as central government funding has been reduced. [CIPFA's Financial Resilience Index](#) has recently been published and is intended to be a comparative analytical tool to support good financial management, providing a common understanding within a council of their financial position.
16. The index shows a council's position on a range of measures associated with financial risk. The selection of indicators has been informed by the extensive financial resilience work undertaken by CIPFA over the past four years, public consultation and technical stakeholder engagement. Shown below is how Herefordshire council compares to unitary councils as a whole using data from 2018/19:-



17. This demonstrates that Herefordshire is at a lower risk of financial stress within the unitary council group. The indicators compare publicly available data, there is no single overall indicator of financial risk, so the index instead highlights areas where additional scrutiny should take place in order to provide additional assurance. No particular individual high areas of risk are shown however the social care ratio index supports the intention of the council to apply the social care precept to the 2020/21 council tax bills to fund the anticipated growth in demand for these services.

Base budget proposed and savings plan

18. The detailed base budget proposed for 2020/21 is attached at appendix 3 and summarised below:-

Directorate	19/20 revised base £m	Pressures £m	New Initiatives £m	Savings £m	20/21 base budget £m
Adults and Communities	54.0	2.7	0.2	(0.6)	56.3
Social care pool			2.1		2.1
Children and families	27.2	0.7	3.1	(0.3)	30.7
Economy and Place	27.6	1.4	1.1	(0.9)	29.2

Corporate Services	15.0	0.9	0.4	(0.1)	16.2
Total Directorate	123.8	5.7	6.9	(1.9)	134.5
Central	22.8	0.4	(0.1)	(0.5)	22.6
Total Net Budget	146.6	6.1	6.8	(2.4)	157.1

19. The budget proposal includes additional funding of £6.1m to fund identified budget pressures due to:-

- Expected contract inflation (£1.7m)
- Anticipated fee uplifts (£2.1m)
- Pay increments (£1.3m)
- Legal services staff cost increase, to include agency staff (£0.7m)
- The cost of new borrowing to fund capital expenditure (£0.3m)

20. The legal services budget pressure includes corporate project management and training costs. Legal services have needed to externalise instructions to external law firms or recruit locum solicitors to respond to new demand in specialist areas, such as Children's team, procurement and commercial and property and litigation teams. Significant agency / locum recruitment has also been necessary because of the challenge in recruiting suitable qualified/experienced permanent legal support. Market supplements have been necessary in order to attract and retain certain specialist lawyers. As a result of the recruitment challenges, the legal team lacks resilience in dealing with the growing number of complex instructions and a strong foundation to support growth and development of current permanent staff. A review and reshaping of legal services is currently being undertaken which will be implemented during 2020.

21. 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. The proposed increase to the central budget is a reflection of the calculated impact of the central government announcement that from the 9th October 2019 a 1% increase in the public works loan board (PWLB) interest rate will be applied. PWLB is the usual route of obtaining loan finance for councils including Herefordshire Council. The forecast interest cost of new borrowing has therefore been increased to reflect this additional cost burden and is based on the capital strategy borrowing requirement.

22. A summary of the current debt repayment cost as a result of the approved and proposed capital investment budget is shown below.

	2020/21	2021/22	2022/23	2023/24
Treasury management budgets	£m	£m	£m	£m
Minimum revenue provision	7.6	9.8	10.5	11.6
Interest payable	6.2	7.6	7.8	7.6
Interest income	(0.2)	(0.2)	(0.2)	(0.2)
Totals	13.6	17.2	18.1	19.0

23. In addition to budget pressures there are a number of initiatives proposed to improve service delivery and manage demand, these are shown in the table below.

New Initiative	Adults & Communities £m	Social care pool £m	Children and families £m	Economy and Place £m	Corporate services £m	Central £m	Total £m
Super hubs – to manage and develop community engagement through a super hub	0.2						0.2
Social care pool – for cradle to grave social care provision		2.1					2.1
Looked after children – placement costs & corporate parenting role of care leavers			1.1				1.1
Edge of care – intensive support to enable children and families to stay together			1.0				1.0
Improving social care services – additional capacity for frontline teams			1.0				1.0
Tourism - support for development of new Tourism BID and Leominster Heritage Action Zone project				0.2			0.2
Employment land & incubation space - revenue costs to support project development				0.1			0.1
Core strategy review - including development of transport evidence base				0.6			0.6
Public transport service - support to protect services				0.1			0.1
Climate resilience - support for natural flood management				0.1			0.1
Legal structure – to address additional work					0.4		0.4
Council tax charging policy – policy variation						(0.1)	(0.1)
Totals	0.2	2.1	3.1	1.1	0.4	(0.1)	6.8

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

24. A summary of the 2020/21 savings requirement is provided below with the detail provided in appendix 2. The council agreed a three year savings plan last year and implementation of this plan is progressing well, with the savings for 2019/20 being delivered and the preparations for the delivery of the 2020/21 and 2021/22 savings well advanced.

Saving	Adults & Communities £000	Children & families £000	Economy & Place £000	Corporate services £000	Central £000	Total £000
Reducing the need for formal care services	0.6					0.6
Manage inflation and secure contract efficiencies		0.3				0.3
Efficiency savings			0.5	0.1		0.6
Corporate Accommodation efficiencies			0.2			0.2
Commercial waste collections			0.2			0.2
Pension deficit					0.5	0.5
Totals	0.6	0.3	0.9	0.1	0.5	2.4

25. The base budget proposed shows the net budget position; the gross budget will include the dedicated school grant, housing benefit subsidy, improved better care fund and public health grant. At its meeting on 30 January 2020 Cabinet recommended ring fencing up to £0.2m of the public health grant as the council contribution towards the provision of the Hereford City Cycle Track.

Financing

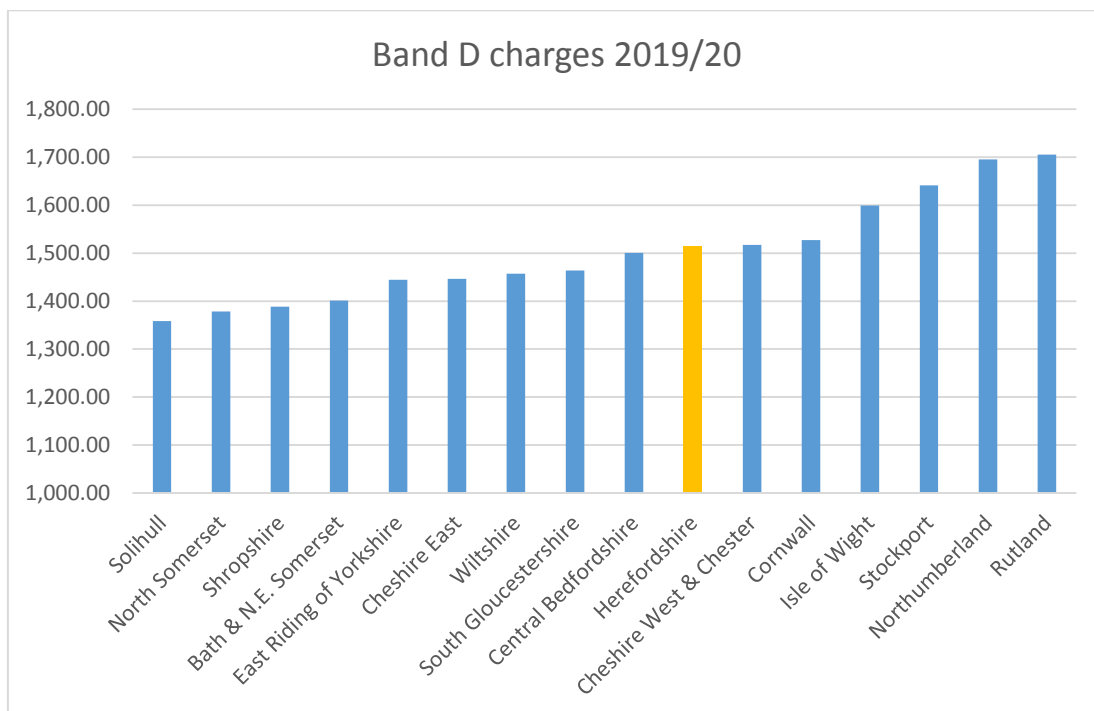
26. The 2020/21 net budget requirement is financed by retained funding from council tax (£109.8m) and business rates (£36.7m) as shown in the Appendix 3. Assumptions include a 3.9% increase in council tax (1.9% general increase and 2% adult social care precept) and business rate reliefs being funded via a central government grant. It reflects the delay in the roll-out of business rate devolution into 2021/22. Central government funding is included as announced in the provisional settlement.

27. Council tax charges for the last five years are shown below :-

Council tax band	2015/16	2016/17	2017/18	2018/19	2019/20
A	£850.07	£883.22	£917.67	£962.63	£1,009.80
B	£991.74	£1,030.42	£1,070.61	£1,123.07	£1,178.10
C	£1,133.42	£1,177.63	£1,223.55	£1,283.51	£1,346.40
D	£1,275.10	£1,324.83	£1,376.50	£1,443.95	£1,514.70
E	£1,558.46	£1,619.24	£1,682.39	£1,764.82	£1,851.30
F	£1,841.81	£1,913.64	£1,988.28	£2,085.70	£2,187.90
G	£2,125.17	£2,208.05	£2,294.16	£2,406.58	£2,524.50
H	£2,550.20	£2,649.66	£2,753.00	£2,887.89	£3,029.40

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

28. Herefordshire compares to its statistical neighbours council tax charges as shown in the chart below.



29. Prudent estimates have been used in providing the council tax and business rates funding assumptions, this is called the collection fund. If additional resource is made available at the final budget setting stage it is proposed to use the additional funding to uplift the centrally held contingency budget. The 2019/20 collection fund is showing a surplus and it is proposed that £100k of this surplus is used to fund grants for the arts and culture service through a match funding opportunity using the cultural partnership in support of delivery the corporate objectives in the proposed corporate plan.

30. If the final settlement provides additional monies to the draft base budget shown above, unless the use of those funds is specified by government, Cabinet will seek the views of the scrutiny committees as to the best way of deploying the extra funding. In the interim the funding will be allocated to reserves.

Reserves

31. The council's revenue reserves are split between general reserves and earmarked reserves that are held for certain purposes.
32. 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. At the end of March 2019 the balance was £8.5m (5% of net budget).
33. The remainder of the council's general reserve is held to support one-off and limited ongoing revenue spending and for smoothing the impact of the late delivery of savings plans.

34. The council's earmarked reserves include school balances and are held to meet identified spending commitments.
35. The base budget excludes funding from reserves. At its meeting on 30 January 2020 Cabinet recommended the creation of a new earmarked reserve for climate change action to allow the council to fund initiatives to take forward actions as they are identified, this is documented in appendix 7. Going forward it is proposed that the surpluses received from West Mercia energy are added to the new climate change action earmarked reserve to allow the council to fund initiatives to take forward identified actions.
36. Cabinet completed their annual review of earmarked reserves in October 2019. Reserves are expected to increase in 2018/19 from savings in minimum revenue provision costs and additional monies announced in the final The projected reserve balances are as follows:

Balance as at	Strategic Reserve	Financial Resilience Reserve	School Balances	Earmarked Reserves	Total Reserves
£m	£m	£m	£m	£m	£m
31.03.20	8.5	12.9	9.4	41.6	72.4
31.03.21	8.5	16.2	9.3	39.9	73.9
31.03.22	8.5	19.3	9.2	36.6	73.6

37. 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. At the end of March 2019 there was a balance of £41.5m in the capital receipts reserve. There are a number of schemes within the capital strategy to be funded by capital receipts.

Community impact

38. The MTFS and budget demonstrate how the council is using its financial resources to deliver the priorities within the proposed corporate plan.
39. The council is committed to delivering continued improvement, positive change and outcomes in delivering our key ambitions.
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 -

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - 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 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, human resources, information technology 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. In acting prudently, the council has an obligation to determine whether any planned council increase is excessive (based on a set of principles defined by the Secretary of State, and approved by the House of Commons).
48. The level of council tax rise does not meet the definition of an excessive increase so can be approved without the need for a referendum.
49. 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.
50. 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.
51. 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 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.

52. 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.
53. 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.
54. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on any recommendation, resolution or other decision 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

55. 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. This report is attached at appendix 6.
56. The budget has been updated using the best available information; current spending, anticipated pressures and the provisional 2020/21 funding settlement.
57. 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.
58. There are additional risks to delivery of future budgets including the delivery of new homes, EU exit, government policy changes including changes to business rates, fairer funding review and unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement and an annual contingency budget to manage these risks.
59. 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 and social care commissioning and strategy on growth management through disease prevention and behaviour change in communities is critical for medium term change. The risks and mitigating action is shown in Appendix M4 of the MTFs, copied below:-

Key Financial Risks	Likelihood	Impact	Mitigating Actions
<p>Unexpected events or emergencies By its nature, the financial risk is uncertain</p>	Low	High	<ul style="list-style-type: none"> • Council maintains a Strategic Reserve at a level of between 3% and 5% of its revenue budget for emergency purposes • Level of reserve is currently £8.5m (5% of budget)
<p>Increasing demand for Social Care for adults and children Demand for children's services continue and demand for adult services increase as the population gets older</p>	High	Medium	<ul style="list-style-type: none"> • Demand led pressures provided for within our spending plans • Activity indicators have been developed and will be reported quarterly alongside budget monitoring
<p>Potential overspend and council does not deliver required level of savings to balance spending plans Challenging savings have been identified within our spending plans.</p>	Medium	Medium	<ul style="list-style-type: none"> • High risk budget areas have been identified and financial support is targeted towards these areas • Regular progress reports on delivery of savings to Management Board and Cabinet • Budget monitoring arrangements for forecasting year end position in place and forecast balanced • Plan to review level of cover available from General reserves in place
<p>Potential overspend on Special Education Needs The duty to secure provision identified in Education, Health and Care plans means an overspend may occur</p>	Medium	Medium	<ul style="list-style-type: none"> • This is a national issue with lobbying to increase central government funding • A review of the application of the matrix is underway
<p>Failure to fund sufficient school places and sufficient support There is an increasing requirement to provide sufficient school places There is a rising number of children requiring specific support</p>	Medium	High	<ul style="list-style-type: none"> • Provision has been made in the capital investment budget to increase school places • Directorate plans in place to manage and mitigate demand • Ongoing reviews of children already under care of council
<p>Volatility in Government funding streams and Business Rates Retention The government settlement for 2020/21 is a one year settlement meaning that the MTFs is based on assumptions for future years that cannot be confirmed.</p>	High	Medium	<ul style="list-style-type: none"> • Prudent assumptions made in budget • Ongoing review of developing business rate changes • Business case to support future investment decisions
<p>EU exit Impact of EU exit may lead to increased volatility in economic stability and reduced access to funds</p>	Medium	Medium	<ul style="list-style-type: none"> • Reduced reliance on grant funding in all directorates • Increased local economic and social investment to increase core income

60. We retain the risk of on-going litigation claims which may result in one off costs falling due; a risk mitigation reserve of £3.3m has been set aside to fund this.

Consultees

61. Public consultation was completed in two phases. The initial phase, reported to the November scrutiny meetings, tested the public's view on priority areas reflected in the

proposed corporate plan. 1,056 people engaged in face-to-face consultation and 358 people engaged in on-line consultation.

