

Agenda

Cabinet

Date: **Thursday 28 January 2021**

Time: **6.00 pm**

Place: **online meeting**

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

For any further information please contact:

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

Agenda for the meeting of Cabinet

Membership

Chairperson Councillor David Hitchiner, Leader of the Council
Vice-Chairperson Councillor Felicity Norman, Deputy Leader of the Council

Councillor Ellie Chowns
Councillor Pauline Crockett
Councillor Gemma Davies
Councillor John Harrington
Councillor Liz Harvey
Councillor Ange Tyler

Agenda

		Pages
1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive any apologies for absence.</p>	
2.	<p>DECLARATIONS OF INTEREST</p> <p>To receive declarations of interests in respect of Schedule 1, Schedule 2 or Other Interests from members of the committee in respect of items on the agenda.</p>	
3.	<p>MINUTES</p> <p>To approve and sign the minutes of the meeting held on 17 December 2020.</p>	To Follow
<p>HOW TO SUBMIT QUESTIONS</p> <p><i>The deadline for submission of questions for this meeting is:</i></p> <p><i>9:30am on Monday 25 January 2021.</i></p> <p><i>Questions must be submitted to councillorservices@herefordshire.gov.uk. Questions sent to any other address may not be accepted.</i></p> <p><i>Accepted questions and the response to them will be published as a supplement to the agenda papers prior to the meeting. Further information and guidance is available at https://www.herefordshire.gov.uk/getinvolved</i></p>		
4.	<p>QUESTIONS FROM MEMBERS OF THE PUBLIC</p> <p>To receive questions from members of the public.</p>	
5.	<p>QUESTIONS FROM COUNCILLORS</p> <p>To receive questions from councillors.</p>	
6.	<p>HEREFORDSHIRE MARKET POSITION STATEMENT 2020-2025 FOR ADULTS AND COMMUNITIES</p> <p>To approve the Market Position Statement 2020-2025 which informs the care and support market on where the future demands on services will be so they can adapt their business models to respond and reflect the needs of the county's population.</p>	11 - 66
7.	<p>RECOMMENDATION FOR POTENTIAL SITES TO PROGRESS AFFORDABLE HOUSING DELIVERY IN HEREFORDSHIRE</p> <p>This paper seeks agreement to proceed with the outline feasibility of an initial number of selected council owned sites and any suitable sites in third party ownership identified across the county in order to progress the pipeline of suitable sites.</p>	67 - 76
8.	<p>2021/22 COUNCIL TAX REDUCTION SCHEME</p> <p>To recommend to Council the 2021/22 local council tax reduction scheme (CTR).</p>	77 - 218

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|------------|--|-----------|
| 9. | 2021/22 CAPITAL INVESTMENT BUDGET AND CAPITAL STRATEGY UPDATE | 219 - 256 |
| | To recommend to Council for approval the capital investment budget and capital strategy for 2021/22 onwards. | |
| 10. | 2021/22 BUDGET SETTING | 257 - 404 |
| | To agree the draft 2021/22 budget and associated medium term financial strategy and treasury management strategy for recommendation to Council on 12 February. | |

The Public's Rights to Information and Attendance at Meetings

Due to the current COVID-19 pandemic Herefordshire Council will be holding remote meetings in accordance with the latest regulations¹. Details of how to observe virtual meetings are set out below. Access to agenda, minutes, decision notices and other documents will be via the Herefordshire Council website or by contacting the Governance Support Team on 01432 260201 / 261699 or at governancesupportteam@herefordshire.gov.uk

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 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.

Observing meetings

Meetings will be streamed live on the Herefordshire Council YouTube Channel at <https://www.youtube.com/HerefordshireCouncil>. The recording of the meeting will be available shortly after the meeting has concluded.

¹ The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

Recording of this meeting

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

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

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

The council is making an official recording of this public meeting. These recordings form part of the public record of the meeting and are made available for members of the public via the council's web-site.

Guide to Cabinet

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

Cllr David Hitchiner (Leader) (Herefordshire Independents)	Corporate Strategy and Budget
Cllr Felicity Norman (Deputy Leader) (The Green Party)	Children and Families
Cllr Gemma Davies (Herefordshire Independents)	Commissioning, Procurement and Assets
Cllr Ellie Chowns (The Green Party)	Environment, Economy and Skills
Cllr Liz Harvey (It's Our County)	Finance and Corporate Services
Cllr Pauline Crockett (Herefordshire Independents)	Health and Adult Wellbeing
Cllr John Harrington (It's Our County)	Infrastructure and Transport
Cllr Ange Tyler (Herefordshire Independents)	Housing, Regulatory Services and Community Safety

The Cabinet's roles are:

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

Who attends cabinet meetings?

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

**The Seven Principles of Public Life
(Nolan Principles)**

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.



Meeting:	Cabinet
Meeting date:	Thursday 28 January 2021
Title of report:	Herefordshire Market Position Statement 2020-2025 for Adults and Communities
Report by:	Cabinet member for health and adults wellbeing

Classification

Open

Decision type

Key

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

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

Wards affected

(All Wards);

Purpose

That cabinet approves the Market Position Statement 2020-2025 which informs the care and support market on where the future demands on services will be so they can adapt their business models to respond and reflect the needs of the county's population.

Recommendation(s)

That:

- (a) cabinet approves the attached draft Market Position Statement 2020-25 in appendix a; and**
- (b) that cabinet approves the response to the scrutiny recommendation in appendix b**

Alternative options

1. Not to have a Market Position Statement (MPS) for Herefordshire; this is not recommended. Whilst a MPS is not a statutory duty of the council it is deemed as good practice and evidence that the council is supporting and developing a market that delivers a wide-range of sustainable high-quality care and support services that will be available for our communities as enacted in the Care Act 2014.

Key considerations

2. The MPS is intended to provide a summary of supply and demand needs for the care market now and in the future, signalling business opportunities and explaining how the council intends to buy/develop services. The statement will inform organisations providing care and support to be able to know who they are designing services for so they can develop the right support for the right people, at the right time in the right place.
3. Herefordshire's care market is a diverse one, predominately made up of small/medium local businesses with many of them local family run services with only a few large national organisations delivering services locally.
4. Herefordshire also has a high proportion of those referred to as "self-funders"; those who fund their own care as they are not eligible for financial support from the council. It is important to recognise that the needs of all the community must be managed, not just those eligible for social care support, however this does provide challenges to ensure all needs can be met in a cost effective way.
5. The existing MPS approved by cabinet in 2014 is no longer fit for purpose. The strategic direction for the council has changed from its previous focus on meeting formal care needs. This MPS has a wider remit, recognising that needs can be met in different ways for example utilising the strength and skills we have in our communities. The main themes within the MPS include:
 - Prevention and demand management
 - Strength based ethos across the council and its providers
 - Led by the Talk Community model and approach to support a wider community cohort
 - Strengthen its technology enabled living approach.
6. The MPS sets out some clear commissioning intentions developed with the children and young people directorate to ensure aligned focus where appropriate. These intentions will be the framework of which commissioners will ensure all activity relates to; providing providers with clarity on the future delivery models and expectations of the council. The following 12 intentions will be the focus until 2025 but continually reviewed;
 - Demand management through strength based approach and developing models and services that will support the principle that "home and family can be best".
 - Create a versatile, cost effective and sustainable market at a Primary Care Network (PCN) level.

- Increase and improve services that support complex and challenging behaviours such as autism or dementia.
 - Enhanced support for those who fund their own care.
 - Work across health services, children and young people services and adult services to integrate our commissioning and market management approach where appropriate.
 - Invest in early help prevention and community services.
 - Improve and embed mental health and wellbeing in all services design.
 - Support and develop the health, family support and social care workforce.
 - Embed technology where it delivers benefits across pathways and services.
 - Promote an inclusive customer focus to ensure fair access to services.
 - Significant development of accommodation and support to dramatically reduce homelessness in Herefordshire and ensure pathways to safe housing and independence for vulnerable people including care leavers, ex-offenders and others.
 - Design and recommission services in partnership to meet new legislative and policy changes relating to domestic abuse, advocacy, homelessness and refugees resettlement.
7. This MPS endorses the council's ambition to become a larger provider in the market recognising the opportunities this may bring and building on the existing in house services it is currently delivering to ensure needs are met and services are flexible and responsive to changing needs.
 8. The MPS for the first time reflects the all ages commissioning agenda and approach and is the beginning of an alignment to these areas and forms the basis of planning for further integration.
 9. This document will be supplemented with a dedicated webpage of data and performance information reflecting the changing priorities and the need to be flexible and adapt to changing needs. The commissioning intentions will be reviewed annually.

Community impact

10. The MPS is based on factual information and linked to the understanding Herefordshire trends and analysis.
11. The MPS contributes to the county plan 2020-24 ambition to 'strengthen communities to ensure everyone lives well and safely together' and to 'support an economy which builds on the county's strengths and resources'. It also looks to develop the use of technology to enable independent living.
12. The MPS will enhance the work with children and young people services and ensure appropriate support and services are available to those who will transition into adult services.
13. Having the right services and a highly skilled and compassionate workforce to support the counties most vulnerable in our communities is essential if we are to meet the needs of our growing ageing population.

Environmental Impact

14. Upon approval the MPS will seek to support to deliver the council's [environmental policy commitments](#) and aligns to the following success measures in the County Plan. It will

Further information on the subject of this report is available from
 Laura Tyler, Tel: 01432 260641, email: ltyler@herefordshire.gov.uk

aim to support the reduction of carbon emissions through the service specifications, and delivery in geographic locations to cut down journeys whilst also encouraging other modes of transportation where possible including walking, public transport, car sharing and bicycle routes.

15. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
16. Whilst much of this decision relates to back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy
17. The environmental impact of this proposal will be considered through any future service specification and includes appropriate requirements on the contractor/delivery partner to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. This will be managed and reported through the ongoing contract management.

Equality duty

18. 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.
19. 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. Our providers will be made aware of their contractual requirements in regards to equality legislation.
 20. 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.

Resource implications

21. There are no specific resource implications relating to this report, the current and future work of adults and communities commissioners along with children and young people will be informed by these commissioning intentions if they are adopted and will subsequently impact on the way the council reviews, develop and potentially commissions services in the future.

Legal implications

22. Under the council's constitution, it is the role of this committee to review and scrutinise the decisions and actions in connection with the discharge of any council statutory duties, in particular concerning adult social care.
23. Whilst no legislation requires a market position statement to be made, the council under the Care Act has an on-going duty to support and develop the care market within Herefordshire to assist with the delivery a wide-range of sustainable high-quality care services.

Risk management

24. None in the relation to this report. The MPS will however have future implications on the market by the nature of the commissioning intentions and the direction of travel for the council.
25. Any risk in the care and support market has been identified and in the council's risk register which is regularly reviewed. In light of the recent challenges Covid-19 has brought and will continue to bring, the market is reviewed continually through market surveys and discussions both locally, regionally and nationally.

Consultees

26. The views of the market have been sought in the development of this strategy, along with commissioners in the children and young people's directorate and health colleagues.
27. No comments were received from the political groups.
28. The MPS went to scrutiny for review on the 23 November 2020 and the recommendations and responses can be found in appendix 2.

Appendices

Appendix a: Herefordshire Market Position Statement 2020-2025










Appendix b: Summary of recommendations to the executive and executive responses (Herefordshire Market Position Statement 2020-2025 for adults and communities)

Background papers

None

**Herefordshire Market
Position Statement
2020-2025**

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The Market Position statement (MPS)

Intends to signal clear direction for providers on the future ambitions for the support and care market.

It has a much wider focus than any previous Market Position Statement (MPS); with a stronger emphasis on community-based commissioning within localities and recognising the strength and contribution of communities in prevention and supporting people's wellbeing across all ages.

It aims to focus on prevention through being proactive rather than reactive with a clear focus on demand management.

We hope you find it informative and useful in shaping your business to meet the needs of Herefordshire residents, it is only by working in collaboration we will meet our commissioning intentions.



Our commissioning intentions for 2020 onwards:

1. Demand management through strength based approach and developing models and services that will support the principle that "home and family can be best".
2. Create a versatile, cost effective and sustainable market at a Primary Care Network (PCN) level.
3. Increase and improve services that support complex and challenging behaviours such as autism or dementia.
4. Enhanced support for those who fund their own care.
5. Work across health services, children and young people services and adult services to integrate our commissioning and market management approach where appropriate.
6. Invest in early help prevention and community services.
7. Improve and embed mental health and wellbeing in all services design.
8. Support and develop the health, family support and social care workforce.
9. Embed technology where it delivers benefits across pathways and services.
10. Promote an inclusive customer focus to ensure fair access to services.
11. Significant development of accommodation and support to dramatically reduce homelessness in Herefordshire and ensure pathways to safe housing and independence for vulnerable people including care leavers, ex-offenders and others.
12. Design and re-commission services in partnership to meet new legislative and policy changes relating to domestic abuse, advocacy, homelessness and refugees resettlement.

19 This document forms part of the Market Position Statement. Additional up to date information can be viewed on the Understanding Herefordshire website.





1. Introduction

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This document summarises the supply and demand of care and support needs across Herefordshire. It signals potential business opportunities within the care and support market and, whilst it is not a statutory document, it provides evidence of how the council fulfils its duties under the Care Act 2014, the Children & Families Act 2014 and other relevant legislation to manage and shape its market.

This document will form part of the MPS as we move to a ‘digital by default’ approach with up to date data presented by localities accessed via the [Understanding Herefordshire](#) webpage.

Adult social care has experienced many challenges in ensuring continuity and quality care across the system over the last three years where the council has made savings of just over £14 million. This has been achieved through a change in approach and focus on a strength based approach (sba) and working collaboratively with stakeholders and providers. Unpaid carers are one of Herefordshire’s most valuable assets and play a crucial role within the county’s health and social care sector. The approach in adult social care builds up upon the strength of individuals and what they can do themselves, with the help of family, friends, and support from their wider community and from commissioned services. This is the key ethos driving our commissioning strategy. The council has seen this approach successfully manage demand and costs whilst ensuring peoples need are met.

Our [Children & Young People’s Plan](#) describes how local partners aim to give children and young people a great start in life. Together, we are continuing to develop our early help approach and build on the strengths of children and their families so they can be safe, be healthy, be amazing and be part of their communities. We are investing in direct support and workforce development to help families to become more resilient, as well as specialist approaches to prevent children from becoming looked after. For those children that do need to be looked after, we are developing local fostering and residential home capacity so that more of them can stay close to their family, school and community where it is in their best interests. This will also mean developing targeted education, health and care services to wraparound children who are looked after to maximise their potential and achieve good personal outcomes as they grow-up and transition to adulthood.

The council moves to an all ages commissioning approach from 2020 onwards and this document whilst focussed on all ages, it is the first step in producing one market position statement for both adults and children, this will be reviewed on an annual basis; the ambition is to have a fully integrated MPS from 2025.

The council is fortunate to work with providers who are dedicated to providing high quality care and support. The council recognises the essential part communities play in keeping people well, safe and independent with its resources, skills and diverse offer. The challenge is linking these together to set solid ground for innovation and further development in areas such as technology, which will contribute to the challenges faced by the sector.

It is a time for innovation and for providers to align to a strength based approach where the focus is on meeting need and not diagnosis, only by doing this where appropriate will the county ensure sustainable and diverse services and inclusive communities. A key focus for all commissioning approaches will have an expectation to contribute to reducing climate change in line with the County Plan.

The council is clear that where the market cannot meet these challenges and meet the needs of individuals it will consider its role within the market and has already started to insource some services and is currently exploring these options to ensure choice, quality and cost effective delivery.

It is worth noting that this document was developed before the Covid-19 pandemic began and as such we need to reflect that the council is working especially closely with its market to ensure a stable and strong market through these difficult times. This document will therefore be continually reviewed in line with data and intelligence from the market but it is recognised that the council will need to monitor and respond to the challenges we will face together as one system. The pandemic has built some strong working relationships and highlighted some good examples of what can be achieved and what can be done differently, which we can learn from to implement in the future.

What has been done since the last market position statement?

Since the previous market position statement in 2016, several key areas have been developed:

<p>Adult social care has developed and redesigned its pathway to focus on a strength-based approach.</p>	<p>The Home First service has been developed as the in-house reablement service, supporting referrals from hospitals and the community.</p>	<p>Workforce support through development with market on 'Care Hero' brand.</p>
<p>Talk Community has emerged as one of the council's primary approaches to Demand Management and Prevention.</p>	<p>The development of a unified care home contract and quality assurance framework between the council and Herefordshire Clinical Commissioning Group (HCCG).</p>	<p>Closer working with public health, with a focus on 'Making Every Contact Count (MECC).</p>
<p>Improvement in data and performance information through the creation of commissioning dashboards.</p> <p>Improved customer satisfaction.</p>	<p>Introduction of a Community Broker team that contributes to care and support plans, offering personalised advice on the activities and support that can be accessed in the community.</p>	<p>Leading investment and transformation of urgent care pathways to deliver significant improvement in Delayed Transfers of Care (DToc).</p>
<p>Herefordshire has welcomed refugee families, with more to be resettled in future years, along with commitments to asylum programmes.</p> <p>Herefordshire council opened Hillside a 22 bedded residential home in 2020 which is part of our in-house provision within the county.</p>	<p>New approved lists have been developed for supported living and care at home.</p> <p>Shared Lives scheme returned to the management of the council.</p> <p>Continuing work to redevelop the market for accommodation and support for care leavers and vulnerable young people.</p>	<p>New 10 year Joint Learning Disability Strategy and implementation plan 2018.</p> <p>Developed and implemented a Joint Carers Strategy for Herefordshire.</p> <p>New 3 year Autism Strategy 2019 and implementation plans.</p> <p>Adopted and implemented a new whole system for domestic abuse.</p>

Since the previous Children and Young People's Plan was introduced in 2015, there have been many achievements to be proud of in Herefordshire. Just some of these are highlighted below:

As part of its commitment to support looked after children into adulthood, the council has introduced a council tax exemption for care leavers (up to the age of 25).

A review into special educational needs and disabilities by the CQC and Ofsted in September 2016 acknowledged the low waiting times and flexible provision by Child and Adolescent Mental Health Services.

Great progress has been made in implementing Education Health and Care (EHC) plans – all children and young people with a Special Educational Need Statement now have a plan in place.

The teen pregnancy rate has reduced year on year in Herefordshire and is now 13.2% per 1,000, which equates to just 39 pregnancies (2017). This is the lowest rate in the region and one of the lowest compared to other similar areas (the rate has more than halved since 2010).

2018 saw Herefordshire young people out-performing pupils nationally in the Year1 Phonics Screening Check. Eighty four per cent of Herefordshire pupils achieved the threshold mark or better compared to 82 per cent across England. This represents a rise of 16 percentage points since 2013.

In total 366 families with significant challenges and in need of early help have been supported to make sustainable change (up to December 2018).

Changes in models of care to support children in mental health crisis have been implemented, including extended provision for urgent assessments for young people experiencing a crisis. This is now available seven days per week in partnership with the local Children's Ward.

There is clear evidence that standards are rising in both primary and secondary schools and academies across the county. In 2018 the performance of all pupils in Reception year in Herefordshire ranked in the top 25% (top quartile) of all local authorities, with 74.1% achieving a good level of development. Boys in Herefordshire outperformed the England average in 2018 and Herefordshire girls were amongst the highest performers in the country.

The rate (per 100,000 youth population) of first time entrants to the criminal justice system has reduced (from 565.2 in 2015 to 529 in 2016 to 447.2 in 2017), although this is still higher than the national average (295.1) and is currently a priority for the Community Safety Partnership.



2. National Context

Nationally adult social care has been high on the agenda with a particular focus on significant budget reductions, increasing need for services and poor quality care. Several national providers have pulled out of the market, causing significant pressure to some councils and requiring other providers to step in to pick up either care packages at home or additional placements within their care homes.

Funding is a challenge for many councils and Herefordshire is no exception. The Local Government Association (LGA) estimates that between 2010 and 2020 councils will have lost 60p in every £1 of central government funding. The LGA predicts that councils will face a funding gap of £3.2bn in 2019/20, rising to £8bn by 2024/25. This gap reflects the minimum funding needed to sustain services at current levels and does not assume the reinstatement of services that have been cut, or significant service improvements. The pressures are particularly acute in adult social care, children's services and homelessness support.

Carers UK estimate around 6.5 million people are carers who save the economy £132bn per year, an average of £19,336 per carer*. Source: Carers UK Facts about Carers Policy Briefing August 2019.

The government has continued to delay the publication of the 'Social Care Green Paper' first announced in the spring budget 2017. The NHS long term plan on the other hand has been published and focusses on prevention, tackling health inequalities, better use of digital technology, workforce development and improving value for money. There is a clear national strategy for integration of health services, especially in the community, and wider integration of health and social care services.

This has been the drive for the development of Primary Care Networks (PCNs) to give people more control over their own health and the care they receive, encourage more collaboration between GPs, their teams and community services, and to increase the amount services provided jointly. Herefordshire is in the process of devolving care planning and commissioning to four PCNs. (see Fig 2).

Nationally, the alignment of health and social care has been encouraged through funding schemes such as the Better Care Fund (BCF) and through Sustainability Transformation Partnerships (STPs).

STPs have been created to bring local health and care leaders together to plan around the long-term needs of local communities. Herefordshire and Worcestershire STP has prioritised:

- Doing more to prevent illness and encouraging people to live healthier lives;
- Encouraging people to self-care or self-manage more of the routine aspects of their conditions;
- Improving access to GP appointments;
- Improving community services which care for people at home, including making better use of technology;
- Changing the role of community hospitals so more care and treatment is available closer to home;
- Easier access to emergency/urgent care;
- Making acute and specialist services more sustainable.



3. Local Context

Herefordshire council has put itself in a strong position to realign resources at a local level. This transformation began with the development of the Adults and Wellbeing Blueprint which was adopted in 2015 and since developed into an agreed system integration blueprint

It has a focus on integrated care and support as the guiding approach to prevention and to supporting vulnerable people. It places the individual at the centre and focuses on early intervention and upstream prevention to keep people as well as possible, remaining safely in their own homes as long as possible, and supporting people with eligible needs to be as independent as possible.

Locally the political leadership has changed with a renewed focus on People and Communities, the council has recently produced its ambition and priorities for the county set out below:

Aim: Respecting our past, shaping our future – we will help encourage and strengthen our communities, create a thriving local economy and protect and enhance our environment.

Priorities



Environment

Protect our environment and keep Herefordshire a great place to live



Community

Build communities to ensure everyone lives well and safely together



Economy

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

Herefordshire's Children and Young People's partnership has pledged to:

1. Keep children and young people safe – **BE SAFE FROM HARM**
2. Improve children and young people's health and wellbeing – **BE HEALTHY**
3. Help ALL children and young people succeed – **BE AMAZING**
4. Ensure that children and young people are influential in our communities – **FEEL PART OF THE COMMUNITY**

Those who have worked alongside us in the development of the plan are passionate about making a difference and improving lives and building on the strengths of children and young people across Herefordshire – it's not just about what we do but also how we do it. We have therefore agreed four principles that we will use to help guide the plan's delivery. These are:



Right time: Early identification of families and early intervention to prevent crisis

Right people: Recognising and involving all key partners in achieving change, including families, communities and children and young people.

Right solutions: use evidence to understand what works

Right place: wherever possible, supporting children, young people and families at home, in their communities.

We will ensure the child and young person is at the centre of all we do.

The Adults and Communities directorate concluded a comprehensive review and redesign of adults' social care pathways in 2017 and re-launched its services based around a model of strengths-based social work practice, the key aspects are set out below:

- Focus on the individual and their family/carers;
- Begin with people's interests, aptitudes and identify what they can do for themselves;
- Explore what the person *could* do with the right opportunities and support to maintain or increase their independence;
- Identify the current and potential role of the carer and their support needs;
- Focus on formal (where appropriate) / informal support and opportunities in the person's local community in creating a support plan; and
- Support by signposting and information services and a rich network of informal and volunteer based support throughout the county.

The council is committed to working in collaboration with the NHS locally to protect, develop and join up the local health and care economy. It is well placed to lead the further evolution of aligned and joined-up services, building on existing progress and partnerships. Opportunities for future development are being explored through the following arrangements:

- Sustainability and Transformation Partnership (STP) and Integrated Care System;
- One Herefordshire and place-based models of delivery;
- Primary Care Networks (PCN).

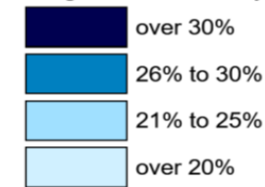
Fig.2 Primary Care Networks (PCN) localities



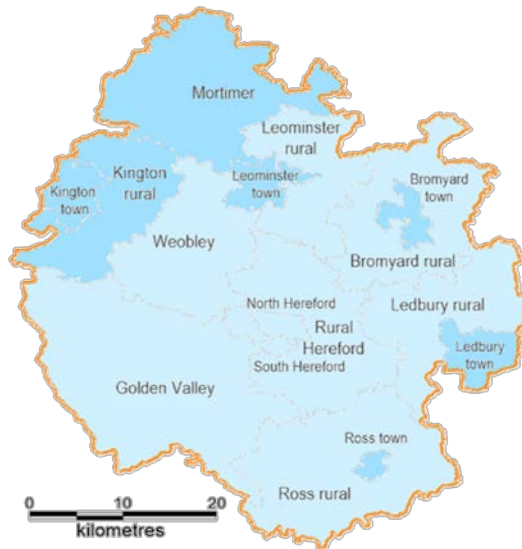
The Ageing Population

The county will face significant changes to its ageing profile over the next 20 years and can be seen by locality in the maps below:

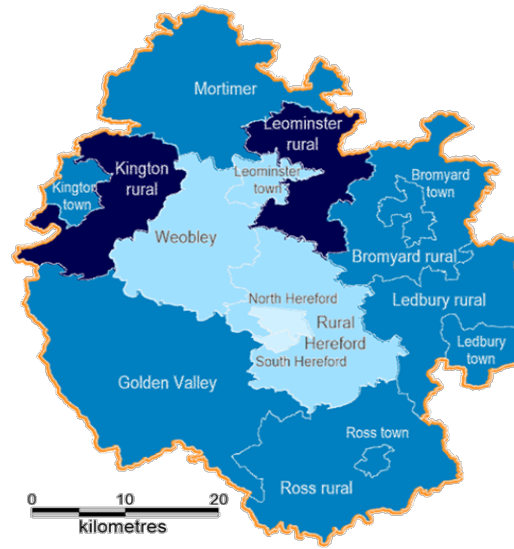
% aged 65 and over by sub-locality



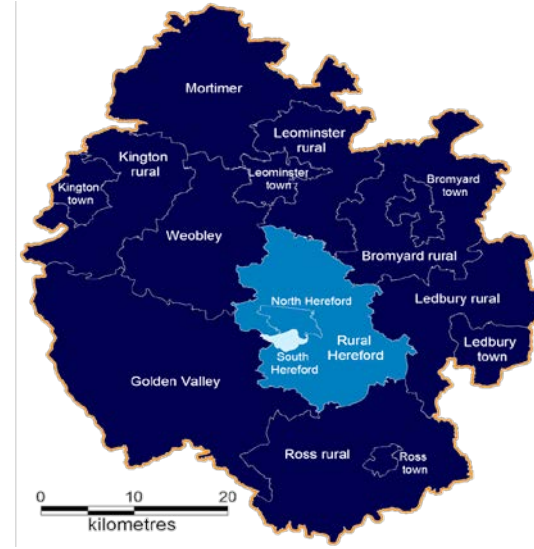
Proportion of the population aged 65+ by sub-locality - 2001



Proportion of the population aged 65+ by sub-locality - 2018



Proportion of the population aged 65+ by sub-locality - 2028



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The recent [Children's Integrated Needs Analysis](#) provides an overview of the population needs.

- Overall numbers of children have declined by around 7% over the last decade. However, the number of under-fives and births have been rising for the best part of the last decade. The next five years are expected to show a gradual increase in the numbers of children, to around 33,200 by 2023.
- A larger proportion of school-aged children (2017/18 academic year) have a statement for SEN or EHCP locally (3.1%) compared to nationally (2.9%). However, local figures are in line with those for the West Midlands region (3.1%).
- Herefordshire has a higher rate of looked after children than its statistical neighbours, the council's [placement sufficiency strategy](#) provides further detail.

Talk Community is an all-encompassing approach to communities and their partnership with the council. It is about all communities and people of all ages. Talk Community recognises that the council cannot and should not commission or deliver everything required to promote wellbeing and manage demand for formal care or support for all vulnerable people in the future. A successful strengths-based, prevention focussed system depends upon the council finding the right ways to support, promote, inspire and enable local communities to develop their own assets.

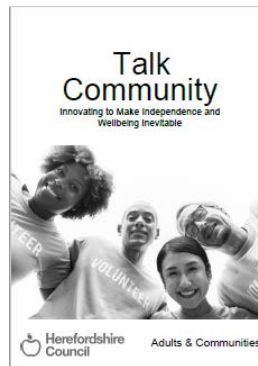
The Talk Community vision is that the council will be “innovating to make independence and wellbeing inevitable”.

The plan is set out under three main areas, indicating how Talk Community will focus on:

People; creating sustainable vibrant communities;

Place and space; where people live, work, study and get together;

Economy; how promoting wellbeing and supporting vulnerable people benefits from the local economy and contributes to it.



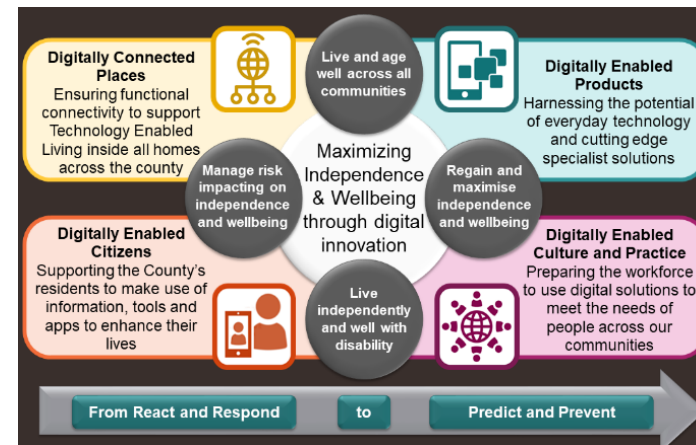
Adults and Communities commissioning is focused on innovation and the development of markets which are versatile and sustainable in the context of a changing and uncertain economy.

The directorate commissions across a wide spectrum encompassing social care, public health, community safety, mental health and accommodation. In seeking end to end integrated solutions, commissioners are focussing on whole community wellbeing and people of all ages. Talk Community offers opportunities to think differently about markets and the role of community based and informal support, with greatest focus on:

- Developing community-led commissioning models based on need and demand, and diversifying the nature of the market;
- Improved opportunities for employment and training for learning disabled people and people with autism;
- Greater and more targeted social value contributions from providers;
- Proactive services which make more innovative use of technology;
- A new integrated offer for self-funders;
- Developing more holistic, community based support and choices for people, including those with dementia; and
- More participative procurement methods, with an evolving approach to measuring quality.

Technology

Technology is a cross cutting theme throughout this document. It presents the movement required from simply monitoring commissioned services which will look at proactive and predictive technologies in supporting the wider health and wellbeing of the county’s population. A Technology Strategy is being drafted.





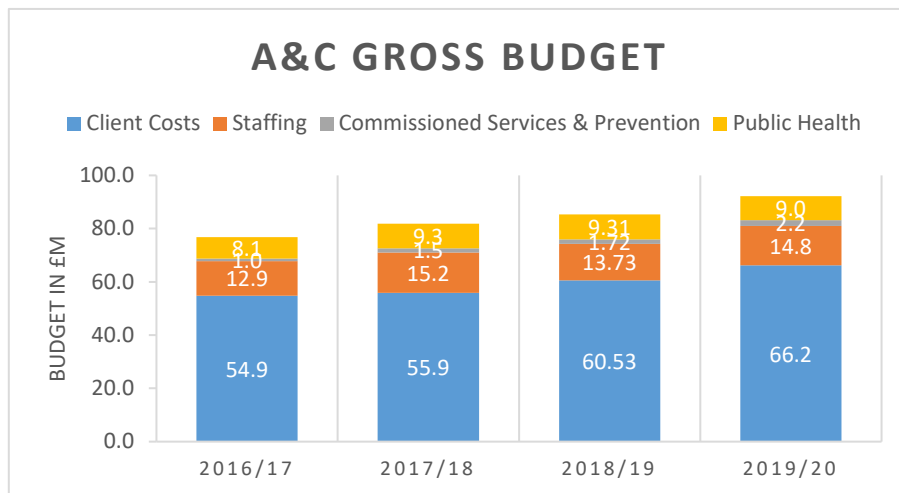
4. Finances

Herefordshire Council continues to set a balanced budget and is in a relatively stable financial position due to a robust savings plan over the last few years.

The pressures facing local services are likely to grow, mainly due to rising demand and the escalating costs of delivery. Rising demand for key statutory services such as social care and public health will continue to threaten services communities rely on, including libraries, street cleaning and the maintaining of green spaces.

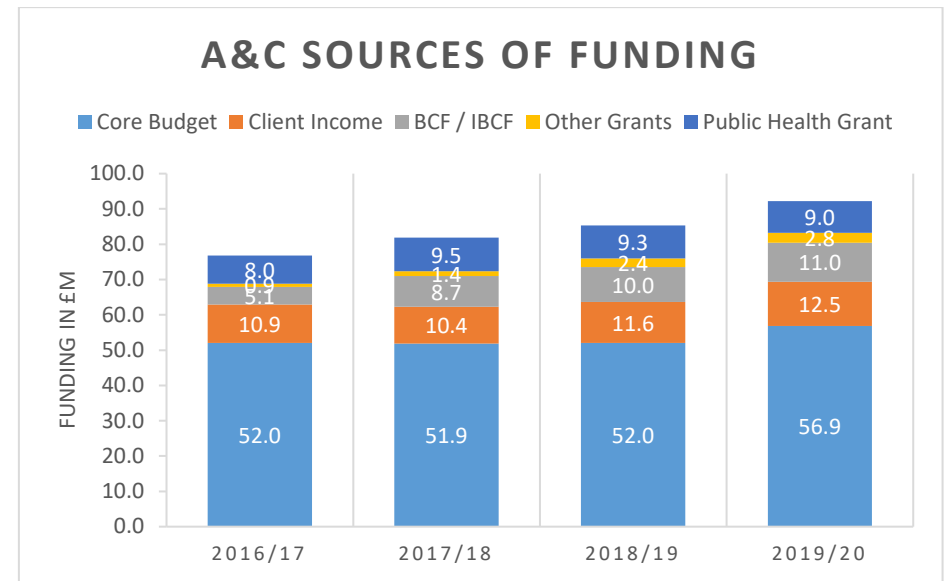
Adults and Communities has had to make significant savings to meet the twin challenges of increasing demand and costs coupled with reducing funding. Adults and Communities has risen to the challenge by redesigning its pathway and investing in strength-based practice, demand management and investment in other services which has contributed towards cost reductions of just over £14m in the past three years.

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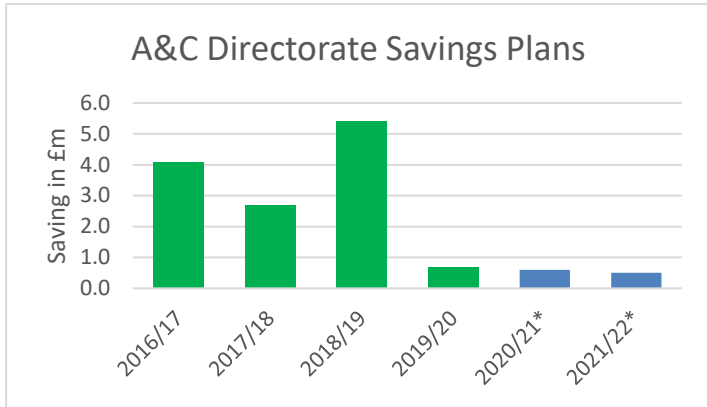


Even with considerable savings being delivered the Adults and Communities budget has grown through each of the last four years.

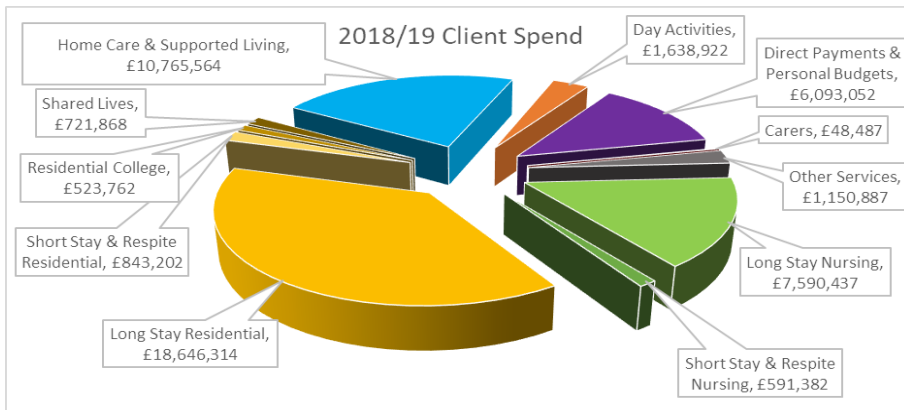
Approximately two thirds of the budget is funded from the council's own resources, either general revenues such as council tax and business rates or revenues dedicated to social care such as the adult social care council tax precept. The remainder of the budget is funded from external resources such as specific grants from central government and revenues raised from client contributions to the costs of care packages commissioned by adult social care.



The transformation process has delivered considerable savings and by delivering challenging savings target early in previous years, means that the directorate faces much more moderate saving's targets in the next few years, allowing for investment in upstream support and technology.

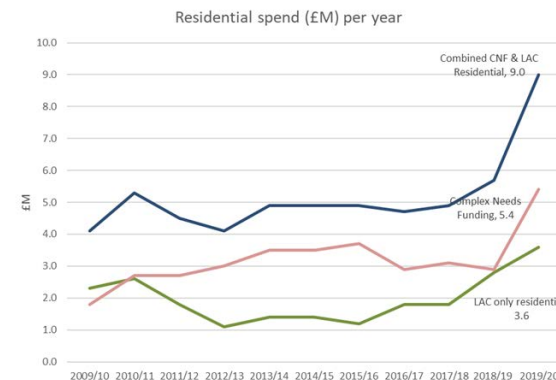


Over 70% of the Adults and Communities budget is spent on clients.



The council provides a wide range of support for children and families. This includes early years support, education and training, services for disabled children and those with complex needs, and much more. As in other areas, resources for this support remains limited while demand and expectations may increase. The council continues to seek best value and social value in the support that it provides and commissions to ensure that services are of good quality, are sustainable, and deliver demonstrably good outcomes for children and families.

One key financial pressure arises from further growth in the numbers of looked after children, as has happened across the country. In particular, costs related to their accommodation in either fostering or residential children's homes have increased significant in recent years. Both the number of children looked after by the council, which is higher than comparator areas, and the increasing cost of placements is not sustainable in the long-term. The council is, therefore, seeking better ways of working internally and with its partners to safely reduce the number of children that need to be looked after. This means investing in early help, family support, and edge of care, and reunification services, as well as improving the range and value of locally available accommodation places for those children that do need to be looked after.





5. Demand and predicted growth

Accommodation - Care homes

At any one time the council supports approx. 850 people to meet their assessed eligible social care needs in a care home. This approximate split is **60%** of these are in a residential home and **40%** in a nursing home but this can vary. At the present time **11%** of care home placements are in homes outside of the county.

Every month on average 30 new placements are made in care home settings and on average 30 placements end, meaning the number of people supported remaining broadly static over time. The average length of stay is 1.7 years in residential care and 1.6 years in nursing care.

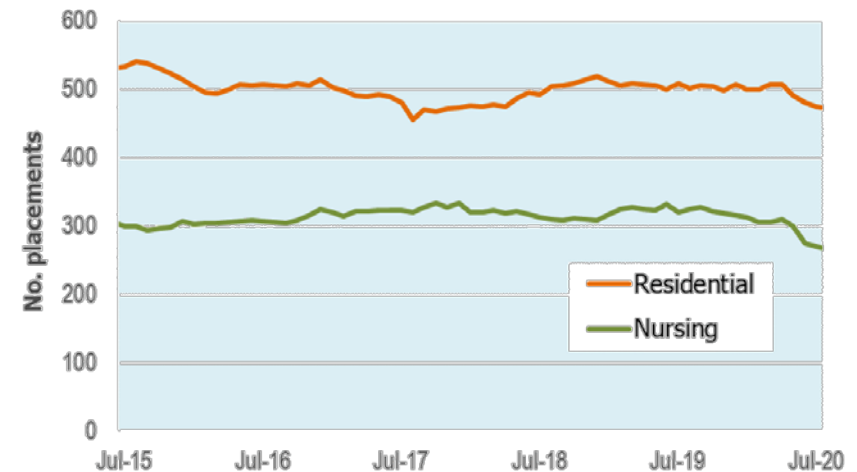
There are **87** private sector registered care homes in Herefordshire of which **21** are owned by medium-sized or major regional providers; In-county care homes provide a total of **2,113 beds**. Of in-county care homes just over a third (36%) are located in Hereford and the immediate surrounding area, just under a quarter (23%) are located in each of the north and south Herefordshire areas and just under a fifth are located in the east Herefordshire area. The west Herefordshire area has limited care home provision.

In 2016 the Market Position Statement signalled a 20% increase in the need for nursing care placements moving forward.

Actual in nursing growth was **1.4%** and **0.93%** for residential over the previous 5 years.

The council utilises around **35%** of the total Herefordshire care home capacity. The remaining care home beds are used by other groups of people: self-funders, the NHS, other local authorities, or are vacant.

The council has seen trends in care home placements relatively stable see below.



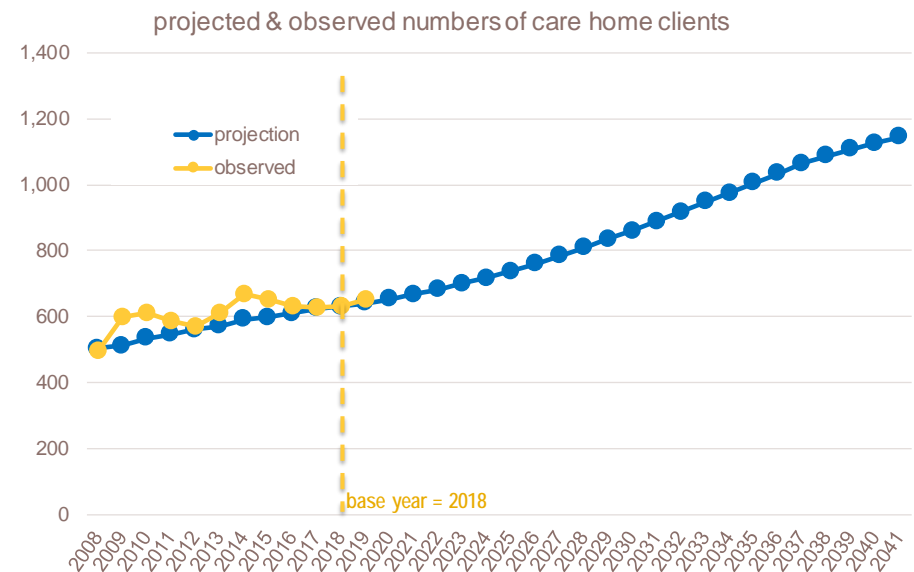
However, the Council and HCCG hold individual contracts with 300 care homes nationally with the council paying just under £24m annually on care home placements. £9.2m (57% of the total residential spend) is on Learning Disability (LD) placements. Whilst placements have remained stable, LD placements is the only growth area for residential placements which has seen the highest cost increase. Between 2014/15 and 2018/19 the costs of all LD residential packages increased by 31.41% (nearly 12% more than residential as a whole), of which only 5.70% can be accounted for by the inflation applied to fees, while the number of LD residential packages increased by 20.66%, if this trend were to continue unchecked it would represent a significant budget pressure for the council.

Historic trends show broadly stable numbers of council commissioned clients, increasing slowly in line with population growth while costs have risen considerably. Between 2014/15 and 2018/19 the costs of all residential packages increased by 19.96%, of which 5.70% can be accounted for by the inflation applied to fees. The number of packages increased by 0.93%, so a significant proportion of the increase in costs cannot be accounted for by council fee uplifts and the increase in activity, however it is believed that the increased acuity of individuals is behind this cost increase. Changes in the age structure alone would suggest that the proportion of nursing home beds will need to increase slightly in future and will take over the number of residential beds. The council will look at realigning these

numbers with the higher proportion being needed for nursing rather than residential as further investment and support is put into other accommodation and support models.

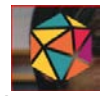
The council has also approved a large capital investment to build its own care home to support the growing need for nursing placements particularly.

It is of concern that the ageing demographics for Herefordshire will put additional pressure on services if the council does not change the approach. The increase in need can be seen in the diagram below:



Over 65 The total need for care home beds, for people aged 65 and over, is projected to increase from around 1,550 in 2018 to around 2,000 in 2028 (an increase of 450 over this 10-year period); and to around 2,650 people by 2038 (an increase of 1,100 over this 20-year period).

Under 65 The total need for care home beds for people aged under 65 will remain static at around 500 people over the next 20 years - approximately 1/3 who are Herefordshire Council (HC) funded and approximately 2/3 who are non-HC funded.



Further analysis can be viewed via the Understanding Herefordshire webpage

[ASCOF/ASC data via Power BI](#) is also available



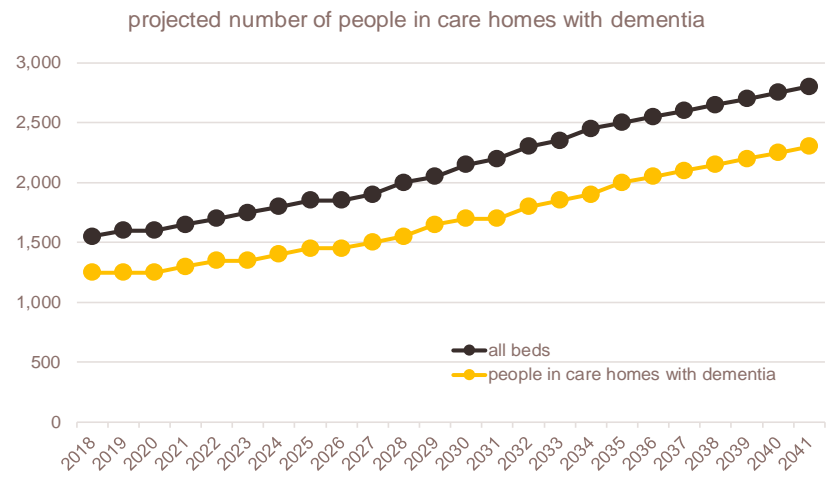
This increase is simply not affordable or practical and social care will focus on alternative pathways particularly into residential care and for those with a LD will seek to be supported in alternative accommodation provision.

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It is also concerning as potential demand increases, so will the proportion of people living with dementia in Herefordshire and particularly, in care homes. The graph shows the projected number almost doubling from 1,200 in 2016 to 2,300 in 2036.

Just over a third of all care homes (36%) are located in the Hereford & surrounds area, just under a quarter (23%) are located in each of the north and south Herefordshire areas and just under a fifth were located in the east Herefordshire area, this is where the council is predicting growth.

Challenges will be securing placements at an affordable rate, securing in county complex care at a small scale; workforce issues (recruitment & retention) particularly nursing staff; high number of self-funders helping to drive up placement costs and reducing negotiating opportunities. Viability and sustainability of small care homes and small specialist provision in the county.



Accommodation Services for Care Leavers

Adults and Communities commission accommodation services for various user groups with a particular focus on care leavers and vulnerable young people. Commissioners are working closely with Children and Families colleagues to develop the local market for accommodation based and other services for care leavers and 16/17 year olds with a wide range of needs.

The aim is to improve quality and value for money whilst ensuring more young people can live and be supported locally in Herefordshire. Of Herefordshire's 287 care leavers aged under 25, up to 20 at any one time have a complex need or multiple complex needs.

The council's approach in this work is guided by the Accommodation Strategy for Vulnerable Young People 2017-21, which is currently under review.

- 💡 Further investment in supported living accommodation, domiciliary care and technology provision to manage demand.
- 💡 The council will become a provider within the care market by developing a new care home facility.
- 💡 The Broker role will be expanded to support more self-funders.

