

Agenda

Cabinet

Date: **Thursday 30 January 2020**

Time: **6.00 pm**

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

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

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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 Pauline Crockett
Councillor Gemma Davies
Councillor John Harrington
Councillor Liz Harvey
Councillor Trish Marsh
Councillor Ange Tyler

Agenda

	Pages
<p>1. APOLOGIES FOR ABSENCE</p> <p>To receive any apologies for absence.</p>	
<p>2. 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>	
<p>3. MINUTES</p> <p>To approve and sign the minutes of the meeting held on 19 December 2019.</p>	11 - 18
<p>4. QUESTIONS FROM MEMBERS OF THE PUBLIC</p> <p>To receive questions from members of the public.</p>	
<p>5. QUESTIONS FROM COUNCILLORS</p> <p>To receive questions from councillors.</p>	
<p><i>HOW TO SUBMIT QUESTIONS</i></p> <p>The deadline for submission of questions for this meeting is:</p> <p>5pm on Friday 24 January 2020.</p> <p>Questions must be submitted to councillorservices@herefordshire.gov.uk or to the monitoring officer in writing at Herefordshire Council, County Offices, Plough Lane, Hereford HR4 0LE. Questions sent to any other address may not be accepted.</p> <p>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</p>	
<p>6. BUILDING MAINTENANCE, SMALL WORKS AND CLEANING SERVICES FOR HEREFORDSHIRE COUNCIL</p> <p>The council building maintenance and cleansing services were amalgamated under a single contract, which was procured through an open market tender exercise and this contract is due to terminate on the 31 August 2020. This contract now needs to be procured for a period from 1 September 2020 to 30 June 2023.</p>	19 - 26
<p>7. USE OF RESERVE FUNDING TO SUPPORT HEREFORD TRANSPORT AND SOUTH WYE TRANSPORT PACKAGE REVIEW</p> <p>For Cabinet to approve the amendment of £360k from the financial resilience earmarked reserve to fund costs associated with the review of the Hereford Transport and South Wye Transport Package to be completed by 31 July 2020.</p>	27 - 30

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|---|-----------|
| 8. CORPORATE PLAN 2020-24 | 31 - 68 |
| To agree proposals for the Council's Corporate Plan 2020-24 for recommendation to Council. The council's constitution requires cabinet to make recommendations to council in respect of budget and policy framework; the Corporate Plan forms part of this framework. | |
| 9. 2020/21 COUNCIL TAX REDUCTION SCHEME | 69 - 218 |
| To recommend to Council the continuation of the 2019/20 local council tax reduction scheme (CTR) for 2020/21. | |
| 10. CAPITAL PROGRAMME 2020/21 ONWARDS AND CAPITAL STRATEGY | 219 - 258 |
| To recommend to Council for approval the capital investment budget and capital strategy for 2020/21 onwards. | |
| 11. SETTING THE 2020/21 BUDGET AND UPDATING THE MEDIUM TERM FINANCIAL STRATEGY AND TREASURY MANAGEMENT STRATEGY | 259 - 332 |
| To agree the draft 2020/21 budget and associated medium term financial strategy and treasury management strategy for recommendation to Council on 14 February. | |

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

Guide to Cabinet

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

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 Trish Marsh (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

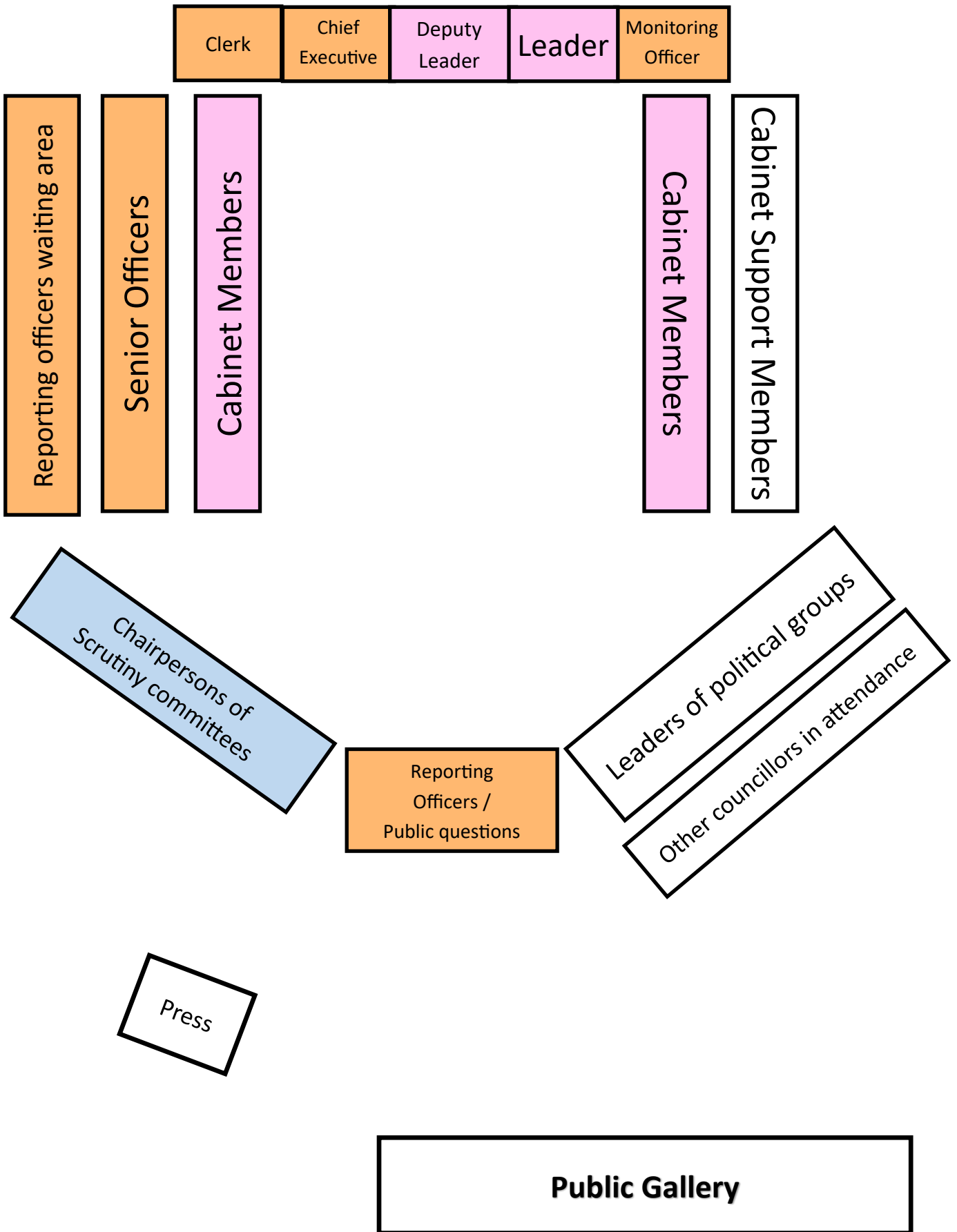
The Cabinet's roles are:

- 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?

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

Pink	Members of the cabinet, including the leader of the council and deputy leader – these are the decision makers, only members of the cabinet can vote on recommendations put to the meeting.
Orange	Officers of the council – attend to present reports and give technical advice to cabinet members
Blue	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.



Herefordshire Council

Minutes of the meeting of Cabinet held at The Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Thursday 19 December 2019 at 6.30 pm

Present: Councillor David Hitchiner, Leader of the Council (Chairperson)
 Councillor Felicity Norman, Deputy Leader of the Council (Vice-Chairperson)
 Councillors Pauline Crockett, Gemma Davies, John Harrington, Liz Harvey, Trish Marsh and Ange Tyler

Cabinet support members in attendance Councillors Peter Jinman and Alan Seldon

Group leaders in attendance Councillor Jonathan Lester

Scrutiny chairpersons in attendance Councillor Jonathan Lester

Other councillors in attendance: Councillors Mike Jones and Nigel Shaw

Officers in attendance: Chief Executive, Director for economy and place, Director for Children and Families, Solicitor to the council, Chief finance officer and Director for adults and communities

110. APOLOGIES FOR ABSENCE

There were no apologies from members of the cabinet.

111. DECLARATIONS OF INTEREST

No Schedule 1 or Schedule 2 interests were declared.

In respect of item 6, Councillors Marsh and Seldon stated that family members had previously used the Integrated Community Equipment Service.

112. MINUTES

Resolved: That the minutes of the meeting held on 27 November 2019 be approved as a correct record and signed by the Chairperson.

113. QUESTIONS FROM MEMBERS OF THE PUBLIC (Pages 5 - 6)

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

114. QUESTIONS FROM COUNCILLORS (Pages 7 - 8)

Questions received and responses given are attached as appendix 2 to the minutes.

115. RECOMMISSIONING COMMUNITY EQUIPMENT SERVICE

The cabinet member health and adult wellbeing introduced the report. The head of community commissioning and resources and senior commissioning officer attended for this item.

Those in attendance were reminded that the successful bidder would not be named until the procurement process had been completed.

In discussion of the report cabinet members noted that:

- Herefordshire had an older than average age profile and some growth had been built into the contract specification, the focus of the service would be on older people and trying to keep them independent and at home, although there were some younger people who would access the service;
- The service provided some equipment such as sensory reminders and medication reminders which could help people with dementia, it was expected that the technology would change in the coming years and that the service would need to respond to this;
- The budget allowed for some growth but would be robustly managed to ensure that users were re-abled rather than made dependent on equipment and that over-prescribing was avoided;
- There were a variety of different models in use across the country, Herefordshire was unusual in having a single service for all equipment needs rather than separate streams, this gave more opportunity for recycling of equipment and presented a fuller picture of need and expenditure;
- Engagement with prescribers would be key to delivery of the service and prescribers with high levels of failed deliveries would be followed up, efforts would also be made to improve return rates when equipment was no longer needed;
- The equipment was sourced from a range of suppliers and included local suppliers where possible, particularly for specialist items;
- A self-purchase portal would be available for those people who preferred to buy a new or customised item rather than have a recycled one, it would also be available to self-funders with help and advice to meet their own identified needs but no follow up support;
- Much of the complexity of the contract was in the way in which equipment was prescribed, there would be clinical input from an occupational therapist and input from a business manager to support prescribers and monitor spending and performance.

Group leaders were invited to express the views of their group. Improvements to the service were welcomed and it was felt that these would enhance the service and help to address delays in transfers of care. It was suggested that the weighting of environmental considerations in the procurement scoring should have been higher and that this might need to be reviewed for future procurement. The head of community commissioning explained that more questions had been included in the procurement this time, including the question on environmental considerations, and that the weighting on that question had not made a significant difference in the outcome.

It was agreed that:

(a) a five year contract for the delivery of the Integrated Community Equipment Service is awarded to Supplier A outlined in Appendix 1 at a total cost of no more than £9m over the lifetime of the contract.

116. HOMELESSNESS PREVENTION AND ROUGH SLEEPING STRATEGY

The cabinet member housing, regulatory services, and community safety introduced the item. The programme director housing and growth and strategic housing manager attended for this item to respond to questions.

It was acknowledged that tackling homelessness and rough sleeping was a high priority for the council and that the strategy focussed on prevention and developing suitable accommodation.

In discussion of the proposed strategy cabinet members noted that:

- Services were available to migrants, some of whom were rough sleeping, and there was a need to review and develop the structure for delivery;

- Many housing associations nationally had taken a more risk adverse approach to rough sleepers as potential tenants and avoided letting to people on benefits, in Herefordshire the strategic housing forum had been relaunched and the council had identified the importance of outreach and navigation workers to help individuals to sustain tenancies;
- The council was working with Hope Scott House in Hereford to develop their provision for homeless persons and a capital investment would shortly provide an additional 5 self-contained apartments with office space alongside for use by support services, being self-contained the accommodation was available to both males and females;
- The council's enforcement teams worked to deal with poor quality rented accommodation, it had been noted that increased regulation and small margins were squeezing out smaller landlords and work was taking place with housing associations to ensure that private rental properties were offered;
- The council was considering developing its own properties, which might provide an opportunity to fill gaps in the types of accommodation available;
- The lack of accommodation which would accept pets had been raised by the voluntary and community sectors as a deterrent to some people coming forward for help;
- Further bids would be submitted for funds to support health improvement projects and work continued with health partners to provide access to services;
- The housing solutions team had an out of hours service with 24 hour helpline to support people in crisis, the team had contacts with private landlords and with the night shelter in St Peter's Square in Hereford;
- Connections had been made between council strategies to co-ordinate work, for example the prevention toolkit for the community hubs model would help to support vulnerable people within and through their local community;
- There were differing views as to whether members of the public should be discouraged from giving money to people begging on the streets with some organisations believing that it helped to sustain individuals' drug or alcohol habits or rough sleeping as a lifestyle, however care needed to be taken not to stigmatise all homeless people and the council had given feedback to those responsible for recent posters on street furniture in Hereford that it was not an appropriate message.

Group leaders were invited to express the views of their group. It was suggested that reporting should use figures as up to date as possible, perhaps quarterly, to assess trends and check the effectiveness of the strategy. It was also suggested that the strategy should be titled for the prevention of rough sleeping.

Following consideration of the points raised:

Councillor Davies proposed and Councillor Harrington seconded that the strategy should be amended to make more specific reference to services for migrants.

Councillor Marsh proposed and Councillor Norman seconded that the title of the strategy should be amended to stress the prevention element and that the strategy should include reference to pets.

The above amendments having been accepted it was agreed that:

- (a) the Strategy for the Prevention of Homelessness and Rough Sleeping at appendix 1 be approved, with the additional inclusion of reference to migrants and pets.**

The meeting ended at 7.36 pm

Chairperson

PUBLIC QUESTIONS TO CABINET – 19 December**Question 1****Ms H Boughton, Llangarron****To: cabinet member, health and adult wellbeing**

I ask for reassurance from Herefordshire Council that they will follow the example of other UK councils, such as Totnes and Frome, and insist on a complete halt or a moratorium on the rollout of highly dangerous 5G technology because it has not been proved to be safe from a public health perspective. In fact the frequency band in which 5G operates is used as a weapons system (Active Denial System) by the US military. I believe that the council are unable to obtain liability insurance for damage claims relating to electromagnetic radiation exposure. Please see the objecting comments on BT's 5G planning application P193967/F for more details on this subject. Please can the council confirm that they will not be subjecting residents to highly dangerous 5G millimetre wave radiation?

Response

The role of councils in the deployment of 5G will be limited. The mobile providers will make their own decisions over deployment timescales and locations and often no planning permission will be required due to the existing national legislation of permitted development. The council is also aware of public concerns over potential health impacts of 5G, and will work with organisations such as Public Health England to understand and disseminate relevant information. It is possible that there may be a small increase in overall exposure to radio waves when 5G is added to an existing network or in a new area. However, the overall exposure is expected to remain low relative to guidelines and, as such, there should be no consequences for public health.

Public Health England is committed to monitoring the evidence applicable to this and other radio technologies, and to revising its advice, should that be necessary.

The full details are here: <https://www.gov.uk/government/publications/5g-technologies-radio-waves-and-health/5g-technologies-radio-waves-and-health>

COUNCILLOR QUESTIONS TO CABINET – 19 December**Question 1****Councillor Bernard Hunt, Newton Farm Ward****To: cabinet member, infrastructure and transport**

Given recent traffic incidents and the continuing increase in traffic fume pollution through Hereford City, can the cabinet tell us when they will be announcing positive policies regarding the County's road infrastructure?

Response

Thank you for your question. Tackling traffic congestion and air quality in Hereford is a priority for me and, together with Highways England who manage the A49, I am actively exploring ways of keeping the county moving. Following my decision in October to review the Hereford bypass and southern link road schemes, the scope of this review has been developed and I anticipate confirming this in a formal decision which will be published next month. This will determine the next steps to be undertaken and a timescale for this work. The review will look at other options including an eastern link / river crossing, removal of traffic signals and emergency incident response arrangements to remove blockages on the city's roads, an electric bus fleet for the urban bus network, a very light rail system and further improvements to cycle and pedestrian provision across the city including safer routes to schools. Meanwhile, I am also progressing an ambitious programme of other improvements to deliver public realm and active travel schemes in Hereford. This includes the provision of a high quality transport hub at the train station, public realm improvements on Commercial Road, Blueschool & Newmarket Street, improvements to the public realm in the High Town area and south wye area. The draft budget for next year allocates funding to progress this work.

Question 2**Councillor Nigel Shaw, Bromyard Bringsty Ward****To: leader of the council**

The new, alternative, proposal presented by Cllr. Harrington to the LEP in place of the approved SWTP funding project was rejected by Marches LEP by 8 votes to 1 at their emergency board meeting in November. The proposal however remained "confidential" and has been kept secret from councillors and the public ostensibly because of election purdah rules. Now that the election is over will the Leader, in the spirit of openness and transparency, order the immediate publishing of this document so that we can all examine the alternative proposals that his administration have prepared in secret, without any consultation, and not just the cabal of officers, councillors and LEP board members who were privy to the LEP meeting?

Response

The proposal in relation to SWTP was recommended in a report presented by the LEP Executive not Cllr Harrington. However, I agree that it is important for this paper to be made public and I understand that the LEP will shortly be publishing the paper on their website now that purdah has ended.

Supplementary Question

I thank the Leader for his answer and in re-reading the LEP minutes I note that he stepped out of the meeting while the report was discussed by Richard Ball and Mairead Lane in the presence of Councillor Harrington and again when the decision to reject the proposals was made,

APPENDIX 2

Councillor Harrington curiously substituting for him only during these key moments of the meeting. If the report is a LEP executive report as the Leader states, then the issue of keeping the matter secret during purdah concerns me. The LEP is now a limited company and purdah rules do not apply to such entities. I believe that there is a public interest in transparency about this issue. When and where has the authority recorded its consideration of the public interest in not disclosing this information to provide a full picture? If the suggestion of purdah is a ruse to keep the report secret then I suggest that this is wrong and that the public interest matter is considered urgently by the monitoring officer with a view to ordering immediate publication by close of business tomorrow.

Councillor Harrington gave a solemn undertaking, publicised in this authority's press release of 23 October to provide a decision in respect of the SLR and bypass by the end of this year. I am very concerned that we are still waiting for any indication. Has the Leader warned Cllr Harrington that to renege on his promise to publish his decision would be very naughty, and might see him in receipt of only one lump of fossil fuel for Christmas? Seriously, before the LEP meet on 27 January with a recommendation to cancel the funding agreement, will he publish?

Response to supplementary question

I think you are probably only allowed one question but it's close to Christmas so we will let you off today. Your question about whether purdah applies or not, we will take up with the LEP as it was their decision. I think it is a fair comment from you so we will take that up. For the other, I will ask Cllr Harrington to respond.

Cllr Harrington

We will issue a decision on the scoping document just after the New Year.

Question 3

Councillor Bob Matthews, Credenhill Ward

To: leader of the council

The Cabinet Agenda is circulated on a Thursday, a full week before the meeting is due to be held, but the deadline for written questions is 5 PM the following day which gives Members very little time to prepare their questions and submit them to Councillor Services before the deadline expires.

I ask that the deadline be extended until 5PM the following Monday, still giving three clear days before the Cabinet meeting is due to be held. It is after all only democratic that councillors are given the opportunity to hold the administration to account.

Response

The council is committed to open and accountable local decision making and does encourage members of the council and public to engage in local decision making by utilising their right to ask questions at our public committees. In addition to written public and member questions, supplementary questions are also permitted at our public committees. The rules that govern our public and member questions processes are set out in the council's constitution and the timescales are outlined in the cabinet rules.

I will ask the audit and governance committee to consider this.



Meeting:	Cabinet
Meeting date:	Thursday 30 January 2020
Title of report:	Building maintenance, small works and cleaning services for Herefordshire Council
Report by:	Cabinet member commissioning, procurement and assets

Classification

Open

Decision type

Key

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 and summary

The council building maintenance and cleansing services were amalgamated under a single contract, which was procured through an open market tender exercise and this contract is due to terminate on the 31 August 2020. This contract now needs to be procured for a period from 1 September 2020 to 30 June 2023.

The relatively short term of this contract will provide a timeline for the completion of a strategic review of property services and subsequent implementation of change subject to approval.

The services delivered under this contract are critical to ensuring that the council is able to maintain its buildings in a condition that is safe for community users and staff. This contract enables Herefordshire Council to react to these requirements in a timely and cost effective way.

The council has a duty of care to ensure the safety of the users of over 100 of the council's operational buildings such as libraries, offices, children's centres and schools both visiting public and our staff; this contract enables the council to comply with these duties.

Recommendation(s)

That:

- (a) a property maintenance and cleaning service contract be procured for a two and a half year period from 1 September 2020 – 30 June 2023 with provision for a one year extension; and**
- (b) the director of economy and place be authorised, following consultation with the cabinet member for assets, contracts and procurement, to award a contract to the successful provider for each or both services following tender evaluation, with a contract value of up to £12m per annum.**

Alternative options

1. To procure a longer term contract; this option is not recommended as a strategic review of property services will be undertaken in 2020; this review will include recommendations which encompass the future delivery of maintenance and cleaning services, to ensure the council procure the most efficient and effective service going forward which accords with the new property services model.
2. Not to procure the service; this option is not recommended as the council have outsourced this service and do not have an in-house management resource required to manage the service and deliver continuous service provision.
3. To procure the service by way of two separate contracts (maintenance and cleaning); this option is not recommended as it would be a retrograde step and the efficiencies of single management i.e. not duplicating management structures, and delivery of services by a single provider which have achieved savings of £100k per annum, would be lost.
4. To transfer the services into the public realm contract; this option is not recommended as the council are seeking to undertake a fundamental service review and may therefore need to extract the service from the public realm contract at a future date, to procure the service going forward and this would create unnecessary cost and work.

Key considerations

5. The current maintenance and cleaning service contract is delivered by Balfour Beatty Living Places (BBLP); the contract was awarded in September 2018 following an open market tender exercise further to a [cabinet decision on 12 April 2018](#) and the initial period was due to expire on the 31 August 2019. This was extended for a further year under the terms of the contract and as authorised by a [cabinet member decision](#). An assessment of the future delivery of the council's property service was undertaken during the last council administration. The assessment recommended commissioning the majority of property services by way of two contracts; one covering professional services and the other

maintenance and facilities management services. Further to the change in administration in May 2019, the cabinet member for commissioning, procurement and assets has requested that action in respect of this recommendation is suspended so that a further service review and options appraisal are undertaken to determine whether there are feasible options to retain some services in-house.

6. A short term contract for two and a half years will enable time for a full strategic review of property services to be completed, subsequent to which, and subject to approval, a service redesign and a procurement process will be undertaken for a long term provision of maintenance and cleaning services. This is to ensure the council employs the most effective and efficient model of service delivery going forward.
7. The two years and nine month contract will ensure consistent service, with the delivery of key day to day maintenance and the required regular testing and servicing of plant and equipment and the delivery of cleaning to council offices and buildings. It will ensure that corporate buildings are maintained, cleaned and remain fit for use. An evaluation of “need” of services will take place rather than repeat of current schedule and this will be assessed as part of the tender process; and include intention to drive savings and efficiencies.
8. A contract for two years and nine months i.e. from the 1 September 2020 to 30 June 2023 is considered appropriate as the termination date falls after the next council election and period of purdah. Ideally, the new contract would commence at the start of the financial year 2023/24, however this will be during purdah in respect of the next election and it is therefore considered prudent not to mobilise a new contract of this value during the election period.
9. The contract value has been reviewed to align with known budgets. The contract has the potential to be utilised to deliver capital projects relating to council owned property and small works capital projects up to a value of up to £250k per project. Any projects will be subject to the council’s standard governance process before they are progressed.
10. The contract will be based on the New Engineering Contract (NEC), or NEC Engineering and Construction Contract. It is a formalised system created by the Institution of Civil Engineers that guides the drafting of documents on construction projects, building services and can incorporate facilities management such as cleaning services. The contract provides clear visibility of delivery, cost and an early warning culture for positive partnership working and effective management of budget. The council’s contract management team’s portfolio consists of infrastructure and construction contracts, which have well established processes and procedures for NEC3 contracts, along with a newly designed and mobilised ICT system for change control.
11. The contract will be flexible to enable combining operations with other public organisations such as Housing Associations and the potential to be expanded in the event that the council chooses to own and manage its own housing stock in the future.
12. The contract is non-exclusive and the model sets out clear payment option mechanisms; Cost Reimbursable (sometimes called cost plus) is one in which the contractor is reimbursed the actual costs they incur in carrying out the works, plus management fee. This option is for works that are emerging or unable to define and the council hold the risk. Target Cost is agreed between the provider and council, this includes the provider’s estimate of what are called “Defined Costs” plus a fee which covers the provider costs,

overheads and profit. This option is shared risk between the provider and council and incentivises through pain or gain share. Lump Sum is a fixed price and interim payments are based upon the completion of activities which are included in an activity schedule. With this option the providers holds the risk and incentivises through pain or gain. Each commission will be reviewed to establish the most effective payment mechanism to provide effective cost management.

13. The council will be managing the contract and will undertake regular service reviews for continuous improvement and to demonstrate value for money; an example being grounds maintenance which was reviewed and delivered cost savings and improved efficiencies under the existing contract. This will include the provider's supply chain and subcontractors. Findings and outcomes will be shared for learning and implementation at contract level with any significant findings presented to the council's management board for cross directorate learning and improvements.
14. The contract will set out key performance indicators to monitor the performance of the service, this will be reviewed on a monthly basis through contract operational meetings. The key performance indicators will include measures to reduce the generation of carbon and align with council policy in respect of the Climate Emergency. A robust contract governance will be set out in the contract for clear routes of escalation and reporting. Data in respect of the estate assets covered by the contract will be verified for accuracy prior to the procurement process and subject to ongoing scrutiny during the contract period.
15. The provider can choose to lease a council premises (such as a unit at Three Elms Trading Estate) if available, to use as a depot and desk space for partnership working from the council for the contract period, at a commercial market rent. Alternatively they can acquire their own premises.
16. The tender will be evaluated on a cost and quality basis, with 60% quality and 40% cost, due to the contract model, with quality questions included in the invitation to tender (ITT) being given marks which will form the basis of the quality evaluation. The contract will also include social value requirements such as the use of local sub-contractors and labour.
17. The council will undertake market engagement in the early New Year in preparation for the tender going out to the market by the end of February 2020.
18. The proposed procurement timetable for the contract is:
 - Out to tender: February 2020
 - Tender evaluation: April 2020
 - Contract Award: June 2020
 - Mobilisation: June – August 2020
 - Commencement of new contract: 1 September 2020
19. As part of the new contract work will be undertaken to assess improved ways of managing the council's management of buildings, in partnership with the incoming provider, which will be utilised and tested in contract and in readiness for the strategic contract procurement in due course.

20. The strategic review of the council's future service needs will be undertaken in conjunction with the period of the new contract. The review will include options appraisals and horizon scanning to assess future needs. Once all options have been fully investigated and a preferred model has been identified, consideration will be given to the type and form of future maintenance and cleaning provision.
21. The two and a half year contract will have a one year extension period built in, for risk mitigation against failure to determine the strategic service review within the two year period. This is considered unlikely to be utilised at present.

Community impact

22. The services delivered are critical to the council to enable it to ensure that its buildings are maintained in a condition that is safe for community users and staff. This contract enables Herefordshire Council to react to these requirements in a timely and cost effective way.
23. Effective asset management, by using the contract will ensure the council are spending funding on areas which will have the most positive impact for individuals utilising the buildings and are in line with corporate objectives.
24. The council has a duty of care to ensure the safety of the users of over 100 of the council's properties such as libraries, offices, children's centres and schools both visiting public and our staff; this contract enables the council to comply with these duties.
25. The contract will be used to ensure statutory compliance of our asset by providing the vehicle to deliver the appropriate servicing and inspection regime. This will enable compliance with all relevant Health and Safety legislation.

Equality duty

26. 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.
27. 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. The successful provider will be made fully aware of their contractual requirements in regards to equality legislation. This decision will have no negative impact on the council or providers compliance with this duty.

Resource implications

28. The annual contract value is up to £12m per annum. There are three key areas of spend, as detailed below. The contract value allows the provision of additional capital projects, should funding be available:
 - (i) the provision of planned, reactive building maintenance and cleaning service up to £2.4m – included in revenue budget
 - (ii) the provision of council building renovation/improvement projects up to £4.5m - included in the capital budget
 - (iii) there is flexibility within the total contract value to add up to a further of up to £4.3m of additional capital projects, subject to identifying funding.
29. The potential rental income from the leasing of council premises will help the council achieve its targeted investment income. The council will look to provide savings within the procurement process.
30. All capital projects will be subject to the council's due governance requirements.
31. Expenditure in relation to maintenance construction services covers both revenue and capital elements. Expenditure in recent years has varied in line with demands placed upon the service (for example reflecting severe weather conditions), works identified as part of the condition surveys carried out on the council's estate and delivery of major projects.
32. The services are subject to TUPE for the existing contractor's staff and the TUPE information is being requested from the current providers and will be issued as part of the procurement process.

Legal implications

33. This is an executive function under the council's constitution Part 3 Section 3 and 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 in Herefordshire) affected. It is also likely to result in the council incurring expenditure which is, or the making or savings which are, significant having regard to the council's budget for the service or function concerned. The leader has delegated this key decision to the cabinet member commissioning, procurement and assets as it relates to their portfolio.
34. In common with all occupiers and landowners, the council has legal obligations under legislation (including the Health and Safety at Work Act 1974 and the Building Act 1984), as well as under common law of negligence, to maintain its properties to a safe standard of repair and hygiene. The services proposed in this report should be regarded as essential to the council.
35. The procurement route recommended in this report is compatible with the requirements of the Public Contracts Regulations 2015. Additionally the competitive tendering exercise, coupled with robust performance management under the NEC3 contract model, should enable the council to demonstrate that it is meeting its statutory duty to secure best value in the delivery of these contracted services.

36. There are no other legal considerations.

Risk management

37. Risks are being managed throughout this procurement process and a risk register is in place with appropriate mitigation identified. A number of key risks have been identified which are set out below:

Risk / opportunity	Mitigation
Satisfactory tenders may not be submitted	Given the response to the previous procurement exercise we believe there will be sufficient interest in the contract
TUPE. There are a small number of staff who would be TUPE'd on LGPS pension	TUPE information will be provided at start of tender stage and engagement with HR and Pension scheme to provide full information
TUPE. Sufficient mobilisation period to support TUPE is not possible but due to the timeframe available mobilisation will need to be completed within two months.	The required period is three months and this has been built into the procurement timeline. The council will work closely with the current provider who is aware of the timeframes and will support the incoming provider through as early effective engagement as possible
Delay achieving the target commencement date due to a compressed timetable for procurement and mobilisation	The council will support the appointed provider with mobilisation through a project management approach and apply sufficient resources to ensure that the target commencement date can be met
Ensuring value for money is achieved	Value for money will be tested at various stages of the commissioning process and the partnership will review ways to improve
Good quality effective service is continuously delivered	Performance will be closely monitored through Key Performance Indicators, to ensure services are delivering to target and continuously improved, where possible.
Slippage to the procurement timetable	Sufficient resources will be allocated to the process and technical support is available to ensure the procurement proceeds to plan.
Potential negative perception of the council if service isn't continuous.	A robust approach to mobilisation planning will be incorporated into the procurement to ensure the provider puts in

Further information on the subject of this report is available from
 Andrew Husband, Tel: 01432 383552, email: andrew.husband@herefordshire.gov.uk

place service delivery arrangements for the complete range of services to be provided. This will include clear communication plans to explain any new arrangements to our customers and stakeholders.

Consultees

38. Political groups have been consulted with as part of this decision and no material comments have been received.

Appendices

None.

Background papers

None identified.



Meeting:	Cabinet
Meeting date:	Thursday 30 January 2020
Title of report:	Use of reserve funding to support Hereford Transport and South Wye Transport Package Review
Report by:	Cabinet member finance and corporate services

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose and summary

For Cabinet to approve the amendment of £360k from the financial resilience earmarked reserve to fund costs associated with the review of the Hereford Transport and South Wye Transport Package to be completed by 31 July 2020.

Recommendation(s)

That:

- (a) **Cabinet approves the amendment of the financial resilience reserve reducing by £360k to fund the costs to complete the review work associated with the Hereford Transport and South Wye Transport Package.**

Alternative options

1. To not approve the recommendation would mean that the cost to complete the work required would require funding from alternative source, this funding source would need to be identified.

Key considerations

2. The cabinet member for infrastructure and transport determined to pause and review the new road elements of Hereford (HTP) and South Wye Transport (SWTP) packages in his decision of 22 October 2019 so that they could be reviewed to determine next steps.
3. The review scope for the Hereford Transport and South Wye Transport Package for completion by 31 July 2020, scheduled for approval on 24 January, will cost £451k in total and will include the following:-
 - Element 1: Peer Assessment of the HTP and SWTP
 - Element 2: Scope of transport strategy assessment and consideration of alternative options
 - Element 3: Stakeholder engagement, key messages, public consultation, seminar
4. Element 1, the independent peer review of the HTP and SWTP will be delivered within a budget of £91,000. This will be funded from the local transport plan and HTP capital budgets.
5. Elements 2 and 3 are transformational activity, the transport strategy review and supporting consultation and engagement will be delivered within a budget of £360k. This cost will be funded from financial resilience reserve established to fund this type of transformational activity.
6. The chief finance officer in discussion with the Chief Executive and Leader of the Council has approved the use of £360k from the financial resilience reserve to fund the review.

Community impact

7. The recommendation demonstrates how the council is using its available financial resources to deliver the review of Hereford and South Wye Transport packages.
8. The funding will be used to complete the review work to ensure any future major scheme has a positive impact on the county to address travel issues, such as congestion and air quality, as these schemes have a permanent impact upon the environment which last for generations to come.
9. It is incumbent on the council to ensure that projects are consistent with the council's declaration of a climate emergency and will contribute to reducing the carbon output of the county whilst also addressing the transport problems of the city and supporting economic growth.

Equality duty

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

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

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

- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
11. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on available reserve funding utilisation, we do not believe that it will have an impact on our equality duty.

Resource implications

12. The council completed its annual review of earmarked reserves in October 2019 where the financial resilience reserve totalled £10m; using £360k to fund the transport review costs would reduce the remaining balance to £9.64m.
13. This balance is still sufficient and appropriate for the council's needs.

Legal implications

14. The council's reserves policy states that the approval to use 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 Council. The amendment to the reserves are then reported to cabinet for approval.
15. The chief finance officer has approved the use of this reserve.

Risk management

16. To not approve the use of the available reserve funding would put the review at risk of no funding source being identified leading to the inability to complete the review work expected.

Consultees

17. None

Appendices

None

Background papers

<http://councillors.herefordshire.gov.uk/documents/s50068934/Hereford%20Transport%20Package%20South%20Wye%20Transport%20Package%20main%20report.pdf>

<http://councillors.herefordshire.gov.uk/documents/s50074586/Hereford%20Transport%20South%20Wye%20Transport%20Packages%20review%20main%20report.pdf>



Meeting:	Cabinet
Meeting date:	Thursday 30 January 2020
Title of report:	Corporate Plan 2020-24
Report by:	Leader of the Council

Classification

Open

Decision type

Key

Wards affected

(All Wards);

Purpose and summary

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

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

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

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

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

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

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

Recommendation(s)

That:

- (a) The draft corporate plan 2020-24, as set out at appendix A, be recommended to Council;**
- (b) Authority be delegated to the Assistant Director People and Performance, in consultation with the Leader of the Council, to make any amendments necessary arising from the discussions at Cabinet, prior to consideration by council.**

Alternative options

1. Cabinet may choose to amend the proposals. It is open to Cabinet to recommend alternatives to the ambition and outcomes to those proposed. However any alternatives should be informed by the evidence base available and the prevailing financial and policy context.