62. The second phase of public consultation centred on the budget alignment to the priorities, this was reported to the January scrutiny meetings. The 2020/21 budget and corporate plan 2020-24 consultation run from 6 November to 4 December. The consultation questionnaire was published on the Herefordshire Council website and residents were invited to complete it online. A printable version was given upon request. The consultation was promoted on the council's social media sites (Twitter and Facebook) and through a press release to the local media. In addition to the online survey, there were pop up events held in the market towns and in Hereford City.
63. Attached at appendix 5 is a report on the key points from the analysis of standard responses received to the online consultation questionnaire, an analysis of free text comments and suggestions and trend data when compared to the previous year's consultation. 269 online survey responses were received.
64. On the proposed budget the responses included that 52% of respondents thought that a council tax increase of 4% is about right or too little.
65. 53% did not agree with the allocation of council tax as set out in the proposed till receipt and 21% reported "no opinion", a similar response was received in the previous year. 136 comments were received, below is a table presenting the most popular common themes emerging from the comments:-

Theme	No. of comments
Increase too high /above inflation / not enough money to live on / not value for money / stop wasting money	38
Too much on admin / IT costs / contractors / waste / councillors and directors pay / interest on borrowing	26
Not enough on climate change, public spaces / environment / recycling and waste collection	20
Not enough on public / community / sustainable / rural transport	17
Not enough roads / road safety and infrastructure / cycle paths / public rights of way	16
Not enough on libraries / culture / tourism	10

66. Additionally, responses included:-
- In relation to the council tax reduction scheme 63% wanted to keep the council tax discount at 84% or increase it and 52% supported a introducing a minimum award of £5 a week (please see separate agenda for this detail); and
 - 75% supported continuing with the current levels of business rate discounts or increasing them.
67. In respect of Herefordshire Council priorities responses include:-
- Community hubs - 63% of respondents indicated that Herefordshire would benefit to this investment with the most favoured options being 'health and social care services'(79%), 'wellbeing help, advice and activities' (73%) and 'children's centres' (71%).

- Community assets - 54% of respondents thought that the council should retain publicly owned land and buildings and manage them on behalf of everyone in the county.
- Affordable housing - 79% of respondents agreed that the council should invest money in developing additional affordable housing stock and retaining it in public ownership.
- Council owned care homes - 81% of respondents supported for investing in council owned care homes or care villages to support vulnerable children, young people and adults with accommodation and care needs.
- Tourism - 65% of respondents thought that it was important for the council to invest to support tourism.
- Core Strategy review - 71% of respondents thought that the council should undertake a fundamental review of the Core Strategy, even though it is a substantial piece of work, investment and will take over three years to complete.
- Maintenance of highways and public spaces - 76% of respondents agreed with the additional funding in public realm.
- Public transport - 16% of respondents indicated that they were regular users of public transport. From a list of options, 'lack of availability of public transport in my local area' (56%) and 'timetables do not match my needs' (54%) were selected as the most common reasons for not using public transport regularly.
- Planning and investment to address the climate emergency - 64% respondents thought that the council should invest resources to lead a local response to the climate emergency.
- Digital and better use of technology - 72% of respondents supported further investment in technology to enable new and improved ways of delivering services.
- Additional investment - some priority areas for investment were more favoured than others. If we take the overall weighted average for each priority, five areas were noticeably more favoured than the others, with not much difference in support between these five. They were, in order of priority, maintenance of highways and public spaces, planning and investment to address the climate emergency, care homes and accommodation for vulnerable people (children, young people and adults), affordable housing (publicly owned) and public housing.

68. Recommendations and responses from the consultation with scrutiny committees and Cabinet in respect of the revenue budget proposals is provided in the table below:-

Meeting	Recommendation	Response
Cabinet	Up to £200k of the public health grant be ring fenced as the council contribution toward the provision of the Hereford City Cycle Track A new earmarked reserve be created to support activities related to climate change	These recommendations do not affect the net budget proposed
General scrutiny committee	The MTFs includes a separate line on what is	This is added as a tracked change in appendix 1

Meeting	Recommendation	Response
	being proposed for climate change	
General scrutiny committee	That specific resources are identified and included to support the proposed work on the waste task and finish group	There is a specific earmarked reserve allocated to waste, this is to be reviewed for its adequacy to fund the costs identified
General scrutiny committee	Any business cases reflect current association with business partners and any current government funding available	The detailed business cases will include reference to the matters raised by the committee and will form part of the decision to spend against the investment proposal
General scrutiny committee	Consideration be given to a specific budget for measures to address the climate emergency	Cabinet recommended the creation of a new earmarked reserve to support activities related to climate change
General scrutiny committee	The feasibility of allocating a ring fenced sum for highway maintenance to the market towns should be explored	This is for Council to consider further at this meeting
General scrutiny committee	During development of business cases consideration be given to whether greater community use could be made of educational facilities	The detailed business cases will include reference to the matters raised by the committee and will form part of the decision to spend against the investment proposal
Adults and wellbeing scrutiny committee	There is further clarification and detail provided on the proposed shared social care pooled budget between the adults and children's directorates when it is available	Agreed as proposals are drafted further consultation will be completed
Adults and wellbeing scrutiny committee	Welcomes the proposed areas for investment which support prevention and the strengths based agenda	Noted

Meeting	Recommendation	Response
Adults and wellbeing scrutiny committee	Acknowledging that the lack of specific details in the outline business cases was due to the timing constraints and early sight of potential projects coming forward, the committee would be pleased if attention can be given to the matters it has raised and for deeper levels of detail to be provided in the next iterations of the business cases	The detailed business cases will include reference to the matters raised by the committee and will form part of the decision to spend against the investment proposal
Adults and wellbeing scrutiny committee	That terminology and language be used consistently, using Plain English	Agreed, later papers include a glossary of terms
Children and young people scrutiny committee	That the committee supports the additional areas of investment identified in the budget	Noted

Appendices

Appendix 1	Medium Term Financial Strategy
Appendix 2	Saving proposals
Appendix 3	Detailed revenue budget proposals
Appendix 4	Treasury Management Strategy
Appendix 5	Public consultation responses
Appendix 6	Section 25 report
Appendix 7	Change Log

Background papers

None identified

Glossary

Adult social care precept	Council tax charge for adult care services
Affordable housing	Social rented, affordable rented and intermediate housing

Code of corporate governance	Guidance on the delivery of good governance
Council tax reduction scheme	Council tax discount for low earners
Edge of care	Support intended to divert need for conventional care
Extra care development	Design features and support services to enable independent living
Funding settlement	Central government funding allocations to local councils
Referendum	General electorate vote
Reserve	Amounts set aside for specific policy purposes or for general contingencies and cash flow management
S151 officer	Statutory chief financial officer of the council
Social care pooled budget	Available to address both children's and adults budget pressures
Super hubs	Sites to provide early help and support services
Treasury management	Management of the council's investments and cash flows

Medium Term Financial Strategy

2020 – 2024

Herefordshire Council's Medium Term Financial Strategy

1. Introduction

The Medium Term Financial Strategy (MTFS) outlines the financial strategy for the period up to 2023/24. There are a significant number of funding unknowns due to a new national government yet to announce the future funding regime that is expected to include the outcome of a local government fairer funding review and a move to a higher local retention of business rate income. It is also not currently possible to assess the impact of the United Kingdom's withdrawal from the European Union.

This strategy is based on the expected financial position and how this funding is proposed to be best utilised to support the three key areas of ambition in the council's corporate plan:-

- Environment** - Protect and enhance our environment and keep Herefordshire a great place to live
- Community** - Strengthen communities to ensure everyone lives well and safely together
- Economy** - Support an economy which builds on the county's strengths and resources

The council has an annual budget of around £380m which we use to deliver services to over 187,000 residents. These services include maintenance of over 2,000 miles of roads, collection of over 85,000 residential bins, safeguarding around 1,000 children (including 354 who are in our care) and providing care and support to 2,500 vulnerable adults.

We employ 1,279 staff and support many more local jobs through our contracts with local businesses.

Using our resources wisely is one of our core principles so we are always seeking new ways to provide efficiencies in service delivery and to maximise our purchasing power to ensure we deliver value for money that benefits Herefordshire businesses and residents.

The corporate plan priorities include the following strategic approaches and initiatives

- ✓ Enabling the county to operate differently/different future offer – fundamental review of Core Strategy
- ✓ Alternative travel options
- ✓ Sustainable house building
- ✓ Investing money from small holdings sale must provide long term return on investment
- ✓ Public transport schemes to connect city and market towns and complement regional and national networks
- ✓ Development of walking and cycle networks to enable alternative travel options
- ✓ Development of network of physical places (community hubs) for people to connect face to face
- ✓ Digital connectivity to enable the use of assistive living technology and online trading

2. Key principles

Herefordshire is a rural county with an older demographic and has faced significant financial challenges over recent years as central government funding has been reduced from £60.1m in 2011/12 to £0.6m in 2019/20 while costs and demand increase 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 medium term financial strategy is underpinned by the following key principles:

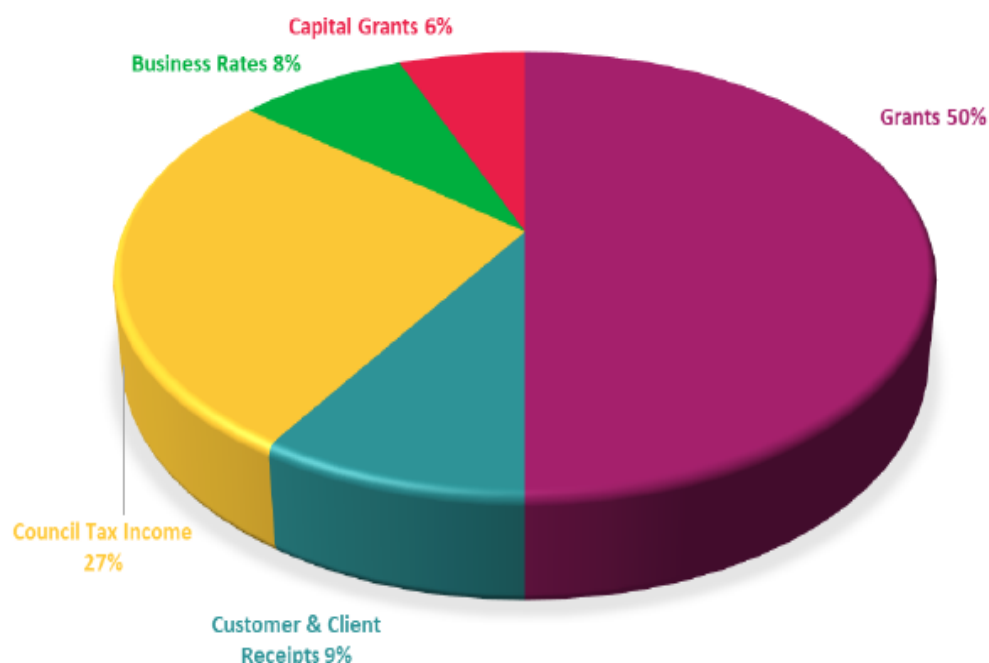
- Prudent assessment of future resources and unfunded cost pressures.
- Appropriate levels of income generated across all areas of the council, and prompt collection of all sums owed to the council.
- Prudent assessment of provisions required to mitigate future liabilities.
- Risk assessed level of reserves 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. Funding of services

The MTFS proposes a balanced 2020/21 budget achieved by increasing council tax charges by 3.9%, inclusive of a 2% adult social care precept and committing to delivering savings of £2.4m. Projections for future years assume an annual increase in council tax of 2%.

	2020/21	2021/22	2022/23	2023/24
Net budget funding source	£000	£000	£000	£000
Council Tax	109,780	113,071	116,567	120,126
Retained Business Rates	36,726	37,360	38,015	38,669
Revenue Support Grant	635	-	-	-
Rural Sparsity Delivery Grant	5,101	5,101	5,101	5,101
Adult Social Care Support Grant	4,875	4,973	5,072	5,173
Totals	157,117	160,505	164,755	169,069

The net budget funding assumptions above exclude grant funding received in addition to that which funds the gross budget. This grant funding includes the improved better care fund (£6.6m), public health (£9.2m) and dedicated schools grant funding (£80.0m).



4. Service costs

The Council continues to provide value for money service delivery and aspires to bring sustainable prosperity and well-being for all by supporting independent, safe and healthy lives. The budget is proposed following a comprehensive review of commitments, demand expectations and pay costs and funding new initiatives.

Herefordshire Council

Charges per month (average Band D property)
2020/21 monthly Council Tax receipt

	£s
** Daily life **	
* Waste, Cleansing	12,34
* Environmental Health	1,53
* Roads and bridges	5,73
* Care of public spaces	1,24
* Schools and education	99,16
* Public, School and community transport	5,97
* Libraries, records and customer services	1,22
** Looking after Adults **	
* Older People in residential/nursing care	14,39
* Older people supported at home	9,89
* Disabled adults	28,92
* Lifestyles services (substance abuse, sexual health)	2,84
* Health improvement (Public Health nursing, health checks, smoking cessation)	5,67
* Housing	0,53
** Looking after children **	
* Child protection	4,29
* Children in care	14,97
* Children with special needs	3,31
** Local government running costs **	
* Election, governance and legal services	3,50
* Directors & Staff costs	0,56
* Organisational administration	1,39
* IT, Council Tax and Benefits admin, invoices and payments	5,27
* Insurance and property maintenance	4,84
** Financing **	
* Capital finance - Debt repayment	6,97
* Capital finance - Interest payments	9,43
** Economic growth **	
* Economic development and regeneration	1,74
* Broadband - rural rollout	0,15
* Planning	0,35
	246,20
***** VOUCHER *****	
** Income that supplements council tax **	
* Investment Property income	**
* Car parking	-2,94
* Capital finance - Interest received	-5,42
* Public Health grant	-2,01
* National Education funding	-7,70
	-96,98
TOTAL TO PAY (per month)	131,15

MORE INFORMATION AT WWW.HEREFORDSHIRE.GOV.UK/ COUNCILTAX 01/01/20 09:00 1234 2342	

Connectivity

This MTFS includes ambitious aspirations to supporting transport infrastructure to tackle the climate emergency and support the wellbeing of our population. It also supports connections between people and superfast broadband....

- £5.5m in Hereford city centre improvements
- £39.0m in an electric passenger transport fleet
- £2.0m in infrastructure assets
- £35.7m in superfast broadband
- £1.5m in technology enabled communities
- £2.0m in super hubs

Well being

This MTFS promotes an environment designed to support a more active lifestyle though safe walking and cycling routes and encouraging all children and young people to have a great start in life....

- £1.0m in active travel measures and super cycle highway
- £10.9m in Peterchurch school
- £6.1m in Marlbrook school
- £3.9m in Brookfield school
- £3.2m in affordable housing grants

Sustainable

Climate change is a global challenge and Herefordshire Council will show leadership in tackling this important issue through strategic investments such as sustainable housing, new models of energy, green spaces and alternative transport options. We also want to promote ways that everyone can do their bit and introduce practical measures to reduce our carbon footprint and be carbon neutral by 2030. Climate change is considered at each stage through the council's decision making process, including the potential impact and possible mitigation measures.

5. New initiatives

Below is a table of proposed areas for investment over the MTFS term to support the corporate plan objectives.