Supported living

The council has done a lot of work on supported living over the past two years to align its offer and continues to work with the market to support people to live as independently as possible and to have their 'own front door'. The council commissions several different categories of supported living from high to low level support. This offer will be further enhanced by the creation of a complex supported living framework which will be developed to support those individuals with forensic histories and dual diagnosis.

Supported living has a number of challenges: bringing new developments on line takes time, matching people within a shared house environment can be difficult, providing support to the most complex and challenging individuals, and, due to the small numbers of people in Herefordshire, delivering complex care models of supported living is not attractive to providers as economies of scale cannot be realised, which is why we will develop services across the STP footprint

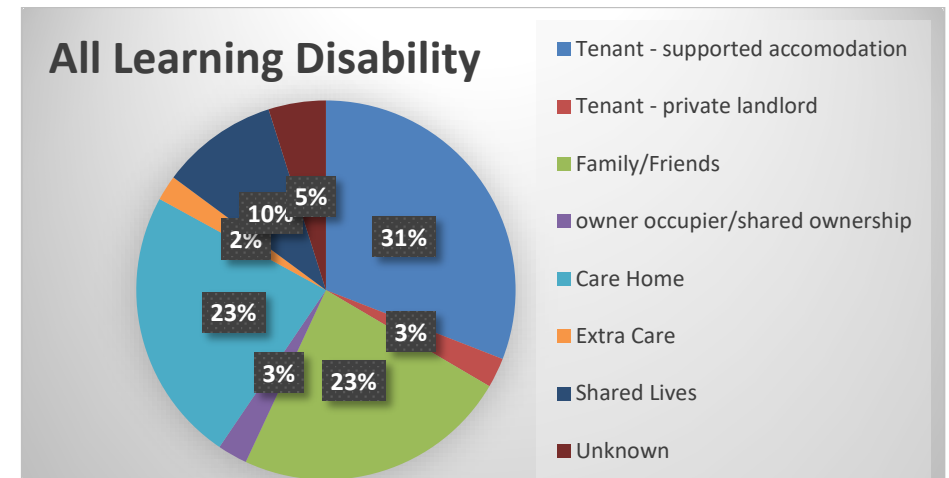
Herefordshire's small population means that there are few new supported living placements each year. There are between 6-10 new placements each year, but much of the activity in this sector is related to people moving placements, with 48 moves taking place during 2018. The council is working to utilise the existing provision wherever possible in order to ensure sustainability of models for commissioner and provider, as well as work with housing development colleagues and housing management providers to grow the available models within the local community to meet the demands of customers who haven't been able to peruse supported living opportunities due to lack of growth in the market.

The majority of supported living customers have a learning disability. People with a Learning Disability are set to rise by 4% over the next 10 years therefore sustainable accommodation solutions are integral, ensuring sustainability, quality and cost effective models can be delivered. There are opportunities here to reduce access to residential placements by introducing accommodation and support models which deliver on core and cluster models as well as developing the night support offer to embrace Assistive technology.

The council would like to consider how models such as Home Share could provide not only accommodation but offer opportunity to gain valuable experience in the care sector.

- 💡 Commissioning new accommodation based services for care leavers with complex needs through block contracts in accommodation owned by the council.
- 💡 Redesign and recommissioning of support for care leavers and homeless young people with light touch or moderate needs including different accommodation models and floating support or outreach models.
- 💡 Development of a new local framework for placements to accommodation based support, across a range of needs.
- 💡 Redesigned accommodation pathways for vulnerable young people.

Those in supported living accommodation are predominately those with a Learning Disability see below:



It is anticipated that numbers of people in supported living may increase further as the number of residential care home beds for people with LD reduce as some providers exit that market, either by deregistering their home or by retiring.

There are also few registered Housing providers with a local presence with a specialist focus upon this client group, and to move from a high number of people in residential to a majority in supported living we require a registered provider who is able to work within a wider risk base.

There is a need for forensic support within the county, however the numbers are very small and demand is unlikely to be such that affordable, sustainable dedicated provision is developed in-county so other solutions such as working at a regional level are being developed.

The council took Shared Lives back in house in 2017, it is a CQC-regulated service providing personal care. It currently supports 65 people in long term arrangements and 10 people in respite/short breaks and currently has 42 approved Shared Lives carer households within the scheme which is growing.

The scheme faces some challenges in the recruitment of sufficient carers to meet the potential growth of the service, but this can be met with co-ordinated recruitment campaigns and general awareness raising across the county. The scheme should see 10-20% growth in the first year.

Over the next 3 years, Shared Lives will expand from providing care and support for people with a learning disability and/or mental health issues, into providing support to older people and those being discharged from hospital; the scheme will also develop a strong respite/short breaks offer across the county.

- 💡 General needs/ordinary housing to be accessed wherever possible.
- 💡 Assistive technology considered for every contact.
- 💡 Less 'shared' and more 'own front door' provision.
- 💡 New schemes taking into account the geographical gaps in our offer.
- 💡 Deregistration of small residential homes.
- 💡 Complex forensic needs solutions- to include in county crisis provision.
- 💡 Redevelopment of council owned sites.
- 💡 Remodel of internal pathways and introduction of move on plans for individuals.
- 💡 Develop a property management company by local authority.
- 💡 Develop the 'live in' carer and the shared lives offer and the Home Share concept.
- 💡 Develop an Accommodation Strategy.

Community activities

There are 16 Community Activities providers currently delivering support in Herefordshire on an approved list.

Currently the council commissions 327 client places at a cost of c£1.6m per annum. In addition, clients with Direct Payments (DPs) use a range of services, some of which are not on the council's current framework. Over 50% of ASC customers who use community activities purchase them with their DP making the DP market greater than the commissioned market for this sector.

The client mix for these services is mainly people with Learning Disabilities who benefit from structured day activity services that enable them to access the wider community, with some day services supporting people with mental health support and also Acquired Brain Injury.

Community activities is a link into communities with the role of Community Brokers making these links and supporting people to access a wider and more diverse offer. A model and method aligning roles and responsibilities under the Talk Community approach will be reviewed to support individuals with different needs and abilities. A further challenge and opportunity will be to increase the throughput of clients into opportunities such as employment. This is providing people with choices and work placement opportunities which many want. People with a Learning Disability want the opportunity and support to have meaningful work and be able to be independent and have equal access to services that anyone would else would have.

The geographical imbalance in the provision of services is a challenge. This could be addressed through an increased use of community-based facilities through developing the "Talk Community" initiative currently being rolled out across the county. Ensuring travelling time and cost is minimised by

accessing local provision will not only reduce cost and greenhouse emissions but also ensure people are embedded into local communities. Also the use of universal services such as Job Centre Plus and DWP initiatives in combination with social care support will enable individuals to have better access to paid work opportunities and schemes, which will increase their social networks and also personal wealth.

This is an area which has seen substantial increases in cost for a small number of individuals. Providers need to consider the offer to people and move away from 'traditional place based' services particularly if they are to offer services to a wider customer base.

- 💡 Grow a wider offer range and style of services away from the 'traditional' day opportunity model.
- 💡 Expand services to include access to universal services through a range of solutions which focus on employment.
- 💡 Community activities to diversify their support offer to sit alongside the developing agendas through new support models such as peer support, enabling background support and risk enablement to empower, integrate and challenge expectations.

Home Care

Herefordshire Council currently has 33 approved providers delivering commissioned care; these providers support around 750 customers at any one time and deliver just under 10,000 hours of care per week. The council spends around £10 m on home care services per year. Please note that demand for care services is subject to change and all performance data is available on the [Understanding Herefordshire](#) webpages.

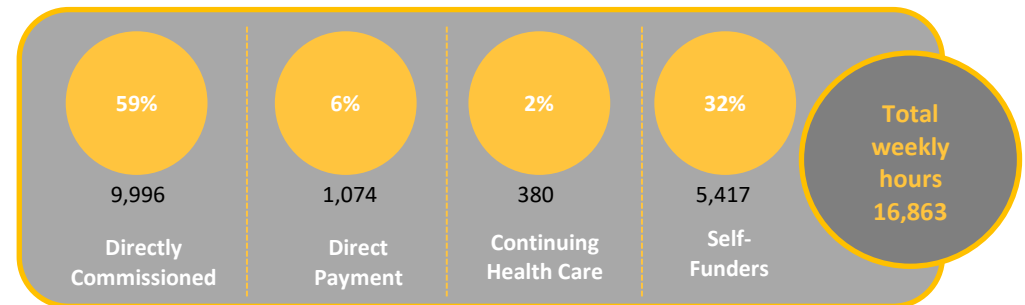
Providers support customers with a range of eligible assessed

needs. However, the majority of commissioned provision is in response to physical support needs and the associated need for assistance with personal care. The cohort of customers is predominately elderly with over 60% aged over 85 years of age.

The table below is derived from information collated from approved providers and confirms that council commissioned care equates to roughly 60% of the total services delivered.

Despite the county's aging population, adult social care has managed to reduce the demand for domiciliary services despite a national increase of between 11% - 16%.

At the highest point in August 2017 the council commissioned 13,184 hours, at October 2019 this had reduced by 22% see diagram below.



The introduction of a strengths based approach to assessment, improvements in the information and advice service and the introduction of the Home First Service have all contributed to the reduction. However, the associated increase in the competition for commissioned packages has had a significant impact on the financial and operational viability of providers.

In spite of the challenges the sector faces packages are generally picked up in a timely manner, however, the length of delays does increase due to seasonal factors including school holiday and Christmas.

The majority of delays occur in rural areas including the Golden Valley, the south and the west of the county. The fees paid for rural care packages (locations outside a four mile radius of the city and market towns) were uplifted in 2019/20 by 20% to incentivise providers to deliver care in more rural areas.

The council's significant investment in the rural fee structure has been successful in keeping providers in the sector. However, the comparatively low numbers of customers and the difficulty developing and maintaining viable rounds of care calls results in delays in allocating packages.

The recruitment and retention of care workers is a challenge nationally furthermore, the issues are exacerbated at the local level by the reduction in the numbers of hours being commissioned and the higher costs of delivering care to a sparse and dispersed population: factors that combine to make rural packages economically unattractive for many providers.

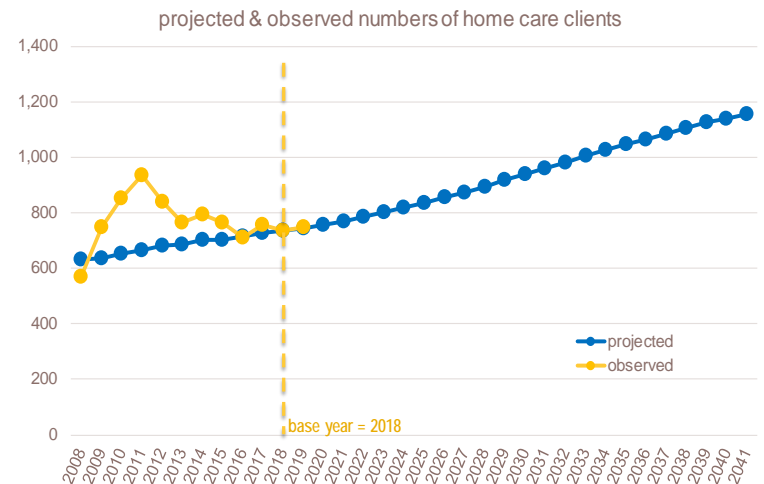
Over 70% of Providers deliver less than 300 hours a week. This is well below the commonly accepted threshold for viability of providers and it is difficult under the current model to assure the continued stability of the market and the sustainability & viability of providers.

As previously stated adult social care has helped Herefordshire buck the trend in demand for home care hours in recent years. However, the council's strategy of supporting as many people as possible to live at home for as long as possible suggests an increase in demand for home care as the council aims to reduce the use of residential care.

Further modelling suggests that in line with demographic changes similar to the care homes sector, demand will increase in line with projected increases please see graph below:

- 💡 Develop new locality based model(s) by PCN, only where appropriate
- 💡 Consolidate the number of providers per PCN to improve their operational and financial viability and reduce the environmental impact.
- 💡 Introduce a new service specification and terms and conditions.
- 💡 Work with the market to address the challenges of recruitment and retention by improving terms and conditions of the workforce.
- 💡 Work with providers to use technology to improve the outcomes for the individual and potential need for workforce.

The council plans to remodel home care delivery to align with the Primary Care Network localities structure. This will also offer opportunity to work collaboratively with health and partners to maximise community resilience and support people in their own homes.



Learning disabilities

People with a learning disability have been mentioned throughout the document as they are a cohort who will stay in the system and need support for a number of years. Over the 20 year period between 2015 and 2035 it is estimated that the number of all age registered LD cases in Herefordshire will increase from 976 to 1,019, which represents a proportional rise of 4.4%. It is predicted that by 2035 the number of people living with a learning disability in the majority of age groups will increase, particularly in those aged 70 and over with a predicted rise of 36.7% for the 70–74 age group and 71.4% for the 75+ cohort. This reflects a general improvement in life expectancy for people with LD. Although the number of LD cases are predicted to rise over this 20 year period, the overall prevalence is predicted to fall, with the all age figure falling from 0.52 to 0.49% and the adult figure from 0.61 to 0.57%.

The council reports measures including the proportion of adults with a learning disability who live in their own home or with family below which as you can see Herefordshire bench mark is low in comparison to the region and England as a total. This indicates that Herefordshire places too many individuals into a residential care home setting.

Year	Herefordshire Score	Applicable Service Users	Total Service Users	West Midlands Region	England
2018-19	71.2	366	514	72.4	77.4
2017-18	66.4	336	506	72.3	77.2
2016-17	58.0	-	-	70.3	76.2
2015-16	58.0	-	-	67.9	75.4
2014-15	60.2	310	515	62.6	73.3

Similarly the proportion of adults with a learning disability in paid employment is below the region average and that of England as a whole.

Year	Herefordshire Score	Applicable Service Users	Total Service Users	West Midlands Region	England
2018-19	4.3	22	514	4.3	5.9
2017-18	3.4	17	506	4.3	6.0
2016-17	2.9	-	-	4.2	5.7
2015-16	11.3	-	-	4.5	5.8
2014-15	6	30	515	4.3	6.0

It is recognised that in order to provide the right support, work needs to be done early on in a person's life and adult social care are working closely with the Children and Families Directorate to help those who will transition into adult services ensuring that the strength based approach is implemented expectations about life outcomes are raised, with easier routes into employment support.

Autism

The Council and CCG have produced an [All Age Autism strategy 2019-2022 for Herefordshire - Think Autism](#)

It is estimated that more than half a million people in England have autism. This is equivalent to more than one per cent of the population and similar to the number of people that have dementia. Historically, four times as many males as females are diagnosed with autism, however this is being challenged and it is thought that this ratio could be as little as 2:1 It is the statutory duty of Herefordshire Council and Herefordshire Clinical Commissioning Group, through the Health and Wellbeing Board, to produce a joint

strategic needs assessment (JSNA) of the health and social care needs of the local area.

Herefordshire captures limited data in relation to people with autism, this is indicative of a wider national issue. This is due to a number of reasons:-

- There is currently no national driver to capture this data, but indicators from the department of health suggest this will change in the near future.
- Not all people with autism are known to the council, as they do not seek support from the council or have eligible adult social care needs.
- Autism is often not the primary diagnosis within social care and so the council will not record the prevalence of autism in a reportable format.
- General Practitioners (GP) surgeries operate a system where the diagnosis of autism is captured on the patient record, but only 0.4% of patients are captured (where we know the national average is 1%).
- There is a low diagnosis rate in Herefordshire compared to the national average. The diagnosis rate in Children in Herefordshire is 0.81% of the population, in comparison to the national average of 1% of the population.

There is currently no overall register of adults on the autism spectrum in the county. The National Autistic Society has published estimates of the prevalence of autism in the UK which note that although the figures for the prevalence of autism cannot be precisely fixed, it appears that a rate of around 1 in 100 is a best estimate of the prevalence in children.

A prevalence rate of around 1% would mean that the number of people with autism in Herefordshire can be estimated at around 1,860 including approximately 380 children age 0-18. This though is only an estimate. Accurate figures have continued to be difficult to source and it is one of the ambitions of this

strategy to engage with various health professionals across the county to enable an accurate and reliable figure of the incidence and geographic location of the autistic population of Herefordshire.

Transition into Adults Services

The council recognises the challenge of those young people transitioning into adult services and further work to align practice and market management will be a focus for adult social care along with the all ages commissioning agenda which will be a key development over the next few years.

- 💡 Work with children and young people who will transition into adult services, creating alternative pathways and cost effective solutions.
- 💡 Reduce the need for residential setting and support people into alternative accommodation with a focus on security of tenure and independence.
- 💡 Develop a pathway and support people who want to and can into employment in partnership with universal services.

Self-funders

Self-funders represent a significant influence in markets across the county. The council is undertaking work to map and understand self-funder demand and choices more fully and whether they have the information needed to make informed decisions. This will be a key focus for the Talk Community work, ensuring people have the right advice and support to make informed decisions for themselves or their family/friend. The council brokerage function will be enhanced to improve the support available to self-funders across the county.



6. Commissioning in Communities

The council with a wide range of public, voluntary and community sector partners launched a new Suicide Prevention Strategy in 2019 and has finalised an initial action plan. The Strategy focuses on community based prevention and support, working with the media, peer led bereavement support and improving data and understanding about suicide and self-harm.

Through Talk Community, Herefordshire Council is committed to promoting positive mental wellbeing through communities and establish effective, volunteer led support for people with emerging and moderate needs in communities. There will be a key focus on self-care and mutual/peer support. This will complement wider work promoting community inclusion and new services supporting people in crisis.

Integrated Community Equipment Store (ICES)

Community equipment loan services are jointly commissioned with Herefordshire NHS CCG. The council is the lead commissioner. Community equipment services have now been recommissioned, with a new contract to begin in April 2020.

The council commissions a comprehensive service including equipment for children and under Continuing Health Care (CHC) to meet complex health needs. There is an absolute commitment to high quality logistics and optimising recycling, with a focus on whole life cost of equipment.

The council will be innovating in the way in which it uses technology to promote wellbeing in the community and support independence and protect vulnerable people. This will inevitably see some change in the nature of equipment prescribed and the way it is used. There may be opportunities over time to develop services which are complementary or parallel to community

equipment, including; continence, services, wheelchair services and others. The council is seeking continuing innovation to improve the customer experience and whole life costs, along with ways of delivering social value.

Community Safety

The council provides a strategic leadership across key community safety priorities and commissions services in relation to;

- Domestic abuse
- Refugee resettlement
- Asylum
- Substance misuse
- Hate crime
- Anti-social behaviour

Increasingly, Community Safety Commissioning Strategy will be developed in the context of the Talk Community initiative and through the Talk Community safety and cohesion programme. This will involve raising awareness of community safety issues among communities and finding new community based approaches, linking with schools, children's centres and Talk Community Hubs. In doing so it will deliver some of the outcomes set in both the Learning Disability and the Autism Strategies. Priorities developed through local co-production and community engagement will include hate crime, antisocial behaviour, domestic abuse and suicide prevention.

In 2019, the council has published new whole system strategies for domestic abuse and suicide prevention. The council is unlikely to invest directly in brand new community safety services but will continue to maximise external funding opportunities and recommission existing services in due course. There may be new procurement opportunities relating to refugee resettlement during for first half of 2020. Services

procured will follow a strengths based approach, optimising independence of refugee families on a tapering basis.

Carers

A Joint Strategy for Carers was co-produced and published in 2017, aligned to a substantial redesign of services for carers. This identified a number of priority areas including information and signposting, self-help and mutual support, universal services, and valuing the skills and knowledge of carers. The implementation of the Strategy is now being reviewed.

A new form of service for carers was mobilised in April 2019 on a five year contract based upon a locality delivery model, promoting a strengths based approach through time limited support and planning with individual carers. The assessment and support planning pathway for carers is currently being reviewed and the council is adopting the Adult Directors Association Social Services (ADASS) regional carers' scorecard approach.

Substantial engagement is underway with carers and other key stakeholders to understand what the priorities are for carers now to revise the Carers Strategy from 2021. This will include reviewing the impact on carers due to the COVID pandemic.

The council continues to arrange and purchase replacement care for a range of user groups which provides benefit for unpaid carers.

Advocacy

The council currently commissions all statutory advocacy services for adults from a single provider in one contract, including IMCA, IMHA, Care Act, NHS complaints and DOLS RPR and other roles. Advocacy for children and families is commissioned separately.

Herefordshire has experienced significant growth in demand for DOLS related advocacy in particular and continues to monitor demand and capacity locally. . Advocacy services will be required to change as a result of the new legislative framework for Liberty Protection Safeguards (LPS) and the anticipated changes to the role of the Independent Mental Health Advocate following the review of the Mental Health Act. The impact of these legislative changes will require consideration of some investment in capacity and redesign of delivery models in the recommissioning of services from 2021.

- 💡 Develop the technology enabled living model.
- 💡 Focus on LPS framework and advocacy support.
- 💡 Working with communities to increase support for carers.
- 💡 Linking the work with community safety and Talk Community to ensure safe and inclusive communities.
- 💡 Working with employers to improve support for carers.

Mental Health

The council is reviewing mental health needs and models of delivery. It will put particular emphasis on whole population mental wellbeing, preventing crisis and the role of communities in supporting people with emerging and moderate mental health needs.

This is a time of significant development for mental health support, with much national attention, leading to;

- Significant focus within the NHS 10 year plan
- A new mental health concordat, directed towards prevention
- New investment and redesign of community based mental health services.

In addition, in April 2020 NHS mental health and learning disability services has transferred from Gloucestershire Health and Care NHS Foundation Trust (formerly 2gether Trust) to Worcestershire Health and Care Trust. The council will be working with partners at STP level to manage and support this change.

A review and refresh of the all age mental health needs assessment will be completed in 2021, focusing on prevention, mental wellbeing and the role of communities. An STP mental health strategy will also be finalised during 2021, in partnership with NHS partners.

Herefordshire is one of 12 pilot sites for the investment in and redesign of community mental health services in the NHS. Extensive engagement and consultation is underway to develop ideas for services which are more consistent and responsive and provide continuity and flexibility for people with enduring needs.

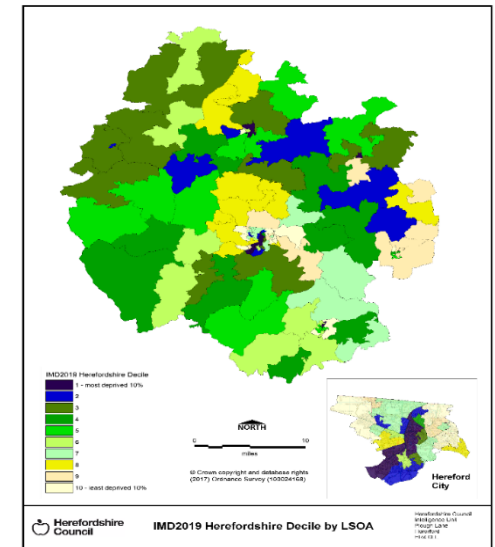
Prevention and wellbeing

Ensuring “wellbeing in all council decisions” and “wellbeing in all commissioning” are key for the council: this will include working with providers to support the health and wellbeing of the wider public as well as the people for whom services are provided. Communities will also have a part to play in supporting people to be healthy and the council is committed to improving health and mental wellbeing and reducing health inequalities.

Preventing ill-health, putting in place early interventions and supporting people who need additional help will be a focus for the council and will be reflected in all tender proposals, together with a need to demonstrate social value – which should respond to local community needs.

Population health information indicates that Herefordshire is in line with the national England average for preventable mortality (for adults aged under 75) related to the following preventable diseases:

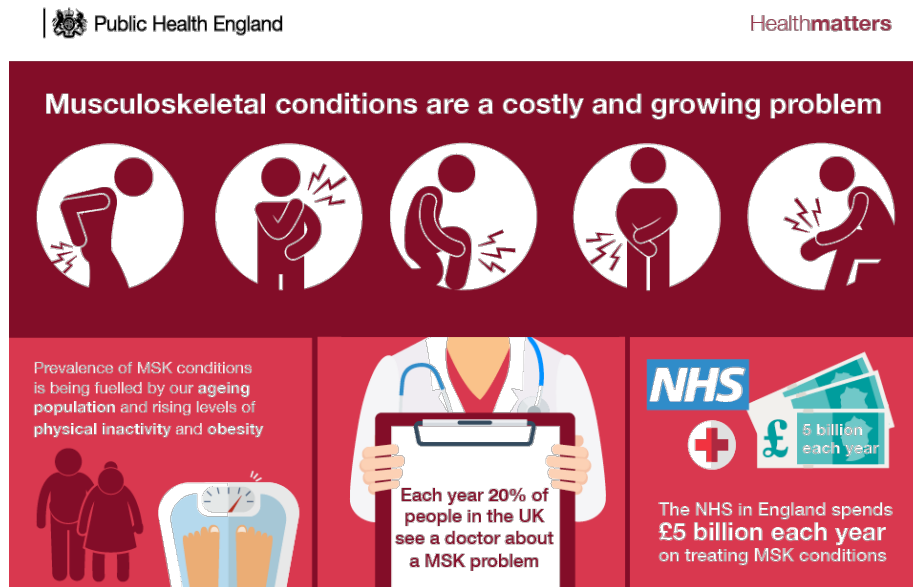
- Coronary Heart Disease (male and female)
- Cancer (male and female)
- Liver disease (male and female)
- Respiratory disease (male and female)



However, we aspire to achieving more to reduce premature mortality and also to enable our residents to live a longer life and have a better quality of life.

There is much that we can do collectively to achieve this, including specialist programmes, training and resources, but it will also need to include Provider services ensuring that access to screening and immunisation programmes are made available and accessible to clients and that clients and families are aware of what is available locally to improve health and wellbeing.

An example of this is of musculoskeletal conditions and the impact of falls on the health of individuals, as well as the impact on providers (see infographic below).



Falls

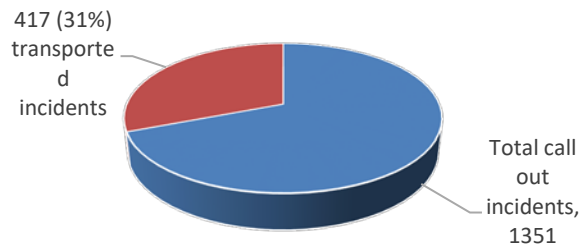
In 2017, over 12,000 older people in Herefordshire experienced a fall, with the number expected to rise by 19% by 2025 to around 14,500 and to over 18,100 by 2035. Falling can have serious consequences, especially among older people. It can result in a fracture, admission to hospital, disability, and admission to a residential or nursing home. Falls prevention forms part of the England priority of productive healthy ageing, and should continue to be a priority for Herefordshire.

Falls can often occur at home and go unreported but it is estimated that approximately one third of adults over 65 fall each year (NICE, 2018) and that approximately 95% of hip fractures in over 65s are a result of a fall (CDC, 2017). In Herefordshire, the population of older adults aged 65 and over in 2018 was 46,625 (PHE, 2018), and in this same year approximately 114 people aged 65 and over were admitted to hospital with a hip fracture; this follows on from a consistent trend of previous years. Osteoporosis is associated with changes in balance and physical performance and has psychosocial consequences which increase the risk of falling and the risk of sustaining a neck or femur/hip fracture. Data from the Quality Outcomes Framework (QOF) demonstrates that the rate of osteoporosis amongst adults aged 50 and over in the year 2018/19 in Herefordshire was 871 per 100,000 - which is worse than the national benchmark. More should be done to target and improve management of this preventable risk factor for fragility fractures. Multiple medications is also a risk factor for falls in older adults, and according to the GP Patient Survey 2018 for Herefordshire CCG, 34% of over 65s are on 5 or more regular medications. This highlights the opportunity for effective case-finding of patients and appropriate medicines management for patients at risk of a fall.

West Midlands Ambulance Service (WMAS) falls activity

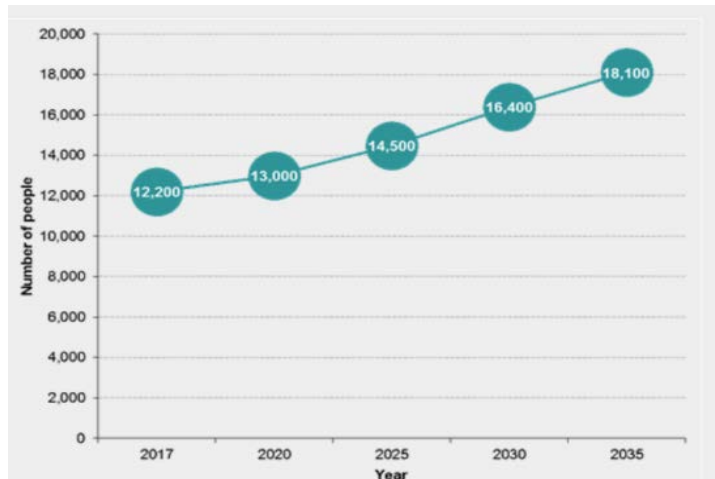
Falls account for around 40% of all ambulance call-outs to the homes of people over 65 nationally. In Herefordshire CCG, WMAS activity data shows that in 2018-19, of those 1351 older adults aged 65 and over who were attended by an ambulance following a fall, 31% were transported to A&E.

Total volume of WMAS call-out incidents and volume of transported incidents (%) for falls in adults aged 65 and over in Herefordshire 2018-2019.



Estimated number of people aged 65 and over predicted to have a fall in Herefordshire 2017 to 2035

(Prepared by Joint Strategic Needs Assessment Herefordshire, data source; Institute of Public Care. Projecting Older People Population Information (POPPI) System)



- 💡 Prevent falls and improve access to falls prevention and management services, including digital solutions.
- 💡 Reduce obesity and improve dental health.
- 💡 Focus on workplace health to improve adult health and mental wellbeing will impact on healthy ageing.
- 💡 Health protection measures to increase screening and immunisation across settings are a priority.
- 💡 Inter-generational approach to service delivery/community-led approaches.
- 💡 Target resources to deprivation areas to support demand management.
- 💡 Use the health and wellbeing survey with children and young people to inform future commissioning intentions.
- 💡 Development of resources and tools to support the shared agenda's e.g. Reasonable Adjustments through MECC+, working with Healthwatch and providers.

The council takes a life-course approach across children and families, adults and communities, the economy and places where people live, so all prevention and wellbeing action includes planning, services for families, schools and colleges and links directly with the Talk Community approach.

Workforce

The adult social care workforce is growing. Across England it has increased by 21% since 2009, and in the West Midlands region, by 9% since 2012. In 2017 the adult social care sector in England had an estimated 21,200 organisations, 41,000 care providing locations and 1.6 million jobs. In Herefordshire there were an estimated 6,300 jobs in adult social care split between local authorities (5%), independent sector providers (84%) and jobs for direct payment recipients (11%). As at March 2020 Herefordshire contained 143 CQC regulated services; of these, 87 were residential and 56 were non-residential services.

If the workforce grows proportionally to the projected number of people aged 65 and over then the number of adult social care jobs in the West Midlands region will increase by 35% (from 170,000 to 229,000 jobs) by 2035. Skills for Care produce workforce forecasts at a local level.

Skills for Care estimates that the turnover rate in Herefordshire was 38.4%, higher than the region average of 29.5% and higher than the England average at 30.70%. Not all turnover results in workers leaving the sector, nearly two thirds (61%) of those recruited came from within the adult social care sector; therefore, although employers need to recruit to these posts, the sector retains their skills and experience.

Adult social care has an experienced 'core' of workers. Workers in Herefordshire had on average 8.3 years of experience in the sector and 68% of the workforce had been working in the sector for at least three years.

The council and partners have worked together to promote the care sector particularly through the 'care hero' brand and this will continue to build upon a strong relationship with the market to improve terms and conditions for the workforce.

www.careheroes.co.uk



The ageing demographics highlighted in the maps at the beginning of this document also highlight the potential issues with an ageing workforce and therefore this is considered a priority for the council and providers.

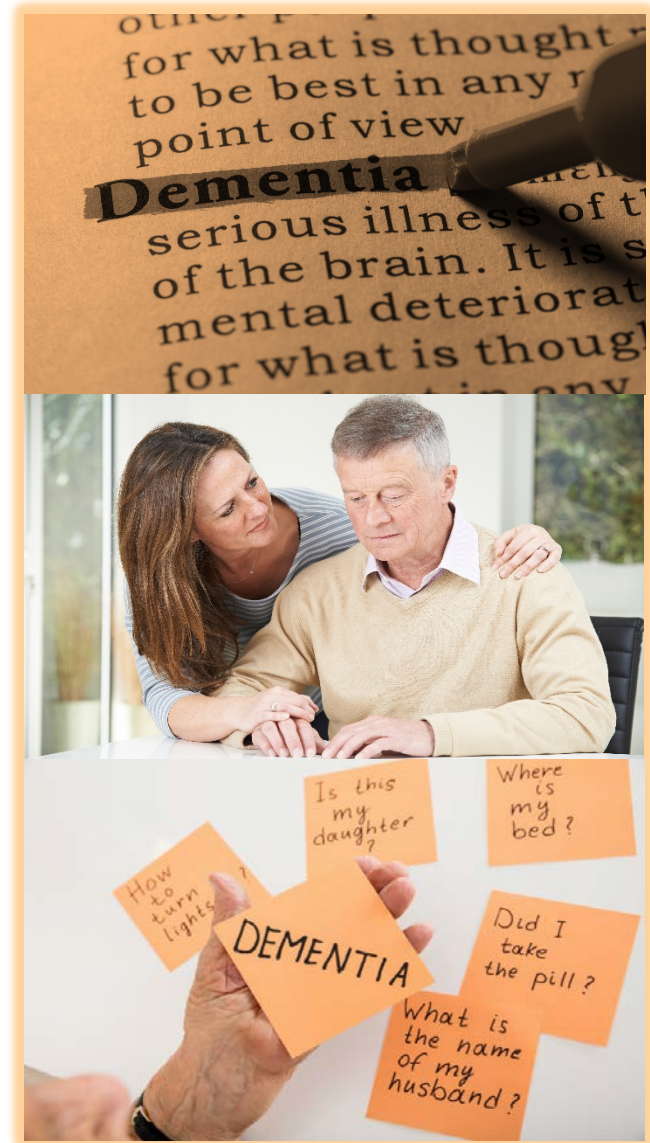
Dementia

Herefordshire and Worcestershire STP have approved and implemented a [Herefordshire and Worcestershire Living Well with Dementia Strategy](#) (HWLWD) which aims for people to live well with dementia based on the following areas:



Local diagnosis rates are at 58.9% which is under the national target of 67%. This can be for many reasons and the strategy incorporates a plan to tackle this and ensure support is available for the individual and wider support network.

Due to the ageing population, dementia will continue to rise and therefore it has to be a priority for awareness raising and support to Providers and communities to help support all those affected by dementia so they can live well with dementia. This will be a focus area for commissioners across all areas.





7. Quality

Care homes as well as commissioned services such as home care; supported living and community activity providers receive a quality assurance visit annually from the quality and improvement team.

The council considers its approach to improving quality one of support to of all these services.

Herefordshire Council has an established joint Quality Assurance Framework (QAF) which sets out how the Council will support continuous improvements for all working age adult commissioned services. Our aim is to ensure people get the service they deserve through:

Collaboration: using a wide range of skills of stakeholders and partners to support with training, best practice benchmarking, guidance and joint initiatives and involvement of everyone in continuous improvement.

Communication: to establish common shared aims and objectives, clearly defined and aligned processes and agreed timeframes for improvement. Using all feedback to measure progress to drive quality.

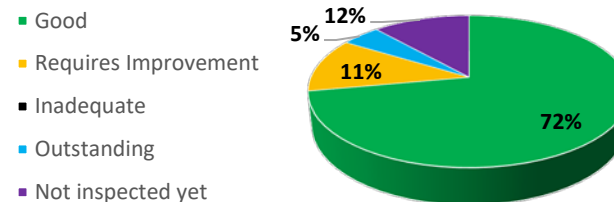
Consideration: supporting improvements through evidence based practice and recognising the diverse range of providers, many of which are small, “home grown” and do not have the back office services that a multi-national organisation may have.

Challenge: the thinking and perceptions of stakeholders. Support to build strengths and use the feedback to drive innovation and new approaches.

Unregulated services such as day opportunities are subjected to quarterly contract compliance meetings as well as the work with registered CQC services.

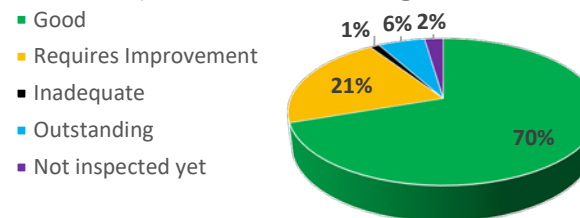
The following data pie charts are an illustration of the current quality of services within Herefordshire:-

Herefordshire CQC Inspection Rating
(Home Care - as of 31st May 2020)



Source: CQC Ratings data September 2019

Herefordshire CQC Inspection Rating
(Residential & Nursing as of 31st May 2020)



- 💡 Train and support providers to improve quality, leading to improved recruitment and retention of the wider workforce.
- 💡 Improve dementia support and awareness to carers, providers and communities.
- 💡 Build upon the ‘care hero’ local brand.
- 💡 Improve the quality across the health and social care market.



8. How well is the council doing?

Herefordshire council continues to do well with the views of those in receipt of care and support considering its reducing budgets and increasing complexities of care.

The below survey which is completed annually demonstrates improvements in customers views of the service and support they have received.



Adult Social Care Survey		2017/18 Indicator	2018/19 Indicator	Trend
(1A)	Social care-related quality of life. It is a composite measure using responses to survey questions covering the eight domains identified in the ASCOF; control, dignity, personal care, food and nutrition, safety, occupation, social participation and accommodation.	19.8	19.8	→
(1B)	The proportion of people who use services who have control over their daily life.	81.0%	83.0%	↑
(111)	The proportion of people who use services who reported that they had as much social contact as they would like.	53.0%	54.7%	↑
(3A)	Overall satisfaction of people who use service with their care and support.	72.0%	73.1%	↑
(3D1)	The proportion of people who use services who find it easy to find information about services.	69.0%	72.2%	↑
(4B)	The proportion of people who use services who say that those services have made them feel safe and secure.	85.9%	87.7%	↑

The council will need to consider how it captures the wider views of individuals through models such as Talk Community hubs and through quality and compliance team contract and quality visits.

The voice of residents and the wider workforce will be key to capture for future design principles and delivery in all commissioning reviews and redesigns. Working with our local Healthwatch will be an integral approach in ensuring peoples voices are heard in the development of services.





9. Commissioning Intentions

Intention	Why	How
<p>1. Demand management through strength based approach and developing models and services that will support the principle that “home and/or family can be best”.</p>	<ul style="list-style-type: none"> ▪ Some of the more complex demand comes through the transition cohort, therefore an all ages approach to strength based is essential. ▪ People want to be able to remain in their own home. ▪ Supporting people to remain at home and independent is a corporate objective. ▪ The projected increase in care home placements is unrealistic and not sustainable, targeted work to reduce this demand will be co-ordinated moving forward and will form commissioning and operational approaches. ▪ Care at home providers need to consolidate to give volume and ensure future viability. ▪ Most children and young people are best supported to achieve good outcomes in stable family environments. ▪ Herefordshire has higher rates of looked after children and care leavers compared to its statistical neighbours, which impacts on outcomes and is not sustainable. 	<ul style="list-style-type: none"> ▪ Deregister residential homes where appropriate. ▪ Support homes to change model and approach such as moving to a nursing model. ▪ Support the development of a council Accommodation Strategy. ▪ Reconfigure and reduce the number of care at home providers. ▪ Consider potential in-house infrastructure of staff to support improving resilience against the sector. ▪ Implement a new Early Help strategy for children and families that further develops community resources and commissioned services. ▪ Implement Signs of Safety, a new strengths based practice model across children’s social care, partner agencies and service providers. ▪ Invest in targeted support for children who are on the edge of looked after care or reunification home.

Intention	Why	How
<p>2. Create a versatile, cost effective and sustainable market at a Primary Care Network (PCN) level.</p>	<ul style="list-style-type: none"> ▪ Herefordshire does not have high volumes to commission services for, therefore Providers need to diversify where appropriate to order to remain viable. ▪ The council is scoping its role within the market and is considering insourcing some services where the market cannot respond to need delivering cost effective, good quality solutions. ▪ Primary care networks reflect areas of different needs, deprivation and local assets so provide good focus for targeted service design and commissioning. 	<ul style="list-style-type: none"> ▪ The council to review options on delivering in house care and support provision. ▪ Work closer with health to develop local response at PCN level to ensure anticipatory care management.
<p>3. Increase and improve services that support people with complex needs or challenging behaviour, including those with dementia, LD and/or autism or personality disorders or histories of substance use and homelessness.</p>	<ul style="list-style-type: none"> ▪ Cohorts of people with these needs are amongst the most vulnerable and effective whole system collaboration is required to deliver appropriate accommodation, support and independence. ▪ Herefordshire has low numbers and therefore it can be difficult to commission specialist services. ▪ Those presenting with behaviours that challenge can cost the most and take the most time to find appropriate support. ▪ Herefordshire has a high self-funding population, and the market is responsive to their needs compared to those with more complex needs. 	<ul style="list-style-type: none"> ▪ Collaborate with CCG, children services and cross border authorities to develop the provider market. ▪ Develop a complex support framework. ▪ Develop a training offer with providers and communities. ▪ Identify adults at high risk of harm and develop improved pathways with health and criminal justice partners. ▪ Ensure built environments match the needs, through the Accommodation Strategy. ▪ Increase local capacity to provide appropriate fostering and residential accommodation for looked after children in line with the <u>placement sufficiency strategy</u>. ▪ Continue to improve that transition from childhood to adulthood for young people with complex needs. ▪ The council will build its own care home bedded provision.

Intention	Why	How
4. Enhanced support for those who fund their own care.	<ul style="list-style-type: none"> ▪ Herefordshire has a high number of those who self-fund their own care. In many cases these individuals do not access social care support and may make decisions based on limited and complex information during a time of crisis. The council has a duty to support the whole market, and in some cases can also broker their support. 	<ul style="list-style-type: none"> ▪ Greater support, information and advice for self-funders. ▪ Develop and enhance broker support to those who self-fund. ▪ Enhance anticipatory care planning at PCN level. ▪ Access to a retail portal for community equipment for self-funders, including local suppliers. ▪ Utilising technology more effectively.
5. Work across health, children and young people as well as adult services to integrate our commissioning and market management approach where appropriate.	<ul style="list-style-type: none"> ▪ Herefordshire has a limited market but one which with the right support could diversify and align itself to a strength based model. We need to work together to make best use of resources. ▪ Population needs often reflect lifelong pathways, requiring support and infrastructure to be designed to achieve seamlessness, integration and economy. 	<ul style="list-style-type: none"> ▪ Jointly commission/fund where appropriate. ▪ Improve the links with the transition cohort to start early planning. ▪ Joint provider meetings. ▪ Link in with stakeholders to discuss potential for joined up procurement. ▪ Review and develop the falls services across the county. ▪ New transition pathways for cohorts of people vulnerable to exploitation.
6. Develop and design early help prevention and community services.	<ul style="list-style-type: none"> ▪ A key strategic focus as a system is on prevention services to prevent the need for formal, expensive services and keep people well and independent for longer. ▪ Response to flooding and Covid19 emergencies has further invigorated community spirit and volunteering. It has also illustrated new challenges and innovative solutions. ▪ Talk Community provides comprehensive opportunities to engage with and deploy rich local resources of volunteering, healthy lifestyles and community participation. 	<ul style="list-style-type: none"> ▪ Further development of Talk Community and linking with the voluntary sector to support at a local level. ▪ Invest in infrastructure to support voluntary and community sectors and training for community leaders and volunteers. ▪ Focus commissioned services around emerging community networks and hubs. ▪ Support community diversity and cohesion through migration programmes, promoting community participation and tackling hate crime. ▪ Continue to develop the WISH online signposting and information offer and wider developments. Support and promote programmes of local

Intention	Why	How
		<p>champions in domestic abuse, mental health and community cohesion.</p> <ul style="list-style-type: none"> ▪ Continue and extend the use of community equipment services to prevent hospital admission.
<p>7. Promote and improve mental wellbeing and embed it in design of all services.</p>	<ul style="list-style-type: none"> ▪ Emerging and moderate mental health need is a rapidly growing challenge for local populations across all ages and for public services. There is both need and opportunity to promote mental wellbeing in a preventative way through local communities. 	<ul style="list-style-type: none"> ▪ Implement and update Herefordshire's children and young people's mental health transformation plan incorporating the new mental health team for schools and new Mental Health Support Teams in schools. ▪ Help ensure availability and best use of resources to support people with mental health needs. ▪ Support and help design the Talk Community mental wellbeing offer including training for volunteers and organisations, local champions and improved signposting and advice. ▪ Ensure support is available such healthy lifestyles. Help promote wider and earlier take up of healthy lifestyles through commissioned services, through partnerships with leisure services, PCNs and linking with Talk Community business initiative. ▪ Work with partners to improve needs data and pathways relating to self-harm. ▪ Support and influence the NHS transformation of community mental health services in Herefordshire, including the role of voluntary and community groups in providing non therapeutic services. ▪ Implement suicide prevention strategy including real-time reporting, improved bereavement support and a focus on men and farming communities.

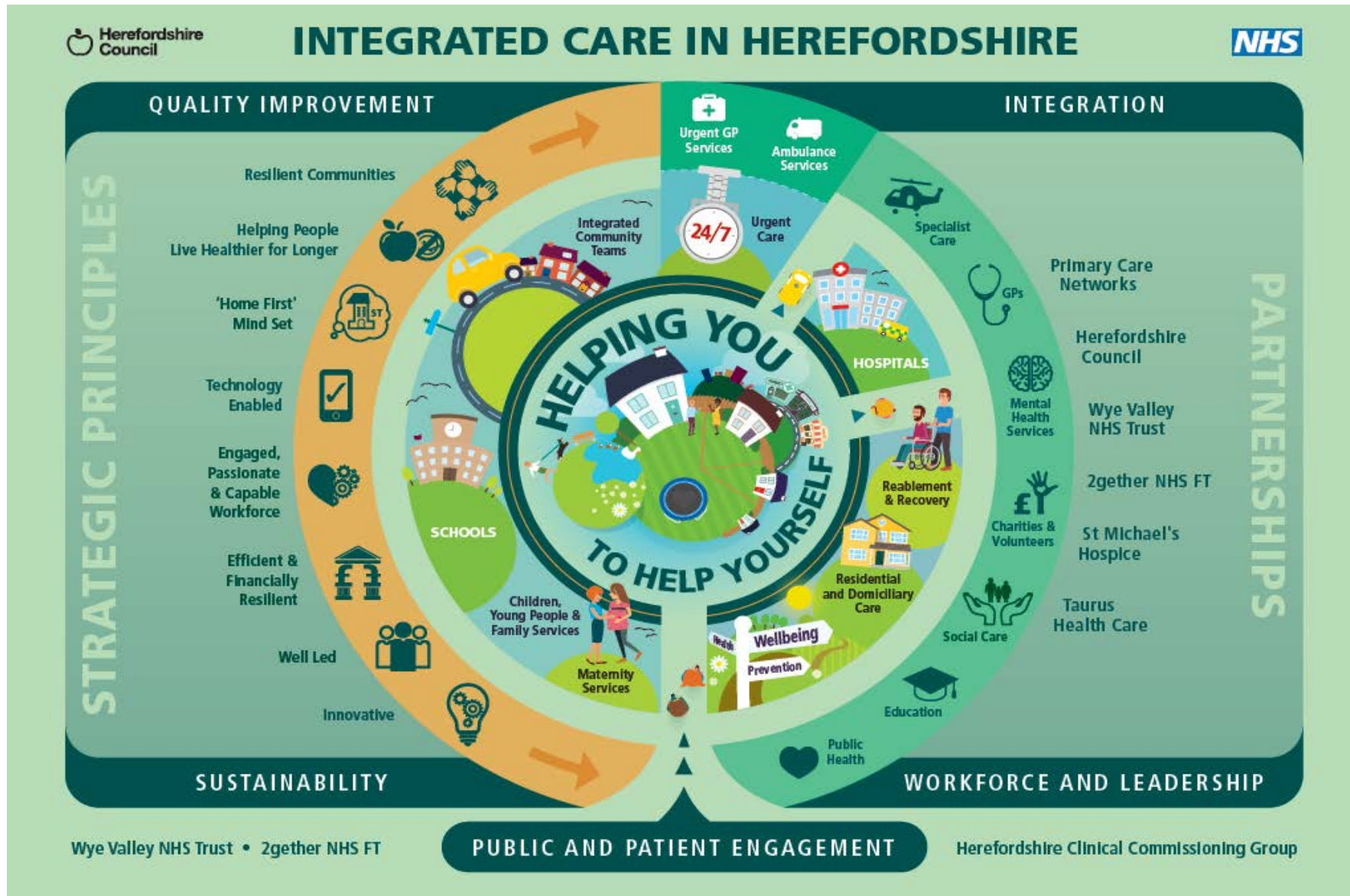
Intention	Why	How
8. Support and develop the health, family support and social care workforce.	<ul style="list-style-type: none"> ▪ Workforce pressures are one of the highest risk areas for Adults and Communities. Quality and choice are substantially affect the service people receive. ▪ Recruitment and retention in the market needs to be targeted to at least ensure that they are trained to a high standard and have the right values to work in social care. 	<ul style="list-style-type: none"> ▪ Enhance the training offer for the workforce. ▪ Social value to be added to all contract and procurement processes. ▪ Develop contracts to support workforce and improve quality. ▪ Support initiatives promoting the mental wellbeing of council and wider sector workforces, including linking with Care Heroes and Talk Community business.
9. Embed technology where it delivers benefits across pathways and services.	<ul style="list-style-type: none"> ▪ Pressure in the workforce market and rurality issues present opportunities to use technology in a creative and innovative way. ▪ Improved outcomes for people. 	<ul style="list-style-type: none"> ▪ Develop and implement technology strategy. ▪ Pilot the use of technology to inform commissioning models. ▪ Develop a comprehensive Technology Enabled Living (TEL) service design to be proactive and predictive. ▪ Embed technology in all service specifications and monitoring where appropriate. ▪ Developing technology across our in-house services.
10. Promote an inclusive customer focus to ensure fair access to services.	<ul style="list-style-type: none"> ▪ It is fundamental that individuals are at the heart of all activities and services. The council will work to ensure vulnerable people such as those with a learning disability and/or autism have equal access to services. ▪ Our ageing population will have increased mobility issues. Design and decisions will need to be taken into account. 	<ul style="list-style-type: none"> ▪ Promote employment and training opportunities for care leavers and young people with special educational needs and disabilities. ▪ Increase access for people with a learning disability into work and volunteer opportunities. ▪ Support local businesses to employ and support vulnerable adults. ▪ Business support for providers to help them make reasonable adjustments. ▪ Commissioning decisions and service designs are co-produced with people. ▪ Improve feedback from residents to help inform services.