Key considerations

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

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

5. In the second phase of consultation, the focus was on the alignment of the council's budget to the priority areas, council tax proposals and proposed capital investments. This was a more qualitative exercise and more detailed conversations had during the public events. 137 people were spoken to during this phase. There was also an online survey available which was completed by 269 respondents.
6. The online and face to face results for the second phase highlighted the same five priority areas however in slightly different order.

Face to face

Online survey

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

- More than 14000 street lights now near 100% LED, saving money and reducing light pollution
- Acquisition of sites to support the development of higher educational facilities in Herefordshire
- Delivered financial savings in excess of £30 million over the four year period

Community impact

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

Equality duty

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

Resource implications

15. The recommendations of this report have no direct financial implications, however the priorities within the corporate plan set the strategic direction for the council. Proposals from

the Corporate Plan 2020-2024 and delivery plan 2020 will be delivered within the budget and Medium Term Financial Strategy to be agreed at Council on 14 February 2020.

Legal implications

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

Risk management

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

Consultees

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

Appendices

Appendix A Draft Corporate Plan 2020-24

Appendix B Draft One Page Plan

Appendix C Summary of key findings from formal consultation

Background papers

Engagement Report (www.herefordshire.gov.uk/ambition)

Online Consultation Report (www.herefordshire.gov.uk/ambition)

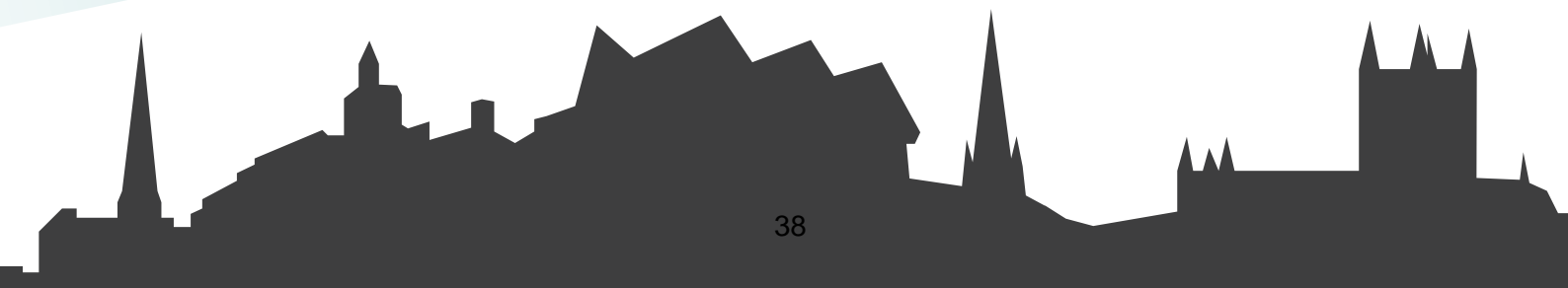
Consultation Pop-Up Report (www.herefordshire.gov.uk/ambition)

County plan (DRAFT)

2020-2024



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



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Introduction from The Leader of Herefordshire Council Cllr David Hitchiner

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

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

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

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

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

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

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

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

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

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

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

Herefordshire

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

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

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

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

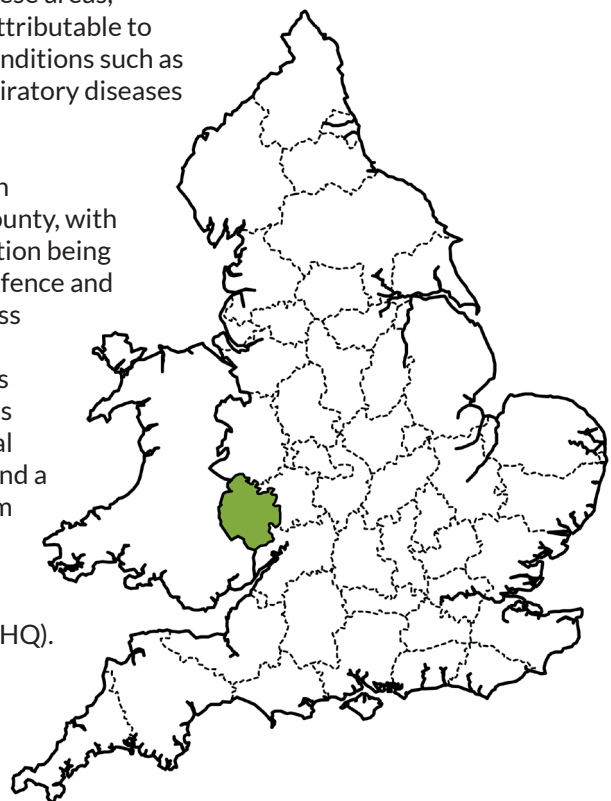
Herefordshire has the fourth lowest population density in England, with a land area of 2,180km² but a population of only 192,100 (2018). Most of the county (95%) is rural and 53% of the population live in rural areas.

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

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

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

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



Our challenge

ENVIRONMENT



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



We have higher service delivery costs because

95% of the county is classified as rural

COMMUNITY



24% Population over 65 (mid 2018) 18% (nationally)



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

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



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

ECONOMY



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

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



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

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

Using our resources wisely

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

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

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



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

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

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

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

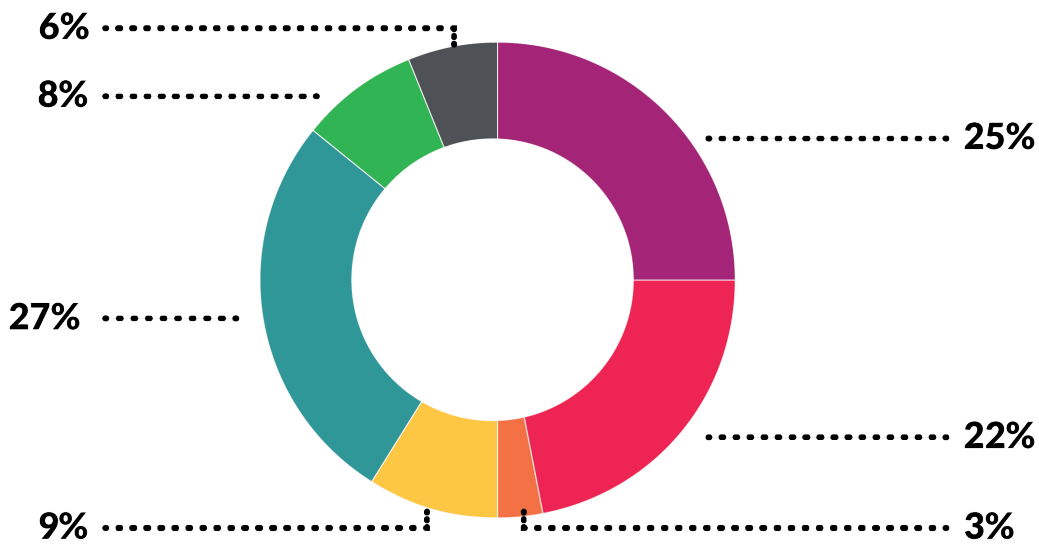
We shall also build new community facilities and bring forward new employment sites throughout the county. In making these investments we will continue to balance environmental, economic and community returns and will carry forward measures which further manage demand for our services.

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

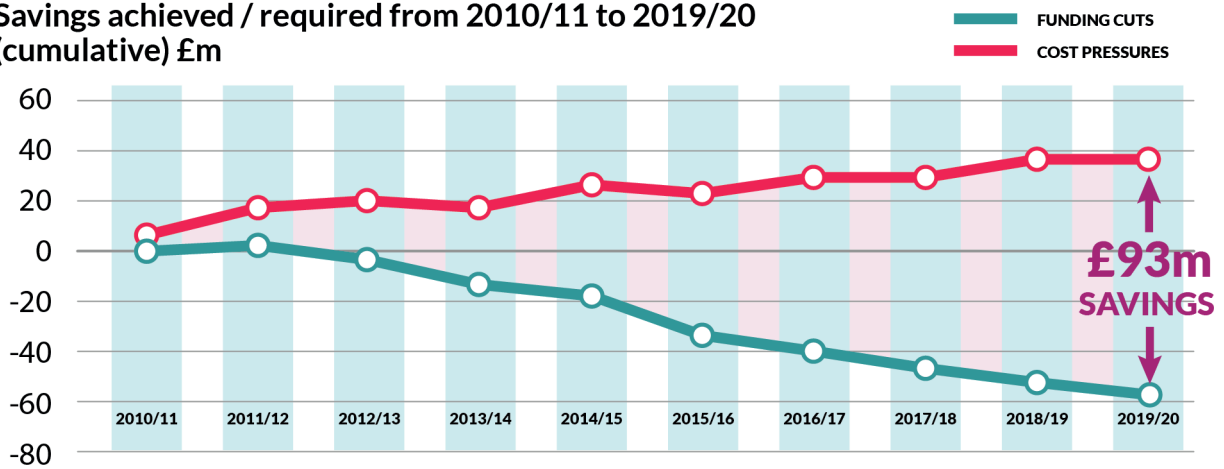
The council recognises, celebrates and values the central role our employees play in delivering this plan and our many statutory duties. We shall continue to invest in activities that ensure we recruit people with the skills and attributes to meet the changing demands of the council's services. We will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

Where the money comes from

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



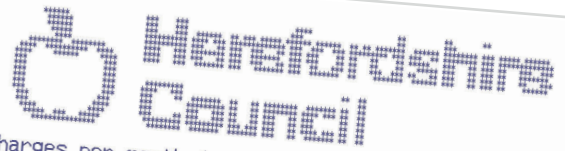
Savings achieved / required from 2010/11 to 2019/20 (cumulative) £m



Where the money goes

DID YOU KNOW?

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



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

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

131,15	

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

What we heard

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

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

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

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

Our Plan

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

How we will measure success

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

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

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

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



Our ambition for Herefordshire

Environment

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

WE WILL



Minimise waste and increase reuse, repair and recycling

Improve and extend active travel options throughout the county

Build understanding and support for sustainable living

Invest in low carbon projects

Identify climate change action in all aspects of council operation

Seek strong stewardship of the county's natural resources

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

Community

Strengthen communities to ensure everyone lives well and safely together

WE WILL



Ensure all children are healthy, safe and inspired to achieve

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

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

Protect and improve the lives of vulnerable people

Use technology to support home care and extend independent living

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

Economy

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

WE WILL



Develop environmentally sound infrastructure that attracts investment

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

Invest in education and the skills needed by employers

Enhance digital connectivity for communities and business

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

Spend public money in the local economy wherever possible

11

Our principles

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

Ambition:

ENVIRONMENT

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

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

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

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

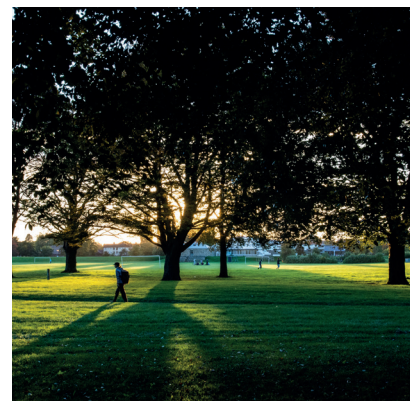
In March 2019, Herefordshire Council unanimously declared a Climate Emergency and formally adopted commitments to lead a local response, aspiring for the county to become carbon neutral by 2030.

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

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

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

the Rivers Wye and Lugg which benefit from European protection as 'Special Areas of Conservation' because of their unique and invaluable biodiversity. We are committed to creating greater public awareness of the part each of us can play in supporting nature and biodiversity in the county.



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

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

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

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

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

Success measures

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

Key Facts

ENVIRONMENT

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



Ambition:

COMMUNITY

Strengthen communities to ensure that everyone lives well and safely together

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

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

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

support systems through effective information and signposting.

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

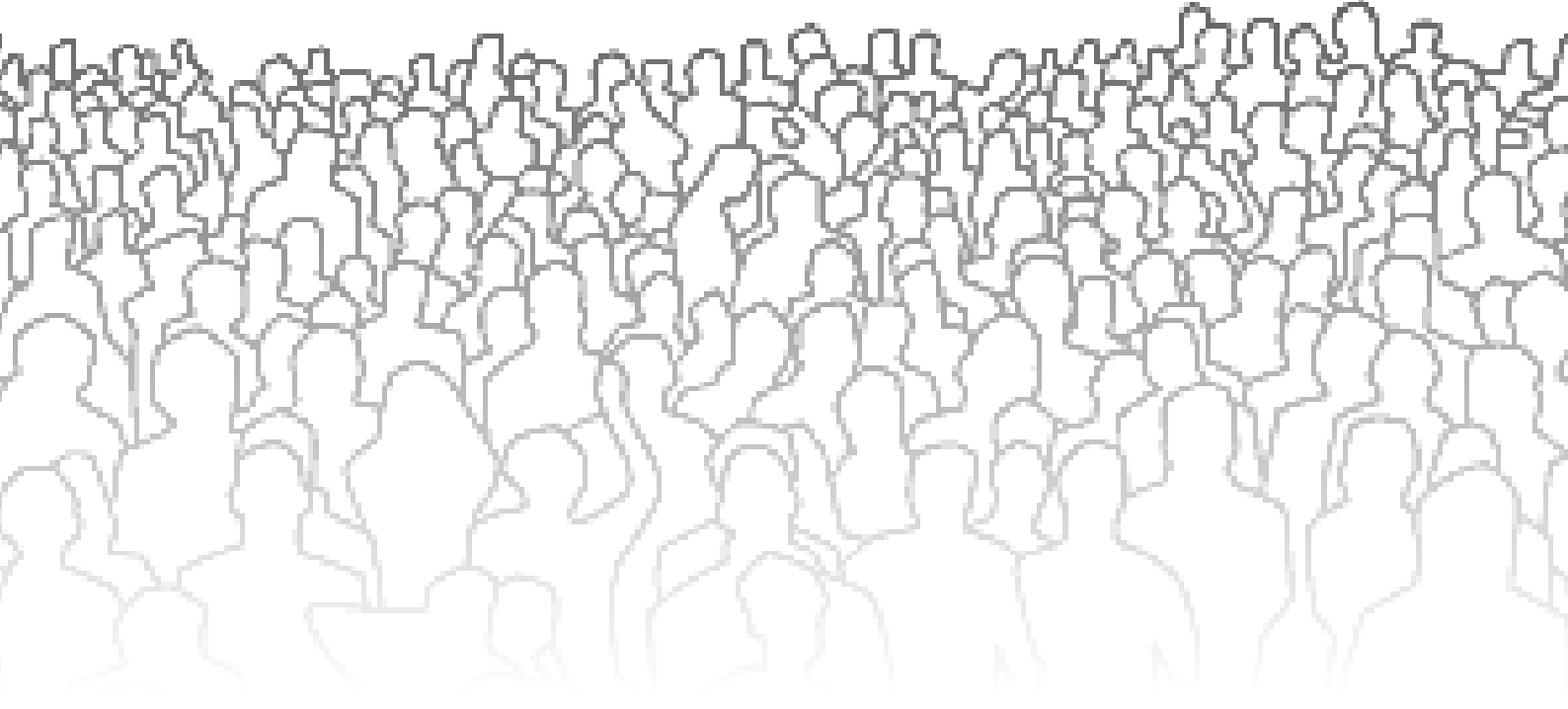
We recognise that communities across Herefordshire differ tremendously. Consequently, the location of these hubs, and what exactly they comprise will be down to each community to decide.

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

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

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

Demand for adult and children’s social care services is increasing both in terms of the number of people and also in the cost of delivering care. Social care will also consider other things besides care services, such as community support and the use of new technology which can contribute to meeting any desired outcomes. Some of Herefordshire’s most vulnerable residents have very complex needs which can be very challenging and costly to meet. We intend to invest in new models of care, housing and accommodation



to maximise the levels of personal independence these vulnerable people are able to attain while remaining in their communities. This might include new care homes, care villages, technology or specialist accommodation for vulnerable children and young people.

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

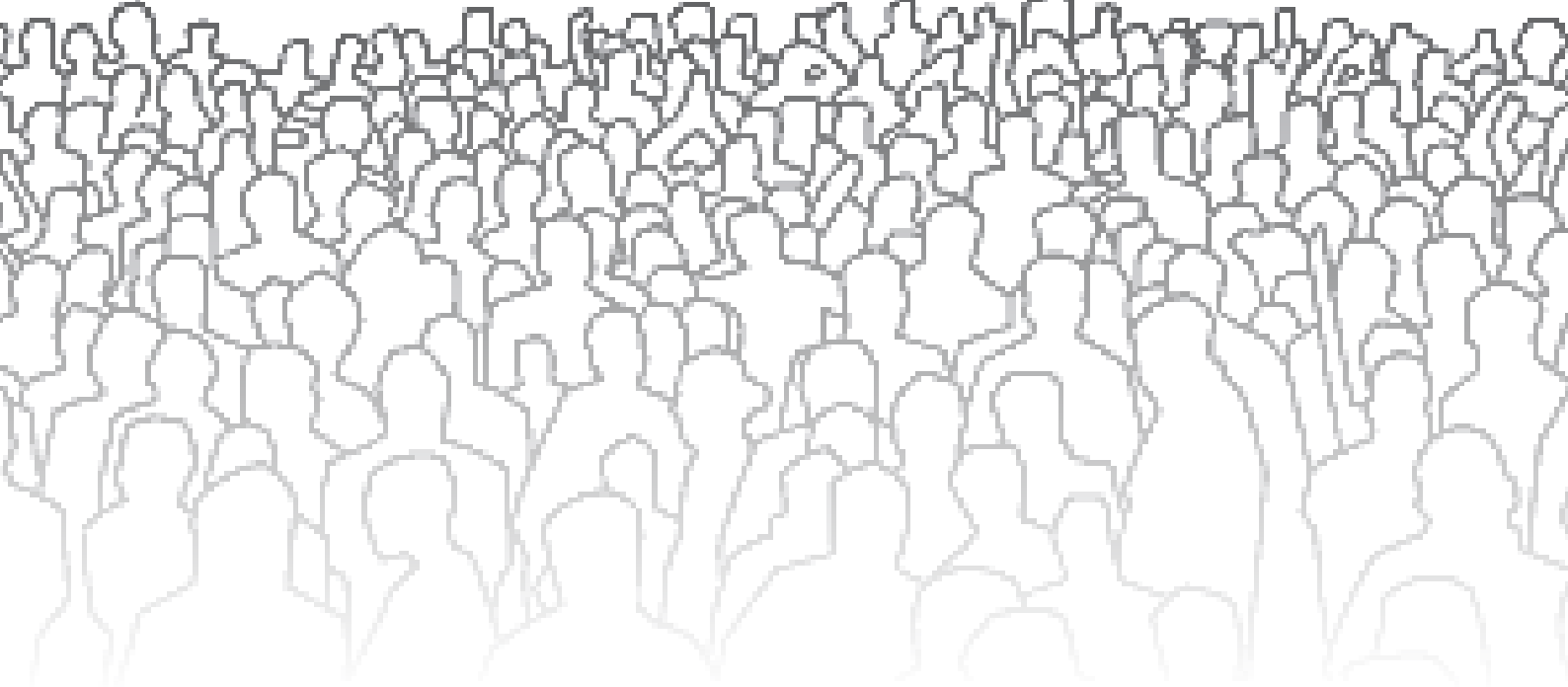
We will also intend to use our planning and licensing functions, our contracting power and partnerships to influence and create healthy physical and cultural environments that support wellbeing.

We are committed to supporting our NHS partners across Herefordshire to deliver their long term ambitions within our communities. We will work

with them as the lead partner on prevention and wellbeing initiatives.

This council recognises that arts and culture plays a huge part in our plans. We want culture and creativity to be part of our residents' everyday lives, whether by engaging with our many fantastic exhibitions and events; supporting the health and wellbeing agenda by recognising the significant social value that can come from cultural services such as libraries and arts; or by increasing inclusivity by providing all our residents with more opportunities to benefit from our varied cultural activities. We are committed to working with the Herefordshire Cultural Partnership to ensure that Herefordshire continues to build on our many strengths and successes.

Technology is another key component for promoting and supporting wellbeing, particularly for those with high levels of need. Technology can be very liberating and empowering where



it can improve independence without relying on formal and often intrusive levels of care. This includes such things as prompts to take medication, voice activated response services when crisis occurs (such as a fall), health and wellbeing apps etc. Over the coming years, we will continue to develop our technology strategies and make further investments in this important, exciting and fast moving area of service transformation.

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

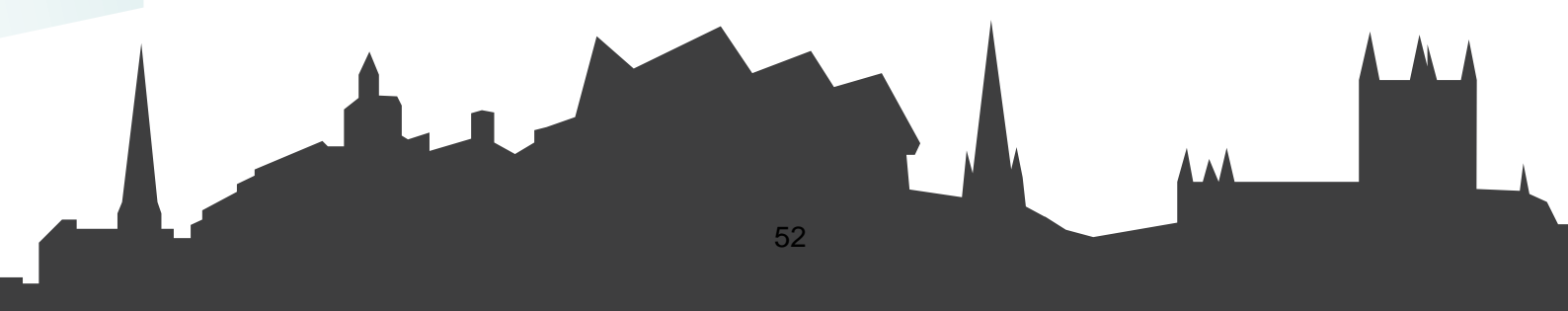
Herefordshire needs more genuinely affordable homes delivered through carefully planned policies for growth. We will use our Herefordshire Area Plan, communities' own Neighbourhood Development Plans, and an updated Core Strategy to make sure we deliver sustainable development which meets the needs of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

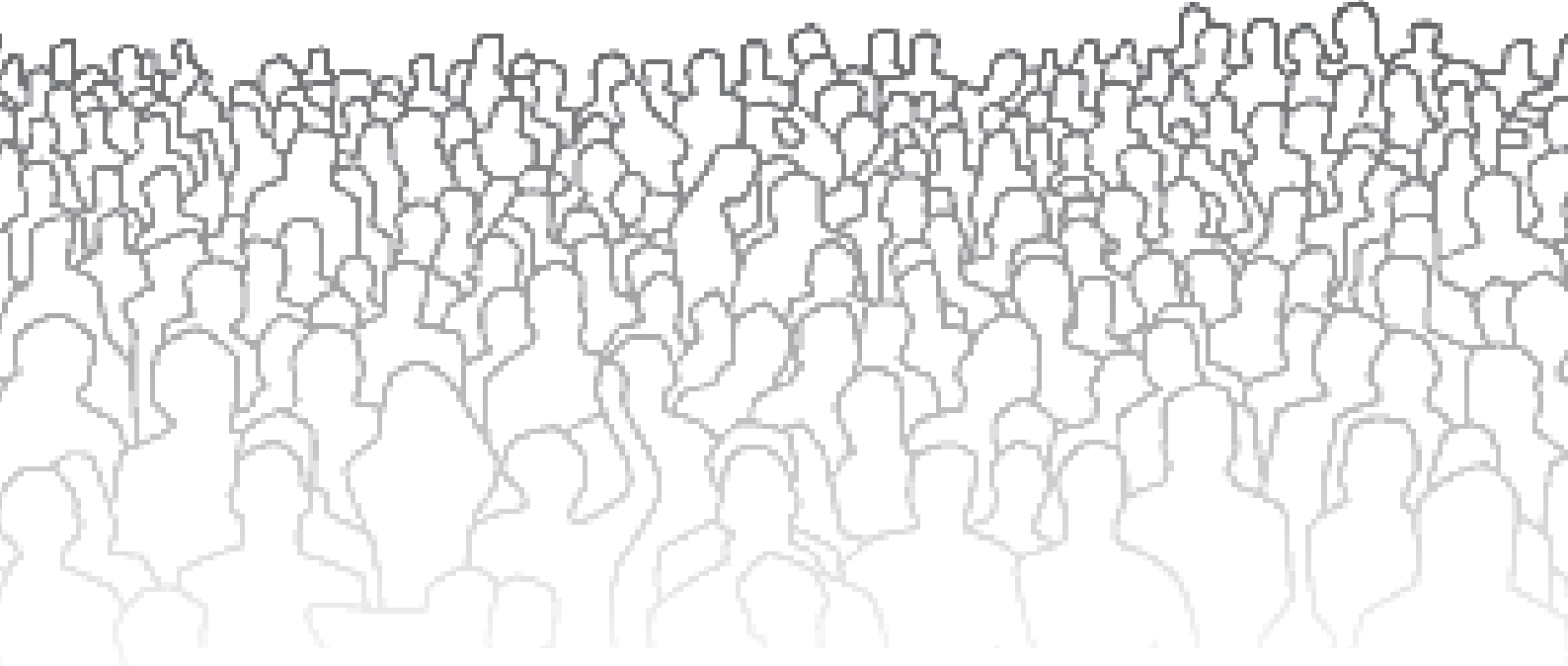
Investing in improved community infrastructure is an important factor in delivering community resilience as the county's population grows.

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

Increasing the number of private properties to rent is also important, so we will work with landlords and local people to speed up the rate at which empty properties are brought back into active use and to

support community land trusts and community-owned housing projects to succeed.





Success measures

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



Key Facts

COMMUNITY

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

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Ambition:

ECONOMY

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

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

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

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

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

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

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

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





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

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

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

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

forward thinking companies and communities throughout the county.

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





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

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

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

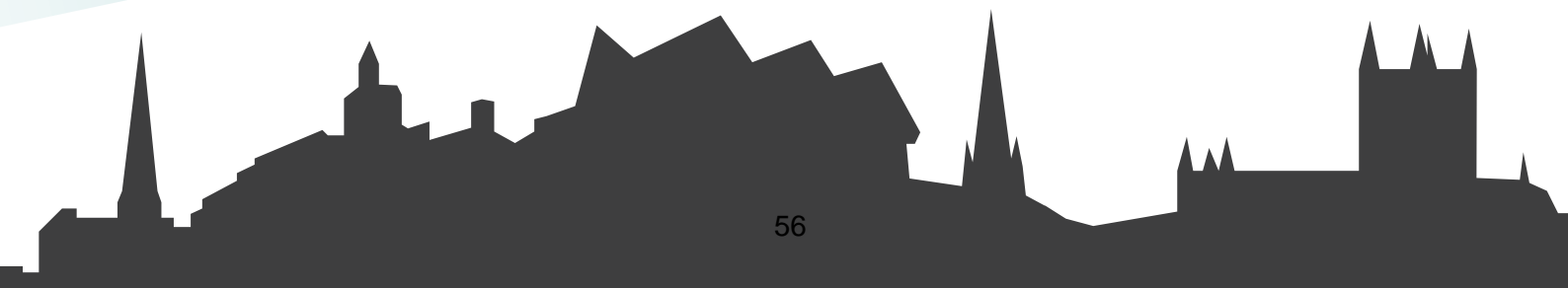
Success measures

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

Key Facts

ECONOMY

- Low unemployment levels 2.4%
- in 2018, the total number of businesses in Herefordshire was 10,130
- 90% of businesses in Herefordshire are "micro" enterprises employing 9 or fewer employees
- 24% of the population are aged 65 or over



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

Enable residents to live safe, healthy and independent lives

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

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

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

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

Support the growth of our economy

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

Secure better services, quality of life and value for money

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

Useful information

Herefordshire Council website

www.herefordshire.gov.uk/

Facts and figures on Herefordshire

www.understanding.herefordshire.gov.uk/

Wellbeing information and signposting
website

www.wisherefordshire.org/

You can contact Herefordshire Council in the following ways:

Online by visiting our mobile friendly website:

www.herefordshire.gov.uk

on social media: @hfdscouncil

Write to us at:

Herefordshire Council, Plough Lane,
Hereford, HR4 0LE

By calling: 01432 260000

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



www.carbonbalancedpaper.com

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

Photographs courtesy of Hereford College of Arts students



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



Environment

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

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



Community

Strengthen communities to ensure everyone lives well and safely together

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

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

-  Develop environmentally sound infrastructure that attracts investment
-  Use council land to create economic opportunities and bring higher paid jobs to the county
-  Invest in education and the skills needed by employers
-  Enhance digital connectivity for communities and business
-  Protect and promote our heritage, culture and natural beauty to enhance quality of life and support tourism
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Democracy | We strengthen local democracy, decision making and service delivery and involve more young people

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

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

CONTEXT

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

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

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

RESULTS: THE BUDGET

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

The main results were that:

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

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

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

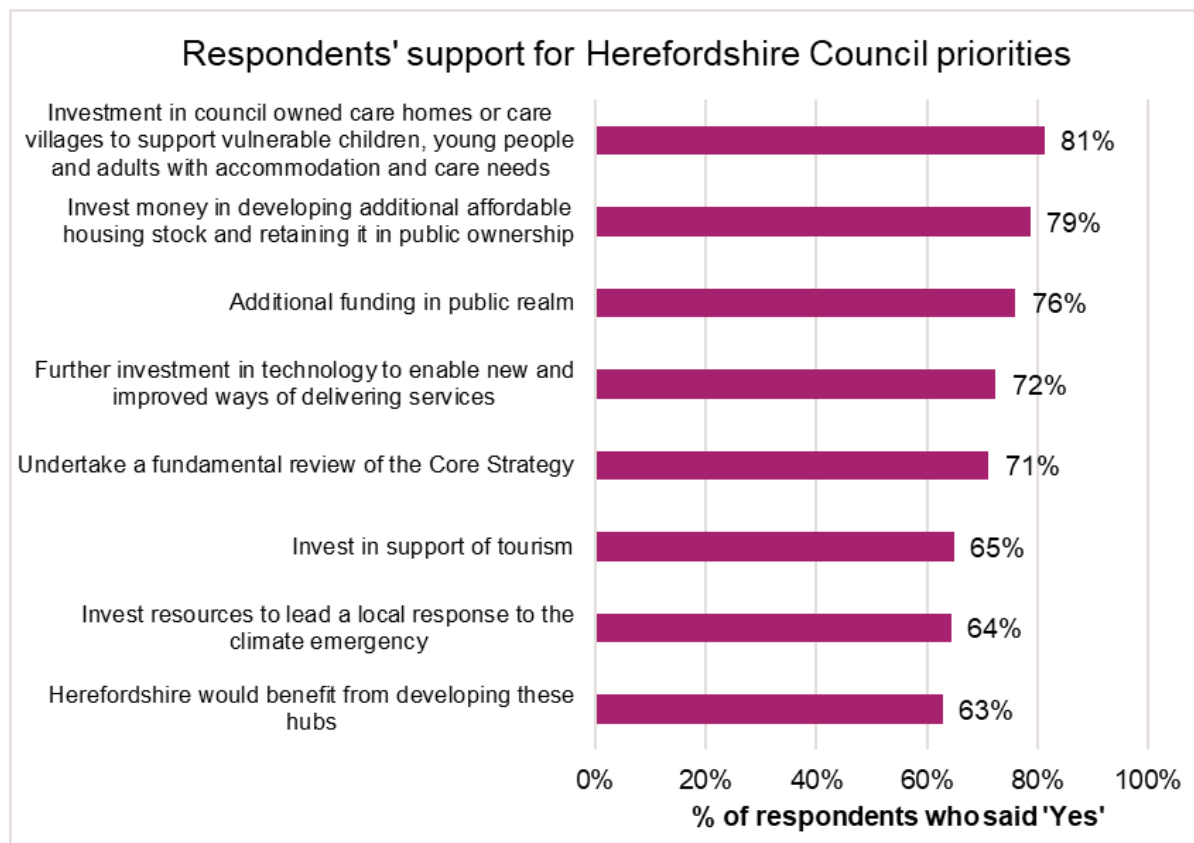
Comments that expressed an opinion about the allocation of spend were mostly saying that not enough was allocated to particular services, rather than too much. Services mentioned most frequently were **related to the environment and place**; not enough on:

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

RESULTS: THE PRIORITIES

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

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



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

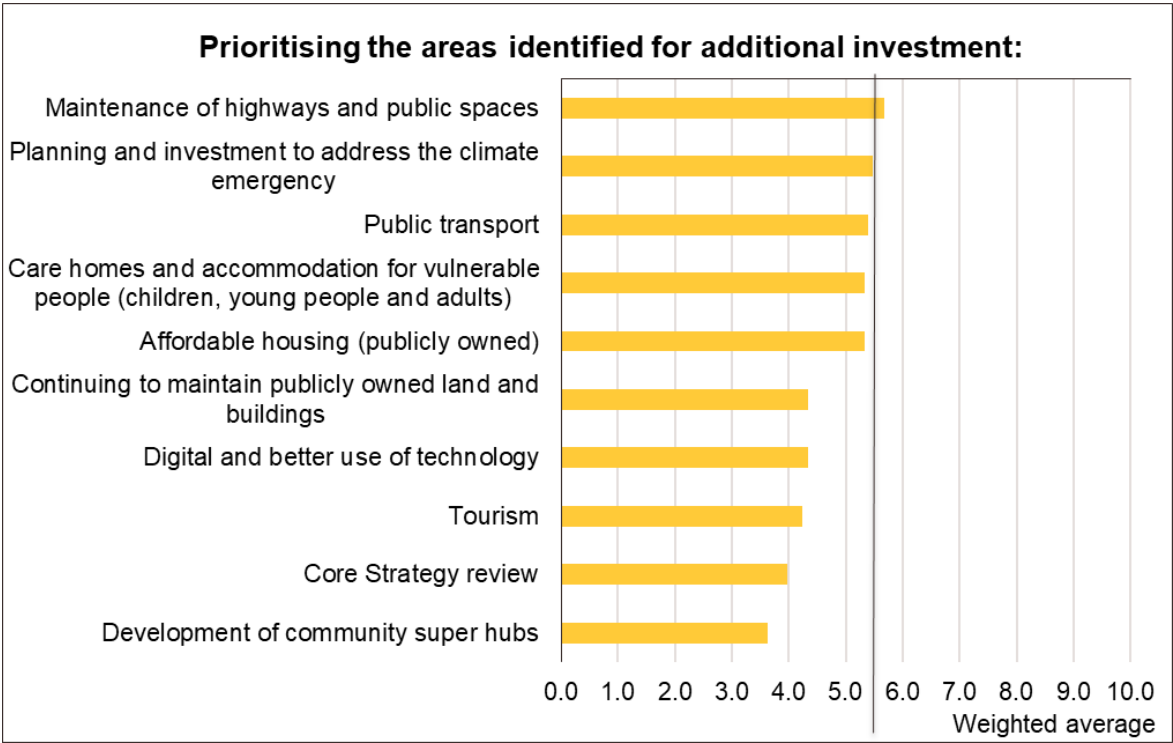
- ✓ Maintenance of highways and public spaces
- ✓ Planning and investment to address the climate emergency
- ✓ Public transport
- ✓ Care homes and accommodation for vulnerable people
- ✓ Affordable housing (publicly owned)

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

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

Comments against spending on this area covered themes such as

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



THE PRIORITIES: REASONS

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

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

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

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

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



Meeting:	Cabinet
Meeting date:	Thursday 30 January 2020
Title of report:	2020/21 Council Tax Reduction Scheme
Report by:	Leader of the council

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards);

Purpose and summary

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

Council tax charges can be reduced where the bill payer meets certain set criteria contained in the council tax reduction scheme (CTR). CTR is available to working age and pensioner claimants. The pensioner CTR scheme is set nationally. The working age CTR scheme is set locally by this council. Approximately 11,000 bill payers in Herefordshire are in receipt of CTR, with over 50% of claims from pensioners.