		Revenue costs			
		2020-21	2021-22	2022-23	2023-24
Title	Narrative	£000s	£000s	£000s	£000s
Super-hubs	Super-hubs to support communities. Capital investment plus resource to manage and develop community engagement.	200			
Tourism	Tourism - Destination Business Improvement District (BID development)	200			
	Fund for staffing to deliver the Leominster Heritage Action Zone project		40	40	
Community Engagement	Creating a greater understanding within services of what will make a positive difference to people's lives. Resource for staff and engagement promotion	50	50	50	50
Total Community		450	90	90	50
Employment Land & Incubation Space	The acquisition of employment land would facilitate the expansion or relocation of local businesses, potentially leading to a higher business rates income and the generation of more and better paid jobs.	100	100	100	
Core and transport strategy review	Revised plan, assessed needs of the county. Staff resource and evidence based research.	600	500	500	550
Public transport service	Revenue budget to protect existing bus services and frequencies	100	100		
Council Tax charging policy	Variation to the local council tax discount scheme. The policy decision change could increase the council tax income.	(56)	(100)	(100)	(100)
Digital – Transformation	More services delivered digitally including linked to back office systems. More people using the internet to access services. Digital Transformation Unit – to really drive digital transformation it needs a dedicated team to work with services to change how they operate to adjust to digital opportunities including future visioning.		400	280	280

Digital Infrastructure	Fibre network across Herefordshire for businesses to be able to trade globally. Households to be connected to support learning, communication, access to services and aid health and well-being. Greater adoption and exploitation of the existing and planned fibre network.	25	25	25	25
Knowledge management system	Investing in systems which house and present data improving the access to performance data. Further work to integrate data, internally between service areas within the council and alongside partners (such as health), and application of artificial intelligence, will allow the opportunity for a better understanding of our residents and allow us maximise preventative opportunities for individuals, families and communities, and inform better decision making.		500	150	150
Total Economy		769	1,525	955	905
Climate change flood management	Continue work within the 7 (current) catchment areas beyond March 2021 and extend the offer of solutions and grant funding all across Herefordshire, thus enabling us to further develop an integrated approach to flood management with other initiatives/organisations, e.g. Farm Herefordshire, Wye Catchment Partnership and Herefordshire Nutrient Management Plan.	70	70		
Total Environment		70	70	-	-
Totals		1,289	1,685	1,045	955

6. Capital investment

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.

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. Part of the plan is to develop the full build out of the Hereford Enterprise Zone to maximise the potential of that area to create new jobs, this is expected to cost in the region of

£2.6m and is anticipated to be funded by future grant awards.

The council aims to receive a maximum return from investment in property and land holdings; recently the council sold its small holding estate generating a capital receipt of over £46m and reducing overhead costs significantly. 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.

In October 2019 Cabinet approved the establishment of a new earmarked reserve of £150k to fund the investigation of different models of delivering council housing. Herefordshire residents continue to face difficult housing challenges with a large proportion of the population unable to afford to own or rent a suitable property to call home. The lack of housing choice, especially in respect of affordable housing, is not currently being addressed through the developer-led market where the focus continues to be on developing the most profitable housing products on the most profitable sites, not necessarily in the places of highest housing need. Many local authorities are now actively intervening in the housing market by becoming developers of new homes themselves, creating Local Housing Companies with the aim of acquiring sites and developing and managing both affordable housing and open market homes. The creation of the reserve will provide resources to undertake a detailed analysis of the options available, including the establishment of a wholly owned housing company, to enable the delivery and management of new homes to better meet the needs of residents. Following this a business case will be developed for consideration and further investment. This could lead to investing up to £100m in housing in the four years from 2022/23, it is anticipated that the income streams generated would cover the revenue costs of providing the housing including any borrowing costs.

Development Partners

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. In all instances consideration is given to providing developments that are considerate to the health and wellbeing of the residents and build to the latest environmental standards as set out in the building regulations (The National Standards).

Development partners Keepmoat and Engie are committed to encompassing the use of using local suppliers and contractors and to maximise the opportunities to employ local Herefordshire people. The KPIs for each partner have been set up to reflect this and all parties will take every action possible to ensure this is achieved.

The development partners are keen to achieve developments that reflect the highest standards and that have real impact on 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 will be judged on a case by case basis.

Keepmoat Homes Ltd

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.

ENGIE Regeneration Ltd

Support the delivery of regeneration construction projects, such as business units, student accommodation, commercial development and retirement housing.

Development 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.

14 Risks

There are a number of external risks that could affect the delivery of the MTFs, appendix M4 sets out more detail on the key risk areas which are:

- The government settlement for 2020/21 is a one year settlement meaning that the MTFs is based on assumptions for future years that cannot be confirmed.
- The Better Care Fund and Improved Better Care Fund are not confirmed after 2020/21 and are currently being reviewed by the Department of Health and Ministry of Housing, Communities and Local Government.
- Public Health grant ring fencing and other grant funding commitments from government are not clear for future years.
- The looked after children population is higher than our statistical neighbours and continues to require significant resources to support. The requirement for complex needs funding and supported accommodation up to the age of 25 are growing pressures.
- The high needs budgets are funded by the dedicated schools grant, but any overspend becomes a council liability, this is currently being maintained within budget however the national trend is for a growing pressure.
- Moving to local retention of Business Rates could cause a significant funding problem due to the amount of small businesses throughout the county that receive discounts and reliefs.

15 Treasury Management Strategy (TMS)

The TMS has been reviewed and updated to include the forecast borrowing requirement to support the proposed capital investment budget for over the MTFs period to include the forecast borrowing requirement to support its proposed capital investment budget. The TMS presents the council's prudential indicators demonstrating the assurances of affordability and sustainable impact of the strategy.

The TMS also presents the council's minimum revenue provision policy which determines the

borrowing cost of capital investment to be funded by the annual revenue budget requirement.

The TMS sets out how daily cash-flow activities will be managed to balance cash requirements whilst achieving the council's strategic outcomes. The TMS includes investment and borrowing strategies with consideration to security, liquidity and interest rate risks with the aim to maximise return on investments and minimise interest rate costs.

The TMS intends 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. Progress against the strategy is reported to Cabinet in line with the performance monitoring reporting timetable.

	2020/21	2021/22	2022/23	2023/24
Treasury management budgets	£000	£000	£000	£000
Minimum revenue provision	7,594	9,807	10,525	11,596
Interest payable	6,179	7,569	7,781	7,645
Interest income	(200)	(200)	(200)	(200)
Totals	13,573	17,176	18,106	19,041

The table above excludes the impact of the waste disposal loan arrangement within the waste disposal PFI agreement that generates additional interest income which is allocated to an earmarked reserve to fund waste disposal costs.

16 Reserves

Definition of Earmarked reserves and provisions

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 for purposes falling outside the definition of provisions are considered to be reserves.

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 basis of transactions needs to be clearly defined.

Use of Reserves

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, to meet known or predicted liabilities.

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

When establishing reserves the council needs to comply with the Code of Practice on Local Authority Accounting and in particular the need to distinguish between reserves and provisions.

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

The Chief Finance Officer has a fiduciary duty to local tax payers and must be satisfied that decisions taken on balances and reserves represent proper stewardship of public funds.

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 October 2019.

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.

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.

Any amendments to earmarked reserves will be reported to the Cabinet.

Once a reserve has fulfilled the purpose for which it was established, any remaining balance should be reallocated to another earmarked reserve with a similar purpose or surrendered to General Reserves.

17 Conclusion

This medium term financial strategy proposes delivering a balanced budget with a clear focus on aligning resources to deliver the revised corporate plan objectives.

18 Appendices

Appendix M1 - Net Revenue budget

Appendix M2 - Proposed Capital Investment Budget

Appendix M3 - Reserves Policy

Appendix M4 - Risk Assessment

Appendix M1

Net Revenue budget and Directorate Spending Limits 2020/21

Directorate	19/20 revised base £k	Pressures £k	New Initiatives £k	Savings £k	Base Budget £k
Adults and Communities	53,965	2,717	200	(600)	56,282
Social care pool			2,054		2,054
Children and families	27,185	714	3,100	(300)	30,699
Economy and Place	27,594	1,364	1,070	(873)	29,155
Corporate Services	15,086	869	425	(77)	16,303
Total Directorate	123,830	5,664	6,849	(1,850)	134,493
Central	22,771	409	(56)	(500)	22,624
Total Net Budget	146,601	6,073	6,793	(2,350)	157,117

Funded by

Council Tax	109,780
Retained Rates	36,726
Revenue Support Grant	635
Rural Sparsity Delivery Grant	5,101
Adult Social Care Support Grant	4,875
Totals	157,117

Proposed capital investment budget

Scheme Name	Spend in	2019/20	2020/21	2021/22	2022/23	2023/24 onwards	Total
	Prior Years	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	
	£000	£000	£000	£000	£000	£000	£000
Economy & Place							
Hereford City Centre Transport Package	33,166	631	1,500	5,353	0		40,651
South Wye Transport Package	6,984	4,718	14,795	6,422	2,081		35,000
Hereford City Centre Improvements (HCCI)		1,500	2,000	2,000	0		5,500
Hereford ATMs and Super Cycle Highway			1,000	0	0		1,000
Passenger Transport Fleet (Electric)			7,800	7,800	7,800	15,600	39,000
Hereford Transport Package	2,908	3,702	2,350	625	625		10,210
Major Infrastructure Delivery Board	43,058	10,552	29,445	22,200	10,506	15,600	131,361
Local Transport Plan (LTP)		11,745	12,272	0	0		24,017
E & P's S106		1,441	0	0	0		1,441
Investment in Infrastructure Assets			2,000	0	0		2,000
Highway asset management		3,843	3,750	4,250	0		11,843
Public Realm Delivery Board	0	16,728	18,022	4,250	0	0	39,000
Hereford Enterprise Zone	10,769	3,400	1,831	0	0		16,000
Herefordshire Enterprise Zone Shell Store	83	5,935	1,298	0	0		7,316
Ross Enterprise Park (Model Farm)	11	2,377	4,174	508	0		7,070
Marches business improvement grants	877	1,623	0	0	0		2,500
Marches Renewable Energy Grant		88	764	336	0		1,188
Marches Business Improvement Programme		99	1,125	1,336	440		3,000
Empty Property Investment	35	1,599	1,000	300	300		3,234
Community Housing Fund	9	141	0	0	0		1
Revolving Loans	145	55	0	0	0		200
Employment Land & Incubation Space in Market Towns			843	4,209	3,066	5,513	13,631
Leominster Heritage Action Zone			238	1,425	2,138		3,800
Development Partnership activities	6,042	9,558	25,000	0	0		40,600
Economic Development Delivery Board	17,971	24,776	35,147	6,778	5,504	5,513	95,689
Property Estate Enhancement Works	1,241	1,499	0	0	0		2,740
Corporate Accommodation	2,540	331	0	0	0		2,871
Leisure Centres	9,684	368	0	0	0		10,052
Solar Photovoltaic Panels	606	55	1,473	0	0		2,134
SEPUBU Grant		734	0	0	0		734
LED street lighting	5,478	177	0	0	0		5,655

Estates Capital Programme 2019/22		1,350	2,095	1,390	0		4,835
Three Elms Trading Estate	95	380	0	0	0		475
Customer Services and Library	112	21	0	0	0		133
Energy Efficiency		54	46	0	0		100
Warm Homes Fund		397	397	165	0		960
Gypsy & Traveller Pitch development	29	910	899	39	0		1,877
Leominster cemetery extension	148	45	0	0	0		193
Tarsmill Court, Rotherwas	341	59	0	0	0		400
Car Parking Strategy	77	169	0	0	0		246
Car Park Re-Surfacing	0	116	0	0	0		116
Office and Car Park Lighting Replacement	79	164	58	0	0		300
Upgrade of Herefordshire CCTV		48	136	0	0		184
Schools Transport Route Planning		30	30	30	0		90
Courtyard Development		0	611	0	0		611
Corporate Fleet Procurement		738	0	0	0		738
Vehicle Replacement			19	0	0		19
Strangford Landfill Site Toilet Facilities			25	0	0		25
Hereford Library	132	213	0	0	0		345
Corporate Property Delivery Board	20,560	7,860	5,789	1,624	0	0	35,833
Total E & P Capital Projects	81,589	60,315	89,528	36,189	16,450	21,113	305,183
Corporate							
Fastershire Broadband	16,979	10,152	8,607	0	0		35,738
PC Replacement	261	218	641	397	0		1,516
Widemarsh Gardens			80	0	0		80
Electronic Document Management Storage			380	0	0		380
Better Ways of Working			850	0	0		850
Children centre changes	167	263	0	0	0		430
Total Corporate Capital Projects	17,407	10,633	10,557	397	0	0	38,994
Children and Families							
Colwall Primary School	6,665	85	0	0	0		6,750
Schools Capital Maintenance Grant		2,152	1,200	1,200	0		4,552
Peterchurch Area School Investment	7	493	5,000	5,353	0		10,853
Expansion for Marlbrook school	527	3,614	2,000	0	0		6,141
Brookfield School Improvements	6	2,577	167	1,195	0		3,945
C & F's S106		915	0	0	0		915
Healthy Pupils		99	0	0	0		99
Individual Pupil Needs	152	119	0	0	0		271
Short Breaks Capital		118	0	0	0		118
Blackmarston SEN	30	54	0	0	0		84
Replacement Leominster Primary	6	36	0	0	0		42
Basic Needs Funding		0	8,891	0	0		8,891
2 Year Old Capital Funding	75	31	0	0	0		106
Preliminary works to inform key investment need throughout the county	5	1,010	0	0	0		1,015

Temporary school accommodation replacement	85	515	300	0	0		900
Total C & F Capital Projects	7,558	11,819	17,558	7,748	0	0	44,683
Adults and Communities							
Disabled facilities grant		1,999	1,853	1,853	0		5,705
Hillside		2,550	0	0	0		2,550
Carehome & Extra Care Development	164	919	0	0	13,081		14,164
Technology Enabled Communities	0	0	300	1,200	0		1,500
Super Hubs			2,000	0	0		2,000
Private sector housing improvements	57	199	0	0	0		256
Total A & C Capital Projects	222	5,667	4,153	3,053	13,081	0	26,175
Total	106,776	88,433	121,796	47,387	29,531	21,113	415,035

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

- Relevant,
- Appropriate, and
- 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 and 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 reserves 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.

3.2. At the end of March 2019 the balance was £8.5m (5% of net budget). 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.

Key Risk Assessment

Key Financial Risks	Likelihood	Impact	Mitigating Actions
<p>Unexpected events or emergencies By its nature, the financial risk is uncertain</p>	Low	High	<ul style="list-style-type: none"> • Council maintains a Strategic Reserve at a level of between 3% and 5% of its revenue budget for emergency purposes • Level of reserve is currently £8.5m (5% of budget)
<p>Increasing demand for Social Care for adults and children Demand for children's services continue and demand for adult services increase as the population gets older</p>	High	Medium	<ul style="list-style-type: none"> • Demand led pressures provided for within our spending plans • Activity indicators have been developed and will be reported quarterly alongside budget monitoring
<p>Potential overspend and council does not deliver required level of savings to balance spending plans Challenging savings have been identified within our spending plans.</p>	Medium	Medium	<ul style="list-style-type: none"> • High risk budget areas have been identified and financial support is targeted towards these areas • Regular progress reports on delivery of savings to Management Board and Cabinet • Budget monitoring arrangements for forecasting year end position in place and forecast balanced • Plan to review level of cover available from General reserves in place
<p>Potential overspend on Special Education Needs The duty to secure provision identified in Education, Health and Care plans means an overspend may occur</p>	Medium	Medium	<ul style="list-style-type: none"> • This is a national issue with lobbying to increase central government funding • A review of the application of the matrix is underway
<p>Failure to fund sufficient school places and sufficient support There is an increasing requirement to provide sufficient school places There is a rising number of children requiring specific support</p>	Medium	High	<ul style="list-style-type: none"> • Provision has been made in the capital investment budget to increase school places • Directorate plans in place to manage and mitigate demand • Ongoing reviews of children already under care of council
<p>Volatility in Government funding streams and Business Rates Retention The government settlement for 2020/21 is a one year settlement meaning that the MTFS is based on assumptions for future years that cannot be confirmed.</p>	High	Medium	<ul style="list-style-type: none"> • Prudent assumptions made in budget • Ongoing review of developing business rate changes • Business case to support future investment decisions
<p>EU exit Impact of EU exit may lead to increased volatility in economic stability and reduced access to funds</p>	Medium	Medium	<ul style="list-style-type: none"> • Reduced reliance on grant funding in all directorates • Increased local economic and social investment to increase core income

Savings proposals for 2020/21 to 2021/22

Directorate	2020/21 £000	2021/22 £000	Total £000
Adults and communities	600	500	1,100
Children and families	300	650	950
Economy and place	873	273	1,146
Corporate services	77	77	154
Centrally held budgets	500	500	1,000
Totals	2,350	2,000	4,350