Intention	Why	How
<p>11. Significant development of accommodation and support to dramatically reduce homelessness in Herefordshire and ensure pathways to safe housing and independence for vulnerable people including care leavers, ex-offenders and others.</p>	<ul style="list-style-type: none"> ▪ A secure and appropriate home is essential for wellbeing and some vulnerable groups face significant barriers to safe and independent living. Targeted support is essential to engage landlords in helping to prevent homelessness. ▪ The Covid-19 emergency has provided stimulus and opportunity for an ambitious approach to resolving local homelessness through multi agency partnership working. ▪ There is an insufficiency of local providers of good quality and economic supported accommodation for vulnerable young people and ex-offenders. 	<ul style="list-style-type: none"> ▪ Comprehensive analysis of need to support personalised pathways out of homelessness through targeted support, encompassing No 2nd Night Out principles. ▪ Establish a continuing pipeline of sustainable homes for homeless people following a Housing First model. ▪ Establish a local framework for support and accommodation of care leavers and vulnerable young people. ▪ Continue strategic commissioning of new accommodation and support services for care leavers and 16 plus LAC and find new affordable housing solutions for ex-offenders.
<p>12. Design and recommission services in partnership to meet new legislative and policy changes relating to domestic abuse, advocacy, homelessness and refugees resettlement.</p>	<ul style="list-style-type: none"> ▪ Domestic Abuse Bill to be in force from April 2021. ▪ Everyone in and next steps accommodation programme 2020-23 from MHCLG. ▪ Introduction of Liberty Protection Safeguards from April 2022. ▪ Revision of the Mental Health Act. ▪ Review and update of refugee resettlement programmes. 	<ul style="list-style-type: none"> ▪ New partnership arrangements, new perpetrator programmes and enhanced accommodation provision around domestic abuse. ▪ New accommodation pipeline, emergency and transitional support for homeless people. ▪ Recommissioned and extended IMCA advocacy including new LPS role and IMHA advocacy. ▪ New four year programme of refugee resettlement and commissioning of support services.

Commissioning Cycle



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Glossary

ADASS	Association of Directors of Adult Social Care
ACD	Adults and Communities Directorate
AWD	Adults' Wellbeing Directorate
BCF	Better Care Fund
CFD	Children and Families Directorate
CHC	Continuing Health Care
CQC	Care Quality Commission
DOLS	Deprivation of Liberty
DPs	Direct Payments
DToC	Delayed Transfers of Care
HCCG	Herefordshire Clinical Commissioning Group
ICES	Integrated Community Equipment Store
IMCA	Independent Mental Capacity Advocacy
IMHA	Independent Mental Health Advocacy
LD	Learning Disability
LGA	The Local Government Association
LPS	Liberty Protection Safeguards
MECC	Making Every Contact Count
MPS	Market Position Statement
NHS	National Health Service
PCN	Primary Care Networks
RPR	Relevant Person's Representative
STP	Sustainability Transformation Partnerships

Appendix 2: Summary of recommendations to the executive and executive responses [Herefordshire Market Position Statement 2020-2025 for adults and communities]

On 23 November 2020, the adults and wellbeing scrutiny committee considered the report ‘Briefing on the Herefordshire Market Position Statement 2020-2025 for adults and communities’. The committee welcomed the development of the Market Position Statement and the following was recommended to the executive:

Recommendation a.	<ul style="list-style-type: none"> That a written briefing note be provided to the committee on progress in twelve months’ time, including how service users have been engaged in the development and design of specific care and support services.
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Executive Response	Agreed, an annual review summary will be written for the executive
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Action	Owner	By When	Target/Success Criteria	Progress
Devise a written statement on the commissioning activity over the next 12 months including engagement and input of service users	AD All Ages Commissioning	1 December 2021	Complete report	

Recommendation b.	<ul style="list-style-type: none"> That the importance of the social value elements be made more prominent in the document.
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Executive Response	Agreed and will include
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Action	Owner	By When	Target/Success Criteria	Progress
Include a section with a specific focus and reference to social value	Head of Care Commissioning	10 December 2021	Included in the final draft	Complete

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Recommendation c.	<ul style="list-style-type: none"> The document be refreshed to reflect the current positions in terms of the new arrangements for mental health services and the adopted dementia strategy.
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Executive Response	Agreed to update
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Action	Owner	By When	Target/Success Criteria	Progress
Amend the references to mental health services and dementia strategy to reflect they have been complete and implemented	Head of Care Commissioning	10 December 2021	Amended in the final draft	Complete
Recommendation d.	<ul style="list-style-type: none"> Learning disability services be included under commissioning intention 3. 			
Executive Response	Agreed to include			
Action	Owner	By When	Target/Success Criteria	Progress
Include Learning disability in the commissioning intention number 3	Head of Care Commissioning	10 December 2021	Included in the final draft	Complete
Recommendation e.	<ul style="list-style-type: none"> Explicit reference be made to the Council's intentions for care home and extra care development, and any associated workforce implications. 			
Executive Response	Agreed to include			
Action	Owner	By When	Target/Success Criteria	Progress
Include the councils intention to build its own care home into the document	Head of Care Commissioning	10 December 2021	Included in the final draft	Complete
Recommendation f.	<ul style="list-style-type: none"> That consideration be given to clarifying the situation for Herefordshire residents that are not served by the footprints of Primary Care Networks. 			
Executive Response	The market position statement covers all residents living within the county to ensure access to services regardless of PCN and which GP surgery they may fall under.			
Action	Owner	By When	Target/Success Criteria	Progress

Senior representation at all PCN meetings by the Director and all 3 Assistant Directors	Director Adults and communities and all 3 Assistant Director	March 2021	Alignment of senior management to a PCN meeting to ensure aligned agendas and resources.	
Recommendation g.	<ul style="list-style-type: none"> That consideration be given to synergies and diversified offers (such as home share) to meet the needs of people needing care (both those funded by the council and those funding themselves) and people prepared to provide support in exchange for accommodation and / or to gain experience in the care industry. 			
Executive Response	Agreed and has been include in the MPS			
Action	Owner	By When	Target/Success Criteria	Progress
Reflect the potential home share model in the MPS	Head of Care Commissioning	10 December 2021	Included in the final draft	Complete
Recommendation h.	<ul style="list-style-type: none"> That the statistics included on page 15 (agenda page 41) on predicted increases in dementia be clarified. 			
Executive Response	Agreed to consider			
Action	Owner	By When	Target/Success Criteria	Progress
Review the statistics referred to and amend to ensure clarity	Head of Care Commissioning	10 December 2021	Amended in the final draft	Complete
Recommendation i.	<ul style="list-style-type: none"> That identified trends in page 14 of the statement (agenda page 40) be reviewed and be supported by additional narrative, as appropriate. 			
Executive Response	Agreed to include further information			
Action	Owner	By When	Target/Success Criteria	Progress

Review and include additional narrative in relation to increased cost of care	Head of Care Commissioning	10 December 2021	Amended to reflect position in the final draft	Complete
Recommendation j.	<ul style="list-style-type: none"> That a written briefing note be provided on NHS Continuing Healthcare, including the development of a related algorithm and the progress made on retrospective cases. 			
Executive Response	Agreed as detailed in the actions below.			
Action	Owner	By When	Target/Success Criteria	Progress
<p>Part A) Agree to provide a briefing note on the plan for people with complex health and social needs. This work includes consideration of a new approach with CCG in identifying individuals with health and care needs requiring single or joint agency commissioning and funding. This work is not yet ready to be taken forward as a proposal to CCG.</p> <p>Part B) With regard to the CHC position and the previous requests from Scrutiny to be kept informed on CHC outcomes for Herefordshire citizens, the LA will request an analysis of the CHC and joint funded position in Herefordshire from the CCG. Herefordshire Council will also contribute a report to support the understanding of the committee.</p>	AD Adult social care operations.	<p>Part A) March 2021</p> <p>Part B) April 2021</p>	<p>Complete briefing note</p> <p>Final report</p>	
Recommendation k.	<ul style="list-style-type: none"> That a written briefing note be provided on recruitment and retention issues, and the executive consider the usefulness of an all-member workshop, so that all members can be apprised of the challenges. 			
Executive Response	Agreed			
Action	Owner	By When	Target/Success Criteria	Progress
Schedule a workshop across the directorates specifically children and adults on the challenges of recruitment and retention across all social care areas including providers.	Employee Relations Business Partner	31 July 2021	Workshop complete	

	AD All Ages Commissioning			
	AD Adult social care operations			
Recommendation I.	<ul style="list-style-type: none"> That a written briefing note be provided on the falls prevention service. 			
Executive Response	Agreed			
Action	Owner	By When	Target/Success Criteria	Progress
Send the executive the scoping document recently developed on the falls prevention services	Stephen Vickers	10 December 2021	Scoping document on the falls service	Complete



Meeting:	Cabinet
Meeting date:	Thursday 28 January 2021
Title of report:	Recommendation for potential sites to progress affordable housing delivery in Herefordshire
Report by:	Cabinet member housing, regulatory services, and community safety

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose

At Cabinet on 26 November 2020 the decision was taken on how the council will progress the delivery of net zero carbon affordable housing across the county over the coming years.

<http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=7360>

Cabinet also approved Phase 2 of this strategic work to develop a pipeline of sites suitable for development as affordable housing to support discussions with key partners including Homes England.

This paper seeks agreement to proceed with the outline feasibility of an initial number of selected council owned sites and any suitable sites in third party ownership identified across the county in order to progress the pipeline of suitable sites. The aim is to identify sites and prioritise using a market needs analysis

Recommendation(s)

That:

- (a) **Cabinet agrees to proceed with the outline feasibility work for net zero carbon**

Further information on the subject of this report is available from
Nigel Thomas, email: Nigel.Thomas@herefordshire.gov.uk

affordable housing at the initial selected council owned sites and any other suitable sites in third party ownership that may be available across the county. The sites will be prioritised to meet the demands based on market needs analysis

Alternative options

1. The council could choose not to intervene in the provision of affordable housing in the County and allow the current arrangement of Registered Providers (RPs) and house builders to meet provision. However, the type and scale of development produced via RPs and private house builders in recent times has not kept pace with demand for affordable housing seen as one of the key components of the County's wider economic ambitions.
2. The council could choose not to proceed with the feasibility of selected council owned sites and solely explore the potential to work in partnership with third party developers and or the purchase of open market sites which already have full planning permission or are under construction in order to facilitate affordable housing ownership
3. The council could choose not to proceed with the feasibility of selected council owned sites and solely focus on identifying open market sites from across the county to purchase in order to facilitate affordable housing development.

Key considerations

4. At a strategic supply level the delivery of both market and affordable new housing is falling short of the housing target of 16,500 new homes set out in the adopted Herefordshire Core Strategy, with only a 4.05 years forward housing land supply reported in 2019 against the 5 year minimum requirement set out in the National Planning Policy Framework (NPPF) and currently dropping. In the developer-led market where the focus continues to be on developing the most profitable housing types on the most profitable and deliverable sites, some larger strategic housing sites in the Core Strategy have not yet been delivered. The lack of delivery of smaller and more affordable new homes is therefore placing additional pressure on house prices and the associated accessibility of the housing market to local and/or newly forming households. NPPF policy, removing any obligations to deliver affordable housing on sites of 10 houses or less, has contributed to the challenges faced by local authorities in securing new affordable homes. In terms of the council's ambition to develop a portfolio of new council owned affordable housing, initial discussions have been undertaken with Homes England (HE). The council's ambitions to deliver 1,000 units in a four year period, and a total of 2,500 units in a ten year period, were well received. The fact that the council is a significant land owner and can therefore deliver quickly is attractive to HE. Should council owned land not be viable the council will also explore third party owned sites to advance the commitment of delivering council owned housing, this piece of work is looking to establish a pipeline of affordable housing schemes that could come forward. The sites will then be prioritised to meet the demand based on market needs analysis
5. The council has set out a broad range of criteria for the County, all details beyond these broad requirements are yet to be agreed. This piece of work will present the options available to the council in terms of density of development, type of use and size of individual units, specification for the units, partners who may be interested in supporting the council as well as a commercial review and viability assessment to identify the optimum mix of tenures to be developed. The scope will also consider in broad terms the proposals for green and amenity space, transport infrastructure and car parking requirements in the area to compliment the residential development.

6. Engie Regeneration Limited (Engie) have been commissioned to complete the outline feasibility work through the existing Overarching Development Regeneration Programme (DRP) agreement. The proposed outline feasibility work builds on work previously completed by Engie and appointing them to undertake this work will utilise this prior knowledge, and will avoid any delays and reduce the potential duplication of cost. The works will be requested as Additional Services under the terms and conditions of the Overarching Agreement as a discrete piece of work.
7. Initial output of the feasibility work on the potential sites to be reviewed at Cabinet in July 2021. Recognising the priority to develop affordable housing sites the commissioned work will identify sites to bring forward in phases prioritised on deliverability and the market needs analysis assessment.
8. Further work in respect of, or development of, any of the initial selected council owned sites or third party owned sites will be subject to a separate decision.

Community impact

9. The County plan aims to shape the future of Herefordshire and encourage and strengthen communities whilst creating a thriving local economy and protecting and enhancing the environment to ensure Herefordshire remains a great place to live, visit, work, learn and do business.
10. Delivering council owned affordable housing to help address the shortage of affordable housing in the County is intrinsically linked to the ambitions of the new County Plan 2020 – 2024:
 - 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
11. 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. Access to green space is vital and this will be a key consideration throughout all developments.
12. Providing affordable homes delivered through carefully planned policies, sustainable development and taking account of the needs of local people, improving Herefordshire’s house affordability ratio making accommodation more affordable.
13. Increasing the number of affordable housing properties will contribute to a balanced community providing additional accommodation of an alternative tenure to meet a wider cohort of residents in the county and encourage existing private landlords to increase the standards of their existing current accommodation

Environmental Impact

14. As the proposals are developed during this stage the council can heavily influence and retain full control of what is ultimately built as part of any scheme. This ensures that all the council's sustainability policies and objectives can be met for the sites to be developed.
15. The proposal for the council to advance affordable housing and have at least an element of control over design helps deliver the council's environmental policy commitments and aligns to the following success measures in the County Plan:
 - Increase flood resilience and reduce levels of phosphate pollution in the County's rivers – by ensuring that new developments take into account opportunities to minimise the impact on the environment including, where appropriate, through grey water capture and other methods.
 - Reduce the council's carbon emissions – seeking high levels of sustainability and energy efficiency in the construction and operating costs of new homes delivered.
 - Work in partnership with others to reduce County carbon emissions – working with partners to minimise our carbon footprint in terms of methods of construction and in seeking the use of local materials and labour wherever possible.
 - Improve the air quality within Herefordshire – supporting the development, where appropriate, of car free schemes in new developments and making provision for safe cycling and walking spaces.
 - Improve residents' access to green space in Herefordshire - ensuring new developments make appropriate provision for green space and the use of appropriate, indigenous planting.
 - Improve energy efficiency of homes and build standards for new housing – good design and high levels of energy efficiency in council-owned or influenced developments will provide a blueprint principle to other developers in Herefordshire.
 - Increase the number of short distance trips being undertaken by sustainable modes of travel – walking, cycling, and public transport – promoting access to sustainable modes of transport in the master-planning of larger scale developments.
16. The creation of a pipeline of county wide schemes will review and consider the environmental impacts on development in all the areas. This includes the likes of flood alleviation, the integration of green open space in and around the developments, the pedestrian routes through the developments to local services, car parking requirements and transport infrastructure including sustainable transport options. All of this will be built upon as the schemes are developed.
17. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving net zero carbon standards and to protect and enhance Herefordshire's outstanding natural environment.
18. The environmental impact of these proposals has been considered through the service specification and includes appropriate requirements on Engie to minimise waste, reduce

energy and carbon emissions and to consider opportunities to enhance biodiversity. This will be managed and reported through the ongoing contract management.

19. The development of this pipeline will seek to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance.

Equality duty

20. 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.
21. Section 9 of the Housing Act 1985 (the 1985 Act) is the key power for councils to provide housing accommodation. It includes two sets of acquisition provisions: Sections 9(1)(b) and 9(2) - a local housing authority (LHA) may acquire houses – and alter, enlarge, repair or improve a house so acquired; Section 9(3) – a LHA can exercise the Section 9 powers to provide housing accommodation "in relation to" land acquired for the purpose of (a) disposing of houses provided, or to be provided, on the land or (b) disposing of the land to a person who intends to provide housing accommodation on it.
 22. The Localism Act 2011 enables local authorities to make their own decisions to adapt housing provision to local needs, and make the system fairer and more effective giving local authorities more control over the funding of social housing, helping them to plan for the long term and giving the people who live in social housing new ways of holding their landlords to account. From these proposals a focus will be to deliver supported and accessible accommodation for vulnerable groups which advances the equality of opportunity to access the housing market by those who share a protected characteristic.
 23. The accommodation will add to the county's housing stock and will be affordable in perpetuity allowing future households who share protected characteristics to also have access to appropriate accommodation. Consideration has been given to the types and standard of accommodation required taking a fabric first approach to building design, maximising the performance of the components and materials. Taking this approach can minimise the need for energy consumption so will be cost beneficial to the occupant, demonstrating the council's commitment to equality and their pro-active approach to ensuring the right properties are available in the right location and built to a high specification to meet the their needs.

Resource implications

24. There are no further financial implications from this report and no spend incurred to date, this is just confirming the list of initial selected sites Cabinet wish to progress through the feasibility process agreed at Cabinet on 26 November 2020.

25. It was agreed at Cabinet in November 2020 to progress the development of a pipeline of sites funded from the Development Regeneration Programme (DRP) capital budget for £71k, if the development work does not progress after the feasibility has been done the costs will revert to revenue costs. This piece of work will be provided by Engie to deliver outline feasibility options for the initial selected council owned sites and any suitable site in third party ownership, will recommend a number of options which ensures the full cost of building the houses can be recovered by either sale or rental income or a combination of both. Due to the ambition to deliver housing to net zero carbon standard and rent at social rent levels, it may be a requirement that a number of houses need to be sold to cross subsidise the development or alternative tenures explored to ensure the full cost recovery over 40 years.
26. At this stage outline sites are being identified for possible future development. No decision has yet been taken as to how these sites will be taken forward and will be subject to a separate decision once all options have been considered.

Legal implications

27. The outline feasibility work will be commissioned from one of the council's development and regeneration partners, Engie Regeneration Limited (Engie). Engie have been procured through a Public Contract Regulations 2015 compliant procurement process and the council entered into legally binding overarching agreement with Engie in 2018. Under the terms of the overarching agreement Engie can be commissioned, by way of an additional services request, to deliver an outline feasibility report for the delivery of affordable housing on initial selected council owned sites.
28. There are no other specific legal implications arising from this report as it relates to a feasibility study. Any future development will be subject to a separate decision.

Risk management

29. The key risks associated with the options outlined in the paper are as follows:

Risk / opportunity	Mitigation
The project team are unable to establish developments that could provide value for money for the council	There are a number of potential uses that could be incorporated into schemes and the council will be drawing upon Engie's commercial expertise to establish a viable scheme
The council's own internal team are unable to adequately brief the Engie team on the council's requirements for the initially selected sites	Establish a dedicated project team within the council which draws upon the different directorates and is headed by one experienced individual who can brief the Engie team accordingly
Following completion of this work a decision is made to simply dispose of the selected sites	The investment in developing a set of proposals that could be implemented will add value to any potential purchaser of the site which would then be reflected in the value of the sites
The council's wider sustainability objectives	The Station Approach Site Study already

are not adequately incorporated

embeds the wider sustainability objectives and forms the starting point to develop any potential sites

30. Risks are managed according to the council's risk management framework, aligned with corporate risk strategy and recorded on a service risk register, being escalated to the directorate or corporate risk register according to the significance of the risk.

Consultees

31. Consultations have taken place with the Cabinet Members for Housing, Regulatory Services, and Community Safety; Finance and Corporate Services; Commissioning, Procurement and Assets; and Environment, Economy and Skills.
32. This paper and the recommendations contained within it incorporate comments received during the above consultations

Appendices

Appendix 1 – Initial selected Council Owned Sites to be considered for the progression of affordable housing in Herefordshire

Background papers

None

Selected Herefordshire Council Owned Sites - Potential for Development

Site Address	Potential Number of Units	Housing Market Area (HMA)	Identified affordable need in HMA	Googlemap Link
Sites Immediately Available				
Hereford Football Ground (adjacent to Blackfriars Street only)	115	Hereford	Hereford Urban pa 169	/maps/place/Hereford+FC/@52.060298,-2.7199571,17z/data=!4m8!1m2!2m1!1shereford+football+club!3m4!1s0x0:0x1402597d430f7b2!8m2!3d52.0606571!4d-2.7177483
Hereford County Bus Station	259	Hereford	Hereford Urban pa 169	https://www.google.com/maps/place/Hereford+Country/@52.0585615,-2.7113335,17z/data=!3m1!1e3!4m5!3m4!1s0x0:48704a341c884805:0x9c175b68559142ae!8m2!3d52.0585615!4d-2.7091448
Burghill Hospital Farm Small Holdings	71	Hereford	Hereford Rural pa 106	https://goo.gl/maps/t4renkZSRRKCntb7
Grafton Ashley Farm Smallholdings Estate - Site a)	227	Hereford	Hereford Rural pa 106	https://goo.gl/maps/eXxYv2DVgTJSKyxA
Grafton Ashley Farm Smallholdings Estate - Site b)	303	Hereford	Hereford Rural pa 106	
Grafton Ashley Farm Smallholdings Estate - Site c)	2080	Hereford	Hereford Rural pa 106	
Hereford The Pastures Open Space	35	Hereford	Hereford Urban pa 169	https://goo.gl/maps/RTUqaCgwAduJvWv26
Holme Lacy Primary - Closed School	25	Hereford	Hereford Rural pa 106	https://www.google.com/maps/place/Holme+Lacy+Primary+School/@52.0169019,-2.6534012,459m/data=!3m1!1e3!4m5!3m4!1s0x0:0xabfe11bb2d4be1f8!8m2!3d52.0167368!4d-2.6525322
Sub-Total	3115			
Sites Available 5 to 10 year				
Corporation Farm, Hampton Bishop	172	Hereford	Hereford Rural pa 106	corporation-farm/hampton-bishop/hereford/hr1-4jn/10676843
Burghill Hospital Farm	400	Hereford	Hereford Rural pa 106	https://www.google.com/maps/search/burghill+hospital+farm+hereford/@52.0958336,-2.7647204,229m/data=!3m1!1e3
Development options to potentially relocate and improve St Martin's School, Hereford	85	Hereford	Hereford Urban pa 169	https://www.google.com/maps/place/St+Martins+Primary+School/@52.0469587,-2.7186408,15z/data=!4m5!3m4!1s0x0:0x3ec19f5e54f794c!8m2!3d52.0469587!4d-2.7186408
Hereford Fire Station	41	Hereford	Hereford Urban pa 169	https://www.google.com/maps/search/Hereford+Fire+Station/@52.0946222,-2.996655,11z/data=!3m1!1e3
Harold Street Records Office, Hereford	38	Hereford	Hereford Urban pa 169	https://www.google.com/maps/place/Harold+St,+Hereford/@52.0514995,-2.7073786,459m/data=!3m2!1e3!4b1!4m5!3m4!1s0x0:48704a4b072a0dc!8m2!3d52.0514995!4d-2.7051899
Development options to potentially relocate and improve Ashfield Primary	104	Ross on Wye	Ross on Wye Urban 25 pa	https://www.google.com/maps/place/Ashfield+Park+Primary+School/@51.9106579,-2.5952227,920m/data=!3m1!1e3!4m5!3m4!1s0x0:0xeeefd524716a35d85!8m2!3d51.9105917!4d-2.5891287
Model Farm	170	Ross on Wye	Ross on Wye Rural 86 pa	https://www.google.com/maps/place/Model+Farm/@51.9172646,-2.5636885,17z/data=!3m1!1e3!4m5!3m4!1s0x0:4871b223a91e8f27:0x1866f618d16dfa8b!8m2!3d51.9172646!4d-2.5614998
Sub-Total	1010			
Overall Total	4125			



Meeting:	Cabinet
Meeting date:	Thursday 28 January 2021
Title of report:	2021/22 council tax reduction scheme
Report by:	Leader of the council

Classification

Open

Decision type

Budget and policy framework

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

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

Wards affected

(All Wards);

Purpose

To recommend to Council the 2021/22 local council tax reduction scheme (CTR).

Council tax charges can be reduced where the bill payer meets certain set criteria contained in the council tax reduction scheme (CTR). The current scheme was initially approved by Council on 18 December 2015, amendments to the scheme are recommended to commence from 1 April 2021 to increase the discount support available.

It is a legal requirement to annually review the council's council tax reduction scheme and the decision to approve the scheme is reserved to full Council.

Recommendation(s)

That:

- (a) **The council tax reduction scheme for 2021/22, with increased discounts compared to the existing scheme, be recommended to Council for approval.**

Alternative options

1. The local council tax reduction scheme could remain as it is and not be amended. This is not recommended as it is considered appropriate to increase discounts available in response to the impact of the national pandemic, Covid 19. Any changes to the current scheme not proposed in this report require statutory public consultation to be undertaken ahead of proposing scheme changes so are not recommended.

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. More than 11,000 bill payers in Herefordshire are in receipt of CTR, with over 6,000 of claims from the working age.
3. The existing local CTR scheme was approved by Council in December 2015 and was applied in 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21. It is considered appropriate to amend this scheme to provide increased discounts in 2021/22.
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. This discount is currently restricted to a band C equivalent rate. Pensioner cases receive 100% CTR (unless their income breaches the threshold) and it is proposed that the working age scheme is amended to also provide 100% discount (unless their income breaches the threshold) irrespective of council tax band the property falls into. This will mean there will be no council tax band restriction and no liability reduction. The draft scheme is attached at appendix A.
5. During 2020/21 the working age CTR caseload increased. This reflects a national picture and demonstrates the local impact of Covid-19 on the working age. 5,375 claimants were expected and currently total 6,300, this is forecast to increase again as the Coronavirus Job Retention Scheme ends. This means that council tax income in 2020/21 is forecast to decrease by £0.8m due to the additional discounts awarded. This deficit (after applying the applicable spreading regime) is reflected in the 2021/22 budget setting process. Expectations are that caseloads will recover in a couple of years' time.
6. In response to the pandemic central government recognised the impact of council tax liabilities on low earners and established a new hardship scheme during 2020/21. This provided a one off hardship award of £150 to all working age CTR claimants. This £1.1m grant to Herefordshire has been spent in full.
7. The current CTR caseload and discount (using the average weekly award) is shown below:-

Caseload type	Number of claims	Amount of discount under current scheme £000	Amount of discount under proposed scheme (post 4.99% anticipated increase) £000
Pensioner age	5,200	6,193	6,502
Working age	6,300	5,547	7,724
Totals	11,500	11,740	14,226

8. To move the working age scheme to increased discounts will cost approximately £1,900k more in new lost council tax revenue. It is, however, likely that charges raised will not be settled and will in fact become outstanding debt against those that are charged therefore to increase the discount will reduce the debt recovery action that would be necessary if the recommended scheme amendments were not approved.
9. Central government recognises the impact that the increased CTR caseloads is having on councils and have announced two financial support measures in addition to the hardship scheme mentioned above. These are:-
- I. Local council tax support grant - the government has indicated that it is providing this to broadly meet the additional costs associated with increases in council tax reduction awarded in 2021/22. The funding will be un-ringfenced. MHCLG are proposing to distribute the £670m of grant funding based on working-age caseloads in each billing authority's area, using data from quarter 1 and quarter 2 of 2020/21. The funding allocations have not been published, estimations are that Herefordshire will receive £1,100k.
 - II. Local tax income guarantee for 2020/21 - the government has also announced, as part of a consultative policy paper, the details of its proposed scheme for compensating for irrecoverable local taxation losses. For council tax, the formula will be 75% of the difference, if positive, between the Council tax requirement for 2020/21 less the total of their billing authorities' relevant amounts. This will exclude any adjustments made for write-offs or provisions for bad debts, therefore it appears that authorities will effectively only be compensated for increases in local council tax reduction.
10. In addition to the above measures the provisional settlement allocated £250k lower tier services grant. This is a new un-ringfenced one off grant allocated to ensure that no authority has a total Core Spending Power less than in 2020/21.

Community impact

11. In addition to the council tax reduction scheme the council has agreed to provide 100% council tax discount to foster parents from 1st April 2021. To do this and to increase the council tax reduction available to low earners to 100% with no band restriction would have a positive impact on the community by minimising the debt burden on those that struggle to pay their council tax charge.

Environmental Impact

12. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
13. Whilst this is a decision on increasing an existing discount scheme so will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the Council's Environmental Policy. For example all council tax payers are encouraged to manage their account online to minimise paper and postage use.

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 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 proposed increase discount will have a positive impact on those residents not currently receiving 100% council tax discount.

Resource implications

16. By increasing the discount award to 100% council tax income losses will increase by approximately £1,900k. For 2021/22 it is proposed that one off funding is utilised to fund this improved discount. The one off monies will be £800k from new home bonus and a forecast £1,100k from the local council tax support grant as announced in the draft local government financial settlement.

Legal implications

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

19. A statutory procedure is provided for under Paragraph 3 of Schedule 1A which a billing authority must follow when revising its scheme. Consultation with the public was included with the budget consultation process that took place during November and December 2020.

Risk management

20. By increasing the discount the risk that claimants may not pay their council tax charge and move further into debt if summons charges are levied is removed. The costs and time associated with collecting overdue debts in relation to CTR charges is also reduced.

Consultees

21. Local consultation with parish and town councils, businesses and organisations was completed in November, 17 events were held with 96 participants. Over 70% of responses wanted to support households in financial difficulty.
22. An online public consultation was open from 18 December 2020 and closed on 10 January 2021 in the form of a Residents Survey and Organisation Survey. The results of this survey, shared as appendices to the budget setting report elsewhere on today's agenda, include 41% willing in principal to pay more Council Tax if the increase was used to help households on low incomes. It is recognised that additional clarity over the scheme would have been useful to help people determine their response to this question.

Appendices

Appendix A Proposed 2021/22 council tax reduction scheme

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 2021.
- 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 2021 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 Prescribed Requirements (Amendment) (England) Regulations 2018;
 - Council Tax Reduction Schemes Prescribed Requirements (Amendment) (England) Regulations 2020;
 - Council Tax Reduction Schemes Prescribed Requirements (Amendment) (England) Regulations 2021 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

- c. 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,

¹ Section 5 of this scheme

his partner, is a person on income support, on income-based jobseeker's allowance or an income-related employment and support allowance; or a person with an award of universal credit.

- c. be liable to pay council tax in respect of a dwelling in which he is solely or mainly resident;
- d. is not deemed to be absent from the dwelling;
- 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 2021/22

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.

6.2 Subject to paragraph 6.3, in determining the number of hours for which a person is engaged in

¹⁵ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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) (Removed by the Council Tax Reductions Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021
- (b) Appendix EU to the immigration rules made under section 3(2) of that Act;
- (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; or
- (d) having arrived in the United Kingdom with an entry clearance that was granted under Appendix EU (Family Permit) to the immigration rules made under section 3(2) of that Act.

7.4B Paragraph (4A)(b) does not apply to a person who—

- (a) has a right to reside granted by virtue of being a family member of a relevant person of Northern Ireland; and
- (b) would have a right to reside under the EEA Regulations if the relevant person of Northern Ireland were an EEA national, provided that the right to reside does not fall within paragraph (4)(a) or (b)

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);
- (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;
- (ca) a family member of a relevant person of Northern Ireland, with a right to reside which falls within paragraph (4A)(b), provided that the relevant person of Northern Ireland falls within paragraph (5)(a), or would do so but for the fact that they are not an EEA national;
- (cb) a frontier worker within the meaning of regulation 3 of the Citizens' Rights (Frontier Workers) (EU Exit) Regulations 2020;
- (cc) a family member of a person referred to in sub-paragraph (cb), who has been granted limited leave to enter, or remain in, the United Kingdom by virtue of Appendix EU to the immigration rules made under section 3(2) of the Immigration Act 1971
- (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.

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

- (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—
 "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 Immigration (European Economic Area) (Amendment) (No. 2) Regulations 2014 and references to the EEA Regulations are to be read with Schedule 4 to the Immigration and Social Security Co-ordination (EU Withdrawal) Act 2020 (Consequential, Saving, Transitional and Transitory Provisions) Regulations 2020
 "EEA national" has the meaning given in regulation 2(1) of the EEA Regulations;
 "family member" has the meaning given in regulation 7(1)(a), (b) or (c) of the EEA Regulations, except that regulation 7(4) of the EEA Regulations does not apply for the purposes of paragraphs (4B) and (5)(ca);
 "relevant person of Northern Ireland" has the meaning given in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of the Immigration Act 1971; 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 engaging in caring for that person or, as the case may be, he has subsequently recovered from that illness; and
- (c) he is not eligible for a grant or a student loan in respect of the period specified in paragraph 45.8.

45.8 The period specified for the purposes of paragraph 45.7 is the period, not exceeding one year, beginning on the day on which he ceased to be engaged in caring for that person or, as the case may be, the day on which he recovered from that illness and ending on the day before;

- (a) the day on which he resumes attending or undertaking the course; or
 - (b) the day from which the relevant educational establishment has agreed that he may resume attending or undertaking the course,
- which shall first occur.

46.0 Calculation of grant income

46.1 The amount of a student's grant income to be taken into account shall, subject to paragraphs 46.2 and 46.3, be the whole of his grant income.

46.2 There shall be excluded from a student's grant income any payment;

- (a) intended to meet tuition fees or examination fees;
- (b) in respect of the student's disability;
- (c) intended to meet additional expenditure connected with term time residential study away from the student's educational establishment;
- (d) on account of the student maintaining a home at a place other than that at which he resides during his course;
- (e) on account of any other person but only if that person is residing outside of the United Kingdom and there is no applicable amount in respect of him;

- (f) intended to meet the cost of books and equipment;
 - (g) intended to meet travel expenses incurred as a result of his attendance on the course;
 - (h) intended for the child care costs of a child dependant.
 - (i) of higher education bursary for care leavers made under Part III of the Children Act 1989.
- 46.3 Where a student does not have a student loan and is not treated as possessing such a loan, there shall be excluded from the student's grant income;
- (a) the sum of £303 per academic year in respect of travel costs; and
 - (b) the sum of £390 per academic year towards the costs of books and equipment, whether or not any such costs are incurred.
- The above figures will be increased annually in line with the Housing Benefit Regulations 2006 (as amended).
- 46.4 There shall also be excluded from a student's grant income the grant for dependants known as the parents' learning allowance paid pursuant to regulations made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 or section 22 of the Teaching and Higher Education Act 1998.
- 46.5 Subject to paragraphs 46.6 and 46.7, a student's grant income shall be apportioned;
- (a) subject to paragraph 46.8, in a case where it is attributable to the period of study, equally between the weeks in that period beginning with the reduction week, the first day of which coincides with, or immediately follows the first day of the period of study and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period of study;
 - (b) in any other case, equally between the weeks in the period beginning with the reduction week, the first day of which coincides with, or immediately follows, the first day of the period for which it is payable and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period for which it is payable.
- 46.6 Any grant in respect of dependants paid under section 63(6) of the Health Services and Public Health Act 1968 (grants in respect of the provision of instruction to officers of hospital authorities) and any amount intended for the maintenance of dependants under Part 3 of Schedule 2 to the Education (Mandatory Awards) Regulations 2004 shall be apportioned equally over the period of 52 weeks or, if there are 53 reduction weeks (including part-weeks) in the year, 53.
- 46.7 In a case where a student is in receipt of a student loan or where he could have acquired a student loan by taking reasonable steps but had not done so, any amount intended for the maintenance of dependants to which neither paragraph 46.6 nor section 50 (other amounts to be disregarded) apply, shall be apportioned over the same period as the student's loan is apportioned or, as the case may be, would have been apportioned.
- 46.8 In the case if a student on a sandwich course, any periods of experience within the period of study shall be excluded and the student's grant income shall be apportioned equally between the weeks in the period beginning with the reduction week, the first day of which immediately follows the last day of the period of experience and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period of study.
- 47.0 Calculation of covenant income where a contribution is assessed**
- 47.1 Where a student is in receipt of income by way of a grant during a period of study and a contribution has been assessed, the amount of his covenant income to be taken into account for that period and any summer vacation immediately following shall be the whole amount of the covenant income less, subject to paragraph 47.3, the amount of the contribution.
- 47.2 The weekly amount of the student's covenant shall be determined—
- (a) by dividing the amount of income which falls to be taken into account under paragraph

- 47.1 by 52 or 53, whichever is reasonable in the circumstances; and
- (b) by disregarding from the resulting amount, £5.

47.3 For the purposes of paragraph 47.1, the contribution shall be treated as increased by the amount (if any) by which the amount excluded under paragraph 46.2(g) (calculation of grant income) falls short of the amount specified in paragraph 7(2) of Schedule 2 to the Education (Mandatory Awards) Regulations 2003 (travel expenditure).

48.0 Covenant income where no grant income or no contribution is assessed

48.1 Where a student is not in receipt of income by way of a grant the amount of his covenant income shall be calculated as follows;

- (a) any sums intended for any expenditure specified in paragraph 46.2 (a) to (e) (calculation of grant income) necessary as a result of his attendance on the course shall be disregarded;
- (b) any covenant income, up to the amount of the standard maintenance grant, which is not so disregarded, shall be apportioned equally between the weeks of the period of study;
- (c) there shall be disregarded from the amount so apportioned the amount which would have been disregarded under paragraph 46.2(f) and 46.3 (calculation of grant income) had the student been in receipt of the standard maintenance grant; and
- (d) the balance, if any, shall be divided by 52 or 53 whichever is reasonable in the circumstances and treated as weekly income of which £5 shall be disregarded.

48.2 Where a student is in receipt of income by way of a grant and no contribution has been assessed, the amount of his covenanted income shall be calculated in accordance with sub-paragraphs (a) to (d) of paragraph 48.1, except that;

- (a) the value of the standard maintenance grant shall be abated by the amount of such grant income less an amount equal to the amount of any sums disregarded under paragraph 46.2 (a) to (e); and
- (b) the amount to be disregarded under paragraph 48.1(c) shall be abated by an amount equal to the amount of any sums disregarded under paragraph 46.2(f) and (g) and 46.3.

49.0 Student Covenant Income and Grant income – non disregard

49.1 No part of a student's covenant income or grant income shall be disregarded under paragraph 15 of Schedule 4 to this scheme

50.0 Other amounts to be disregarded

50.1 For the purposes of ascertaining income other than grant income, covenant income and loans treated as income in accordance with section 51, any amounts intended for any expenditure specified in paragraph 46.2 (calculation of grant income), necessary as a result of his attendance on the course shall be disregarded but only if, and to the extent that, the necessary expenditure exceeds or is likely to exceed the amount of the sums disregarded under paragraphs 46.2 or 46.3, 47.3, 48.1(a) or (c) or 51.5 (calculation of grant income, covenant income and treatment of student loans) on like expenditure.

51.0 Treatment of student loans

51.1 A student loan shall be treated as income.

51.2 In calculating the weekly amount of the loan to be taken into account as income

- (a) in respect of a course that is of a single academic year's duration or less, a loan which is payable in respect of that period shall be apportioned equally between the weeks in the period beginning with;
- (i) except in a case where (ii) applies, the reduction week, the first day of which coincides

with, or immediately follows, the first day of the single academic year;
(ii) where the student is required to start attending the course in August or where the course is less than an academic year's duration, the reduction week, the first day of which coincides with, or immediately follows, the first day of the course, and ending with the reduction week, the last day of which coincides with, or immediately precedes with last day of the course,

- (b) in respect of an academic year of a course which starts other than on 1st September, a loan which is payable in respect of that academic year shall be apportioned equally between the weeks in the period beginning with the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year and ending with the reduction week, the last day of which coincides with or immediately precedes, the last day of that academic year but excluding any reduction weeks falling entirely within the quarter during which, in the opinion of the Secretary of State, the longest of any vacation is taken and for the purposes of this sub-paragraph, 'quarter' shall have the same meaning as for the purposes of the Education (Student Support) Regulations 2005;
- (c) in respect of the final academic year of a course (not being a course of a single year's duration), a loan which is payable in respect of that final academic year shall be apportioned equally between the weeks in the period beginning with;
 - (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year;
 - (ii) where the final academic year starts on 1st September, the reduction week, the first day of which coincide with, or immediately follows, the earlier of 1st September or the first day of the autumn term, and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the course;
- (d) in any other case, the loan shall be apportioned equally between the weeks in the period beginning with the earlier of;
 - (i) the first day of the first reduction week in September; or
 - (ii) the reduction week, the first day of which coincides with, or immediately follows the first day of the autumn term, and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of June,

and, in all cases, from the weekly amount so apportioned there shall be disregarded £10.

51.3 A student shall be treated as possessing a student loan in respect of an academic year where;

- (a) a student loan has been made to him in respect of that year; or
- (b) he could acquire such a loan in respect of that year by taking reasonable steps to do so.

51.4 Where a student is treated as possessing a student loan under paragraph 51.3, the amount of the student loan to be taken into account as income shall be, subject to paragraph 51.5

- (a) in the case of a student to whom a student loan is made in respect of an academic year, a sum equal to
 - (i) the maximum student loan he is able to acquire in respect of that year by taking reasonable steps to do so; and
 - (ii) any contribution whether or not it has been paid to him;
- (b) in the case of a student to whom a student loan is not made in respect of an academic year, the maximum student loan that would be made to the student if;
 - (i) he took all reasonable steps to obtain the maximum student loan he is able to acquire in respect of that year; and
 - (ii) no deduction in that loan was made by virtue of the application of a means test.

- 51.5 There shall be deducted from the amount of income taken into account under paragraph 51.4
- (a) the sum of £303 per academic year in respect of travel costs; and
 - (b) the sum of £390 per academic year towards the cost of books and equipment, whether or not any such costs are incurred.

The above figures will be increased annually in line with the Housing Benefit Regulations 2006 (as amended).

51A.0 Treatment of fee loans

- 51A. 1A loan for fees, known as a fee loan or a fee contribution loan, made pursuant to regulations made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998, section 22 of the Teaching and Higher Education Act 1998 or section 73(f) of the Education (Scotland) Act 1980, shall be disregarded as income.

52.0 Treatment of payments from access funds

- 52.1 This paragraph applies to payments from access funds that are not payments to which paragraph 55.2 or 55.3 (income treated as capital) applies.

- 52.2 A payment from access funds, other than a payment to which paragraph 52.3 applies, shall be disregarded as income.

- 52.3 Subject to paragraph 52.4 of this section and paragraph 35 of Schedule 4,
- a) any payments from access funds which are intended and used for an item of food, ordinary clothing or footwear, household fuel, or rent of a single applicant or, as the case may be, of the applicant or any other member of his family and
 - b) any payments from access funds which are used for any council tax or water charges for which that applicant or member is liable, shall be disregarded as income to the extent of £20 per week.

- 52.4 Where a payment from access funds is made—
- (a) on or after 1st September or the first day of the course, whichever first occurs, but before receipt of any student loan in respect of that year and that payment is intended for the purpose of bridging the period until receipt of the student loan; or
 - (b) before the first day of the course to a person in anticipation of that person becoming a student,
- that payment shall be disregarded as income.

53.0 Disregard of contribution

- 53.1 Where the applicant or his partner is a student and for the purposes of assessing a contribution to the student's grant or student loan, the other partner's income has been taken into account, an amount equal to that contribution shall be disregarded for the purposes of assessing that other partner's income.

54.0 Further disregard of student's income

- 54.1 Where any part of a student's income has already been taken into account for the purpose of assessing his entitlement to a grant or student loan, the amount taken into account shall be disregarded in assessing that student's income.

55.0 Income treated as capital

- 55.1 Any amount by way of a refund of tax deducted from a student's covenant income shall be treated as capital.

55.2 Any amount paid from access funds as a single lump sum shall be treated as capital.

55.3 An amount paid from access fund as a single lump sum which is intended and used for an item other than food, ordinary clothing or footwear, household fuel or rent, or which is used for an item other than any council tax or water charges for which that applicant or member is liable, shall be disregarded as capital but only for a period of 52 weeks from the date of the payment.

56.0 Disregard of changes occurring during summer vacation

56.1 In calculating a student's income the authority shall disregard any change in the standard maintenance grant, occurring in the recognised summer vacation appropriate to the student's course, if that vacation does not form part of his period of study from the date on which the change occurred to the end of that vacation.

Sections 57 – 63

The calculation and amount of Council tax reduction

57.0 Maximum council tax reduction

57.1 Subject to paragraphs 57.2 to 57.4, the amount of a person's maximum council tax reduction in respect of a day for which he is liable to pay council tax, shall be 100 per cent, of the amount A divided by B where;

- (a) A is the 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; 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

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, £12.45 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—

- (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 £8.30 x 1/7
- (c) not less than £377.00, but less than £469.00, the deduction to be made under this section shall be £10.40 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

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

higher than the amount (if any) that would fall to be deducted in respect of the other, or any other, member, the higher amount shall be deducted.

58.4 In applying the provisions of paragraph 58.2 in the case of a couple or, as the case may be a polygamous marriage, regard shall be had, for the purpose of that paragraph, to the couple's or, as the case may be, all members of the polygamous marriage's joint weekly gross income.

58.5 Where in respect of a day–

- a. a person is a resident in a dwelling but is not himself liable for council tax in respect of that dwelling and that day;
- b. other residents in that dwelling (the liable persons) have joint and several liability for council tax in respect of that dwelling and that day otherwise than by virtue of section 9 or 77 or 77A of the 1992 Act (liability of spouses and civil partners); and
- c. the person to whom sub-paragraph (a) refers is a non-dependant of two or more of the liable persons, the deduction in respect of that non-dependant shall be apportioned equally between those liable persons.