The current scheme was initially approved by Council on 18 December 2015.

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

Recommendation(s)

That:

- (a) The council tax reduction scheme for 2020/21, with the same parameters as the existing scheme, be recommended to Council for approval.**

Alternative options

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

Key considerations

2. Council tax charges can be reduced where the bill payer meets certain set criteria contained in the council tax reduction scheme (CTR). CTR is available to working age and pensioner claimants. The pensioner CTR scheme is set nationally. The working age CTR scheme is set locally by this council. Approximately 11,000 bill payers in Herefordshire are in receipt of CTR, with over 50% of claims from pensioners.
3. The existing local CTR scheme approved by Council in December 2015 was applied in 2016/17, 2017/18, 2018/19 and 2019/20. It is considered appropriate to continue with this scheme for a further year, 2020/21.
4. The existing CTR scheme for working age claimants in Herefordshire provides a discount varying between 80% and 84% on the amount of council tax payable. The amount of discount awarded considers:
 - The status of the claimant. Where the claimant is protected (because they are in receipt of either severe disability premium or carers allowance, or reside in a household with a child under the age of five) than the higher discount is provided.
 - Claimants living in a property above band C have the discount value capped at 80% of a band C equivalent property in their parish.
 - Claimants cannot claim discount where their available capital funds exceed £6k.
5. Herefordshire introduced a local CTR scheme for working age claimants in 2014/15, the collection rate for CTR council tax bills is shown below:-

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

9. Whilst the current scheme was approved in 2015 it is a statutory requirement for the CTR scheme to be approved annually by Council in the preceding financial year. The proposed scheme detail is attached at appendix 1.

Community impact

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

Equality duty

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

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

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes. The approved scheme will have an impact on some residents; appendix 2 provides more details on the potential impact and the mitigating action available. The council continues to provide assistance to claimants in meeting payments due and maintains a hardship fund for consideration in exceptional circumstances.

Resource implications

14. Council tax charges are reduced by approximately £10.9m per annum by CTR, £4.9m of this discount is awarded to working age claimants. Over 80% of the amount billed to CTR claimants is collected within the year that the bill is raised. This collection rate has remained consistent.
15. The continuation of the current scheme in 2020/21 is in line with the draft budget assumptions. No new savings target has been included in the medium term financial strategy to be delivered by changes to the current CTR scheme in 2020/21.

Legal implications

16. The CTR scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 2012.
17. For each financial year each billing authority must consider whether to revise its scheme or to replace it with another scheme and this must take place in the financial year preceding that for which the revision or replacement scheme is to have effect. If any revision has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit.
18. A statutory procedure is provided for under Paragraph 3 of Schedule 1A which a billing authority must follow when revising its scheme. This report does not recommend that the current scheme is revised and so therefore there are no other significant legal implications arising from this report.

Risk management

19. There is a risk that claimants may not pay their council tax charge and move further into debt if summons charges are levied. The effect on an individual household continues to be mitigated by the availability of the hardship scheme where the outstanding debt balance is considered for reduction in line with the scheme parameters.
20. The resourcing of the current scheme will remain within current established working practices. The impact of the roll-out of universal credit full service from July 2018 hasn't been evidenced to be detrimental to date; 1,556 of CTR claimants are in receipt of universal credit. Full migration to universal credit is currently expected to occur before 2024, the situation will continue to be monitored.

Consultees

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

Appendices

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

Background papers

None identified

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



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1.0 Introduction to the Council Tax Reduction Scheme

- 1.1 The following has been adopted by the Council and details the Council Tax Reduction scheme for the period from 1st April 2020.
- 1.2 This document details how the scheme will operate for both pension credit age and working age applicants and in accordance with Section 13A of the Local Government Finance Act 1992 specifies the classes of person who are to be entitled to a reduction under the scheme and is effective from 1st April 2020 for a period of one financial year.
- 1.3 The scheme in respect of pension age applicants is defined by Central Government within the following:
- Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012;
 - Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012;
 - Council Tax Reduction Schemes (Transitional Provision) (England) Regulations 2013;
 - Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013;
 - Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013;
 - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014
 - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015;
 - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016;
 - The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017;
 - Council Tax Reduction Schemes (Amendment) (England) Regulations 2018;
 - Council Tax Reduction Schemes (Amendment) (England) Regulations 2020: and
 - Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012).

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

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

The three prescribed classes are as follows;

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

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

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

- scheme;
- d. whose income (if any) for the relevant week does not exceed his applicable amount calculated in accordance with paragraph 9 and Schedule 2 of the Local Government Finance Act 1992;
- e. not have capital savings above £16,000; and
- f. who has made an application for a reduction under the authority's scheme.

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

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

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

Class C: alternative maximum Council Tax Reduction

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

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

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

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

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

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

Disregard of certain incomes

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

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

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

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

Class D

To obtain reduction the individual (or partner) must:

- a. have not attained the qualifying age for state pension credit¹; or
- b. he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is a person on income support, on income-based jobseeker's allowance or an income-related employment and support allowance; or a person with an award of universal credit.
- c. be liable to pay council tax in respect of a dwelling in which he is solely or mainly resident;

¹ Section 5 of this scheme

- d. is not deemed to be absent from the dwelling;
- e. not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- f. be somebody in respect of whom a maximum Council Tax Reduction² amount can be calculated;
- g. not have capital savings above £6,000³;
- h. be a person in respect of whom a day in which s/he is liable to pay council tax falls within a week in respect of which the person's *income*⁴ is **less** than their *applicable amount*⁵ or the applicant or partner is in receipt of income support, jobseekers allowance (income based) or employment and support allowance (income related); and
- i. has made a valid application for reduction⁶.

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

Class E

To obtain reduction the individual (or partner) must:

- a. have not attained the qualifying age for state pension credit⁷; or
- b. he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is a person on income support, on income-based jobseeker's allowance or an income-related employment and support allowance; or a person with an award of universal credit.
- c. be liable to pay council tax in respect of a dwelling in which they are solely or mainly resident;
- d. is not deemed to be absent from the dwelling;
- e. not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- f. be somebody in respect of whom a maximum Council Tax Reduction⁸ amount can be calculated;
- g. not have capital savings above £6,000⁹;
- h. be a person in respect of whom a day in which s/he is liable to pay council tax falls within a week in respect of which the person's *income*¹⁰ is **more** than their *applicable amount*¹¹;
- i. have made a valid application for reduction¹²;
- j. be a person in respect of whom amount A exceeds amount B where
 - (i) amount A is the maximum Council Tax Reduction in respect of the day in the applicant's case; and
 - (ii) amount B is 2 6/7 per cent of the difference between his income for the relevant week and his applicable amount.

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

² Sections 57 to 63 of this scheme

³ Sections 33 to 42 and Schedule 5 of this scheme

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

⁵ Sections 12 to 14 and Schedule 1 of this scheme

⁶ Sections 68 to 74a of this scheme

⁷ Section 5 of this scheme

⁸ Sections 57 to 63 of this scheme

⁹ Sections 33 to 42 and Schedule 5 of this scheme

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

¹¹ Sections 12 to 14 and Schedule 1 of this scheme

¹² Sections 68 to 74a of this scheme

Council Tax Reduction Scheme

Details of reduction to be given for **working age applicants** for the financial year 2020/21

Sections 2- 8
Definitions and interpretation

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

2.1 In this scheme–

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

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

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

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

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

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

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

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

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

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

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

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

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

‘attendance allowance’ means–

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

'claim' means a claim for council tax reduction;

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

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

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

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

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

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

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

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

'couple' means;

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

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

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

'designated authority' means any of the following;

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

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

- (a) by notice upon or with a form approved by it for the purpose of claiming council tax reduction; or
- (b) by reference upon or with such a form to some other document available from it and sent

by electronic means or otherwise on application; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

‘income-related employment and support allowance’ means an income-related allowance

under Part 1 of the Welfare Reform Act 2007;

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

‘independent hospital’–

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

‘mover’ means a applicant who changes the dwelling in which the applicant is resident and in

respect of which the applicant liable to pay council tax from a dwelling in the area of the appropriate authority to a dwelling in the area of the second authority;

'net earnings' means such earnings as are calculated in accordance with section 26;

'net profit' means such profit as is calculated in accordance with section 28;

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

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

'non-dependant' has the meaning prescribed in section 3;

'non-dependant deduction' means a deduction that is to be made under section 58;

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

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

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

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

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

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

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

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

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

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

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

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

'partner' in relation to a person, means

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

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

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

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

'payment' includes part of a payment;

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

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

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

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

'person on income support' means a person in receipt of income support;

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

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

'personal pension scheme' means—

- a. a personal pension scheme as defined by section 1 of the Pension Schemes Act 1993 as amended by the Public Service Pension Act 2013;
- b. an annuity contractor trust scheme approved under section 620 or 621 of the Income and Corporation Taxes Act 1988 or a substituted contract within the meaning of section 622(3) or that Act which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(f) of Schedule 36 of the Finance Act 2004¹³;
- c. a personal pension scheme approved under Chapter 4 of Part 14 of the Income and Corporation Taxes Act 1988 which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(g) of Schedule 36 to the Finance Act 2004;
- d. a scheme prescribed in regulation 3 of the Jobseeker's Allowance (Schemes for Assisting Persons to Obtain Employment) Regulations 2013;
- e. Back to Work scheme;

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

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

(a) a person is a husband or wife by virtue of a marriage entered into under a law which permits polygamy; and

(b) either party to the marriage has for the time being any spouse additional to the other party.

'public authority' includes any person certain of whose functions are functions of a public nature;

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

(a) in the case of a woman, pensionable age; or

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

'qualifying contributory benefit' means;

(a) severe disablement allowance;

(b) incapacity benefit;

(c) contributory employment and support allowance;

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

'qualifying income-related benefit' means

(a) income support;

(b) income-based jobseeker's allowance;

(c) income-related employment and support allowance;

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

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

'relative' means a close relative, grandparent, grandchild, uncle, aunt, nephew or niece;

'relevant authority' means an authority administering council tax reduction;

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

'remunerative work' has the meaning prescribed in section 6;

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

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

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

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

¹³ As amended by the Finance Act 2014

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

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

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

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

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

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

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

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

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

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

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

'student' has the meaning prescribed in section 43;

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

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

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

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

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

- (a) out of public funds by a Government department or by or on behalf of the Secretary of State, Skills Development Scotland, Scottish Enterprise or Highlands and Islands Enterprise, the Young People's Learning Agency for England, the Chief Executive of Skills Funding or Welsh Ministers;
- (b) to a person for his maintenance or in respect of a member of his family; and
- (c) for the period, or part of the period, during which he is following a course of training or instruction provided by, or in pursuance of arrangements made with, the department or approved by the department in relation to him or so provided or approved by or on behalf of the Secretary of State, Skills Development Scotland Scottish Enterprise or Highlands and Islands Enterprise or the Welsh Ministers.

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

'the Trusts' means the Macfarlane Trust, the Macfarlane (Special Payments) Trust and the Macfarlane (Special Payments) (No. 2) Trust;

'Universal Credit' means any payment of Universal Credit payable under the Welfare Reform Act 2012, the Universal Credit Regulations 2013, The Universal Credit (Consequential, Supplementary, Incidental and Miscellaneous Provisions) Regulations 2013, Universal Credit (Miscellaneous Amendments) Regulations 2013 and the Universal Credit (Transitional Provisions) Regulations 2014;

'Up-rating Act' means the Welfare Benefit Up-rating Act 2013, the Welfare Benefits Up-rating Order 2014 and the Welfare Benefits Up-rating Order 2015;

'voluntary organisation' means a body, other than a public or local authority, the activities of which are carried on otherwise than for profit;

'war disablement pension' means any retired pay or pension or allowance payable in respect of disablement under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003;

'war pension' means a war disablement pension, a war widow's pension or a war widower's pension;

'war widow's pension' means any pension or allowance payable to a woman as a widow under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003 in respect of the death or disablement of any person;

'war widower's pension' means any pension or allowance payable to a man as a widower or to a surviving civil partner under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003 in respect of the death or disablement of any person;

'water charges' means;

(a) as respects England and Wales, any water and sewerage charges under Chapter 1 of Part 5 of the Water Industry Act 1991,

(b) as respects Scotland, any water and sewerage charges established by Scottish Water under a charges scheme made under section 29A of the Water Industry (Scotland) Act 2002, in so far as such charges are in respect of the dwelling which a person occupies as his home;

'week' means a period of seven days beginning with a Monday;

'Working Tax Credit Regulations' means the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 as amended¹⁴; and

'young person' has the meaning prescribed in section 9(1) and in section 142 of the SSCBA.

- 2.2 In this scheme, references to an applicant occupying a dwelling or premises as his home shall be construed in accordance with regulation 7 of the Housing Benefit Regulations 2006.
- 2.3 In this scheme, where an amount is to be rounded to the nearest penny, a fraction of a penny shall be disregarded if it is less than half a penny and shall otherwise be treated as a whole penny.
- 2.4 For the purpose of this scheme, a person is on an income-based jobseeker's allowance on any day in respect of which an income-based jobseeker's allowance is payable to him and on any day;
- (a) in respect of which he satisfies the conditions for entitlement to an income-based jobseeker's allowance but where the allowance is not paid in accordance with regulation 27A of the Jobseeker's Allowance Regulations or section 19 or 20A or regulations made under section 17A of the Jobseekers Act (circumstances in which a jobseeker's allowance is not payable); or
- (b) which is a waiting day for the purposes of paragraph 4 of Schedule 1 to that Act and which falls immediately before a day in respect of which an income-based jobseeker's allowance is payable to him or would be payable to him but for regulation 27A of the

¹⁴ The Working Tax Credit (Entitlement and Maximum Rate) (Amendment) Regulations 2013; The Working Tax Credit (Entitlement and Maximum Rate) (Amendment) Regulations 2015

- Jobseeker's Allowance Regulations or section 19 or 20A or regulations made under section 17A of that Act;
- (c) in respect of which he is a member of a joint-claim couple for the purposes of the Jobseekers Act and no joint-claim jobseeker's allowance is payable in respect of that couple as a consequence of either member of that couple being subject to sanctions for the purposes of section 20A of that Act;
 - (d) in respect of which an income-based jobseeker's allowance or a joint-claim jobseeker's allowance would be payable but for a restriction imposed pursuant to section 6B, 7, 8 or 9 of the Social Security Fraud Act 2001 (loss of benefit provisions).
- 2.4A For the purposes of this scheme, a person is on an income-related employment and support allowance on any day in respect of which an income-related employment and support allowance is payable to him and on any day;
- (a) in respect of which he satisfies the conditions for entitlement to an income-related employment and support allowance but where the allowance is not paid in accordance with section 18 of the Welfare Reform Act disqualification; or
 - (b) which is a waiting day for the purposes of paragraph 2 of Schedule 2 to that Act and which falls immediately before a day in respect of which an income-related employment and support allowance is payable to him or would be payable to him but for section 18 of that Act.
- 2.5 For the purposes of this scheme, two persons shall be taken to be estranged only if their estrangement constitutes a breakdown of the relationship between them.
- 2.6 In this scheme, references to any person in receipt of state pension credit includes a person who would be in receipt of state pension credit but for regulation 13 of the State Pension Credit Regulations 2002 (small amounts of state pension credit).
- 3.0 Definition of non-dependant**
- 3.1 In this scheme, 'non-dependant' means any person, except someone to whom paragraph 3.2 applies, who normally resides with an applicant or with whom an applicant normally resides.
- 3.2 This paragraph applies to;
- a. any member of the applicant's family;
 - b. if the applicant is polygamously married, any partner of his and any child or young person who is a member of his household and for whom he or one of his partners is responsible;
 - c. a child or young person who is living with the applicant but who is not a member of his household by virtue of section 11(membership of the same household);
 - d. subject to paragraph 3.3, any person who, with the applicant, is jointly and severally liable to pay council tax in respect of a dwelling for any day under sections 6, 7 or 75 of the 1992 Act (persons liable to pay council tax);
 - e. subject to paragraph 3.3, any person who is liable to make payments on a commercial basis to the applicant or the applicant's partner in respect of the occupation of the dwelling;
 - f. a person who lives with the applicant in order to care for him or a partner of his and who is engaged by a charitable or voluntary organisation which makes a charge to the applicant or his partner for the services provided by that person.
- 3.3 Excepting persons to whom paragraph 3.2 a) to c) and f) refer, a person to whom any of the following sub-paragraphs applies shall be a non-dependant–
- a. a person who resides with the person to whom he is liable to make payments in respect of the dwelling and either;
 - i. that person is a close relative of his or her partner; or
 - ii. the tenancy or other agreement between them is other than on a commercial basis;
 - b. a person whose liability to make payments in respect of the dwelling appears to the

authority to have been created to take advantage of the council tax reduction scheme except someone who was, for any period within the eight weeks prior to the creation of the agreement giving rise to the liability to make such payments, otherwise liable to make payments of rent in respect of the same dwelling;

- c. a person who becomes jointly and severally liable with the applicant for council tax in respect of a dwelling and who was, at any time during the period of eight weeks prior to his becoming so liable, a non-dependant of one or more of the other residents in that dwelling who are so liable for the tax, unless the authority is satisfied that the change giving rise to the new liability was not made to take advantage of the reduction scheme.

4.0 Requirement to provide a National Insurance Number¹⁵

4.1 No person shall be entitled to reduction unless the criteria below in 4.2 is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming reduction.

4.2 This subsection is satisfied in relation to a person if–

- a. the claim for reduction is accompanied by;
 - i. a statement of the person’s national insurance number and information or evidence establishing that that number has been allocated to the person; or
 - ii. information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or
- b. the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated and the application for reduction is accompanied by evidence of the application and information to enable it to be allocated.

4.3 Paragraph 4.2 shall not apply–

- a. in the case of a child or young person in respect of whom council tax reduction is claimed;
- b. to a person who;
 - i. is a person in respect of whom a claim for council tax reduction is made;
 - ii. is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act; and
 - iii. has not previously been allocated a national insurance number.

5.0 Persons who have attained the qualifying age for state pension credit

5.1 This scheme applies to a person if:

- (i) he has not attained the qualifying age for state pension credit; or
- (ii) he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is;
 - (a) a person on income support, on income-based jobseeker’s allowance or an income-related employment and support allowance; or
 - (b) a person with an award of universal credit.

6.0 Remunerative work

6.1 Subject to the following provisions of this section, a person shall be treated for the purposes of this scheme as engaged in remunerative work if he is engaged, or, where his hours of work fluctuate, he is engaged on average, for not less than 16 hours a week, in work for which payment is made or which is done in expectation of payment.

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

- 6.2 Subject to paragraph 6.3, in determining the number of hours for which a person is engaged in work where his hours of work fluctuate, regard shall be had to the average of hours worked over;
- a. if there is a recognisable cycle of work, the period of one complete cycle (including, where the cycle involves periods in which the person does no work, those periods but disregarding any other absences);
 - b. in any other case, the period of 5 weeks immediately prior to that date of claim, or such other length of time as may, in the particular case, enable the person's weekly average hours of work to be determined more accurately,
- 6.3 Where, for the purposes of paragraph 6.2 a), a person's recognisable cycle of work at a school, other educational establishment or other place of employment is one year and includes periods of school holidays or similar vacations during which he does not work, those periods and any other periods not forming part of such holidays or vacations during which he is not required to work shall be disregarded in establishing the average hours for which he is engaged in work.
- 6.4 Where no recognisable cycle has been established in respect of a person's work, regard shall be had to the number of hours or, where those hours will fluctuate, the average of the hours, which he is expected to work in a week.
- 6.5 A person shall be treated as engaged in remunerative work during any period for which he is absent from work referred to in paragraph 6.1 if the absence is either without good cause or by reason of a recognised customary or other holiday.
- 6.6 A person on income support, an income-based jobseeker's allowance or an income-related employment and support allowance for more than 3 days in any reduction week shall be treated as not being in remunerative work in that week.
- 6.7 A person shall not be treated as engaged in remunerative work on any day on which the person is on maternity leave, paternity leave or adoption leave, or is absent from work because he is ill.
- 6.8 A person shall not be treated as engaged in remunerative work on any day on which he is engaged in an activity in respect of which;
- a. a sports award has been made, or is to be made, to him; and
 - b. no other payment is made or is expected to be made to him.

7.0 Persons treated as not being in Great Britain and Persons Subject to Immigration Control

Persons treated as not being in Great Britain

- 7.1 Persons treated as not being in Great Britain are a class of person prescribed for the purposes of paragraph 2(9)(b) of Schedule 1A to the 1992 Act and which must not be included in an authority's scheme.
- 7.2 Except where a person falls within paragraph (5) or (6), a person is to be treated as not being in Great Britain if the person is not habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland.
- 7.3 A person must not be treated as habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland unless the person has a right to reside in one of those places.
- 7.4 For the purposes of paragraph (3), a right to reside does not include a right, which exists by virtue of, or in accordance with—
- (a) regulation 13 of the EEA Regulations;
 - (aa) regulation 14 of the EEA Regulations, but only in a case where the right exists under that regulation because the person is—
 - (i) a jobseeker for the purpose of the definition of "qualified person" in regulation 6(1) of those Regulations, or

- (ii) a family member (within the meaning of regulation 7 of those Regulations) of such a jobseeker;
- (b) regulation 15A(1) of the EEA Regulations, but only in a case where the right exists under that regulation because the applicant satisfies the criteria in paragraph (5) of that regulation of the Treaty on the Functioning of the European Union (in a case where the right to reside arises because a British citizen would otherwise be deprived of the genuine enjoyment of their rights as a European Union citizen).

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

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

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

- (a) a qualified person for the purposes of regulation 6 of the EEA Regulations as a worker or a self-employed person;
- (b) a family member of a person referred to in sub-paragraph (a) within the meaning of regulation 7(1)(a), (b) or (c) of the EEA Regulations;
- (c) a person who has a right to reside permanently in the United Kingdom by virtue of regulation 15(1)(c), (d) or (e) of the EEA Regulations;
- (d) a person recorded by the Secretary of State as a refugee within the definition in Article 1 of the Convention relating to the Status of Refugees done at Geneva on 28th July 1951, as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967;
- (e) a person who has been granted, or who is deemed to have been granted, leave outside the rules made under section 3(2) of the Immigration Act 1971¹⁶ where that leave is—
 - (i) discretionary leave to enter or remain in the United Kingdom,
 - (ii) leave to remain under the Destitution Domestic Violence concession which came into effect on 1st April 2012, or
 - (iii) leave deemed to have been granted by virtue of regulation 3 of the Displaced Persons (Temporary Protection) Regulations 2005.
- (f) a person who has humanitarian protection granted under those rules;
- (g) a person who is not a person subject to immigration control within the meaning of section 115(9) of the Immigration and Asylum Act 1999 and who is in the United Kingdom as a result of his deportation, expulsion or other removal by compulsion of law from another country to the United Kingdom;
- (h) in receipt of income support or on an income-related employment and support allowance; or
- (ha) in receipt of an income-based jobseeker's allowance and has a right to reside other than a right to reside falling within paragraph (4).

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

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

7.8 In this regulation—

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

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

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

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

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

Persons subject to immigration control

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

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

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

7A.0 Transitional provision

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

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

7A.2 The events are—

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

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

8.0 Temporary Absence (period of absence)

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

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

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

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

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

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

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

8.4 This paragraph applies to a person who is;

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

8.5 This paragraph applies to a person who is:

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

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

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

8.7 In this section;

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

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

Sections 9 - 11

The family for Council tax reduction purposes

9.0 Membership of a family

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12.0 Applicable amounts

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

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

13.0 Polygamous marriages

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

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

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

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

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

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

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

Sections 15 – 32 & Schedules 3 & 4

Definition and the treatment of income for Council tax reduction purposes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17.0 Calculation of income on a weekly basis

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

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

17.2 The conditions of this paragraph are that;

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

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

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

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

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

18.0 Treatment of child care charges

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19.0 Average weekly earnings of employed earners

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

more accurately.

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

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

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

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

20.0 Average weekly earnings of self-employed earners

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

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

21.0 Average weekly income other than earnings

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

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

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

22.0 Calculation of average weekly income from tax credits

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

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

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

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

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

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

23.0 Calculation of weekly income

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

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

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

24.0 Disregard of changes in tax, contributions etc.

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

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

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

25.0 Earnings of employed earners

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

- a. any bonus or commission;
- b. any payment in lieu of remuneration except any periodic sum paid to an applicant on account of the termination of his employment by reason of redundancy;
- c. any payment in lieu of notice or any lump sum payment intended as compensation for the loss of employment but only in so far as it represents loss of income;
- d. any holiday pay except any payable more than 4 weeks after termination or interruption of the employment;
- e. any payment by way of a retainer;
- f. any payment made by the applicant's employer in respect of expenses not wholly, exclusively and necessarily incurred in the performance of the duties of the employment,

- g. including any payment made by the applicant's employer in respect of–
 - (i) travelling expenses incurred by the applicant between his home and his place of employment;
 - (ii) expenses incurred by the applicant under arrangements made for the care of a member of his family owing to the applicant's absence from home;
- h. any award of compensation made under section 112(4) or 117(3)(a) of the Employment Rights Act 1996 (remedies and compensation for unfair dismissal);
- i. any payment or remuneration made under section 28, 34, 64, 68 or 70 of the Employment Rights Act 1996 (right to guarantee payments, remuneration on suspension on medical or maternity grounds, complaints to employment tribunals);
- j. any such sum as is referred to in section 112 of the Act (certain sums to be earnings for social security purposes);
- k. any statutory sick pay, statutory maternity pay, statutory paternity pay or statutory adoption pay, or a corresponding payment under any enactment having effect in Northern Ireland;
- l. any remuneration paid by or on behalf of an employer to the applicant who for the time being is on maternity leave, paternity leave or adoption leave or is absent from work because he is ill;
- m. the amount of any payment by way of a non-cash voucher which has been taken into account in the computation of a person's earnings in accordance with Part 5 of Schedule 3 to the Social Security (Contributions) Regulations 2001 as amended¹⁷.

25.2 Earnings shall not include–

- a. subject to paragraph 25.3, any payment in kind;
- b. any payment in respect of expenses wholly, exclusively and necessarily incurred in the performance of the duties of employment;
- c. any occupational pension
- d. any payment in respect of expenses arising out of an applicant participating as a service user.

25.3 Paragraph 25.2 a) shall not apply in respect of any non-cash voucher referred to in paragraph 25.1 m)

26.0 Calculation of net earnings of employed earners

26.1 For the purposes of section 19 (average weekly earnings of employed earners), the earnings of an applicant derived or likely to be derived from employment as an employed earner to be taken into account shall, subject to paragraph 26.2, be his net earnings.

26.2 There shall be disregarded from an applicant's net earnings, any sum, where applicable, specified in paragraphs 1 to 14 of Schedule 3.

26.3 For the purposes of paragraph 26.1 net earnings shall, except where paragraph 26.6 applies, be calculated by taking into account the gross earnings of the applicant from that employment over the assessment period, less;

- a. any amount deducted from those earnings by way of
 - i) income tax;
 - ii) primary Class 1 contributions under the Act;
- b. one-half of any sum paid by the applicant by way of a contribution towards an occupational pension scheme;
- c. one-half of the amount calculated in accordance with paragraph 26.5 in respect of any qualifying contribution payable by the applicant; and
- d. where those earnings include a payment which is payable under any enactment having effect in Northern Ireland and which corresponds to statutory sick pay, statutory

¹⁷ Social Security (Contributions)(Amendment) Regulations 2013, Social Security (Contributions)(Amendment No.2) Regulations 2013 and Social Security (Contributions)(Amendment No.2) Regulations 2013

maternity pay, statutory paternity pay or statutory adoption pay, any amount deducted for those earnings by way of any contributions which are payable under any enactment having effect in Northern Ireland and which correspond to primary Class 1 contributions under the Act.

- 26.4 In this section ‘qualifying contribution’ means any sum which is payable periodically as a contribution towards a personal pension scheme.
- 26.5 The amount in respect of any qualifying contribution shall be calculated by multiplying the daily amount of the qualifying contribution by the number equal to the number of days in the assessment period; and for the purposes of this section the daily amount of the qualifying contribution shall be determined—
- a. where the qualifying contribution is payable monthly, by multiplying the amount of the qualifying contribution by 12 and dividing the product by 365;
 - b. in any other case, by dividing the amount of the qualifying contribution by the number equal to the number of days in the period to which the qualifying contribution relates.
- 26.6 Where the earnings of an applicant are estimated under sub-paragraph (b) of paragraph 2) of the section 19 (average weekly earnings of employment earners), his net earnings shall be calculated by taking into account those earnings over the assessment period, less—
- a. an amount in respect of income tax equivalent to an amount calculated by applying to those earnings the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under sections 257(1) of the Income and Corporation Taxes Act 1988(personal allowances) as is appropriate to his circumstances but, if the assessment period is less than a year, the earnings to which the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax is to be applied and the amount of the personal relief deductible under this sub-paragraph shall be calculated on a pro rata basis;
 - b. an amount equivalent to the amount of the primary Class 1 contributions that would be payable by him under the Act in respect of those earnings if such contributions were payable; and
 - c. one-half of any sum which would be payable by the applicant by way of a contribution towards an occupational or personal pension scheme, if the earnings so estimated were actual earnings.

27.0 Earnings of self-employed earners

- 27.1 Subject to paragraph 27.2, ‘earnings’, in the case of employment as a self- employed earner, means the gross income of the employment plus any allowance paid under section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 to the applicant for the purpose of assisting him in carrying on his business unless at the date of claim the allowance has been terminated.
- 27.2 ‘Earnings’ shall not include any payment to which paragraph 27 or 28 of Schedule 4 refers (payments in respect of a person accommodated with the applicant under arrangements made by a local authority or voluntary organisation and payments made to the applicant by a health authority, local authority or voluntary organisation in respect of persons temporarily in the applicant’s care) nor shall it include any sports award.
- 27.3 This paragraph applies to—
- a. royalties or other sums paid as a consideration for the use of, or the right to use, any copyright, design, patent or trade mark; or
 - b. any payment in respect of any—
 - (i) book registered under the Public Lending Right Scheme 1982; or
 - (ii) work made under any international public lending right scheme that is analogous to the Public Lending Right Scheme 1982, where the applicant is the first owner of the

copyright, design, patent or trade mark, or an original contributor to the book of work concerned.

- 27.4 Where the applicant's earnings consist of any items to which paragraph 27.3 applies, those earnings shall be taken into account over a period equal to such number of weeks as is equal to the number obtained (and any fraction is to be treated as a corresponding fraction of a week) by dividing the earnings by
- (a) the amount of the reduction under this scheme which would be payable had the payment not been made, plus
 - (b) an amount equal to the total of the sums which would fall to be disregarded from the payment under Schedule 3 (sums to be disregarded in the calculation of earnings) as appropriate in the applicant's case.

28.0 Calculation of net profit of self-employed earners

- 28.1 For the purposes of section 20 (average weekly earnings of self-employed earners) the earnings of an applicant to be taken into account shall be
- a. in the case of a self-employed earner who is engaged in employment on his own account, the net profit derived from that employment;
 - b. in the case of a self-employed earner whose employment is carried on in partnership or is that of a share fisherman within the meaning of the Social Security (Mariners' Benefits) Regulations 1975, his share of the net profit derived from that employment, less—
 - i. an amount in respect of income tax and of national insurance contributions payable under the Act calculated in accordance with section 29 (deduction of tax and contributions for self-employed earners); and
 - ii. one-half of the amount calculated in accordance with paragraph (11) in respect of any qualifying premium.
- 28.2 There shall be disregarded from an applicant's net profit, any sum, where applicable, specified in paragraph 1 to 14 of Schedule 3.
- 28.3 For the purposes of paragraph 28.1 a) the net profit of the employment must, except where paragraph 28.9 applies, be calculated by taking into account the earnings for the employment over the assessment period less
- a. subject to paragraphs 28.5 to 28.7, any expenses wholly and exclusively incurred in that period for the purposes of that employment;
 - b. an amount in respect of;
 - (i) income tax, and
 - (ii) national insurance contributions payable under the Act, calculated in accordance with section 29 (deduction of tax and contributions for self-employed earners); and
 - c. one-half of the amount calculated in accordance with paragraph (28.11) in respect of any qualifying premium.
- 28.4 For the purposes of paragraph 28.1b) the net profit of the employment shall be calculated by taking into account the earnings of the employment over the assessment period less, subject to paragraphs 28.5 to 28.7, any expenses wholly and exclusively incurred in that period for the purposes of the employment.
- 28.5 Subject to paragraph 28.6 no deduction shall be made under paragraph 28.3 a) or 28.4, in respect of—
- a. any capital expenditure;
 - b. the depreciation of any capital asset;
 - c. any sum employed or intended to be employed in the setting up or expansion of the employment;
 - d. any loss incurred before the beginning of the assessment period;
 - e. the repayment of capital on any loan taken out for the purposes of the employment;

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

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

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

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

29.3 In this section 'chargeable income' means—

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

30.0 Calculation of income other than earnings

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

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

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

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

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

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

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

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

$A - (B \times C)$

D

Where

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

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

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

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

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

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

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

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

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

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

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

whichever of those dates is earlier

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

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

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

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

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

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

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

paragraph 30.1

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

31.0 Capital treated as income

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

32.0 Notional income

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

32.3 – 32.5 Not used

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

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

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

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

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

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

32.9 Subject to paragraph 32.10, where—

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

32.10 Paragraph 32.9 shall not apply–

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

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

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

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

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

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

Sections 33 – 42 & Schedule 5

Definition and the treatment of capital for Council tax reduction purposes

33.0 Capital limit

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

34.0 Calculation of capital

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

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

35.0 Disregard of capital of child and young person

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

36.0 Income treated as capital

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

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

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

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

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

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

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

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

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

37.0 Calculation of capital in the United Kingdom

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

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

38.0 Calculation of capital outside the United Kingdom

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

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

39.0 Notional capital

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

39.2 Except in the case of

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

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

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

- (a) to a third party in respect of a single applicant or a member of the family (but not a member of the third party's family) shall, where that payment is a payment of an occupational pension, a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund, be treated as possessed by that single applicant or, as the case may be, by that member;
- (b) to a third party in respect of a single applicant or in respect of a member of the family (but not a member of the third party's family) shall, where it is not a payment referred to in subparagraph (a), be treated as possessed by that single applicant or by that member to the extent that it is used for the food, ordinary clothing or footwear, household fuel or rent of that single applicant or, as the case may be, of any member of that family or is used for any council tax or water charges for which that applicant or member is liable;
- (c) to a single applicant or a member of the family in respect of a third party (but not in respect of another member of that family) shall be treated as possessed by that single applicant or, as the case may be, that member of the family to the extent that it is kept or used by him or used by or on behalf of any member of the family.

39.4 Paragraph 39.3 shall not apply in respect of a payment of capital made:

- a. under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund;
- b. pursuant to section 2 of the 1973 Act in respect of a person's participation:
 - i. in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's

Allowance Regulations;

- ii. in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;
- iii. in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;
- iv. in a qualifying course within the meaning specified in regulation 17A(7) of those Regulations; or
- v. in the Flexible New Deal specified in regulation 75(1)(a)(v) of those Regulations;
- c. in respect of a person's participation in the Mandatory Work Activity Scheme;
- d. Enterprise Scheme;
- e. in respect of an applicant's participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme;
- f. under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where—
 - i. a bankruptcy order has been made in respect of the person in respect of whom the payment has been made or, in Scotland, the estate of that person is subject to sequestration or a judicial factor has been appointed on that person's estate under section 41 of the Solicitors (Scotland) Act 1980;
 - ii. the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and
 - iii. the person referred to in (i) and any member of his family does not possess, or is not treated as possessing, any other income apart from that payment..

39.5 Where an applicant stands in relation to a company in a position analogous to that of a sole owner or partner in the business of that company, he may be treated as if he were such sole owner or partner and in such a case

- a. the value of his holding in that company shall, notwithstanding section 34 (calculation of capital) be disregarded; and
- b. he shall, subject to paragraph 39.6, be treated as possessing an amount of capital equal to the value or, as the case may be, his share of the value of the capital of that company and the foregoing provisions of this Section shall apply for the purposes of calculating that amount as if it were actual capital which he does possess.