Savings proposals

Saving	Impact	2020/21 £000	2021/22 £000	Total £000
Reducing the need for formal care services	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.	600	500	1,100
Adults and Communities Directorate Total		600	500	1,100
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.	300	450	750
Organisational restructure to reflect the service requirements	Ensuring families benefit from a consistent and established service through a stable and capable workforce.		200	200
Children and Families Directorate Total		300	650	950
Efficiency savings	Minimal, if any, service provision impact	523	273	796
Corporate Accommodation efficiencies	Minimal, if any, service provision impact	150		150
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.	200		200
Economy and Place Directorate Total		873	273	1,146
Efficiency savings	Minimal, if any, service provision impact	77	77	154
Corporate Services Total		77	77	154
Pension deficit	No public impact - tri-annual external actuarial pension valuation expected to reduce deficit contribution requirement	500		500
Treasury management - in house cashflow management	No public impact - Development partnership return to minimise treasury management costs		500	500
Central Total		500	500	1,000
Totals		2,350	2,000	4,350

Proposed Revenue Budget 2020/21

	19/20 revised base £000	Pressures £000	New Initiatives £000	Savings £000	20/21 base budget £000
Adults & Communities	53,965	2,717	200	(600)	56,282
Social Care pooled budget			2,054		2,054
Children & Families	27,185	714	3,100	(300)	30,699
Economy & Place	27,594	1,364	1,070	(873)	29,155
Corporate	15,086	869	425	(77)	16,303
Directorates	123,830	5,664	6,849	(1,850)	134,493
Central, treasury management, capital financing & reserves	22,771	409	(56)	(500)	22,624
Total Revenue	146,601	6,073	6,793	(2,350)	157,117
Funded by					
Council Tax					109,780
Retained Rates					36,726
Revenue Support Grant					635
Rural Sparsity Delivery Grant					5,101
Adult social care support grant					4,875
Totals					157,117

Adults & Communities	19/20 revised base £000	Pressures £000	New Initiatives £000	Savings £000	20/21 base budget £000
Learning Disabilities	20,478	996			21,474
Memory & Cognition	2,472	132			2,604
Mental Health	3,600	172			3,772
Physical Support	23,182	1,400			24,582
Sensory Support	435	17			452
Client Sub-Total	50,167	2,717	0	0	52,884
Locality Operations	4,549				4,549
Operations Management	827				827
Provider Services	2,895				2,895
Care Operations & Commissioning	8,271	0	0	0	8,271
Commissioned Services	3,173	0	0	0	3,173
Transformation & Improvement	575				575
Partnerships & Integration	259				259
Transformation & Improvement	834	0	0	0	834
General Fund Housing	1,114				1,114
Prevention & Support Services	1,787				1,787
Community Commissioning	159				159
Prevention & Wellbeing	3,060	0	0	0	3,060
Directorate Management	(11,540)	0	200	(600)	(11,940)
Public Health Administration	(5,797)				(5,797)
Public Health Commissioning	5,386				5,386
Public Health Programme	411				411
Public Health	0	0	0	0	0
Adults & Communities	53,965	2,717	200	(600)	56,282

Children & Families

	19/20 revised base £000	Pressures £000	New Initiatives £000	Savings £000	20/21 base budget £000
Children's Commissioning	570	34			604
Directorate	(470)	(74)			(544)
Directorate	100	(40)	0	0	60
Additional Needs	2,077	49			2,126
Commissioning Management	434	181			615
Development and Sufficiency	944	22			966
Early Help	406	26			432
Early Years	74	(6)			68
Education Improvement	275	45			320
Education & Commissioning	4,210	317	0	0	4,527
Safeguarding and Review	820	47			867
Children in Need	3,071		1,000		4,071
Looked After Children	17,119	356	2,100	(300)	19,275
Safeguarding Development	295	(2)			293
Safeguarding & Early Help Management	1,570	36			1,606
Safeguarding & Family Support	22,875	437	3,100	(300)	26,112
Children & Families	27,185	714	3,100	(300)	30,699

Economy & Place

	19/20 revised base £000	Pressures £000	New Initiatives £000	Savings £000	20/21 base budget £000
Economic Growth	975	(79)	300	(6)	1,190
Annual Plan	6,159	430		(250)	6,339
Directorate Services	592	17	70	(98)	581
Highways & community services	737	208			945
Transport & Access Services	7,169	77	100		7,346
Highways & Transport	14,657	732	170	(348)	15,211
Archive Services	249	(15)			234
Cultural Services	101	42			143
Customer & Library Services	894	42			936
Growth Management	230	131		(15)	346
Neighbourhood Planning	97				97
Regeneration	67	(16)			51
Strategic Planning	238	1	600		839
Housing and Growth	1,876	185	600	(15)	2,646
Management	127	84	0	0	211
Environment and Waste	13,895	67		(311)	13,651
Regulatory & Development Management Services	936	179			1,115
Regulatory, Environment & Waste	14,831	246	0	(311)	14,766
Asset Management and Property Services	1,082	99		(193)	988
Technical & Parking Services	(5,954)	97			(5,857)
Technical Services	(4,872)	196	0	(193)	(4,869)
Economy & Place	27,594	1,364	1,070	(873)	29,155

Corporate

	19/20 revised base £000	Pressures £000	New Initiatives £000	Savings £000	20/21 base budget £000
Commercial and Corporate Services	1,219				1,219
Communications	312				312
Delegated Grants & Progs	146				146
Economic Projects	615	169	75		859
Equality, Resilience Information and Compliance	231				231
ICT	2,888				2,888
Modern Records	127				127
Corporate Support Services	5,538	169	75	0	5,782
Corporate Services	589				589
Finance Support	4,208			(77)	4,131
Internal Audit Services	201				201
Law and Governance	2,685	425	325		3,435
Finance, Legal & Governance	7,683	425	325	(77)	8,356
People & Performance	1,865	275	25	0	2,165
Corporate	15,086	869	425	(77)	16,303

Herefordshire Council

Treasury Management Strategy
2020/21 – 2023/24

Treasury Management Strategy 2020-24

Herefordshire Council

Treasury Management Strategy 2020/21-2023/24

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- c. Prudential and Treasury Indicators for the next four years
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Treasury Management Strategy 2020-24

1. Introduction

- 1.1 Treasury management is the management of the council'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. 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 MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code and should be considered alongside the council's capital strategy (reported separately).
- 1.3 The purpose of this Treasury Management Strategy (TMS) is to approve:
- Treasury Management Strategy for 2020/21-2023/24
 - Borrowing Strategy – Section 5
 - Annual Investment Strategy – Section 6
 - Minimum Revenue Payment (MRP) Policy Statement – Section 7
 - Prudential Treasury Indicators – Annex C
- 1.4 In addition to the TMS, the council maintains treasury management practices that outline how the council's strategic policy objectives for treasury management will be achieved and are supported by schedules that describe the specific procedures to be used by staff involved in treasury management activities. The operational practices are maintained by the corporate finance team and approved by the chief finance officer.

2. Summary of Strategy for 2020/21

- 2.1 The financial market continues to offer low levels of interest rate cost of borrowing and even lower interest rate returns on investments therefore the council continues to aim to minimise the cash balances it maintains. If the UK were to enter a recession there is a small chance that the Bank of England could set its bank base rate at or below zero, which could lead to negative interest rates on low risk, short term investments. This situation has been present in other countries. This risk can be partially mitigated by aiming to invest longer term and diversifying the investment base. Due regard to IFRS9 will be made before diversifying investments into investments like pooled investment funds. Currently a five year statutory accounting override exists (expiring 2023/24) however going forward fair value movements in these investment types will be chargeable to the revenue budget.

Treasury Management Strategy 2020-24

Borrowing

- 2.2 Borrowing is driven by the requirements of the approved capital investment budget. The forecast capital investment budget for 2020/21 indicates £54.8m 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 is secured at the best opportunity. If less capital spend is incurred than forecast then the need to borrow will be reduced.
- 2.2 From the 9th October 2019 central government announced a 1% increase in the public works loan board (PWLB) interest rate. The PWLB loan interest rate is linked to benchmark gilt rates and due to these being historically low the Treasury announced an immediate increase in the margin of 1%. PWLB is the usual route of obtaining loan finance for councils including Herefordshire Council. The forecast interest cost of new borrowing has therefore been increased to reflect this additional cost burden.
- 2.3 Using current forecasts during 2020/21 the councils underlying need to borrow is expected to increase by £55.9m, as shown in the table below.

	£m excluding PFIs
Estimated council borrowing as at 31st March 2020	163.6
Capital spend financed by prudential borrowing	54.8
Net change in internal borrowing	8.7
Less minimum revenue provision	(7.6)
Estimated council borrowing as at 31st March 2021	219.5
<i>Increase in estimated council borrowing</i>	55.9

- 2.3 Short-term borrowing rates are currently, at 2%, 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 2020/21 borrowing requirement.

Treasury Management Strategy 2020-24

- 2.4 The borrowing budget for 2020/21 includes provision to pay short-term interest costs and the interest cost on existing fixed long term borrowing, a total budget of £6.2m.
- 2.5 The council's strategy is to cap the total short term loan stock holding at a threshold of a maximum of 50% of total loans. By restricting short term loans to a total of 50% of loans required the risk on interest rate exposure is minimised. Fixed rate loans can be secured quickly if this is decided the correct action to follow in consideration of all known factors at that time (including the councils cashflow and interest rate forecasts). Currently the council holds no short term loans, all loans are currently secured at a fixed interest rate and over a long term.
- 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 local consideration of interest rate forecasts.

Investments

- 2.7 When the council holds surplus funds (income received in advance of expenditure) the Code and Guidance requires councils to invest these funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return. The council tends to invest in banks, building societies, other local authorities and money market funds. The council continually assesses the various investment risks in conjunction with the support of its treasury advisors, Link Asset Services.

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 (LVNAV (Low Volatility Net Asset Value));
 - Maintain counterparty limits with the banks and building societies at prudent levels;
 - Consider other creditworthy investments to increase diversification.
- 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.

Treasury Management Strategy 2020-24

3. Economic Background and Interest Rate ForecastEconomic background

- 3.1 **UK** the Bank of England's Monetary Policy Committee (MPC) kept Bank Rate on hold in January 2020. Inflation is not expected to get back to c2% for a couple of years however there is the prospect of some fiscal loosening and major government expenditure announcements in the 11th March budget. The UK exited the EU on 31 January 2020, with a full exit expected on 31st December 2020, the markets and the Bank of England will be looking closely at what progress is being made in respect of future trading arrangements during 2020.
- 3.2 The Consumer Price Index (CPI) measure of inflation was 2.1% in July 2019 is likely to shift only a little upwards over the rest of 2019/20. It does not therefore pose any immediate concern to the MPC at the current time.
- 3.3 Unemployment has continued near to a 44-year low of 4% on the Independent Labour Organisation measure. Wage inflation picked up to a high point of 3.9% (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 1.8%.
- 3.4 **Euro Zone.** Growth has been slowing from +1.9% during 2018 to +0.4% q/q (+1.2% y/y) in quarter 1 and then to +0.2% q/q (+1.0% y/y) in quarter 2; there appears to be little upside potential to the growth rate in the rest of 2019. German GDP growth fell to -0.1% in quarter 2; industrial production was down 5.2% y/y in June with car production especially being hit. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes, tariffs on EU produced cars. The ECB meeting in July expressed concern as to the weak outlook for growth and how low inflation was despite all the monetary stimulus the bank still has in place. The ECB is therefore expected to take action to cut its main rate of -0.4% further, but only marginally, and to look at the potential for more quantitative easing and/or other instruments of monetary policy to provide further stimulus to economic growth. On the political front, Spain and Italy are in the throes of trying to form coalition governments while the very recent results of two German state elections will put further pressure on the frail German CDU/SDP coalition government.
- 3.8 **USA** President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of strong growth to 2.9% y/y. Growth in 2019 has been falling back after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2. Quarter 3 is expected to fall further. The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not to be seen as the start of a series of cuts to ward off a downturn in growth. Financial markets are, however, expecting another cut in September. Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This trade war is seen

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as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China. The US tariff war with China continues but, more recently, a phase one deal has been agreed which gives some hope for progress in resolving this dispute.

Interest rate forecast

- 3.12 Investment returns are likely to remain low during 2020/21, the first bank rate increase is currently predicted to occur in June 2021 and then remain on a gently rising trend over the next few years.
- 3.13 Borrowing interest rates were on a downward trend during the first half of 2019/20 until the announcement of an additional 1% margin from 9th October 2019. 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 incur a revenue cost of the difference between higher borrowing costs and lower investment returns. For example borrowing could be secured at a 3% interest cost and an investment could generate a 1% return, representing a cost of carry of 2%.
- 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.
- 4.2 Capital expenditure not financed by one of the above methods will increase the capital financing requirement (CFR) of the council, representing the councils underlying borrowing requirement.
- 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 and finance leases.
- 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, at any point in time, will 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.

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- 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 reserve balances (which have a direct bearing on the requirement 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:-

	31.03.20 Estimate £000	31.03.21 Estimate £000	31.03.22 Estimate £000	31.03.23 Estimate £000
Forecast Capital Finance Requirement (CFR)	331,053	380,369	390,149	388,443
Less: PFI and other long term commitments	(51,772)	(50,014)	(48,326)	(46,706)
CFR excluding other long-term liabilities (PFIs)	279,281	330,355	341,823	341,737
Less: Existing fixed long term borrowing (a)	(130,282)	(163,598)	(217,427)	(227,501)
Maximum new borrowing requirement	148,999	166,757	124,396	114,236
Less: Internal borrowing from reserves	(115,683)	(110,818)	(114,300)	(109,500)
Net new borrowing requirement (b)	33,316	55,939	10,096	4,736
Total Council Borrowing (a plus b)	163,598	219,537	227,523	232,237

- 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. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the council's total debt should be lower than its highest forecast CFR over the next three years. The council expects to comply with this recommendation.
- 4.7 From 1 April 2020 councils will be required to comply with IFRS16 that requires lease arrangements to be disclosed as finance leases, this will have the effect of increasing the capital financing requirement. The table above exclude this impact as work continues on establishing the effect of this accounting change. Indications are that the impact will be immaterial.

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5. Borrowing Strategy

- 5.1 At 30 September 2019 the council held £134.8m 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 forecasted 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 2020/21 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; therefore the risk is mitigated by restricting the exposure to this risk at 50% of the debt total.

Sources

- 5.6 The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board (PWLB)
 - UK local authorities
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - UK public and private sector pension funds
 - capital market bond investors
 - Local Capital Finance Company and other special purpose companies created to enable local authority bond issues.

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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. Annual 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 £20m 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 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.

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 limit the amounts invested with banks and building societies. For 2020/21 the council will continue to rely on Money Market Funds which are highly diversified and carry reduced credit risk.

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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). The council tends to invest in UK investments; if investments are to be made overseas then approval ahead of the investment being made is required from the Chief Finance Officer. Santander UK plc (a subsidiary of Spain's Banco Santander) and Clydesdale Bank plc (a subsidiary of National Australia Bank) will be classed as UK banks due to their substantial franchises and the arms-length nature of the parent-subsidary relationship.

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. A group of banks under the same ownership will be treated as a single organisation for investment limit purposes.

		Colour coding or long term rating	£ limit	Time limit
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
		No colour	nil	Not to be used
Council's Banker (NatWest)			5m	Liquid
DMADF	DMADF account	AAA	Unlimited	6 months

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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
Other investments:				
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 on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits	Cash limit
Total long-term investments	£5.0m

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

7. Annual Minimum Revenue Provision Statement 2020/21

- 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 notional 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 2020/21 calculation of MRP is as follows:

	Indicative 2020/21 MRP charge £000
Supported borrowing	1,342
Prudential borrowing	6,729
Overprovision adjustment	(477)
Sub Total	7,594
Finance leases and private finance initiatives	2,058
TOTAL	9,652

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.