58.6 No deduction shall be made in respect of any non-dependants occupying an applicant's dwelling if the applicant or his partner is–

- a. blind or treated as blind by virtue of paragraph 9 of Schedule 1 (additional condition for the disability premium); or
- b. receiving in respect of himself:
 - attendance allowance, or would be receiving that allowance but for:
 - i. a suspension of benefit in accordance with regulations under section 113(2) of The Act; or
 - ii. an abatement as a result of hospitalisation; or
 - the care component of the disability living allowance, or would be receiving that component but for:
 - i. a suspension of benefit in accordance with regulations under section 113(2) of The Act; or
 - ii. an abatement as a result of hospitalisation; or
- c. the daily living component of personal independence payment, or would be receiving that allowance but for a suspension of benefit in accordance with regulations under section 86 of the Welfare Reform Act 2012 (hospital in-patients);
- d. an AFIP, or would be receiving that payment but for a suspension of it in accordance with any terms of the armed and reserve forces compensation scheme which allows for a suspension because a person is undergoing medical treatment in a hospital or similar institution;

58.7 No deduction shall be made in respect of a non-dependant if:

- a. although he resides with the applicant, it appears to the authority that his normal home is elsewhere; or
- b. he is in receipt of a training allowance paid in connection with a youth training established under section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990; or
- c. he is a full time student within the meaning of section 44.0 (Students); or
- d. he is not residing with the applicant because he has been a patient for a period of excess of 52 weeks, and for these purposes;
- e. 'patient' has the meaning given within this scheme, and
- f. where a person has been a patient for two or more distinct periods separated by one or more intervals each not exceeding 28 days, he shall be treated as having been a patient continuously for a period equal in duration to the total of those distinct periods;
- g. he is not residing with the claimant because he is a member of the armed forces away on operations

58.8 No deduction shall be made in respect of a non-dependant;

- (a) who is on income support, state pension credit, an income-based jobseeker's allowance

- or an income-related employment and support allowance;
- (b) to whom Schedule 1 of the 1992 Act applies (persons disregarded for purposes of discount) but this sub-paragraph shall not apply to a non-dependant who is a student to whom paragraph 4 of that Schedule refers;
- (c) who is entitled to an award of universal credit where the award is calculated on the basis that the person does not have any earned income.”;
For the purposes of sub-paragraph (c), “earned income” has the meaning given in regulation 52 of the Universal Credit Regulations 2013.

58.9 In the application of paragraph 58.2 there shall be disregarded from his weekly gross income:

- a. any attendance allowance, disability living allowance or personal independence payment or an AFIP received by him;
- b. any payment made under or by the Trusts, the Fund, the Eileen Trust , MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006) which had his income fallen to be calculated under section 30 (calculation of income other than earnings) would have been disregarded under paragraph 24 of Schedule 4 (income in kind); and
- c. any payment which had his income fallen to be calculated under section 30 would have been disregarded under paragraph 36 of Schedule 4 (payments made under certain trusts and certain other payments).

59.0 Council tax reduction taper (applies to persons defined within Class E)

59.1 The prescribed daily percentage for the purpose of calculating reduction as a percentage of excess of income over the applicable amount which is deducted from maximum council tax reduction, shall be 2 6/7 per cent. Where an applicant’s income exceeds their applicable amount, their council tax reduction shall be calculated by deducting their excess income multiplied by the taper from their maximum council tax reduction as defined within section 57 of this scheme

60.0 Extended reductions

60.1 An applicant who is entitled to council tax reduction (by virtue of the general conditions of entitlement) shall be entitled to an extended reduction where;

- (a) the applicant or the applicant’s partner was entitled to a qualifying income- related benefit;
- (b) entitlement to a qualifying income-related benefit ceased because the applicant or the applicant’s partner–
 - (i) commenced employment as an employed or self-employed earner;
 - (ii) increased their earnings from such employment; or
 - (iii) increased the number of hours worked in such employment, and that employment is or, as the case may be, increased earnings or increased number of hours are expected to last five weeks or more; and
- (c) the applicant or the applicant’s partner had been entitled to and in receipt of a qualifying income-related benefit, jobseeker’s allowance or a combination of those benefits for a continuous period of at least 26 weeks before the day on which the entitlement to a qualifying income-related benefit ceased.

60.2 For the purpose of paragraph 60.1(c), an applicant or an applicant’s partner is to be treated as having been entitled to and in receipt of a qualifying income-related benefit or jobseeker’s allowance during any period of less than five weeks in respect of which the applicant or the applicant’s partner was not entitled to any of those benefits because the applicant or the applicant’s partner was engaged in remunerative work as a consequence of their participation in an employment zone programme.

60.3 For the purpose of this section, where an applicant or an applicant’s partner is entitled to and in receipt of joint-claim jobseeker’s allowance they shall be treated as being entitled to and in

receipt of jobseeker's allowance.

60.4 An applicant must be treated as entitled to council tax reduction by virtue of the general conditions of entitlement where—

- (a) the applicant ceased to be entitled to council tax reduction because the applicant vacated the dwelling in which the applicant was resident;
- (b) the day on which the applicant vacated the dwelling was either in the week in which entitlement to a qualifying income-related benefit ceased, or in the preceding week; and
- (c) entitlement to the qualifying income-related benefit ceased in any of the circumstances listed in paragraph 60.1(b).

60.5 This section shall not apply where, on the day before an applicant's entitlement to income support ceased, regulation 6(5) of the Income Support Regulations (remunerative work: housing costs) applied to that applicant.

60A.0 Duration of extended reduction period

60A.1 Where an applicant is entitled to an extended reduction, the extended reduction period starts on the first day of the reduction week immediately following the reduction week in which the applicant, or the applicant's partner, ceased to be entitled to a qualifying income-related benefit.

60A.2 For the purpose of paragraph (60A.1), an applicant or an applicant's partner ceases to be entitled to a qualifying income-related benefit on the day immediately following the last day of entitlement to that benefit.

60A.3 The extended reduction period ends;

- (a) at the end of a period of four weeks; or
- (b) on the date on which the applicant to whom the extended reduction is payable has no liability for council tax, if that occurs first.

60B.0 Amount of extended reduction

60B.1 For any week during the extended reduction period the amount of the extended reduction payable to an applicant shall be the higher of—

- (a) the amount of council tax reduction to which the applicant was entitled under the general conditions of entitlement in the last reduction week before the applicant or the applicant's partner ceased to be entitled to a qualifying income-related benefit;
- (b) the amount of council tax reduction to which the applicant would be entitled under the general conditions of entitlement for any reduction week during the extended reduction period, if section 60 (extended reductions) did not apply to the applicant; or
- (c) the amount of council tax reduction to which the applicant's partner would be entitled under the general conditions of entitlement, if section 60 did not apply to the applicant.

60B.2 Paragraph 60B1 does not apply in the case of a mover.

60B.3 Where an applicant is in receipt of an extended reduction under this section and the applicant's partner makes a claim for council tax reduction, no amount of council tax reduction shall be payable by the appropriate authority during the extended reduction period.

60C Extended reductions – movers

60C.1 This section applies;

- (a) to a mover; and
- (b) from the Monday following the day of the move.

60C.2 The amount of the extended reduction payable from the Monday from which this section

applies until the end of the extended reduction period shall be the amount of council tax reduction which was payable to the mover for the last reduction week before the mover, or the mover's partner, ceased to be entitled to a qualifying income-related benefit.

60C.3 Where a mover's liability to pay council tax in respect of the new dwelling is to the second authority, the extended reduction may take the form of a payment from the appropriate authority to;

- (a) the second authority; or
- (b) the mover directly.

60C.4 Where—

- (a) a mover, or the mover's partner, makes a claim for council tax reduction to the second authority after the mover, or the mover's partner, ceased to be entitled to a qualifying income-related benefit; and
- (b) the mover, or the mover's partner, is in receipt of an extended reduction from the appropriate authority, the second authority shall reduce the weekly amount of council tax reduction that the mover, or the mover's partner, is entitled to by a sum equal to the amount of the extended reduction until the end of the extended reduction period.

60D.0 Relationship between extended reduction and entitlement to council tax reduction under the general conditions of entitlement

60D.1 Where an applicant's council tax reduction award would have ended when the applicant ceased to be entitled to a qualifying income-related benefit in the circumstances listed in paragraph 60.1(b), that award will not cease until the end of the extended reduction period.

60D.2 Changes of circumstances and increases for exceptional circumstances shall not apply to any extended reduction payable in accordance with paragraph 60B.1(a) or 60C.2 (amount of extended reduction – movers).

61.0 Extended reductions (qualifying contributory benefits)

61.1 An applicant who is entitled to council tax reduction (by virtue of the general conditions of entitlement) shall be entitled to an extended reduction (qualifying contributory benefits) where;

- (a) the applicant or the applicant's partner was entitled to a qualifying contributory benefit;
- (b) entitlement to a qualifying contributory benefit ceased because the applicant or the applicant's partner;
 - (i) commenced employment as an employed or self-employed earner;
 - (ii) increased their earnings from such employment; or
 - (iii) increased the number of hours worked in such employment, and that employment is or, as the case may be, increased earnings or increased number of hours are expected to last five weeks or more;
- (c) the applicant or the applicant's partner had been entitled to and in receipt of a qualifying contributory benefit or a combination of qualifying contributory benefits for a continuous period of at least 26 weeks before the day on which the entitlement to a qualifying contributory benefit ceased; and
- (d) the applicant or the applicant's partner was not entitled to and not in receipt of a qualifying income-related benefit in the last reduction week in which the applicant, or the applicant's partner, was entitled to a qualifying contributory benefit.

61.2 An applicant must be treated as entitled to council tax reduction by virtue of the general conditions of entitlement where;

- (a) the applicant ceased to be entitled to council tax reduction because the applicant vacated the dwelling in which the applicant was resident;
- (b) the day on which the applicant vacated the dwelling was either in the week in which

- (c) 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 area²⁰

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	£74.70
b) is aged not less than 25	£74.70
c) is aged not less than 18 but less than 25	£59.20
2. Lone Parent	£74.70
3. Couple; a) Where the applicant is entitled to the main phase of employment and support allowance	£117.40
b) Where one member is aged not less than 18	£117.40

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;	£68.60
(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.	£68.60

(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, £17.65;

Premiums

4. Except as provided in paragraph 5, the premiums specified in this Schedule shall, for the purposes of this scheme, be applicable to an applicant who satisfies the condition specified in paragraphs 4 to 16 in respect of that premium.
5. Subject to paragraph 6, where an applicant satisfies the conditions in respect of more than one premium in this Schedule, only one premium shall be applicable to him and, if they are different amounts, the higher or highest amount shall apply.
- 6 (1) The following premiums, namely–
- a. severe disability premium to which paragraph 10 applies;
 - b. an enhanced disability premium to which paragraph 11 applies;
 - c. a disabled child premium to which paragraph 12 applies; and
 - d. carer premium to which paragraph 13 applies,
- may be applicable in addition to any other premium which may apply under this Schedule
7. (1) Subject to sub-paragraph (2), for the purposes of this Schedule, once a premium is applicable to an applicant under this Part, a person shall be treated as being in receipt of any benefit for
- a. in the case of a benefit to which the Social Security (Overlapping Benefits) Regulations 1979 applies, any period during which, apart from the provisions of those Regulations, he would be in receipt of that benefit; and
 - b. any period spent by a person in undertaking a course of training or instruction provided or approved by the Secretary of State under section 2 of the 1973 Act or by Skills Development Scotland, Scottish Enterprise or Highlands and Islands Enterprise under or section 2 of the Enterprise and New Towns(Scotland) Act 1990 for any period during which he is in receipt of a training allowance.
- (2) For the purposes of the carer premium, a person shall be treated as being in receipt of carer's allowance by virtue of sub-paragraph (1)(a) only if and for so long as the person in respect of whose care the allowance has been claimed remains in receipt of attendance allowance, or the care component of disability living allowance at the highest or middle rate prescribed in accordance with section 72(3) of the Act or the daily living component of the personal independence payment under the Welfare Reform Act 2012 or an AFIP.

Disability Premium

8. The condition (s) to be met is contained in Schedule 3 (12) Housing Benefit Regulations 2006

Additional Condition for the Disability Premiums

9. The condition (s) to be met is contained in Schedule 3 (13) Housing Benefit Regulations 2006

Severe Disability Premiums

10. The condition (s) to be met is contained in Schedule 3 (14) Housing Benefit Regulations 2006

Enhanced Disability Premium

11. The condition (s) to be met is contained in Schedule 3 (15) Housing Benefit Regulations 2006

Disabled Child Premium

12. The condition (s) to be met is contained in Schedule 3 (16) Housing Benefit Regulations 2006

Carer Premium

13. The condition (s) to be met is contained in Schedule 3 (17) Housing Benefit Regulations 2006

Persons in receipt of concessionary payments

14. For the purpose of determining whether a premium is applicable to a person under paragraphs 8 to 13, any concessionary payment made to compensate that person for the non-payment of any benefit mentioned in those paragraphs shall be treated as if it were a payment of that benefit.

Persons in receipt of benefit for another

15. For the purposes of this Schedule, a person shall be regarded as being in receipt of any benefit if, and only if, it is paid in respect of him and shall be so regarded only for any period in respect of which that benefit is paid.

Amounts of Premium

16. For the purposes of this Schedule, the following amounts shall apply;

Premium	Amount
Disability Premium	£35.10
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	£50.05
Severe Disability Premium	£67.30
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	£67.30
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	£134.60
Disabled Child Premium	£65.94 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	£37.70 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) £26.67 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) £17.20 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) £24.60 where the applicant is a member of a couple or a

Premium	Amount
	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.

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 £29.70. The amount of the support component is £39.40.

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)



Meeting:	Cabinet
Meeting date:	Thursday 28 January 2021
Title of report:	2021/22 Capital Investment Budget and Capital Strategy Update
Report by:	Cabinet member finance and corporate services

Classification

Open

Decision type

Budget and policy framework

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

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

Wards affected

(All Wards);

Purpose

To recommend to Council for approval the capital investment budget and capital strategy for 2021/22 onwards.

Appendix A provides details of the proposed additions to the existing capital programme that have been identified and the impact of approving these additions. Eleven capital investment budget proposals totaling £20.7m have been identified, to be funded by capital grants (£14.5m), redirected funding from revenue reserves (£1.0m), returns on capital investment (£0.4m) and prudential borrowing of (£4.8m).

In line with the Chartered Institute of Public Finance and Accountability (CIPFA) requirements a capital strategy has been written to reflect future direction for capital investment, the strategy is included at appendix D and in line with the guidelines requires Council approval.

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

Recommendation(s)

That: the following be recommended to Council

- (a) To approve the proposed capital programme from 2021/22 attached at appendix C; and**
- (b) approve the capital strategy document at appendix D.**

Alternative options

1. It is open to Cabinet to recommend alternative capital investment options to Council. No alternative options have been brought forward to date and suggestions would require review and assessment, in line with those completed on the options presented in this report. In addition, as an amendment to proposals put forward by Cabinet, any amendment would either require the consent of the Leader of the Council or further consideration by Cabinet, and scrutiny, before a decision could be taken in accordance with budget and policy framework rules.
2. A capital strategy is required in accordance with statutory guidance issued by CIPFA, 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 B. 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 2020/21 onwards. Since approval of the programme at February 2020 Council, an additional £13.59m has been added to the capital programme (some are reductions in assumed grant or virements of grant to fund other schemes), as follows:
 - a) £0.137m Department for Transport (DfT) awarded an Emergency Active Travel Fund to help enable the highways to be opened safely with covid measures in place for distancing.
 - b) £2.0m awarded by the LEP to enable the purchase of land to develop integrated wetlands to help improve phosphate levels and enable house building to progress
 - c) £0.424m additional grant for pothole repairs and to replace the challenge fund bids which was already estimated at £7.25m so the difference was added and a new line in the capital programme created.
 - d) (£0.013m) LTP project line reduced after funding allocated to SWTP project costs in 2020/21.

- e) £0.511m S106 additional funding drawn down from reserves to fund projects being delivered in 2020/21.
 - f) £0.546m additional schools maintenance award from the Department of Education to help relief the backlog of maintenance required.
 - g) £0.416m additional Disabled Facility Grant awarded in 2020/21, this grant contributes towards the costs of adaptations to allow disabled people to remain living in their own homes.
 - h) £0.195m Sustainable Landscape and Sustainable Places awarded by the Welsh Government for the Wye Valley AONB.
 - i) £5.432m Local Enterprise Partnership (LEP) grant award from the growth fund to help with further development of Hereford Enterprise Zone.
 - j) (£0.768m) 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. This reduction is for the element managed on behalf of other councils that shouldn't be accounted for.
 - k) £0.48m Green Homes Grant – Local Authority Delivery awarded from Business, Energy and Industrial Strategy (BEIS).
 - l) £0.299m Environment Agency grant towards the Lea Flood Alleviation scheme.
 - m) £0.75m Towns Fund Accelerated Funding to deliver a number of city projects submitted to Ministry of Housing & Communities in Local Government (MHCLG).
 - n) (£0.341m) Sustainable Energy in Public Buildings reduction in grant for the element managed on behalf of other councils that shouldn't be accounted for.
 - o) £0.524m MHCLG grant awarded to deliver a homelessness hub and contribute towards the purchase of flats to help with provision for homelessness residents.
 - p) £3.0m award from the LEP for delivery of the Hereford City Centre Improvements projects approved by Council last year and enables a reduction of borrowing of £2.5m.
6. Further changes were made to the capital funding following decisions at Council to fund the priority flood works project of £4.027m and fund the non-insurable works at the leisure centre of £0.505m. The was reduced by £2.5m following the allocation of the LEP grant for the Hereford City Centre Improvements Project, so overall borrowing increased by £2.032m. The only other change is a reduction in the use of the capital receipts reserve of £1.053m for the Hereford Enterprise Zone project following the LEP grant award of £5.432m and therefore a reduction of the funding required by the Council.
7. As part of the 2021/22 budget setting process, priority capital investment needs for 2021/22 have been identified.
8. All proposals were submitted based on need, and are included in appendix A along with a description of what each proposal includes. There are a number of annual grants and allowance for the spending of S106 developer fees that have been included to reflect the income that will be received.
9. Cabinet completed an informal review of all prospective capital funding requests and all were progressed and included in this report.
10. 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 £10.6m in the capital receipts reserve.

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

11. 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 and to deliver 2,500 homes over the next 10 years.
12. 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 recent Cabinet decision has chosen the model of managing the initial houses through the general fund and then creating a Housing Revenue Account.
13. In the revised capital programme the current Development Partnership budget in the capital programme has been split and £20m is now shown as a dedicated budget for Strategic Housing Development to cover the initial phases.
14. In the current capital programme in appendix B there are 2 separate projects, Ross Enterprise Park £7.07m and Employment Land & Incubation Space in Market Towns £13.631m. The Ross project has now been incorporated within the other project to create an overall project budget of £20.701m. A revised business case will be provided by June after the consultation carried out by Rose regeneration to propose the most economically viable projects to be delivered within the project budget and detail how the work will be funded.
15. From 2021/22 a £1m Development Fund budget has been proposed to be included in the capital programme. It will initially be funded from the finance resilience reserve but topped up each year when the developed project is added to the capital programme in line with the funding identified. This is to ensure projects are added to the capital programme when they have a robust business case including accurate costings and are deliverable within the timeframe.
16. 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.
17. 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

18. 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.

19. 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.

Environmental Impact

20. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
21. Whilst this overarching budget setting document will not detail specific environmental impacts, consideration is always made to minimising waste and resource use in line with the Council's Environmental Policy. A specific environmental impact assessment for the service specific budget proposals will be considered as appropriate to seek to minimise any adverse environmental impact and actively seek opportunities to improve and enhance environmental performance. An initial environmental assessment has been included in the outline business cases that were reviewed at Scrutiny and these will be developed and scoped for each project when they seek approval to spend and a separate governance decision.

Equality duty

22. 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.
23. 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

24. The proposed additions at appendix A total £20.7m over the next three years. Of this, £14.5m is proposed to be funded by capital grants, which consist of regular annual awards for local transport plan, schools maintenance and S106 developer contributions

already received. £1.0m is funded from redirected existing funding and no use of the capital receipts reserve. This leaves £5.2m requiring financing from prudential borrowing (PB). Of this the cost of financing £0.4m of prudential borrowing repayment costs will be funded from additional revenue streams from loan repayments, leaving additional costs of financing £4.8m prudential borrowing to be funded by the corporate revenue budget. Where projects are in the capital programme 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

School Accessibility Works	0.0	0.0	0.0	0.0	240.0	240.0
Grange Court Loan	0.0	0.0	0.0	359.2	0.0	359.2
Schools Maintenance Grant	1,195.0	0.0	0.0	0.0	0.0	1,195.0
Childrens S106	300.0	0.0	0.0	0.0	0.0	300.0
Total Community	1,495.0	0.0	0.0	359.2	240.0	2,094.2

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

Estates Building Improvement Programme	0.0	0.0	0.0	0.0	1,217.0	1,217.0
Shire hall (include in estates programme)	0.0	0.0	0.0	0.0	850.0	850.0
Extra Ordinary Highways Maintenance, Biodiversity Net Gain & Winter Fleet	0.0	0.0	0.0	0.0	2,299.0	2,299.0
Capital Development Fund	0.0	1,000.0	0.0	0.0	0.0	1,000.0
Local Transport Plan	12,272.0	0.0	0.0	0.0	0.0	12,272.0
E & P Section 106	750.0	0.0	0.0	0.0	0.0	750.0
Total Economy	13,022.0	1,000.0	0.0	0.0	4,366.0	18,388.0

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

Air Quality Monitoring Station Resource Improvements	0.0	140.0	26.0	26.0	0.0	0.0
Total Environment	0.0	0.0	0.0	0.0	192.0	192.0
Total	14,517.0	1,000.0	0.0	359.2	4,798.0	20,674.2

25. The revenue implications of securing this new borrowing is supported in the current Medium Term Financial Strategy and Treasury Management Strategy which included an estimation of £6.7m new prudential borrowing per annum over the strategy period.

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

26. 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.
27. Individual capital scheme resourcing implications will be detailed in the approval to precede decision.

Legal implications

28. The council is under a legal duty to sensibly manage capital finance. The council is able to borrow subject to limits set by the council, any nationally imposed limits, and it must do so in accordance with the prudential code on borrowing.
29. The Local Government Act 2003 allows the council to borrow for any purpose relevant to its functions under any enactment and for the purposes of the prudent management of its financial affairs.
30. Full Council is responsible for adopting the capital investment budget (referred to above as the capital programme) for the next financial year. 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.
31. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on the Council's budget if he or she has an outstanding council tax debt of over two months. If a councillor who is precluded from voting is present at any meeting at which relevant matters are discussed, he or she must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.
32. In accordance with the budget and policy framework, rules in the constitution the general scrutiny committee shall inform and support the process for making cabinet proposals to Council. General Scrutiny Committee considered the capital investment budget at appendix A at its meeting on 15 January, as referred to in the consultees section of this report. As such, the proposals in appendix C and D have been developed in accordance with the constitution.
33. Cabinet shall have regard to scrutiny recommendations and the responses to the consultation as have been made to it in drawing up or amending draft proposals for submission to Council, and its report to Council shall reflect those recommendations, comments, and the cabinet's response to them.

Risk management

34. 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.

35. 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. Furthermore slower delivery than forecast can mean the strategic ambitions are not being met as planned. A review of capital processes has taken place and the recommendations to help mitigate scheme risks are in the process of being put in place once approved.
36. 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

37. Local consultation with parish and town councils, businesses and organisations was completed in November, 17 events were held with 96 participants. Responses supported:-
 - People said it was important to avoid short-termism
 - Working with partners was supported
 - Transferring assets to communities was supported
 - Discretionary services least valued were street lighting, archive services and parks and open spaces
 - Increasing charges for parking and cremation was least popular
 - People wanted a high quality service and Value For Money for social care
 - Use of technology was seen as both an opportunity and a threat to vulnerable residents
 - 45% of people thought the proposed council tax & social care precept increase of 4.99% was about right
 - Over 70% of people wanted to support households in financial difficulty
 - The majority said they would support a Herefordshire Community Lottery and Herefordshire Voluntary Community Contribution Scheme
 - Overall local priorities matched the council's priorities in the County Plan and Delivery Plan
38. An online public consultation was open between 18 December 2020 and closed on 8 January 2021 in the form of a Residents Survey and Organisation (business) Survey. The main focus of the consultation was on council tax setting and the savings that needed to be identified to enable a balance budget to be presented due to the current pressures.
39. However question 6 was focused on the highest priorities for investment. This question asked respondents to rank their top three priorities from the list in figure 4. The results are based on a weighted average of those responses.

There were three clear priorities for respondents to the residents' survey:

- Spend public money in the local economy wherever possible
- Ensure all children are healthy, safe and inspired to achieve

- Build publicly owned, sustainable and affordable houses
40. The top priority makes it clear that residents agree with the change in the capital strategy appendix D point 7.7 regarding local suppliers and looking at social benefits alongside value for money. In regard to the second highest there is currently £36.3m planned to be spent on schools in the next 3 years which is 12% of the planned spend. Along with £20m set aside for the third ranked priority to deliver housing.
41. The proposed capital investment budget additions were presented to children's wellbeing scrutiny on 12 January and general scrutiny committee on 15 January 2021. All proposals were supported at each of the meetings and no amendments have so far been made to the capital investment proposals.

Appendices

Appendix A - Proposed capital investment additions for 21/22

Appendix B - Current status of approved capital programme

Appendix C - Total proposed capital programme

Appendix D - Proposed Capital Strategy

Background papers

Capital Investment Proposals published at General Scrutiny on 15th January 2021

Capital Funding Requests for approval

Appendix A

Scheme	Current Capital Programme £000	Total 21/22 £000	Total 22/23 £000	Total 23/24 £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											
School Accessibility Works	0.0	240.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	240.0	240.0
Grange Court Loan	0.0	359.2	0.0	0.0	0.0	0.0	0.0	0.0	359.2	0.0	359.2
Schools Maintenance Grant	3,514.0	0.0	1,195.0	0.0	0.0	1,195.0	0.0	0.0	0.0	0.0	1,195.0
Childrens S106	649.0	300.0	0.0	0.0	0.0	300.0	0.0	0.0	0.0	0.0	300.0
Total Community	4,163.0	899.2	1,195.0	0.0	0.0	1,495.0	0.0	0.0	359.2	240.0	2,094.2
Economy:- Support an economy which builds on the county's strengths and resources											
Estates Building Improvement Programme	4,835.0	1,217.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,217.0	1,217.0
Shirehall (include in estates programme)		115.0	685.0	40.0	10.0	0.0	0.0	0.0	0.0	850.0	850.0
Extra Ordinary Highways Maintenance, Biodiversity Net Gain & Winter Fleet	0.0	2,299.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,299.0	2,299.0
Capital Development Fund	0.0	1,000.0	0.0	0.0	0.0	0.0	1,000.0	0.0	0.0	0.0	1,000.0
Local Transport Plan	12,259.0	12,272.0	0.0	0.0	0.0	12,272.0	0.0	0.0	0.0	0.0	12,272.0
E & P Section 106	511.0	750.0	0.0	0.0	0.0	750.0	0.0	0.0	0.0	0.0	750.0
Total Economy	17,605.0	17,653.0	685.0	40.0	10.0	13,022.0	1,000.0	0.0	0.0	4,366.0	18,388.0

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

Air Quality Monitoring Station Resource Improvements	0.0	140.0	26.0	26.0	0.0	0.0	0.0	0.0	0.0	192.0	192.0
Total Environment	0.0	140.0	26.0	26.0	0.0	0.0	0.0	0.0	0.0	192.0	192.0
Total	21,768.0	18,692.2	1,906.0	66.0	10.0	14,517.0	1,000.0	0.0	359.2	4,798.0	20,674.2

Capital Funding Request Scheme Description

Scheme	Scheme Description
Community:- Build communities to ensure everyone lives well and safely together	
Schools Accessibility Works	There are two known children with EHC Plans who are transitioning into schools. One into primary, the other from primary into secondary. The final places will not be known until April/May 2021, however, these children will need an accessible school for September 2021. Therefore this budget has been put in place to provide what adaptation works may be required.
Grange Court Loan	Repayment of outstanding capital of a loan taken out by Leominster Area Regeneration Company Ltd (LARC) with Social Investment Business (SIB) towards cost of refurbishment of Grange Court, Leominster. To be financed through a loan agreement signed by both parties, agreeing the terms, interest and schedule of payment.
Schools Maintenance Grant	This is an annual grant award from the Department of Education to carry out capital improvement works across maintained schools. The programme of work is prioritised using condition surveys.
Childrens S106	S106 arrangements are put in place with developers and education are allocated their share once paid. The work progresses based on the area and spent in line with the agreement.
Economy:- Support an economy which builds on the county's strengths and resources	
Estates Building Improvement Programme	The proposed Estate Building Improvement Programme is in respect of identified and prioritised property projects to be delivered over 2021/22.
Shire hall (include in estates programme)	To rectify and make improvements due to recent structural and fabric defects, alongside other improvement works as identified through technical surveys, to make the building, safe, water and weather tight, and fit for use.
Extra Ordinary Highways Maintenance, Biodiversity Net Gain & Winter Fleet	Sustained Investment over the whole life of the highway asset – an ongoing programme of works that is targeted at treating the asset as identified and in doing so, mitigating the carbon footprint by improving the biodiversity in the county. The purchase of a gritter to prevent the high costs involved in maintenance costs.
Capital Development Fund	From 2021/22 a £1m Development Fund budget has been proposed to be included in the capital programme. This is to ensure projects are added to the capital programme when they have a robust business case including accurate costings and are deliverable within the timeframe.
Local Transport Plan	Local transport capital block funding (integrated transport and Highway maintenance) specific grant determination. The purpose of the annual grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them.

E & P Section 106	S106 arrangements are put in place with developers and E&P receive a range of developer fees for waste, transport & highways etc which are allocated once paid. The work progresses based on the area and spent in line with the agreement.
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Environment:- Protect our environment and keep Herefordshire a great place to live

Air Quality Monitoring Station Resource Improvements	Updating of DEFRA approved air quality monitoring equipment at the air quality monitoring station (AQMS) on Victoria Street Hereford to improve reliability (reduced breakdowns and repair) and expansion of the network to include a second AQMS in Leominster.
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Capital Programme position Dec 2020/21

Appendix B

Scheme Name	Spend in 2020/21		2020/21		2021/22		2022/23		2023/24	Total	Capital receipts	Grant & funding cont	Prudential borrowing	Total	Prior Years	Total Funding
	Prior Years	Total Budget	Forecast	Variance	Total Budget	Total Budget	Total Budget	onwards								
	£000	£000	£000	£000	£000	£000	£000	£000								
Economy & Place																
Hereford City Centre Transport Package	33,665	1,632	750	(882)	3,353	2,000							6,985	6,985	33,665	40,651
South Wye Transport Package	8,155	142	35	(107)	10,422	16,281					26,845			26,845	8,155	35,000
Hereford City Centre Improvements (HCCI)		1,500	1,500	0	3,000	1,500					3,000	3,000		6,000		6,000
Hereford ATMs and Super Cycle Highway		1,000	300	(700)	0	0						1,000		1,000		1,000
Passenger Transport Fleet (Electric)		0	-	0	7,800	15,600	15,600				35,000	4,000		39,000		39,000
Hereford Transport Package	3,970	1,990	339	(1,651)	1,625	625					0	4,240		4,240	3,970	8,210
Major Infrastructure Delivery Board	45,790	6,265	2,924	(3,341)	26,200	36,006	15,600							0		0
Local Transport Plan (LTP)		12,259	12,259	0	0	0					12,259			12,259		12,259
Emergency Active travel Fund		137	20	(117)	0	0					137			137		137
Pothole & Challenge Fund 20/21		7,674	7,674	0	0	0					7,674			7,674		7,674
Priority Flood Repair Works		4,027	2,527	(1,500)	0	0						4,027		4,027		4,027
E & P's S106		511	511	0	0	0					511			511		511
Lea Flood Alleviation Scheme		299	299	0	0	0					299			299		299
Investment in C & U Roads		2,000	2,000	0	0	0						2,000		2,000		2,000
Investment in Infrastructure Assets		2,000	1,493	(507)	0	0						2,000		2,000		2,000
Highway asset management		1,536	-	(1,536)	1,000	0						2,536		2,536		2,536
Public Realm Delivery Board	0	30,442	26,782	(3,660)	1,000	0	0									31,442
Hereford Enterprise Zone	12,035	947	215	(732)	1,965	0					2,912			2,912	12,035	14,947
Hereford Enterprise Zone - Further funded dev		5,432	5,432	0	0	0					5,432			5,432		5,432
Herefordshire Enterprise Zone Shell Store	4,309	3,008	2,700	(308)	0	0					1,874	1,133		3,008	4,309	7,316
Ross Enterprise Park (Model Farm)	284	1,000	60	(940)	5,786	0					3,251			6,786	284	7,070
Marches Renewable Energy Grant	12	288	152	(136)	120	0					408			408	12	420
Marches Business Investment Programme	41	717	627	(90)	892	1,349					2,958			2,958	41	3,000
Empty Property Investment & Development		1,000	650	(350)	752	300						2,052		2,052	0	2,052
Employment Land & Incubation Space in Market Towns		0	-	0	5,052	3,066	5,513				4,020	2,053	7,558	13,631		13,631
Leominster Heritage Action Zone		295	93	(202)	841	2,664					1,800	2,000		3,800		3,800
Towns Fund Accelerated Funding		750	750	0							750			750		750
Development Partnership activities	6,250	7,815	4,336	(3,479)	13,268	13,268					4,312		30,038	34,350	6,250	40,600
Economic Development Delivery Board	22,931	21,251	15,015	(6,237)	28,676	20,647	5,513									99,018
Property Estate Enhancement Works	1,871	869	778	(91)	0	0						869		869	1,871	2,740
Corporate Accommodation	2,759	142	142	0	0	0						142		142	2,759	2,901
Leisure Centres		368	239	(130)	0	0						368		368	0	368
Leisure Pool		505	505	0	0	0						505		505		505
Solar Photovoltaic Panels	603	245	88	(157)	1,286	0						1,531		1,531	603	2,134
Integrated Wetlands		1,200	500	(700)	800	0					2,000			2,000		2,000
Sustainable Landscape Sustainable Places		195	195	0	0	0					195			195		195
SEPUBU Grant	64	329	97	(232)	0	0					329			329	64	393
Green Homes Grant - Local Authority Delivery		480	480	0	0	0					480			480		480
LED street lighting	5,536	119	20	(99)	0	0						119		119	5,536	5,655
Estates Capital Programme 2019/22	517	2,928	1,063	(1,865)	1,390	0						4,318		4,318	517	4,835
Three Elms Trading Estate	235	240	240	0	0	0						240		240	235	475
Energy Efficiency	5	95	22	(72)	0	0						95		95	5	100
Warm Homes Fund	133	827	480	(347)	0	0					827			827	133	960
Gypsy & Traveller Pitch development	51	1,087	682	(405)	739	0						1,826		1,826	51	1,877
Car Parking Strategy	136	110	75	(35)	0	0						110		110	136	246
Car Park Re-Surfacing	1	115	-	(115)	0	0								115	1	116
Office and Car Park Lighting Replacement	108	192	12	(180)	0	0								192	108	300
Upgrade of Herefordshire CCTV	52	132	118	(14)	0	0						132		132	52	184
Schools Transport Route Planning	59	16	15	(1)	15	0						31		31	59	90
Courtyard Development		611	611	0	0	0						611		611		611
Corporate Fleet Procurement	413	325	325	0	0	0						325		325	413	738
Vehicle Replacement		19	19	0	0	0						19		19		19
Strangford Landfill Site Toilet Facilities		25	25	0	0	0						25		25		25
Hereford Library	134	211	23	(188)	0	0						211		211	134	345

Capital Programme position April 2021/22

Appendix C

Scheme Name	Spend in					2024/25	Total							
	2020/21	2021/22	2022/23	2023/24	onwards	scheme budget		Capital receipts	Grant & funding cont	Prudential borrowing	Total	Prior Years	Total Funding	
	Prior Years	Total Budget	Total Budget	Total Budget	Total Budget									Total Budget
Economy & Place														
Hereford City Centre Transport Package	33,665	1,632	3,353	2,000	0		40,651			6,985	6,985	33,665	40,651	
South Wye Transport Package	8,155	142	10,422	16,281	0		35,000	26,845			26,845	8,155	35,000	
Hereford City Centre Improvements (HCCI)		1,500	3,000	1,500	0		6,000	3,000	3,000		6,000		6,000	
Hereford ATMs and Super Cycle Highway		1,000	0	0	0		1,000		1,000		1,000		1,000	
Passenger Transport Fleet (Electric)		0	7,800	15,600	15,600		39,000	35,000	4,000		39,000		39,000	
Hereford Transport Package	3,970	1,990	1,625	625	0		8,210	0	4,240	4,240	3,970		8,210	
Major Infrastructure Delivery Board	45,790	6,265	26,200	36,006	15,600	0	129,861				0		0	
Local Transport Plan (LTP)		12,259	12,272	0	0		24,531	24,531			24,531		24,531	
Emergency Active travel Fund		137	0	0	0		137	137			137		137	
Pothole & Challenge Fund 20/21		7,674	0	0	0		7,674	7,674			7,674		7,674	
Priority Flood Repair Works		4,027	0	0	0		4,027		4,027		4,027		4,027	
E & P's S106		511	750	0	0		1,261	1,261			1,261		1,261	
Lea Flood Alleviation Scheme		299	0	0	0		299	299			299		299	
Investment in C & U Roads		2,000	0	0	0		2,000		2,000		2,000		2,000	
Investment in Infrastructure Assets		2,000	0	0	0		2,000		2,000		2,000		2,000	
Extra Ordinary Highways Maintenance & Biodiversity Net Gain			2,299	0	0		2,299		2,299		2,299		2,299	
Highway asset management		1,536	1,000	0	0		2,536		2,536		2,536		2,536	
Public Realm Delivery Board	0	30,442	16,321	0	0	0	46,763							
Hereford Enterprise Zone	12,035	947	1,965	0	0		14,947	2,912			2,912	12,035	14,947	
Hereford Enterprise Zone - Further funded dev		5,432	0	0	0		5,432	5,432			5,432		5,432	
Herefordshire Enterprise Zone Shell Store	4,309	3,008	0	0	0		7,316	1,874	1,133		3,008	4,309	7,316	
Marches Renewable Energy Grant	12	288	120	0	0		420	408			408	12	420	
Marches Business Investment Programme	41	717	892	1,349	0		3,000	2,958			2,958	41	3,000	
Empty Property Investment & Development		1,000	752	300	0		2,052		2,052		2,052	0	2,052	
Employment Land & Incubation Space in Market Towns	284	1,000	10,838	3,066	5,513		20,701	7,271	2,053	11,093	20,417	284	20,701	
Leominster Heritage Action Zone		295	841	2,664	0		3,800	1,800	2,000		3,800		3,800	
Towns Fund Accelerated Funding		750	0	0	0		750	750			750		750	
Strategic Housing Development			10,000	10,000	0		20,000		20,000		20,000		20,000	
Development Partnership activities	6,250	7,815	3,268	3,268	0		20,600	4,312	10,038		14,350	6,250	20,600	
Economic Development Delivery Board	22,931	21,251	28,676	20,647	5,513	0	99,018							
Property Estate Enhancement Works		1,871	869	0	0		2,740			869	869	1,871	2,740	
Corporate Accommodation		2,759	142	0	0		2,901			142	142	2,759	2,901	
Leisure Centres			368	0	0		368			368		0	368	
Leisure Pool			505	0	0		505			505			505	
Solar Photovoltaic Panels		603	245	1,286	0	0	2,134			1,531	1,531	603	2,134	
Integrated Wetlands			1,200	800	0	0	2,000	2,000			2,000		2,000	
Sustainable Landscape Sustainable Places			195	0	0	0	195	195			195		195	
SEPUBU Grant		64	329	0	0	0	393		329		329	64	393	
Green Homes Grant - Local Authority Delivery			480	0	0	0	480	480			480		480	
LED street lighting		5,536	119	0	0	0	5,655			119	119	5,536	5,655	
Estates Capital Programme 2019/22		517	2,928	2,722	685	40	6,902			6,385	6,385	517	6,902	
Three Elms Trading Estate		235	240	0	0	0	475			240	240		475	
Energy Efficiency		5	95	0	0	0	100			95	95		100	
Warm Homes Fund		133	827	0	0	0	960		827		827	133	960	
Gypsy & Traveller Pitch development		51	1,087	739	0	0	1,877			1,826	1,826	51	1,877	
Car Parking Strategy		136	110	0	0	0	246			110	110	136	246	
Car Park Re-Surfacing		1	115	0	0	0	116			115	115	1	116	
Office and Car Park Lighting Replacement		108	192	0	0	0	300			192	192	108	300	
Upgrade of Herefordshire CCTV		52	132	0	0	0	184			132	132	52	184	
Schools Transport Route Planning		59	16	15	0	0	90			31	31	59	90	
Courtyard Development			611	0	0	0	611			611	611		611	
Grange Court Loan			359	0	0	0	359			359	359		359	

Corporate Fleet Procurement	413	325	0	0	0		738		325	325	413	738	
Vehicle Replacement		19	0	0	0		19		19	19		19	
Strangford Landfill Site Toilet Facilities		25	0	0	0		25		25	25		25	
Air Quality Monitoring Station Resource Improvements			140	26	26		192		192	192		192	
Hereford Library	134	211	0	0	0		345		211	211	134	345	
Corporate Property Delivery Board	12,678	11,384	6,062	711	66	10	30,911						
Total E & P Capital Projects	81,399	69,342	77,258	57,364	21,179	10	306,552	16,295	118,053	90,805	225,153	81,399	306,552
Corporate													
Fastershire Broadband	18,754	3,571	6,707	6,707	0		35,738		8,816	8,168	16,984	18,754	35,738
PC Replacement	489	630	397	0	0		1,516			1,027	1,027	489	1,516
Widemarsh Gardens		80	0	0	0		80		80		80		80
Electronic Document Management Storage		380	0	0	0		380			380	380		380
Capital Development Fund			1,000	0	0		1,000		1,000	1,000			1,000
Better Ways of Working		850	0	0	0		850			850	850		850
Children centre changes	314	116	0	0	0		430	56		60	116	314	430
Total Corporate Capital Projects	19,557	5,627	8,104	6,707	0	0	39,994	56	9,896	10,485	20,437	19,557	39,994
Children and Families													
Colwall Primary School		85	0	0	0		85	0		85	85	0	85
Schools Capital Maintenance Grant		2,314	1,195	1,195	0		4,704		4,704	0	4,704	0	4,704
Peterchurch Area School Investment	7	300	7,353	3,193	0		10,853	5,658		5,188	10,846	7	10,853
Expansion for Marlbrook school	1,193	3,348	1,600	0	0		6,141		0	4,948	4,948	1,193	6,141
Brookfield School Improvements	6	744	3,195	0	0		3,945	1,195	849	1,895	3,939	6	3,945
C & F's S106		649	300	0	0		949		949		949		949
Healthy Pupils	75	24	0	0	0		99		24		24	75	99
Individual Pupil Needs	233	38	0	0	0		271			38	38	233	271
Short Breaks Capital		118	0	0	0		118		118		118		118
Blackmarston SEN	32	52	0	0	0		84			52	52	32	84
Basic Needs Funding		1,191	5,700	2,000	0		8,891	8,629		262	8,891		8,891
2 Year Old Capital Funding	79	27	0	0	0		106		27		27	79	106
Preliminary works to inform key investment need throughout the county	29	986	0	0	0		1,015			986	986	29	1,015
School Accessibility Works			240	0	0		240			240	240		240
Temporary school accommodation replacement		300	150	0	0		450			450	450		450
Total C & F Capital Projects	1,654	10,177	19,733	6,388	0	0	37,951	6,853	15,300	14,144	36,298	1,654	37,951
Adults and Communities													
Disabled facilities grant		2,269	1,853	0	0		4,122			4,122	4,122		4,122
Hillside		2,550	0	0	0		2,550	2,550			2,550		2,550
Carehome & Extra Care Development		250	669	13,081	0		14,000	6,081	451	7,468	14,000		14,000
Technology Enabled Communities		1,000	500	0	0		1,500		1,500		1,500		1,500
Super Hubs		200	1,800	0	0		2,000	2,000			2,000		2,000
Homelessness Hub & Property Investment		524	0	0	0		524		524		524		524
Private sector housing improvements		199	0	0	0		199	199			199		199
Total A & C Capital Projects	0	6,991	4,822	13,081	0	0	24,894	10,830	6,596	7,468	24,894	0	24,894
Total	102,609	92,136	109,917	83,540	21,179	10	409,391	34,033	149,846	122,903	306,782	102,609	409,391

Key:

RCCO

Reserve to be topped back up by future receipts

Current 20/21 Budget Position 102,609 92,136 91,225 81,634 21,113 388,717 34,033 134,329 117,745 286,108

Change in Capital Programme **0** **0** **18,692** **1,906** **66** **10** **20,674** **0** **15,517** **5,157** **20,674**

Note 1

Overall Change Financed By

	£000	£000	£000	£000	£000	£000	£000
Prudential Borrowing			4,370	711	66	10	5,157
Grant and funding contributions			14,322	1,195			15,517
Capital receipts							0
Total	0	0	18,692	1,906	66	10	20,674

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Capital Strategy

2020 – 2030

HEREFORDSHIRE CAPITAL STRATEGY 2020-2030

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HEREFORDSHIRE CAPITAL STRATEGY 2020-2030

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 County 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 council's 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 A Project Management Office has been created in 2020 to have embed new processes for managing and developing projects. As we move forward over the next 12 months they will manage a number of projects through the development stage such as Housing development, Waste and Market Town Investment Plan projects. This is so that when new projects are added to the capital programme they are robust and will be able to commence delivery.
- 1.9 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

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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.

- 1.10 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.
- 1.11 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

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

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- 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

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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	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 onwards £000s	Total Capital Programme Budgets £000s
Total Adults & Communities	0	6,991	4,822	13,081	0	0	24,894
Total Children's & Families	1,653	10,177	19,733	6,388	0	0	37,951
Total Corporate	19,557	5,626	8,104	6,707	0	0	39,994
Total Economy & Place	81,399	69,342	77,258	57,364	21,179	10	306,552
Total Capital Programme	102,609	92,136	109,917	83,540	21,179	10	409,391

Financed by

Capital Receipts	34,033
Grants & Funding Contributions	149,846
Prudential Borrowing	122,903
Funded in prior years	102,609
Total Funding	409,391

3.2 Long Term Capital Programme

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.

Housing Plans

Cabinet have an ambition to create 2,500 new social and affordable homes over the next 10 years; 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 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

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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. In December a decision was taken to progress with the first housing site on station approach in Hereford.

Enterprise Zone

A capital allocation of £16m was approved by Council to fund the development of the enterprise zone; to date just under £12.1m has been spent with the remainder of this work being completed in 21/22. A further £5.432m was awarded by the LEP for further development at the HEZ, which resulted in a reduction in Council funding requirement of £1.053m. This will enable growth of businesses in the zone and increase the number of jobs for Herefordshire. In 2020 both the Shell Store and Cyber Centre have opened which should result in a number of new businesses locating to the enterprise zone.

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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;

Borrowing

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

Grants

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

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Developer Contributions S106

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

Revenue

- Both revenue budget and reserves can be used to fund the capital programme, either via a one off contribution to fund a project in its entirety or an annual sum to repay PB debt costs. Ongoing use of revenue should be assessed in relation to the impact on council tax via the use of assessing its prudential indicators. Funding is available throughout the year to fund both revenue and capital innovative projects that will deliver future year on year savings.
- 4.3 The table in 3.1 shows the expected resources available to fund the capital programme over the next four years.
- 4.4 The programme is heavily reliant on grants and contributions to fund capital expenditure and these are usually issued with tight timeframes and restrictions attached. The grants may also demand regular monitoring returns to demonstrate the funding has been used in accordance with the plan.

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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.'