39.6 For so long as the applicant undertakes activities in the course of the business of the company, the amount which, he is treated as possessing under paragraph 39.5 shall be disregarded.

39.7 Where an applicant is treated as possessing capital under any of paragraphs 39.1 to 39.2 the foregoing provisions of this Section shall apply for the purposes of calculating its amount as if it were actual capital, which he does possess.

40.0 Not Used

41.0 Capital jointly held

41.1 Except where an applicant possesses capital which is disregarded under paragraph 39(5) (notional capital) where an applicant and one or more persons are beneficially entitled in possession to any capital asset they shall be treated, in the absence of evidence to the contrary, as if each of them were entitled in possession to the whole beneficial interest therein in an equal share and the foregoing provisions of this Section shall apply for the purposes of calculating the amount of capital which the applicant is treated as possessing as if it were actual capital which the applicant does possess

42.0 Not Used

Sections 43 - 56

Definition and the treatment of students for Council tax reduction purposes¹⁸

¹⁸ Amounts shown in sections 43 to 56 will be uprated in line with the Housing Benefit Regulations 2006 (as amended)

43.0 Student related definitions

43.1 In this scheme the following definitions apply;

'academic year' means the period of twelve months beginning on 1st January, 1st April, 1st July or 1st September according to whether the course in question begins in the winter, the spring, the summer or the autumn respectively but if students are required to begin attending the course during August or September and to continue attending through the autumn, the academic year of the course shall be considered to begin in the autumn rather than the summer;

'access funds' means;

- a. grants made under section 68 of the Further and Higher Education Act 1992 for the purpose of providing funds on a discretionary basis to be paid to students;
- b. grants made under section 73(a) and (c) and 74(1) of the Education (Scotland) Act 1980;
- c. grants made under Article 30 of the Education and Libraries (Northern Ireland) Order 1993 or grants, loans or other payments made under Article 5 of the Further Education (Northern Ireland) Order 1997 in each case being grants, or grants, loans or other payments as the case may be, for the purpose of assisting students in financial difficulties;
- d. discretionary payments, known as "learner support funds", which are made available to students in further education by institutions out of funds provided by the Secretary of State under section 14 of the Education Act 2002 or the Chief Executive of Skills Funding under sections 100 and 101 of the Apprenticeships, Skills, Children and Learning Act 2009; or
- e. Financial Contingency Funds made available by the Welsh Ministers;

'college of further education' means a college of further education within the meaning of Part 1 of the Further and Higher Education (Scotland) Act 1992;

'contribution' means;

- a. any contribution in respect of the income of a student or any person which the Secretary of State, the Scottish Ministers or an education authority takes into account in ascertaining the amount of a student's grant or student loan; or
- b. any sums, which in determining the amount of a student's allowance or bursary in Scotland under the Education (Scotland) Act 1980, the Scottish Ministers or education authority takes into account being sums which the Scottish Ministers or education authority consider that it is reasonable for the following person to contribute towards the holder's expenses;
 - (i) the holder of the allowance or bursary;
 - (ii) the holder's parents;
 - (iii) the holder's parent's spouse, civil partner or a person ordinarily living with the holder's parent as if he or she were the spouse or civil partner of that parent; or
 - (iv) the holder's spouse or civil partner;

'course of study' means any course of study, whether or not it is a sandwich course and whether or not a grant is made for attending or undertaking it;

'covenant income' means the gross income payable to a full-time student under a Deed of Covenant by his parent;

'education authority' means a government department, a local authority as defined in section 579 of the Education Act 1996 (interpretation), a local education authority as defined in section 123 of the Local Government (Scotland) Act 1973, an education and library board established under Article 3 of the Education and Libraries (Northern Ireland) Order 1986, any body which is a research council for the purposes of the Science and Technology Act 1965 or any analogous government department, authority, board or body, of the Channel Islands, Isle of Man or any other country outside Great Britain;

'full-time course of study' means a full time course of study which;

- a. is not funded in whole or in part by the Secretary of State under section 14 of the Education Act 2002, the Chief Executive of Skills Funding or by the Welsh Ministers or a full-time course of study which is not funded in whole or in part by the Scottish Ministers

- at a college of further education or a full-time course of study which is a course of higher education and is funded in whole or in part by the Scottish Ministers;;
- b. is funded in whole or in part by the Secretary of State under section 14 of the Education Act 2002, the Chief Executive of Skills Funding or by the Welsh Ministers if it involves more than 16 guided learning hours per week for the student in question, according to the number of guided learning hours per week for that student set out—
 - (i) in the case of a course funded by the Secretary of State under section 14 of the Education Act 2002 or the Chief Executive of Skills Funding, in the student’s learning agreement signed on behalf of the establishment which is funded by either of those persons for the delivery of that course; or
 - (ii) in the case of a course funded by the Welsh Ministers, in a document signed on behalf of the establishment which is funded by that Council for the delivery of that course; or
 - c. is not higher education and is funded in whole or in part by the Scottish Ministers at a college of further education and involves—
 - (i) more than 16 hours per week of classroom-based or workshop-based programmed learning under the direct guidance of teaching staff according to the number of hours set out in a document signed on behalf of the college; or
 - (ii) 16 hours or less per week of classroom-based or workshop-based programmed learning under the direct guidance of teaching staff and additional hours using structured learning packages supported by the teaching staff where the combined total of hours exceeds 21 hours per week, according to the number of hours set out in a document signed on behalf of the college;

‘full-time student’ means a person attending or undertaking a full-time course of study and includes a student on a sandwich course;

‘grant’ (except in the definition of ‘access funds’) means any kind of educational grant or award and includes any scholarship, studentship, exhibition allowance or bursary but does not include a payment from access funds or any payment to which paragraph 12 of Schedule 4 or paragraph 53 of Schedule 5 applies;

‘grant income’ means

- (a) any income by way of a grant;
- (b) any contribution whether or not it is paid;

‘higher education’ means higher education within the meaning of Part 2 of the Further and Higher Education (Scotland) Act 1992;

‘last day of the course’ means;

- a. in the case of a qualifying course, the date on which the last day of that course falls or the date on which the final examination relating to that course is completed, whichever is the later;
- b. in any other case, the date on which the last day of the final academic term falls in respect of the course in which the student is enrolled;

‘period of study’ means—

- a. in the case of a course of study for one year or less, the period beginning with the start of the course and ending with the last day of the course;
- b. in the case of a course of study for more than one year, in the first or, as the case may be, any subsequent year of the course, other than the final year of the course, the period beginning with the start of the course or, as the case may be, the year’s start and ending with either—
 - (i) the day before the start of the next year of the course in a case where the student’s grant or loan is assessed at a rate appropriate to his studying throughout the year, or, if he does not have a grant or loan, where a loan would have been assessed at such a rate had he had one; or
 - (ii) in any other case, the day before the start of the normal summer vacation appropriate to his course;
- c. in the final year of a course of study of more than one year, the period beginning with that year’s start and ending with the last day of the course;

‘periods of experience’ means periods of work experience which form part of a sandwich course;

‘qualifying course’ means a qualifying course as defined for the purposes of Parts 2 and 4 of the Jobseeker’s Allowance Regulations;

‘modular course’ means a course of study which consists of two or more modules, the successful completion of a specified number of which is required before a person is considered by the educational establishment to have completed the course.

‘sandwich course’ has the meaning prescribed in regulation 2(9) of the Education (Student Support) Regulations 2008, regulation 4(2) of the Education (Student Loans), (Scotland), Regulations 2007 or regulation 2(8) of the Education (Student Support) Regulations (Northern Ireland) 2007, as the case may be;

‘standard maintenance grant’ means–

- a. except where paragraph (b) or (c) applies, in the case of a student attending or undertaking a course of study at the University of London or an establishment within the area comprising the City of London and the Metropolitan Police District, the amount specified for the time being in paragraph 2(2)(a) of Schedule 2 to the Education (Mandatory Awards) Regulations 2003 (‘the 2003 Regulations’) for such a student;
- b. except where paragraph (c) applies, in the case of a student residing at his parent’s home, the amount specified in paragraph 3 thereof;
- c. in the case of a student receiving an allowance or bursary under the Education (Scotland) Act 1980, the amount of money specified as ‘standard maintenance allowance’ for the relevant year appropriate for the student set out in the Student Support in Scotland Guide issued by the student Awards Agency for Scotland, or its nearest equivalent in the case of a bursary provided by a college of further education or a local education authority;
- d. in any other case, the amount specified in paragraph 2(2) of Schedule 2 to the 2003 Regulations other than in sub-paragraph (a) or (b) thereof;

‘student’ means a person, other than a person in receipt of a training allowance, who is attending or undertaking–

- a. a course of study at an educational establishment; or
- b. a qualifying course;

‘student loan’ means a loan towards a student’s maintenance pursuant to any regulations made under section 22 of the Teaching and Higher Education Act 1998, section 73 of the Education (Scotland) Act 1980 or Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 and shall include, in Scotland, a young student’s bursary paid under regulation 4(1)(c) of the Student’s Allowances (Scotland) Regulations 2007

- 43.2 For the purposes of the definition of ‘full-time student’, a person shall be regarded as attending or, as the case may be, undertaking a full-time course of study or as being on a sandwich course
- a. in the case of a person attending or undertaking a part of a modular course which would be a full-time course of study for the purposes of this Part, for the period beginning on the day on which that part of the course starts and ending;
 - (i) on the last day on which he is registered with the educational establishment as attending or undertaking that part as a full-time course of study; or
 - (ii) on such earlier date (if any) as he finally abandons the course or is dismissed from it;
 - b. in any other case, throughout the period beginning on the date on which he starts attending or undertaking the course and ending on the last day of the course or on such earlier date (if any) as he finally abandons it or is dismissed from it.

- 43.3 For the purposes of sub-paragraph (a) of paragraph 43.2, the period referred to in that sub-paragraph shall include;
- a. where a person has failed examinations or has failed to successfully complete a module relating to a period when he was attending or undertaking a part of the course as a full-time course of study, any period in respect of which he attends or undertakes the course for the purpose of retaking those examinations or that module;
 - b. any period of vacation within the period specified in that paragraph or immediately following that period except where the person has registered with the educational establishment to attend or undertake the final module in the course and the vacation immediately follows the last day on which he is required to attend or undertake the course.

44.0 Treatment of students

44.1 The following sections relate to students who claim Council tax reduction

45.0 Students who are excluded from entitlement to council tax reduction

45.1 Students (except those specified in paragraph 45.3) are not able to claim Council tax reduction under Classes D and E of the Council's reduction scheme.

45.2 To be eligible for reduction, the student must be liable for Council Tax under Section 6 of the Local Government Finance Act 1992 and they must not be deemed to be a full time student or a persons from abroad within the meaning of section 7 of this scheme (persons from aboard).

- 45.3 Paragraph 45.2 shall not apply to a student
- (a) who is a person on income support, an income-based jobseeker's allowance or an income-related employment and support allowance;
 - (b) who is a lone parent;
 - (c) whose applicable amount would, but for this section, include the disability premium or severe disability premium;
 - (d) whose applicable amount would include the disability premium but for his being treated as capable of work by virtue of a determination made in accordance with regulations made under section 171E of the Act;
 - (e) who is, or is treated as, incapable of work and has been so incapable, or has been so treated as incapable, of work in accordance with the provisions of, and regulations made under, Part 12A of the Act (incapacity for work) for a continuous period of not less than 196 days; and for this purpose any two or more separate periods separated by a break of not more than 56 days shall be treated as one continuous period;
 - (f) who has, or is treated as having, limited capability for work and has had, or been treated as having, limited capability for work in accordance with the Employment and Support Allowance Regulations for a continuous period of not less than 196 days, and for this purpose any two or more separate periods separated by a break of not more than 84 days must be treated as one continuous period.
 - (g) who has a partner who is also a full-time student, if he or that partner is treated as responsible for a child or young person;
 - (h) who is a single applicant with whom a child is placed by a local authority or voluntary organisation within the meaning of the Children Act 1989, or, in Scotland, boarded out within the meaning of the Social Work (Scotland) Act 1968;
 - (i) who is;
 - (i) aged under 21 and whose course of study is not a course of higher education, or
 - (ii) a qualifying young person or child within the meaning of section 142 of the Act (child and qualifying young person);
 - (j) in respect of whom
 - i) a supplementary requirement has been determined under paragraph 9 of Part 2 of Schedule 2 to the Education (Mandatory Awards) Regulations 2003;
 - (ii) an allowance, or as the case may be, bursary has been granted which includes a sum under paragraph (1)(d) or regulation 4 of the Students' Allowances (Scotland) Regulations 1999 or, as the case may be, under paragraph (1)(d) of regulation 4 of the Education Authority (Bursaries) (Scotland) Regulations 1995, in respect of expenses incurred;
 - (iii) a payment has been made under section 2 of the Education Act 1962 or under or by virtue of regulations made under the Teaching and Higher Education Act 1998;
 - (iv) a grant has been made under regulation 13 of the Education (Student Support) Regulations 2005 or under regulation 13 of the Education (Student Support) Regulations (Northern Ireland) 2000; or
 - (v) a supplementary requirement has been determined under paragraph 9 of

Schedule 6 to the Students Awards Regulations (Northern Ireland) 1999 or a payment has been made under Article 50(3) of the Education and Libraries (Northern Ireland) Order 1986,

on account of his disability by reason of deafness.

45.3A For the purposes of paragraph 45.3(h)(i) the student must have begun, or been enrolled or accepted onto the course before attaining the age of 19

45.4 For the purposes of paragraph 45.3, once paragraph 45.3(e) applies to a full-time student, if he then ceases, for a period of 56 days or less, to be incapable, or to be treated as incapable, of work, that paragraph shall, on his again becoming so incapable, or so treated as incapable, of work at the end of that period, immediately thereafter apply to him for so long as he remains incapable or is treated as remaining incapable, of work.

45.5 In paragraph 45.3(h) the reference to a course of higher education is a reference to a course of any description mentioned in Schedule 6 to the Education Reform Act 1988.

45.6 A full-time student to whom sub-paragraph (i) of paragraph 45.3 applies, shall be treated as satisfying that sub-paragraph from the date on which he made a request for the supplementary requirement, allowance, bursary or payment as the case may be.

45.7 Paragraph 45.2 shall not apply to a full-time student for the period specified in paragraph 45.8 if;

- (a) at any time during an academic year, with the consent of the relevant educational establishment, he ceases to attend or undertake a course because he is;
 - (i) engaged in caring for another person; or
 - (ii) ill;
- (b) he has subsequently ceased to be engaged in engaging in caring for that person or, as the case may be, he has subsequently recovered from that illness; and
- (c) he is not eligible for a grant or a student loan in respect of the period specified in paragraph 45.8.

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

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

46.0 Calculation of grant income

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

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

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

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

- 47.2 The weekly amount of the student's covenant shall be determined—
- (a) by dividing the amount of income which falls to be taken into account under paragraph 47.1 by 52 or 53, whichever is reasonable in the circumstances; and
 - (b) by disregarding from the resulting amount, £5.

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

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

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

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

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

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

49.0 Student Covenant Income and Grant income – non disregard

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

50.0 Other amounts to be disregarded

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

51.0 Treatment of student loans

51.1 A student loan shall be treated as income.

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

- (a) in respect of a course that is of a single academic year's duration or less, a loan which is

payable in respect of that period shall be apportioned equally between the weeks in the period beginning with;

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

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

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

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

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

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

- (a) in the case of a student to whom a student loan is made in respect of an academic year, a sum equal to
 - (i) the maximum student loan he is able to acquire in respect of that year by taking reasonable steps to do so; and
 - (ii) any contribution whether or not it has been paid to him;
- (b) in the case of a student to whom a student loan is not made in respect of an academic year, the maximum student loan that would be made to the student if;
 - (i) he took all reasonable steps to obtain the maximum student loan he is able to acquire

in respect of that year; and
(ii) no deduction in that loan was made by virtue of the application of a means test.

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

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

51A.0 Treatment of fee loans

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

52.0 Treatment of payments from access funds

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

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

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

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

53.0 Disregard of contribution

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

54.0 Further disregard of student's income

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

55.0 Income treated as capital

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

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

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

56.0 Disregard of changes occurring during summer vacation

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

Sections 57 – 63

The calculation and amount of Council tax reduction

57.0 Maximum council tax reduction

57.1 Subject to paragraphs 57.2 to 57.4, the amount of a person's maximum council tax reduction in respect of a day for which he is liable to pay council tax, shall be 80 per cent, of the amount A divided by B where;

- (a) A is the **lower** of either;
- i. amount set by the appropriate authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; or
 - ii. the amount set by the appropriate authority as the council tax for the relevant financial year in respect of a dwelling within Band C subject to any discount which may be appropriate to the person's circumstances; and
- (b) B is the number of days in that financial year,

less any deductions in respect of non-dependants which fall to be made under section 58 (non-dependant deductions).

In this paragraph "relevant financial year" means, in relation to any particular day, financial year within which the day in question falls.

57.2 In calculating a person's maximum council tax reduction any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act, shall be taken into account.

57.3 Subject to paragraph 57.4, where an applicant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons but excepting any person so residing with the applicant who is a student to whom paragraph 45.2 (students who are excluded from entitlement to council tax reduction) applies, in determining the maximum council tax reduction in his case in accordance with paragraph 57.1, the amount A shall be divided by the number of persons who are jointly and severally liable for that tax.

57.4 Where an applicant is jointly and severally liable for council tax in respect of a dwelling with only his partner, paragraph 57.3 shall not apply in his case

57A Protected Group

57A.1 Where the applicant is:

- entitled to a severe disability premium; or
 - is in receipt of carer's allowance; or
 - normally resides with and is responsible for a dependant child under 5 years of age
- the figure shown in 57.1 shall be 84%

58.0 Non-dependant deductions¹⁹

58.1 Subject to the following provisions of this paragraph, the non-dependant deductions in respect of a day referred to in section 57 (maximum council tax reduction) shall be;

- (a) in respect of a non-dependant aged 18 or over in remunerative work, £12.40 x 1/7;
- (b) in respect of a non-dependant aged 18 or over to whom sub-paragraph (a) does not apply, £4.05 x 1/7.

58.2 In the case of a non-dependant aged 18 or over to whom paragraph 58.1(a) applies, where it is shown to the appropriate authority that his normal gross weekly income is—

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

- (a) less than £217.00, the deduction to be made under this paragraph shall be that specified in paragraph 58.1(b);
- (b) not less than £217.00, but less than £377.00, the deduction to be made under this section shall be £8.25 x 1/7
- (c) not less than £377.00, but less than £469.00, the deduction to be made under this section shall be £10.35 x 1/7;

58.3 Only one deduction shall be made under this section in respect of a couple or, as the case may be, members of a polygamous marriage and, where, but for this paragraph, the amount that would fall to be deducted in respect of one member of a couple or polygamous marriage is higher than the amount (if any) that would fall to be deducted in respect of the other, or any other, member, the higher amount shall be deducted.

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

58.5 Where in respect of a day—

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

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

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

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

- a. although he resides with the applicant, it appears to the authority that his normal home is elsewhere; or
- b. he is in receipt of a training allowance paid in connection with a youth training established under section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990; or
- c. he is a full time student within the meaning of section 44.0 (Students); or
- d. he is not residing with the applicant because he has been a patient for a period of excess of

52 weeks, and for these purposes;

- e. 'patient' has the meaning given within this scheme, and
- f. where a person has been a patient for two or more distinct periods separated by one or more intervals each not exceeding 28 days, he shall be treated as having been a patient continuously for a period equal in duration to the total of those distinct periods;
- g. he is not residing with the claimant because he is a member of the armed forces away on operations

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

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

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

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

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

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

60.0 Extended reductions

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

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

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

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

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

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

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

60A.0 Duration of extended reduction period

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

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

60A.3 The extended reduction period ends;

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

60B.0 Amount of extended reduction

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

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

60B.2 Paragraph 60B.1 does not apply in the case of a mover.

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

60C Extended reductions – movers

60C.1 This section applies;

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

60C.2 The amount of the extended reduction payable from the Monday from which this section applies until the end of the extended reduction period shall be the amount of council tax reduction which was payable to the mover for the last reduction week before the mover, or the mover's partner, ceased to be entitled to a qualifying income-related benefit.

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

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

60C.4 Where—

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

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

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

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

61.0 Extended reductions (qualifying contributory benefits)

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

- (a) the applicant or the applicant's partner was entitled to a qualifying contributory benefit;
- (b) entitlement to a qualifying contributory benefit ceased because the applicant or the applicant's partner;
 - (i) commenced employment as an employed or self-employed earner;
 - (ii) increased their earnings from such employment; or
 - (iii) increased the number of hours worked in such employment, and that employment is or, as the case may be, increased earnings or increased number of hours are expected to last five weeks or more;
- (c) the applicant or the applicant's partner had been entitled to and in receipt of a qualifying contributory benefit or a combination of qualifying contributory benefits for a

- continuous period of at least 26 weeks before the day on which the entitlement to a qualifying contributory benefit ceased; and
- (d) the applicant or the applicant's partner was not entitled to and not in receipt of a qualifying income-related benefit in the last reduction week in which the applicant, or the applicant's partner, was entitled to a qualifying contributory benefit.

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

- (a) the applicant ceased to be entitled to council tax reduction because the applicant vacated the dwelling in which the applicant was resident;
- (b) the day on which the applicant vacated the dwelling was either in the week in which entitlement to a qualifying contributory benefit ceased, or in the preceding week; and
- (c) entitlement to the qualifying contributory benefit ceased in any of the circumstances listed in paragraph 61.1(b).

61A.0 Duration of extended reduction period (qualifying contributory benefits)

61A.1 Where an applicant is entitled to an extended reduction (qualifying contributory benefits), the extended reduction period starts on the first day of the reduction week immediately following the reduction week in which the applicant, or the applicant's partner, ceased to be entitled to a qualifying contributory benefit.

61A.2 For the purpose of paragraph 61A.1, an applicant or an applicant's partner ceases to be entitled to a qualifying contributory benefit on the day immediately following the last day of entitlement to that benefit.

61A.3 The extended reduction period ends;

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

61B.0 Amount of extended reduction (qualifying contributory benefits)

61B.1 For any week during the extended reduction period the amount of the extended reduction (qualifying contributory benefits) payable to an applicant shall be the higher of;

- (a) the amount of council tax reduction to which the applicant was entitled under the general conditions of entitlement in the last reduction week before the applicant or the applicant's partner ceased to be entitled to a qualifying contributory benefit;
- (b) the amount of council tax reduction to which the applicant would be entitled under the general conditions of entitlement for any reduction week during the extended reduction period, if section 61 (extended reductions (qualifying contributory benefits)) did not apply to the applicant; or
- (c) the amount of council tax reduction to which the applicant's partner would be entitled under the general conditions of entitlement, if section 61 did not apply to the applicant.

61B .2 Paragraph 61B.1 does not apply in the case of a mover.

61B.3 Where an applicant is in receipt of an extended reduction (qualifying contributory benefits) under this section and the applicant's partner makes a claim for council tax reduction, no amount of council tax reduction shall be payable by the appropriate authority during the extended reduction period.

61C.0 Extended reductions (qualifying contributory benefits) – movers

61C.1 This section applies;

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

61C.2 The amount of the extended reduction (qualifying contributory benefit) payable from the Monday from which this section applies until the end of the extended reduction period shall be the amount of council tax reduction which was payable to the mover for the last reduction week before the mover, or the mover's partner, ceased to be entitled to a qualifying contributory benefit.

61C.3 Where a mover's liability to pay council tax in respect of the new dwelling is to the second authority, the extended reduction (qualifying contributory benefits) may take the form of a payment from the appropriate authority to—
(a) the second authority; or
(b) the mover directly.

61C.4 Where
(a) a mover, or the mover's partner, makes a claim for council tax reduction to the second authority after the mover, or the mover's partner, ceased to be entitled to a qualifying contributory benefit; and
(b) the mover, or the mover's partner, is in receipt of an extended reduction (qualifying contributory benefits) from the appropriate authority, the second authority shall reduce the weekly amount of council tax reduction that the mover, or the mover's partner, is entitled to by a sum equal to the amount of the extended reduction (qualifying contributory benefits) until the end of the extended reduction period.

61D.0 Relationship between extended reduction (qualifying contributory benefits) and entitlement to council tax reduction under the general conditions of entitlement

61D.1 Where an applicant's council tax reduction award would have ended when the applicant ceased to be entitled to a qualifying contributory benefit in the circumstances listed in paragraph 61.1 (b), that award will not cease until the end of the extended reduction period.

61D.2 Changes of circumstances and increases for exceptional circumstances shall not apply to any extended reduction (qualifying contributory benefits) payable in accordance with paragraph 61B.1(a) or 61C.2 (amount of extended reduction—movers).

61E.0 Extended reductions: movers into the authority's 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	£74.35
b) is aged not less than 25	£74.35
c) is aged not less than 18 but less than 25	£58.90
2. Lone Parent	£74.35
3. Couple; a) Where the applicant is entitled to the main phase of employment and support allowance	£116.80
b) Where one member is aged not less than 18	£116.80
c) Polygamous Addition	£41.75

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

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

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

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

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

Family Premiums

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

Premiums

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

Disability Premium

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

Additional Condition for the Disability Premiums

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

Severe Disability Premiums

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

Enhanced Disability Premium

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

Disabled Child Premium

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

Carer Premium

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

Persons in receipt of concessionary payments

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

Persons in receipt of benefit for another

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

Amounts of Premium

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

Premium	Amount
Disability Premium	£34.95
a. where the applicant satisfies the condition in paragraph 12(a) of Schedule 3 Housing Benefit Regulations 2006	
b. where the applicant satisfies the condition in paragraph 12(b) of Schedule 3 Housing Benefit Regulations 2006	£49.80
Severe Disability Premium	£66.95
a. where the applicant satisfies the condition in paragraph 14(2)(a) of Schedule 3 Housing Benefit Regulations 2006	
b. where the applicant satisfies the condition in paragraph 14(2)(b) of Schedule 3 Housing Benefit Regulations 2006	£66.95
i. in a case where there is someone in receipt of carer's allowance or if he or any partner satisfies that condition only by virtue of paragraph 14(5);	
ii. in a case where there is no one in receipt of such an allowance	£133.90
Disabled Child Premium	£65.52 in respect of each child or young person in respect of whom the condition specified in paragraph 16 of Part 3 of Schedule 3 Housing Benefit Regulations 2006
Carer Premium	£37.50 in respect of each person who satisfies the condition specified in paragraph 17 of Part 3 of Schedule 3 Housing Benefit Regulations 2006
Enhanced Disability Premium	(a) £26.04 in respect of each child or young person in respect of whom the conditions specified in paragraph 15 of Part 3 of Schedule 3 Housing Benefit Regulations 2006 are satisfied; (b) £17.10 in respect of each person who is neither— (i) a child or young person; nor (ii) a member of a couple or a polygamous marriage, in respect of whom the conditions specified in paragraph 15 are satisfied; (c) £24.50 where the applicant is a member of a couple or a

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

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

Transitional Addition

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

Amount of transitional addition

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

Schedule 2

Not Used

Schedule 3

Sums to be disregarded in the calculation of earnings³⁹

³⁹ All amounts within this schedule will be amended in line with the Housing Benefit Regulations 2006 (as amended)

- 1.** In the case of an applicant who has been engaged in remunerative work as an employed earner or, had the employment been in Great Britain, would have been so engaged—
- (a) where—
 - (i) the employment has been terminated because of retirement; and
 - (ii) on retirement he is entitled to a retirement pension under the Act, or is not so entitled solely because of his failure to satisfy the contribution conditions,
any earnings paid or due to be paid in respect of that employment, but only for a period commencing on the day immediately after the date on which the employment was terminated;
 - (b) where before the first day of entitlement to council tax reduction the employment has been terminated otherwise than because of retirement, any earnings paid or due to be paid in respect of that employment except—
 - (i) any payment of the nature described in
 - (aa) paragraph 25.1(e), or
 - (bb) section 28, 64 or 68 of the Employment Rights Act 1996 (guarantee payments, suspension from work on medical or maternity grounds); and
 - (ii) any award, sum or payment of the nature described in
 - (aa) paragraph 25.1(g) or (h), or
 - (bb) section 34 or 70 of the Employment Rights Act 1996 (guarantee payments and suspension from work: complaints to employment tribunals),
including any payment made following the settlement of a complaint to an employment tribunal or of court proceedings;
 - (c) where before the first day of entitlement to council tax reduction—
 - (i) the employment has not been terminated, but
 - (ii) the applicant is not engaged in remunerative work,

any earnings paid or due to be paid in respect of that employment except any payment or remuneration of the nature described in paragraph 1(b)(i) or (ii)(bb) or paragraph 25.1(i), or (j).
- 2.** In the case of an applicant who, before first day of entitlement to council tax reduction;
- (a) has been engaged in part-time employment as an employed earner or, where the employment has been outside Great Britain, would have been so engaged had the employment been in Great Britain; and
 - (b) has ceased to be engaged in that employment, whether or not that employment has been terminated,
any earnings paid or due to be paid in respect of that employment except;
 - (i) where that employment has been terminated, any payment of the nature described in paragraph 1(b)(i) or (ii)(bb);
 - (ii) where that employment has not been terminated, any payment or remuneration of the nature described in paragraph 1(b)(i) or (ii)(bb) or paragraph 25.1(i), (i) or (j).
- 2A.** In the case of an applicant who has been engaged in remunerative work or part-time employment as a self-employed earner or, had the employment been in Great Britain would have been so engaged and who has ceased to be so employed, from the date of the cessation

of his employment any earnings derived from that employment except earnings to which paragraph 27.3 and paragraph 27.4 (earnings of self-employed earners) apply.

- 3.** (1) In a case to which this paragraph applies and paragraph 4 does not apply, £20; but notwithstanding section 15 (calculation of income and capital of members of an applicant's family and of a polygamous marriage) if this paragraph applies to an applicant it shall not apply to his partner except where, and to the extent that, the earnings of the applicant which are to be disregarded under this paragraph are less than £20.

(2) This paragraph applies where the applicant's applicable amount includes an amount by way of the disability premium, severe disability premium, work-related activity component or support component.

(3) This paragraph applies where

 - (a) he is a member of a couple and his applicable amount includes an amount by way of the disability premium; and
 - (b) he or his partner has not attained the qualifying age for state pension credit and at least one is engaged in employment.

(4)–(5) Not used
- 4.** In a case where the applicant is a lone parent, £25.
- 5.** (1) In a case to which neither paragraph 3 nor paragraph 4 applies to the applicant and, subject to sub-paragraph (2), where the applicant's applicable amount includes an amount by way of the carer premium, £20 of the earnings of the person who is, or at any time in the preceding eight weeks was, in receipt of carer's allowance or treated in accordance with this scheme as being in receipt of carer's allowance.

(2) Where the carer premium is awarded in respect of the applicant and of any partner of his, their earnings shall for the purposes of this paragraph be aggregated, but the amount to be disregarded in accordance with sub-paragraph (1) shall not exceed £20 of the aggregated amount.
- 6.** Where the carer premium is awarded in respect of an applicant who is a member of a couple and whose earnings are less than £20, but is not awarded in respect of the other member of the couple, and that other member is engaged in an employment;

 - (a) specified in paragraph 8(1), so much of the other member's earnings as would not when aggregated with the amount disregarded under paragraph 5 exceed £20;
 - (b) other than one specified in paragraph 8(1), so much of the other member's earnings from such other employment up to £10 as would not when aggregated with the amount disregarded under paragraph 5 exceed £20.
- 7.** In a case where paragraphs 3, 5, 6 and 8 do not apply to the applicant and he is one of a couple and a member of that couple is in employment, £10; but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if this paragraph applies to an applicant it shall not apply to his partner except where, and to the extent that, the earnings of the applicant which are to be disregarded under this paragraph are less than £10.
- 8.** (1) In a case where paragraphs 3, 4, 5 and 6 do not apply to the applicant, £20 of earnings derived from one or more employments as–

 - (a) as a part-time fire-fighter employed by a fire and rescue authority constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies;
 - (b) a part-time fire-fighter employed by a fire and rescue authority (as defined in section

1 of the Fire (Scotland) Act 2005(a)) or a joint fire and rescue board constituted by an amalgamation scheme made under section 2(1) of that Act;

- (c) an auxiliary coastguard in respect of coast rescue activities;
- (d) a person engaged part-time in the manning or launching of a life boat;
- (e) a member of any territorial or reserve force prescribed in Part I of Schedule 6 to the Social Security (Contributions) Regulations 2001;

but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if this paragraph applies to an applicant it shall not apply to his partner except to the extent specified in sub-paragraph (2).

- (2) If the applicant's partner is engaged in employment;
 - (a) specified in sub-paragraph (1), so much of his earnings as would not in aggregate with the amount of the applicant's earnings disregarded under this paragraph exceed £20;
 - (b) other than one specified in sub-paragraph (1), so much of his earnings from that employment up to £10 as would not in aggregate with the applicant's earnings disregarded under this paragraph exceed £20.

9. Where the applicant is engaged in one or more employments specified in paragraph 8(1), but his earnings derived from such employments are less than £20 in any week and he is also engaged in any other employment so much of his earnings from that other employment, up to £5 if he is a single applicant, or up to £10 if he has a partner, as would not in aggregate with the amount of his earnings disregarded under paragraph 8 exceed £20.

10. In a case to which none of the paragraphs 3 to 9 applies, £5.

10A. (1) Where;

- (a) the applicant (or if the applicant is a member of a couple, at least one member of that couple) is a person to whom sub-paragraph (5) applies;
- (b) the Secretary of State is satisfied that that person is undertaking exempt work as defined in sub-paragraph (6); and
- (c) paragraph 12 does not apply,

the amount specified in sub-paragraph (7) ('the specified amount').

(2) Where this paragraph applies, paragraphs 3 to 10 do not apply; but in any case where the applicant is a lone parent, and the specified amount would be less than the amount specified in paragraph 4, then paragraph 4 applies instead of this paragraph.

(3) Notwithstanding section 15 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if sub-paragraph (1) applies to one member of a couple ('A') it shall not apply to the other member of that couple ('B') except to the extent provided in sub-paragraph (4).

(4) Where A's earnings are less than the specified amount, there shall also be disregarded so much of B's earnings as would not when aggregated with A's earnings exceed the specified amount; but the amount of B's earnings which may be disregarded under this sub-paragraph is limited to a maximum of £20 unless the Secretary of State is satisfied that B is also undertaking exempt work.

(5) This sub-paragraph applies to a person who is;

- (a) in receipt of a contributory employment and support allowance;
- (b) in receipt of incapacity benefit;
- (c) in receipt of severe disablement allowance; or
- (d) being credited with earnings on the grounds of incapacity for work or limited capability for work under regulation 8B of the Social Security (Credits) Regulations 1975

(6) 'Exempt work' means work of the kind described in;

(a) regulation 45(2), (3) or (4) of the Employment and Support Allowance Regulations; or (as the case may be)
(b) regulation 17(2), (3) or (4) of the Social Security (Incapacity for Work) (General) Regulations 1995,
and, in determining for the purposes of this paragraph whether an applicant or a member of a couple is undertaking any type of exempt work, it is immaterial whether that person or their partner is also undertaking other work.

(7) The specified amount is the amount of money from time to time mentioned in any provision referred to in sub-paragraph (6) by virtue of which the work referred to in sub-paragraph (1) is exempt (or, where more than one such provision is relevant and those provisions mention different amounts of money, the highest of those amounts).

11. Any amount or the balance of any amount which would fall to be disregarded under paragraph 19 or 20 of Schedule 4 had the applicant's income which does not consist of earnings been sufficient to entitle him to the full disregard thereunder.

12. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, his earnings.

13. Any earnings derived from employment, which are payable in a country outside the United Kingdom for such period during which there is a prohibition against the transfer to the United Kingdom of those earnings.