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Annex A

EXISTING BORROWING AND INVESTMENTS

The overall treasury management portfolio as at 31 March 2019 and for the position as at 30 September 2019 are shown below for both borrowing and investments.

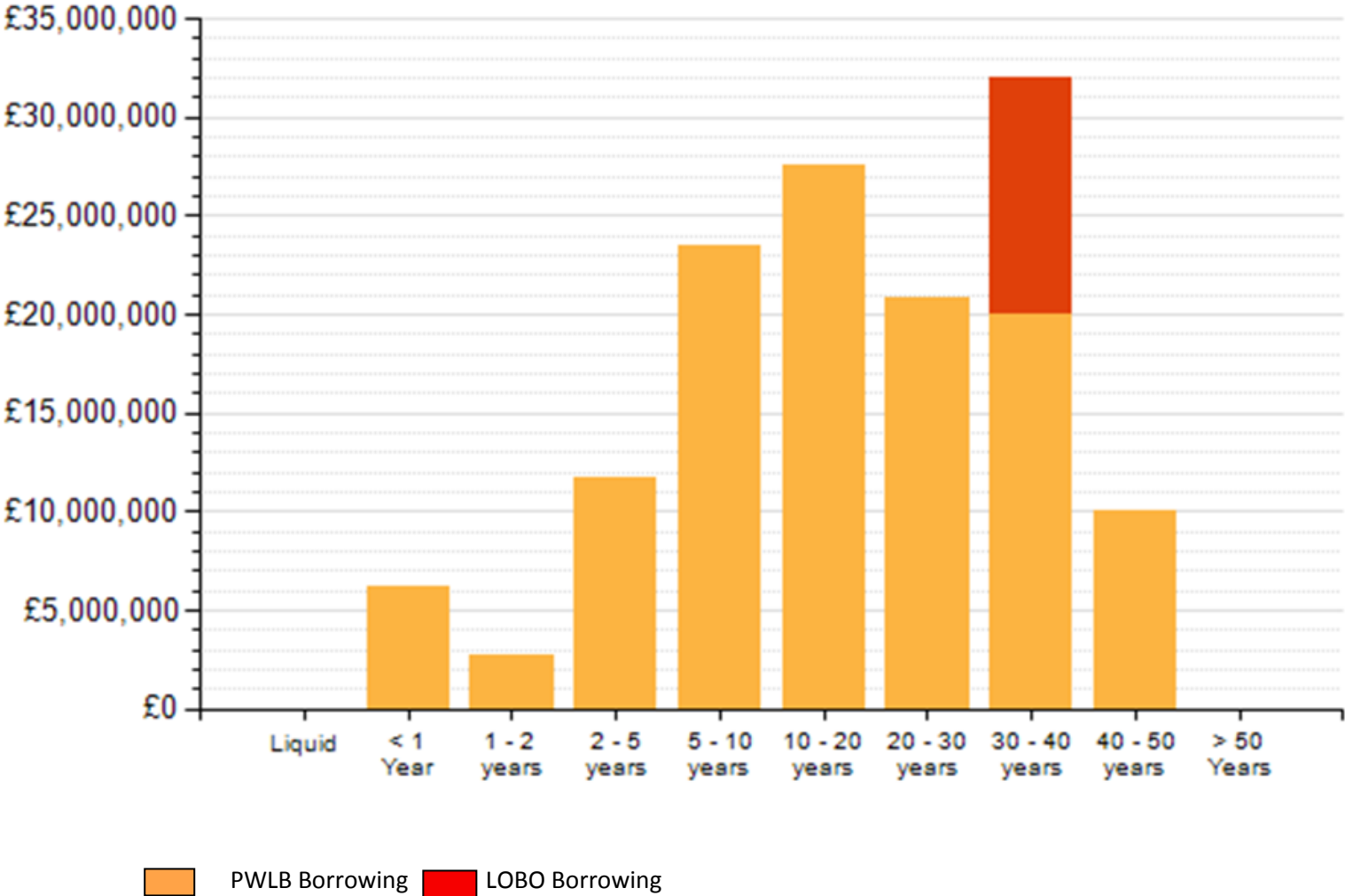
TREASURY PORTFOLIO

	actual	actual	current	current
Treasury Investments	31.3.19	31.3.19	30.09.19	30.09.19
	£000	%	£000	%
banks	5,000	18%	10,000	26%
building societies - unrated		0%	0	0%
building societies - rated		0%	5,000	13%
local authorities	5,000	18%	0	0%
DMADF (H.M. Treasury)		0%	0	0%
money market funds	18,140	64%	23,070	61%
certificates of deposit	0	0%	0	0%
Total managed in house	28,140	100%	38,070	100%
bond funds	0	0%	0	0%
property funds	0	0%	0	0%
Total managed externally	0	0%	0	0%
Total treasury investments	28,140	100%	38,070	100%
Treasury external borrowing				
local authorities	0	0%	0	0%
PWLB	125,517	91%	122,763	91%
LOBOs	12,000	9%	12,000	9%
Total external borrowing	137,517	100%	134,763	100%
Net treasury investments / (borrowing)	109,377	0	96,693	0

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BORROWING MATURITY PROFILE AS AT 30.11.19

Loans Maturities by Type



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Annex C

PRUDENTIAL AND TREASURY INDICATORS FOR THE NEXT FOUR YEARS

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 council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored.

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	2020/21 Forecast £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 onwards £000	Total £000
Total expenditure	121,796	47,387	29,531	21,113	219,827
Funding					
Grants, contributions and capital receipts	66,949	26,545	18,540	15,620	127,654
Prudential borrowing	54,847	20,842	10,991	5,493	92,173
Total	121,796	47,387	29,531	21,113	219,827

The table above reflects both the approved and proposed capital investment budget. Should any further borrowing be required then Council approval will be required and additional revenue resources will need to be identified to fund the additional debt repayment costs. In addition the prudential indicators would need to be revisited in accordance with the requirements of the Prudential Code to provide the assurances of affordability of the additional debt.

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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.

Capital Financing Requirement (CFR)	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
CFR excluding PFI	330,355	341,823	341,737	339,654
PFI and finance leases*	50,014	48,326	46,706	45,150
Total forecast CFR	380,369	390,149	388,443	384,804

* this value is expected to increase following the adoption of IFRS16 from 1 April 2020 when existing lease arrangements are expected to be required to be included as finance leases in the value above

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.

Operational Boundary	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £'000
Operational Boundary for Borrowing	340,000	340,000	340,000	340,000
Operational Boundary for other Long-Term Liabilities	60,000	60,000	60,000	60,000

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Operational Boundary for External Debt	400,000	400,000	400,000	400,000
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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	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
Authorised Limit for Borrowing	350,000	350,000	350,000	350,000
Authorised Limit for other Long-Term Liabilities	70,000	70,000	70,000	70,000
Authorised Limit for External Debt	420,000	420,000	420,000	420,000

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	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Net Revenue Stream	156,099	160,505	164,755	169,069
Financing Costs (excluding PFI)	13,573	17,176	18,106	19,041
Percentage	8.6%	10.7%	10.9%	11.2%

- 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.

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8 Maturity Structure of Borrowing (fixed and variable)

- 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.

Maturity structure of fixed rate borrowing	Estimated level at 31/03/20	Lower Limit for 2020/21	Upper Limit for 2020/21
Under 12 months	3%	0%	10%
12 months and within 24 months	2%	0%	10%
24 months and within 5 years	12%	0%	25%
5 years and within 10 years	14%	0%	35%
10 years and above	69%	0%	80%
Total	100%		

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.

Upper Limit for total principal sums invested over 364 days	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Authorised counterparties	5	5	5	5

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Annex D

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

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Base Rate (%)	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
PWLB Rates (%):													
5 years	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10 years	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25 years	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50 years	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00
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 December 2020 followed by further increase in March 2022.

Council budget:

- The proposed treasury management budget is as follows:-

	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Minimum revenue provision (excludes PFI)	7,594	9,807	10,525	11,596
Interest payable	6,179	7,569	7,781	7,645
Interest income	(200)	(200)	(200)	(200)
Totals	13,573	17,176	18,106	19,041

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- 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 half of 2020/21 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 2% which should incorporate sufficient headroom to accommodate any unexpected changes in the Base Rate.
- The investment budget is based on the majority of funds being held in instant access accounts generating low returns, currently budgeted at 1%.
- 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.
- Performance against budget will be reported to Cabinet in the financial performance reports.

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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

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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 2020/21 and Corporate Plan 2020-24 consultation: key findings

CONTEXT

The public consultation and engagement about Herefordshire Council's budget for 2020/21 and Corporate Plan for 2020-24 took place in three stages:

1. Informal, qualitative engagement undertaken by Impact Consultancy between September and November informed the priorities to be formally consulted on. Over 1,500 people engaged with this exercise, at a range of events targeted at specific groups of people.
2. The formal, online consultation ran throughout November 2019 (6 November to 4 December). A total of 269 responses were received to the questionnaire, all but three from individuals responding in a personal capacity. About two-thirds were aged 45-64, an over-representation compared to the population (40%).
3. Alongside the online consultation, Impact Consultancy ran six 'pop-up' events in Hereford and each of the market towns. The focus of these events was on the quality of the conversation, rather than the number of consultees. Using three tokens, the 137 people who got involved were asked to 'vote' for their priorities out of the ten areas for additional investment. Probably due to the nature of these events taking place during the working day, the vast majority were older people.

An event with local businesses is planned for early January 2020.

RESULTS: THE BUDGET

The first section of the online consultation questionnaire asked respondents about their views on the proposed budget and 4% increase to Council Tax, along with questions about discount schemes. The face-to-face engagement did not address these topics.

The main results were that:

- There was an **almost equal split in terms of support for the proposed Council Tax increase**, with just over half thinking a 4% increase was about right (36.9%) or too little (14.6%), compared to just under half (48.5%) thinking it was too much. A similar pattern of responses received to the last year's consultation.
- **A small majority (53%) disagreed with the allocation of Council Tax** as set out in the budget till receipt, whilst only a quarter (26%) agreed and the rest (21%) said they had no opinion. Although the spending allocations that were set out were different to last year, this was a very similar pattern of responses.

Analysing the comments to this question to understand **why people disagreed** with the allocation of spend, the most common themes seemed to be about the proposed increase in Council Tax. More than one in four of the 136 comments mentioned that the

proposed rise was too high compared to inflation / that it wasn't value for money, whilst one in five negatively referred to the organisational costs of running the council.

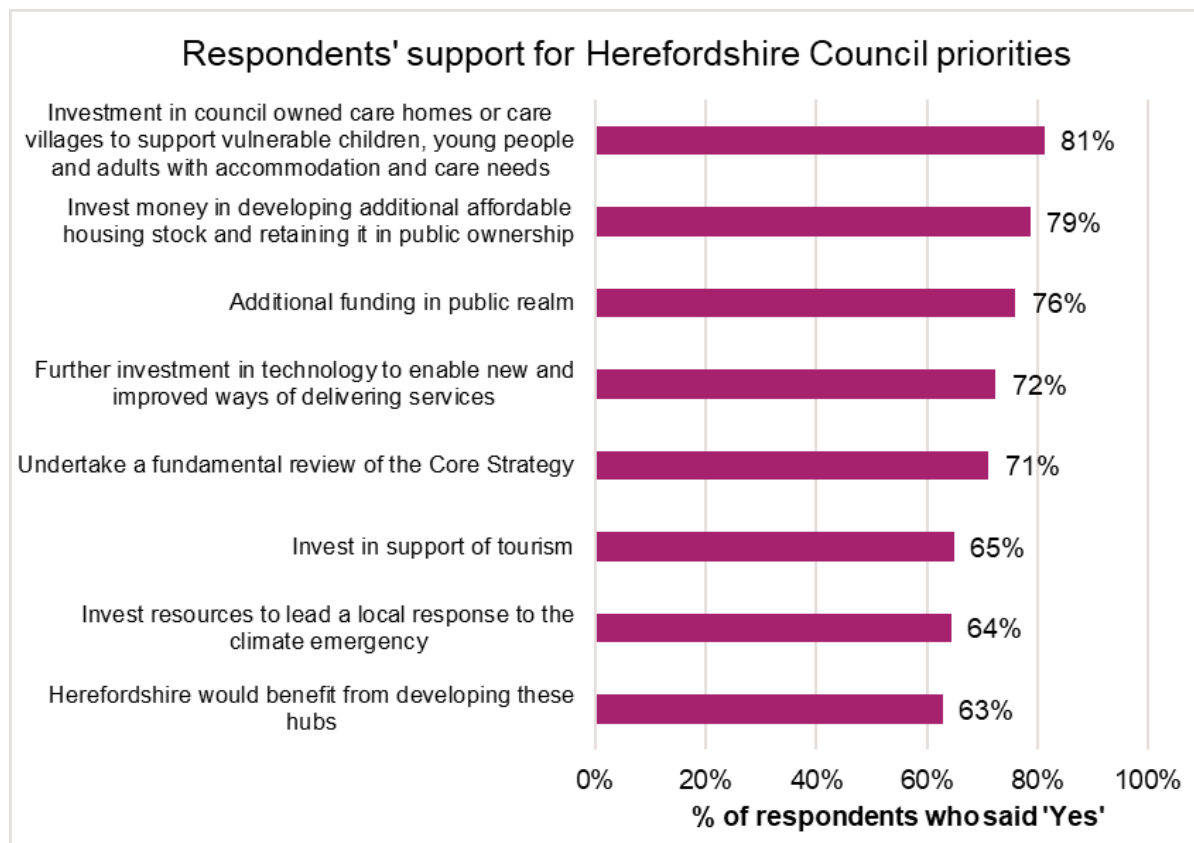
Comments that expressed an opinion about the allocation of spend were mostly saying that not enough was allocated to particular services, rather than too much. Services mentioned most frequently were **related to the environment and place**; not enough on:

- climate change / public spaces / environment / recycling and waste collection (20 comments)
- public / community / sustainable / rural transport (17 comments)
- roads / road safety and infrastructure / cycle paths / public rights of way (16 comments)

RESULTS: THE PRIORITIES

The next section of the online consultation focused on the areas identified as priorities for additional investment, with respondents first asked for their views about each of the areas (including whether they supported the proposal), before being asked to rank these areas in order of priority.

There was **majority support for all of the areas identified for additional investment**, with as many as four out of five agreeing with additional investment in council-owned care homes or villages (81%) and publicly-owned affordable housing (79%). Even the areas with lower rates of support were supported by almost two out of three respondents: developing community 'super-hubs'; leading a response to the climate emergency; and investing in tourism.