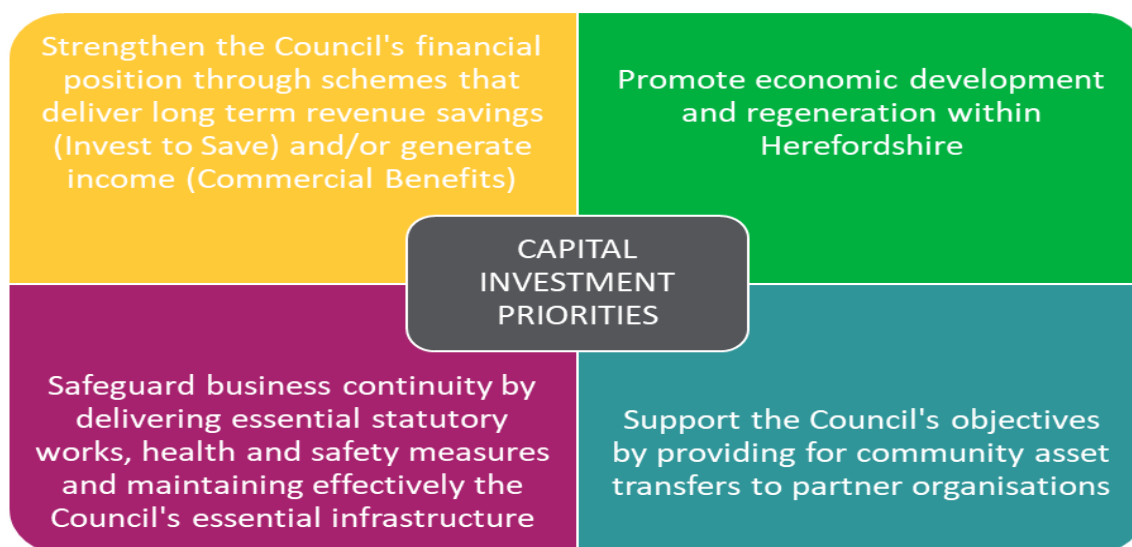
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7. CAPITAL SCHEME SELECTION

- 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 project management process document.
- 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.
- 7.7 Effectiveness and Best Value 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

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projects. Cabinet are keen to ensure where possible we should use Council funding to procure services from local suppliers to help improve the local economy, therefore social values should also be considered when making a best value decision.

- 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 Property services regularly review use of property assets as part of operational duties 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. Each project must also state how the proposal seeks to deliver the council's environmental policy commitments and aligns to the success measure in the County Plan. If there could be a detrimental impact on the environment explain how you have sought to minimise and offset this.
- 8.4 Once a capital scheme is included in the capital programme it is monitored following appropriate project management methodology, managed by experience project managers within the project management office team and using experienced officers in each service area, through a number of project boards. Through the proposed project management office changes, Programme Assurance Boards will review quarterly, progress of the projects being reported through the Programme Delivery Boards. The PMO will prepare a dashboard for each Assurance Board who will satisfy themselves that the projects are being managed in line with the agreed process and that projects remain relevant and aligned to the Delivery Plan.
- 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 currently managed through the Major Infrastructure Delivery Board and through the commissioning arrangements with Balfour Beatty.
- 8.6 However there will be a new governance process embedded next year which follows the following processes. The PMO Capital Programme Manager will allocate the project to a Programme Delivery Board. The project manager is expected to maintain all documentation and report regularly using highlight reports to the SRO, Project Board and Programme Delivery Board as required. Details regarding the Board governance structure, reporting and escalation process will be outlined on the Project Management intranet site. In summary, individual Project Boards report into Programme Delivery Boards who are in turn monitored by Programme Assurance Boards. The Corporate Programme Board represents the highest level of officer involvement and accountability; allocating feasibility funding and having oversight of all projects.

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Appendix A

Approved capital programme

	Prior Years £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 onwards £000s	Total Capital Prog. Budgets £000s
Adults and Communities							
Disabled facilities grant	0	2,269	1,853	0	0	0	4,122
Hillside	0	2,550	0	0	0	0	2,550
Care home & Extra Care Development	0	250	669	13,081	0	0	14,000
Technology Enabled Communities	0	1,000	500	0	0	0	1,500
Super Hubs	0	200	1,800	0	0	0	2,000
Homelessness Hub & Property Investment	0	524	0	0	0	0	524
Private sector housing improvements	0	199	0	0	0	0	199
Total Adults & Communities	0	6,991	4,822	13,081	0	0	24,894
Children's & Families							
Colwall Primary School	0	85	0	0	0	0	85
Schools Capital Maintenance Grant	0	2,314	1,195	1,195	0	0	4,704
Peterchurch Primary School	7	300	7,353	3,193	0	0	10,853
Expansion for Marlbrook school	1,193	3,348	1,600	0	0	0	6,141
Brookfield School Improvements	6	744	3,195	0	0	0	3,945
C & F's S106	0	649	300	0	0	0	949
Healthy Pupils	75	24	0	0	0	0	99
Individual Pupil Needs	233	38	0	0	0	0	271
Short Breaks Capital	0	118	0	0	0	0	118
Blackmarston SEN	32	52	0	0	0	0	84
Basic Needs Funding	0	1,191	5,700	2,000	0	0	8,891
2 Year Old Capital Funding	79	27	0	0	0	0	106
Preliminary works to inform key investment need throughout the county	29	986	0	0	0	0	1,015
School Accessibility Works	0	0	240	0	0	0	240
Temporary school							

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accommodation replacement	0	0	150	0	0	0	450
Total Children's and Families	1,654	10,177	19,733	6,388	0	0	37,951

Corporate

Fastershire Broadband	18,754	3,571	6,707	6,707	0	0	35,738
PC Replacement	489	630	397	0	0	0	1,516
Widemarsh Gardens	0	80	0	0	0	0	80
EDRMS Storage	0	380	0	0	0	0	380
Capital Development Fund	0	0	1,000	0	0	0	1,000
Better Ways of Working	0	850	0	0	0	0	850
Children centre changes	314	116	0	0	0	0	430
Total Corporate	19,557	5,627	8,104	6,707	0	0	39,994

Economy and Place 18,754

Hereford City Centre Transport Package	33,665	1,632	3,353	2,000	0	0	40,651
South Wye Transport Package	8,155	142	10,422	16,281	0	0	35,000
Hereford City Centre Improvements (HCCI)	0	1,500	3,000	1,500	0	0	6,000
Hereford ATMs and Super Cycle Highway	0	1,000	0	0	0	0	1,000
Passenger Transport Fleet (Electric)	0	0	7,800	15,600	15,600	0	39,000
Hereford Transport Package	3,970	1,990	1,625	625	0	0	8,210
Local Transport Plan (LTP)	0	12,259	12,272	0	0	0	24,531
Emergency Active travel Fund	0	137	0	0	0	0	137
Pothole & Challenge Fund 20/21	0	7,674	0	0	0	0	7,674
Priority Flood Repair Works	0	4,027	0	0	0	0	4,027
E & P's S106	0	511	750	0	0	0	1,261
Lea Flood Alleviation Scheme	0	299	0	0	0	0	299
Investment in C & U Roads	0	2,000	0	0	0	0	2,000
Investment in Infrastructure Assets	0	2,000	0	0	0	0	2,000
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	0	0	2,299	0	0	0	2,299
Highway asset management	0	1,536	1,000	0	0	0	2,536
Hereford Enterprise							

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Zone	12,305	947	1,965	0	0	0	14,947
Hereford Enterprise Zone - Further funded dev	0	5,432	0	0	0	0	5,432
Herefordshire Enterprise Zone Shell Store	4,309	3,008	0	0	0	0	7,316
Marches Renewable Energy Grant	12	288	120	0	0	0	420
Marches Business Investment Programme	41	717	892	1,349	0	0	3,000
Empty Property Investment & Development	0	1,000	752	300	0	0	2,052
Employment Land & Incubation Space in Market Towns	284	1,000	10,838	3,066	5,513	0	20,701
Leominster Heritage Action Zone	0	295	841	2,664	0	0	3,800
Towns Fund Accelerated Funding	0	750	0	0	0	0	750
Strategic Housing Development	0	0	10,000	10,000	0	0	20,000
Development Partnership activities	6,250	7,815	3,268	3,268	0	0	20,600
Property Estate Enhancement Works	1,871	869	0	0	0	0	2,740
Corporate Accommodation	2,759	142	0	0	0	0	2,901
Leisure Centres	0	368	0	0	0	0	368
Leisure Pool	0	505	0	0	0	0	505
Solar Photovoltaic Panels	603	245	1,286	0	0	0	2,134
Integrated Wetlands	0	1,200	800	0	0	0	2,000
Sustainable Landscape Sustainable Places	0	195	0	0	0	0	195
SEPUBU Grant	64	329	0	0	0	0	393
Green Homes Grant - Local Authority Delivery	0	480	0	0	0	0	480
LED street lighting	5,536	119	0	0	0	0	5,655
Estates Capital Programme 2019/22	517	2,928	2,722	685	40	10	6,902
Three Elms Trading Estate	235	240	0	0	0	0	475
Energy Efficiency	5	95	0	0	0	0	100
Warm Homes Fund	133	827	0	0	0	0	960

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Gypsy & Traveller Pitch development	51	1,087	739	0	0	0	1,877
Car Parking Strategy	136	110	0	0	0	0	246
Car Park Re-Surfacing	1	115	0	0	0	0	116
Office and Car Park Lighting Replacement	108	192	0	0	0	0	300
Upgrade of Herefordshire CCTV	52	132	0	0	0	0	184
Schools Transport Route Planning	59	16	15	0	0	0	90
Courtyard Development	0	611	0	0	0	0	611
Grange Court Loan	0	0	359	0	0	0	359
Corporate Fleet Procurement	413	325	0	0	0	0	738
Vehicle Replacement	0	19	0	0	0	0	19
Strangford Landfill Site Toilet Facilities	0	25	0	0	0	0	25
Air Quality Monitoring Station Resource Improvements	0	0	140	26	26	0	192
Hereford Library	134	211	0	0	0	0	345
Total Economy and Place	81,399	69,342	77,258	57,364	21,179	10	306,552
Total	102,609	92,136	109,917	83,540	21,179	10	409,391

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 compliments 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 £12 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 2020-2030

- **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.



Meeting:	Cabinet
Meeting date:	Thursday 28 January 2021
Title of report:	2021/22 Budget Setting
Report by:	Cabinet member corporate strategy and budget

Classification

Open

Decision type

Budget and policy framework

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

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

Wards affected

(All Wards);

Purpose

To agree the draft 2021/22 budget and associated medium term financial strategy and treasury management strategy for recommendation to Council on 12 February.

The proposed budget reflects current and expected service delivery requirements and the provisional local government settlement announced on 17 December. Overall the base budget for 2021/22 is proposed to increase to fund budget pressures. Savings of £11.2m are required in 2021/22 and an increase in council tax of 4.99% (inclusive of 3% adult social care precept) is proposed to deliver a balanced budget.

The draft medium term financial strategy (MTFS), attached at appendix A, has been updated to reflect current assumptions on future years funding and service requirements in line with the County Plan.

The treasury management strategy, attached at appendix D, includes the proposed borrowing

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and investment strategy, the council's expected minimum revenue provision and the associated prudential indicators which demonstrate that the council's proposed capital investment budget is affordable, prudent and sustainable

Recommendation(s)

That:

(a) the following be recommended to Council;

- a. the council tax base of 68,355.22 Band D equivalents;**
- b. an increase in core council tax in 2021/22 of 1.99%;**
- c. an additional precept in respect of adult social care costs of 3% applied to council tax in 2021/22 resulting in a total council tax increase of 4.99%, increasing the band D charge from £1,573.77 to £1,652.30 for Herefordshire Council in 2021/22;**
- d. the balanced 2021/22 revenue budget proposal totalling £161.0m, subject to any amendments approved at the meeting, specifically the net spending limits for each directorate as at appendix C;**
- e. delegation to the section 151 officer of 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) 2021-24 at appendix A be approved; and**
- g. the treasury management strategy at appendix D be approved.**
- h. that the growth bid to fund a Armed Forces Covenant Support Officer, attached at appendix H be approved.**

(b) the responses to scrutiny committee's recommendations as provided in paragraph 50 be approved.

Alternative options

1. It is open to Cabinet to recommend alternative spending proposals or strategies; however, given the legal requirement to set a balanced budget, should additional expenditure be proposed compensatory savings proposals must also be identified. If it is proposed to spend less, the impact on service delivery of the proposed reduction should be considered.
2. Cabinet can propose a council tax increase above the referendum principle levels. This is not recommended as doing so would require the increase to be subject to a local referendum, incurring additional costs to the council.

Key considerations

3. The medium term financial strategy (MTFS), attached at appendix A, has been updated to reflect current spending and savings plans. It reflects the provisional financial settlement announced on 17 December and the current understanding of future years funding and responsibilities.
4. Funding and service demand pressures continue, a balanced budget for 2021/22 is proposed. The proposal includes a 4.99% total increase in council tax and central government funding announced in the provisional financial settlement.
5. The financial impact of the national pandemic, Covid-19, and service demand pressures means that Herefordshire Council has a substantial saving target for 2021/22 to enable a balanced budget for 2021/22 to be proposed. This detail is attached at appendix B.
6. The proposed 2021/22 revenue budget is based on an assumed total council tax increase of 4.99%, 1.99% increase in core council tax and a 3% adult social care precept. This increases the band D equivalent charge to £1,652.30 representing an increase of £1.51 per week. This is the maximum increase permitted, a higher increase would require the support of a referendum.
7. The 3% adult social precept will generate additional income to fund pressures identified in the adults and communities directorate reflecting the demand for services from the county's residents.
8. The council tax base for 2021/22 has declined by 2% to 68,355.22 band D equivalent properties. This reduction reflects an increase in excess of 25% of working age council tax reduction claimants, an increase of 1,400 households throughout the county receiving council tax discount due to the low level of income the household receives. This increase reflects the local consequence of the economic impact of Covid-19 which is a national issue being faced by all councils. Expectations are that tax bases are expected to recover in a couple of years' time.
9. Council will be asked to approve the 2021/22 budget on 12 February 2020; this will follow confirmation of the final financial settlement for 2021/22 which is expected in late January. Council will also be asked to approve the updated medium term financial strategy (MTFS), treasury management strategy, council tax reduction scheme and the capital strategy at the same meeting.
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 2021/22 budget is proposed which, subject to any approved amendments, is recommended to Council for approval.

Provisional 2021/22 Local Government Financial Settlement

11. The provisional settlement shared on 17 December 2020 is for one year only and is based on the Spending Review 2020 (SR20) funding levels. The funding announcement confirmed:-
 - a. **Council Tax** – The council tax referendum limit will be 2% for local authorities, plus a 3% social care precept, although this can be deferred to 2022/23. Herefordshire continues to plan for a 4.99% increase. Parish councils will continue to not be subject to the referendum limits.
 - b. **Business Rates Retention** – The business rates multiplier has been frozen for 2021/22, the under-indexing multiplier grant has been increased to reflect this.

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- c. **Revenue Support Grant** – this has been increased by 0.55%, in line with what would have been the increase to the multiplier mentioned above.
 - d. **New Homes Bonus** - The 2021/22 indicative allocations have been announced, £1,791k for Herefordshire.
 - e. **Social Care Funding** – Originally announced at SR20, there has been an increase to the Social Care Support Grant of £300m. This has been allocated based on Adult Social Care relative need (£60m) and the ability to raise resources through the social care precept (£240m), meaning an additional £633k for Herefordshire.
 - f. **Lower Tier Services Grant** – A new un-ringfenced lower tier services grant of £111m was announced by the Minister. This has been allocated to ensure that no authority has a total Core Spending Power in 2021/22 less than in 2020/21, a new £250k grant for Herefordshire.
 - g. **Rural Services Delivery Grant** – There has been an increase of £4m, from £81m in 2020/21, to £85m in 2021/22, increasing Herefordshire’s funding by £252k to £5,353k.
 - h. **Local Government Funding Reform** – No papers were published relating to the Fair Funding Review or the Business Rates Reset.
12. The provisional financial settlement included one off funding, being new homes bonus funding of £1,791k and a new tier support grant of £250k. It is proposed that £800k of this funding is used to increase council tax discounts to fund the increased council tax reduction scheme presented under separate cover on today's agenda. The remainder (£1,241k) is proposed to invest in sustainable transport activity during 2021/22.

Covid-19 Support

13. Further details were also published regarding the support for local authorities in 2021/22 in relation to the continued financial impact of Covid-19, specifically:-
- I. **£1.55bn Grant Funding**
An additional £1.55bn of Covid-19 grant funding for 2021/22 was confirmed, £4,789k for Herefordshire. This will be paid through a un-ringfenced grant.
 - II. **£0.67bn local council tax support grant**
The government has indicated that it is providing this to broadly meet the additional costs associated with increases in council tax reduction awarded in 2021/22. The funding will be un-ringfenced. The funding allocations have not been published.
 - III. **Local tax income guarantee for 2020/21 (i.e. business rates and council tax deficits)**
The government has also announced, as part of a consultative policy paper, the details of its proposed scheme for compensating for irrecoverable local taxation losses, being:-

- a. **Council Tax**

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For council tax, the formula will be 75% of the difference, if positive, between the Council tax requirement for 2020/21 less the total of their billing authorities' relevant amounts. This will exclude any adjustments made for write-offs or provisions for bad debts, therefore it appears that authorities will effectively only be compensated for increases in local council tax reduction.

b. Business Rates

For business rates, the formula will be 75% of the difference, if positive, between the estimates and actuals. Authorities will not be compensated for the impact of changes to funded reliefs (which are already fully compensated by s31 grants) but will be compensated for the impact of accounting adjustments for appeals and allowance for non-collection and the impact of additional reliefs not funded by grants (e.g. properties which receive relief due to being unoccupied).

IV. Sale, Fees and Charges Support

Central government are seeking views on continuing the current support scheme for income losses for the first quarter of 2021/22.

2021/22 base budget proposed and savings plan

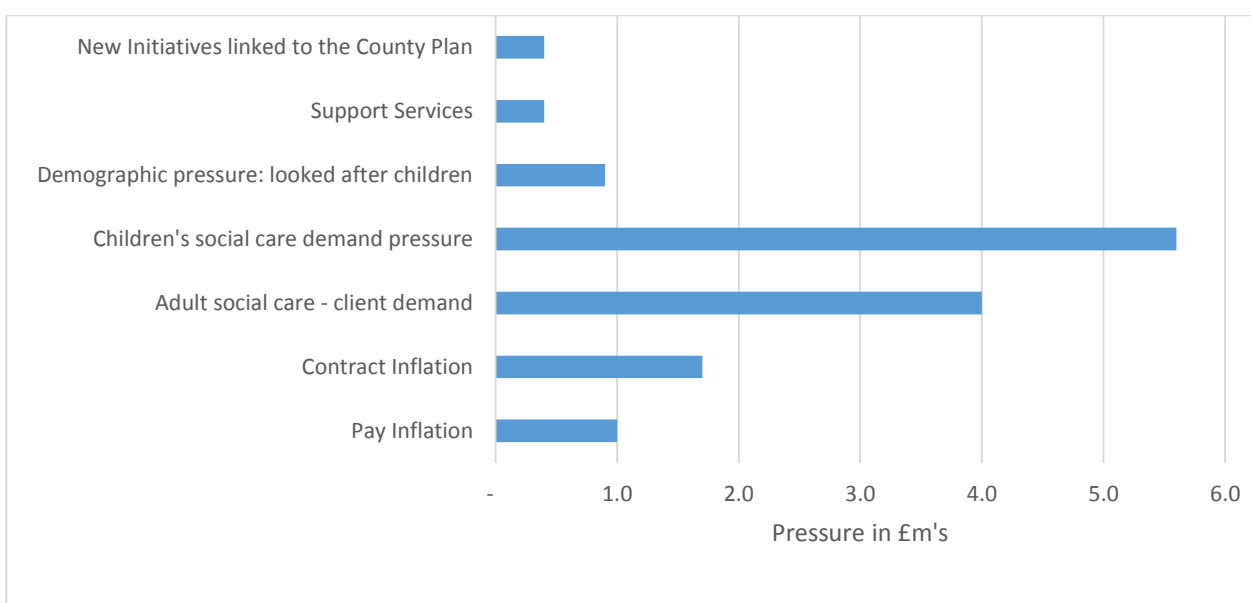
14. The detailed base budget proposed for 2021/22 is attached at appendix C and summarised below:-

Directorate	21/22 gross budget £k	20/21 revised base £k	Pressures £k	Savings £k	Base Budget £k
Adults and Communities	101,605	57,751	4,458	(3,270)	58,939
Children and families	159,162	32,678	6,623	(2,390)	36,911
Economy and Place	53,715	29,743	933	(4,348)	26,328
Corporate Services	18,150	16,659	1,988	(497)	18,150
Total Directorate	332,632	136,831	14,002	(10,505)	140,328
Central	48,668	20,286	1,082	(700)	20,668
Total Net Budget	381,300	157,117	15,084	(11,205)	160,996

Funded by

Council tax	112,944
Retained business rates	36,753
Collection fund deficit	(200)
Revenue support grant	638
Rural sparsity delivery grant	5,353
Social care support grant	5,508
Totals	160,996

15. The base budget proposed shows the net budget position; the gross budget includes the dedicated school grant, housing benefit subsidy, improved better care fund and public health grant.
16. 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.
17. Appendix H proposes a growth bid for Cabinets consideration. This is to match fund an Armed Forces Covenant Support Officer at a cost of £10k. This need was identified post the budget proposal shared above.
18. The budget pressures Budget pressures are largely faced in the adults and communities and children and families directorates however other directorates are also seeing impact from service delivery changes, see chart below.



19. Budget pressures in the adults and communities directorate include:
 - I. Potential increase in social care customers associated with an aging demographic
 - II. More costly residential & nursing care home placements
 - III. Increased demand for more complex homecare packages to enable people to remain in their own homes
 - IV. Increase in numbers of self-funders falling below the capital threshold for social care
 - V. Increased pressures on carers resulting in increased support needs.
20. Budget pressures in the children and families directorate reflect the lower number but higher residential costs being incurred in looking after children in our care. We are transforming children and families services, particularly safeguarding and early help. The transformation journey is at an early stage, it can take up to eight years to achieve sustained cultural and practice change, sustained change in how children and families are supported and enabled to achieve change themselves where appropriate. Good initiatives have commenced including investment in legal services, social workers,

managers, family support, and business support to support high quality consistent practice.

21. To propose a balanced budget for 2021/22 substantial savings are required, these are summarised below and attached at appendix B is the key directorate challenges and issues identified in relation to each proposal.

Directorate	Description	£000
Adults & Communities	Modernising assessment, commissioning & services delivery for Learning Disability clients	1,500
	Targeted review of complex cases followed by system challenge	1,250
	Implementing changes to client charging policy and income disregards	520
Children & Families	Supported accommodation for care leavers	320
	Step down residential to in house foster carers	1,000
	Prevention of children becoming looked after; reunification of looked after children with families	400
	Recruit 30 new foster carers per annum for 5 years	200
	Full cost recovery of traded services	20
	Manage inflation and secure contract efficiencies	450
Economy & Place	Devolve more public realm services and assets to communities reducing expenditure by Herefordshire Council on such services (e.g. amenity grass cutting, open spaces / sports Areas and/or playgrounds maintenance)	150
	Efficiencies from community liaison (reduction in locality stewards service and reduction in customer service/stakeholder liaison service in Public Realm)	120
	Streetworks income generation (e.g. permit scheme, bring in-house)	30
	Transfer responsibility for Hereford Markets to City Council	15
	Reduce opening hours of household waste recycling centres to encourage waste minimisation	200
	Transformation and redesign of directorate to realign to County Plan objectives; vacant post review	400
	Transformation and redesign of directorate to realign to County Plan objectives	250
	Cashless payments (car parking)	100
	Public realm income increased through use of technology	50
	Dark skies and energy savings from lowering street lighting levels and provision	40
	Reducing the number of adults and childrens buildings through opportunities for sharing with our partner organisations	100

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	Disposal of further buildings and reduction in costs through planned Better Ways of Working	170
	Property maintenance cost reduction including as a result of reduction in the overall size of the estate	500
	Move property management to commissioned only service and reduce in house staff resource by 25%	200
	Accommodation and industrial business space rental income	30
	Review of mainstream school transport and retendering of contracts to remove space capacity	50
	Establish in house bus company to provide not for profit Special Educational Needs and school transport to reduce contract costs	100
	Weekend vehicle rental of fleet vehicles	10
	Bereavement services review to reflect market rates and full cost recovery	240
	Parking Charges increases to reflect policy objectives to support alternative forms of transport	600
	Reduce parking enforcement staff resources and improve efficiency	100
	Registrars income increase	30
	Building Control increase charges, improve efficiency and reduce staffing	115
	Regulatory and waste service income increases	115
	Increase charge for pre-planning application advice and / or reduce staff costs in planning	100
	Efficiency Savings (already identified in MTFS)	273
	Transform and review delivery of parking service to minimise costs and increase enforcement income	100
	S106 client commissioning costs - funding from S106 monies	30
	Asset Sponsorship and Streetside advertising	30
	Efficiency savings through integrating all enforcement functions within Economy & Place including those currently provided by BBLP	20
	Invest to Save Income increased through introduction of natural burials	30
	Invest to Save Income increased through introduction of pet burials/cremations	50
Corporate	Initial redesign; MERS, Move to Hoople, Lean process, flexible roles to meets peaks and troughs	141
	Move to home working has seen decrease in print and post	30
	Efficiencies	100
	Bring together service budgets and look to create efficiencies	75
	Hoople SLA Efficiency Savings	151

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Central	Contingency	700
	Total	11,205

Reserves

22. 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. Cabinet reviews ear marked reserves on an annual basis, the last report to Cabinet was in October 2019 and the next one will be in March 2021 (to follow the completion of the audit of the 2019/20 statement of accounts).

23. A forecast of the reserve position is shown below:-

Balance as at	Strategic Reserve	Financial Resilience Reserve	School Balances	Earmarked Reserves	Totals
	£m	£m	£m	£m	£m
31.03.20	9.1	12.7	8.9	50.7	81.4
31.03.21	9.1	4.2	8.8	43.4	65.5
31.03.22	9.1	4.2	8.8	42.3	64.4
31.03.23	9.1	4.2	8.8	41.2	63.3

24. Ear marked reserves are set aside to meet predicted future, unbudgeted, liabilities. They also enable the council to create a one off working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. They create a contingency to cushion against the impact of unexpected events or emergencies and enable the smooth transition when moving to doing things differently.

Community impact

25. The MTFs and budget demonstrate how the council is using its financial resources to deliver the priorities within the proposed corporate plan.

26. The council is committed to delivering continued improvement, positive change and outcomes in delivering our key ambitions.

27. 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.

Environmental Impact

28. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
29. Whilst this overarching budget setting document will not detail specific environmental impacts, consideration is always made to minimising waste and resource use in line with the Council's Environmental Policy. A specific environmental impact assessment for the service specific budget proposals will be considered as appropriate to seek to minimise any adverse environmental impact and actively seek opportunities to improve and enhance environmental performance.

Equality duty

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

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

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
30. 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. 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. 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

31. 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

32. 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.

33. 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).
34. 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.
35. 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.
36. 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.
37. The council must decide every year how much they are going to raise from council tax. The decision is based on a budget that sets out estimates of what is planned to be spent on services. Because the level of council tax is set before the year begins and cannot be increased during the year, risks and uncertainties have to be considered, that might force higher spending more on the services than planned. Allowance is made for these risks by: making prudent allowance in the estimates for services; and ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.
38. 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.
39. 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.
40. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on a calculation which might affect the calculation of the Council's budget, if he or she has an outstanding council tax debt of over two months. If a councillor is present at any meeting at which relevant matters are discussed, he or she must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.

Risk management

41. 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.

42. The budget has been updated using the best available information; current spending, anticipated pressures and the provisional 2021/22 funding settlement.
43. The impact of the worldwide pandemic, Covid 19, continues to provide uncertainty and have far ranging consequences throughout the county. The challenges to our economy, to the vulnerable members of our communities and to our continued wellbeing are huge. The budget proposals prioritise keeping resident's safe.
44. The known most substantial risks have been assessed as part of the budget process and reasonable mitigation has been made where possible. Continued financial support from central government has been confirmed as part of the provisional financial settlement for 2021/22. Risks will be monitored through the year and reported to cabinet as part of the budget monitoring process.
45. There are also the additional general risks to delivery of budgets including the delivery of new homes, impact from EU exit, government policy changes and unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement and an annual contingency budget to manage these risks.
46. 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. In addition continuing to reset our relationship with communities focussing services on areas of greatest professional need will support the medium term financial strategy (MTFS). 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	<input type="checkbox"/> Council maintains a Strategic Reserve at a level of between 3% and 5% of its revenue budget for emergency purposes <input type="checkbox"/> Level of reserve is currently £9.1m (5.7% 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	<input type="checkbox"/> Demand led pressures provided for within our spending plans <input type="checkbox"/> 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	<input type="checkbox"/> High risk budget areas have been identified and financial support is targeted towards these areas <input type="checkbox"/> Regular progress reports on delivery of savings to Management Board and Cabinet <input type="checkbox"/> Budget monitoring arrangements for forecasting year end position in place and forecast balanced <input type="checkbox"/> 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	<input type="checkbox"/> This is a national issue with lobbying to increase central government funding <input type="checkbox"/> 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	<input type="checkbox"/> Provision has been made in the capital investment budget to increase school places <input type="checkbox"/> Directorate plans in place to manage and mitigate demand <input type="checkbox"/> Ongoing reviews of children already under care of council
<p>Volatility in Government funding streams and Business Rates Retention The government settlement for 2021/22 is a one year settlement meaning that the MTFs is based on assumptions for future years that cannot be confirmed.</p>	High	Medium	<input type="checkbox"/> Prudent assumptions made in budget Ongoing review of developing business rate changes <input type="checkbox"/> 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	<input type="checkbox"/> Reduced reliance on grant funding in all directorates <input type="checkbox"/> Increased local economic and social investment to increase core income

47. 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

48. Local consultation with parish and town councils, businesses and organisations was completed in November, 17 events were held with 96 participants. Responses are presented in appendix E and supported:-
- I. People said it was important to avoid short-termism
 - II. Working with partners was supported
 - III. Transferring assets to communities was supported
 - IV. Discretionary services least valued were street lighting, archive services and parks and open spaces
 - V. Increasing charges for parking and cremation was least popular
 - VI. People wanted a high quality service and VFM for social care
 - VII. Use of technology was seen as both an opportunity and a threat to vulnerable residents
 - VIII. 45% of people thought the proposed council tax & social care precept increase of 4.99% was about right
 - IX. Over 70% of people wanted to support households in financial difficulty
 - X. The majority said they would support a Herefordshire Community Lottery and Herefordshire Voluntary Community Contribution Scheme
 - XI. Overall local priorities matched the council's priorities in the County Plan and Delivery Plan
49. An online public consultation was open from 18 December 2020 and closed on the 10 January 2021 in the form of a Residents Survey and Organisation (business) Survey. A total of 265 responses were received to the resident's questionnaire, a similar response to last year, and there were 33 responses to the organisational questionnaire, compared

to 3 last year. The results of this survey are provided in Appendices F and G. A summary of key points is provided below:-

- I. Residents indicated that the proposed savings for:
 - i. Adults and Communities were 'about right' (43% of respondents)
 - ii. Children and Families are either 'about right' (35%) or 'too much' (31%)
 - iii. Economy and Place are 'too much' (41%)
 - iv. Corporate centre aren't enough (36%)
- II. Resident respondents to the ways to make services more affordable to run, two stood out as being most favoured:
 - i. making more efficient use of council assets such as land and buildings (88%)
 - ii. changing working practices to make better use of technology and more efficient ways of working (87%)
- III. Those with the highest levels of disapproval were:
 - i. transferring services to other organisations like commercial companies (65% strongly/tend to disagree)
 - ii. reducing the quality of some services provided (64%).
- IV. 71% of respondents supported a council tax in increase of either 3.99% or 4.99%, with more in favour of the higher increase (41%).
- V. 41% of respondents indicated that they would be willing to pay more Council Tax if the increase was used to help households on low incomes
- VI. 61% would support a Herefordshire Community Contribution Scheme.
- VII. Over three quarters of residents (76%) were satisfied (fairly or very) with their local area as a place to live.

50. Recommendations and responses from the consultation with scrutiny committees are provided in the tables below:-

Children and Families Scrutiny Committee – 12 January 2021		
	Feedback/recommendations	Response
1	Queries the feasibility of the stretch target for the recruitment of foster carers in the 2021/22 and 2022/23 financial years and recommends to the executive that the target in those next two years is reconsidered	The target is an ambitious one, based on the number that would meet our sufficiency target. We recognise that this is a very uncertain time. It may also be a time when some people are evaluating whether they would like to become foster carers for the first time. We know that private companies have been able to recruit foster carers. So the increases in fees and allowances to support Herefordshire Council foster carers is an important part of this. To clarify the target of 30 is the number overall, not net of any retirements. We will monitor progress regularly through the year and believe it is right to be ambitious.

2	Requests an update to a future meeting of the committee on funding available from government to address the mental health impacts of the pandemic on young people	Noted
3	Requests that in future years the scrutiny committee Chairpersons are consulted over the detail required in the report to the committees	Noted
4	Acknowledges the efforts of members and officers in the work that has been undertaken to compile the budget for 2021/22	Noted

Adults and Wellbeing Scrutiny Committee – 13 January 2021

	Feedback/recommendations	Response
1	A plain English narrative be prepared to explain the adult social care precept	This has now been commissioned
2	Clarifications be provided in subsequent budget meetings in terms of the reductions in the council tax base (paragraph 6), the money expected from central government (paragraph 7), how the measures identified in the Market Position Statement might help to address budget pressures (paragraph 8), and the level of public health grant (paragraph 10)	Noted, additional data provided in this paper and at the additional adults and wellbeing scrutiny meeting on 26th January 2021
3	That the operational changes and proposals in terms of Learning Disability services, including the impacts on service users, be presented to the committee at the May 2021 meeting	Noted
4	That opportunities be considered to inform service users about charging changes in advance and to stage increases incrementally	Residents who will be impacted at the time the decision is made will be contacted and notified of the changes to next year's charging practices in line with statutory and local policy requirements. Application of the changes could not be staged incrementally for three principle reasons. These are: <ul style="list-style-type: none"> • due to the binary nature of the decision (either the practice changes or it does not) • for the purposes of meeting equality standards, changes must apply to all residents at the same time (wider equality standards are picked up through the means tested process)

		<ul style="list-style-type: none"> the savings target would be missed due to not applying on a full year basis
5	That details of the alternative savings proposals for £330k be circulated to councillors as soon as possible, with a report presented to a future meeting of the committee	Meeting of Adults and Wellbeing Scrutiny committee scheduled for 26th January 2021
6	That consideration be given to additional modelling around potential economic scenarios, including the cessation of the furlough scheme, and the consequential impacts such as the erosion of the council tax base, reduction in other income streams, and on the delivery of services	This is captured in the MTFS attached in appendix A

General Scrutiny Committee – 15 January 2021

	Feedback/recommendations	Response
1	It be clarified in appendix C to the report that it is proposed to reduce opening hours of household waste recycling centres and not to close a centre	Noted and all future documentation will be reworded
2	Clarify wording regarding savings on traded services to educational establishments to ensure that health and developmental interventions for young people are not affected by budget cuts	Noted and all future documentation will be reworded
3	That the Budget priorities are re-visited to ensure that monies are found to enable our communities and our major infrastructure areas are made more resilient to the expected bouts of extreme weather events, notably flooding.	<p>The councils Local Transport Plan Policy Document, which is available to view at https://www.herefordshire.gov.uk/downloads/file/2631/local_transport_plan_2016-2031_policy describes our approach to the management of the highway asset in respect to its resilience, along with our response to climate change.</p> <p>Highway works requires significant natural resource, including energy. It can also generate large amounts of waste and can affect heritage sites and the natural environment. We work to reduce the negative impact of these activities through the development of our carbon tracker and, where possible, support environmental enhancements as we also drive towards biodiversity net gain. We also seek to ensure we include the provision of green infrastructure in our public realm. Green infrastructure refers to the living network of green spaces, water and other</p>

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

	<p>environmental features in both urban and rural areas. We have also identified a resilient network (part of what we refer to as our strategic network) and this forms part of the network hierarchy for maintenance prioritisation.</p> <p>As illustrated by damage and disruption suffered as a consequence of the storm of last winter (2019/20) and Storm Dennis in particular, our highway network is not yet resilient. To achieve resilience it will take time and sustained substantial investment in the highway asset.</p> <p>Analysis has been carried out of the October 2019 and February 2020 flood events, identifying the impact of the flooding for each geographical area affected and whether this is attributable to main river or local sources Using this data, initial budget and programme estimates were produced and a study is currently being conducted in order to further refine this dataset. Some 55 locations across the county have been identified as requiring further investigation. Whilst the study will clearly help in prioritising and defining investment, completing all of these investigations will clearly take some time.</p> <p>Following the February 2020 flooding, Herefordshire Council has been administering the Property Flood Resilience Recovery Support Scheme 2020 which provides up to £5,000 (inclusive of VAT) to eligible property owners to help make them more resilient to future floods. To date, we have received 360 Expressions of Interest and 63 Applications.</p> <p>The locations of Brimfield, Orleton and Little Hereford are settlements within the county at which Herefordshire Council has been trying to mitigate flood risk and Property Flood Resilience (PFR) has been identified as being the preferred approach. This scheme will involve fitting PFR measures to individual properties to reduce the impact of flooding to households during a flood incident. These measures include fitting products to buildings such as flood-proof doors, non-return valves and airbrick covers to prevent flood water entering the home. Improvements can also be made internally to reduce the damage should flood water get in to a property. This scheme will offer PFR Measures to 33 properties.</p> <p>£140k has been allocated at £70k per year for the next two years to support our Natural Flood</p>
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		<p>Management project and flood response work, extending the offer of NFM solutions across Herefordshire and developing flood schemes for the county's residents, businesses and communities who are vulnerable to flooding.</p> <p>In autumn 2020, additional funding was allocated to for investment in the highway through the following funds:</p> <ul style="list-style-type: none"> • Pothole and Challenge Fund - £7.674m • Highways Asset Management (HAM) Fund - £1.5m • Capital Investment in Infrastructure Fund £4m <p>This in year funding has resulted in an additional projects to the delivery programme for the year. Of this investment, there are 75 drainage interventions listed for delivery within the financial year and these are in various stages of investigation / scoping / design / construction. These 75 represent the highest priority issues that have been assessed. These schemes represent a budgetary value of £1.5m of additional drainage investments.</p> <p>Investment in a rotary ditching tool has also been made and this should also allow for more efficient ditching processes out on the network. There is also a very significant surfacing programme underway and as part of that programme, drainage issues on those sections are also being resolved to provide an integrated resolution.</p> <p>As part of budget setting process for 2021/2022 we have proposed new capital funding for Extra Ordinary Highways Maintenance, Biodiversity Net Gain & Winter Fleet (£2.3m), this in addition to the Local Transport Plan grant funding (£12.3m) the majority of which is received from Government for the maintenance of our highways. The scale of the issue faced in respect to the condition of this vital asset cannot be address in any single annual budget settlement. Our Highway maintenance strategy has led to improvement in the proportion of the network that is in good condition, but there is a long way to go before the network is put into a truly resilient state. The objective will only become achievable through sustained investment in the asset in accordance with the strategy that we have</p>
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		been working to.
4	Cabinet be asked to review leaving car parking charges at present levels and seeking to raise this sum from the public realm budget through efficiency savings and value for money savings and from money raised by savings from corporate services	This proposal is not recommended for the following reasons; Charges for parking were last subject to a general increase in 2016, with annual inflation at around 3% it is important that costs for parking remain relative to other transport measures so that these more sustainable modes continue to be promoted. A key objective of the Local Transport Plan is the management of the supply and pricing of parking relative to sustainable modes of travel, whilst acknowledging that car travel is the most important and widely used form of transport in the county. In Hereford in particular, short distance trips by private car can have a significant impact on congestion levels, which can affect the environment and economic output of the county. The past year has seen increases in cycling and walking, it is therefore important to continue this trend and promote, where possible, the use of sustainable travel.
5	That in its review of Covid-19 measures the Committee consider how grants have been used and seek comparative information from other authorities	This review will be conducted and the findings brought back to the Scrutiny Committees
6	In light of the declaration of a climate and ecological emergency the cabinet should consider whether enough focus is being given within the budget proposals to developing green infrastructure	<p>There is a significant focus on this issue and the Sustainability and Climate Change Team has been proactive in moving this agenda forward with increased focus, since these motions were first adopted by Council in 2019 and 2020 respectively. Much work has already been undertaken with the CEE Countywide Forum, whereby the Council's partners have been assisting officers with an overall climate change strategy for the county of Herefordshire, the intention of this to get the county net zero by 2030.</p> <p>Recently, the Sustainability and Climate Change Team has also relaunched the Council's Carbon Management Plan for the period 2020/2 to 2025/6, following extensive consultation with other teams within the council as well as our partners. This is considered to be a leading report amongst local authorities.</p> <p>Likewise, this group is also leading on work on the recently adopted ecological emergency. In this respect, officers attend both the Herefordshire and the Marches Local Nature Partnerships, whereby the Sustainability and Climate Change team is</p>

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	<p>assisting with the drafting of a Local Nature Conservation Strategy, which it is thought Herefordshire Council will be required to lead on, subject to the requirements of the Environment Bill as it passes into statute. As part of this work, Herefordshire Council will also be promoting local Nature Recovery Networks (NRNs) and is working with the Herefordshire Wildlife Trust on this.</p> <p>In the financial year 2020/21, Council allocated a reserve of £200k for Climate Change, to provide additional support for this work.</p> <p>The team also fulfils the obligations of many grant funded green initiatives, including the Access Fund which supports our Beryl Bikes and other active travel measures, as well as the SEPuBu grants to encourage the installation of solar and PV on both public and private sector buildings. Additionally, the Warm Homes Fund promotes more sustainable homes for those who are most vulnerable - all of these initiatives being green infrastructure.</p> <p>In addition, the Nutrient Management Board has supported Integrated Constructed Wetlands at 8 potential sites, to remove phosphate from village sewage works and therefore improve the water quality of the River Lugg SAC. This took a step forward with a Cabinet member Decision in August 2020 whereby we agreed to allocate up to £2m from the New Homes Bonus to persevere with this preferred approach and also commission an extensive piece of work called the 'Interim Delivery Plan' which will create a phosphate calculator and undertake essential studies of the Lugg catchment to assist the relevant agencies with a better understanding of the impact of various activities on phosphate as well as the effectiveness of various solutions to mitigate this.</p> <p>In the recent Green Towns Fund Project, the measures include investment of £100k on E bikes (Beryl Bikes), £100k for cargo bikes to be offered to local business and £100k for the planting 1,000 trees.</p> <p>In addition to all this good work, the council's decision making processes have been revised to ensure that all future decision making and projects must consider the climate and ecological emergency.</p>
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7	Use £1.2M of new homes bonus to progress sustainable transport measures at pace	As stated in paragraph 12 above
8	Review use of shire hall to assess whether there are better options for the building's use and opportunities for better value for money form the building	This will be reviewed as part of the wider property portfolio This recommendation is accepted, as part of the overall refurbishment programme the use of the Shirehall will be assessed with the intention of optimising the utilisation of space to warrant the level of capital investment. The assessment will include the consideration of a promotion and marketing strategy.
9	Review £800k for council tax discounts to ensure that it is sufficient to meet need	This is as projected under the council tax reduction scheme paper presented elsewhere on today's agenda
10	The committee makes arrangements to include monitoring of savings plans in work programme	A summary of proposed savings will be presented to full Council on 12 February 2021. Individual savings plans will be monitored internally. It was suggested that quarterly performance reports to Cabinet or Scrutiny could include savings or else it could be put into Rethinking Governance
11	That mindful of the impact of the budget proposals on the Economy and Place Budget briefings be provided to the Committee on progress in achieving the proposed savings and their impact and the Committee be informed of other savings proposals that have been identified with a view to ensuring appropriate contingency plans are in place	The Director of Economy & Place said that there is no Plan B as such, however, there are separate alternatives and could be other suggestions from councillors
12	Cabinet progress exploring additional income from voluntary contributions and a local lottery	Agreed
13	It is noted that the Adults and Wellbeing Scrutiny committee will be further meeting on 26 January 2021 to consider revised savings proposals compared to those it considered at its meeting on 13th January. And it is further noted, that recommendations of that committee, in relation to any revised proposals, will be shared by way of correspondence to this committee and the Chairperson of the General Scrutiny Committee	Noted

14	Mindful of the above, the following recommendations of the Adults and Wellbeing and Children and young People Scrutiny Committee be considered, as appropriate	See Tables above
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Appendices

- Appendix A Medium Term Financial Strategy
- Appendix B Savings Proposals
- Appendix C Detailed Revenue Budget Proposals
- Appendix D Treasury Management Strategy
- Appendix E Public Consultation Responses
- Appendix F Online public consultation report
- Appendix G Online public consultation summary
- Appendix H Growth bid - Armed Forces Covenant Support Officer

Background papers

None identified

Glossary of terms

Adult social care precept	Council tax charge for adult care services
Council tax reduction scheme	Council tax discount for low earners
Funding settlement	Central government funding allocations to local councils
S151 officer	Statutory chief financial officer of the council

Medium Term Financial Strategy

2021/22 – 2023/24

draft

Herefordshire Council's Medium Term Financial Strategy

1. Introduction

The Medium Term Financial Strategy (MTFS) balances the County Plan 2020-2024 ambitions with targeted available resources.

The County Plan was adopted in February 2020 and shared a clear vision for the future of the county, specifically:

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.

The County Plan has three key themes - connectivity, wellbeing and sustainability, which sit at the core of policy making, planning and design for the future. These themes will form the basis of plans including the Delivery Plan and this MTFS.

Connectivity	Wellbeing	Sustainability
Connecting people digitally and physically across communities, in local neighbourhoods and to the wider world	Helping people feel safe, supported and valuing Herefordshire and their community	Pride in Hereford's unique and beautiful environment and rural heritage and tackling the climate challenge through new approaches to sustainability
<p>Our aims:</p> <ul style="list-style-type: none"> Digital connectivity – supporting flexible working, connecting rural communities and businesses Connecting and supporting communities – especially deprived communities Connecting with partners – parish councils, businesses, public and community sector Connecting locally – supporting and promoting local, independent shops and businesses 	<p>Our aims:</p> <ul style="list-style-type: none"> Supporting vulnerable people and communities and developing the strong community networks that have grown and flourished Improving quality of life – appreciating what's special about the county as a place to live, work and visit Helping people most impacted by pandemic (jobs/business/young people) Being creative and encouraging innovation Recognising the value of art and culture as a contributor to wellbeing Welcoming visitors, promoting pride in the place and all it has to offer 	<p>Our aims:</p> <ul style="list-style-type: none"> Building to strong environmental standards Travel to work/school – encouraging more walking and cycling Public transport – safe, accessible and connecting communities Rural environment – supporting farming and rural communities Shopping/buying/doing business locally

2. Background

The council has an annual revenue budget of around £380m, used 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.

3. Covid-19 pandemic

The Covid-19 pandemic changed the world and has caused exceptional hardship for individuals, families and businesses across the UK. The health emergency has been accompanied by unprecedented economic uncertainty and the deepest recession on record (ONS GDP First Quarterly Estimates April to June 2020). The Office for Budget Responsibility's forecast expects GDP to shrink by 11.3 per cent in 2020 before returning to growth in 2021, the economy is not expected to reach pre-crisis level until the end of 2022.

The restrictions needed to limit the spread of the virus meant people could not live their lives as normal and many businesses saw significant falls in turnover or were forced to close temporarily. The government introduced exceptional UK-wide support measures to protect jobs and incomes, directly and through councils, to protect livelihoods and limit damage to the economy.

In Herefordshire the impacts of the pandemic will be felt by us all for generations. Our local government role in community leadership has never been more important. The challenges to our economy, to the vulnerable members of our communities and to our continued wellbeing are huge, this MTFS targets resources so that everyone feels safe, supported and is proud to live here.

The council proposes supporting individuals facing financial hardship in 2021/22 by increasing its council tax reduction scheme to provide 100% discount.

4. 2020/21 and its legacy

The financial strategy for 2020/21 was turned on its head due the worldwide pandemic and it's far ranging consequences throughout the county. The council prioritised keeping its residents safe and supporting local businesses. The local financial consequences continue to be immense. The last round of budget forecasting reported to Cabinet showed a £15m predicted overspend, with £11m in central government support measures negating the financial impact on local resources in the current financial year. Since this was reported to Cabinet a number of new grants have been confirmed that have reduced the delta.

In addition to this is the substantial deficit the council is seeing on its council tax and business rates income. Central government recognise this is a national funding pressure and, due to in year deficits affecting future year budgets, have permitted the spreading of the repayment of these deficits over three years.