14. Where a payment of earnings is made in a currency other than Sterling, any banking charge or commission payable in converting that payment into Sterling.

15. Any earnings of a child or young person.

16. (1) In a case where the applicant is a person who satisfies at least one of the conditions set out in sub-paragraph (2), and his net earnings equal or exceed the total of the amounts set out in sub-paragraph (3), the amount of his earnings that falls to be disregarded under paragraphs 3 to 10A of this Schedule shall be increased by £17.10.

(2) The conditions of this sub-paragraph are that—

(a) the applicant, or if he is a member of a couple, either the applicant or his partner, is a person to whom regulation 20(1)(c) of the Working Tax Credit Regulations applies; or

(b) the applicant—

(i) is, or if he is a member of a couple, at least one member of that couple is aged at least 25 and is engaged in remunerative work for on average not less than 30 hours per week; or

(ii) is a member of a couple and

(aa) at least one member of that couple, is engaged in remunerative work for on average not less than 16 hours per week; and

(bb) his applicable amount includes a family premium; or

(iii) is a lone parent who is engaged in remunerative work for on average not less than 16 hours per week; or

(iv) is, or if he is a member of a couple, at least one member of that couple is engaged in remunerative work for on average not less than 16 hours per week; and;

(aa) the applicant's applicable amount includes a disability premium, the work-related activity component or the support component ;

(bb) where he is a member of a couple, at least one member of that couple satisfies the qualifying conditions for the disability premium or either of the components referred to in sub-head (aa) above and is engaged in remunerative work for on average not less than 16 hours per week.

(3) The following are the amounts referred to in sub-paragraph (1);

- (a) the amount calculated as disregardable from the applicant's earnings under paragraphs 3 to 10A of this Schedule;
- (b) the amount of child care charges calculated as deductible under paragraph 17(1)(c); and
- (c) £17.10

- (4) The provisions of section 6 shall apply in determining whether or not a person works for on average not less than 30 hours per week, but as if the reference to 16 hours in paragraph (1) of that section were a reference to 30 hours.

- 17.** In this Schedule 'part-time employment' means employment in which the person is engaged on average for less than 16 hours a week.

Schedule 4

Sums to be disregarded in the calculation of income other than earnings⁴⁰

⁴⁰ Any amounts shown in this schedule will be updated in line with the Housing Benefit Regulations 2006 as amended

1. Any amount paid by way of tax on income, which is to be taken into account under section 30 (calculation of income other than earnings).
- A2. Any payment made to the claim and in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme.
- A3. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme, but only for 52 weeks beginning with the date of receipt of the payment.
2. Any payment in respect of any expenses incurred or to be incurred by an applicant who is—
 - (a) engaged by a charitable or voluntary organisation, or
 - (b) volunteer,
 if he otherwise derives no remuneration or profit from the employment and is not to be treated as possessing any earnings under section 32.0 (notional income).
- 2A. Any payment in respect of expenses arising out of the applicant’s participation as a service user.
3. In the case of employment as an employed earner, any payment in respect of expenses wholly, exclusively and necessarily incurred in the performance of the duties of the employment.
4. Where an applicant is on income support, an income-based jobseeker’s allowance or an income-related employment and support allowance the whole of his income.
5. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act and his partner is on an income-based jobseeker’s allowance, the whole of the applicant’s income.
6. Where the applicant, or the person who was the partner of the applicant on 31st March 2003, was entitled on that date to income support or an income-based jobseeker’s allowance but ceased to be so entitled on or before 5th April 2003 by virtue only of regulation 13 of the Housing Benefit (General) Amendment (No. 3) Regulations 1999 as in force at that date, the whole of his income.
7. Any disability living allowance or personal independence payment or AFIP
8. Any concessionary payment made to compensate for the non-payment of;
 - (a) any payment specified in paragraph 7 or 10;
 - (b) income support;
 - (c) an income-based jobseeker’s allowance.
 - (d) an income-related employment and support allowance.
9. Any mobility supplement under article 20 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (including such a supplement by virtue of any other scheme or order) or under article 25A of the Personal Injuries (Civilians) Scheme 1983 or any payment intended to compensate for the non-payment of such a supplement.
10. Any attendance allowance.
11. Any payment to the applicant as holder of the Victoria Cross or of the George Cross or any analogous payment.
12. (1) Any payment—
 - (a) by way of an education maintenance allowance made pursuant to;
 - (i) regulations made under section 518 of the Education Act 1996 (payment of

school expenses; grant of scholarships etc);
(ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980 (power to assist persons to take advantage of educational facilities);
(iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992

- (b) corresponding to such an education maintenance allowance, made pursuant to;
(i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
(ii) regulations made under section 181 of that Act; or

(iii) in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.

- (2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;
(a) regulations made under section 518 of the Education Act 1996;
(b) regulations made under section 49 of the Education (Scotland) Act 1980; or
(c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992, in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).

13. Any payment made to the applicant by way of a repayment under regulation 11(2) of the Education (Teacher Student Loans) (Repayment etc.) Regulations 2002.

14 (1) Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 except a payment;

- (a) made as a substitute for income support, a jobseeker's allowance, incapacity benefit, severe disablement allowance or an employment and support allowance;
(b) of an allowance referred to in section 2(3) of the 1973 Act or section 2(5) of the Enterprise and New Towns (Scotland) Act 1990; or
(c) intended to meet the cost of living expenses which relate to any one or more of the items specified in sub-paragraph (2) whilst an applicant is participating in an education, training or other scheme to help him enhance his employment prospects unless the payment is a Career Development Loan paid pursuant to section 2 of the 1973 Act and the period of education or training or the scheme, which is supported by that loan, has been completed.

- (2) The items specified in this sub-paragraph for the purposes of sub-paragraph (1)(c) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.

15 (1) Subject to sub-paragraph (2), any of the following payments;

- (a) a charitable payment;
(b) a voluntary payment;
(c) a payment (not falling within sub-paragraph (a) or (b) above) from a trust whose funds are derived from a payment made in consequence of any personal injury to the applicant;
(d) a payment under an annuity purchased;
(i) pursuant to any agreement or court order to make payments to the applicant; or
(ii) from funds derived from a payment made, in consequence of any personal injury to the applicant; or
(e) a payment (not falling within sub-paragraphs (a) to (d) received by virtue of any

agreement or court order to make payments to the applicant in consequence of any personal injury to the applicant.

- (2) Sub-paragraph (1) shall not apply to a payment, which is made or due to be made by—
- (a) a former partner of the applicant, or a former partner of any member of the applicant's family; or
 - (b) the parent of a child or young person where that child or young person is a member of the applicant's family.
- 16.** 100% of any of the following, namely
- (a) a war disablement pension (except insofar as such a pension falls to be disregarded under paragraph 9 or 10);
 - (b) a war widow's pension or war widower's pension;
 - (c) a pension payable to a person as a widow, widower or surviving civil partner under any power of Her Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
 - (d) a guaranteed income payment;
 - (e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
 - (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
 - (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.
- 17.** Subject to paragraph 35, £15 of any;
- (a) widowed mother's allowance paid pursuant to section 37 of the Act;
 - (b) widowed parent's allowance paid pursuant to section 39A of the Act.
- 18.** (1) Any income derived from capital to which the applicant is or is treated under section 41 (capital jointly held) as beneficially entitled but, subject to sub-paragraph (2), not income derived from capital disregarded under paragraphs 1, 2, 4, 8, 14 or 25 to 28 of Schedule 5.
- (2) Income derived from capital disregarded under paragraphs 2, 4 or 25 to 28 of Schedule 5 but only to the extent of—
- (a) any mortgage repayments made in respect of the dwelling or premises in the period during which that income accrued; or
 - (b) any council tax or water charges which the applicant is liable to pay in respect of the dwelling or premises and which are paid in the period during which that income accrued.
- (3) The definition of 'water charges' in paragraph 2(1) shall apply to sub-paragraph (2) of this paragraph with the omission of the words 'in so far as such charges are in respect of the dwelling which a person occupies as his home'.
- 19.** Where the applicant makes a parental contribution in respect of a student attending a course at an establishment in the United Kingdom or undergoing education in the United Kingdom, which contribution has been assessed for the purposes of calculating—
- (a) under, or pursuant to regulations made under powers conferred by, sections 1 or 2 of the Education Act 1962 or section 22 of the Teaching and Higher Education Act 1998, that student's award;
 - (b) under regulations made in exercise of the powers conferred by section 49 of the Education (Scotland) Act 1980, that student's bursary, scholarship, or other allowance under that section or under regulations made in exercise of the powers conferred by section 73 of that Act of 1980, any payment to that student under that section; or
 - (c) the student's student loan,
- an amount equal to the weekly amount of that parental contribution, but only in respect of the period for which that contribution is assessed as being payable.

- 20.** (1) Where the applicant is the parent of a student aged under 25 in advanced education who either;
- (a) is not in receipt of any award, grant or student loan in respect of that education; or
 - (b) is in receipt of an award under section 2 of the Education Act 1962 (discretionary awards) or an award bestowed by virtue of the Teaching and Higher Education Act 1998, or regulations made thereunder, or a bursary, scholarship or other allowance under section 49(1) of the Education (Scotland) Act 1980, or a payment under section 73 of that Act of 1980,
- and the applicant makes payments by way of a contribution towards the student's maintenance, other than a parental contribution falling within paragraph 19, an amount specified in sub-paragraph (2) in respect of each week during the student's term.
- (2) For the purposes of sub-paragraph (1), the amount shall be equal to–
- (a) the weekly amount of the payments; or
 - (b) the amount by way of a personal allowance for a single applicant under 25 less the weekly amount of any award, bursary, scholarship, allowance or payment referred to in sub-paragraph (1)(b),
- whichever is less.
- 21.** Any payment made to the applicant by a child or young person or a non- dependant.
- 22.** Where the applicant occupies a dwelling as his home and the dwelling is also occupied by a person other than one to whom paragraph 21 or 23 refers and there is a contractual liability to make payments to the applicant in respect of the occupation of the dwelling by that person or a member of his family–
- (a) where the aggregate of any payments made in respect of any one week in respect of the occupation of the dwelling by that person or a member of his family, or by that person and a member of his family, is less than £20, the whole of that amount; or
 - (b) where the aggregate of any such payments is £20 or more per week, £20.
- 23.** (1) Where the applicant occupies a dwelling as his home and he provides in that dwelling board and lodging accommodation, an amount, in respect of each person for which such accommodation is provided for the whole or any part of a week, equal to–
- (a) where the aggregate of any payments made in respect of any one week in respect of such accommodation provided to such person does not exceed £20.00, 100 per cent. of such payments;
 - (b) where the aggregate of any such payments exceeds £20.00, £20.00 and 50 per cent. of the excess over £20.00.
- (2) In this paragraph, 'board and lodging accommodation' means accommodation provided to a person or, if he is a member of a family, to him or any other member of his family, for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which both are cooked or prepared (by a person other than the person to whom the accommodation is provided or a member of his family) and are consumed in that accommodation or associated premises.
- 24.** (1) Any income in kind, except where regulation 30(11)(b) (provision of support under section 95 or 98 of the Immigration and Asylum Act in the calculation of income other than earnings) applies.
- (2) The reference in sub-paragraph (1) to 'income in kind' does not include a payment to a third party made in respect of the applicant which is used by the third party to provide benefits in kind to the applicant.
- 25.** Any income which is payable in a country outside the United Kingdom for such period during which there is a prohibition against the transfer to the United Kingdom of that income.

- 26.** (1) Any payment made to the applicant in respect of a person who is a member of his family–
- (a) pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002 or in accordance or with a scheme approved by the Scottish Ministers under section 51A of the Adoption (Scotland) Act 1978**(b)** (schemes for payments of allowances to adopters); or in accordance with an Adoption Allowance Scheme made under section 71 of the Adoption and Children (Scotland) Act 2007 (Adoption Allowances Schemes)
 - (b) not used
 - (ba) which is a payment made by a local authority in pursuance of section 15(1) of, and paragraph 15 of Schedule 1 to, the Children Act 1989 (local authority contribution to a child’s maintenance where the child is living with a person as a result of a residence order) or in Scotland section 50 of the Children Act 1975 (payments towards maintenance of children);
 - (c) which is a payment made by an authority, as defined in Article 2 of the Children Order, in pursuance of Article 15 of, and paragraph 17 of Schedule 1 to, that Order (contribution by an authority to child’s maintenance);
 - (d) in accordance with regulations made pursuant to section 14F of the Children Act 1989(c) (special guardianship support services);
- (2) Any payment, other than a payment to which sub-paragraph (1)(a) applies, made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
- 27.** Any payment made to the applicant with whom a person is accommodated by virtue of arrangements made
- (a) by a local authority under–
 - (i) section 23(2)(a) of the Children Act 1989 (provision of accommodation and maintenance for a child whom they are looking after),
 - (ii) section 26 of the Children (Scotland) Act 1995 (manner of provision of accommodation to child looked after by local authority), or
 - (iii) regulations 33 or 51 of the Looked After Children (Scotland) Regulations 2009 (fostering and kinship care allowances and fostering allowances); or
 - (b) by a voluntary organisation under section 59(1)(a) of the Children Act 1989 (provision of accommodation by voluntary organisations).
- 28.** Any payment made to the applicant or his partner for a person (‘the person concerned’), who is not normally a member of the applicant’s household but is temporarily in his care, by–
- (a) a health authority;
 - (b) a local authority but excluding payments of housing benefit made in respect of the person concerned;
 - (c) a voluntary organisation;
 - (d) the person concerned pursuant to section 26(3A) of the National Assistance Act 1948;
 - (e) a primary care trust established under section 16A of the National Health Service Act 1977 or established by an order made under section 18(2)(c) of the National Health Service Act 2006; or
 - (f) a Local Health Board established under section 16BA of the National Health Service Act 1977 or established by an order made under section 11 of the National Health Service (Wales) Act 2006
- 29.** Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or section 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).
- 29A.** (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989(e) or section 29 of the Children (Scotland) Act 1995(local authorities’ duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person (‘A’) which A passes on

to the applicant.

- (2) Sub-paragraph (1) applies only where A;
- (a) was formerly in the applicant's care, and
 - (b) is aged 18 or over, and
 - (c) continues to live with the applicant.

- 30.** (1) Subject to sub-paragraph (2), any payment received under an insurance policy taken out to insure against the risk of being unable to maintain repayments;
- (a) on a loan which is secured on the dwelling which the applicant occupies as his home; or
 - (b) under a regulated agreement as defined for the purposes of the Consumer Credit Act 1974 or under a hire-purchase agreement or a conditional sale agreement as defined for the purposes of Part 3 of the Hire-Purchase Act 1964.
- (2) A payment referred to in sub-paragraph (1) shall only be disregarded to the extent that the payment received under that policy does not exceed the amounts, calculated on a weekly basis, which are used to—
- (a) maintain the repayments referred to in sub-paragraph (1)(a) or, as the case may be, (b); and
 - (b) meet any amount due by way of premiums on—
 - (i) that policy; or
 - (ii) in a case to which sub-paragraph(1)(a) applies, an insurance policy taken out to insure against loss or damage to any building or part of a building which is occupied by the applicant as his home and which is required as a condition of the loan referred to in sub-paragraph (1)(a).
- 31.** Any payment of income which, by virtue of section 36 (income treated as capital) is to be treated as capital.
- 32.** Any social fund payment made pursuant to Part 8 of the Act (the Social Fund) or any local welfare provision as defined by the Social Security (Miscellaneous Amendments) Regulations 2013
- 33.** Any payment under Part 10 of the Act (Christmas bonus for pensioners).
- 34.** Where a payment of income is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
- 35.** The total of an applicant's income or, if he is a member of a family, the family's income and the income of any person which he is treated as possessing under paragraph 15.2 (calculation of income and capital of members of applicant's family and of a polygamous marriage) to be disregarded under paragraph 47.2(b) and paragraph 48.1(d) (calculation of covenant income where a contribution assessed, covenant income where no grant income or no contribution is assessed), paragraph 51(2) (treatment of student loans), paragraph 52(3) (treatment of payments from access funds) and paragraphs 16 and 17 shall in no case exceed £20 per week.
- 36.** (1) Any payment made under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006).
(2) Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of—
- (a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;
 - (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
 - (c) any young person who is a member of that person's family or who was such a

member and who is a member of the applicant's family.

(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of;

- (a) the person who is suffering from haemophilia or who is a qualifying person;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where;

- (a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family; and
- (b) the payment is made either;
 - (i) to that person's parent or step-parent, or
 - (ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or step-parent, to his guardian,

but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where;

- (a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who was or had been a member of his family; and
- (b) the payment is made either
 - (i) to that person's parent or step-parent, or
 - (ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian,

but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any income which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) For the purposes of sub-paragraphs (2) to (6), any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation and the London Bombings Relief Charitable Fund.

37. Any housing benefit.

38. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.

39. - 40. not used

- 41.** Any payment to a juror or witness in respect of attendance at a court other than compensation for loss of earnings or for the loss of a benefit payable under the benefit Acts.
- 42.** Not used
- 43.** Any payment in consequence of a reduction of council tax under section 13 or section 80 of the 1992 Act (reduction of liability for council tax).
- 44.** Not used
- 45.** (1) Any payment or repayment made—
 (a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);
 (b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);
 (c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies).
 (2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment or repayment, mentioned in sub-paragraph (1).
- 46.** Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins).
- 47.** Any payment made by either the Secretary of State for Justice or by the Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody.
- 48.** (1) Where an applicant's applicable amount includes an amount by way of a family premium, £15 of any payment of maintenance, other than child maintenance, whether under a court order or not, which is made or due to be made by the applicant's former partner, or the applicant's partner's former partner.
 (2) For the purpose of sub-paragraph (1) where more than one maintenance payment falls to be taken into account in any week, all such payments such be aggregated and treated as if they were a single payment.
 (3) A payment made by the Secretary of State in lieu of maintenance shall, for the purpose of sub-paragraph (1), be treated as a payment of maintenance made by a person specified in sub-paragraph (1).
- 48A.** (1) Any payment of child maintenance made or derived from a liable relative where the child or young person in respect of whom the payment is made is a member of the applicant's family, except where the person making the payment is the applicant or the applicant's partner.
 (2) In paragraph (1) 'child maintenance' means any payment towards the maintenance of a child or young person, including any payment made voluntarily and payments made under;
 (a) the Child Support Act 1991;
 (b) the Child Support (Northern Ireland) Order 1991;
 (c) a court order;
 (d) a consent order;
 (e) a maintenance agreement registered for execution in the Books of Council and Session or the sheriff court books;
 'liable relative' means a person listed in regulation 54 (interpretation) of the Income Support (General) Regulations 1987, other than a person falling within sub-paragraph (d) of that

definition.

- 49.** Not used
- 50.** Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.
- 51.** Any guardian's allowance.
- 52.** (1) If the applicant is in receipt of any benefit under Parts 2, 3 or 5 of the Act, any increase in the rate of that benefit arising under Part 4 (increases for dependants) or section 106(a) (unemployability supplement) of the Act, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.
- (2) If the applicant is in receipt of any pension or allowance under Part 2 or 3 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006, any increase in the rate of that pension or allowance under that Order, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.
- 53.** Any supplementary pension under article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (pensions to surviving spouses and surviving civil partners) and any analogous payment made by the Secretary of State for Defence to any person who is not a person entitled under that Order.
- 54.** In the case of a pension awarded at the supplementary rate under article 27(3) of the Personal Injuries (Civilians) Scheme 1983(a) (pensions to widows, widowers or surviving civil partners), the sum specified in paragraph 1(c) of Schedule 4 to that Scheme.
- 55.** (1) Any payment which is
- (a) made under any of the Dispensing Instruments to a widow, widower or
 - (b) surviving civil partner of a person;
 - (i) whose death was attributable to service in a capacity analogous to service as a member of the armed forces of the Crown; and
 - (ii) whose service in such capacity terminated before 31st March 1973; and equal to the amount specified in article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006.
- (2) In this paragraph 'the Dispensing Instruments' means the Order in Council of 19th December 1881, the Royal Warrant of 27th October 1884 and the Order by His Majesty of 14th January 1922 (exceptional grants of pay, non-effective pay and allowances).
- 55A.** Any council tax reduction or council tax benefit to which the applicant is entitled.
- 56.** Except in a case which falls under sub-paragraph (1) of paragraph 16 of Schedule 3, where the applicant is a person who satisfies any of the conditions of sub-paragraph (2) of that paragraph, any amount of working tax credit up to £17.10
- 56A.–56B.** Not used
- 57.** Any payment made under section 12B of the Social Work (Scotland) Act 1968, or under sections 12A to 12D of the National Health Service Act 2006 (direct payments for health care) or under regulations made under section 57 of the Health and Social Care Act 2001 (direct payments).
- 58.** (1) Subject to sub-paragraph (2), in respect of a person who is receiving, or who has received, assistance under the self-employment route, any payment to that person–
- (a) to meet expenses wholly and necessarily incurred whilst carrying on the commercial activity;

(b) which is used or intended to be used to maintain repayments on a loan taken out by that person for the purpose of establishing or carrying on the commercial activity, in respect of which such assistance is or was received.

(2) Sub-paragraph (1) shall apply only in respect of payments, which are paid to that person from the special account

- 59.** (1) Any payment of a sports award except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).
(2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
(3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.
- 60.** Where the amount of subsistence allowance paid to a person in a reduction week exceeds the amount of income-based jobseeker's allowance that person would have received in that reduction week had it been payable to him, less 50p, that excess amount.
- 61.** In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise.
- 62.** Any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001 as amended by the Welfare Reform Act 2012 (Consequential Amendments) Regulations 2013.
- 63.** (1) Any payment made by a local authority or by the Welsh Ministers to or on behalf of the applicant or his partner relating to a service which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.
(2) For the purposes of sub-paragraph (1) 'local authority' includes, in England, a county council.
- 64.** Not used
- 65.** Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)
- 66.** Any payment of child benefit.

Schedule 5
Capital to be disregarded⁴¹

⁴¹ Any amounts shown in this schedule will be updated in line with the Housing Benefit Regulations 2006 as amended

1. The dwelling together with any garage, garden and outbuildings, normally occupied by the applicant as his home including any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular 5, in Scotland, any croft land on which the dwelling is situated; but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of polygamous marriage), only one dwelling shall be disregarded under this paragraph.
- A2. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme but only for 52 weeks beginning with the date of receipt of the payment.
- A3. Any payment made to the applicant in respect of any travel or other expenses incurred or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme but only for 52 weeks beginning with the date of receipt of the payment but only for 52 weeks beginning with the date of receipt of payment.
2. Any premises acquired for occupation by the applicant, which he intends to occupy as his home within 26 weeks of the date of acquisition or such longer period as is reasonable in the circumstances to enable the applicant to obtain possession and commence occupation of the premises.
3. Any sum directly attributable to the proceeds of sale of any premises formerly occupied by the applicant as his home which is to be used for the purchase of other premises intended for such occupation within 26 weeks of the date of sale or such longer period as is reasonable in the circumstances to enable the applicant to complete the purchase.
4. Any premises occupied in whole or in part—
 - (a) by a partner or relative of a single applicant or any member of the family as his home where that person has attained the qualifying age for state pension credit or is incapacitated;
 - (b) by the former partner of the applicant as his home; but this provision shall not apply where the former partner is a person from whom the applicant is estranged or divorced or with whom he had formed a civil partnership that has been dissolved.
5. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, the whole of his capital.
6. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act 1995 and his partner is on income-based jobseeker's allowance, the whole of the applicant's capital.
7. Any future interest in property of any kind, other than land or premises in respect of which the applicant has granted a subsisting lease or tenancy, including sub-leases or sub-tenancies.
8. (1) The assets of any business owned in whole or in part by the applicant and for the purposes of which he is engaged as a self-employed earner, or if he has ceased to be so engaged, for such period as may be reasonable in the circumstances to allow for disposal of any such asset.
 (2) The assets of any business owned in whole or in part by the applicant where—
 - (a) he is not engaged as a self-employed earner in that business by reason of some disease or bodily or mental disablement; but
 - (b) he intends to become engaged or, as the case may be, re-engaged as a self-employed earner in that business as soon as he recovers or is able to become engaged or re-engaged in that business;

for a period of 26 weeks from the date on which the claim for council tax reduction is made, or is treated as made, or, if it is unreasonable to expect him to become engaged

or re-engaged in that business within that period, for such longer period as is reasonable in the circumstances to enable him to become so engaged or re-engaged.

(3) In the case of a person who is receiving assistance under the self-employment route, the assets acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is being received.

(3) In the case of a person who has ceased carrying on the commercial activity in respect of which assistance was received as specified in sub-paragraph (3), the assets relating to that activity for such period as may be reasonable in the circumstances to allow for disposal of any such asset.

9. (1) Subject to sub-paragraph (2), any arrears of, or any concessionary payment made to compensate for arrears due to the non-payment of;
- (a) any payment specified in paragraphs 7, 9 or 10 of Schedule 4;
 - (b) an income-related benefit under Part 7 of the Act;
 - (c) an income-based jobseeker's allowance;
 - (d) any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001;
 - (e) working tax credit and child tax credit
 - (f) an income-related employment and support allowance

but only for a period of 52 weeks from the date of the receipt of arrears or of the concessionary payment.

(2) In a case where the total of any arrears and, if appropriate, any concessionary payment referred to in sub-paragraph (1) relating to one of the specified payments, benefits or allowances amounts to £5,000 or more (referred to in this sub-paragraph and in sub-paragraph (3) as 'the relevant sum') and is

- (a) paid in order to rectify or to compensate for, an official error as defined in regulation 1(2) of the Decisions and Appeals Regulations; and
- (b) received by the applicant in full on or after 14th October 2001,

sub-paragraph (1) shall have effect in relation to such arrears or concessionary payment either for a period of 52 weeks from the date of receipt, or, if the relevant sum is received in its entirety during the award of council tax reduction, for the remainder of that award if that is a longer period.

- (3) For the purposes of sub-paragraph(2), 'the award of council tax reduction' means—
- (a) the award in which the relevant sum is first received (or the first part thereof where it is paid in more than one instalment); and
 - (b) where that award is followed by one or more further awards which, or each of which, begins immediately after the end of the previous award, such further award provided that for that further award the applicant;
 - (i) is the person who received the relevant sum; or
 - (ii) is the partner of the person who received the relevant sum, or was that person's partner at the date of his death.

10. Any sum
- (a) paid to the applicant in consequence of damage to, or loss of the home or any personal possession and intended for its repair or replacement; or
 - (b) acquired by the applicant (whether as a loan or otherwise) on the express condition that it is to be used for effecting essential repairs or improvement to the home, which is to be used for the intended purpose, for a period of 26 weeks from the date on which it was so paid or acquired or such longer period as is reasonable in the circumstances to effect the repairs, replacement or improvement.

- 11.** Any sum—
- (a) deposited with a housing association as defined in section 1(1) of the Housing Associations Act 1985 or section 338(1) of the Housing (Scotland) Act 1987 as a condition of occupying the home;
 - (b) which was so deposited and which is to be used for the purchase of another home, for the period of 26 weeks or such longer period as may be reasonable in the circumstances to enable the applicant to complete the purchase.
- 12.** Any personal possessions except those which have been acquired by the applicant with the intention of reducing his capital in order to secure entitlement to council tax reduction or to increase the amount of that reduction.
- 13.** The value of the right to receive any income under an annuity or the surrender value (if any) of such an annuity.
- 14.** Where the funds of a trust are derived from a payment made in consequence of any personal injury to the applicant or applicant's partner, the value of the trust fund and the value of the right to receive any payment under that trust.
- 14A.** (1) Any payment made to the applicant or the applicant's partner in consequence of any personal injury to the applicant or, as the case may be, the applicant's partner.
- (2) But sub-paragraph (1)
- (a) applies only for the period of 52 weeks beginning with the day on which the applicant first receives any payment in consequence of that personal injury;
 - (b) does not apply to any subsequent payment made to him in consequence of that injury (whether it is made by the same person or another);
 - (c) ceases to apply to the payment or any part of the payment from the day on which the applicant no longer possesses it;
 - (d) does not apply to any payment from a trust where the funds of the trust are derived from a payment made in consequence of any personal injury to the applicant.
- (3) For the purposes of sub-paragraph (2)(c), the circumstances in which an applicant no longer possesses a payment or a part of it include where the applicant has used a payment or part of it to purchase an asset.
- (4) References in sub-paragraphs (2) and (3) to the applicant are to be construed as including references to his partner (where applicable).
- 15.** The value of the right to receive any income under a life interest or from a life rent.
- 16.** The value of the right to receive any income, which is disregarded under paragraph 13 of Schedule 3 or paragraph 25 of Schedule 4.
- 17.** The surrender value of any policy of life insurance.
- 18.** Where any payment of capital falls to be made by instalments, the value of the right to receive any outstanding instalments.
- 19.** Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or sections 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).
- 19A.** (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989 or section 29 of the Children (Scotland) Act 1995 (local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the

applicant.

(2) Sub-paragraph (1) applies only where A;

- (a) was formerly in the applicant's care, and
- (b) is aged 18 or over, and
- (c) continues to live with the applicant.

- 20.** Any social fund payment made pursuant to Part 8 of the Act.
- 21.** Any refund of tax which falls to be deducted under section 369 of the Income and Corporation Taxes Act 1988 (deduction of tax from certain loan interest) on a payment of relevant loan interest for the purpose of acquiring an interest in the home or carrying out repairs or improvements to the home.
- 22.** Any capital which, by virtue of sections 31 or 51 (capital treated as income, treatment of student loans) is to be treated as income.
- 23.** Where any payment of capital is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
- 24.** (1) Any payment made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the Charitable Fund.

(2) Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of—

- (a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of—

- (a) the person who is suffering from haemophilia or who is a qualifying person;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where—

- (a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family; and
- (b) the payment is made either;

(i) to that person's parent or step-parent; or
(ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or step-parent, to his guardian,
but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or any of the Trusts to which sub-paragraph (1) refers, where

(a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he had formed a civil partnership that had not been dissolved, nor any child or young person who was or had been a member of his family; and

(b) the payment is made either;

(i) to that person's parent or step-parent; or

(ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian,

but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any capital resource which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) For the purposes of sub-paragraphs (2) to (6), any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited the Skipton Fund, the Caxton Foundation, and the London Bombings Relief Charitable Fund.

25. (1) Where an applicant has ceased to occupy what was formerly the dwelling occupied as the home following his estrangement or divorce from, or dissolution of his civil partnership with, his former partner, that dwelling for a period of 26 weeks from the date on which he ceased to occupy that dwelling or, where the dwelling is occupied as the home by the former partner who is a lone parent, for so long as it is so occupied.

(2) In this paragraph 'dwelling' includes any garage, garden and outbuildings, which were formerly occupied by the applicant as his home and any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular, in Scotland, any croft land on which the dwelling is situated.

26. Any premises where the applicant is taking reasonable steps to dispose of those premises, for a period of 26 weeks from the date on which he first took such steps, or such longer period as is reasonable in the circumstances to enable him to dispose of those premises.

27. Any premises which the applicant intends to occupy as his home, and in respect of which he is taking steps to obtain possession and has sought legal advice, or has commenced legal proceedings, with a view to obtaining possession, for a period of 26 weeks from the date on which he first sought such advice or first commenced such proceedings whichever is the earlier, or such longer period as is reasonable in the circumstances to enable him to obtain possession and commence occupation of those premises.

28. Any premises which the applicant intends to occupy as his home to which essential repairs or alterations are required in order to render them fit for such occupation, for a period of 26 weeks from the date on which the applicant first takes steps to effect those repairs or alterations, or such longer period as is necessary to enable those repairs or alterations to be carried out.

29. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of

entitlement to housing benefit.

- 30.** Not used
- 31.** The value of the right to receive an occupational or personal pension.
- 32.** The value of any funds held under a personal pension scheme
- 33.** The value of the right to receive any rent except where the applicant has a reversionary interest in the property in respect of which rent is due.
- 34.** Any payment in kind made by a charity or under or by the Trusts, the Fund, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006).
- 35.** Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990, but only for the period of 52 weeks beginning on the date of receipt of the payment.
- 36.** Not used.
- 37.** Any payment in consequence of a reduction of council tax under section 13 or, as the case may be, section 80 of the Local Government Finance Act 1992 (reduction of liability for council tax), but only for a period of 52 weeks from the date of the receipt of the payment.
- 38.** Any grant made in accordance with a scheme made under section 129 of the Housing Act 1988 or section 66 of the Housing (Scotland) Act 1988 (schemes for payments to assist local housing authority and local authority tenants to obtain other accommodation) which is to be used—
- (a) to purchase premises intended for occupation as his home; or
 - (b) to carry out repairs or alterations which are required to render premises fit for occupation as his home,
- for a period of 26 weeks from the date on which he received such a grant or such longer period as is reasonable in the circumstances to enable the purchase, repairs or alterations to be completed and the applicant to commence occupation of those premises as his home.
- 39.** Any arrears of supplementary pension which is disregarded under paragraph 53 of Schedule 4 (sums to be disregarded in the calculation of income other than earnings) or of any amount which is disregarded under paragraph 54 or 55 of that Schedule, but only for a period of 52 weeks from the date of receipt of the arrears.
- 40.** (1) Any payment or repayment made—
- (a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);
 - (b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);
 - (c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies),
- but only for a period of 52 weeks from the date of receipt of the payment or repayment.
- (2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment, or repayment mentioned in subparagraph (1), but only for a period of 52 weeks from the date of the receipt of the payment or repayment.
- 41.** Any payment made to such persons entitled to receive benefits as may be determined by or

under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins), but only for a period of 52 weeks from the date of receipt of the payment.

- 41A.** Any payment made under Part 8A of the Act (entitlement to health in pregnancy grant).
- 42.** Any payment made either by the Secretary of State for Justice or by Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody, but only for a period of 52 weeks from the date of the receipt of the payment.
- 43.** Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.
- 44.** Not used
- 45.** Any payment made by a local authority under section 3 of the Disabled Persons (Employment) Act 1958 to homeworkers assisted under the Blind Homeworkers' Scheme.
- 46.** (1) Subject to sub-paragraph (2), where an applicant satisfies the conditions in section 131(3) and (6) of the Act (entitlement to alternative maximum council tax reduction), the whole of his capital.
(2) Where in addition to satisfying the conditions in section 131(3) and (6) of the Act the applicant also satisfies the conditions in section 131(4) and (5) of the Act (entitlement to the maximum council tax reduction), sub-paragraph (1) shall not have effect.
- 47.** (1) Any sum of capital to which sub-paragraph (2) applies and
(a) which is administered on behalf of a person by the High Court or the County Court under Rule 21.11(1) of the Civil Procedure Rules 1998 or by the Court of Protection;
(b) which can only be disposed of by order or direction of any such court; or
(c) where the person concerned is under the age of 18, which can only be disposed of by order or direction prior to that person attaining age 18.
(2) This sub-paragraph applies to a sum of capital which is derived from;
(a) an award of damages for a personal injury to that person; or
(b) compensation for the death of one or both parents where the person concerned is under the age of 18.
- 48.** Any sum of capital administered on behalf of a person in accordance with an order made under section 13 of the Children (Scotland) Act 1995, or under Rule 36.14 of the Ordinary Cause Rules 1993 or under Rule 128 of those Rules, where such sum derives from
(a) award of damages for a personal injury to that person; or
(b) compensation for the death of one or both parents where the person concerned is under the age of 18.
- 49.** Any payment to the applicant as holder of the Victoria Cross or George Cross.
- 50.** Not used
- 51.** In the case of a person who is receiving, or who has received, assistance under the self-employment route, any sum of capital which is acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is or was received but only for a period of 52 weeks from the date on which that sum was acquired.
- 52.** (1) Any payment of a sports award for a period of 26 weeks from the date of receipt of that payment except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).

(2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.

(3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.

- 53.** (1) Any payment;
- (a) by way of an education maintenance allowance made pursuant to–
 - (i) regulations made under section 518 of the Education Act 1996;
 - (ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980;
 - (iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992;
 - (b) corresponding to such an education maintenance allowance, made pursuant to;
 - (i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
 - (ii) regulations made under section 181 of that Act ;

or in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.