When respondents were asked to **rank the areas in order of importance**, five stood out as being more important than the others (chart below shows the score for each as a weighted average of the ranks):

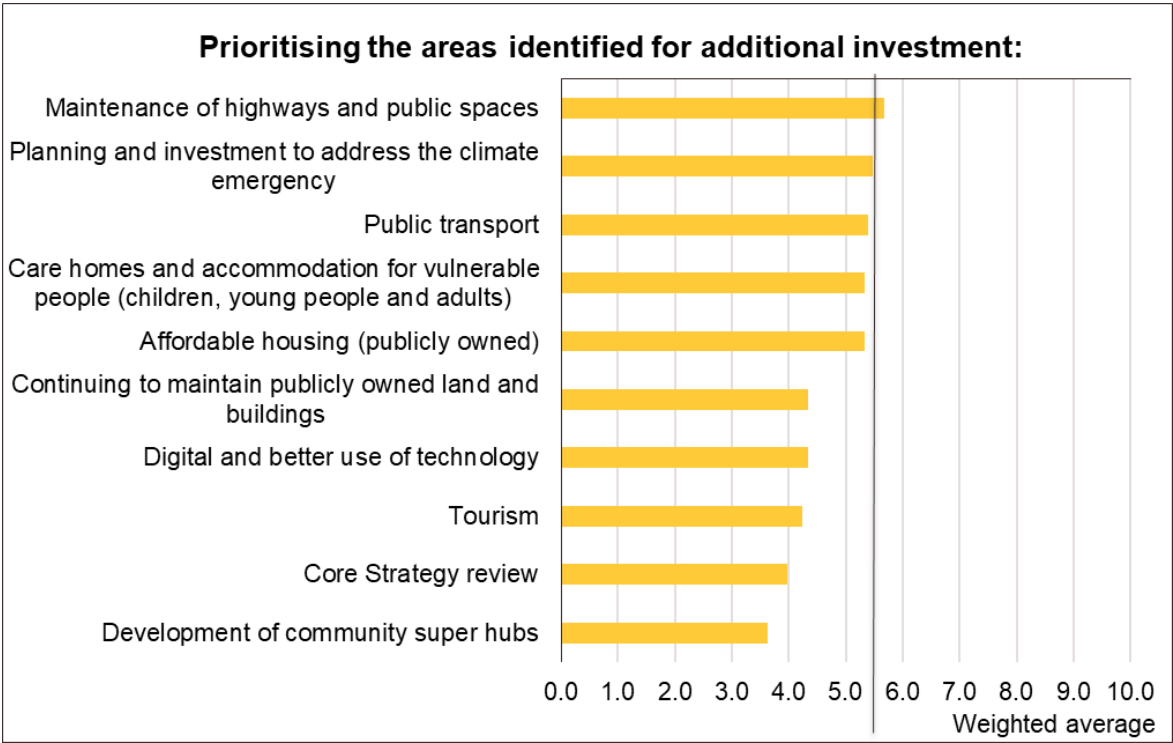
- ✓ Maintenance of highways and public spaces
- ✓ Planning and investment to address the climate emergency
- ✓ Public transport
- ✓ Care homes and accommodation for vulnerable people
- ✓ Affordable housing (publicly owned)

The same five areas were the most favoured in the face-to-face engagement as well.

Uniquely amongst the topics, views on **planning and investment to address the climate emergency** were polarised. 26% ranked it as most important (ten percentage points more than any other option), and it was in the top three for 40%. On the other hand 21% ranked it as *least* important (ten percentage points more than any other option), and it was also in the bottom three for 37% of respondents.

Comments against spending on this area covered themes such as

- it's not a priority / don't care
- should be central government's responsibility
- costly / won't make any difference / not achievable



THE PRIORITIES: REASONS

The table below summarises the broad themes in the comments about each of the areas identified for additional investment. The right-hand column identifies feedback from the face-to-face engagement that ran alongside the online consultation.

There weren't any areas where the views expressed during the face-to-face engagement were dramatically different to the responses to the online questionnaire.

Priority area	% agreeing with investment	Comments from online consultation		Themes from face to face engagement
		In support of	Not in support of	
Developing super-hubs	63%	<p>No qualitative questions were asked on this topic.</p> <p>Most common response was that if super hubs were to be developed, they should be located in the market towns (69%), followed by larger villages (47%) and the city (43%)</p> <p>Overall support for all of the services that could be offered, particularly health and social care (79%); wellbeing help, advice and activities (73%) and children's centres (71%). Other suggestions included legal, financial and housing advice and other information resource.</p>		Range of public services, nothing very different to the online consultation.
Developing additional affordable housing stock and retaining it in public ownership	79%	<ul style="list-style-type: none"> - build more houses for rent - stop developments with no social or additional affordable houses - additional affordable housing should be good quality, energy efficient and sustainable. 	<ul style="list-style-type: none"> - developers should be made to build more affordable housing that is actually affordable - state should not encourage dependency - tenants should be made to give up larger properties when under occupied - infrastructure cannot support additional housing 	Affordable housing was felt to be important, particularly starter homes or making renting more affordable, and also bringing empty properties back into use.
Investment in council owned care homes or care villages to support vulnerable children, young people and adults with accommodation and care needs	81%	<ul style="list-style-type: none"> - if they're built, care homes or care villages must provide value for money - should free up housing for younger people 	<ul style="list-style-type: none"> - very expensive to build and run these so it will not provide value for money - it's central government's or individual families' responsibility to look after vulnerable children, young people and adults 	<ul style="list-style-type: none"> - Priority for old and young people - Quality is key - Not necessarily council-owned, but council should have oversight / control - Also important to enable vulnerable people to stay in their own homes

Priority area	% agreeing with investment	Comments from online consultation		Themes from face to face engagement
		In support of	Not in support of	
Investment in support of tourism	65% (very / fairly important)	Respondents insist that investment needed to support tourism.	<ul style="list-style-type: none"> - private sector should be responsible and will do better - more tourism will create more traffic and will increase pollution (more carbon emissions) - sort out roads first 	<p>People suggested investing in tourist information centres as they've been closed.</p> <ul style="list-style-type: none"> - Not appealing for tourists - Concerns about shops, especially in Hereford city - Not done enough to promote the county and its offerings.
Undertaking a fundamental review of the Core Strategy	71%	<ul style="list-style-type: none"> - current plan needs improvement - new or different priorities required 	<ul style="list-style-type: none"> - nothing wrong with the current plan or smaller scale review better - very expensive so not value for money - take too much time and too disruptive - some believe it will be ignored anyway 	<p>Overall very low choice; people did not fully understand the implications.</p> <ul style="list-style-type: none"> - If it happens it has to be comprehensive and done well - some people felt it was essential if radical changes is to happen in the county, especially climate change and transport
Additional funding in public realm	76%	<p>If this is implemented:</p> <ul style="list-style-type: none"> - ensure that these services are provided properly and value for money - make sure areas are not neglected - avoid contractors/ if use contractors ensure accountability 	<ul style="list-style-type: none"> - this is not a priority - waste of money and not confident that it will improve anything - do not approve of using contractors or the current contractor, they are not value 	<p>Some people commented on about there being better contract management including managing overspends, better scrutiny and consequences for not meeting goals.</p>
			81% supported closer community involvement in setting the BBLP annual plan, involving parish councils or neighbourhood development partnerships.	

Priority area	% agreeing with investment	Comments from online consultation		Themes from face to face engagement
		In support of	Not in support of	
Invest resources to lead a local response to the climate emergency	64%	expressed support and provided suggestions for how to achieve carbon reductions.	<ul style="list-style-type: none"> - it is not a priority / don't care - should be central government's responsibility - costly /won't make any difference / not achievable 	<ul style="list-style-type: none"> - People want Herefordshire Council to show leadership on this agenda and reflect the climate emergency in their policies and action e.g. building energy efficient housing, having a green public transport plan. - Where they don't have direct influence they need to lobby and educate. - Suggestions for local partnerships / organisations in relation to accessing specialist knowledge/to help plan and advise on this agenda.
Further investment in technology to enable new and improved ways of delivering services	72%	<p>Although respondents supported, they are cautious about digital exclusion and suggested to:</p> <ul style="list-style-type: none"> - keep other formats for elderly who struggle with new technology - develop infrastructure before investing in technology enabled services 	<ul style="list-style-type: none"> - not a priority and it will not provide value for money. - unemployment can go up (threat to jobs) hence negative impact on economy. 	<p>Reflects the views made online but very low support:</p> <ul style="list-style-type: none"> - preferred face to face service delivery especially for elderly. - access to adequate broadband needed to be improved consistently across the county.
Public transport	No question asked about support for this, the questions asked why they don't use	<p>Only 16% of respondents were regular users; the most common reasons for not using public transport were:</p> <ul style="list-style-type: none"> - lack of availability of public transport in my local area - timetables do not match my needs 		<p>Similar themes to online</p> <ul style="list-style-type: none"> - Strong views that public transport is not an option in rural areas - Question of choice: those who can use other methods choose to do so, but it's important because some people rely on it - Poor connectivity and timetabling that doesn't meet needs
Publicly owned land and buildings	No question was asked about support for this	Majority of respondents (54%) felt that the council should retain and manage assets on behalf of everyone, but no qualitative questions were asked about this topic.		There weren't any common themes: equal (small) numbers of people saying they should be retained as transferred into community hands

Local Government Act 2003 - Section 25

Under the terms of Section 25 of the Local Government Act 2003 the Section 151 Officer is required to report to the council, at the time when it is setting its budget, on two specific matters:-

- **The robustness of the estimates** included in the budget, and
- **The adequacy of the reserves** for which the budget provides

The council then has a statutory duty to have regard to this report from the Section 151 Officer when making its decision about the proposed budget and council tax (see paragraph 3 below for the Section 25 opinion of the Section 151 Officer).

1. Robustness of the estimates

The Section 151 Officer, has undertaken a full assessment of the council's anticipated potential financial risks in 2020/21 and the subsequent period up to 2023/24 as far as that is possible, including:

The realism of the revenue budget 2020/21 estimates for:

- Provision for demand-led services;
- Loss / tapering of the remaining specific grants and / or changes to their eligibility requirements;
- Price increases from the councils supply chain;
- Fee / charges income earned by the council;
- The financing costs arising from the Capital Investment Budget;
- The impact of current and forecast interest rates on the expected returns from investment of cash balances;
- The probability of delivering the necessary savings targets required to minimise any likely drawdown on reserves / balances.

The realism of the capital investment budget estimates in light of:

- The potential for slippage and underspending of the capital programme;
- The possible non-achievement of capital receipts, contributions and grants and the subsequent implications for the funding of the capital programme.

Financial management arrangements including:

- Historical performance over recent years of financial management;
- Delivery / non-delivery of revenue savings programme.

Potential losses, including:

- Bad debts or failure to collect income;
- Declines in collection rates for council tax;
- Claims against the council;
- Major emergencies or disasters;
- Contingent or other potential future liabilities.

An assessment has also been made of the ability of the council to offset the costs of such potential risks. The MTFS therefore reflects:

- Specific provisions in the accounts and in earmarked reserves;
- A commitment to maintain the level of general reserves in line with the policy target range of between 3 and 5% of the revenue budget;
- A collection fund reserve to smooth surpluses and deficits from billing of local taxation;
- Comprehensive insurance arrangements using a mixture of self-funding and external top-up cover.

Estimates used in the budget for 2020/21 are based on pragmatic assumptions, taking into account:

- Policies and priorities as expressed in the new Corporate Plan and associated service delivery plans;
- Continuation of the ring fenced public health grant;
- Future pay settlements and national pay policy decisions;
- The impact of inflation across the councils supply chain;
- Anticipated further reductions in both specific and general grants;
- The impact of the economic situation on future interest rates, the council tax base, collection fund surpluses and deficits (including the on-going full service roll out of Universal Credit in Herefordshire) and the future levels of business rates billed and collected in Herefordshire and associated rate relief schemes;
- Best estimates of continuing funding streams for services particularly for social care (for example the Better Care Fund);
- Commitments in terms of demand for services (including the road network, adult social care, safeguarding of children, adverse weather on highways).

Whilst these estimates are based on pragmatic assumptions, some elements are inevitably subject to change. The timing of the general election in December 2019 had a significant impact on Government's ability to provide fiscal clarity to local government in terms of future funding streams, changes in local government responsibility, and policy changes in areas such as charging for care, the fairer funding review, SEND funding and business rate reform. The next Comprehensive Spending Review is scheduled for summer 2020.

The local government settlement for 2020/21 released on 20 December 2019 provided clarity for the 2020/21 budget setting for Herefordshire. The settlement also confirmed that government are expecting to review and amend a range of policies that have a direct impact on the work of local government as well as considering a range of new policies. This will lead to a revised comprehensive spending review during 2020.

This unprecedented level of medium term fiscal uncertainty has led to a much greater emphasis in the medium term fiscal plans of the council on high level estimation which increases as the time horizon extends. Given the many uncertainties in the international and national political and economic environments it is inevitable that there will be a number of areas of the medium term financial strategy that rely on weighty

estimates and which will require constant re-calibration until clarity is provided around funding streams and responsibilities.

The council has traditionally operated on a basis of cash-limited budgets for each directorate. This has proven to not be possible in the financial year of 2019/20 for the economy and place and the children and families directorates. For economy and place this is a temporary situation and the directorate is currently implementing a recovery plan to ensure that for 2020/21 and beyond the directorate will operate within its cash limited budget.

Children and families has exceeded its revenue budget, largely as a consequence of the number and costs of looked after children. Growth has therefore been built into both children and families and corporate contingency budgets to try and contain such levels of demand. A range of additional budget allocations have been added to enable the directorate to provide early intervention and transform the support offered to families and young people. It is recognised that the benefits, including the budget relief, will take some time to be delivered and during this phase the council will need to fund the increased costs of looked after children as well as the transformation resources, this double funding is built into the MTFS.

Robust monitoring of demand is in place with the intention that directorates do manage within overall budget. The risk remains, however, that further overspends occur and there is a level of contingency held at the corporate level to help manage this risks. These cost pressures and variances are monitored on a regular basis and reported, alongside other key performance information, to the Cabinet on a quarterly basis.

The council agreed a three year savings plan last year and implementation of this plan is progressing well, with the savings for 2019/20 being delivered and the preparations for the delivery of the 2020/21 and 2021/22 savings well advanced. For 2020/21 no new savings are required to balance the revenue budget, likewise it is not anticipated that the council will need to identify further savings for 2021/22.

The council is having to set its 2020/21 budget and refresh its MTFS in advance of Governments Comprehensive Spending Review. It is not possible to predict the outcome of this review, however government has provided a degree of stability for 2020/21 via the settlement announced in December. If the Comprehensive Spending Review leads to the need to make further savings in 2021/22 and onwards the council will have time to consult on and agree a revised savings plan.

2. Adequacy of Reserves and Balances

Whilst the council has a good track record on delivering planned savings and has managed to deliver outturns within the overall budget envelope over recent years, delivery has proven challenging in the last few years and there has been an element of overheating in the children and families directorate. The undertaking to continue to deliver further savings remains a significant challenge for the council.

The added uncertainty around future council funding also means that there is greater merit in ensuring an adequate level of reserves and balances. The council has a robust reserve policy and maintains both general and earmarked reserves to manage risk

and investment. Both earmarked and general reserves have been increased in recent years.

The council currently has a reasonable level of reserves relative to its revenue expenditure. The recently released CIPFA Financial Resilience index provides a useful comparison to other councils. This index confirms that Herefordshire Council is at a lower level of risk of financial distress when compared to other unitary councils. This index is a backward looking assessment, but provides a helpful way of gaining assurance around the council's financial strength.

Reserves and balances are not meant to be a long term solution to structural budget disconnects. Historically the council has not used them in this way and has, over the last decade, made the necessary budget changes in a timely manner to ensure that its revenue budget has remained balanced by making the necessary savings. The budget and MTFs have been constructed on the assumption that this approach will continue. This will ensure that reserves and balances are available to address emerging pressures and to fund transformation.

The external auditor has given unqualified conclusions on the council's arrangements to secure value for money in previous years. This means the auditor is satisfied that Herefordshire Council had appropriate arrangements for securing the economy, efficiency and effectiveness in the use of its resources.

3. Section 25 opinion of the Chief Finance Officer, Section 151 Officer

Taking all of these factors and considerations into account the chief finance officer is satisfied that the:-

- i. Estimates used in the revenue budget 2020/21 are realistic and robust and that the associated level of balances / reserves is adequate. Given the lack of certainty around future funding levels for local government it is appropriate that the strategic level of reserves are at the top end of the council's reserves target level.
- ii. Associated level of balances / reserves for the MTFs period is adequate within the terms of the proposed revised policy as long as the council continues to deliver the agreed budget savings and any future shortfalls that may arise are matching with corresponding savings, particularly in light of limited future knowledge about funding levels.
- iii. High level estimates used in the projections for the MTFs beyond 2020/21 are as realistic as can be assessed at this stage given the government has not committed to levels of funding for local government beyond 2020/21.