Central government have provided a range of grants to support the council, the residents and businesses of the county. This includes grants to businesses in excess of £80m, a range of reliefs for businesses that are liable for Non Domestic Business Rates, support for households struggling to pay council tax, support for some lost income from fees and charges, and support for the council's outbreak control role in respect of Covid 19. By the middle of January 2021 the council has received approximately £150m and this number is expected to increase before the end of March 2021. This funding is one off and is not expected to continue in 2021/22.

Future year budgets are subject to substantial financial pressures and the financial value of these

in dependent on many factors, one of which will be linked to roll out of vaccines and rapid testing to the local population. The financial impact is twofold, both in terms of resources available and the local demand for our services. The council is incurring public health and outbreak management costs and losses in sales, fees and charges income, for example due to lower income from car parks.

5. 2021/22 budget proposal

The MTFS proposes a balanced 2020/21 budget achieved by proposing challenging savings targets alongside an increase in council tax charges of 4.99%, inclusive of a 3% adult social care precept.

At the time of presenting this MTFS it is known that the council will receive a one year financial settlement however budget pressures will continue past 2021/22. The council has prepared this strategy after considering various scenarios due to volatility expected in periods to come.

The strategy includes:-

- A 4.99% increase in council tax next year, inclusive of a 3% adult social care precept
- A reduced council tax base growth due to impacts from increasing council tax discounts, including a new discount to the county's foster carers
- A reduced business rate income, retail discount is expected to continue but not in its current form
- A new social care grant for both children and adult services
- A pay freeze, excluding posts earning less than £24,000 per annum
- Central government continuing to keep Covid-19 related funding under review

Prior to the pandemic the council was recognised as being in a relatively secure financial position over the medium term. It had increased its revenue reserves in recognition of the challenges yet to come, however the Covid-19 challenge exceeded all expectations. We continue to have growing demographic pressures, particularly relating to adult social care and children with disabilities. There are also higher costs associated with the county's rurality.

6. Post 2021/22

The Medium Term Financial Strategy (MTFS) outlines the financial strategy for the period up to 2023/24. There are a significant number of funding unknown's post 2021/22 the outcome of a local government fairer funding review and a move to a higher local retention of business rate income is yet to be confirmed. It is also not currently possible to assess the longer term impact of the United Kingdom's withdrawal from the European Union.

It does appear that income from council tax will continue to be the main source of income for the net revenue budget requirement therefore growing our tax base will support the future financial sustainability of the council and its services.

The 2021/22 settlement announced in December 2020 is welcomed however as it is a one year settlement this makes it difficult for the council to plan for changes in government funding for future years. The MTFS does not currently include any additional demand and growth pressures

relating to children and adults social care. The council assumes the current strengths based approach to adult social care and the ongoing transformation of children’s care will enable the costs of these services to be delivered within the projected overall financial funding envelope detailed below. The Council will keep this situation under review and as further details are provided about government funding it will revisit its plans.

As detailed below the current assumption is that Council tax will rise by 2% from 2022/23 onwards and in the absence of further guidance about any future adults social care precept, no assumption has been made about any such precept from 2022/23 onwards. Projections for future years expenditure assume that the no further significant savings will be needed for 2022/23 or 2023/24 however this be kept under constant review as future government policy and funding decisions can have significant impact of the councils recurring revenue budgets.

7. Funding of services

The MTFs proposes a balanced 2021/22 budget achieved by increasing council tax charges by 4.99%, inclusive of a 3% adult social care precept and committing to delivering significant savings of £11.1m. The final financial settlement will be confirmed in late January. Projections for future years assume an annual increase in council tax of 2%.

	2021/22	2022/23	2023/24
Net budget funding source	£000	£000	£000
Council Tax	112,944	115,837	119,375
Retained Business Rates	36,753	36,995	37,628
Collection fund deficit	(200)	-	-
Revenue Support Grant	638	-	-
Rural Sparsity Delivery Grant	5,353	5,101	5,101
Social Care Support Grant	5,508	5,072	5,173
Totals	160,996	163,005	167,276

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 (£9.3m) and dedicated schools grant funding (£113.0m). In the absence of announcements on the fair funding review and business rates retention coupled with 2021/22 being a one year settlement future year forecasts are difficult to predict.

8. Savings

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 and demand expectations. The need to deliver significant savings to avoid spending more than the resources available will lead to difficult service delivery decisions. The proposed savings are detailed in the table below.

Directorate	Description	£000
Adults & Communities	Modernising assessment, commissioning & services delivery for Learning Disability clients	1,500
	Targeted review of complex cases followed by system challenge	1,250
	Implementing changes to client charging policy and income disregards	520
Children & Families	Supported accommodation for care leavers	320
	Step down residential to in house foster carers	1,000
	Prevention of children becoming looked after; reunification of looked after children with families	400
	Recruit 30 new foster carers per annum for 5 years	200
	Full cost recovery of traded services	20
	Manage inflation and secure contract efficiencies	450
Economy & Place	Devolve more public realm services and assets to communities reducing expenditure by Herefordshire Council on such services (e.g. amenity grass cutting, open spaces / sports Areas and/or playgrounds maintenance)	150
	Efficiencies from community liaison (reduction in locality stewards service and reduction in customer service/stakeholder liaison service in Public Realm)	120
	Streetworks income generation (e.g. permit scheme, bring in- house)	30
	Transfer responsibility for Hereford Markets to City Council	15
	Reduce opening hours of household waste recycling centres to encourage waste minimisation	200
	Transformation and redesign of directorate to realign to County Plan objectives; vacant post review	400
	Transformation and redesign of directorate to realign to County Plan objectives	250
	Cashless payments (car parking)	100
	Public realm income increased through use of technology	50
	Dark skies and energy savings from lowering street lighting levels and provision	40
	Reducing the number of adults and childrens buildings through opportunities for sharing with our partner organisations	100
	Disposal of further buildings and reduction in costs through planned Better Ways of Working	170
	Property maintenance cost reduction including as a result of reduction in the overall size of the estate	500
	Move property management to commissioned only service and reduce in house staff resource by 25%	200
	Accommodation and industrial business space rental income	30
	Review of mainstream school transport and retendering of contracts to remove space capacity	50
	Establish in house bus company to provide not for profit Special Educational Needs and school transport to reduce contract costs	100
	Weekend vehicle rental of fleet vehicles	10
	Bereavement services review to reflect market rates and full cost recovery	240
	Parking Charges increases to reflect policy objectives to support alternative forms of transport	600
Reduce parking enforcement staff resources and improve efficiency	100	
Registrars income increase	30	

	Building Control increase charges, improve efficiency and reduce staffing	115
	Regulatory and waste service income increases	115
	Increase charge for pre-planning application advice and / or reduce staff costs in planning	100
	Efficiency Savings (already identified in MTFS)	273
	Transform and review delivery of parking service to minimise costs and increase enforcement income	100
	S106 client commissioning costs - funding from S106 monies	30
	Asset Sponsorship and Streetside advertising	30
	Efficiency savings through integrating all enforcement functions within Economy & Place including those currently provided by BBLP	20
	Invest to Save Income increased through introduction of natural burials	30
	Invest to Save Income increased through introduction of pet burials/cremations	50
Corporate	Initial redesign; MERS, Move to Hoople, Lean process, flexible roles to meets peaks and troughs	141
	Move to home working has seen decrease in print and post	30
	Efficiencies	100
	Bring together service budgets and look to create efficiencies	75
	Hoople SLA Efficiency Savings	151
Central	Contingency	700
	Total	11,205

9. Till receipt

A 4.99% council tax increase for 2021/22 means that the Herefordshire Council band D council tax charge will be £ per month. Below is a summary of council services that this charge provides.



Charges per month (average Band D property) 2020/21

** Daily life **	#
* Waste, Cleansing	11,99
* Environmental Health	1,39
* Roads and bridges	5,35
* Care of public spaces	1,10
* Schools and education	100,13
* Public, School and community transport	5,53
* Libraries, records and customer services	0,47
** Looking after Adults **	
* Older People in residential / nursing care	14,71
* Older people supported at home	10,11
* Disabled adults	29,57
* Lifestyles services (substance abuse, sexual health)	2,87
* Health improvement (Public Health nursing, health checks, smoking cessation)	5,73
* Housing	0,54
** Looking after children **	
* Child protection	4,33
* Children in care	20,17
* Children with special needs	3,34
** Local government running costs **	
* Election, governance and legal services	3,46
* Directors & Staff costs	0,18
* Organisational administration	1,25
* IT, Council Tax and Benefits admin, invoices and payments	5,39
* Insurance and property maintenance	4,48
* Capital finance - Debt repayment	7,04
* Capital finance - Interest payments	11,81
** Economic growth **	
* Economic development and regeneration	1,56
* Broadband - rural rollout	0,15
* Planning	0,20
	252,85
** Income that supplements council tax **	
* Investment Property income	(2,97)
* Car parking	(6,39)
* Capital finance - Interest received	(2,01)
* Public Health grant	(7,70)
* National Education funding	(96,09)
TOTAL TO PAY (per month) £137,69	

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10. Value for Money

Herefordshire Council, seeks to ensure that money is spent as carefully, wisely and efficiently as possible. This means constantly reviewing and adjusting the way that the council works in order to continue to deliver value for money for the residents and businesses of Herefordshire.

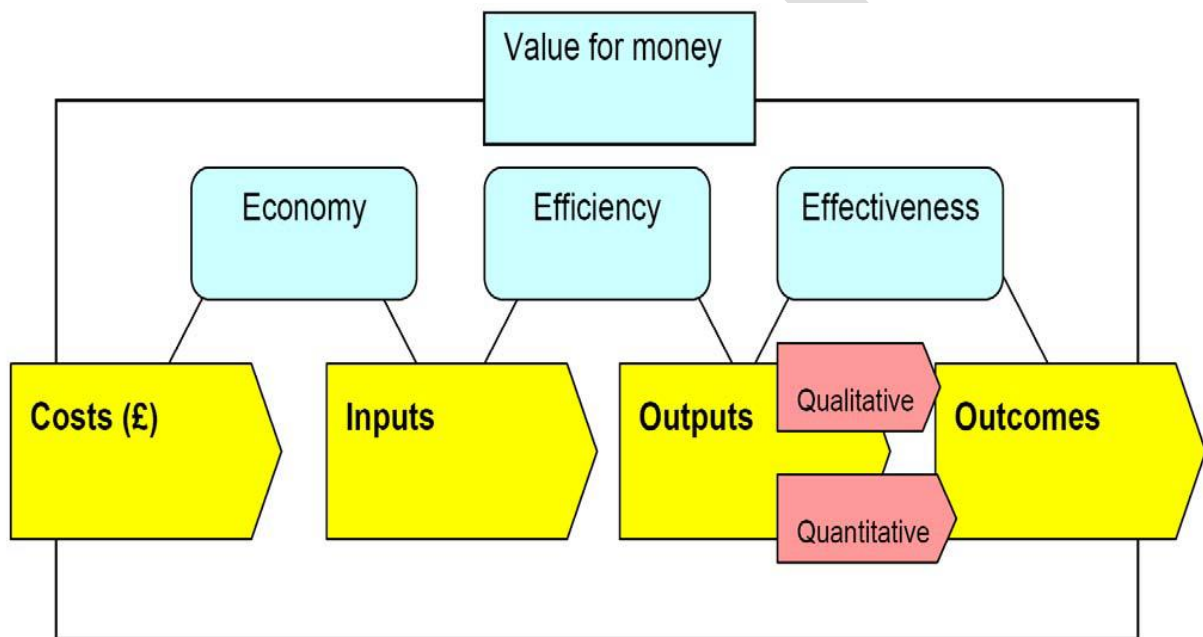
The Council spends public money and it is vital that it ensures value for money is delivered this is within the context that the demands for services is increasing in conjunction with decreases in income.

Definition of Value for Money

Value for money is about maximising the desired outcomes over time with the resources available. It is often defined as achieving the right balance between 'economy', 'efficiency' and 'effectiveness', in essence, spending less, spending well and spending wisely so that the Council ensures the best service at the lowest possible costs. It is an exercise in cost effectiveness to ensure the optimal use of resources to achieve the intended outcomes.

Value for money can be summed up in the phrase, achieving more for less.

Value for money as a concept can be illustrated by the following diagram:



Economy – ‘Spending less’

Economy is the price paid for what goes into providing a service. This is about delivering services at optimum cost, through minimising the cost of resources.

Efficiency – ‘Spending well’

Efficiency is a measure of productivity and performance i.e., how much is achieved in relation to what is put in.

Effectiveness – ‘Spending wisely’

Effectiveness is a measure of the impact that has been achieved, which can be either quantitative or qualitative.

Value for money is one of the Council’s core values and is embedded in all plans and strategies, and in the commissioning and delivery of all services. The statement is set in the context of a challenging financial position for local authorities, and is closely linked to the Council’s:

- County Plan
- Delivery Plan

Value for Money is embedded in all stages of the commissioning cycle and in particular in the planning stages.

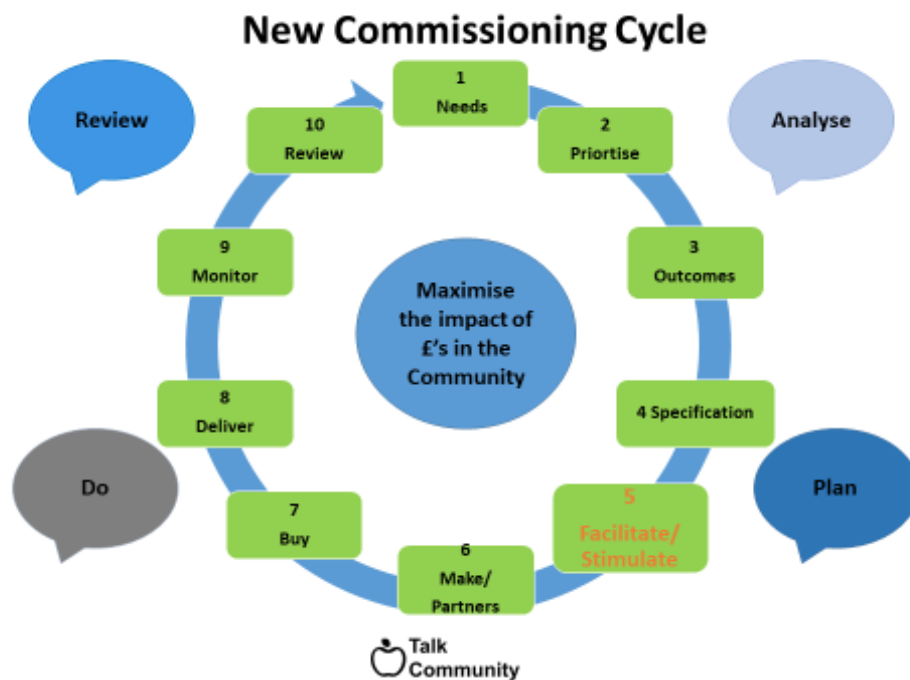
The Council ensures information on its spending and performance is available publicly, and in accessible formats, to assist the public’s involvement in decisions about spending on services.

The Council understands the correlation between its performance and its costs, and ensures that costs and relative performance compare well with identified benchmarks, reflect priorities and policy decisions and are commensurate with service delivery and desired outcomes.

When Commissioning services the Council ensure that VFM is consistently achieved using a number of methodologies.

Once a need or requirement has been established via detailed strategy and/or needs analysis work streams the Council undertakes extensive research on how this need may be met.

Before considering commissioning in the traditional sense to meet needs the Council will first seek to “facilitate” often via Talk Community to ensure that where possible the community and citizens may meet a particular need themselves through strengths based approaches and sustainable community delivery with the support of the Council.



If full facilitation is not achievable the Council will undertake options appraisals and risk assessments with benchmarking of industry norms, peer comparisons with other local authorities', forensic accounting analysis of what makes up the cost of a particular service i.e. fixed and variable costs mix, market influencers, labour rates and estimated overhead costs.

Once a detailed understanding of the costs and complexity of a service has been documented the Council will often undertake a "make or buy" assessment and make recommendations which are further critiqued via Commissioning Board, Directorate management teams, Cabinet and Scrutiny.

Finally if a service is to be commissioned externally the procurement will be undertaken in compliance with the Council Corporate Procurement Rules and generally be subject to open market tender taking into account whole life costings and social value.

The Council will ensure that although it can be difficult to measure value for money in qualitative areas, value for money activity will not be focused simply on the quantitative aspects of service delivery, and that where a wider social value can be achieved, these opportunities are explored in full.

The Council recognises that social value should take into account what is important to the local community, local environment and local economy, through considering different ways of delivering services to positively impact the community, considering how current local challenges can be resolved by working with our communities and considering how local businesses can be supported.

The Council recognises its responsibilities as a custodian of public funds, and strives to achieve value for money in the delivery of services and acquisition of assets. It seeks to achieve, and where possible improve value for money by ensuring that:

- Contract procedure policies are regularly reviewed in line with national policy and incorporate social value and local needs.
- Procurements translate the desired outcomes into the right contracts and select the supplier or suppliers that will deliver these in the way that offers best value for money thus enabling the optimal whole-life blend of economy, efficiency and effectiveness that achieves the intended outcome of the business case.

11. 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, the LEP awarded a £5.432m grant in 2020 to enable the full build out of the area.

The council aims to receive a maximum return from investment in property and land holdings; 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 November 2020 Cabinet decided to move forward with housing development and chose to commission further work to look at a housing revenue account model and develop a list of potential development sites. This was followed by a further decision in December to go forward with the first site development at Station Approach in Hereford City Centre. The current Development Partnership budget in the capital programme has been split and £20m is now shown as a dedicated budget for Strategic Housing Development to cover the initial phases. Cabinet are keen to provide 2,500 homes over the next 10 years across the County using a range of builders and consider a range of models to identify the optimum mix of tenures to be developed. The proposal for the council to advance affordable housing and have at least an element of control over design helps deliver the council's environmental policy commitments and aligns to the following success measures in the County Plan.

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. Detailed analysis of the options available will be undertaken, including the establishment of a Housing Revenue Account, to enable the delivery and management of new homes to better meet the needs of residents. This could lead to investing up to £100m in housing from 2022/23, it is anticipated that the income streams generated would cover the revenue costs of providing the housing including any borrowing costs.

During the last year a new project management office team have been set up to manage development and delivery of council projects. Various policies and procedures are currently being put in place by the team to ensure effective project management is embedded in the council.

From 2021/22 a £1m Development Fund budget has been proposed to be included in the capital programme. It will initially be funded from the finance resilience reserve but topped up each year when the developed project is added to the capital programme in line with the funding identified. This is to ensure projects are added to the capital programme when they have a robust business case including accurate costings and are deliverable within the timeframe.

There are a number of projects that will be developed in the next financial year for waste management changes, development of the Maylords site and development of the Hereford Town Investment Plans projects such as a new Museum, which is part of a £25m funding bid.

The Marches Local Enterprise Partnership (LEP) has awarded £1.6m of government's Get Building Funding for NMITE's Skylon Park Campus Development. The Get Building Fund has been established by government to support economic recovery from Covid 19. This is in addition to the £5.6m growth deal funding that was awarded previously. The funding will enable NMITE to accelerate the development of their Centre for Automated Manufacturing (CAM). The accelerated development will enable NMITE to complete the building sooner, creating new jobs and learning opportunities more quickly, supporting the recovery of the local economy through initially creating construction based employment and the operation of the CAM thereafter. The Council in support of the NMITE project is acting as the accountable body for the project and will manage the distribution of the grants to NMITE and reporting to the LEP.

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.

New Model Institute in Technology & Engineering

The New Model Institute in Technology & Engineering (NMITE), Hereford's new specialist Engineering Higher Education Institution launched in December 2020 and will recruit its first cohort of students in 2021. The new institution, has the potential to be one of the key catalysts that enables the transformation of the county's economy and a range of other outcomes.

The new institution will, over the next 15-20 years, not only increase the intellectual capital of Herefordshire but also has the potential to support steady population growth, community engagement and help provide a source of talent for companies and start-up businesses. The institute will recruit 300 students per year in its early years, ensuring that it builds the capacity for student population growth gradually. Ultimately, incoming students will balance the annual out-migration of young people. In addition it is likely that at least ten per cent of graduates will remain in or near the county making Herefordshire an attractive inward investment location for employers needing hi-tech, skilled, work-ready employees.

The direct impact on the economy, over the next 30 years, will come from a £550 million capital investment to build 40,000 square metres of teaching space and 150,000 square metres of student accommodation to house up to 5,000 students who will be resident for 46 weeks of the three years of each student's study period. At this peak capacity, NMITE will employ nearly 600 staff directly (many requiring homes) and will be supported by a range of local suppliers. Based on data from other university cities, NMITE is expected to add at least £120 million annually to the county's GDP. Taken together, the various impacts of NMITE will do much to help the long term sustainability and growth of the county. The development of NMITE will play an important role in the recovery of the region from the effects of the Covid pandemic. The institution will generate a high number of knowledge based jobs and its distinct pedagogical approaches will focus on the development of skills and employability, including for local people.

New innovative higher education providers such as NMITE will play an important part in educating the next generation of much-needed engineers, providing the skills and talent that employers need. Herefordshire is a cold-spot for higher education provision, leading to a 'brain drain' of 18-24 year olds leaving the area to study. The Higher Education reforms are about giving people access to higher education and an increasingly diverse market to choose from. This will ensure a steady stream of skilled graduates into the workplace locally, and regionally. NMITE builds on plans set out in the Government's Industrial Strategy, which aims to improve living standards and economic growth by increasing productivity and driving growth.

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

12. 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 2021/22 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 2021/22 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.

13. Treasury Management Strategy (TMS)

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 council's policy remains to borrow when funds are required. This policy minimises the cost of borrowing, and is supported by the Council's external treasury management advisors, who estimate that this approach saves the council in excess of £1m of borrowing costs per annum.

Currently interest rates are low, this means it is sensible to borrow over the longer term to mitigate the potential higher interest costs in future years however due to holding large cash balances there is no urgent need to borrow. The low interest rate market means that interest cannot be earned on cash balances invested therefore to borrow now would include additional interest costs due to lower interest rate earned on cash balances held. It would also increase the exposure to investment counterparty risk although this risk is mitigated as described in the TMS.

14. 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. Cabinet reviews ear marked reserves on an annual basis.

Use of earmarked 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.
- Enables the smooth transition when moving to doing things differently

The overall level of reserves balances will be reported to Cabinet at least annually, the last report to Cabinet was in October 2020.

A forecast of the earmarked reserve position is shown below:-

Balance as at	Strategic Reserve	Financial Resilience Reserve	School Balances	Earmarked Reserves	Totals
	£m	£m	£m	£m	£m
31.03.20	9.1	12.7	8.9	50.7	81.4
31.03.21	9.1	4.2	8.8	43.4	65.5
31.03.22	9.1	4.2	8.8	42.3	64.4
31.03.23	9.1	4.2	8.8	41.2	63.3

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.

15. Conclusion

This medium term financial strategy proposes delivering a balanced budget with a clear focus on aligning resources to deliver the revised county plan ambitions.

Appendices

Appendix M1 - Net Revenue budget

Appendix M2 - Proposed Capital Investment Budget

Appendix M3 - Reserves Policy

Appendix M4 - Risk Assessment

draft

Net Revenue budget and Directorate Spending Limits 2021/22

Directorate	20/21 revised base £k	Pressures £k	New 21/22 base £k	Savings £k	Base Budget £k
Adults and Communities	57,751	4,458	62,209	(3,270)	58,939
Children and families	32,678	6,623	39,301	(2,390)	36,911
Economy and Place	29,743	933	30,676	(4,348)	26,328
Corporate Services	16,659	1,988	18,647	(497)	18,150
Total Directorate	136,831	14,002	150,833	(10,505)	140,328
Central	20,286	1,082	21,368	(700)	20,668
Total Net Budget	157,117	15,084	172,201	(11,205)	160,996
Funded by					
Council tax					112,944
Retained business rates					36,753
Collection fund deficit					(200)
Revenue support grant					638
Rural sparsity delivery grant					5,353
Social care support grant					5,508
Totals					160,996

Proposed capital investment budget

	Prior Years £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 onwards £000s	Total Capital Prog. Budgets £000s
Adults and Communities							
Disabled facilities grant	0	2,269	1,853	0	0	0	4,122
Hillside	0	2,550	0	0	0	0	2,550
Carehome & Extra Care Development	0	250	669	13,081	0	0	14,000
Technology Enabled Communities	0	1,000	500	0	0	0	1,500
Super Hubs	0	200	1,800	0	0	0	2,000
Homelessness Hub & Property Investment	0	524	0	0	0	0	524
Private sector housing improvements	0	199	0	0	0	0	199
Total Adults & Communities	0	6,991	4,822	13,081	0	0	24,894
Children's & Families							
Colwall Primary School	0	85	0	0	0	0	85
Schools Capital Maintenance Grant	0	2,314	1,195	1,195	0	0	4,704
Peterchurch Primary School	7	300	7,353	3,193	0	0	10,853
Expansion for Marlbrook school	1,193	3,348	1,600	0	0	0	6,141
Brookfield School Improvements	6	744	3,195	0	0	0	3,945
C & F's S106	0	649	300	0	0	0	949
Healthy Pupils	75	24	0	0	0	0	99
Individual Pupil Needs	233	38	0	0	0	0	271
Short Breaks Capital	0	118	0	0	0	0	118
Blackmarston SEN	32	52	0	0	0	0	84
Basic Needs Funding	0	1,191	5,700	2,000	0	0	8,891
2 Year Old Capital Funding	79	27	0	0	0	0	106
Preliminary works to inform key investment need throughout the county	29	986	0	0	0	0	1,015
School Accessibility Works	0	0	240	0	0	0	240

Temporary school accommodation replacement	0	300	150	0	0	0	450
Total Children's and Families	1,654	10,177	19,733	6,388	0	0	37,951

Corporate

Fastershire Broadband	18,754	3,571	6,707	6,707	0	0	35,738
PC Replacement	489	630	397	0	0	0	1,516
Widemarsh Gardens	0	80	0	0	0	0	80
EDRMS Storage	0	380	0	0	0	0	380
Capital Development Fund	0	0	1,000	0	0	0	1,000
Better Ways of Working	0	850	0	0	0	0	850
Children centre changes	314	116	0	0	0	0	430
Total Corporate	19,557	5,627	8,104	6,707	0	0	39,994

Economy and Place 18,754

Hereford City Centre Transport Package	33,665	1,632	3,353	2,000	0	0	40,651
South Wye Transport Package	8,155	142	10,422	16,281	0	0	35,000
Hereford City Centre Improvements (HCCI)	0	1,500	3,000	1,500	0	0	6,000
Hereford ATMs and Super Cycle Highway	0	1,000	0	0	0	0	1,000
Passenger Transport Fleet (Electric)	0	0	7,800	15,600	15,600	0	39,000
Hereford Transport Package	3,970	1,990	1,625	625	0	0	8,210
Local Transport Plan (LTP)	0	12,259	12,272	0	0	0	24,531
Emergency Active travel Fund	0	137	0	0	0	0	137
Pothole & Challenge Fund 20/21	0	7,674	0	0	0	0	7,674
Priority Flood Repair Works	0	4,027	0	0	0	0	4,027
E & P's S106	0	511	750	0	0	0	1,261
Lea Flood Alleviation Scheme	0	299	0	0	0	0	299
Investment in C & U Roads	0	2,000	0	0	0	0	2,000
Investment in Infrastructure Assets	0	2,000	0	0	0	0	2,000
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	0	0	2,299	0	0	0	2,299
Highway asset management	0	1,536	1,000	0	0	0	2,536

Hereford Enterprise Zone	12,305	947	1,965	0	0	0	14,947
Hereford Enterprise Zone - Further funded dev	0	5,432	0	0	0	0	5,432
Herefordshire Enterprise Zone Shell Store	4,309	3,008	0	0	0	0	7,316
Marches Renewable Energy Grant	12	288	120	0	0	0	420
Marches Business Investment Programme	41	717	892	1,349	0	0	3,000
Empty Property Investment & Development	0	1,000	752	300	0	0	2,052
Employment Land & Incubation Space in Market Towns	284	1,000	10,838	3,066	5,513	0	20,701
Leominster Heritage Action Zone	0	295	841	2,664	0	0	3,800
Towns Fund Accelerated Funding	0	750	0	0	0	0	750
Strategic Housing Development	0	0	10,000	10,000	0	0	20,000
Development Partnership activities	6,250	7,815	3,268	3,268	0	0	20,600
Property Estate Enhancement Works	1,871	869	0	0	0	0	2,740
Corporate Accommodation	2,759	142	0	0	0	0	2,901
Leisure Centres	0	368	0	0	0	0	368
Leisure Pool	0	505	0	0	0	0	505
Solar Photovoltaic Panels	603	245	1,286	0	0	0	2,134
Integrated Wetlands	0	1,200	800	0	0	0	2,000
Sustainable Landscape Sustainable Places	0	195	0	0	0	0	195
SEPUBU Grant	64	329	0	0	0	0	393
Green Homes Grant - Local Authority Delivery	0	480	0	0	0	0	480
LED street lighting	5,536	119	0	0	0	0	5,655
Estates Capital Programme 2019/22	517	2,928	2,722	685	40	10	6,902
Three Elms Trading Estate	235	240	0	0	0	0	475
Energy Efficiency	5	95	0	0	0	0	100
Warm Homes Fund	133	827	0	0	0	0	960

Gypsy & Traveller Pitch development	51	1,087	739	0	0	0	1,877
Car Parking Strategy	136	110	0	0	0	0	246
Car Park Re-Surfacing	1	115	0	0	0	0	116
Office and Car Park Lighting Replacement	108	192	0	0	0	0	300
Upgrade of Herefordshire CCTV	52	132	0	0	0	0	184
Schools Transport Route Planning	59	16	15	0	0	0	90
Courtyard Development	0	611	0	0	0	0	611
Grange Court Loan	0	0	359	0	0	0	359
Corporate Fleet Procurement	413	325	0	0	0	0	738
Vehicle Replacement	0	19	0	0	0	0	19
Strangford Landfill Site Toilet Facilities	0	25	0	0	0	0	25
Air Quality Monitoring Station Resource Improvements	0	0	140	26	26	0	192
Hereford Library	134	211	0	0	0	0	345
Total Economy and Place	81,399	69,342	77,258	57,364	21,179	10	306,552
Total	102,609	92,136	109,917	83,540	21,179	10	409,391

draft

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 2020 the balance was £9.1m (5.7% 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
Unexpected events or emergencies By its nature, the financial risk is uncertain	Low	High	<input type="checkbox"/> Council maintains a Strategic Reserve at a level of between 3% and 5% of its revenue budget for emergency purposes <input type="checkbox"/> Level of reserve is currently £9.1m (5.7% of budget)
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	High	Medium	<input type="checkbox"/> Demand led pressures provided for within our spending plans <input type="checkbox"/> Activity indicators have been developed and will be reported quarterly alongside budget monitoring
Potential overspend and council does not deliver required level of savings to balance spending plans Challenging savings have been identified within our spending plans.	Medium	Medium	<input type="checkbox"/> High risk budget areas have been identified and financial support is targeted towards these areas <input type="checkbox"/> Regular progress reports on delivery of savings to Management Board and Cabinet <input type="checkbox"/> Budget monitoring arrangements for forecasting year end position in place and forecast balanced <input type="checkbox"/> Plan to review level of cover available from General reserves in place
Potential overspend on Special Education Needs The duty to secure provision identified in Education, Health and Care plans means an overspend may occur	Medium	Medium	<input type="checkbox"/> This is a national issue with lobbying to increase central government funding <input type="checkbox"/> A review of the application of the matrix is underway
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	Medium	High	<input type="checkbox"/> Provision has been made in the capital investment budget to increase school places <input type="checkbox"/> Directorate plans in place to manage and mitigate demand <input type="checkbox"/> Ongoing reviews of children already under care of council
Volatility in Government funding streams and Business Rates Retention The government settlement for 2021/22 is a one year settlement meaning that the MTFS is based on assumptions for future years that cannot be confirmed.	High	Medium	<input type="checkbox"/> Prudent assumptions made in budget Ongoing review of developing business rate changes <input type="checkbox"/> Business case to support future investment decisions
EU exit Impact of EU exit may lead to increased volatility in economic stability and reduced access to funds	Medium	Medium	<input type="checkbox"/> Reduced reliance on grant funding in all directorates <input type="checkbox"/> Increased local economic and social investment to increase core income

Savings Proposals by Directorate

Adults & Communities

Savings Proposal

- Modernising assessment, commissioning & services delivery for learning disability clients

£1,500k

Consequences

This work aligns to the existing programme of work for further promoting and embedding a strengths based model of practice and improving services and outcomes for Herefordshire residents.

What will change

- Greater independence, wellbeing, choice & control
- Higher levels of employment
- Increased accommodation options
- Connected community using digital solutions

Challenges

- Pace and scale of change across the system
- Assessment & review capacity due to covid 19 pressures
- Co-dependency on other projects and developments

304

Adults & Communities

Savings Proposal

- Targeted review of complex cases followed by system challenge

£1,250k

Consequences

That independence is achieved via a model of support which enables people to be supported with their health and social care needs even if they are very high or delivered jointly

What will change

Assurance that residents needs are met

- with the right level of support,
- from the right agency
- with appropriate funding

Challenges

- Assessment & review capacity due to covid 19 pressures
- System change and support
- Appetite for legal challenge if required

305

Adults & Communities

Savings Proposal

- Implementing changes to client charging policy and income disregards

£520k

Consequences

Change policy position on client charging and income disregards so that it applies to all client groups equitably.

What will change

Those “favoured” by the current arrangements would see income from disability related benefits and state pension factored in to future council charging. This would result in lower retained income for some clients

Challenges

- Assessment & review capacity due to covid 19 pressures
- Policy development & sign off
- Public consultation and lead in period to implementation (18 – 22 weeks)

306

Children and Families

Savings Proposal

- Supported accommodation for care leavers

£320k

Consequences

More care experienced young people will be able to have their accommodation needs met in Hereford rather than relying on independent providers, often resulting in young people being placed outside of Herefordshire.

What will change

Changes already in place. Building was purchased and refurbished during the pandemic. Support services in place via contract

Challenges

- The figure is a stretch target and depends on care experienced children not requiring higher cost independent provision. The accommodation provided at Bath Street in 2021/22 may also support this savings target.
- The council will review whether a further house should be purchased based on an evaluation of Widemarsh Street.

Children and Families

Savings Proposal

- Step down residential to in house foster carers

£1,000k

Consequences

Some children in care will be supported in foster care placements rather than in residential placements, considering their situation, views and needs.

What will change

A number of children in residential placements have been identified as potentially able to step down. Work has already begun to take this forward. The result should be that some children are supported in foster care rather than in residential care.

Challenges

- Dependent on significant work to ensure that this is right for the child, that the match with carers is right and there is availability of foster carers
- Average annual saving per placement estimated as £200k. The actual figure will be dependent on the individual circumstances of each child.
- There may be additional pressures as a result of more children to be looked after by the council.

Children and Families

Savings Proposal

- Prevention of children becoming looked after; reunification of looked after children with families

£400k

Consequences

- Some children who are looked after will return to their families and will no longer be looked after by the council.
- Some children who might otherwise have become looked after by the council remain with their families with intensive support.

What will change

- The Edge of Care (ECHO) service is now up and running during 2020/21 and has started to report on its effectiveness.
- Early indications show that there has been success in preventing children becoming looked after and also in reunifying children with their families.

Challenges

- The target is a stretch target and depends on the service diverting children from otherwise high cost placements and support.
- Some children will necessarily still require being looked after by the council

Children and Families

Savings Proposal

- Recruit 30 new foster carers per annum for 5 years

£200k

Consequences

- More children will be cared for by Herefordshire council foster carers

What will change

Assumes employment of external agency to provide expertise in marketing and campaigns.

Challenges

- Recruitment in first year will be reliant on recruitment activity in 2020/21. External agency work due to commence 2021.
- Assumes current trends continue ie. no greater loss of existing foster carers. NB recent cabinet decision on allowances and rates should assist.

Children and Families

Savings Proposal

- Full cost recovery of traded services (£20k)
- Manage inflation and secure contract efficiencies (£450k)

£470k

Consequences

- Schools and settings will be charged an increased amount for some education traded services whilst protecting health and developmental interventions
- Costs of placements and contracts will be secured in line with medium term financial strategy target.

What will change

- Continued use of regional frameworks and directorate's placement team to achieve value for money through negotiation. Will introduce cost calculator for 2021/22 which has evidenced achievement of savings in placement fees in other local authorities. Progress will be reported quarterly.

Challenges

- Schools and settings may decide not to buy back services due to increased cost
- Contract inflation and increased costs being demonstrated in the residential and fostering market on an individual basis due to national lack of supply.

Economy and Place

Key Challenges and Issues

- **Developing a vibrant local economy**
 - Supporting economic recovery from Covid-19
 - Creating new jobs and training opportunities
 - Delivering quality, sustainable and affordable housing
 - Supporting the City and Market Towns to be vibrant, economic and cultural centres
 - Hereford Enterprise Zone

Economy and Place

Key Challenges and Issues

- **Protecting the environment and responding to climate and ecological emergency**
 - Reducing carbon emissions
 - Enhancing and protecting local habitats through regulation & projects
 - Addressing phosphates levels in rivers
- **Transport and sustainable mobility**
 - Transport strategy for Hereford
 - Supporting low carbon and active travel
 - Highway maintenance
 - Rural access to services

Economy and Place Savings Proposals by Economy and Place Theme

	£k
Improve co-ordination and efficiencies by working with partners from public realm services	485
Review of fees, charges, scope and costs of traded services	1,580
Market intervention to improve efficiency and utilisation of transport fleet and services	160
Waste minimalisation through reduced opening of household waste and recycling centres	200
Transformation and redesign to align to county plan objectives	650
Property estate rationalisation and cost reduction	1,000
Efficiency savings (already identified in MTFS)	273
Total	4,348

314

Economy and Place

Savings Proposal

- Improve co-ordination and efficiencies by working with partners from public realm services

£485k

Consequences

Opportunity to devolve more public realm services to communities and parish councils. Different levels of take up by communities could result in variable levels of service across the county.

What will change

- Greater involvement of communities and parish councils
- Streamlined approaches to communications and stakeholder engagement
- Coordinated approach to enforcement and permit scheme for street works
- Utilisation of technology to increase income and reduce energy costs, for example in relation to street lighting.

Challenges

- Potential adverse feedback if reduction in service levels are experienced by the public if communities and parish councils are unable or unwilling to take on more service delivery. Service must still meet safety and statutory requirements
- Introduction of new technologies will require time to deliver

Economy and Place

Savings Proposal

- Review of fees, charges, scope and costs of traded services

£1,580k

Consequences

Increases in charges to service users would support full cost recovery and ensure services are not provided at a subsidy. Increases in income surpluses from car parking would support highways and transport services in accordance with legal requirements. Potential impact upon the local economy and reduction in demand for services

What will change

- Charges set to align with policy objectives (e.g. car parking to support highways and transport services and encourage behavioural change)
- Use of technology and efficiency improvement to reduce costs
- Charges for traded services set to ensure full cost recovery
- Potential for new service provision to generate income (e.g. natural burials)

Challenges

- Increases in charges may not be popular and will need to consider potential reduced demand which would affect level of increased income achieved

Economy and Place

Savings Proposal

- Market intervention to improve efficiency and utilisation of transport fleet and services

£160k

Consequences

Greater utilisation of vehicles and increased competition. Reduction in “spare capacity” may reduce opportunity for use by those not entitled to free transport to school

What will change

- Contract efficiencies from school transport provision
- Utilisation of council fleet vehicles and potential rental income generation when not required for council service provision

Challenges

- Review of contracts required and savings subject to outcome of procurement processes
- Current legislation limits the potential to make greater use of council fleet vehicles for certain transport services

Economy and Place

Savings Proposal

- Waste minimisation through reduced opening hours of household waste and recycling centres

£200k

Consequences

Residents may find it less easy to access the household waste and recycling centres. This could adversely affect levels of recycling and risks increase in fly tipping.

What will change

- The aim would be to maintain service provision across the county, although opening hours would be reduced.
- Continuation of advance booking system to ensure efficient use

Challenges

- Potential adverse customer feedback
- Delivery requires successful negotiation with current provider to agree level of service to achieve savings

Economy and Place

Savings Proposal

- Transformation and redesign to align to county plan objectives

£650k

Consequences

- Organisational change process to streamline management and align resources to county plan objectives
- Redundancies may be necessary if changes cannot be fully achieved through natural turnover and removal of existing vacancies.

What will change

Transformation to realign available resources to focus on key activities and priorities of delivering a vibrant local economy and supporting recovery from impact of Covid 19, responding to climate and ecological emergency and improving transport and sustainable mobility

Challenges

- Timescale to managing change process and ensuring staff engagement
- Could result in adverse customer feedback in areas that are de-prioritised
- Meeting all expectations in relation to priorities may require additional resources

Economy and Place

Savings Proposal

- Property estate rationalisation and cost reduction

£1,000k

Consequences

- Reduction in number of properties operated and maintained
- Continued trend to home working and combining services
- Disposal of assets no longer required and potential for community asset transfers

What will change

- Continued efficiency improvements from move to better ways of working and reduced property estate
- Greater move towards planned maintenance rather than reactive repairs
- Generation of income from commercial estate

Challenges

- Embedding the changes in the business including home working to ensure properties can be released
- Current asset condition and backlog maintenance in the estate
- Economic impact of Covid 19 could affect income and disposals

Economy and Place

Savings Proposal

- Efficiency savings
(already identified in Medium Term Financial Strategy)

£273k

Consequences

Limited impact on service delivery as efficiency savings already delivered

What will change

Reduction in direct costs including staff travel costs

Challenges

- None, budget reductions already applied

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Corporate	
Savings Proposal <ul style="list-style-type: none"> • Efficiencies and redesign 	£497k
Consequences Initial redesign – change of service resulting in risk of redundancy Service practices in move to digital process for efficiencies and use information to better shape services long term	
What will change Significantly reduced print and post, and monitor high users to understand ability not to move to digital	
Challenges Change in practice and “paper use” culture. Investment in digital and resource to instigate change	

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Central	
Savings Proposal <ul style="list-style-type: none"> • Release of contingency 	£700k
Consequences Not applicable	
What will change Not applicable	
Challenges Not applicable	

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Summary Base Budget Proposed 2021-22

	21/22 gross budget £000s	20/21 Revised Base £000s	Pressures £000s	Savings £000s	21/22 Base Budget £000s
Adults & Communities	101,605	57,751	4,458	(3,270)	58,939
Children & Families	159,162	32,678	6,623	(2,390)	36,911
Economy & Place	53,715	29,743	933	(4,348)	26,328
Corporate Services	18,150	16,659	1,988	(497)	18,150
Directorate total	332,632	136,831	14,002	(10,505)	140,328
Central	48,668	20,286	1,082	(700)	20,668
Total	381,300	157,117	15,084	(11,205)	160,996

Adults & Communities Base Budget 21-22

	21/22 Gross budget £000s	20/21 Revised Base £000s	Pressures £000s	Savings £000s	21-22 Base Budget £000s
Learning Disabilities	27,428	21,793			21,793
Memory & Cognition	3,863	2,690			2,690
Mental Health	4,320	3,692			3,692
Physical Support	37,154	25,235			25,235
Sensory Support	644	389			389
Client Sub-Total	73,408	53,799	0	0	53,799
All Ages Commissioning	1,745	1,751			1,751
Care Operations	9,140	7,788			7,788
Commissioned Services	4,355	3,016	(200)		2,816
Transformation & Improvement	665	614			614
Prevention & Support	4,243	3,358			3,358
Directorate Management	(1,217)	(12,623)	4,658	(3,270)	(11,235)
Public Health	9,266	48			48
Adults & Communities	101,605	57,751	4,458	(3,270)	58,939

Children & Families Base Budget 21-22

	21/22 Gross budget £000s	20/21 Revised Base £000s	Pressures £000s	Savings £000s	21-22 Base Budget £000s
Children's Commissioning	904	630	0	0	630
Directorate	(262)	682	0	(470)	212
Directorate	642	1,312	0	(470)	842
Additional Needs	2,526	2,242	0	0	2,242
Commissioning Management	2,802	726	0	0	726
Development and Sufficiency	1,740	965	0	0	965
Early Help	1,196	677	284	0	961
Early Years	78	79	0	0	79
Education Improvement	549	348	0	0	348
DSG	112,952	0	0	0	0
Education & Commissioning	121,843	5,037	284	0	5,321
Safeguarding and Review	1,241	994	0	0	994
Children in Need	4,137	3,521	0	0	3,521
Looked After Children	28,802	19,464	6,339	(1,920)	23,883
Safeguarding Development	562	460	0	0	460
Safeguarding & Early Help Management	1,936	1,890	0	0	1,890
Safeguarding & Family Support	36,678	26,329	6,339	(1,920)	30,748
Children & Families	159,162	32,678	6,623	(2,390)	36,911

Economy & Place Base Budget 21-22

	21/22 Gross budget	20/21 Revised Base	Pressures	Savings	21-22 Base Budget
	£000s	£000s	£000s	£000s	£000s
Economic Growth	1,385	1,217	0	(636)	581
Highways & Transport	19,278	15,288	374	(174)	15,488
Housing and Growth Management	3,557	2,994	0	(130)	2,864
Regulatory, Environment & Waste	21,690	14,786	403	(815)	14,374
Technical Services	7,572	(4,756)	156	(2,567)	(7,167)
Economy & Place	53,715	29,743	933	(4,348)	26,328

Corporate Base Budget 21-22

	21/22	20/21			21-22
	Gross	Revised	Pressures	Savings	Base
	budget	Base			Budget
	£000s	£000s	£000s	£000s	£000s
Corporate Support Services	6,869	6,047	1,319	(497)	6,869
Finance, Legal & Governance	8,793	8,477	316		8,793
People & Performance	2,488	2,135	353		2,488
Corporate	18,150	16,659	1,988	(497)	18,150

Central Base Budget 21-22

	21/22 Gross budget £000s	20/21 Revised Base £000s	Pressures £000s	Savings £000s	21-22 Base Budget £000s
Treasury Management	13,924	13,573	651	(300)	13,924
Pension Deficit	5,550	5,300	250		5,550
Contingency budget	300	700		(400)	300
Housing benefit	28,000	-	-	-	-
Reserve movement	894	713	181		894
Central	48,668	20,286	1,082	(700)	20,668

Herefordshire Council

Treasury Management Strategy
2021/22 – 2024/25

Treasury Management Strategy 2021-25

Herefordshire Council

Treasury Management Strategy 2021/22-2024/25

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- b. Borrowing Maturity Profile
- c. Prudential and Treasury Indicators for the next four years
- d. Outlook for Interest Rates
- e. Treasury Management Policy Statement

Treasury Management Strategy 2021-25

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 2021/22-2024/25
 - 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 2021/22

- 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. 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 due to the potential exposure to losses against the council's general fund reserve. These must be recognised as incurred and not necessarily when the investment term ends. 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 2021-25

Borrowing

- 2.2 Borrowing is driven by the requirements of the approved capital investment budget. The forecast capital investment budget for 2021/22 indicates £43.8m 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 On 26th November 2020 the HM Treasury reversed the 1% increase in the public works loan board (PWLB) interest rate that applied from October 2019. Instead there are new restrictions regarding borrowing for commercial purposes with the effect that PWLB cannot be used as the financing source for commercial investments. PWLB is the usual route of obtaining loan finance for councils including Herefordshire Council. The forecast interest cost of new borrowing has been reduced to reflect the new forecast interest rate cost on new borrowings required.
- 2.3 Using current forecasts during 2021/22 the councils underlying need to borrow is expected to increase by £52.4m, as shown in the table below.

	£m excluding PFIs
Estimated council borrowing as at 31st March 2021	157.1
Capital spend financed by prudential borrowing	43.8
Net change in internal borrowing	17.1
Less minimum revenue provision	(8.5)
Estimated council borrowing as at 31st March 2022	209.5
<i>Increase in estimated council borrowing</i>	<i>52.4</i>

- 2.4 The borrowing budget for 2021/22 includes provision to pay short-term interest costs and the interest cost on existing fixed long term borrowing, a total budget of £5.4m.
- 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

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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.

3. Economic Background and Interest Rate Forecast

Economic background

- 3.1 **UK** the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 5th November. However, it revised its economic forecasts to take account of a second national lockdown from 5th November to 2nd December which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of quantitative easing (QE) of £150bn, to start in January when the current programme of £300bn of QE announced in March to June, runs out. It did this so that "announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target".