- (2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;
- (a) regulations made under section 518 of the Education Act 1996;
 - (b) regulations made under section 49 of the Education (Scotland) Act 1980; or
 - (c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992, in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).

53A.-53B. Not used

54. In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise, but only for the period of 52 weeks from the date of receipt of the payment.

55. Any arrears of subsistence allowance paid as a lump sum but only for the period of 52 weeks from the date of receipt of the payment.

56. Where an ex-gratia payment of £10,000 has been made by the Secretary of State on or after 1st February 2001 in consequence of the imprisonment or interment of–

- (a) the applicant;
- (b) the applicant's partner;
- (c) the applicant's deceased spouse or deceased civil partner; or
- (d) the applicant's partner's deceased spouse or deceased civil partner,

by the Japanese during the Second World War, £10,000.

- 57.** (1) Subject to sub-paragraph (2), the amount of any trust payment made to an applicant or a member of an applicant's family who is
- (a) a diagnosed person;
 - (b) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
 - (c) a parent of a diagnosed person, a person acting in place of the diagnosed person's

- parents or a person who was so acting at the date of the diagnosed person's death; or
- (d) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other than his partner) at the date of the diagnosed person's death.
- (2) Where a trust payment is made to;
- (a) a person referred to in sub-paragraph (1)(a) or (b), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending on the date on which that person dies;
- (b) a person referred to in sub-paragraph (1)(c), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending two years after that date;
- (c) a person referred to in sub-paragraph (1)(d), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending—
- (i) two years after that date; or
- (ii) on the day before the day on which that person—
- (aa) ceases receiving full-time education; or
- (bb) attains the age of 20,
- whichever is the latest.
- (3) Subject to sub-paragraph (4), the amount of any payment by a person to whom a trust payment has been made or of any payment out of the estate of a person to whom a trust payment has been made, which is made to an applicant or a member of an applicant's family who is—
- (a) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
- (b) a parent of a diagnosed person, a person acting in place of the diagnosed person's parents or a person who was so acting at the date of the diagnosed person's death; or
- (c) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other than his partner) at the date of the diagnosed person's death, but only to the extent that such payments do not exceed the total amount of any trust payments made to that person.
- (4) Where a payment as referred to in sub-paragraph (3) is made to—
- (a) a person referred to in sub-paragraph (3)(a), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending on the date on which that person dies;
- (b) a person referred to in sub-paragraph (3)(b), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending two years after that date; or
- (c) person referred to in sub-paragraph (3)(c), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending—
- (i) two years after that date; or
- (ii) on the day before the day on which that person
- (aa) ceases receiving full-time education; or
- (bb) attains the age of 20,
- whichever is the latest.
- (5) In this paragraph, a reference to a person—
- (a) being the diagnosed person's partner;
- (b) being a member of a diagnosed person's family;
- (c) acting in place of the diagnosed person's parents,
- at the date of the diagnosed person's death shall include a person who would have been such a person or a person who would have been so acting, but for the diagnosed person residing in a care home, an Abbeyfield Home or an independent hospital on that date.

- (6) In this paragraph– ‘diagnosed person’ means a person who has been diagnosed as suffering from, or who, after his death, has been diagnosed as having suffered from, variant Creutzfeld- Jakob disease;
‘relevant trust’ means a trust established out of funds provided by the Secretary of State in respect of persons who suffered, or who are suffering, from variant Creutzfeld-Jakob disease for the benefit of persons eligible for payments in accordance with its provisions;
‘trust payment’ means a payment under a relevant trust.
- 58.** The amount of any payment, other than a war pension, to compensate for the fact that the applicant, the applicant’s partner, the applicant’s deceased spouse or deceased civil partner or the applicant’s partner’s deceased spouse or deceased civil partner
- (a) was a slave labourer or a forced labourer;
 - (b) had suffered property loss or had suffered personal injury; or
 - (c) was a parent of a child who had died,
- during the Second World War.
- 59** (1) Any payment made by a local authority, or by the Welsh Ministers, to or on behalf of the applicant or his partner relating to a service, which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.
- (2) For the purposes of sub-paragraph (1) ‘local authority’ includes in England a county council.
- 60.** Any payment made under regulations made under section 57 of the Health and Social Care Act 2001 or under section 12B of the Social Work (Scotland) Act 1968, or under section 12A to 12D of the National Health Service Act 2006 (direct payments for health care).
- 61.** Any payment made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
- 62.** Any payment made to the applicant in accordance with regulations made pursuant to section 14F of the Children Act 1989 (special guardianship support services).
- 63.** Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)

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

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

Form A1

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



High relevance/priority



Medium relevance/priority



Low or no relevance/ priority

Note:

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

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

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Policy - CTRS	Relevance/Risk to Equalities																							
	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Socio-economic			Priority status For EIA		
State the Function/Policy /Service/Strategy being assessed:	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
taxpayers have to pay at least 20% of the council tax charge.																								
			✓			✓			✓			✓			✓			✓			✓			✓
CTRS – Maintain the current Band C restriction so that working age taxpayers living in properties above a Band C continue to have CTR calculated on the Band C liability			✓			✓			✓			✓			✓			✓			✓			✓
CTRS – Maintain the current capital limit for CTR entitlement at £6k so that working age taxpayers who have capital of £6k and above would not be entitled to CTR (capital is defined as savings or property owned but not the property the taxpayer lives in or personal possessions)			✓			✓			✓			✓			✓			✓			✓			✓

<p>Stage 1 – Scoping and Defining (1) What are the aims and objectives of policy/service?</p>	<p>The Council Tax Reduction Scheme (CTRS) has been in place since 01 April 2013 and replaced the National Council Tax Benefit (CTB) scheme. CTRS is a locally determined system of council tax support. The aim of the CTRS scheme is to provide financial assistance to council taxpayers who have low incomes.</p>
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Persons who are of state pension age (persons who have reached the qualifying age of State Pension Credit) are protected under the scheme in that the calculation of the reduction they are to receive has been set by Central Government. For working age applicants however the reduction they receive is to be determined by the local authority.

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

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

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

	<p>These parameters will apply from 01 April 2020.</p> <p>Central Government has not been prescriptive in how an authority should protect vulnerable groups, but points to the Council's existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010.</p> <p>The current level of assistance of 11,092 claimants and average council tax reduction per week of £18.98 per claimant is provided.</p>
<p>(2) How does the policy/service fit with the council's wider objectives?</p>	<p>All persons within the Council's area who have a low income may apply for support and assistance with their Council Tax.</p> <p>By making an application, providing evidence of their income and household circumstances, their potential entitlement for support will be calculated in line with Central Government prescribed requirements for the Council Tax Reduction scheme.</p> <p>The maintenance of a full reduction scheme within the existing Council Tax Reduction Scheme fits with the Corporate objectives in that it meets, as far as possible, equality and sustainability.</p> <p>The reduction scheme assists the local economy and also ensures, as far as possible within the constraints on a reduced budget, that persons on a low income will be able to meet their Council Tax liability.</p>
<p>(3) What are the expected outcomes of the policy/service? Who is intended to benefit from the policy/service and in what way?</p>	<p>The desired outcomes are as follows;</p> <p>Pension Age Claimants</p> <ul style="list-style-type: none"> • That all pensioners receive the level of support required by regulations set by Central Government (Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012); • That all pensioner claimants or existing working age claimants who

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

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

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

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

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



Meeting:	Cabinet
Meeting date:	Thursday 30 January 2020
Title of report:	Capital Programme 2020/21 onwards and Capital Strategy
Report by:	Cabinet member finance and corporate services

Classification

Open

Decision type

Budget and policy framework

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

Wards affected

(All Wards);

Purpose and summary

To recommend to Council for approval the capital investment budget and capital strategy for 2020/21 onwards.

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

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

Recommendation(s)

That: the following be recommended to Council

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

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 new 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 2. The profiling of capital spend and forecasting against budget is reported to Cabinet in the quarterly performance report which includes an up to date forecast of the timing of capital spend.
5. The approved capital programme has been updated to show changes to external funding secured for 2019/20 onwards. Since approval of the programme at July Council, an additional £5.085m has been added to the capital programme (some are reduction in assumed grant or virements of grant to fund other schemes), as follows:
 - a) £0.349m Special Provision Capital Fund – this is an increase in the grant to be used to fund works at Brookfield school.
 - b) £0.603m additional grant for pothole repairs awarded to increase LTP.
 - c) (£1.131m) LTP project line reduced after funding allocated to SWTP project costs in 2019/20.
 - d) £1.042m S106 additional funding drawn down from reserves to fund projects being delivered in 2019/20.
 - e) £0.146m additional Disabled Facility Grant awarded in 2019/20, this grant contributes towards the costs of adaptations to allow disabled people to remain living in their own homes.
 - f) (£0.113m) an assumed grant for Brookfield was included but not received so has been removed from the capital programme.
 - g) £1.188m Marches Renewable Energy Grant (MarRE) was awarded in

2019/20 for the next three financial years – this grant will be allow any eligible applicants to apply for a 50% grant for the new installation of eligible renewable technologies on their premises.

- h) £3m Marches Business Investment Programme Grants was awarded in 2019/20 for three financial years – grants are awarded to business for a specific project or purpose.

6. As part of the 2020/21 budget setting process, priority capital investment needs for 2020/21 have been identified.
7. All proposals were submitted based on need, and are included in appendix 1 along with a description of what each proposal includes.
8. Cabinet completed an informal review of all prospective capital funding requests, two schools maintenance projects were not progressed, as it was felt the work should be carried out within the existing schools maintenance grant. A number of individual highways assets capital funding requests were not progressed but an overall budget of £2m to cover the highest priority work to be agreed is being proposed for progression.
9. The informal review was carried out to ensure all funding requests proposed were manageable within current borrowing limits in the existing medium term financial strategy and retains approximately £10m in the capital receipts reserve.
10. Latest assessment indicates a shortfall of around 4,000 social and affordable homes; the council intends to respond to this challenge by progressing plans to invest in developing additional genuinely affordable housing stock and retaining it in public ownership. These ambitions are for both the rental and shared ownership markets.
11. This could lead to investing up to £100m in housing in the four years from 2022/23, it is anticipated that the income streams generated would cover the revenue costs of providing the housing including any borrowing costs.
12. Approval of provision in the capital programme is not an approval to proceed. Each project will be subject to its own governance and full business case before any spend may be incurred.
13. Cabinet recommends the proposals to Council and following consultation with all the scrutiny committees as referred to in the consultees section of this report.
14. The capital strategy has been developed in accordance with CIPFA guidelines. The purpose of the capital strategy is to tell a story that gives a clear and concise view of how the council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It should not duplicate other more detailed policies, procedures and plans but instead sit above these and reference these to allow those seeking more detail to know where to find it. That said it should provide sufficient detail so that it provides an accessible single source for the reader.

Community impact

15. In accordance with the adopted code of corporate governance, Herefordshire Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these is an important strategic choice to make to ensure intended outcomes are achieved. The council needs robust decision-making

mechanisms to ensure our outcomes can be achieved in a way that provides the best use of resources while still enable efficient and effective operations.

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

Equality duty

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

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

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
18. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. An equality impact assessment (EIA) will be carried out prior to any new scheme commencing and will form part of the approval process required ahead of incurring capital spend.

Resource implications

19. The proposed additions at appendix 1 total £88.3m over the next three years. Of this, £39.1m is proposed to be funded by capital grants, of this only £2m for Leominster Heritage action zone has been secured and the remainder will need to be applied for, £1.5m is funded from redirected existing funding and £21.2m by capital receipts. This leaves £26.5m requiring financing from prudential borrowing (PB). Of this the cost of financing £18.6m of prudential borrowing repayment costs will be funded from additional revenue streams generated by the investment, leaving additional costs of financing £7.9m prudential borrowing to be funded by the corporate revenue budget. Where projects have been added but they depend on grant, if the grant request is not successful, the full project including any match funding will be removed.

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

Brookfield School	0.0	0.0	1,195.0	0.0	0.0	1,195.0
Peterchurch Primary School	0.0	0.0	5,353.0	0.0	0.0	5,353.0
Technology Enabled Communities	0.0	1,500.0	0.0	0.0	0.0	1,500.0
Super Hubs	0.0	0.0	2,000.0	0.0	0.0	2,000.0
Widemarsh Gardens	80.0	0.0	0.0	0.0	0.0	80.0
Care home and Extra Care Development	0.0	0.0	6,081.0	7,000.0	0.0	13,081.0
Affordable Housing	0.0	0.0	800.0	0.0	0.0	800.0
Total Community	80.0	1,500.0	15,429.0	7,000.0	0.0	24,009.0

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

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

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

Passenger Transport Fleet - Contracted fleet (Electric)	26,500.0	0.0	0.0	4,000.0	0.0	30,500.0
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Further information on the subject of this report is available from
Karen Morris, email: karen.morris1@herefordshire.gov.uk

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

20. The revenue implications of securing this new borrowing is supported in the current Medium Term Financial Strategy and Treasury Management Strategy which included an estimation of £6.7m new prudential borrowing per annum over the strategy period. Central government announced that from the 9th October 2019 a 1% increase in the public works loan board (PWLB) interest rate will be applied. PWLB is the usual route of obtaining loan finance for councils including Herefordshire Council. The forecast interest cost of new borrowing has therefore been increased in the revenue budget proposals to reflect the anticipated additional cost burden based on the capital strategy borrowing requirement..
21. The additional borrowing requirement is reflected in an update to the Treasury Management Strategy as shown in the report appearing elsewhere on Council's agenda today with actual borrowing being secured, as cash funding is required at the optimal interest rate available at that time.
22. Individual capital scheme resourcing implications will be detailed in the approval to precede decision.
23. There is a line in the capital programme, within children and families for Preliminary works to inform key investment need throughout the county for £2m. This line has been reduced by £1m to allow a surplus of £1.45m to be retained to use on other projects that may need funding before the end of the 3-year programme proposed.

Legal implications

24. The council is under a legal duty to sensibly manage capital finance. The council is able to borrow subject to limits set by the council, any nationally imposed limits, and it must do so in accordance with the prudential code on borrowing.
25. The Local Government Act 2003 allows the council to borrow for any purpose relevant to its functions under any enactment and for the purposes of the prudent management of its financial affairs.
26. Full Council is responsible for adopting the capital investment budget (referred to above as the capital programme) for the next financial year. Local Authorities deliver a range of services some of which are required to be undertaken under statutory duties and others which are a discretionary use of statutory powers. Local Authorities powers and duties are defined by legislation. The Localism Act 2011 provides a General Power of Competence

under Section 1, which provides local authorities with the power to do anything that an individual may do, subject to limitations. Capital expenditure is defined under the Local Government Act 2003. It is therefore not only schemes that are necessary for the council to meet its statutory duties, which can be approved. Any scheme must be procured in accordance with the council's own contract procedure rules and appropriate contractual documentation put in place to protect the council's interests.

27. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on the Council's budget if he or she has an outstanding council tax debt of over two months. If a councillor who is precluded from voting is present at any meeting at which relevant matters are discussed, he or she must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.
28. In accordance with the budget and policy framework, rules in the constitution the general scrutiny committee shall inform and support the process for making cabinet proposals to Council. General Scrutiny Committee considered the capital investment budget at appendix 1 at its meeting on 29 November, as referred to in the consultees section of this report. As such, the proposals in appendix 3 and 4 have been developed in accordance with the constitution.
29. Cabinet shall have regard to scrutiny recommendations and the responses to the consultation as have been made to it in drawing up or amending draft proposals for submission to Council, and its report to Council shall reflect those recommendations, comments, and the cabinet's response to them.

Risk management

30. Monthly budget control meetings give assurance to the Chief Finance Officer on the robustness of budget control and monitoring, to highlight key risks and to identify any mitigation to reduce the impact of pressures on the council's overall position for example through phasing of spend, identifying and securing scheme changes or alternative funding sources.
31. Capital projects inherently give rise to risks in their delivery, both in time and budget. Individual scheme reporting and associated project boards exist to mitigate these risks. A review of capital processes is currently taking place and any recommendations to help mitigate scheme risks will be put in place once approved.
32. The proposed additions have been reviewed in relation to risks, both in deliverability, costs, impact and associated scheme interdependencies. The individual scheme detail of the risks will be provided as individual schemes progress to approval to deliver.

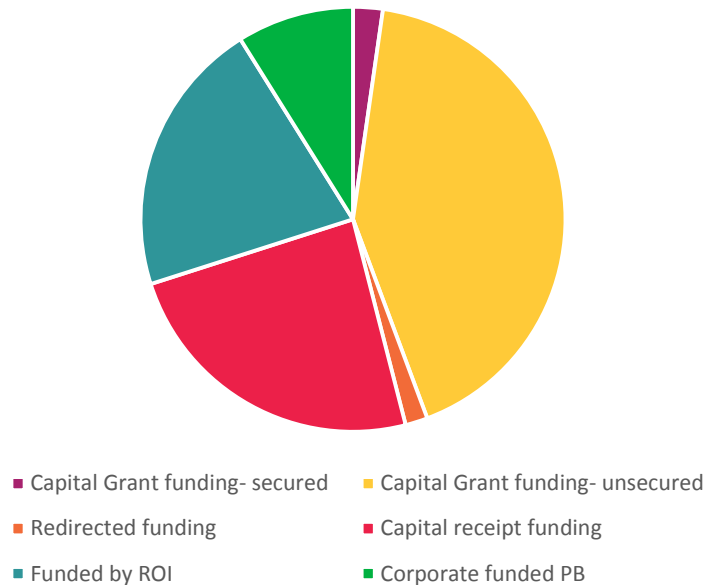
Consultees

33. The proposed capital investment budget additions and supporting business cases were presented to adults and wellbeing scrutiny on 18 November, children's wellbeing scrutiny on 25 November and general scrutiny committee on 29 November 2019. All proposals were supported at each of the meetings and no amendments have so far been made to the capital investment proposals.

34. General scrutiny resolved to recommend that; (a) for business cases to specify the existence of partnership and the consideration of state aid as appropriate. This will be reflected in the full business case before the projects seeks permission to progress.
35. The proposals in appendix 1 align to the council's new corporate plan priorities consulted on as part of the public consultation on the 2020/21 budget and corporate plan 2020-24, which ran from the 6th November to 4th December. The consultation questionnaire was published on the Herefordshire Council website and residents were invited to complete it online. A printable version was given upon request. The consultation was promoted on the council's social media sites (Twitter and Facebook). In addition to the online survey, there were pop up events held in the market towns and in Hereford City.
36. Residents were asked to comment on the council priorities, the full report was shared at each scrutiny meeting in January but a summary of the responses that support the proposed capital investment proposals are;
- Regarding the proposal to develop community “super-hubs” that could potentially offer a range of council and partner services within different localities around the county, 63% of respondents indicated that Herefordshire would benefit compared to 31% who did not think it would benefit.
 - 79% of respondents agreed that the council should invest money in developing additional affordable housing stock and retaining it in public ownership.
 - 81% of respondents supported for investing in council owned care homes or care villages to support vulnerable children, young people and adults with accommodation and care needs.
 - 65% of respondents thought that it was important for the council to invest to support tourism.
 - 76% of respondents agreed with the additional funding in public realm.
 - 72% of respondents supported further investment in technology to enable new and improved ways of delivering services and 18% did not.
 - It was clear that some priority areas for investment were more favoured than others. If we take the overall weighted average for each priority, five areas were noticeably more favoured than the others, with not much difference in support between these five. They were, in order of priority, maintenance of highways and public spaces, planning and investment to address the climate emergency, care homes and accommodation for vulnerable people (children, young people and adults), affordable housing (publicly owned) and public housing.
37. The proposed capital investment budget additions were again presented to adults and wellbeing scrutiny on 13 January, children's wellbeing scrutiny on 14 January and general scrutiny committee on 20 January 2020, where again all proposals were supported but adults and wellbeing made some recommendations to general scrutiny.
38. General scrutiny resolved to recommend that;
- The Cabinet considers providing a specific capital allocation for market towns to be able to bid for public realm improvements. This will be discussed at the Cabinet meeting.
 - Greater transparency around the figures presented in item 23 on the leaders report in relation to where the funding originates from. The below graph shows how the £88.3m of new capital investment proposals are being funded and individual project details are included in section 19 of this report. Further details of the types of

funding can be found in section 4 of the capital strategy in appendix 4.

Capital Funding Requests for approval



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

Appendices

Appendix 1 - Proposed capital investment additions for 20/21

Appendix 2 - Current status of approved capital programme

Appendix 3 – Total proposed capital programme

Appendix 4 – Proposed Capital Strategy

Background papers

Proposals received.

Capital Funding Requests for approval

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

Investment in Infrastructure Assets		2,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,000.0	2,000.0
Strangford Welfare Facilities		25.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.0	25.0
Total Economy	0.0	5,854.5	6,259.0	5,828.5	5,513.0	4,053.0	0.0	5,820.0	7,577.0	6,005.0	23,455.0

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

Passenger Transport Fleet - Contracted fleet (Electric)		6,100.0	6,100.0	6,100.0	12,200.0	26,500.0	0.0	0.0	4,000.0	0.0	30,500.0
Passenger Transport Fleet - Hereford City Commercial (Electric)		1,700.0	1,700.0	1,700.0	3,400.0	8,500.0	0.0	0.0	0.0	0.0	8,500.0
Better Ways of Working		850.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	850.0	850.0
Hereford Active Travel Measures & Super Cycle Highways		1,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,000.0	1,000.0
Total Environment	0.0	9,650.0	7,800.0	7,800.0	15,600.0	35,000.0	0.0	0.0	4,000.0	1,850.0	40,850.0
Total	9,963.0	18,084.5	22,107.0	27,009.5	21,113.0	39,133.0	1,500.0	21,249.0	18,577.0	7,855.0	88,314.0
Annual Funding Limit										20,100.0	
Unspent borrowing to reallocate										113.2	
Allocated Previously										- 11,910.0	
Total Funding Available										8,303.2	
Remove Part Prelim Capital										1,000.0	
Full Use of Capital Receipts Reserve										-	
Funding Variance										1,448.2	

Capital Funding Request Scheme Description

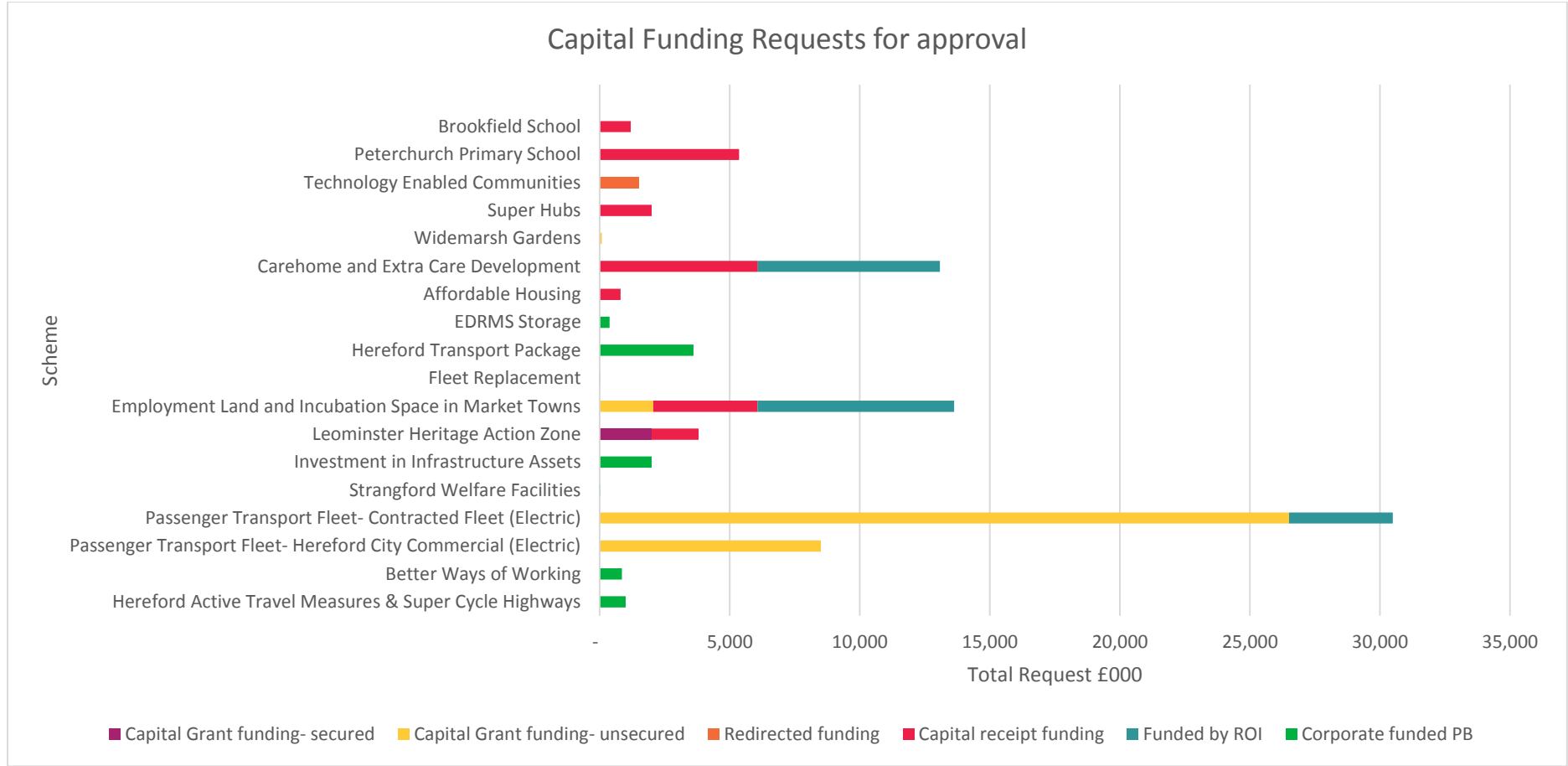
Scheme	Scheme Description
Community:- Build communities to ensure everyone lives well and safely together	
Brookfield School	Improvement project seeking to achieve; higher school buildings compliance, more robust fire evacuation buildings compliance, the release of a council owned split site facility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

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

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

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

Capital Funding Requests for approval



Capital Programme position Dec 2019/20

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

Capital receipts	Grant & funding cont	Prudential borrowing	Total	Prior Years	Total Funding
£000	£000	£000	£000	£000	£000
		7,485	7,485	33,166	40,651
	28,016		28,016	6,984	35,000
		5,500	5,500		5,500
	0	3,702	3,702	2,908	6,610
	24,017		24,017		24,017
	1,441		1,441		1,441
	6,250	5,593	11,843		11,843
5,231			5,231	10,769	16,000
	4,494	2,739	7,233	83	7,316
3,524		3,535	7,059	11	7,070
	1,623		1,623	877	2,500
	1,188		1,188		1,188
	3,000		3,000		3,000
799		1,600	2,399	35	2,434
141			141	9	150
55			55	145	200
4,312		30,246	34,558	6,042	40,600
		1,499	1,499	1,241	2,740
		331	331	2,540	2,871
		368	368	9,684	10,052
		1,528	1,528	606	2,134
	734		734		734
		177	177	5,478	5,655
180		4,655	4,835		4,835
		380	380	95	475
		21	21	112	133
		100	100		100
	960		960		960
		1,848	1,848	29	1,877
		45	45	148	193
		59	59	341	400
		169	169	77	246
		116	116	0	116
		221	221	79	300
		184	184		184
		90	90		90
		611	611		611
50		688	738		738
		213	213	132	345
14,292	71,722	73,705	159,719	81,589	241,308

Corporate								
Fastershire Broadband	16,979	10,152	5,366	(4,786)	8,607	0		35,738
PC Replacement	261	218	233	15	641	397		1,516
Children centre changes	167	263	173	(90)	0	0		430
Total Corporate Capital Projects	17,407	10,633	5,772	(4,861)	9,247	397	0	37,684
Children and Families								
Colwall Primary School	6,665	85	40	(44)	0	0		6,750
Schools Capital Maintenance Grant		2,152	1,800	(352)	1,200	1,200		4,552
Peterchurch Primary School	7	493	0	(493)	5,000	0		5,500
Expansion for Marlbrook school	527	3,614	850	(2,764)	2,000	0		6,141
SEN & DDA school improvements		0	0	0	0	0		0
Brookfield School Improvements	6	2,577	50	(2,527)	167	0		2,750
C & F's S106		915	500	(415)	0	0		915
Special Provision Capital Fund		0	0	0	0	0		0
Healthy Pupils		99	99	0	0	0		99
Individual Pupil Needs	152	119	75	(44)	0	0		271
Short Breaks Capital		118	118	0	0	0		118
Blackmarston SEN	30	54	54	0	0	0		84
Replacement Leominster Primary	6	36	25	(11)	0	0		42
Basic Needs Funding		0	0	(0)	8,891	0		8,891
2 Year Old Capital Funding	75	31	31	0	0	0		106
Preliminary works to inform key investment need throughout the county	5	2,010	100	(1,910)	0	0		2,015
Temporary school accommodation replacement	85	515	365	(150)	300	0		900
Total C & F Capital Projects	7,558	12,819	4,108	(8,711)	17,558	1,200	0	39,135
Adults and Communities								
Disabled facilities grant		1,999	1,999	0	1,853	1,853		5,705
Hillside		2,550	0	(2,550)	0	0		2,550
Single Capital Pot (Inc Waverley House)	164	919	0	(919)	0	0		1,083
Private sector housing improvements	57	199	0	(199)	0	0		256
Total A & C Capital Projects	222	5,667	1,999	(3,667)	1,853	1,853	0	9,594
Total	106,776	89,433	43,664	(45,768)	103,712	25,280	2,521	327,721

	10,600	8,159	18,759	16,979					35,738
		1,255	1,255	261					1,516
203		60	263	167					430
203	10,600	9,474	20,277	17,407					37,684
0		85	85	6,665					6,750
	4,552	0	4,552	0					4,552
305		5,188	5,493	7					5,500
	626	4,988	5,614	527					6,141
		0	0						0
	849	1,895	2,744	6					2,750
	915		915						915
	0		0						0
	99		99						99
		119	119	152					271
	118		118						118
		54	54	30					84
		36	36	6					42
	8,629	262	8,891						8,891
	31		31	75					106
		2,010	2,010	5					2,015
		815	815	85					900
305	15,820	15,451	31,577	7,558					39,135
	5,705		5,705						5,705
2,550			2,550						2,550
	451	468	919	164					1,083
199			199	57					256
2,749	6,156	468	9,373	222					9,594
17,548	104,298	99,098	220,945	106,776					327,721

Key:

RCCO

Project Complete

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

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

Overall Change Financed By

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

Capital Programme position Apr 2020/21

Scheme Name	Spend in						Total scheme budget £000	Total Funding £000
	2019/20	2020/21	2021/22	2022/23	2023/24 onwards			
	Prior Years £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000		
Economy & Place								
Hereford City Centre Transport Package	33,166	631	1,500	5,353	0		40,651	
South Wye Transport Package	6,984	4,718	14,795	6,422	2,081		35,000	
Hereford City Centre Improvements (HCCI)		1,500	2,000	2,000	0		5,500	
Hereford ATMs and Super Cycle Highway			1,000	0	0		1,000	
Passenger Transport Fleet (Electric)			7,800	7,800	7,800	15,600	39,000	
Hereford Transport Package	2,908	3,702	2,350	625	625		10,210	
Major Infrastructure Delivery Board	43,058	10,552	29,445	22,200	10,506	15,600	131,361	
Local Transport Plan (LTP)		11,745	12,272	0	0		24,017	
E & P's S106		1,441	0	0	0		1,441	
Investment in Infrastructure Assets			2,000	0	0		2,000	
Highway asset management		3,843	3,750	4,250	0		11,843	
Public Realm Delivery Board	0	17,028	18,022	4,250	0	0	39,300	
Hereford Enterprise Zone	10,769	3,400	1,831	0	0		16,000	
Herefordshire Enterprise Zone Shell Store	83	5,935	1,298	0	0		7,316	
Ross Enterprise Park (Model Farm)	11	2,377	4,174	508	0		7,070	
Marches business improvement grants	877	1,623	0	0	0		2,500	
Marches Renewable Energy Grant		88	764	336	0		1,188	
Marches Business Investment Programme		99	1,125	1,336	440		3,000	
Affordable Housing Grant	35	1,599	1,000	300	300		3,234	
Community Housing Fund	9	141	0	0	0		150	
Revolving Loans	145	55	0	0	0		200	
Employment Land & Incubation Space in Market Towns			843	4,209	3,066	5,513	13,631	
Leominster Heritage Action Zone			238	1,425	2,138		3,800	
Development Partnership activities	6,042	9,558	25,000	0	0		40,600	
Economic Development Delivery Board	17,971	24,875	36,272	8,114	5,944	5,513	98,689	
Property Estate Enhancement Works	1,241	1,499	0	0	0		2,740	
Corporate Accommodation	2,540	331	0	0	0		2,871	
Leisure Centres	9,684	368	0	0	0		10,052	
Solar Photovoltaic Panels	606	55	1,473	0	0		2,134	
SEPUBU Grant		734	0	0	0		734	
LED street lighting	5,478	177	0	0	0		5,655	
Estates Capital Programme 2019/22		1,350	2,095	1,390	0		4,835	
Three Elms Trading Estate	95	380	0	0	0		475	
Customer Services and Library	112	21	0	0	0		133	
Energy Efficiency		54	46	0	0		100	
Warm Homes Fund		397	397	165	0		960	
Gypsy & Traveller Pitch development	29	910	899	39	0		1,877	
Leominster cemetery extension	148	45	0	0	0		193	
Tarsmill Court, Rotherwas	341	59	0	0	0		400	
Car Parking Strategy	77	169	0	0	0		246	
Car Park Re-Surfacing	0	116	0	0	0		116	
Office and Car Park Lighting Replacement	79	164	58	0	0		300	
Upgrade of Herefordshire CCTV		48	136	0	0		184	
Schools Transport Route Planning		30	30	30	0		90	
Courtyard Development		0	611	0	0		611	
Corporate Fleet Procurement		738	0	0	0		738	

Fleet Replacement			19	0	0		19			19							19
Strangford Welfare Facilities				25	0	0		25			25						25
Hereford Library	132	213		0	0	0		345			213	213	132				345
Corporate Property Delivery Board	20,560	7,860	5,789	1,624	0	0	0	35,833									
Total E & P Capital Projects	81,589	60,315	89,528	36,189	16,450	21,113	0	305,183		20,912	110,775	91,907	223,594	81,589			305,183
Corporate																	
Fastershire Broadband	16,979	10,152	8,607	0	0			35,738			10,600	8,159	18,759	16,979			35,738
PC Replacement	261	218	641	397	0			1,516				1,255	1,255	261			1,516
Widemarsh Gardens			80	0	0			80		80			80				80
EDRMS Storage			380	0	0			380				380	380				380
Better Ways of Working			850	0	0			850				850	850				850
Children centre changes	167	263	0	0	0			430		203		60	263	167			430
Total Corporate Capital Projects	17,407	10,633	10,557	397	0	0	0	38,994		203	10,680	10,704	21,587	17,407			38,994
Children and Families																	
Colwall Primary School	6,665	85	0	0	0			6,750		0		85	85	6,665			6,750
Schools Capital Maintenance Grant		2,152	1,200	1,200	0			4,552			4,552	0	4,552	0			4,552
Peterchurch Primary School	7	493	5,000	5,353	0			10,853		5,658		5,188	10,846	7			10,853
Expansion for Marlbrook school	527	3,614	2,000	0	0			6,141			626	4,988	5,614	527			6,141
Brookfield School Improvements	6	2,577	167	1,195	0			3,945		1,195	849	1,895	3,939	6			3,945
C & F's S106		915	0	0	0			915			915		915				915
Healthy Pupils		99	0	0	0			99			99		99				99
Individual Pupil Needs	152	119	0	0	0			271				119	119	152			271
Short Breaks Capital		118	0	0	0			118			118		118				118
Blackmarston SEN	30	54	0	0	0			84				54	54	30			84
Replacement Leominster Primary	6	36	0	0	0			42				36	36	6			42
Basic Needs Funding		0	8,891	0	0			8,891			8,629	262	8,891				8,891
2 Year Old Capital Funding	75	31	0	0	0			106			31		31	75			106
Preliminary works to inform key investment need throughout the county	5	1,010	0	0	0			1,015				1,010	1,010	5			1,015
Temporary school accommodation replacement	85	515	300	0	0			900				815	815	85			900
Total C & F Capital Projects	7,558	11,819	17,558	7,748	0	0	0	44,683		6,853	15,820	14,451	37,125	7,558			44,683
Adults and Communities																	
Disabled facilities grant		1,999	1,853	1,853	0			5,705				5,705	5,705				5,705
Hillside		2,550	0	0	0			2,550		2,550			2,550				2,550
Carehome & Extra Care Development	164	919	0	0	13,081			14,164		6,081	451	7,468	14,000	164			14,164
Technology Enabled Communities	0	0	300	1,200	0			1,500			1,500		1,500				1,500
Super Hubs			2,000	0	0			2,000		2,000			2,000				2,000
Private sector housing improvements	57	199	0	0	0			256			199		199	57			256
Total A & C Capital Projects	222	5,667	4,153	3,053	13,081	0	0	26,175		10,830	7,656	7,468	25,954	222			26,175
Total	106,776	88,433	121,796	47,387	29,531	21,113	0	415,035		38,797	144,931	124,530	308,259	106,776			415,035

Key:

RCCO

Project Complete

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

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

Note 1

Overall Change Financed By

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

DRAFT

Capital Strategy

2019 – 2030

HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

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1. EXECUTIVE SUMMARY

- 1.1 An effective Capital Strategy is vital to ensure that the capital and revenue expenditure on the asset portfolio is directed efficiently and effectively to support service delivery in line with Herefordshire's priorities. This strategy considers the capital investment needs across Herefordshire including acquisition, replacement and rental of land, buildings, and vehicles etc.
- 1.2 Herefordshire Council has seen a number of schemes like the City Link Road and development of the Herefordshire Enterprise Zone enable long term plans for future development. This Capital Strategy will link to the Corporate Plan 2020-24 and its three themes, to capital planning and utilisation of resources.
- 1.3 The Capital Strategy will be reviewed annually, identifying and matching resources to deliver service priorities over a four year period. Where possible a longer term view will be incorporated to ensure we have the vision on all future development opportunities. Also to enable long term planning on capital financing through the Treasury Management Strategy to ensure the best utilisation of resources and returns on investment.
- 1.4 Herefordshire Council set up a Development Regeneration Programme in 2018 with two key partners Keepmoat and Engie that will be looking at a number of key developments over the next eight years to ensure they meet the needs of the population and meet the council's priorities. Another key partner moving forward is NMiTE (New Model in Technology and Engineering), the new Herefordshire University and the council is keen to support their development in the coming years.
- 1.5 The challenges given to retaining property assets will be based on value for money and delivery of the councils strategic priorities and key service delivery. Surplus properties will either be recycled or disposed of in accordance with the corporate property strategy, and proceeds will be reinvested or retained within the capital receipts reserve until a decision on how to utilise the reserve is made.
- 1.6 The Corporate Property Strategy sets out a framework for determining the capital property assets needed to enable future service delivery priorities to be realised. Whereas a series of key projects have already been delivered, the capital investment budget will further inform priorities and options for investment/re-investment in assets over the medium term.
- 1.7 The Capital Strategy encourages all areas of the council to put forward requests for capital funding to ensure assets are adequately invested and development opportunities are considered. However, there are limited resources and these schemes may need to be profiled over a number of years where they are to be funded corporately. Invest to save schemes are encouraged to help the future pressures we are facing on revenue budgets with the reduction in government funding over a number of years.
- 1.8 The priority will be to ensure that any new capital scheme will seek external funding sources such as grants in the first instance. Although borrowing will be allowed within the current agreed limits of £6.7m per annum plus any previously approved Public Works Loan Board (PWLb) provision that has not been used. The £6.7m per annum limit is corporately funded borrowing, borrowing funded from revenue savings will be made available over and above this limit. This is the current limit included within the MTFS if further corporately funded borrowing is required, there could be a change to the MTFS and Treasury Management Strategy to allow this but the revenue budget would need to be adjusted to repay the borrowing costs. The council will always seek external capital funding grants or donations where possible to lower the cost of borrowing but it is essential that resources are used effectively.

HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

- 1.9 The process of allocating finite resources runs alongside delivery of the Medium Term Financial Strategy, through which capital funding, borrowing costs and innovative ways of utilising capital will be captured. The recommendation of capital projects lies with the Executive using a range of criteria to evaluate schemes, with referral to Council for approval. However, the Council may add new schemes to the capital programme and new schemes can be added once approved at any full council meeting.
- 1.10 The Capital Strategy aims to encourage innovation and remind officers of their ability to draw down funding to fund creative projects that demonstrate delivery of “spend to save / mitigate”. The governance arrangements in place must ensure robust monitoring to ensure projects deliver in terms of quality, cost and benefits. Following central government austerity measures the council is keen to promote capital investment to secure future local funding streams, council tax and business rates.

2. INTRODUCTION AND BACKGROUND

- 2.1 This Capital Strategy sets out Herefordshire's approach to capital investment and disposal over both the short and long term, to deliver the core service priorities. The availability of resources to facilitate these priorities is also considered, reconciling the provision of statutory functions, service aspiration and policy context with limited resource availability.
- 2.2 The strategy incorporates the vision of the council, the overarching policy framework and explains the processes inherent in setting budgets and monitoring the programme. In the ever changing public sector climate, this document will be reviewed annually, but in essence is written to capture the longer term vision of service priorities.
- 2.3 Through this strategy, the Council makes a clear distinction between capital investments, where the strategic aims will be considered alongside affordability; and treasury management investments which are made for the purpose of cash flow management.
- 2.4 Capital investments, as opposed to pure cash flow management decisions, will be made in line with the Capital Strategy priorities set out in this document. These decisions are clearly within the economic powers of the Council and there are strong governance arrangements in place that underpin the decision making.
- 2.5 The Capital Strategy links into the main council strategic documents: Corporate Property Strategy, Local Transport Plan, Digital Strategy and Local Development Framework, details are provided in appendix B. It demonstrates how the council prioritises, sets targets and measures the performance of its limited capital resources to ensure that it maximises the value of investment to support the achievement of its key cross-cutting activities and initiatives.

- **What it intends to do**

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

- **What it sets out**

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

HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

2.6 The strategic objectives for our corporate assets are to:

- From 2021/22, Herefordshire Council will largely be funded from local taxation – Council Tax and Business Rates. Through capital investment, the Council will seek to stimulate the Herefordshire economy in order to advance business, commerce, jobs and economic prosperity across the county – and provide for a sustainable financial future.
- Optimise the contribution property makes to the council’s strategic and service objectives. To this end, assets should only be held that meet the objectives of the council, with clear evidence to demonstrate that they contribute to the key objectives.
- Prioritise investment in our operational assets to meet service delivery needs and to enhance the customer experience. Assets that no longer deliver service priorities will be reviewed and either recycled to facilitate wider community agendas, or disposed of.
- Seek innovative, value for money solutions, through use of procurement and return on investment to deliver capital projects that satisfy service need.
- Ensure maximum return from our investment property and land holdings
- Use our assets to fund new developments, re-development and urban regeneration
- Ensure that existing and new property assets are managed in an efficient, sustainable and cost effective way in terms of their use of environmental impact and other resources, their property management and other running costs

HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

3. CURRENT CAPITAL PROGRAMME & LONG TERM PLAN

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

Approved Capital Programme

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

Financed by

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

3.2 Long Term Capital Programme

Development Partnership

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

HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

One Herefordshire

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

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

Infrastructure- future plans.

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

Housing Plans

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

Enterprise Zone

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

HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

4. CAPITAL FUNDING STREAMS

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

4.2 The following funding sources are available;

Grants

- Government currently provide many direct grants to fund initiatives that the Council should deliver as part as their statutory duty. The major capital grants are:
 - **Transport Grants** – used to support the Hereford Integrated Transport Strategy capital programme, covering rural transport schemes, and road safety initiatives and highways maintenance. The Department for Transport has a process to allow local authorities to bid for revenue and capital funds to fund sustainable transport schemes.
 - **Basic Needs Funding** - the Government each year provide a grant based on future needs for the Council to provide enough school places.
 - **Schools Capital Maintenance Grant** – is an amount allocated each year to help maintain schools in a good state of repair.
 - **Devolved Formula Capital** – is an amount allocated each year to primary and secondary schools to be spent on priorities in respect of buildings, ICT and other capital needs. It may be combined with capital funding from other sources or saved to fund a larger project.
 - **Disabled Facilities Grant** - contributes towards the cost of providing adaptations and facilities to enable disabled people to continue living in their own homes. The central government grant funding towards this has been protected from cuts by the coalition government in the Corporate Spending Review (CSR), in fact this grant has increased annually.
 - **Broadband** – the Council continues to roll out ‘Fastershire’ to its most rural areas, utilising available grant funding.
- External funding bodies distribute funding for projects that satisfy their key criteria and objectives and the Council secure these via a bidding process.

Regional Growth Fund (RGF)

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

Revenue

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

Developer Contributions S106

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

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

Capital Receipts

- The Council maintains a register of surplus property assets. These are reviewed by the Corporate Property Board, taking account of the prevailing market conditions.
- The public sector landscape of service delivery is now subject to major change. Annual reviews of the Council operational property portfolio will identify potential opportunities for remodelling and co-location, through alternative methods of service delivery. Some assets will be deemed surplus to requirement, not delivering Council priorities or key objectives, and thus progress through the Disposal Policy adopted in the Corporate Property Strategy.
- The Council must prioritise disposal for capital receipts against competing demands for affordable housing land to build social housing and Community Asset Transfers.
- The disposal of surplus assets is critical to deliver the Councils Capital Strategy. Specifically the delivery of the property maintenance and office accommodation review requires receipts to fund PB costs. Capital receipts are deemed a central receipt and so held corporately to use to deliver wider strategic priorities. Until receipts retained in the capital receipt reserve are allocated they reduce the overall borrowing costs of the Council.
- At the end of 2018/19 financial year there was a balance of £41.4m in the capital receipts reserve. There are a number of schemes within the capital programme to be funded by capital receipts, the balance will be retained to deliver enhanced investment on the use of these reserves, once business cases have been submitted for approval at Council.

Borrowing

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

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

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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.'

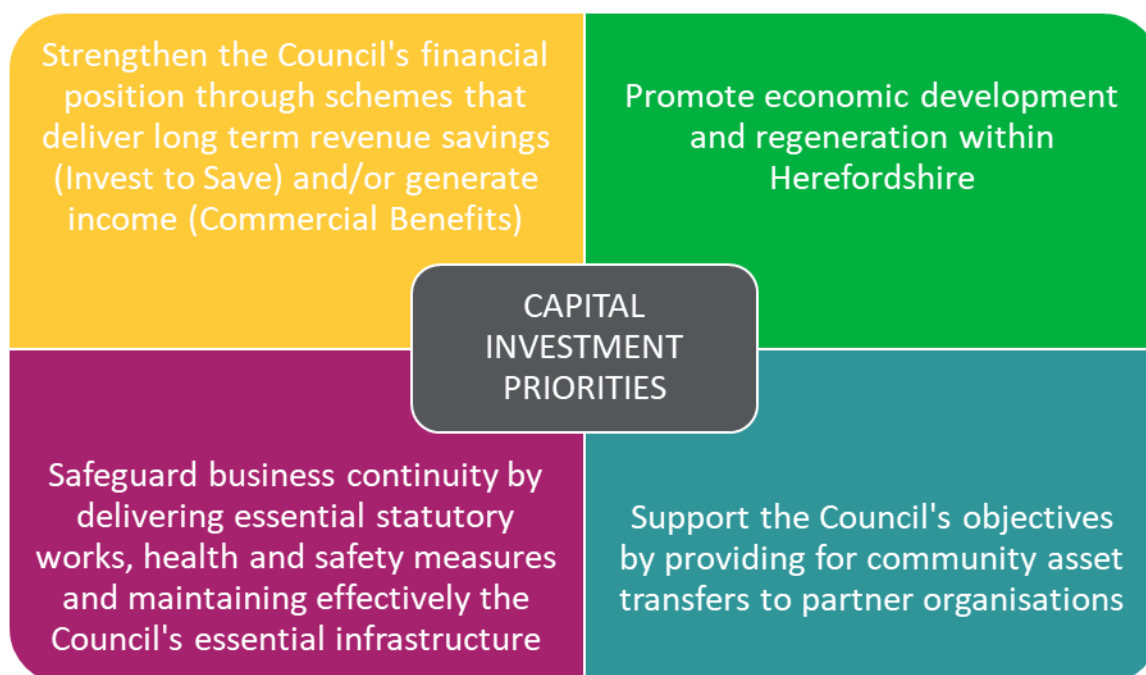
HEREFORDSHIRE CAPITAL STRATEGY 2019-2030

7. CAPITAL SCHEME SELECTION

- 7.1 The capital programme is delivering a number of projects to enable the council to deliver the objectives within the corporate plan 2020-24. Therefore projects that are added to the capital programme are for this purpose and not added as an investment purely to generate income. There are currently no expectations in the MTFs for capital investment to generate a revenue surplus to balance the budget. Although in the long term there are advantages in easing the removal of Revenue Support Grant (RSG) in generating a net revenue position it is not the priority when reviewing projects to add to the capital programme.
- 7.2 All capital schemes go through a stage process that is detailed in the capital guidance policy, summary details can be seen in appendix C.
- 7.3 Schemes are continually reviewed against evolving priorities and may be subject to change, redesign or cancellation, to ensure they continue to deliver the requirements of the council and provide value for money.
- 7.4 Capital funding will be initially allocated to council priorities, and approved by council. The capital guidance policy details the process for the capital funding requests to ensure provision in the capital programme at any time as long as they are approved at a Council meeting or otherwise as delegated by full Council. This is necessary so that services are able to request capital funding at the appropriate time, when sufficient information is available to make an informed decision and opportunities are not lost due to waiting.

Rationale for Investment

- 7.5 Capital investment is integral to revenue budget forecasting. Capital investment must be directed to obtain maximum benefit from available resources looking at efficiencies, effectiveness, and economically. Revenue implications must be considered for all capital schemes, this could represent the cost of borrowing, future running costs and projected benefits. Schemes included for capital investment must demonstrate at least one of the following prioritisation criteria;



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

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

8. CAPITAL MONITORING

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

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Appendix A

Approved capital programme

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

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

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

Strategies that Support the Capital Strategy

- **The Corporate Property Strategy**

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

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

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

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

- **Local Transport Plan**

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

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

- **Schools Capital Investment Strategy**

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

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- **Digital Strategy**

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

- **Medium Term Financial Strategy**

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

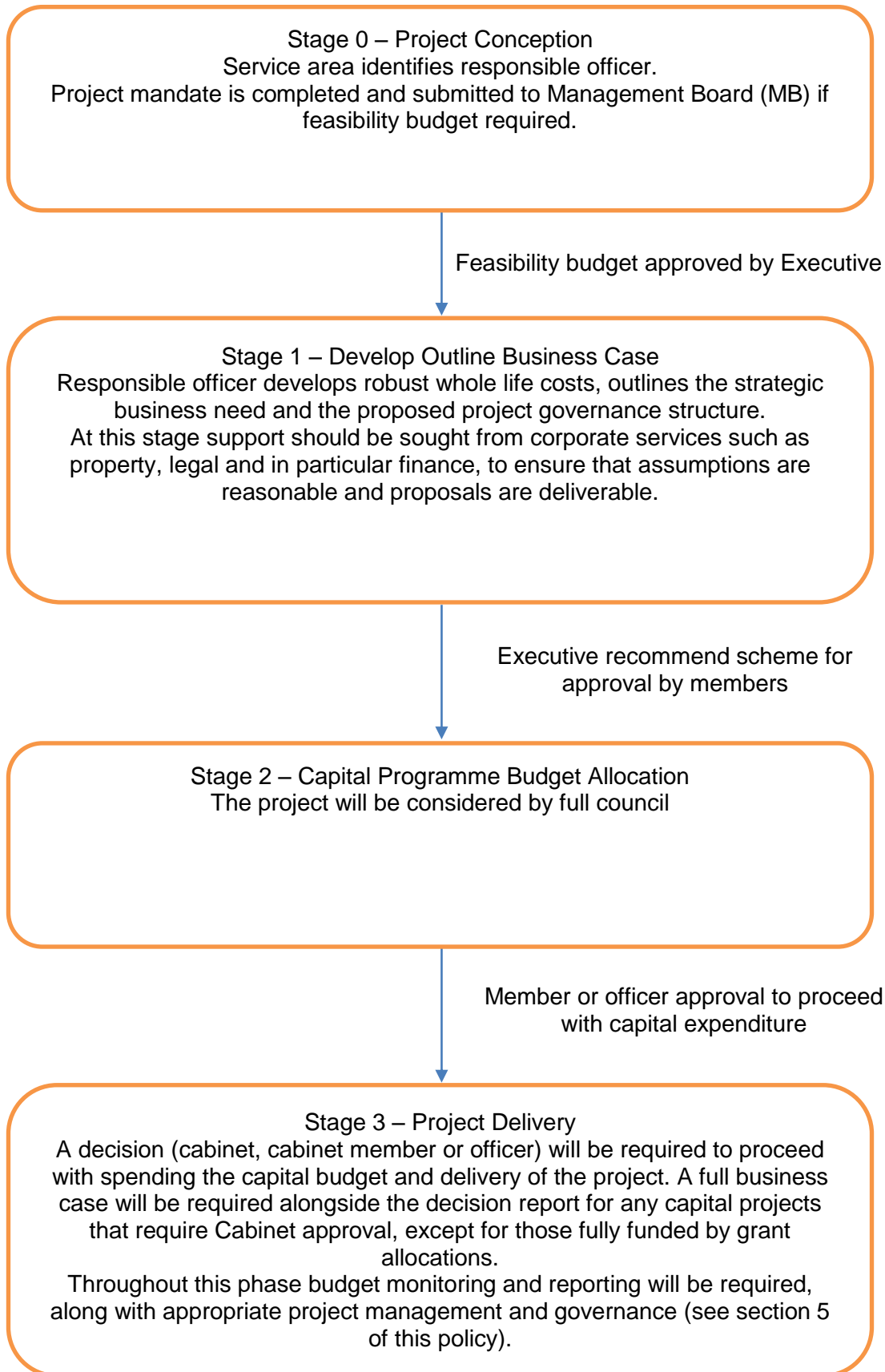
- **Treasury Management Strategy**

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

Capital vs Treasury Management Investments

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

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





Meeting:	Cabinet
Meeting date:	Thursday 30 January 2020
Title of report:	Setting the 2020/21 budget and updating the medium term financial strategy and treasury management strategy
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 and summary

To agree the draft 2020/21 budget and associated medium term financial strategy and treasury management strategy for recommendation to Council on 14 February.

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

The draft medium term financial strategy (MTFS), attached at appendix 1, has been extended to 2023/24 based on current assumptions on future funding and service requirements.

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

Recommendation(s)

That:

(a) the following be recommended to Council;

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

(b) the responses to scrutiny committee's recommendations as provided in paragraph 63 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 1, has been updated to reflect current spending and savings plans. It reflects the provisional financial settlement announced on 20 December and the current understanding of future years funding and responsibilities.
4. Funding and service demand pressures continue, a balanced budget for 2020/21 is proposed. The proposal includes a 3.9% total increase in council tax, a 3% expected annual pay increase settlement and central government funding announced in the provisional financial settlement.
5. The impact of historic reductions in central government funding to councils means that Herefordshire Councils saving target for 2020/21 remains to enable a balanced budget for 2020/21 to be proposed. This is attached at appendix 2.
6. The proposed 2020/21 revenue budget is based on an assumed total council tax increase of 3.9%, 1.9% increase in core council tax and a 2% adult social care precept. This increases the band D equivalent charge to £1,573.77 representing an increase of £1.14 per week. This is the maximum increase permitted, a higher increase would require the support of a referendum.
7. The 2% adult social precept will generate additional income of approximately £2m. This income is ring-fenced to fund the adult and communities base budget.
8. The council tax base for 2020/21 has been calculated at 69,756.19 band D equivalent properties, this is a growth of 1.4%, higher than the anticipated 0.9% growth expected, generating £0.5m of additional income.
9. The 2020/21 budget proposals include the creation of social care pooled budget, this will support the cradle to grave provision of social care to vulnerable citizens and is formed from central government funding announced in the provisional settlement for 2020/21.
10. Council will be asked to approve the 2020/21 budget on 14 February 2020; this will follow confirmation of the final financial settlement for 2020/21 which is expected in late January. Council will also be asked to approve the corporate plan, updated medium term financial strategy (MTFS), treasury management strategy, corporate plan and the capital strategy at the same meeting.
11. The council continues to direct its resources to deliver key services required by residents whilst delivering savings demonstrating efficiency and good use of resources. A balanced, deliverable 2020/21 budget is proposed which, subject to any approved amendments, is recommended to Council for approval.
12. The provisional settlement shared on 20 December 2019 confirmed the council tax referendum thresholds, confirmed expected grant funding announced in the 2019 spending review and announced revenue support grant funding of £0.6m and new homes bonus grant funding of £2.2m in 2020/21.
13. The new homes bonus funding is based on the legacy payments for 2017/18 to 2019/20. The ministerial statement announced a Spring 2020 consultation on the future of the scheme, stating that "It is not clear that the New Homes Bonus in its current form is focused on incentivising homes where they are needed most" and the consultation will "include moving to a new, more targeted approach that rewards local authorities where

they are ambitious in delivering the homes we need, and which is aligned with other measures around planning performance”.

14. For this reason it is proposed that this funding of £2.2m is treated as one-off funding and is to be earmarked for spend on the delivery of new houses throughout the county.
15. The provisional settlement figures are expected to be confirmed in late January 2020. The 2020/21 is a one year financial settlement, with future years’ funding announcements expected to be dependent on a number of factors, including the outcome of the fair funding review and local business rates retention at 75%. The MTFs attached at appendix 1 is based on current assumptions and includes an annual council tax uplift of 2% in future years.
16. The council has delivered a balanced outturn in previous financial years by delivering savings as central government funding has been reduced. [CIPFA's Financial Resilience Index](#) has recently been published and is intended to be a comparative analytical tool to support good financial management, providing a common understanding within a council of their financial position.
17. The index shows a council’s position on a range of measures associated with financial risk. The selection of indicators has been informed by the extensive financial resilience work undertaken by CIPFA over the past four years, public consultation and technical stakeholder engagement. Shown below is how Herefordshire council compares to unitary councils as a whole using data from 2018/19:-



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

Base budget proposed and savings plan

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

Directorate	19/20 revised base £m	Pressures £m	New Initiatives £m	Savings £m	20/21 base budget £m
Adults and Communities	54.0	2.7	0.2	(0.6)	56.3
Social care pool			2.1		2.1
Children and families	27.2	0.7	3.1	(0.3)	30.7
Economy and Place	27.6	1.4	1.1	(0.9)	29.2
Corporate Services	15.0	0.9	0.4	(0.1)	16.2
Total Directorate	123.8	5.7	6.9	(1.9)	134.5
Central	22.8	0.4	(0.1)	(0.5)	22.6
Total Net Budget	146.6	6.1	6.8	(2.4)	157.1

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

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

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

22. The treasury management strategy, attached at appendix 4, details the management of the council's investments and cash flows; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The proposed increase to the central budget is a reflection of the calculated impact of the central government announcement that from the 9th October 2019 a 1% increase in the public works loan board (PWLB) interest rate will be applied. PWLB is the usual route of obtaining loan finance for councils including Herefordshire Council. The forecast interest cost of new borrowing has therefore been increased to reflect this additional cost burden and is based on the capital strategy borrowing requirement.

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

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

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

New Initiative	Adults & Communities £m	Social care pool £m	Children and families £m	Economy and Place £m	Corporate services £m	Central £m	Total £m
Super hubs – to manage and develop community engagement through a super hub	0.2						0.2
Social care pool – for cradle to grave social care provision		2.1					2.1
Looked after children – placement costs & corporate parenting role of care leavers			1.1				1.1
Edge of care – intensive support to enable children and families to stay together			1.0				1.0
Improving social care services – additional capacity for frontline teams			1.0				1.0
Tourism - support for development of new Tourism BID and Leominster Heritage Action Zone project				0.2			0.2
Employment land & incubation space - revenue costs to support project development				0.1			0.1
Core strategy review - including development of transport evidence base				0.6			0.6

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

Public transport service - support to protect services				0.1			0.1
Climate resilience - support for natural flood management				0.1			0.1
Legal structure – to address additional work					0.4		0.4
Council tax charging policy – policy variation						(0.1)	(0.1)
Totals	0.2	2.1	3.1	1.1	0.4	(0.1)	6.8

25. A summary of the savings requirement is provided below with the detail shown in appendix 2.

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

26. The base budget proposed shows the net budget position; the gross budget will include the dedicated school grant, housing benefit subsidy, improved better care fund and public health grant.

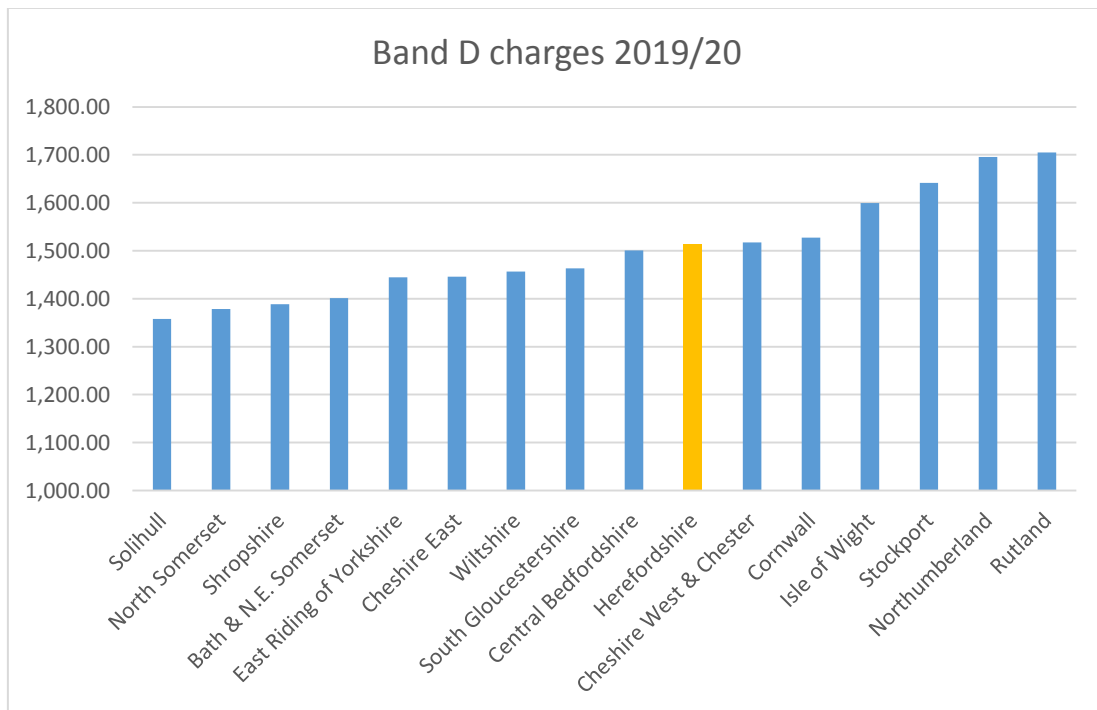
Financing

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

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

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

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



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

31. 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.

Community impact

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

Equality duty

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

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

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
36. 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.
 37. 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.
 38. 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

39. 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

40. 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.

41. 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.
42. 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).
43. 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.
44. 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.
45. 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.
46. 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.
47. 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.
48. 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.
49. 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

50. 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.
51. The budget has been updated using the best available information; current spending, anticipated pressures and the provisional 2020/21 funding settlement.
52. The most substantial risks have been assessed as part of the budget process and reasonable mitigation has been made. Risks will be monitored through the year and reported to cabinet as part of the budget monitoring process.
53. There are additional risks to delivery of future budgets including the delivery of new homes, EU exit, government policy changes including changes to business rates, fairer funding review and unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement and an annual contingency budget to manage these risks.
54. Demand management in social care continues to be a key issue, against a backdrop of a demographic of older people that is rising faster than the national average and some specific areas of inequalities amongst families and young people. Focusing public health and social care commissioning and strategy on growth management through disease prevention and behaviour change in communities is critical for medium term change. The risks and mitigating action is shown in Appendix M4 of the MTFs, copied below:-

Key Financial Risks	Likelihood	Impact	Mitigating Actions
Unexpected events or emergencies By its nature, the financial risk is uncertain	Low	High	<ul style="list-style-type: none"> • Council maintains a Strategic Reserve at a level of between 3% and 5% of its revenue budget for emergency purposes • Level of reserve is currently £8.5m (5% of budget)
Increasing demand for Adult Social Care Demand for services continue to increase as the population gets older	High	Medium	<ul style="list-style-type: none"> • Demand led pressures provided for within our spending plans • Activity indicators have been developed and will be reported quarterly alongside budget monitoring
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	<ul style="list-style-type: none"> • High risk budget areas have been identified and financial support is targeted towards these areas • Regular progress reports on delivery of savings to Management Board and Cabinet • Budget monitoring arrangements for forecasting year end position in place and forecast balanced • Plan to review level of cover available from General reserves in place

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	<ul style="list-style-type: none"> This is a national issue with lobbying to increase central government funding A review of the application of the matrix is underway
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	<ul style="list-style-type: none"> Provision has been made in the capital investment budget to increase school places Directorate plans in place to manage and mitigate demand Ongoing reviews of children already under care of council
Volatility in Government funding streams and Business Rates Retention	High	Medium	<ul style="list-style-type: none"> Prudent assumptions made in budget Ongoing review of developing business rate changes Business case to support future investment decisions
Brexit Impact of EU exit may lead to increased volatility in economic stability and reduced access to funds	Medium	Medium	<ul style="list-style-type: none"> Reduced reliance on grant funding in all directorates Increased local economic and social investment to increase core income

55. 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

56. Public consultation was completed in two phases. The initial phase, reported to the November scrutiny meetings, tested the public's view on priority areas reflected in the proposed corporate plan. 1,056 people engaged in face-to-face consultation and 358 people engaged in on-line consultation.

57. The second phase of public consultation centred on the budget alignment to the priorities, this was reported to the January scrutiny meetings. The 2020/21 budget and corporate plan 2020-24 consultation run from 6 November to 4 December. The consultation questionnaire was published on the Herefordshire Council website and residents were invited to complete it online. A printable version was given upon request. The consultation was promoted on the council's social media sites (Twitter and Facebook) and through a press release to the local media. In addition to the online survey, there were pop up events held in the market towns and in Hereford City.

58. Attached at appendix 5 is a report on the key points from the analysis of standard responses received to the online consultation questionnaire, an analysis of free text comments and suggestions and trend data when compared to the previous year's consultation. 269 online survey responses were received.

59. On the proposed budget the responses included that 52% of respondents thought that a council tax increase of 4% is about right or too little.

60. 53% did not agree with the allocation of council tax as set out in the proposed till receipt and 21% reported "no opinion", a similar response was received in the previous year.

136 comments were received, below is a table presenting the most popular common themes emerging from the comments:-

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

61. Additionally, responses included:-

- In relation to the council tax reduction scheme 63% wanted to keep the council tax discount at 84% or increase it and 52% supported a introducing a minimum award of £5 a week (please see separate agenda for this detail); and
- 75% supported continuing with the current levels of business rate discounts or increasing them.

62. In respect of Herefordshire Council priorities responses include:-

- Community hubs - 63% of respondents indicated that Herefordshire would benefit to this investment with the most favoured options being 'health and social care services'(79%), 'wellbeing help, advice and activities' (73%) and 'children's centres' (71%).
- Community assets - 54% of respondents thought that the council should retain publicly owned land and buildings and manage them on behalf of everyone in the county.
- Affordable housing - 79% of respondents agreed that the council should invest money in developing additional affordable housing stock and retaining it in public ownership.
- Council owned care homes - 81% of respondents supported for investing in council owned care homes or care villages to support vulnerable children, young people and adults with accommodation and care needs.
- Tourism - 65% of respondents thought that it was important for the council to invest to support tourism.
- Core Strategy review - 71% of respondents thought that the council should undertake a fundamental review of the Core Strategy, even though it is a substantial piece of work, investment and will take over three years to complete.
- Maintenance of highways and public spaces - 76% of respondents agreed with the additional funding in public realm.
- Public transport - 16% of respondents indicated that they were regular users of public transport. From a list of options, 'lack of availability of public transport in my local area' (56%) and 'timetables do not match my needs' (54%) were selected as the most common reasons for not using public transport regularly.

- Planning and investment to address the climate emergency - 64% respondents thought that the council should invest resources to lead a local response to the climate emergency.
- Digital and better use of technology - 72% of respondents supported further investment in technology to enable new and improved ways of delivering services.
- Additional investment - some priority areas for investment were more favoured than others. If we take the overall weighted average for each priority, five areas were noticeably more favoured than the others, with not much difference in support between these five. They were, in order of priority, maintenance of highways and public spaces, planning and investment to address the climate emergency, care homes and accommodation for vulnerable people (children, young people and adults), affordable housing (publicly owned) and public housing.

63. Recommendations and responses from the consultation with scrutiny committees in respect of the revenue budget proposals (corporate plan and capital investment is provided elsewhere on today's agenda) is provided in the table below:-

Scrutiny committee	Recommendation	Response
General scrutiny committee	The MTFs includes a separate line on what is being proposed for climate change	This is added as a tracked change in appendix 1
General scrutiny committee	That specific resources are identified and included to support the proposed work on the waste task and finish group	There is a specific earmarked reserve allocated to waste, this is to be reviewed for its adequacy to fund the costs identified
General scrutiny committee	Any business cases reflect current association with business partners and any current government funding available	The detailed business cases will include reference to the matters raised by the committee and will form part of the decision to spend against the investment proposal
General scrutiny committee	Consideration be given to a specific budget for measures to address the climate emergency	This is for Cabinet to consider further at this meeting
General scrutiny committee	The feasibility of allocating a ring fenced sum for highway maintenance to the market towns should be explored	This is for Cabinet to consider further at this meeting
General scrutiny committee	During development of business cases consideration be given to whether greater	The detailed business cases will include reference to the matters raised by the

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

Scrutiny committee	Recommendation	Response
	community use could be made of educational facilities	committee and will form part of the decision to spend against the investment proposal
Adults and wellbeing scrutiny committee	There is further clarification and detail provided on the proposed shared social care pooled budget between the adults and children's directorates when it is available	Agreed as proposals are drafted further consultation will be completed
Adults and wellbeing scrutiny committee	Welcomes the proposed areas for investment which support prevention and the strengths based agenda	Noted
Adults and wellbeing scrutiny committee	Acknowledging that the lack of specific details in the outline business cases was due to the timing constraints and early sight of potential projects coming forward, the committee would be pleased if attention can be given to the matters it has raised and for deeper levels of detail to be provided in the next iterations of the business cases	The detailed business cases will include reference to the matters raised by the committee and will form part of the decision to spend against the investment proposal
Adults and wellbeing scrutiny committee	That terminology and language be used consistently, using Plain English	Agreed, later papers include a glossary of terms
Children and young people scrutiny committee	That the committee supports the additional areas of investment identified in the budget	Noted

Appendices

Appendix 1	Medium Term Financial Strategy
Appendix 2	Saving proposals
Appendix 3	Detailed revenue budget proposals

Appendix 4	Treasury Management Strategy
Appendix 5	Public consultation responses

Background papers

None identified

Glossary

Adult social care precept	Council tax charge for adult care services
Affordable housing	Social rented, affordable rented and intermediate housing
Code of corporate governance	Guidance on the delivery of good governance
Council tax reduction scheme	Council tax discount for low earners
Edge of care	Support intended to divert need for conventional care
Extra care development	Design features and support services to enable independent living
Funding settlement	Central government funding allocations to local councils
S151 officer	Statutory chief financial officer of the council
Social care pooled budget	Available to address both children's and adults budget pressures
Super hubs	Sites to provide early help and support services

Medium Term Financial Strategy

2020 – 2024



Herefordshire Council's Medium Term Financial Strategy

1. Introduction

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

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

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

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

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

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

The corporate plan priorities include the following key themes

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

2. Key principles

Herefordshire is a rural county with an older demographic and has faced significant financial challenges over recent years as central government funding has been reduced from £60.1m in 2011/12 to £0.6m in 2019/20 while costs and demand increase particularly for adult social care and looked after children.