This short-term planning horizon gives rise to greater uncertainty but an increased need for longer term local financial planning. As in recent years, the decisions taken for 2020/21 and beyond need to be seen in the context of an on-going decline in funding, along with increasing demands for services, probably to 2023/24 if not further, in order to ensure that decision making is optimised.

Change log – budget proposal changes post Cabinet 30th January

New homes bonus, one off grant funding of £2.2m in 2020/21

1. At Cabinet it was proposed that the above funding be earmarked for spend on the delivery of new houses throughout the county. Following Cabinet, more specifically, the proposed use is as follows:-
 - a. £2m is used to fund expenditure on addressing the phosphate levels in the county's rivers to support the delivery of homes. It is proposed that the funding is used to invest in reed beds linking to the management of wetlands.
 - b. The remaining £0.2m is allocated to the new climate change action earmarked reserve to support the delivery of sustainable new homes throughout the county.
 - c. Going forward it is proposed that the surpluses received from West Mercia energy are added to the new climate change action earmarked reserve to allow the council to fund initiatives to take forward identified actions.



Meeting:	Council
Meeting date:	Friday 14 February 2020
Title of report:	Pay Policy Statement
Report by:	Chairperson of Employment Panel

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To approve the 2020 pay policy statement for publication.

Recommendation(s)

That:

- (a) the pay policy statement at appendix A is approved.

Alternative options

1. There are no alternative options to the recommendation; the annual approval by Council of the pay policy statement is a statutory requirement arising from the Localism Act 2011 to provide transparency with regard to the council's approach to setting the pay of its employees. The statement does not of itself make any policy changes, but provides a summary of those policies already in place.
2. It is open to council to determine any changes it wishes to make to the statement to improve transparency, having regard to the statutory guidance issued by the Department for Housing, Communities and Local Government.

Key considerations

3. The Localism Act places a requirement on the council to produce an annual pay policy statement for each financial year and for this statement to be approved by full Council before the start of the financial year to which it relates.
4. The statement must set out the council's policies relating to:
 - a) The remuneration of its chief officers
 - b) The remuneration of its lowest paid employees; and
 - c) The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
5. The statement must include the council's definition of 'lowest paid employees' and the reasons for adopting that definition.
6. The statement must include policies relating to:
 - a) The level and elements of remuneration for each chief officer
 - b) Remuneration of chief officers on recruitment
 - c) Increases and additions to remuneration for each chief officer
 - d) The use of performance related pay for chief officers
 - e) The use of bonuses for chief officers
 - f) The approach to the payment of chief officers on their ceasing to hold office under, or to be employed by the authority; and
 - g) The publication of and access to information relating to remuneration of chief officers
7. The statement draws together factual material and provides a summary of the current pay policies of the council.
8. The ratio between the council's lowest paid staff and the chief executive's salary is included in the statement. For 2020 this ratio is 1:8.68 which is the same as the previous year. A comparison of the pay ratios published for similar or neighbouring local authorities is below and this shows Herefordshire's ratio to be amongst the lowest.
 - a) Worcestershire County Council, 1:11.25
 - b) Birmingham City Council, 1:12.7
 - c) Warwickshire County Council, 1:10.5
 - d) Powys County Council, 1.7.9
 - e) Staffordshire County Council, 1:12
 - f) Dudley MBC, 1:11
 - g) Oxfordshire County Council, 1:8.8
 - h) Bristol City Council, 1:9.5

- i) City of Wolverhampton Council, 1:9.35
 - j) Sandwell Council, 1.9
9. All posts, whether chief officer or not, have their level of remuneration established through assessment by a nationally recognised and independent job evaluation scheme. Council must approve any new salary packages, or severance payments, exceeding £100,000.
10. In approving its statement, Council must have regard to any guidance issued by the secretary of state. This has been taken into consideration in the development of the statement.

Community impact

11. By complying with the legal requirement the council continues to ensure that the resources available are used in the most effective way and there is transparency in how public money is used. This contributes to the corporate plan priority to secure better services, quality of life and value for money.
12. By publishing the statement the council is demonstrating the code of corporate governance principles of implementing good practices in transparency, reporting, and audit to deliver effective accountability, and behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Equality duty

13. 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.
14. The pay policy statement makes clear that the council's employment policies, and the processes by which pay levels for a post are set, have full regard to equality legislation.

Resource implications

15. There are no financial implications relating to the pay policy statement arising from the report; the statement simply summarises current policies and pay levels.

Legal implications

16. Sections 38 – 43 of the Localism Act 2011 requires the council to prepare a pay policy statement for each financial year. Section 3.5.21 of the constitution requires the

employment panel to review the pay policy and recommend to council. It must be prepared and approved before 31 March and once approved, published.

17. The 2020 policy statement meets the requirements of the Localism Act and also meets the requirements of the guidance issued by the Secretary of State for Communities and Local Government to which the council is required to have regard to Section 40 of that Act.

Risk management

18. The risk associated with the pay policy statement is set out below.

Risk / opportunity	Mitigation
Failure to approve and publish a statement would result in non-compliance with a statutory requirement.	Arrangements are in place to ensure publication of the statement following approval by Council.

Consultees

19. None

Appendices

Appendix A – draft pay policy statement

Background papers

None identified

PAY POLICY STATEMENT 2020

Introduction

1. This document meets section 38(1) of the Localism Act 2011 that requires councils to produce an annual pay policy statement that articulates the council's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and lowest paid employees. The majority of terms and conditions are universal and apply to all employees, unless otherwise specified.
2. The council's pay policy statement does not apply to schools, other than reference to pay for bargaining for support staff in locally maintained schools.
3. Herefordshire Council's rules with regard to employment of staff are set out within the employment rules contained within Part 4, section 9 of the constitution.
4. The statement is subject to annual review. Council has delegated authority to the monitoring officer to make in year amendments to reflect changes to post holder details or changes to local or national pay policy.

Pay structure / national frameworks

5. Herefordshire Council is committed to fair pay and grading determined by a robust and objective job evaluation process. The National Joint Council's (NJC) job evaluation scheme is used for identifying the pay grade for all posts up to 07HC and the Hay job evaluation scheme for all posts above this level.
6. The council's pay structure is based on the National Joint Council for local authorities pay spine as the basis for its local grading structure up to 11HC. Pay rates above this are locally determined. The pay structure is at appendix 1. The council adheres to the national pay bargaining for local government employees, including any negotiated annual cost of living increases. This also applies to support staff in local authority maintained schools.
7. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by council policy.
8. The terms and conditions of employment for the majority of council employees are determined by the National Joint Council for local authorities. Statutory chief officers and employees on director grade and above are aligned to the Joint Negotiating Committee for Chief Officers of Local Authorities (or Joint Negotiating Committee for Chief Executives of Local Authorities). These may be amended, supplemented or superseded by decisions on conditions of service made by the council from time to time and contained within the council's employment policies and procedures.

9. Nationally or locally determined rates and terms and conditions apply for other employee groups including:
- Employees whose pay and conditions are determined by the Soulbury Committee;
 - Centrally employed teachers whose pay and conditions are determined nationally;
 - Employees who have transferred from the NHS to the council and retain their former terms and conditions of employment;
 - Employees who have retained terms and conditions of employment from other employers following a TUPE transfer to the council.

Level and elements of remuneration for each chief officer

10. For the purpose of this statement 'senior management' means 'chief officers' as defined within section 43 of the Localism Act. The posts falling within this definition are listed below, with details of their grade.

	Post Title	Salary grade	Notes
	CEO Herefordshire Council (head of paid service)	CX	
	Solicitor to the council (monitoring officer)	HoS2	
Statutory chief officers			
	Director of children and families	DIR1	
	Director for adults and communities	DIR1	
	Chief finance officer (section 151 officer)	DIR2	
	Director of public health (0.81fte)	HOS1	1
Non statutory chief officers			
	Director for economy and place	DIR1	
Deputy chief officers			
	Assistant director, safeguarding and family support	HOS1	2
	Assistant director, education, development and skills	HOS1	4
	Assistant director, safeguarding, quality and improvement (new post tbc)	HOS1	
	Assistant director, corporate support	HOS1	
	Assistant director, transformation, performance and business improvement	HOS1	
	Assistant director, people	HOS1	
	Assistant director for highways and transport (acting)	HOS2	
	Assistant director for technical services (acting)	HOS2	
	Assistant director for regulatory, environment and waste services (acting)	HOS2	
	Head of economic development	HOS2	
	Programme director – housing and growth	HOS2	
	Head of infrastructure delivery	HC13	
	Head of corporate finance (deputy S151 officer) (0.81fte)	HC13	
	Head of management accounting (deputy S151 officer)	HC13	
	Strategic capital finance manager	HC13	
	Consultant in public health (0.5 fte)	HOS2	3
	Consultant in public health (0.81 fte)	HOS2	
	Assistant director, all ages commissioning (new appointment tbc)	HOS1	
	Assistant director, adult social care	HOS2	

1. Plus market forces supplement of £12,000, due for review February 2020
2. Plus market forces supplement of £6,000, due for review April 2021

3. Plus market forces supplement of £3,000, due for review January 2021
4. Plus market forces supplement of £6,000, due for review September 2021

Remuneration of lowest paid employees

11. 'Lowest paid employees' is defined as those paid on full time equivalent salaries on spinal column point 01HC, which is the minimum spinal column point currently in use within the council's grading structure. The council engages some apprentices on learning agreements rather than employment contracts and this group is not included within the definition of 'lowest paid employees'.

Relationship between remuneration of chief officers and remuneration of employees who are not chief officers

12. The relationship between the rate of pay for the lowest paid and chief officers is determined by the job evaluation process used for establishing the grading of posts and grade/role profiles as set out earlier in this policy statement. The salary ratio between the council's lowest paid staff and the chief executive's salary is 1:8.68.

Remuneration on recruitment

13. New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate or if an internal candidate is appointed on promotion so that a pay rise ensues. The chief executive and directors are on spot salaries specified in this statement, the right of approval to offer new appointments, not specified above in this statement and or to approve a severance packages in excess of £100k is reserved to Council

Increases and additions to remuneration

14. Employees, within a salary pay band, receive annual increments until the top of their salary grade has been reached. The first increment is paid when the employee has been in post for 12 months or six months after appointment, whichever is the later. This does not apply to the chief executive or directors. In exceptional circumstances increments may be accelerated within the grade on grounds of special merit or ability subject to the maximum of the level not being exceeded.
15. The chief executive is the returning officer for Herefordshire. No additional payment is made for fulfilling this duty for local elections as this is built into the overall salary. Employees who undertake election duties are paid a fee that is set by the returning officer depending on the duties undertaken.
16. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where this is necessary the council may apply pay supplements to posts which are determined to be 'hard to fill'. At all times the council will ensure the requirement for such supplements is objectively justified by reference to clear and transparent evidence of relevant market conditions. These supplements are regularly reviewed and reported to employment panel.
17. Honoraria payments are made to recognise either a special contribution an employee has made that is over and above general performance in a role, or where they have temporarily undertaken additional responsibility at a higher grade.

Use of performance related pay, bonuses or pension enhancements

18. The council does not apply any bonuses or performance related pay to employees.
19. Pension enhancements are made in line with the council's LGPS discretions policy.

Benefits in kind

20. Employees currently have access to salary sacrifice schemes for bicycles. The council also operates a childcare voucher scheme to those employees already in the scheme at 1 April 2018 and subject to prevailing legislation. In 2019 the council introduced a package of high street discounts and benefits which staff can access. This reflects the benefits available to staff in neighboring authorities so that the council is able to be competitive in recruitment markets.
21. Reasonable relocation expenses may be paid for new employees or workplace relocation. Employees are reimbursed for reasonable travel and subsistence expenditure incurred in the course of their work. Subsistence is only paid when travelling outside of the county.
22. Worcestershire County Council administers the local government pension scheme on behalf of the council.

Approach to payment on ceasing to hold office under or to be employed by the authority

23. The council's policy on termination of employment of employees prior to reaching normal retirement age is to base redundancy payments on the statutory calculation multiplied by 1.5.
24. The council operates a mutual early resignation scheme (MERS) under which an individual employee, in agreement with the council, chooses to leave employment in return for a severance payment or, if in the Local Government Pension Scheme and aged over 55, a pension that is not actuarially reduced. It is not a redundancy or a voluntary redundancy.

Accountability and decision making

25. In accordance with the council's constitution, the employment panel (in respect of the chief executive, monitoring officer, Section 151 officer and directors) or the chief executive (in respect of all other employees) is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the council.
26. For those pay accountability matters identified within the Localism Act as being reserved to Council, the employment panel will be the body accountable for formulating recommendations to council including the undertaking of an annual review of this statement before recommending its approval to council as one of the suite of documents council approves as part of its medium term financial strategy. The pay policy statement therefore forms part of the budget and policy framework of the council.
27. In addition to approval of this statement, the right of approval of new salary packages for additional posts not listed in this statement over £100,000 is reserved to Council. In such circumstances the employment panel will be the body accountable for developing recommendations to Council.

Publication of and access to information

28. After approval by Council, this statement will be published on the council's website. In addition, statutory employees' (chief executive, directors, including the chief finance officer, and monitoring officer) details are disclosed in the council's annual statement of accounts setting out the total amount of:

- Salary, fees or allowances paid to or receivable by the person in the current and previous year.
- Any bonuses so paid or receivable by the person in the current and previous year.
- Any sums payable by way of expenses allowance that are chargeable to UK income tax.
- Any compensation for loss of employment and any other payments connected with termination.
- Any benefits received that do not fall within the above.

**NATIONAL JOINT COUNCIL FOR LOCAL GOVERNMENT GRADES:
PAY STRUCTURE AS AT 1 APRIL 2019 (to be updated April 2020)**

Grade	National SCP (scp50 & above are local)	Annual Pay Rate £	Hourly Pay Rate £
01HC	1	17,364	9.00
02HC	1	17,364	9.00
	2	17,711	9.18
	3	18,065	9.36
03HC	3	18,065	9.36
	4	18,426	9.55
04HC	4	18,426	9.55
	5	18,795	9.74
	6	19,171	9.94
05HC	6	19,171	9.94
	7	19,554	10.14
	8	19,954	10.34
	9	20,344	10.54
	10	20,751	10.76
06HC	11	21,166	10.97
	12	21,589	11.19
	13	22,021	11.41
	14	22,462	11.64
	15	22,911	11.88
	16	23,369	12.11
	17	23,836	12.35
	18	24,313	12.60
	19	24,799	12.85
07HC	19	24,799	12.85
	20	25,295	13.11
	21	25,801	13.37
	22	26,317	13.64
	23	26,999	13.99
	24	27,905	14.46
	25	28,785	14.92
08HC	25	28,785	14.92
	26	29,636	15.36
	27	30,507	15.81
	28	31,371	16.26
	29	32,029	16.60
	30	32,878	17.04
09HC	30	32,878	17.04
	31	33,799	17.52
	32	34,788	18.03

	33	35,934	18.63
	34	36,876	19.11
10HC	35	37,849	19.62
	36	38,813	20.12
	37	39,782	20.62
	38	40,760	21.13
	39	41,675	21.60
11HC	40	42,683	22.12
	41	43,662	22.63
	42	44,632	23.13
	43	45,591	23.63
	44L	46,829	24.27
12HC	45L	48,099	24.93
	46L	49,407	25.61
	47L	50,572	26.31
	48L	52,128	27.02
	49L	53,544	27.75
13HC	50L	55,001	28.51
	51L	56,496	29.28
	52L	58,032	30.08
	53L	59,609	30.90
HoS2	1	75,016	38.88
	2	77,042	39.93
	3	79,120	41.01
HoS1	1	81,257	42.12
	2	83,451	43.26
	3	85,701	44.42
Dir 2	1	101,969	52.84
Dir 1	1	124,860	64.72
CX	1	150,873	78.20



Meeting:	Council
Meeting date:	Friday 14 February 2020
Title of report:	Procedure for dealing with questions at Scrutiny Committees and Cabinet
Report by:	Solicitor to the Council

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To approve the recommendation from the audit and governance committee to amend the procedure for questions to scrutiny committees and cabinet contained within the Constitution.