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- 3.2 Its forecasts appeared, at the time, to be rather optimistic in terms of three areas:
- The economy would recover to reach its pre-pandemic level in Q1 2022
 - The Bank also expects there to be excess demand in the economy by Q4 2022.
 - CPI inflation is therefore projected to be a bit above its 2% target by the start of 2023 and the “inflation risks were judged to be balanced”.
- 3.3 Significantly, there was no mention of negative interest rates in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it “stands ready to adjust monetary policy”, the MPC this time said that it will take “whatever additional action was necessary to achieve its remit”. The latter seems stronger and wider and may indicate the Bank’s willingness to embrace new tools.
- 3.4 Public borrowing is now forecast by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.
- 3.5 **US** the economy had been recovering quite strongly from its contraction in 2020 of 10.2% due to the pandemic with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a third wave. While the first wave in March and April was concentrated in the Northeast, and the second wave in the South and West, the latest wave has been driven by a growing outbreak in the Midwest. The latest upturn poses a threat that the recovery in the economy could stall. This is the single biggest downside risk to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.

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- 3.6 **EU** the economy was recovering well towards the end of Q2 and into Q3 after a sharp drop in GDP caused by the virus, (e.g. France 18.9%, Italy 17.6%). However, growth is likely to stagnate during Q4, and Q1 of 2021, as a second wave of the virus has affected many countries, and is likely to hit hardest those countries more dependent on tourism. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the worst affected countries. With inflation expected to be unlikely to get much above 1% over the next two years, the ECB has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. It is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support from governments. The current PEPP scheme of €1,350bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, the PEPP scheme is regarded as being a temporary measure during this crisis so it may need to be increased once the first PEPP runs out during early 2021. It could also decide to focus on using the Asset Purchase Programme to make more monthly purchases, rather than the PEPP scheme, and it does have other monetary policy options.

Interest rate forecast

- 3.7 Investment returns are likely to remain low during 2021/22 with bank rate increases not being expected in the coming years.
- 3.8 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 1.5% interest cost and an investment could generate a 0.4% return, representing a cost of carry of 1.1%.
- 3.9 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.

Treasury Management Strategy 2021-25

- 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.
- 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:-

	31.03.21 Estimate £000	31.03.22 Estimate £000	31.03.23 Estimate £000	31.03.24 Estimate £000
Forecast Capital Finance Requirement (CFR)	326,801	367,534	401,654	394,434
Less: PFI and other long term commitments	(49,694)	(48,006)	(46,386)	(44,830)
CFR excluding other long-term liabilities (PFIs)	277,107	319,528	355,268	349,604
Less: Existing fixed long term borrowing (a)	(126,798)	(154,736)	(200,631)	(238,575)
Maximum new borrowing requirement	150,309	164,792	154,637	111,029
Less: Internal borrowing from reserves	(120,000)	(112,371)	(113,897)	(111,693)
Net new borrowing requirement (b)	30,309	52,421	40,740	(664)
Total Council Borrowing (a plus b)	157,107	209,528	250,268	249,604

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- 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 2022 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.

5. Borrowing Strategy

- 5.1 At 30 September 2020 the council held £128.4m of long-term fixed rate loans as shown in Annex A. Current capital expenditure forecasts suggest that there will be capital spend financed by borrowing before the end of the financial year, if spend slips and / or cash balances remain high 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 councils 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 2021/22 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

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5.6 The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB)
- UK local authorities
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds
- capital market bond investors
- Local Capital Finance Company and other special purpose companies created to enable local authority bond issues.

5.7 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback arrangements

LOBO loans

5.8 The council has two historic 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

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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 2021/22 the council will continue to rely on Money Market Funds which are highly diversified and carry reduced credit risk.

Risk Assessment and Credit Ratings

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

Table 2: Approved Investment Counterparties and Limits

		Colour coding	£ limit	Time limit

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		or long term rating		
Banks and Building Societies	Term deposits, CDs or corporate bonds	Yellow Purple Orange Blue Red Green No colour	5m 5m 5m 5m 5m 5m nil	5 years 2 years 1 year 1 year 6 months 100 days Not to be used
Council's Banker (NatWest)			5m	Liquid
DMADF	DMADF account	AAA	Unlimited	6 months
UK Government	UK Gilts	UK sovereign rating	Unlimited	1 year
UK Government	Treasury Bills	UK sovereign rating	Unlimited	1 year
Multilateral development banks	Bonds	AAA	5m	6 months
Local Authorities	Term deposits		10m	1 year
Money Market Funds	MMFs	AAA	10m	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

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

7. Annual Minimum Revenue Provision Statement 2021/22

- 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 2021/22 calculation of MRP is as follows:

	Indicative 2021/22 MRP charge £000
Supported borrowing	1,369
Prudential borrowing	7,166
Sub Total	8,535
Finance leases and private finance initiatives	2,058
TOTAL	10,593

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.

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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 2020 and for the position as at 30 September 2020 are shown below for both borrowing and investments.

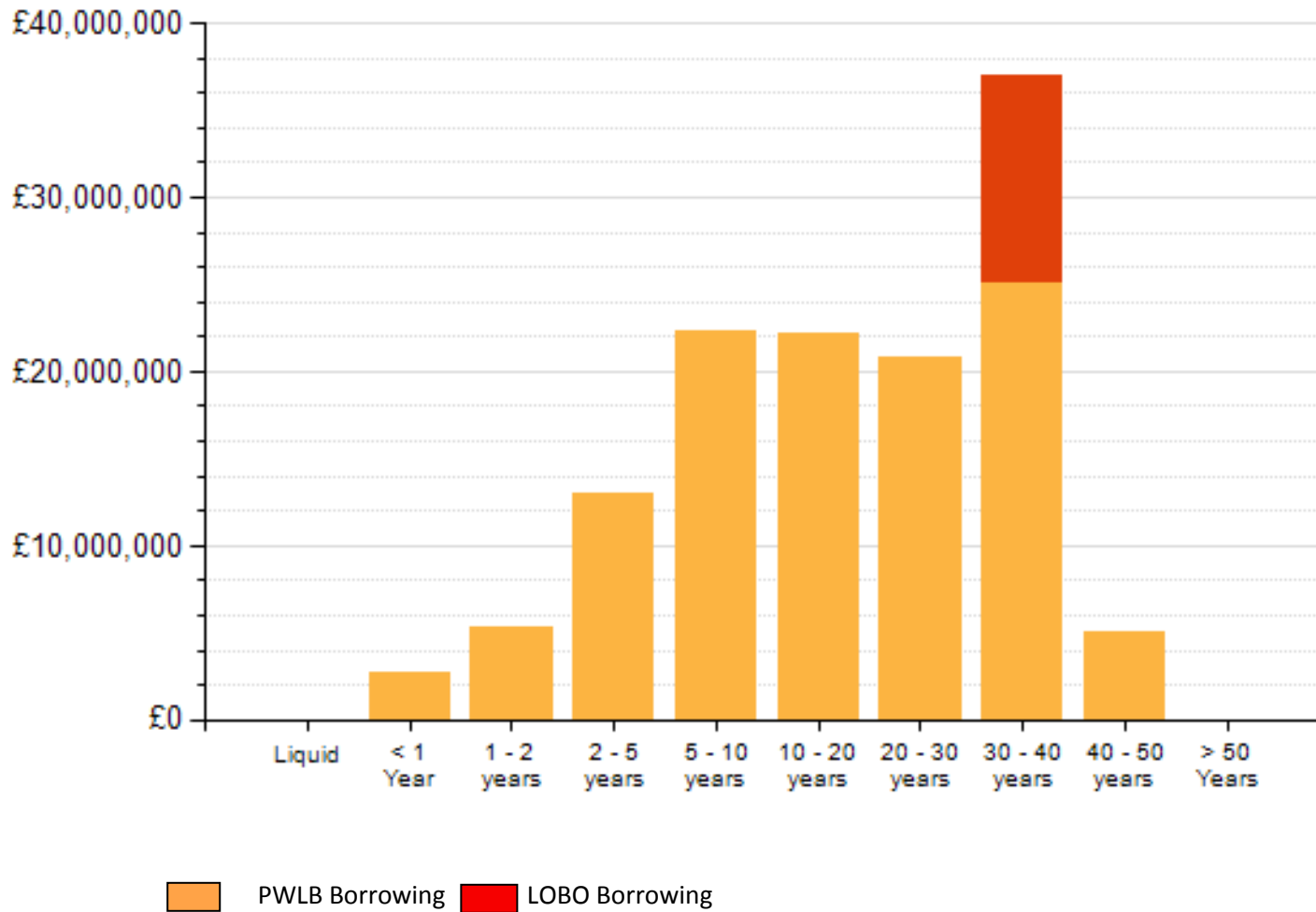
TREASURY PORTFOLIO

	actual	actual	current	current
Treasury Investments	31.03.20	31.03.20	30.09.20	30.09.20
	£000	%	£000	%
banks	5,060	13%	13,250	20%
building societies - unrated		0%	0	0%
building societies - rated		0%	5,000	8%
local authorities	14,000	37%	15,000	23%
DMADF (H.M. Treasury)		0%	0	0%
money market funds	18,940	50%	32,810	49%
certificates of deposit	0	0%	0	0%
Total managed in house	38,000	100%	66,060	100%
bond funds	0	0%	0	0%
property funds	0	0%	0	0%
Total managed externally	0	0%	0	0%
Total treasury investments	38,000	100%	66,060	100%
Treasury external borrowing				
local authorities	0	0%	0	0%
PWLB	118,282	91%	116,398	91%
LOBOs	12,000	9%	12,000	9%
Total external borrowing	130,282	100%	128,398	100%
Net treasury investments / (borrowing)	92,282	0	62,338	0

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BORROWING MATURITY PROFILE AS AT 30.11.20

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	2021/22 Forecast £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 onwards £000	Total £000
Total expenditure	109,917	83,539	21,179	10	214,645
Funding					
Grants, contributions and capital receipts	66,119	44,908	15,620	0	126,647
Prudential borrowing	43,798	38,631	5,559	10	87,998
Total	109,917	83,539	21,179	10	214,645

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)	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
CFR excluding PFI	319,528	355,268	349,604	347,761
PFI and finance leases*	48,006	46,386	44,830	43,337
Total forecast CFR	367,534	401,654	394,434	391,098

* this value is expected to increase following the adoption of IFRS16 from 1 April 2022 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	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 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

Treasury Management Strategy 2021-25

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	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 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	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Net Revenue Stream	160,996	163,005	167,276
Financing Costs (excluding PFI)	13,974	16,118	17,753
Percentage	8.7%	9.9%	10.6%

- 7.3 The above table shows budgeted financing costs within the council's medium term financial strategy.

8 Maturity Structure of Borrowing (fixed and variable)

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- 8.1 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.
- 8.2 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%		

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

- 9.1 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	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m
Authorised counterparties	5	5	5	5

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Annex D

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

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Bank Base Rate (%)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
PWLB Rates (%):													
5 years	0.80	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00
10 years	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30
25 years	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80
50 years	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60
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 23.

Council budget:

- The proposed treasury management budget is as follows:-

	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Minimum revenue provision (excludes PFI)	8,535	10,009	11,250	12,362
Interest payable	5,439	6,109	6,503	5,988
Totals	13,974	16,118	17,753	18,350

Treasury Management Strategy 2021-25

- As can be seen from the table above, the council's treasury advisors central forecast is for the Bank Base Rate to remain at 0.10% for the foreseeable future. The council's borrowing budget has been based on a rate of up to 1.5% which should incorporate sufficient headroom to accommodate any unexpected changes in the Base Rate.
- 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.

Treasury Management Strategy 2021-25

Annex E

TREASURY MANAGEMENT POLICY STATEMENT

1. Statement of Purpose

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

2. Key Principles

- 2.1 Herefordshire Council adopts the following three key principles (identified in Section 4 of the Code):

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

3. Adopted Clauses

- 3.1 Herefordshire Council formally adopts the following clauses (identified in Section 5 of the code):

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

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

- Full council will receive reports on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the

Treasury Management Strategy 2021-25

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 Setting Consultation Summary Results

December 2020

Introduction & approach

- ▶ 17 Zoom sessions with Parish Councils, community champions, Hereford 6th Form College, Hereford Disability United, Carers and Housing Association tenants and Businesses.
- ▶ 96 participants engaged.
- ▶ Set of standard questions using polls and facilitated discussions.
- ▶ Overall positive response to the opportunity to being consulted, however some participants would have welcomed more detail on specific proposals.
- ▶ Parish Councils would welcome a more open and ongoing dialogue with Herefordshire Council.

1. To what extent would you support the commissioning of services in order to access specialist knowledge and skills?

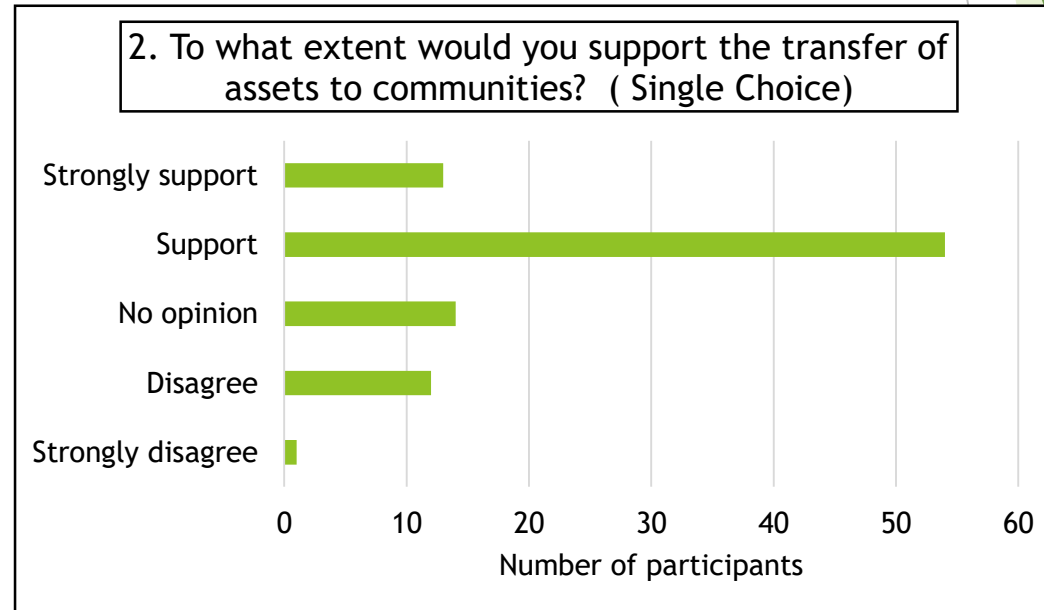
Any partnership arrangements should achieve the following:

- Best value for money
- Best outcomes for Herefordshire residents



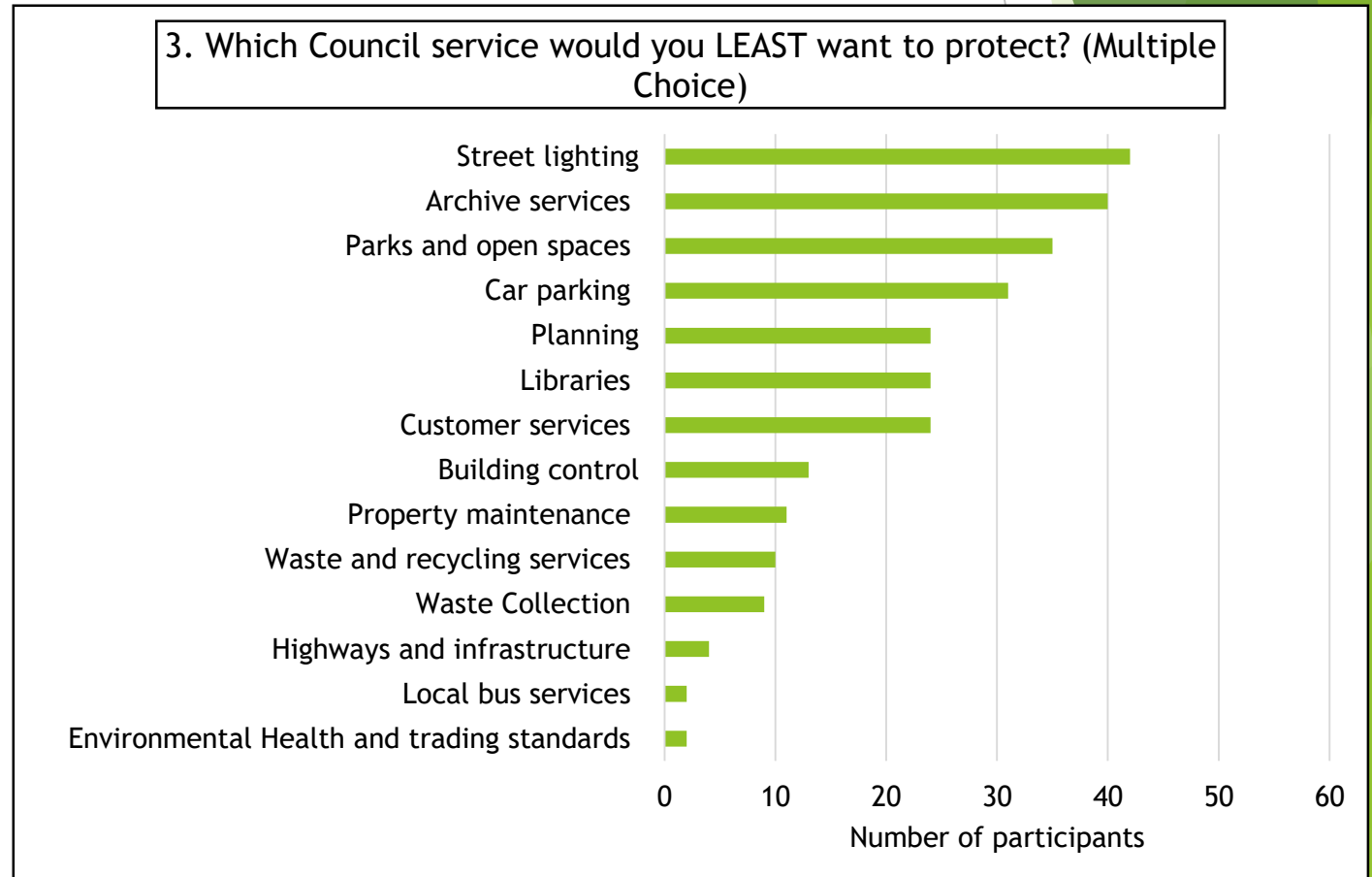
2. To what extent would you support the transfer of assets to communities? E.g. development and running of libraries (building and service) to communities.

- ▶ Where relevant, there was support in principle for transfer of assets HOWEVER, with some caveats.
- ▶ Conditional on the asset being in a good state of repair with an income attached or potential to generate income identified.
- ▶ Many rural PC areas have no assets or could not identify them.
- ▶ Barriers identified included:
 - ▶ Capacity of local volunteer base (numbers of people and skills required)
 - ▶ Long term sustainability of the asset (i.e. long term funding and ensuring it is an asset and not a liability)



3. An alternative option may be to reduce the level of some of the discretionary services currently run by the Council. Which Council service would you LEAST want to protect?

- ▶ A few people didn't want to select any as all services seen as important
- ▶ People didn't fully understand the implications of not protecting some services e.g. archive services
- ▶ Many participants were from rural areas and felt street lighting could be reduced, however this view was not replicated from participants in the City.

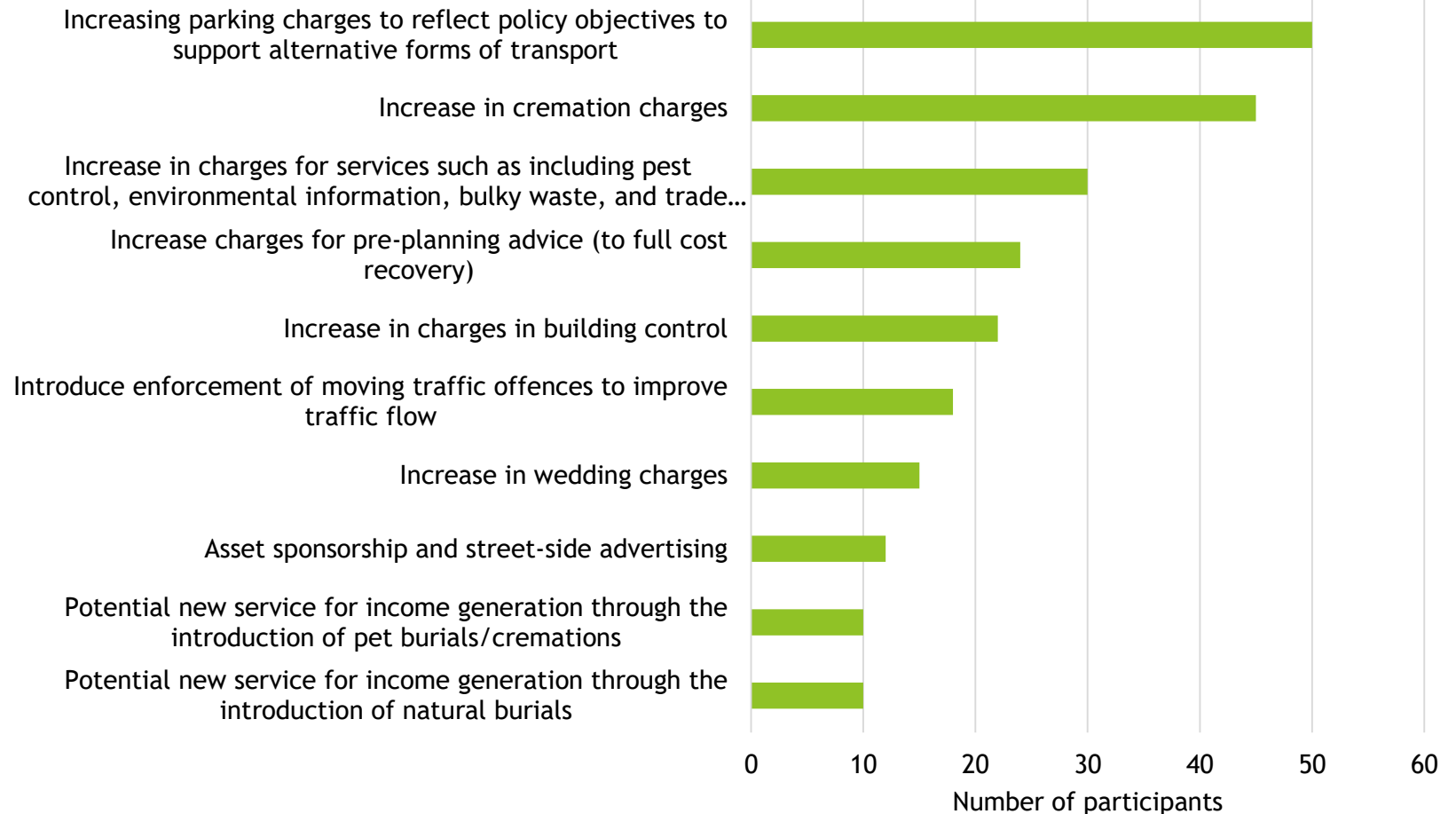


Services most wanted to be protected (open discussion)

- ▶ Difficult question - all important
- ▶ Buses (rural areas)
- ▶ Roads and highways
- ▶ Waste management

4. Which THREE of the following Council services would you NOT support increasing or introducing charges for?

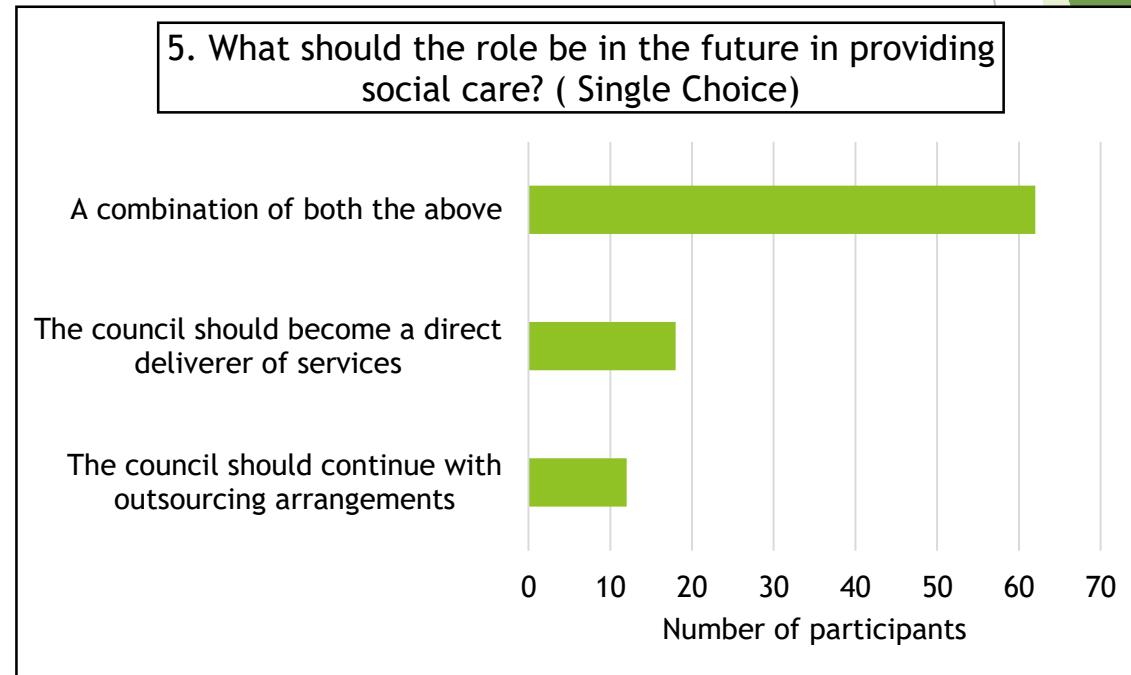
4. Which THREE of the following Council services would you NOT support increasing or introducing charges for?(Multiple Choice)



- ▶ The impact of increasing car parking seen as detrimental on retail etc
- ▶ Opinions about increasing in fees for building control and planning often split.
- ▶ Perceived link between increasing waste charges and increase in fly tipping.

5. The cost of social care to the Council is considerable. Currently the Council outsources many of its social care services, e.g. care home placements, support for people with complex needs. What should the role be in the future in providing social care?

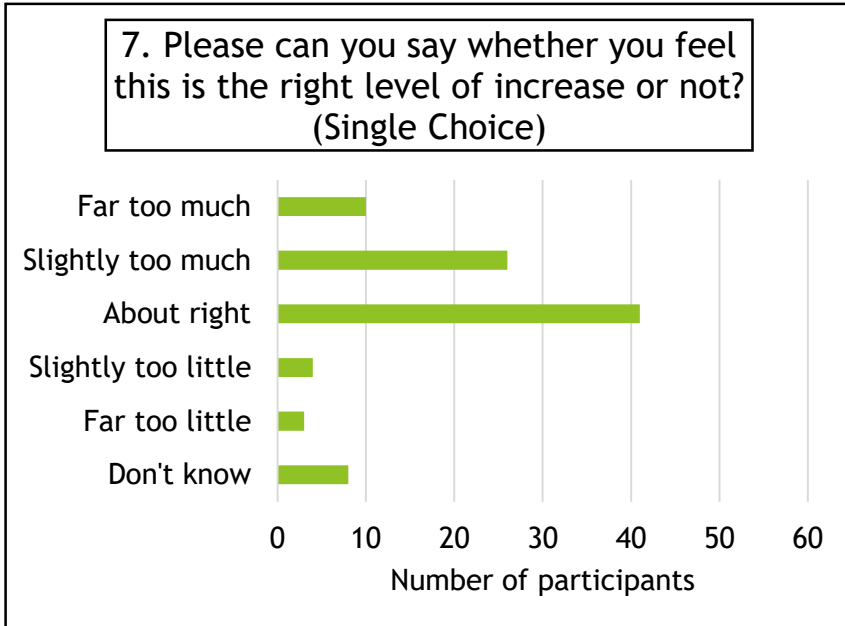
- ▶ Combination of both was identified
- ▶ However the bigger views were around:
 - ▶ Value for money
 - ▶ Good outcomes for clients



6. Herefordshire Council are proposing to increase use of technology to provide services online. For example, cashless car parking charges, online services for libraries/customer services. What do you think would be a good alternative use of technology?

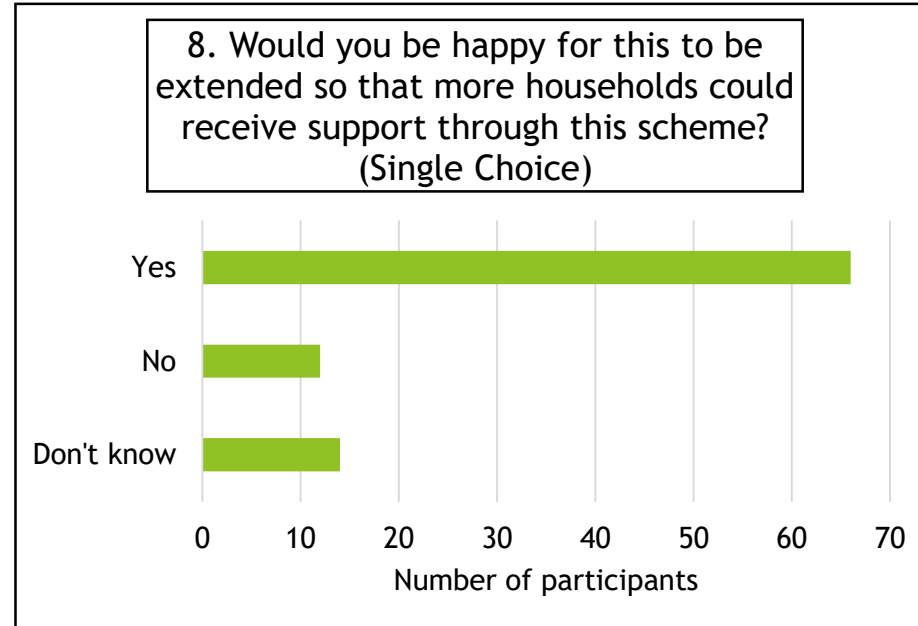
- ▶ Pragmatic to move to online services, however concerns were raised about this affecting access to those who are most vulnerable e.g. older people, disabled people, people living on a low income.
 - ▶ Big risk that it affects the most vulnerable of the community, and those who most need to use these services.
 - ▶ Wider access to IT: affordability and physical access (speed of connection).
 - ▶ Ability to use it, training needed particularly for older people.

7. Given the challenges that have been outlined and in order to protect vital frontline services such as social care, the Council is proposing a Council Tax increase of 4.99%.



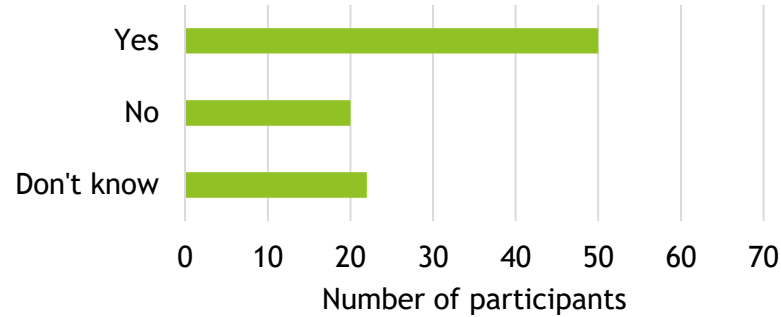
- ▶ Most resigned to there being this level of increase
- ▶ Concern raised around those experiencing financial difficulty, more so because of Covid-19.
- ▶ More information about what would be received in return in terms of services for the increase in CT.

8. Herefordshire Council provides financial support in certain circumstances to households that are in financial difficulty.

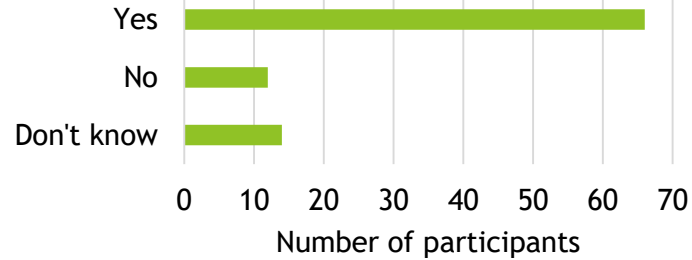


- ▶ There was a majority in support of additional support being given.
- ▶ Additional clarity over the scheme would have been useful to help people determine their response.

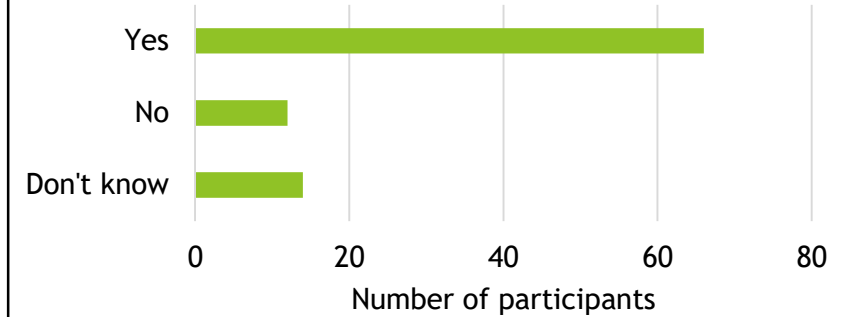
9. Would you support a Herefordshire Voluntary Community Contribution Scheme (Single Choice)



10. If such a scheme was introduced would you consider making a contribution? (Single Choice)



11. Would you support the establishment of a Herefordshire Community Lottery? (Single Choice)



- ▶ Strong support particularly for the Community Lottery, however there were strong views that this would sit better outside of Herefordshire Council.
- ▶ Openness and transparency about what projects would be funded was identified as key.
- ▶ A few expressed concern that those most likely to participate in a lottery may be those least able to afford it.

Business responses

- ▶ Herefordshire Council's role should aim to facilitate business, i.e., make it easier for business to grow, make processes easier not more difficult.
- ▶ Other points raised were:
 - There was a feeling that there needs to be better management of private contractors to ensure that they are delivering efficiently and effectively.
 - There is a need to be more open and transparent about developments and changes in services in order for businesses to plan.

Participants' principles - What should be considered when looking at making cuts or significant changes to services:

As participants felt that more detail on specific proposals was needed to make fully informed decisions, it was proposed that going forward it would be more useful to agree 'principles' that could be used to underpin decisions. The following principles were suggested by participants in the 4th session and tested out at all future sessions. There was unanimous agreement that if applied that it would increase confidence in decision making:

- ▶ Changes to services should not penalise the most vulnerable (and should have an anti-poverty aim)
- ▶ Invest to save.....invest in prevention to relieve the pressure on acute services – linked to this was the adopting an approach of helping people to help themselves
- ▶ Ensure changes to services impact positively on the environment
- ▶ Decisions should enable Herefordshire to become a vibrant economy - a place that encourages business to start and grow.
- ▶ The future of the County should always be considered – it should be considered attractive/possible for young people to work and live in Hereford

Further areas for improvement

In addition to the principles participants suggested the following as 'areas for improvement' in terms of approach and how decisions are made and communicated:

- ▶ Communication – let people know WHY decisions are made and that the impact of changes to services is fully understood.
- ▶ Ensure efficient and effective delivery of statutory services – undertake regular reviews and ensure that the Council itself is 'lean and fit for purpose'.
- ▶ Support the voluntary and community sector and let them do what they do best i.e. deliver effective services to those most in need (linked to this there needs to be a review of commissioning and procurement processes).

Recommendations

1. Impact to undertake feedback sessions to share results of budget setting consultation.
2. Consideration of principles to underpin decision making.
3. Feedback and future consultation features in Herefordshire Council's Communication Strategy and Engagement Framework.
4. Consultation with Parish and Town Councils around asset transfers and taking on new responsibilities (annual basis and in time for precept to be set).

Your say on Herefordshire Council's budget and tax for 2021/2022

The following results are from 265 respondents for the residents questionnaire and 33 for the business / organisations questionnaire.

The percentages are based on respondents to each question/statement.

Residents questionnaire

Herefordshire Council is responsible for a range of services in your local area, such as refuse collection, education, social care services and road maintenance. The Council Tax paid by residents currently makes up 35% of the council's budget for these services, so we're keen to get your views on how we can make the best use of our budget and give you even better value for money.

What do you think of our services?

Q1 In considering the following questions, please think about the range of services Herefordshire Council provides to the community as a whole, as well as the services your household uses.

Thinking about services you have used in the last year, how satisfied or dissatisfied are you with each of the following services provided or supported by Herefordshire Council?

	Not used	Very satisfied	Fairly satisfied	Neither satisfied or dissatisfied	Fairly dissatisfied	Very dissatisfied	Don't know
Care for older people	143 (55%)	12 (5%)	35 (13%)	16 (6%)	15 (6%)	3 (1%)	37 (14%)
Care for physically disabled and those with learning difficulties	143 (55%)	9 (3%)	24 (9%)	16 (6%)	18 (7%)	8 (3%)	42 (16%)
Children's social services	138 (53%)	10 (4%)	16 (6%)	28 (11%)	19 (7%)	11 (4%)	37 (14%)
Customer services	89 (35%)	16 (6%)	44 (18%)	49 (20%)	18 (7%)	14 (6%)	21 (8%)
Environmental health and trading standards	97 (38%)	23 (9%)	28 (11%)	44 (17%)	28 (11%)	13 (5%)	25 (10%)
Housing advice services	145 (56%)	10 (4%)	12 (5%)	21 (8%)	10 (4%)	9 (3%)	51 (20%)
Highways and roads	8 (3%)	11 (4%)	36 (14%)	22 (8%)	77 (30%)	99 (38%)	6 (2%)
Museums and libraries	71 (28%)	33 (13%)	46 (18%)	46 (18%)	27 (10%)	17 (7%)	18 (7%)
Local bus services	104 (40%)	9 (4%)	39 (15%)	26 (10%)	29 (11%)	37 (14%)	13 (5%)
Parks and open spaces	31 (12%)	35 (14%)	94 (36%)	40 (16%)	36 (14%)	17 (7%)	5 (2%)
Planning	74 (29%)	11 (4%)	38 (15%)	42 (16%)	31 (12%)	44 (17%)	16 (6%)
Public Health (not including NHS services)	81 (31%)	25 (10%)	50 (19%)	49 (19%)	16 (6%)	11 (4%)	28 (11%)
Schools	97 (37%)	30 (11%)	53 (20%)	27 (10%)	17 (7%)	10 (4%)	27 (10%)
Sport and leisure facilities	82 (32%)	24 (9%)	50 (20%)	41 (16%)	21 (8%)	20 (8%)	17 (7%)
Waste and recycling services	5 (2%)	113 (43%)	78 (30%)	25 (10%)	24 (9%)	15 (6%)	2 (1%)
Welfare benefits and Council Tax reduction	128 (50%)	11 (4%)	19 (7%)	33 (13%)	11 (4%)	20 (8%)	35 (14%)
Car parking	19 (7%)	23 (9%)	62 (24%)	48 (19%)	41 (16%)	57 (22%)	9 (3%)

The Council Transformation and Savings Programme

All councils continue to experience constraints on spending, alongside increasing demand for some of their services. To balance the books, councils must continue to review what they do and how they do it.

Additionally, there is currently uncertainty over the amount of funding we will have in future and levels of funding from the government have yet to be confirmed, and the ongoing Covid-19 pandemic has made it hard to be sure how much funding we will receive.

However, Herefordshire Council has a successful track record of delivering savings and has already delivered substantial savings of £90 million. Through early planning and carrying out a range of efficiency measures, the council has protected frontline services and minimised the impact of spending reductions.

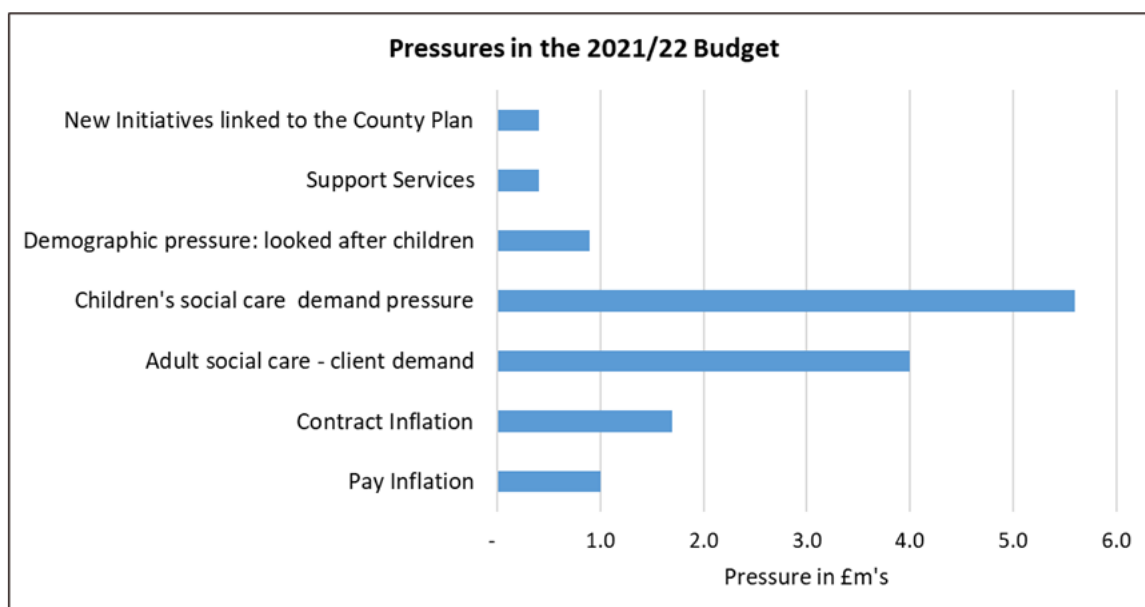
To reduce the continually increasing gap between our available resources and our expenditure, we will need to make further reductions in spending. Whilst the value and timing of such cost reductions is predicated on the level of financial support provided by central government and the impact of Covid-19 on the council's finances and demand for our services, the council is looking to make preparations for areas where cost reductions may need to be made. Current indications are that savings of up to £16m are required in 2021/22.

Savings of this level would involve continued changes to our role and the services we provide and we will continue to review our priorities, as shown in the County Plan summary, to make sure our more limited resources are focused on our 'core' activities.

The next year

Meeting our proposed plan of continued savings would require finding potential savings of up to £16 million in 2021/22.

The main source of these financial pressures, driven by coronavirus and coronavirus legacy issues, are shown in the diagram below:



Q2 Looking at the information in the consultation document, how do you feel about the proposed amount of savings by directorate? Summary of what directorates do.

	Far too little	Too little	About right	Too much	Far too much	Don't know
Adults and Communities Up to £5m or 5.2% of directorate budget	17 (7%)	34 (13%)	112 (43%)	57 (22%)	18 (7%)	21 (8%)
Children and Families Up to £2.9m or 7.9% of directorate budget	18 (7%)	43 (17%)	91 (35%)	59 (23%)	22 (9%)	25 (10%)
Economy and Place Up to £6.71m or 13.5% of directorate budget	14 (5%)	36 (14%)	76 (29%)	67 (26%)	39 (15%)	26 (10%)
Corporate Centre Up to £1.49m or 7.9% of budget	31 (12%)	61 (24%)	68 (26%)	35 (14%)	30 (12%)	33 (13%)

Q3 If you have any comments on the proposed savings please let us know:

104 comments

Q4 To help us plan for the future, please tell us what impact, if any, the council's previous reductions in spending have had on you, your local community, or the services you receive? Please be as specific as possible.

119 comments

Q5 In the next 5 to 10 years, the council will continue to find ways to make services more affordable to run. How strongly do you agree or disagree with using the following approaches?

	Strongly agree	Tend to agree	Neither agree or disagree	Tend to disagree	Strongly disagree	Don't know
Targeting resources on the most vulnerable and people most in need	70 (27%)	108 (42%)	37 (14%)	26 (10%)	17 (7%)	1 (0%)
Reducing the quality of some services provided	12 (5%)	32 (13%)	46 (18%)	92 (36%)	71 (28%)	3 (1%)
Increasing fees and charges for some services	24 (9%)	93 (36%)	40 (15%)	50 (19%)	45 (17%)	7 (3%)
Making more services available online	87 (34%)	105 (41%)	28 (11%)	22 (9%)	11 (4%)	4 (2%)
Using digital technology more widely to support the delivery of services	86 (33%)	114 (44%)	25 (10%)	21 (8%)	12 (5%)	4 (2%)
Making more efficient use of council assets such as land and buildings	142 (54%)	87 (33%)	14 (5%)	10 (4%)	5 (2%)	3 (1%)
Scaling back or stop providing some services	27 (10%)	37 (14%)	56 (22%)	75 (29%)	49 (19%)	15 (6%)
Stopping provision of some discretionary services to protect services to older people and the vulnerable	25 (10%)	63 (24%)	46 (18%)	77 (30%)	38 (15%)	9 (3%)
Changing working practices to make better use of technology and more efficient ways of working	134 (51%)	95 (36%)	13 (5%)	9 (3%)	7 (3%)	5 (2%)
Working in partnership and sharing services with other councils and public sector agencies	88 (34%)	108 (42%)	27 (10%)	18 (7%)	16 (6%)	3 (1%)
Transferring services to other organisations like commercial companies	22 (8%)	22 (8%)	37 (14%)	63 (24%)	105 (40%)	11 (4%)
Transferring services to other organisations like community groups, social enterprises and town and parish councils	44 (17%)	95 (36%)	50 (19%)	42 (16%)	25 (10%)	5 (2%)
Encouraging more people to volunteer their time to become involved in the delivery of services	40 (15%)	96 (37%)	68 (26%)	35 (13%)	21 (8%)	3 (1%)

Q6 Which of the following County Plan commitments would you say are the three highest priorities for investment over the next 4 years? (Please select only three). Please ignore the % for this question, it will be analysed differently in the final report.

	Highest priority	Second priority	Third priority
Minimise waste and increase re-use, repair and recycling	17 (29%)	20 (34%)	21 (36%)
Improve and extend active travel options throughout the county	21 (43%)	11 (22%)	17 (35%)
Build understanding and support for sustainable living	11 (39%)	7 (25%)	10 (36%)
Invest in low carbon projects	6 (27%)	12 (55%)	4 (18%)
Identify climate change action in all aspects of council operation	24 (55%)	10 (23%)	10 (23%)
Seek strong stewardship of the county's natural resources	14 (47%)	10 (33%)	6 (20%)
Protect and enhance the county's biodiversity, value nature and uphold environmental standards	21 (39%)	22 (41%)	11 (20%)
Ensure all children are healthy, safe and inspired to achieve	47 (59%)	22 (28%)	11 (14%)
Ensure that children in care, and moving on from care, are well supported and make good life choices	23 (40%)	21 (37%)	13 (23%)
Build publicly owned, sustainable and affordable houses, and bring empty properties back into use	29 (31%)	32 (34%)	32 (34%)
Protect and improve the lives of vulnerable people	18 (34%)	15 (28%)	20 (38%)
Use technology to support home care and extend independent living	6 (22%)	11 (41%)	10 (37%)
Support communities to help each other through a network of community hubs	6 (19%)	14 (44%)	12 (38%)
Develop environmentally sound infrastructure that attracts investment	18 (34%)	14 (26%)	21 (40%)
Use council land to create economic opportunities and bring higher paid jobs to the county	13 (27%)	23 (48%)	12 (25%)
Invest in education and the skills needed by employers	14 (32%)	13 (30%)	17 (39%)
Enhance digital connectivity for communities and business	11 (33%)	15 (45%)	7 (21%)
Protect and promote our heritage, culture and natural beauty to enhance quality of life and support tourism	15 (29%)	16 (31%)	20 (39%)
Spend public money in the local economy wherever possible	48 (52%)	15 (16%)	30 (32%)

Council Tax options for 2021/22

Proposed Council Tax increase

Following the Chancellor's Spending Review on 25 November 2020, the council's preferred option for the 2021/22 budget is a 1.99% increase in general Council Tax and 3.00% social care precept (Option A), as this will lead to the least reduction in spending on services.

This is on the basis that additional savings of around £1.1m per 1% of Council Tax will need to be found in each year that an increase is not made over and above the savings that the council is already working to deliver.

Due to the large scale savings that the council will need to find in 2021/2022, the council is unable to consider a Council Tax freeze.

please note: the council has no control over the Council Tax collected on behalf of the police, fire service, or parish and town councils. Each of these bodies will make their own independent decisions.

The council would like your views on the level of Council Tax the council should consider for 2021/22:

Option A: To increase Council Tax in 2021/22 by 4.99% (1.99% general Council Tax and 3.00% social care precept)

This would be an increase of £78.53 per year (or £6.54 per month) for a band D household. This would raise an additional £5.4 million.

Option B: To increase Council Tax in 2021/22 by 3.99% (1.99% general Council Tax and 2.00% social care precept)

This would be an increase of £62.79 per year (or £5.23 per month) for a band D household. This would raise an additional £4.3 million.

Q7 Which of the following options would you prefer?

109 (41%) Option A: increase Council Tax by 4.99%

79 (30%) Option B: increase Council Tax by 3.99%

5 (2%) No preference

71 (27%) Neither

1 (0%) Don't know

Q8 The government currently sets limits to the annual increases in both general Council Tax and the social care precept. Should government relax the current annual Council Tax increase thresholds, to what extent would you support or oppose a Council Tax rise greater than 4.99%?

25 (9%) Strongly support

40 (15%) Somewhat support

28 (11%) Neither support nor oppose

39 (15%) Somewhat oppose

133 (50%) Strongly oppose

Potential schemes to support vulnerable residents

Herefordshire Council provides financial support in certain circumstances to households that are in financial difficulty.

There is growing evidence that people are struggling financially as a result of the coronavirus pandemic, and applications to the Council Tax Reduction Scheme have increased compared to previous years.

Q9 In principle, would you be willing to pay more Council Tax if the increase was used to help households on low incomes?

108 (41%) Yes

156 (59%) No

Q10 Would you support a Herefordshire Community Contribution Scheme that allows residents to pay a voluntary sum to contribute towards community schemes, for example schemes to help create the best start in life for our children and young people?

161 (61%) Yes

102 (39%) No

Q11 If a Herefordshire Community Contribution Scheme was introduced would you consider making a contribution?

134 (51%) Yes

129 (49%) No

Q12 Please tell us the main reason that you would, or would not, consider making a contribution:

208 comments

Any other comments about the budget and council savings plan

Q13 Please use this space to make any other comments about the budget and council savings plan:

144 comments

What do you think of your local area and the council?

Throughout this survey we ask you to think about 'your local area'. When answering, please consider your local area to be the area within 15 to 20 minutes walking distance from your home.

Q14 Overall, how satisfied or dissatisfied are you with your local area as a place to live?

93 (35%) Very satisfied

106 (40%) Fairly satisfied

22 (8%) Neither satisfied not dissatisfied

24 (9%) Fairly dissatisfied

17 (6%) Very dissatisfied

0 (0%) Don't know

Q15 Over the past 2 years, do you feel that Herefordshire has become a better place to live, is the same, or is worse?

40 (15%) Better

95 (36%) The same

120 (46%) Worse

8 (3%) Don't know

Q16 If you said that Herefordshire has become either better or worse in the last two years, please tell us what you feel has changed:

147 comments

Your local area receives services from Herefordshire Council, such as refuse collection, street cleaning, planning, education, social services and road maintenance.

In considering the next questions, please think about the range of services Herefordshire Council provides to the community as a whole, as well as services your household uses. It does not matter if you are not aware of all of the services Herefordshire Council provides to the community. We would like your general opinion.

Q17 Overall, how satisfied or dissatisfied are you with the way Herefordshire Council runs things?

15 (6%) Very satisfied

92 (35%) Fairly satisfied

39 (15%) Neither satisfied nor dissatisfied

60 (23%) Fairly dissatisfied

54 (20%) Very dissatisfied

4 (2%) Don't know

Q18 To what extent do you agree or disagree that Herefordshire Council provides value for money?

- 5 (2%) Strongly agree
- 55 (21%) Tend to agree
- 61 (23%) Neither agree nor disagree
- 67 (25%) Tend to disagree
- 67 (25%) Strongly disagree
- 9 (3%) Don't know

Q19 To what extent do you agree or disagree with the following statements about Herefordshire Council?

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Don't know
The council keeps me informed about the services it provides	18 (7%)	91 (35%)	63 (24%)	55 (21%)	32 (12%)	2 (1%)
The council keeps me informed about any proposals for change	16 (6%)	87 (33%)	53 (20%)	60 (23%)	41 (16%)	3 (1%)
I can influence decisions affecting my local area	7 (3%)	44 (17%)	41 (16%)	73 (28%)	90 (35%)	5 (2%)

Q20 To what extent do you think Herefordshire Council acts on the concerns of local residents?

- 11 (4%) A great deal
- 64 (24%) A fair amount
- 103 (39%) Not very much
- 66 (25%) Not at all
- 19 (7%) Don't know

About you

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

You do not have to answer these questions. If you do not wish to complete them please indicate this below:

45 (100%) I do not wish to complete this section

Which Council Tax band are you in? (if you are not sure a rough guess is fine)

- 8 (4%) A
- 29 (13%) B
- 18 (8%) C
- 61 (28%) D
- 28 (13%) E
- 19 (9%) F
- 27 (12%) G
- 0 (0%) H
- 21 (10%) Don't know
- 9 (4%) Prefer not to say

Your gender

- 103 (47%) Male
- 104 (48%) Female
- 0 (0%) Other
- 11 (5%) Prefer not to say

What is your age band?

- 0 (0%) 0-15 years
- 1 (0%) 16-24 years
- 51 (23%) 25-44 years
- 86 (39%) 45-64 years
- 53 (24%) 65-74 years
- 13 (6%) 75+ years
- 14 (6%) Prefer not to say

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

- 25 (12%) Yes
- 179 (83%) No
- 11 (5%) Prefer not to say

How would you describe your ethnic group?

199 (90%) White British/English/Welsh/Scottish/Northern Irish

6 (3%) Other White (please specify below)

0 (0%) Any other ethnic group (please specify below)

15 (7%) Prefer not to say

5 comments

Please tell us the first part of your

postcode: 192 comments

Questionnaire for businesses / organisations

Herefordshire Council is responsible for a range of services in your local area, such as refuse collection, education, social care services and road maintenance. The income paid by business rates currently makes up 23% of the council's budget for these services, so we're keen to get your views on how we can make the best use of our budget and give your organisation value for money.

Are you?

- 29 (88%) A local business
- 4 (12%) A voluntary or community sector organisation
- 0 (0%) A parish or town council
- 0 (0%) Other

If 'other' please specify and tell us its name.

0 comments

In considering our questions, please think about the range of services Herefordshire Council provides to the community as a whole, as well as the services your organisation uses. It does not matter if you are not aware of all of the services Herefordshire Council provides to the community. We would like your general opinion.

Your experience of our services

Q1. How satisfied are you with the council services your organisation has used in the last year?

	Not used	Very satisfied	Fairly satisfied	Neither satisfied nor dissatisfied	Fairly dissatisfied	Very dissatisfied
Building control	18 (58%)	5 (16%)	2 (6%)	3 (10%)	2 (6%)	1 (3%)
Business support resources	8 (26%)	7 (23%)	8 (26%)	3 (10%)	3 (10%)	2 (6%)
Commercial waste	9 (30%)	6 (20%)	7 (23%)	4 (13%)	3 (10%)	1 (3%)
Contracts and tenders	21 (68%)	2 (6%)	2 (6%)	0 (0%)	4 (13%)	2 (6%)
Customer services	9 (30%)	5 (17%)	6 (20%)	4 (13%)	4 (13%)	2 (7%)
Emergency Planning Unit	25 (86%)	2 (7%)	0 (0%)	2 (7%)	0 (0%)	0 (0%)
Environmental health and protection, pest control	13 (42%)	4 (13%)	3 (10%)	8 (26%)	1 (3%)	2 (6%)
Health and safety	18 (60%)	5 (17%)	3 (10%)	4 (13%)	0 (0%)	0 (0%)
Learning difficulties employment support	23 (77%)	1 (3%)	1 (3%)	5 (17%)	0 (0%)	0 (0%)
Licensing and street trading	18 (60%)	2 (7%)	4 (13%)	4 (13%)	0 (0%)	2 (7%)
Sustainable transport	20 (67%)	0 (0%)	2 (7%)	1 (3%)	6 (20%)	1 (3%)
Parking	11 (35%)	0 (0%)	4 (13%)	2 (6%)	5 (16%)	9 (29%)
Planning	13 (43%)	2 (7%)	3 (10%)	1 (3%)	2 (7%)	9 (30%)
Trading standards	18 (60%)	3 (10%)	1 (3%)	5 (17%)	2 (7%)	1 (3%)
Workforce development	22 (73%)	0 (0%)	0 (0%)	5 (17%)	3 (10%)	0 (0%)
Maintenance of roads, footpaths and cycle paths	2 (6%)	0 (0%)	6 (18%)	4 (12%)	7 (21%)	14 (42%)
Street cleansing and lighting	3 (10%)	3 (10%)	11 (35%)	5 (16%)	4 (13%)	5 (16%)

The Council Transformation and Savings Programme

All councils continue to experience constraints on spending, alongside increasing demand for some of their services. To balance the books, councils must continue to review what they do and how they do it.

Additionally, there is currently uncertainty over the amount of funding we will have in future and levels of funding from the government have yet to be confirmed, and the ongoing Covid-19 pandemic has made it hard to be sure how much funding we will receive.

However, Herefordshire Council has a successful track record of delivering savings and has already delivered substantial savings of £90 million. Through early planning and carrying out a range of efficiency measures, the council has protected frontline services and minimised the impact of spending reductions.

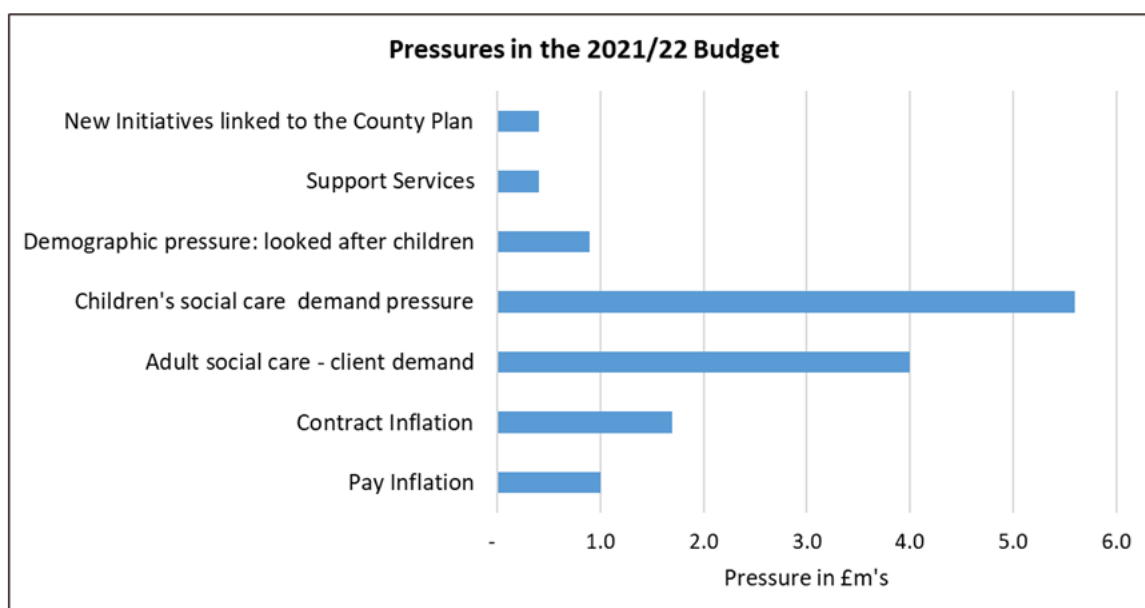
To reduce the continually increasing gap between our available resources and our expenditure, we will need to make further reductions in spending. Whilst the value and timing of such cost reductions is predicated on the level of financial support provided by central government and the impact of Covid-19 on the council's finances and demand for our services, the council is looking to make preparations for areas where cost reductions may need to be made. Current indications are that savings of up to £16m are required in 2021/22.

Savings of this level would involve continued changes to our role and the services we provide and we will continue to review our priorities, as shown in the County Plan summary, to make sure our more limited resources are focused on our 'core' activities.

The next year

Meeting our proposed plan of continued savings would require finding potential savings of up to £16 million in 2021/22.

The main source of these financial pressures, driven by coronavirus and coronavirus legacy issues, are shown in the diagram below:



Q2. Looking at the information in the consultation document, how do you feel about the proposed amount of savings by directorate? summary of what directorates do.

	Far too little	Slightly too little	About right	Slightly too much	Far too much	Don't know
Adults and Communities Up to £5m or 5.2% of directorate budget	2 (6%)	4 (13%)	14 (45%)	4 (13%)	5 (16%)	2 (6%)
Children and Families Up to £2.9m or 7.9% of directorate budget	2 (6%)	6 (19%)	11 (35%)	4 (13%)	7 (23%)	1 (3%)
Economy and Place Up to £6.71m or 13.5% of directorate budget	5 (16%)	5 (16%)	11 (35%)	4 (13%)	5 (16%)	1 (3%)
Corporate Centre Up to £1.49m or 7.9% of budget	3 (10%)	9 (30%)	9 (30%)	3 (10%)	3 (10%)	3 (10%)

Q3. If you have any comments on the proposed savings by directorate please let us know:

10 comments

The next 5 to 10 years

Q4. In the next 5 to 10 years, the council will continue to find ways to make services more affordable to run. How strongly do you agree or disagree with using the following approaches?

	Strongly agree	Tend to agree	Neither agree or disagree	Tend to disagree	Strongly disagree	Don't know
Targeting resources on the most vulnerable and people most in need	15 (45%)	12 (36%)	2 (6%)	0 (0%)	4 (12%)	0 (0%)
Reducing the quality of some services provided	0 (0%)	5 (16%)	7 (22%)	12 (38%)	8 (25%)	0 (0%)
Increasing fees and charges for some services	3 (9%)	16 (48%)	7 (21%)	2 (6%)	3 (9%)	2 (6%)
Making more services available online	10 (32%)	16 (52%)	2 (6%)	2 (6%)	0 (0%)	1 (3%)
Using digital technology more widely to support the delivery of services	14 (44%)	12 (38%)	2 (6%)	3 (9%)	0 (0%)	1 (3%)
Making more efficient use of council assets such as land and buildings	23 (70%)	8 (24%)	1 (3%)	1 (3%)	0 (0%)	0 (0%)
Scaling back to stop providing some services	2 (6%)	7 (22%)	9 (28%)	8 (25%)	5 (16%)	1 (3%)
Stopping provision of some discretionary services to protect services to older people and the vulnerable	6 (18%)	10 (30%)	4 (12%)	6 (18%)	7 (21%)	0 (0%)
Changing working practices to make better use of technology and more efficient ways of working	19 (58%)	10 (30%)	3 (9%)	0 (0%)	1 (3%)	0 (0%)
Working in partnership and sharing services with other councils and public sector agencies	11 (34%)	12 (38%)	5 (16%)	2 (6%)	1 (3%)	1 (3%)
Transferring services to other organisations like commercial companies	4 (13%)	9 (28%)	4 (13%)	6 (19%)	9 (28%)	0 (0%)
Transferring services to other organisations like community groups, social enterprises, and town and parish councils	9 (28%)	11 (34%)	3 (9%)	6 (19%)	3 (9%)	0 (0%)
Encouraging more people to volunteer their time to become involved in the delivery of services	11 (33%)	14 (42%)	4 (12%)	3 (9%)	1 (3%)	0 (0%)

Q5. Which of the following County Plan commitments would you say are the three highest priorities for investment over the next 4 years? (Please select only three). Please ignore the % for this question, it will be analysed differently in the final report.

	Highest priority	Second priority	Third priority
Minimise waste and increase reuse, repair and recycling	4 (44%)	1 (11%)	4 (44%)
Improve and extend active travel options throughout the county	5 (63%)	1 (13%)	2 (25%)
Build understanding and support for sustainable living	2 (33%)	3 (50%)	1 (17%)
Invest in low carbon projects	3 (50%)	1 (17%)	2 (33%)
Identify climate change action in all aspects of council operation	4 (67%)	1 (17%)	1 (17%)
Seek strong stewardship of the county's natural resources	2 (40%)	3 (60%)	0 (0%)
Protect and enhance the county's biodiversity, value nature and uphold environmental standards	3 (60%)	2 (40%)	0 (0%)
Ensure all children are healthy, safe and inspired to achieve	4 (40%)	4 (40%)	2 (20%)
Ensure that children in care, and moving on from care, are well supported and make good life choices	4 (67%)	0 (0%)	2 (33%)
Build publicly owned sustainable and affordable houses and bring empty properties back into use	5 (38%)	4 (31%)	4 (31%)
Protect and improve the lives of vulnerable people	5 (71%)	2 (29%)	0 (0%)
Use technology to support home care and extend independent living	1 (25%)	2 (50%)	1 (25%)
Support communities to help each other through a network of community hubs	1 (25%)	3 (75%)	0 (0%)
Develop environmentally sound infrastructure that attracts investment	2 (29%)	3 (43%)	2 (29%)
Use council land to create economic opportunities and bring higher paid jobs to the county	2 (22%)	3 (33%)	4 (44%)
Invest in education and the skills needed by employers	3 (43%)	2 (29%)	2 (29%)
Enhance digital connectivity for communities and business	1 (17%)	2 (33%)	3 (50%)
Protect and promote our heritage, culture and natural beauty to enhance quality of life and support tourism	4 (44%)	2 (22%)	3 (33%)
Spend public money in the local economy wherever possible	3 (25%)	5 (42%)	4 (33%)

Q6. Please use this space to make any other comments or suggestions about how the council invests and saves money:

10 comments

What do you think of your local area and the council?

Throughout this survey we ask you to think about 'your local area'. When answering, please consider your local area to be the area within 15 to 20 minutes walking distance from where your organisation is based.

Q7. Overall, how satisfied or dissatisfied are you with the way Herefordshire Council runs things?

- 2 (6%) Very satisfied
- 13 (39%) Fairly satisfied
- 3 (9%) Neither satisfied nor dissatisfied
- 8 (24%) Fairly dissatisfied
- 7 (21%) Very dissatisfied
- 0 (0%) Don't know

Q8. To what extent do you agree or disagree that Herefordshire Council provides services that are value for money?

- 1 (3%) Strongly agree
- 11 (33%) Tend to agree
- 7 (21%) Neither agree nor disagree
- 7 (21%) Tend to disagree
- 7 (21%) Strongly disagree
- 0 (0%) Don't know

Q9. To what extent do you agree or disagree with the following statements about Herefordshire Council?

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree
The council keeps my organisation informed about the services it provides	4 (12%)	7 (21%)	9 (27%)	10 (30%)	3 (9%)
The council keeps my organisation informed about any proposals for change	1 (3%)	10 (30%)	7 (21%)	12 (36%)	3 (9%)
My organisation can influence decisions affecting my local area	1 (3%)	6 (18%)	3 (9%)	14 (42%)	9 (27%)

Q10. To what extent do you think Herefordshire Council acts on the concerns of local organisations?

1 (3%) A great deal

8 (24%) A fair amount

13 (39%) Not very much

7 (21%) Not at all

4 (12%) Don't know

Please tell us the first part of the postcode of your organisation (if your organisation has several sites in the county please give the postcode of the site at which you are based)

28 comments

Thank you

APPENDIX G

YOUR SAY ON HEREFORDSHIRE COUNCIL'S BUDGET FOR 2021/2022: KEY FINDINGS

Version 1.1

Herefordshire Council Intelligence Unit

January 2021

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If you need help to understand this document, or would like it in another format or language, please contact us on 01432 261944 or e-mail researchteam@herefordshire.gov.uk

The consultation

The formal public consultation on Herefordshire Council's budget for 2021/22 was carried out using an online questionnaire published on the council's website from 18 December 2020 to 10 January 2021. There were two separate sets of questions: one for residents and one for businesses and organisations, although several questions were common to both. The consultation was promoted via the council's social media channels, and email invitations were also sent out to Herefordshire businesses/organisations to complete the survey online.

A total of 265 responses were received to the resident's questionnaire, a similar response to last year. There was an equal split of male and female respondents. The age profile shows a slight under representation of working age (16-64 years) respondents and a marked bias from residents from Council Tax band D – H was also observed.

There were 33 responses to the organisational questionnaire: 29 local businesses and 4 voluntary or community sector organisations, compared to only three responses from organisations last year. Note that because the number of responses to the organisational survey is small, it is not appropriate to present the results as percentages. It's also difficult to draw conclusions from such a small number of responses.

This summary is structured around the residents' survey, and the responses to the organisational survey are included at the relevant points. They are marked with this symbol:



Results

Satisfaction with council services (Q1)

The first section of the questionnaire asked about satisfaction with services that Herefordshire Council provides. Different services were listed for residents and for businesses/organisations, and respondents were asked to consider services that they have used themselves in the last year.

The graph (figure 1) below is ordered by the number of people who gave an opinion^[1] on the service, with the most used services at the top. It shows three broad groupings of services in terms of usage.

Note that the percentages quoted in the text below are calculated out of only those people who had used the service, so don't match those on the chart (which shows the proportions of all respondents, to illustrate the wide variation in usage).

^[1] i.e. respondents who said that they used the services, and excluding those who answered 'don't know'.

Overall, there were five services for which at least half of users who gave an opinion¹ said they were satisfied with: waste and recycling (75%), schools (61%), parks and open spaces (58%), care for older people (58%), and public health (50%).

- Four services stand out as being used by most, and within these there is a clear distinction in satisfaction levels between 'waste and recycling' (75% of users satisfied/very satisfied) and 'parks and open space' (58%), compared to 'highways and roads' (19%).
- Amongst the lesser used services, satisfaction with services for older people is high (58% of users) – but less so for children's social services (31%) and care for physically disabled and those with learning difficulties (44%).
- Satisfaction was lowest for housing advice services but it should be noted that this was the least used service and had the highest proportion of don't knows.

Dissatisfaction was markedly higher for highways and roads than any other service (72%), followed by three other services where dissatisfaction was higher than 40%: local bus services (47%), planning (45%) and car parking (42%).

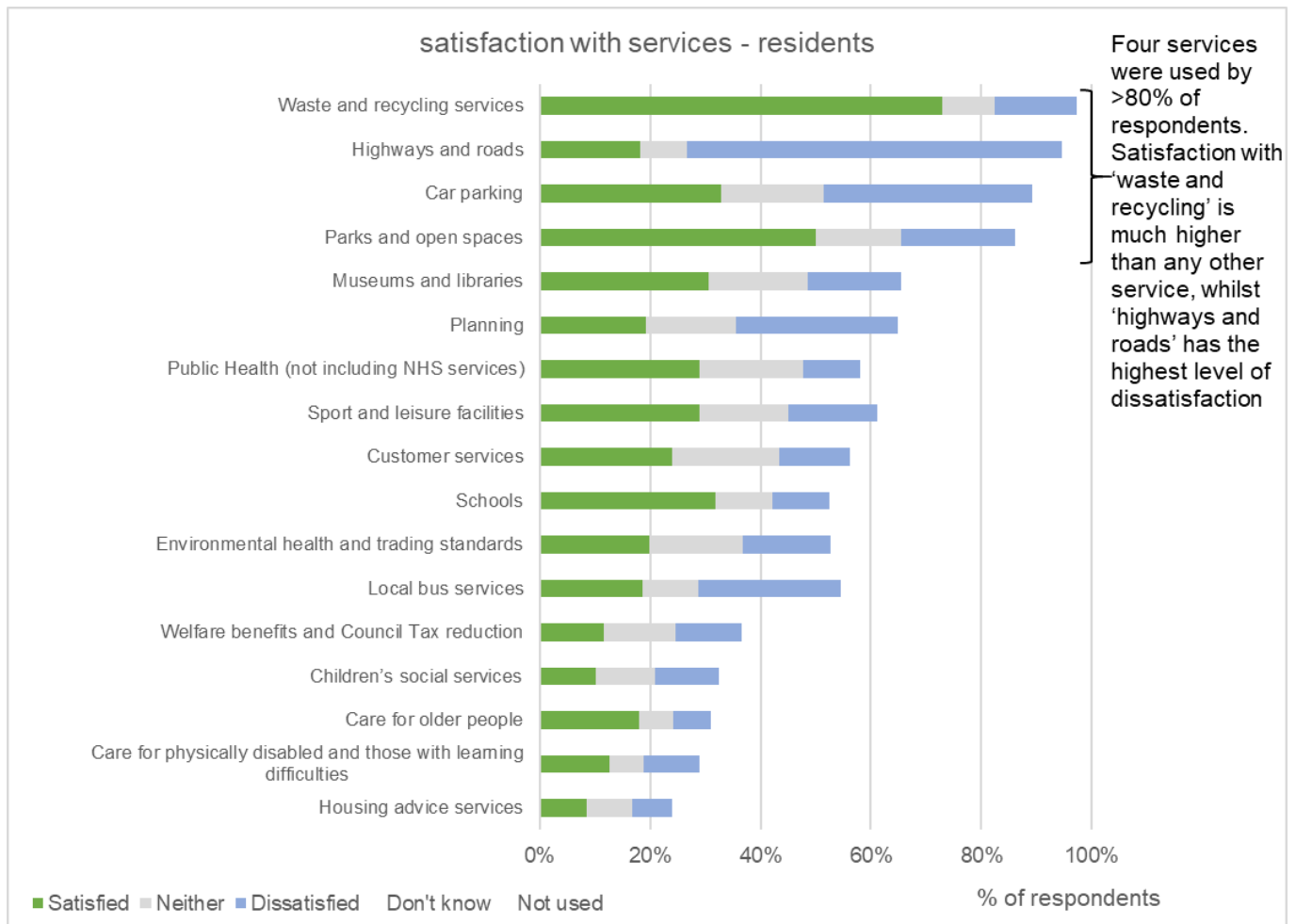


There appeared to be a broadly similar pattern in terms of the services with the highest and lowest satisfaction levels. Two services had been used by more organisations than the rest, and of these there was a strong level of dissatisfaction with 'maintenance of roads, footpaths and cycle paths', whilst the majority were satisfied with 'street cleansing and lighting'.



Organisational users of the services who gave an opinion were also relatively satisfied with 'health and safety', 'business support resource' and 'commercial waste'. Conversely, the other services with the highest levels of dissatisfaction amongst organisational users were 'sustainable transport', 'parking', 'planning' and 'contracts and tenders'.

Figure 1: Residents' satisfaction with council services (ordered by usage)



The council's budget and savings programme (Q2 to Q6)

This section asked for views on the council's proposed plan of savings for the next year and for the next 5-10 years. Also respondents were asked to select their three highest priorities of investments which form the County Plan commitments. The questions in this section were common for both residents and organisations.

Proposed savings by directorate (Q2 & Q3)

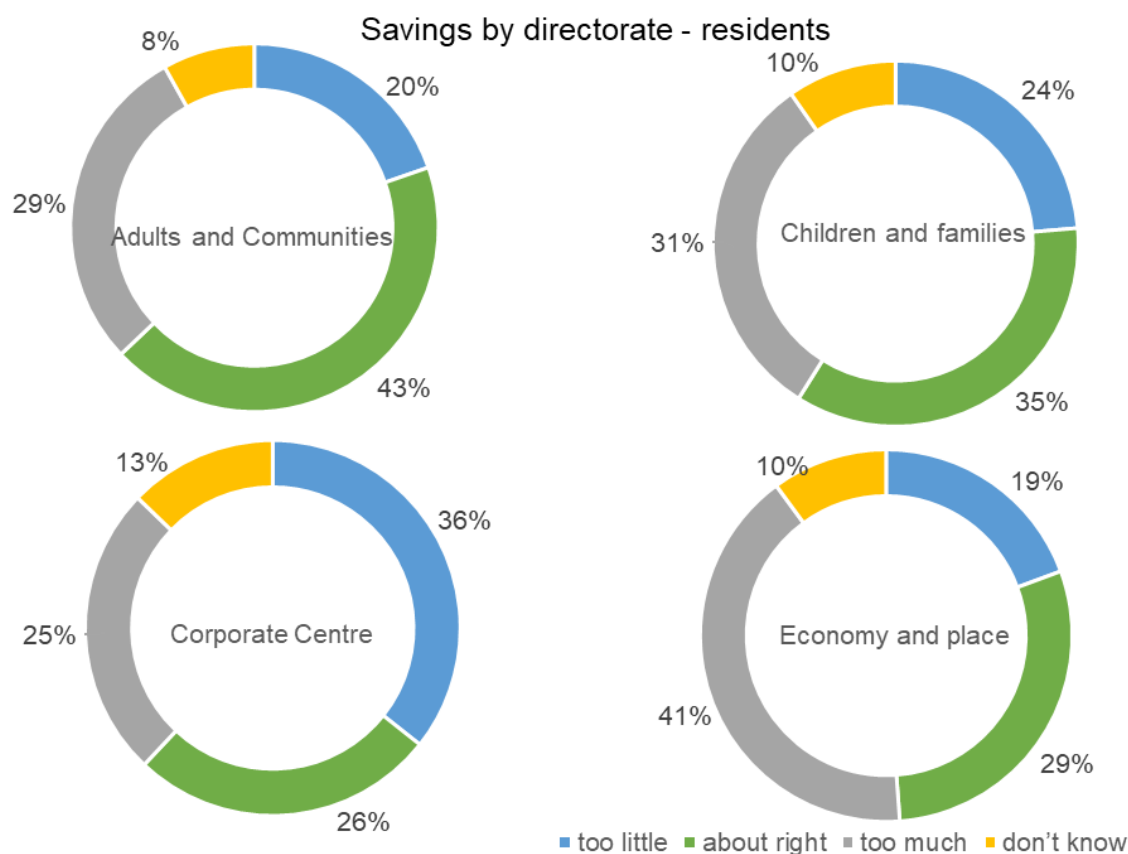
See figure 2: in summary, residents indicated that the proposed savings for:

- Adults and Communities were 'about right' (43% of respondents)
- Children and Families are either 'about right' (35%) or 'too much' (31%)
- Economy and Place are 'too much' (41%)
- Corporate centre aren't enough (36%)



Responses to the organisation survey were broadly similar, although the most common response for Economy and Place was that the level of savings was 'about right'.

Figure 2: Opinion of the proposed amount of savings by directorate



Around 100 residents provided a comment on the proposed savings by directorate. The most common theme (about one third of comments) were complaints about the council’s performance and service, including being inefficient and not providing value for money. On the other hand, the next most common theme (about a fifth) expressed concern about the size of the proposed cuts and the impact that they may have on services.

Impact of previous savings reductions (Q4)

Of the 119 comments answering this question, three common themes emerged:

- Almost half mentioned transport infrastructure – for example the state of the roads, or complaints about the bypass not being built.
- Another common theme was about the running of the council – for example not providing value for money / wasting resources / being badly run.
- Conversely, a number of comments raised concern about the impact of previous and future savings on services for children, families and vulnerable people.

Ways to make services more affordable to run (Q5)

Figure 3 shows the options given in order of the number of resident respondents who said they strongly agreed or tended to agree. Two stood out as being most favoured:

- making more efficient use of council assets such as land and buildings (88%)
- changing working practices to make better use of technology and more efficient ways of working (87%)

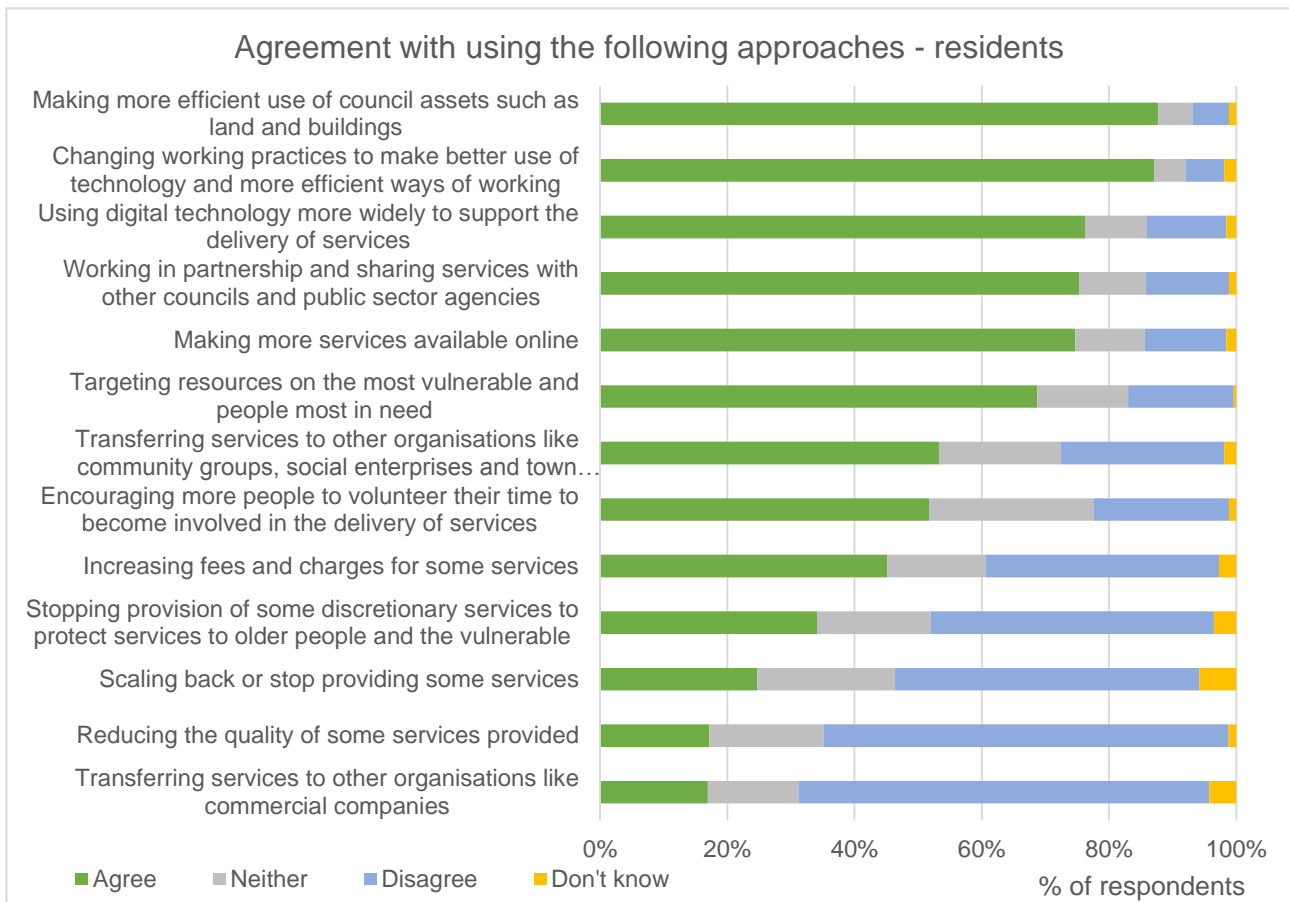
Those with the highest levels of disapproval were:

- transferring services to other organisations like commercial companies (65% strongly/tend to disagree)
- reducing the quality of some services provided (64%).



Organisation responses were broadly similar with regard to the most and least favoured, with just a slight variation in the order.

Figure 3: Degree of support for different options for savings (ordered by level of agreement)



Highest priorities for investment (Q6)

This question asked respondents to rank their top three priorities from the list in figure 4. The results are based on a weighted average of those responses.

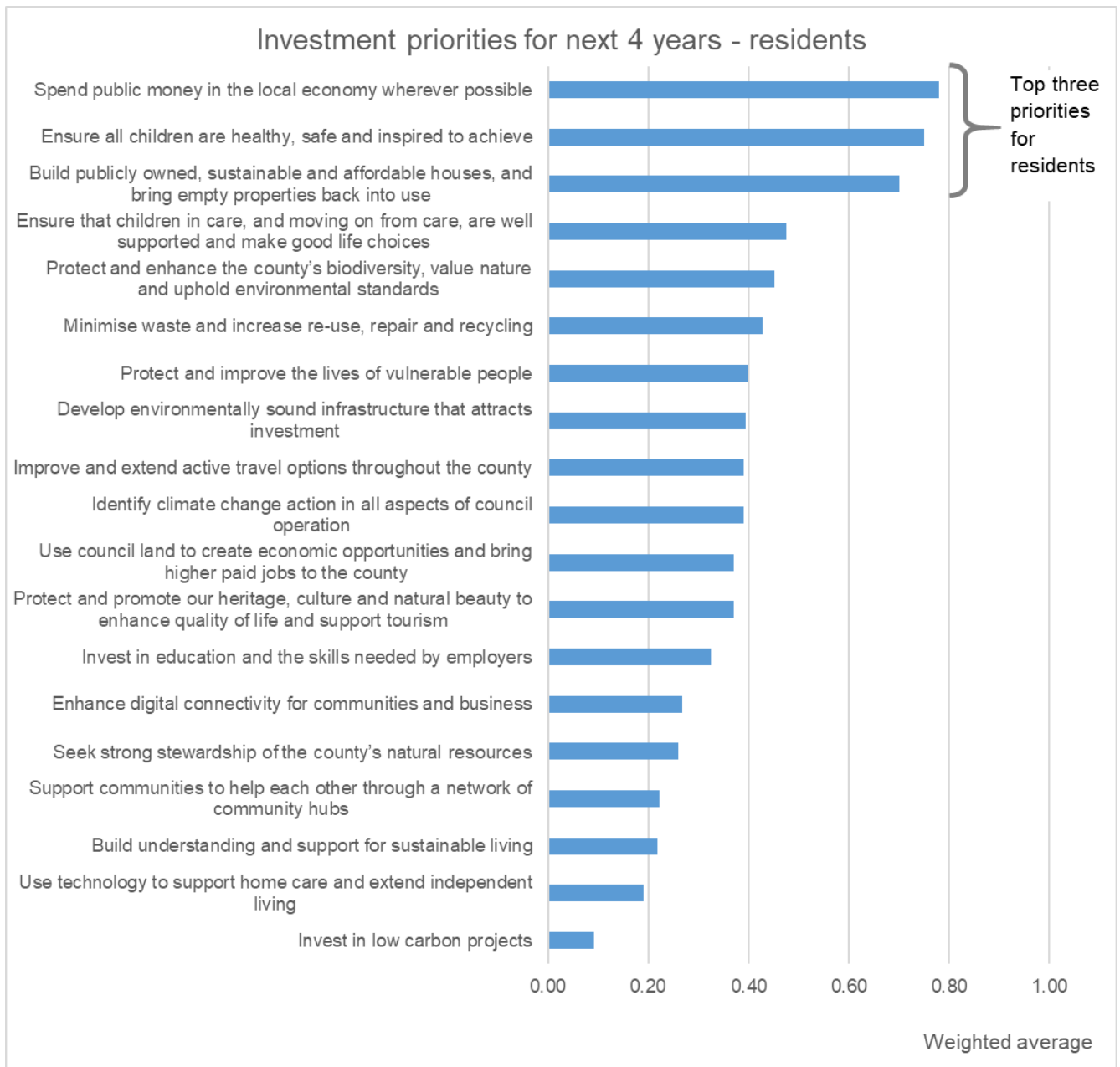
There were three clear priorities for respondents to the residents' survey:

- Spend public money in the local economy wherever possible
- Ensure all children are healthy, safe and inspired to achieve
- Build publicly owned, sustainable and affordable houses

In respect of organisational responses, although numbers were again too small to draw meaningful conclusions, two priorities did stand out from the rest: Spend public money in the local economy wherever possible and Build publicly owned, sustainable and affordable houses.

Investment in low carbon projects was the lowest priority for both residents and organisations, but it should be noted that this priority would be implicit in some of the other, higher priority choices.

Figure 4: Investment priorities order by weighted score – residents



Council Tax and social care precept (Q7 & Q8)

In this section, residents were asked about their preference on the level of Council Tax increase that the council should consider for 2021/22: increase Council Tax by 4.99%, or by 3.99%. A further question asked about support for a larger increase if the government were to allow it.

- 71% of respondents supported an increase of either 3.99% or 4.99%, with notably more in favour of the higher increase (41%). There wasn't an option of a lower increase, but 27% of respondents said that they preferred neither option.
- If the government were to relax the current thresholds and allow a bigger increase, a clear majority of respondents (65%) were opposed to the council increasing Council Tax by more than 4.99%.

Potential schemes to support vulnerable residents (Q9 to Q12)

Residents were asked if they would be prepared to pay more Council Tax to help households on low incomes. They were also asked if they would support a voluntary scheme that would allow them to contribute towards community schemes, for example to help create the best start in life for children and young people.

- Whilst 41% of respondents indicated that they would be willing to pay more Council Tax if the increase was used to help households on low incomes, 59% said they wouldn't.
- A majority (61%) would support a Herefordshire Community Contribution Scheme, with respondents almost equally divided as to whether they would consider making a contribution to such a scheme: 51% yes, 49% no. A large majority of residents who indicated that they would support the scheme would also consider making a contribution (79%).
- The majority of people who would be prepared to pay more Council Tax to support households on low incomes would also support a Community Contribution Scheme, and would consider paying into it (69%). However, it is also interesting to note that a significant proportion of people who were not willing to pay more Council Tax towards helping people on low incomes, would consider paying into a community contribution scheme (49% of 156 people).

Of the 103 people who indicated they would not be prepared to contribute and also provided a comment, over half expressed a view that they didn't feel it was for them to be making these kinds of contributions. For example, they thought that it should be left to individual charities or the government, or that they could not afford to contribute. The next biggest theme (about a third) was that they were not confident that the council would spend the money wisely.

Notably, almost one third of those who would be prepared to contribute raised trust issues, raising concerns around whether the council would spend the money appropriately or as the contributor intended. A third also indicated that they would want some kind of control or choice as to how the money was used, or reassurance that it would only be used for purposes they approved of. More

positively, over half the people who said they would contribute felt it was their responsibility, or moral duty to make such a contribution.

General comments about the budget and council savings plan (Q13)

The most common themes amongst the 144 answers to this question were:

- 69 respondents expressed dissatisfaction with or mistrust of the council.
- 29 indicated that they either can't afford any more increases in Council Tax, raised concerns about the size of the proposed increases or thought more funding should come from central government.
- 24 respondents thought the council should be doing more to support the most vulnerable and/or the environment.

Local area and the council (Q14 to Q20)

The final section asked about respondents' views of the council generally and their local area.

Satisfaction with local area (Q14 to Q16)

- Over three quarters of residents (76%) were satisfied (fairly or very) with their local area as a place to live.
- However, almost half (46%) felt that Herefordshire has become a worse place to live in the past two years; 36% thought it was the same and 15% that it has become a better place.

Of the 33 comments from people who thought things had got better, most were positive comments about the council and/or the new administration.

Amongst the people who thought things had got worse, three main themes emerged:

- Complaints about the state of the roads, congestion, the bypass cancellation or parking issues (67 comments).
- Dissatisfaction with the way the council has been running things (53).
- Comments about a worsening of the environment in its widest sense – a view that the county has become more run-down, for example concerns about empty shops, litter, lack of facilities, crime or anti-social behaviour.

General opinions of the council (Q17 to Q20)

- Responses were fairly evenly split about the way the council runs things: 43% dissatisfied and 41% satisfied. However, of those who were dissatisfied, almost half (20% of total) were very dissatisfied, whereas 6% of respondents were very satisfied.
- 23% of residents agreed that the council provides value for money whereas 50% thought that it doesn't, half of whom strongly disagreed.
- There was a strong association between satisfaction and perceived value for money, almost a fifth of people who were fairly satisfied with the way the council runs things tended to

disagree that it provides value for money.



The organisational response to both questions was broadly similar, but slightly more positive with regard to perceived value for money (about a third agreeing).

Responses to the questions about communication and influencing decisions are shown in figure 5 (Residents):

- A fairly significant minority (42%) agreed that the council keeps them informed.
- There was an equal split on being kept informed about proposals for change (40% agreed, 39% disagreed).
- However, there was much less agreement about being able to influence decisions affecting their local area; 20% agreed and 63% disagreed.



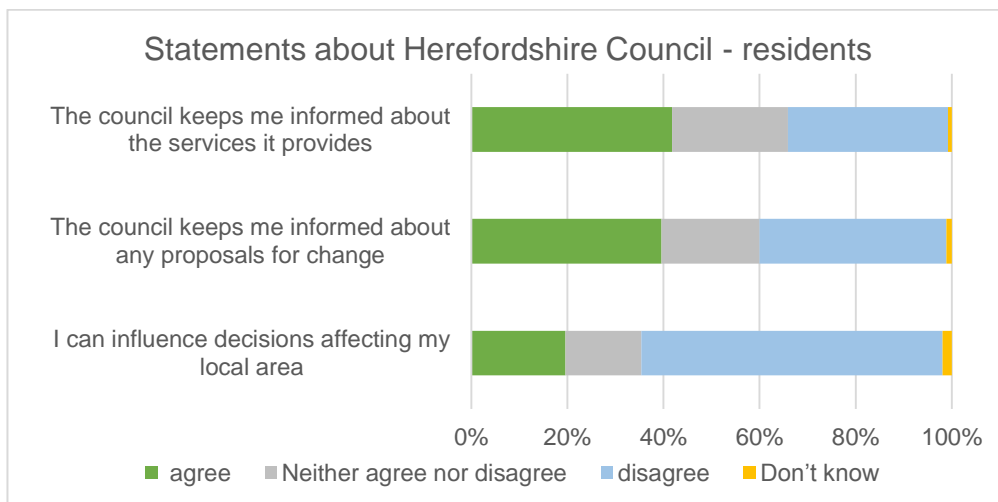
Organisations tended to disagree to a greater extent than residents with all three of these statements.

- The majority (69%) of respondents felt that the council doesn't act on the concerns of local residents with a quarter thinking it doesn't at all. A third of respondents believed it does.



Organisations shared a similar view.

Figure 5: Communication and influencing decisions



Growth bid - Armed Forces Covenant Support Officer

It is the Council's responsibility to support the delivery of the Armed Forces Covenant in Herefordshire and more specifically to support the Covenant Partnership which is made up of representatives from a wide range of service providers, charities and stakeholders.

Historically there has been officer support available, in 2017 the Forces In Mind Trust's self-assessment tool identified that there were a few areas of weakness based mainly on the integration of the covenant into policy and service delivery and communication and publicity both internally and across the county. A successful cluster bid with Shropshire, Telford & Wrekin and Worcestershire, led by Herefordshire Council, was submitted to the Armed Forces covenant fund which enabled the employment of a support officer from November 2018 covering 2 days each week in Herefordshire and another 2 days each week covering Worcestershire. The job purpose is to support the work of the partnership in both Herefordshire and Worcestershire to ensure that they are meeting the aims of the covenant in those areas. The role specifically picks up crucial pieces of work being:-

- Development and delivery of Communication Plans;
- Armed Forces Needs Assessment development;
- Support the development of and delivery of the respective Action Plans;
- Support the set up and co-ordinate the delivery of the pilot Veteran Hubs.

Two years on, we've reviewed the self-assessment tool and can demonstrate the difference that this post has made to the partnership, addressing those identified areas of weakness and in addition, the development of a training package for all frontline staff, an increase of covenant signatories in Herefordshire's local business community from approximately 30 to 70, support to ensure Herefordshire Council achieved the Gold Award for the Employer Recognition Scheme, increased publicity through press and social media coverage, co-ordination of events and activities, cross border working and shared resources / links with Worcestershire.

This post attracted grant funding which comes to an end in March 2021. Worcestershire County Council has committed to funding the post at £10k with an annual review scheduled 31st December 2021, this growth bid is asking for Herefordshire Council to **match this funding with £10k revenue base budget.**

Retention of this post will enable:-

1. The council to meet its obligations for the Armed Forces Community identified as being up to 25% of our population in Herefordshire. Particularly as outlined within the Equality Policy, through roll out of the training package that has been developed for frontline staff and ensuring identification of those veterans, serving personnel, their families and carers;
2. In turn, this will enable the Council to also meet its obligations under the terms of the new Covenant Legislation which is due this year whereby we have to pay due regard to needs in particularly health, education and housing;
3. Maintain all communication channels internally and externally including webpages, social media, which in turn supports the visibility of how the covenant is being delivered in Herefordshire;
4. Review and refresh the Armed Forces Needs document and maintain the Partnership Action Plan based on the identified needs/issues;
5. Continuing the links with profiling Herefordshire Council's successful delivery of the covenant with the Office of Veteran Affairs and managing to gain regional and national presence of what 'good' looks like in the way that we are delivering;
6. Build on the benefits of cross-border working where we are jointly gaining knowledge and information, sharing best practice, etc.