The changes are sought to enable increased participation of the public and councillors in asking questions at scrutiny and cabinet.

Recommendation(s)

That:

- (a) the council approve the process for public and member questions at scrutiny and the deadline for cabinet questions with implementation with effect from the council meeting on 14 February 2020;
- (b) authority be delegated to the solicitor to the council to make technical amendments (grammatical, formatting, and consistency) necessary to finalise the revised constitution;

Alternative options

1. There are a number of options open to Council to improve the process of public and member questions at scrutiny and Cabinet.

For scrutiny –

One option would be to allow up to 15 minutes for public and member speaking at the start of each substantive agenda item at a scrutiny committee. This would enable members and the public to express their views, ideas, concern or support for a particular matter before it is considered by the committee. Although a formal response would not need to be given, it may provide a mechanism for people to make their views known directly to the committee and any queries they raise may be drawn out during the committee's examination of the matter.

Another option would be to retain the existing system for the substantive questions and answers but ensure at the end of the relevant item on the agenda that all supplementary questions have been addressed.

For cabinet -

One option would be to publish the papers earlier than 5pm.

Another option P could be to publish the papers 6 days before the meeting keeping the date the same deadline for questions

It is also open to full Council to retain the current systems without amendment.

Key considerations

2. At the audit and governance committee meeting held on 19 November 2019 consideration was given to improving public and member engagement at scrutiny and the timeframe for submitted questions for cabinet.

Scrutiny

3. Currently the process for public and member questions is applied equally to all public meetings of the Council at which questions are allowed. However this process when applied to the scrutiny committees, which do not have responsibility for making decisions results in a very unsatisfactory and overly bureaucratic process.
4. To resolve this difficulty pending the recommendations from the re-thinking governance working group, the recommendation is to retain the existing system and where a question relates to an item on the agenda that requires a cabinet member response, request that the responsible cabinet member provide a response and attend the meeting to deal with any supplementary questions.
5. The suggested amendment to the constitution to incorporate this change are tracked as changes to the constitution in appendix 1.

Cabinet

6. Further in answer to a member question at cabinet on 19 December (<http://hc-modgov:9070/documents/b19129/Supplement%201%20->

[%20Councillor%20Questions%20and%20Answers%20Thursday%2019-Dec-2019%2018.30%20Cabinet.pdf?T=9&\\$LO\\$=1](#)) the audit and governance committee was asked to consider making a recommendation to change the deadline for asking questions for cabinet meetings.

7. The recommendation is to request that questions are asked by 9.30 am on the third working day after publication. As cabinet meets on a Thursday this would extend the time frame over a weekend extending time from 5pm on the Friday evening to 9.30 on the Monday.
8. The suggested amendment to the constitution to incorporate this change are tracked as changes to the constitution in appendix 2.

Community impact

9. The proposal will positively affect the ability of the public to engage in the questions procedure. For cabinet it allows for extra time for a question to be submitted and for scrutiny it will resolve the frustrations felt about the inability of the scrutiny committee to directly answer questions.

Equality duty

10. 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.
11. The proposed options provide further time for all members and the public to ask questions and further the ability to be engaged in scrutiny. We therefore believe that this supports the council in delivering its equality duty by fostering good relations and advancing equality of opportunity.

Resource implications

12. The changes proposed have no direct resource implication other than officer time which is already budgeted for.

Legal implications

13. None

Risk management

14.

Risk / opportunity	Mitigation
Additional time will reduce the ability to provide adequate answers	The time is extended for cabinet over a weekend so should not unduly affect the preparation of answers.
Cabinet members may not be able to attend scrutiny committee	Written answers to supplementary questions will be provided within the required 10 days

Consultees

15. The chair and vice chairpersons of scrutiny have been consulted on the concerns about the answering of questions at scrutiny and support the recommendation.
16. The leader and cabinet have been consulted on additional time for asking questions at cabinet and support the recommendation

Appendices

Appendix 1 - Scrutiny questions options

Appendix 2 - Cabinet question deadline

Background papers

None

Section 5 - Scrutiny rules

4.5.97 Public questions

- 4.5.98 A period of up to 15 minutes will be allocated for questions and supplementary questions from members of the public who live or work in Herefordshire. This period may be varied at the discretion of the chairperson.
- 4.5.99 A question may only be asked if notice has been given by delivering it in writing to the monitoring officer, Herefordshire Council, County Offices, Plough Lane, Hereford, HR4 0LE or by email (councillorservices@herefordshire.gov.uk) to the monitoring officer no later than 5.00pm three clear working days before the day of the meeting (e.g. 5.00pm on a Monday where the meeting is on a Friday). Each question must give the name and address of the questioner (although only the name and town will be published) and identify who the question is addressed to. Copies of all accepted questions and answers shall be published on the council website before the start of the meeting and shall be made available to the public attending the meeting.
- 4.5.100 Questions will be answered in the order in which they are received.
- 4.5.101 A member of the public may submit only one question at any meeting of the council.
- 4.5.102 The monitoring officer is authorised to reject a question in accordance with the following criteria:
- (a) it is longer than 140 words;
 - (b) it is in multiple parts;
 - (c) it is not about a matter for which the council has a responsibility or which affects Herefordshire
 - (d) where a question is asked at a meeting other than full Council not relating to the function of the committee or an item of the agenda;
 - (e) it is defamatory, frivolous or offensive;
 - (f) it is substantially the same as or similar to a question which has been put at a meeting of Council, a committee of council, or cabinet in the past six months;
 - (g) it requires the disclosure of confidential or exempt information or relates to an identifiable individual;
 - (h) it is from a council employee and the question is connected to their employment; or
 - (i) it relates to a planning application or licensing application.
- 4.5.103 If a question is rejected, the person who submitted it will be notified in writing before the meeting and given the reasons for the rejection.

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- 4.5.105 Where a question is accepted but it is directed at the incorrect meeting because of criteria (d) above. The Monitoring Officer is authorised to direct the question to the correct meeting.
- 4.5.106 A questioner who is present at the meeting may, at the discretion of the chairperson, also put one supplementary question without notice. A supplementary question must arise directly out of the original question or the reply. The chairperson may reject a supplementary question on any of the grounds in 4.4.102 above, or if the question takes the form of a statement or more than a minute to ask.
- 4.5.107 Where more than one person wishes to raise the same issue or question, they shall be asked to agree a spokesperson to speak on that issue. If they cannot reach such an agreement, the chairperson may restrict the number of questions on that issue.
- 4.5.108 Answers to public questions**
- 4.5.109 Answers to accepted questions will be provided by either the chairperson or the cabinet member and published before the start of the meeting. An answer to a supplementary question will be provided by either the chairperson or the cabinet member.
- If the question is asking for an item to be considered for future inclusion in the work programme the questioner will be advised by the chairperson that they will be informed of the outcome of the committee's consideration of the request once it has been considered as part of the overall work programme prioritisation.
- If the question is asking for a substantive answer to a question the cabinet member for the area will make reasonable endeavours to attend the scrutiny meeting, if the questioner confirms that they wish to ask a supplementary question at the meeting.
- The answer from the cabinet member may be either a direct oral answer, a referral to an existing publication, or if the question requests service information a referral to an officer to respond in writing. If the reply cannot conveniently be given orally, if the cabinet member to whom the question is put is absent, or the time allowed for public questions has expired, a written answer will normally be provided within ten working days of the meeting. A record of all questions, supplementary questions and answers provided whether orally or in writing will be published on the website as an appendix to the minutes of the meeting.
- 4.5.110 Unless the chairperson decides otherwise, no discussion will take place on any question or a supplemental question
- 4.5.111 Questions from members**
- 4.5.112 A period of up to 15 minutes will be allocated for questions and supplementary questions from members of the council who are not members of the committee. This period may be varied at the discretion of the chairperson.
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- 4.5.113 A member may ask the chairperson a question relating to a matter of the agenda or otherwise within the remit of the committee only if notice has been given by delivering it in writing or by email (councillorservices@herefordshire.gov.uk) to the monitoring officer no later than 5.00pm three clear working days before the day of the meeting (e.g. 5.00pm on a Monday where the meeting is on a Friday); or.
- 4.5.114 The monitoring officer is authorised to reject a question in accordance with the following criteria:
- (a) it is longer than 140 words;
 - (b) it is in multiple parts;
 - (c) it is not about a matter for which the council has a responsibility or which affects Herefordshire
 - (d) where a question is asked at a meeting other than full Council not relating to the function of the committee or an item of the agenda;
 - (e) it is defamatory, frivolous or offensive;
 - (f) it is substantially the same as or similar to a question which has been put at a meeting of Council, a committee of council, or cabinet in the past six months;
 - (g) it requires the disclosure of confidential or exempt information or relates to an identifiable individual;
 - (h) it is from a council employee and the question is connected to their employment; or
 - (i) it relates to a planning application or licensing application.
- 4.5.115 If a question is rejected, the member who submitted it will be notified in writing before the meeting and given the reasons for the rejection.
- 4.5.116 A member who has put a question in person may, at the discretion of the chairperson, also put one supplementary question without notice. The same procedure for public questions will be followed.

Section 4 - Cabinet rules

4.4.28 Questions from the public

4.4.29 A period of up to 15 minutes will be allocated for questions and supplementary questions from members of the public who live or work in Herefordshire. This period may be varied at the discretion of the chairperson.

4.4.30 A question may only be asked if notice has been given by delivering it in writing to the monitoring officer, Herefordshire Council, County Offices, Plough Lane, Hereford, HR4 0LE or by email (councillorservices@herefordshire.gov.uk) to the monitoring officer no later than 9.30 am on the third working day after publication (e.g. 9.30 am on a Monday where the meeting is on a Thursday). Each question must give the name and address of the questioner (although only the name and town will be published) and identify who the question is addressed to. Copies of all accepted questions and answers shall be published on the council website before the start of the meeting and shall be made available to the public attending the meeting.



Meeting:	Council
Meeting date:	Friday 14 February 2020
Title of report:	Councillors' allowance scheme and link to the National Joint Council (NJC) index
Report by:	Solicitor to the council

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To approve the extension of the National Joint Council (NJC) pay award until May 2021 in relation to the basic allowance and special responsibility allowances received by councillors.

Details of the current allowances are set out in the Councillors' Allowance Scheme and were last approved in 19 May 2017 and updated to reflect the NJC pay award in April 2018 and 2019.

Recommendation(s)

That:

- (a) **The National Joint Council (NJC) pay award applying to the basic allowance and the special responsibility allowances received by councillors in 2020 and 2021 be approved.**

Alternative options

1. Not to approve the extension. This is not recommended as Herefordshire has historically relied on an index for the annual adjustment of allowances. Regulations state that where a council does rely on an index, it must not do so for more than four years before seeking a

further recommendation from the independent remuneration panel on the application of the scheme. Council could agree:

- the adoption of a different index – this is not recommended because other indices do not provide a natural link to local government pay restraints and have not been considered by the IRP;
 - no index link at all – this is not recommended because it would require an annual assessment of the allowance levels in place and whether an annual adjustment is appropriate
2. The council could request that the monitoring officer convene an independent remuneration panel to look at this area only. This is not recommended as an IRP will need to be convened after the recommendations for the council's governance model has been taken at Council in October 2020 so that a full review of the councillors' allowance can be undertaken.

Key considerations

3. The member's allowances scheme may make provision for a annual adjustment.
4. The scheme must be recommended by an Independent Remuneration Panel (IRP)..
5. An IRP was convened during January to May 2017 and made recommendations to Council on 17 May 2017. Two of the recommendations were in connection with linking the basic allowance and special responsibility allowances to the NJC pay award for four years. A copy of the May 2017 IRP report is available on the council's website.
6. At Council on 17 May 2017 it was resolved to adopt the NJC pay award (which applies to officers) for two years (2018 and 2019).
7. As the IRP in May 2017 made a recommendation to link the allowances to the NJC pay award until 2021, under paragraph 21.1 (e) of the Local Authorities (Members' Allowances) (England) Regulations 2003 the council may rely on this without the need to re-convene an IRP to recommend this extension to council.
8. Applying the NJC uplift will enable an inflationary increase for 2020 and 2021 whilst the council reviews the governance model of the council. A working group has been convened to carry out this review and make recommendations to the Audit and Governance Committee in September 2020 for onward recommendation and approval to Council in October 2020. Once any changes to the constitution have been approved by council in October 2020, an IRP will be convened and they will be requested to make recommendations to the May 2021 council meeting.
9. Under section 30 and 31 of the Localism Act 2011 ('the Act'), members have an other interest in this item because receipt of allowances affects the financial position of all members. As a result the members may not participate in any discussion or vote on the matter.
10. The monitoring officer, having received a written request on behalf of all members affected by the preceding paragraph, has granted a dispensation to all members.
11. The dispensation is granted under section 33 (2)(a) of the Act, as it is considered that without the dispensations the number of persons prohibited by section 31(4) from

participating in the item in question would be so great a proportion of the members of Council as to impede the transaction of the business. This dispensation is from both section 31(4)(a) and section 31(4)(b) of the Act.

12. All members may therefore participate in the discussion and vote on all of the recommendations

Community impact

13. Consideration of members' allowances needs to take account of the current financial climate. The independent remuneration panel members are independent of the council and represent the wider interests of the county. The adoption and publication of a scheme of allowances ensures there is transparency regarding the remuneration of elected members.

Equality duty

14. 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.
15. The annual adjustment applies to all members. There are no equality implications.

Resource implications

16. The forecasted revenue budget for basic and special allowances is 2020/21 is £662,000. This includes a 2% annual uplift.
17. If the NJC agreement exceeds the estimated 2%, the corporate contingency within the council's revenue budget will fund any additional budget requirements.

Legal implications

18. The requirement to have a members allowance scheme is set out in Members Local Authorities (Members' Allowances) (England) Regulations 2003/1021.
19. In accordance with regulation 10 (4) the scheme may make provision for an annual adjustment of allowances by reference to such index as may be specified by the authority.
20. The recommendation will apply an annual adjustment as specified by the authority. Without this approval there will be no annual uplift to allowances in 2020 and 2021.

Risk management

21.

Risk / opportunity	Mitigation
<p>Risk: If allowances are not established in an open and transparent way the reputation of the council and public service in general may be brought into disrepute</p>	<p>Mitigation: By virtue that this proposal is a full Council decision the public will be able to review the recommended decisions and the council debate in full.</p>
<p>Risk: Failure to appropriately remunerate elected members for the responsibilities they take on and the expenses they incur may act as a disincentive to stand for public office.</p>	<p>Mitigation: Use of an indexed linked allowance rate allows members allowances to keep pace with future earnings,</p>
<p>Risk: Some members currently have more than one area of special responsibility. This may lead to a perception that some members are taking on greater responsibility simply to receive a higher allowances than other members.</p>	<p>Mitigation: Members, regardless of how many special responsibilities they hold, can only receive one special responsibility allowance at any one time.</p>
<p>Risk: That following a governance review, a greater number of special responsibility allowances (SRA) might be identified and higher than anticipated increase in SRA might be incurred.</p>	<p>Mitigation: Any changes to the number of SRAs and/or the remuneration value attached to those allowances would need to be reviewed and recommendations made by the IRP. It would be for full Council to determine how it wishes to respond to those recommendations.</p>
<p>Opportunity: members of the public and businesses can be reassured that matters relating to changes to members allowances are proposed and recommended by an independent remuneration panel.</p>	<p>Maintaining the link with the NJC index is a continuation of what was recommended by the IRP in May 2017.</p>

22. The above risks will be monitored and managed at the service level.

Consultees

None.

Appendices

None.

Background papers

None identified.