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

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

This medium term financial strategy is underpinned by the following key principles:

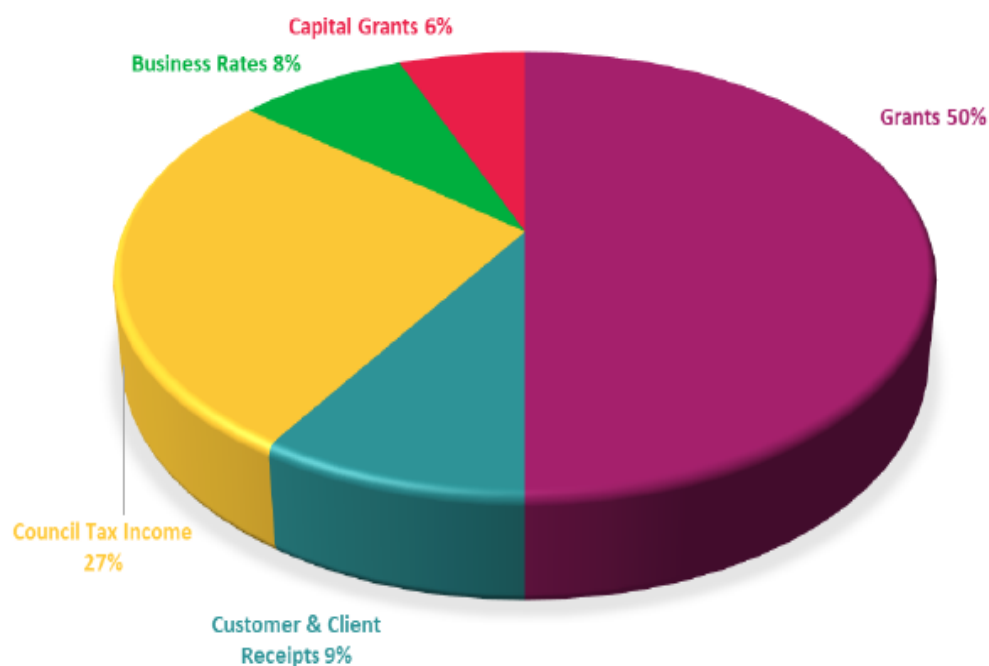
- Prudent assessment of future resources and unfunded cost pressures.
- Appropriate levels of income generated across all areas of the council, and prompt collection of all sums owed to the council.
- Prudent assessment of provisions required to mitigate future liabilities.
- Risk assessed level of reserves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

3. Funding of services

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

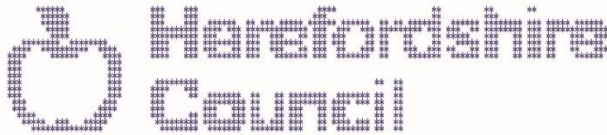
	2020/21	2021/22	2022/23	2023/24
Net budget funding source	£000	£000	£000	£000
Council Tax	109,780	113,071	116,567	120,126
Retained Business Rates	36,726	37,360	38,015	38,669
Revenue Support Grant	635	-	-	-
Rural Sparsity Delivery Grant	5,101	5,101	5,101	5,101
Adult Social Care Support Grant	4,875	4,973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

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



4. Service costs

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



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

** Daily life **	£s
* Waste, Cleansing	12,34
* Environmental Health	1,53
* Roads and bridges	5,73
* Care of public spaces	1,24
* Schools and education	99,16
* Public, School and community transport	5,97
* Libraries, records and customer services	1,22
** Looking after Adults **	
* Older People in residential/nursing care	14,39
* Older people supported at home	9,89
* Disabled adults	28,92
* Lifestyles services (substance abuse, sexual health)	2,84
* Health improvement (Public Health nursing, health checks, smoking cessation)	5,67
* Housing	0,53
** Looking after children **	
* Child protection	4,29
* Children in care	14,97
* Children with special needs	3,31
** Local government running costs **	
* Election, governance and legal services	3,50
* Directors & Staff costs	0,56
* Organisational administration	1,39
* IT, Council Tax and Benefits admin, invoices and payments	5,27
* Insurance and property maintenance	4,84
** Financing **	
* Capital finance - Debt repayment	6,97
* Capital finance - Interest payments	9,55
** Economic growth **	
* Economic development and regeneration	1,74
* Broadband - rural rollout	0,15
* Planning	0,35
	246,32
***** VOUCHER *****	
** Income that supplements council tax **	
* Investment Property income	-2,94
* Car parking	-5,42
* Capital finance - Interest received	-2,01
* Public Health grant	-7,70
* National Education funding	-96,98
TOTAL TO PAY (per month)	131,27

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Connectivity

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

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

Well being

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

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

Sustainable

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

5. New initiatives

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

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

Digital Infrastructure	– Fibre network across Herefordshire for businesses to be able to trade globally. Households to be connected to support learning, communication, access to services and aid health and well-being. Greater adoption and exploitation of the existing and planned fibre network.	25	25	25	25
Knowledge management system	Investing in systems which house and present data improving the access to performance data. Further work to integrate data, internally between service areas within the council and alongside partners (such as health), and application of artificial intelligence, will allow the opportunity for a better understanding of our residents and allow us maximise preventative opportunities for individuals, families and communities, and inform better decision making.		500	150	150
Total Economy		769	1,525	955	905
Climate resilience: natural flood management, change flood-management	Continue work within the 7 (current) catchment areas beyond March 2021 and extend the offer of solutions and grant funding all across Herefordshire, thus enabling us to further develop an integrated approach to flood management with other initiatives/organisations, e.g. Farm Herefordshire, Wye Catchment Partnership and Herefordshire Nutrient Management Plan.	70	70		
Total Environment		70	70	-	-
Totals		1,289	1,685	1,045	955

6. Capital investment

The council's capital expenditure on its physical assets is separate from revenue expenditure on day to day services and totals approximately £50m each year. This expenditure is funded from a combination of specific grants, third party contributions, capital receipts from sale of assets, contributions from the Local Enterprise Partnership and borrowing.

The council recognises the need to grow and has plans for new homes throughout the

county, new employment opportunities, infrastructure and supporting the establishment of a new university. Part of the plan is to develop the full build out of the Hereford Enterprise Zone to maximise the potential of that area to create new jobs, this is expected to cost in the region of £2.6m and is anticipated to be funded by future grant awards.

The council aims to receive a maximum return from investment in property and land holdings; recently the council sold its small holding estate generating a capital receipt of over £46m and reducing overhead costs significantly. There are a number of schemes within the capital programme to be funded by capital receipts; the balance will be retained to deliver enhanced investment on the use of these reserves, once business cases have been submitted for approval at Council.

In October 2019 Cabinet approved the establishment of a new earmarked reserve of £150k to fund the investigation of different models of delivering council housing. Herefordshire residents continue to face difficult housing challenges with a large proportion of the population unable to afford to own or rent a suitable property to call home. The lack of housing choice, especially in respect of affordable housing, is not currently being addressed through the developer-led market where the focus continues to be on developing the most profitable housing products on the most profitable sites, not necessarily in the places of highest housing need. Many local authorities are now actively intervening in the housing market by becoming developers of new homes themselves, creating Local Housing Companies with the aim of acquiring sites and developing and managing both affordable housing and open market homes. The creation of the reserve will provide resources to undertake a detailed analysis of the options available, including the establishment of a wholly owned housing company, to enable the delivery and management of new homes to better meet the needs of residents. Following this a business case will be developed for consideration and further investment. This could lead to investing up to £100m in housing in the four years from 2022/23, it is anticipated that the income streams generated would cover the revenue costs of providing the housing including any borrowing costs.

Development Partners

The Development and Regeneration Programme (DRP) has been established to provide development solutions that are reflective of the policies of Herefordshire Council and will be designed and developed in an inclusive way with the community. In all instances consideration is given to providing developments that are considerate to the health and wellbeing of the residents and build to the latest environmental standards as set out in the building regulations (The National Standards).

Development partners Keepmoat and Engie are committed to encompassing the use of using local suppliers and contractors and to maximise the opportunities to employ local Herefordshire people. The KPIs for each partner have been set up to reflect this and all parties will take every action possible to ensure this is achieved.

The development partners are keen to achieve developments that reflect the highest standards and that have real impact on viability, or the anticipated land receipt. The decision as to what standards are applied to a development lies with the council and will impact on development returns/outcomes will be judged on a case by case basis.

Keepmoat Homes Ltd

Supporting the delivery of new homes that will help the council to achieve its strategic housing growth targets. Current projects include Bromyard Depot, Merton Meadow, Hildersley and Holme Lacy.

ENGIE Regeneration Ltd

Support the delivery of regeneration construction projects, such as business units, student accommodation, commercial development and retirement housing.

Development agreements will bring to life plans contained within the adopted Core Strategy (the document that sets out Herefordshire's planning priorities until 2031). The plan outlines the development opportunities enabled by the Hereford City Centre Transport Package and Hereford Transport Package, as well other sites across the county such as the Ross Enterprise Park and Hillside.

14 Risks

There are a number of external risks that could affect the delivery of the MTFs, appendix 4 sets out more detail on the key risk areas which are:

- The government settlement for 2020/21 is a one year settlement meaning that the MTFs is based on assumptions for future years that cannot be confirmed.
- The Better Care Fund and Improved Better Care Fund are not confirmed after 2020/21 and are currently being reviewed by the Department of Health and Ministry of Housing, Communities and Local Government.
- Public Health grant ring fencing and other grant funding commitments from government are not clear for future years.
- The looked after children population is higher than our statistical neighbours and continues to require significant resources to support. The requirement for complex needs funding and supported accommodation up to the age of 25 are growing pressures.
- The high needs budgets are funded by the dedicated schools grant, but any overspend becomes a council liability, this is currently being maintained within budget however the national trend is for a growing pressure.
- Moving to local retention of Business Rates could cause a significant funding problem due to the amount of small businesses throughout the county that receive discounts and reliefs.

15 Treasury Management Strategy (TMS)

The TMS has been reviewed and updated to include the forecast borrowing requirement to support the proposed capital investment budget for over the MTFs period to include the forecast borrowing requirement to support its proposed capital investment budget. The TMS presents the council's prudential indicators demonstrating the assurances of affordability and sustainable impact of the strategy.

The TMS also presents the council's minimum revenue provision policy which determines

the borrowing cost of capital investment to be funded by the annual revenue budget requirement.

The TMS sets out how daily cash-flow activities will be managed to balance cash requirements whilst achieving the council's strategic outcomes. The TMS includes investment and borrowing strategies with consideration to security, liquidity and interest rate risks with the aim to maximise return on investments and minimise interest rate costs.

The TMS intends to continue to utilise short term borrowing if required due to the lower cost of carry, however interest rate forecasts will continue to be monitored and, if considered financially favourable, longer term fixed rate debt will be secured. Progress against the strategy is reported to Cabinet in line with the performance monitoring reporting timetable.

	2020/21	2021/22	2022/23	2023/24
Treasury management budgets	£000	£000	£000	£000
Minimum revenue provision	7,594	9,807	10,525	11,596
Interest payable	6,179	7,569	7,781	7,645
Interest income	(200)	(200)	(200)	(200)
Totals	13,573	17,176	18,106	19,041

The table above excludes the impact of the waste disposal loan arrangement within the waste disposal PFI agreement that generates additional interest income which is allocated to an earmarked reserve to fund waste disposal costs.

16 Reserves

Definition of Earmarked reserves and provisions

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

- The council has a present obligation (legal or constrictive) as a result of a past event.
- It is probable that a transfer of economic benefit will be required to settle the obligations and;
- A reliable estimate can be made of the obligation.

Amounts set aside for purposes falling outside the definition of provisions are considered to be reserves.

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

Use of Reserves

17.3 Reserves enable the council to do three things:

- Create a working balance to help cushion the impact of uneven cash flows

and avoid unnecessary temporary borrowing. This forms part of the general reserves.

- Create a contingency to cushion against the impact of unexpected events or emergencies. This also forms part of general reserves.
- Creates a means of building up funds, often referred to as ear marked reserves, to meet known or predicted liabilities.

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

Establishing a new reserve

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

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

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

Reporting reserves

17.7 The Chief Finance Officer has a fiduciary duty to local tax payers and must be satisfied that decisions taken on balances and reserves represent proper stewardship of public funds.

17.8 The overall level of reserves balances will be reported to Cabinet at least annually or when new reserves are proposed, the last report to Cabinet was in October 2019.

17.9 The annual budget report to Council will include:

- A statement of movements in reserves for the year ahead and the following two years;
- A statement of the adequacy of general reserves and provisions in the forthcoming year and in the Medium Term Financial Strategy; and
- A statement on the annual review of reserves.

17.10 The level of reserves for the next three years will be reviewed at least annually as part of the Annual budget setting cycle. The Chief Finance Officer will review the councils earmarked reserves for relevance of propose and adequacy.

17.11 Any amendments to earmarked reserves will be reported to the Cabinet.

17.12 Once a reserve has fulfilled the purpose for which it was established, any remaining balance should be reallocated to another earmarked reserve with a similar purpose or surrendered to General Reserves.

17 Conclusion

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

18 Appendices

Appendix 1 - Net Revenue budget

Appendix 2 – Proposed Capital Investment Budget

Appendix 3 - Reserves Policy

Appendix 4 - Risk Assessment

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Appendix 1

Net Revenue budget and Directorate Spending Limits 2020/21

Directorate	19/20 revised base £k	Pressures £k	New Initiatives £k	Savings £k	Base Budget £k
Adults and Communities	53,965	2,717	200	(600)	56,282
Social care pool			2,054		2,054
Children and families	27,185	714	3,100	(300)	30,699
Economy and Place	27,594	1,364	1,070	(873)	29,155
Corporate Services	15,086	869	425	(77)	16,303
Total Directorate	123,830	5,664	6,849	(1,850)	134,493
Central	22,771	409	(56)	(500)	22,624
Total Net Budget	146,601	6,073	6,793	(2,350)	157,117
Funded by					
Council Tax					109,780
Retained Rates					36,726
Revenue Support Grant					635
Rural Sparsity Delivery Grant					5,101
Adult Social Care Support Grant					4,875
Totals					157,117

Appendix 2

Proposed capital investment budget

Scheme Name	Spend in	2019/20	2020/21	2021/22	2022/23	2023/24 onwards	Total
	Prior Years	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	
	£000	£000	£000	£000	£000	£000	£000
Economy & Place							
Hereford City Centre Transport Package	33,166	631	1,500	5,353	0		40,651
South Wye Transport Package	6,984	4,718	14,795	6,422	2,081		35,000
Hereford City Centre Improvements (HCCI)		1,500	2,000	2,000	0		5,500
Hereford ATMs and Super Cycle Highway			1,000	0	0		1,000
Passenger Transport Fleet (Electric)			7,800	7,800	7,800	15,600	39,000
Hereford Transport Package	2,908	3,702	2,350	625	625		10,210
Major Infrastructure Delivery Board	43,058	10,552	29,445	22,200	10,506	15,600	131,361
Local Transport Plan (LTP)		11,745	12,272	0	0		24,017
E & P's S106		1,441	0	0	0		1,441
Investment in Infrastructure Assets			2,000	0	0		2,000
Highway asset management		3,843	3,750	4,250	0		11,843
Public Realm Delivery Board	0	16,728	18,022	4,250	0	0	39,000
Hereford Enterprise Zone	10,769	3,400	1,831	0	0		16,000
Herefordshire Enterprise Zone Shell Store	83	5,935	1,298	0	0		7,316
Ross Enterprise Park (Model Farm)	11	2,377	4,174	508	0		7,070
Marches business improvement grants	877	1,623	0	0	0		2,500
Marches Renewable Energy Grant		88	764	336	0		1,188
Marches Business Improvement Programme		99	1,125	1,336	440		3,000
Affordable Housing Grant	35	1,599	1,000	300	300		3,234
Community Housing Fund	9	141	0	0	0		1
Revolving Loans	145	55	0	0	0		200
Employment Land & Incubation Space in Market Towns			843	4,209	3,066	5,513	13,631
Leominster Heritage Action Zone			238	1,425	2,138		3,800
Development Partnership activities	6,042	9,558	25,000	0	0		40,600
Economic Development Delivery Board	17,971	24,776	35,147	6,778	5,504	5,513	95,689
Property Estate Enhancement Works	1,241	1,499	0	0	0		2,740
Corporate Accommodation	2,540	331	0	0	0		2,871
Leisure Centres	9,684	368	0	0	0		10,052
Solar Photovoltaic Panels	606	55	1,473	0	0		2,134
SEPUBU Grant		734	0	0	0		734
LED street lighting	5,478	177	0	0	0		5,655

Estates Capital Programme 2019/22		1,350	2,095	1,390	0		4,835
Three Elms Trading Estate	95	380	0	0	0		475
Customer Services and Library	112	21	0	0	0		133
Energy Efficiency		54	46	0	0		100
Warm Homes Fund		397	397	165	0		960
Gypsy & Traveller Pitch development	29	910	899	39	0		1,877
Leominster cemetery extension	148	45	0	0	0		193
Tarsmill Court, Rotherwas	341	59	0	0	0		400
Car Parking Strategy	77	169	0	0	0		246
Car Park Re-Surfacing	0	116	0	0	0		116
Office and Car Park Lighting Replacement	79	164	58	0	0		300
Upgrade of Herefordshire CCTV		48	136	0	0		184
Schools Transport Route Planning		30	30	30	0		90
Courtyard Development		0	611	0	0		611
Corporate Fleet Procurement		738	0	0	0		738
Fleet Replacement			19	0	0		19
Strangford Welfare Facilities			25	0	0		25
Hereford Library	132	213	0	0	0		345
Corporate Property Delivery Board	20,560	7,860	5,789	1,624	0	0	35,833
Total E & P Capital Projects	81,589	60,315	89,528	36,189	16,450	21,113	305,183
Corporate							
Fastershire Broadband	16,979	10,152	8,607	0	0		35,738
PC Replacement	261	218	641	397	0		1,516
Widemarsh Gardens			80	0	0		80
EDRMS Storage			380	0	0		380
Better Ways of Working			850	0	0		850
Children centre changes	167	263	0	0	0		430
Total Corporate Capital Projects	17,407	10,633	10,557	397	0	0	38,994
Children and Families							
Colwall Primary School	6,665	85	0	0	0		6,750
Schools Capital Maintenance Grant		2,152	1,200	1,200	0		4,552
Peterchurch Primary School	7	493	5,000	5,353	0		10,853
Expansion for Marlbrook school	527	3,614	2,000	0	0		6,141
Brookfield School Improvements	6	2,577	167	1,195	0		3,945
C & F's S106		915	0	0	0		915
Healthy Pupils		99	0	0	0		99
Individual Pupil Needs	152	119	0	0	0		271
Short Breaks Capital		118	0	0	0		118
Blackmarston SEN	30	54	0	0	0		84
Replacement Leominster Primary	6	36	0	0	0		42
Basic Needs Funding		0	8,891	0	0		8,891
2 Year Old Capital Funding	75	31	0	0	0		106
Preliminary works to inform key investment need throughout the county	5	1,010	0	0	0		1,015
Temporary school accommodation replacement	85	515	300	0	0		900

Total C & F Capital Projects	7,558	11,819	17,558	7,748	0	0	44,683
Adults and Communities							
Disabled facilities grant		1,999	1,853	1,853	0		5,705
Hillside		2,550	0	0	0		2,550
Carehome & Extra Care Development	164	919	0	0	13,081		14,164
Technology Enabled Communities	0	0	300	1,200	0		1,500
Super Hubs			2,000	0	0		2,000
Private sector housing improvements	57	199	0	0	0		256
Total A & C Capital Projects	222	5,667	4,153	3,053	13,081	0	26,175
Total	106,776	88,433	121,796	47,387	29,531	21,113	415,035

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Appendix 3

Reserves

1. Review of Reserves

1.1. The overall reserves of the council will be subject to detailed review at the end of each financial year as part of the preparation for the production of the council's statement of accounts, and as part of the council's annual budget setting process to ensure reserves are

- Relevant,
- Appropriate, and
- Prudent.

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

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

2. Use of Reserves

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

2.2. Movements in reserves will be reported to Council as part of the financial outturn at the end of the financial year.

3. Conclusion

3.1. The Chief Finance Officer is satisfied that the Council's ongoing approach to its reserves and provisions is robust. The council's strategic reserve is maintained between 3% - 5% of the net budget requirement.

3.2. At the end of March 2019 the balance was £8.5m (5% of net budget). This is sufficient to ensure that the council has adequate resources to fund unforeseen financial liabilities, and that the council's approach to general balances is deemed appropriate. The level of reserves and expected movement in reserves are set out in the MTFS as part of the annual budget setting process.

Appendix 4

Key Risk Assessment

	Key Financial Risks	Likelihood	Impact	Mitigating Actions
1	Unexpected events or emergencies By its nature, the financial risk is uncertain	Low	High	<ul style="list-style-type: none"> • Council maintains a Strategic Reserve at a level of between 3% and 5% of its revenue budget for emergency purposes • Level of reserve is currently £8.5m (5% of budget)
2	Increasing demand for Adult Social Care Demand for services continue to increase as the population gets older	High	Medium	<ul style="list-style-type: none"> • Demand led pressures provided for within our spending plans • Activity indicators have been developed and will be reported quarterly alongside budget monitoring
3	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	<ul style="list-style-type: none"> • High risk budget areas have been identified and financial support is targeted towards these areas • Regular progress reports on delivery of savings to Management Board and Cabinet • Budget monitoring arrangements for forecasting year end position in place and forecast balanced • Plan to review level of cover available from General reserves in place
4	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	<ul style="list-style-type: none"> • This is a national issue with lobbying to increase central government funding • A review of the application of the matrix is underway
5	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	<ul style="list-style-type: none"> • Provision has been made in the capital investment budget to increase school places • Directorate plans in place to manage and mitigate demand • Ongoing reviews of children already under care of council
6	Volatility in Government funding streams and Business Rates Retention	High	Medium	<ul style="list-style-type: none"> • Prudent assumptions made in budget • Ongoing review of developing business rate changes • Business case to support future investment decisions
7	Brexit Impact of EU exit may lead to increased volatility in economic stability and reduced access to funds	Medium	Medium	<ul style="list-style-type: none"> • Reduced reliance on grant funding in all directorates • Increased local economic and social investment to increase core income

2020/21 savings

Saving	Adults & Communities £000	Children & families £000	Economy & Place £000	Corporate services £000	Central £000	Total £000	Impact
Reducing the need for formal care services	600					600	Reduction in demand for formal care services and support in line with demographic pressures. The support and care offer from Adult Social Care will be enhanced as a result of the application of a strengths based model. Access to support for those with eligible needs will be improved by ensuring that eligible and wider wellbeing needs are met as part of the AWB offer, with a particular focus on developing and connecting community social support. The equalities impact of this proposal on service users will be negligible as they will be assessed correctly and against the criteria of new services available which meet required eligible and wider wellbeing needs.
Manage inflation and secure contract efficiencies		300				300	The equalities impact of this proposal will be low/negligible. Integral to their contract with the Authority, each contractor has a scheduled expectation to meet the Equalities Act 2010 criteria and is part of the contract monitoring arrangements to ensure that any impact is understood and addressed.
Efficiency savings			523	77		600	Minimal, if any, service provision impact
Corporate Accommodation efficiencies			150			150	Minimal, if any, service provision impact
Commercial waste collections			200			200	No further impact. Service changes relating to commercial waste collections and waste treatment savings do not impact on residents but on organisations.
Pension deficit					500	500	No public impact - tri-annual external actuarial pension valuation expected to reduce deficit contribution requirement
Totals	600	300	873	77	500	2,350	

Proposed Revenue Budget 2020/21

	19/20 revised base £000	Pressures £000	New Initiatives £000	Savings £000	20/21 base budget £000
Adults & Communities	53,965	2,717	200	(600)	56,282
Social Care pooled budget			2,054		2,054
Children & Families	27,185	714	3,100	(300)	30,699
Economy & Place	27,594	1,364	1,070	(873)	29,155
Corporate	15,086	869	425	(77)	16,303
Directorates	123,830	5,664	6,849	(1,850)	134,493
Central, treasury management, capital financing & reserves	22,771	409	(56)	(500)	22,624
Total Revenue	146,601	6,073	6,793	(2,350)	157,117
Funded by					
Council Tax					109,780
Retained Rates					36,726
Revenue Support Grant					635
Rural Sparsity Delivery Grant					5,101
Adult social care support grant					4,875
Totals					157,117

Adults & Communities

	19/20 revised base £000	Pressures £000	New Initiatives £000	Savings £000	20/21 base budget £000
Learning Disabilities	20,478	996			21,474
Memory & Cognition	2,472	132			2,604
Mental Health	3,600	172			3,772
Physical Support	23,182	1,400			24,582
Sensory Support	435	17			452
Client Sub-Total	50,167	2,717	0	0	52,884
Care Operations & Commissioning	8,271	0			8,271
Commissioned Services	3,173	0			3,173
Transformation & Improvement	834	0			834
Prevention & Wellbeing	3,060	0			3,060
Directorate Management	(11,540)	0	200	(600)	(11,940)
Public Health	0	0			0
Adults & Communities	53,965	2,717	200	(600)	56,282

Children & Families

	19/20 revised base £000	Pressures £000	New Initiatives £000	Savings £000	20/21 base budget £000
Children's Commissioning	570	34	0	0	604
Directorate	(470)	(74)	0	0	(544)
Directorate	100	(40)	0	0	60
Additional Needs	2,077	49	0	0	2,126
Commissioning Management	434	181	0	0	615
Development and Sufficiency	944	22	0	0	966
Early Help	406	26	0	0	432
Early Years	74	(6)	0	0	68
Education Improvement	275	45	0	0	320
DSG	0	0	0	0	0
Education & Commissioning	4,210	317	0	0	4,527
Safeguarding and Review	820	47	0	0	867
Children in Need	3,071	0	1,000	0	4,071
Looked After Children	17,119	356	2,100	(300)	19,275
Safeguarding Development	295	(2)	0	0	293
Safeguarding & Early Help Management	1,570	36	0	0	1,606
Safeguarding & Family Support	22,875	437	3,100	(300)	26,112
Children & Families	27,185	714	3,100	(300)	30,699

Economy & Place

	19/20 revised base £000	Pressures £000	New Initiatives £000	Savings £000	20/21 base budget £000
Economic Growth	975	(79)	300	(6)	1,190
Highways & Transport	14,657	732	170	(348)	15,211
Housing and Growth Management	1,876	185	600	(15)	2,646
Regulatory, Environment & Waste	127	84			211
Technical Services	14,831	246		(311)	14,766
Economy & Place	(4,872)	196		(193)	(4,869)
	27,594	1,364	1,070	(873)	29,155

Corporate

	19/20 revised base £000	Pressures £000	New Initiatives £000	Savings £000	20/21 base budget £000
Corporate Support Services	5,538	169	75		5,782
Finance, Legal & Governance	7,683	400	350	(77)	8,356
People & Performance	1,865	300			2,165
Corporate	15,086	869	425	(77)	16,303

Herefordshire Council

Treasury Management Strategy
2020/21 – 2023/24

Treasury Management Strategy 2020-24

Herefordshire Council

Treasury Management Strategy 2020/21-2023/24

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Treasury Management Strategy 2020-24

1. Introduction

- 1.1 Treasury management is the management of the council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The council borrows and invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to an effective treasury management strategy.
- 1.2 This strategy has been prepared in accordance with the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code and should be considered alongside the council's capital strategy (reported separately).
- 1.3 The purpose of this Treasury Management Strategy (TMS) is to approve:
- Treasury Management Strategy for 2020/21-2023/24
 - Borrowing Strategy – Section 5
 - Annual Investment Strategy – Section 6
 - Minimum Revenue Payment (MRP) Policy Statement – Section 7
 - Prudential Treasury Indicators – Annex C
- 1.4 In addition to the TMS, the council maintains treasury management practices that outline how the council's strategic policy objectives for treasury management will be achieved and are supported by schedules that describe the specific procedures to be used by staff involved in treasury management activities. The operational practices are maintained by the corporate finance team and approved by the chief finance officer.

2. Summary of Strategy for 2020/21

- 2.1 The financial market continues to offer low levels of interest rate cost of borrowing and even lower interest rate returns on investments therefore the council continues to aim to minimise the cash balances it maintains. If the UK were to enter a recession there is a small chance that the Bank of England could set its bank base rate at or below zero, which could lead to negative interest rates on low risk, short term investments. This situation has been present in other countries. This risk can be partially mitigated by aiming to invest longer term and diversifying the investment base. Due regard to IFRS9 will be made before diversifying investments into investments like pooled investment funds. Currently a five year statutory accounting override exists (expiring 2023/24) however going forward fair value movements in these investment types will be chargeable to the revenue budget.

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Borrowing

- 2.2 Borrowing is driven by the requirements of the approved capital investment budget. The forecast capital investment budget for 2020/21 indicates £54.8m of capital spend requiring financing from prudential borrowing. As long term borrowing rates are expected to be higher than investment rates, actual borrowings will be deferred by utilising cash balances and short term borrowing if required. Long term interest rate forecasts will be constantly monitored to ensure debt is secured at the best opportunity. If less capital spend is incurred than forecast then the need to borrow will be reduced.
- 2.2 From the 9th October 2019 central government announced a 1% increase in the public works loan board (PWLB) interest rate. The PWLB loan interest rate is linked to benchmark gilt rates and due to these being historically low the Treasury announced an immediate increase in the margin of 1%. PWLB is the usual route of obtaining loan finance for councils including Herefordshire Council. The forecast interest cost of new borrowing has therefore been increased to reflect this additional cost burden.
- 2.3 Using current forecasts during 2020/21 the councils underlying need to borrow is expected to increase by £55.9m, as shown in the table below.

	£m excluding PFIs
Estimated council borrowing as at 31st March 2020	163.6
Capital spend financed by prudential borrowing	54.8
Net change in internal borrowing	8.7
Less minimum revenue provision	(7.6)
Estimated council borrowing as at 31st March 2021	219.5
<i>Increase in estimated council borrowing</i>	55.9

- 2.3 Short-term borrowing rates are currently, at 2%, lower than longer term borrowing rates (Annex D) and using the long-term analysis, comparing short-term finance with a long-term loan, utilising short term borrowing is shown to be the most cost effective approach. Savings in the early years are currently outweighing additional amounts payable that may fall due in later years. Therefore the council is proposing to continue with its current policy of using short term borrowing to finance the 2020/21 borrowing requirement.

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- 2.4 The borrowing budget for 2020/21 includes provision to pay short-term interest costs and the interest cost on existing fixed long term borrowing, a total budget of £6.2m.
- 2.5 The council's strategy is to cap the total short term loan stock holding at a threshold of a maximum of 50% of total loans. By restricting short term loans to a total of 50% of loans required the risk on interest rate exposure is minimised. Fixed rate loans can be secured quickly if this is decided the correct action to follow in consideration of all known factors at that time (including the councils cashflow and interest rate forecasts). Currently the council holds no short term loans, all loans are currently secured at a fixed interest rate and over a long term.
- 2.6 The council's exposure to variable rate debt has been discussed with the council's treasury adviser, Link Asset Services, who agree with the council's borrowing policy and the local consideration of interest rate forecasts.

Investments

- 2.7 When the council holds surplus funds (income received in advance of expenditure) the Code and Guidance requires councils to invest these funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return. The council tends to invest in banks, building societies, other local authorities and money market funds. The council continually assesses the various investment risks in conjunction with the support of its treasury advisors, Link Asset Services.

As a result of current banking regulations which, in the absence of government support, put the council's deposits at risk when banks get into difficulty, the council will:

- Maintain lower investment balances during the year;
 - Keep low but liquid cash balances and invest these mainly in Money Market Funds (CNAV (Constant Net Asset Value), LVNAV (Low Volatility Net Asset Value), or VNAV (Variable Net Asset Value));
 - Maintain counterparty limits with the banks and building societies at prudent levels;
 - Consider other creditworthy investments to increase diversification.
- 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.

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3. Economic Background and Interest Rate Forecast

Economic background

- 3.1 **UK** the whole political situation in the UK over **Brexit** is highly fluid and could change radically by the day. Therefore any interest rate forecasts are subject to material change as the situation evolves. At present, if the UK does soon achieve an agreed deal on Brexit, including some additional clarification wording on the Irish border backstop, then it is possible that growth could recover quickly. The MPC could then need to address the issue of whether to raise Bank Rate when there is very little slack left in the labour market; this could cause wage inflation to accelerate which would then feed through into general inflation. On the other hand, if there was a no deal Brexit and there was a significant level of disruption to the economy, then growth could falter and the MPC would be likely to cut Bank Rate in order to support growth. However, with Bank Rate still only at 0.75%, it has relatively little room to make a big impact and the MPC would probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by way of tax cuts and / or expenditure on infrastructure projects, to boost the economy. However, infrastructure projects generally take a long time to plan and to start up, and so to feed through into impacting the economy; tax cuts would be much quicker in impacting the level of consumption in the economy.
- 3.2 The Consumer Price Index (CPI) measure of inflation was 2.1% in July 2019 is likely to shift only a little upwards over the rest of 2019/20. It does not therefore pose any immediate concern to the MPC at the current time.
- 3.3 Unemployment has continued near to a 44-year low of 4% on the Independent Labour Organisation measure. Wage inflation picked up to a high point of 3.9% (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 1.8%.
- 3.4 **Euro Zone.** Growth has been slowing from +1.9% during 2018 to +0.4% q/q (+1.2% y/y) in quarter 1 and then to +0.2% q/q (+1.0% y/y) in quarter 2; there appears to be little upside potential to the growth rate in the rest of 2019. German GDP growth fell to -0.1% in quarter 2; industrial production was down 5.2% y/y in June with car production especially being hit. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes, tariffs on EU produced cars. The ECB meeting in July expressed concern as to the weak outlook for growth and how low inflation was despite all the monetary stimulus the bank still has in place. The ECB is therefore expected to take action to cut its main rate of -0.4% further, but only marginally, and to look at the potential for more quantitative easing and/or other instruments of monetary policy to provide further stimulus to economic growth. On the political front, Spain and Italy are in the throes of trying to form coalition governments while the very recent results of two German state elections will put further pressure on the frail German CDU/SDP coalition government.

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- 3.8 **USA** President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of strong growth to 2.9% y/y. Growth in 2019 has been falling back after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2. Quarter 3 is expected to fall further. The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not to be seen as the start of a series of cuts to ward off a downturn in growth. Financial markets are, however, expecting another cut in September. Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This trade war is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China

Interest rate forecast

- 3.12 Investment returns are likely to remain low during 2020/21 but to be on a gently rising trend over the next few years based on an assumption of an agreement being reached on Brexit between the UK and the EU.
- 3.13 Borrowing interest rates were on a downward trend during the first half of 2019/20 until the announcement of an additional 1% margin from 9th October 2019. The policy of avoiding new borrowing by minimising investment cash balances has proved efficient and will continue to be carefully reviewed to minimise the risk of incurring higher borrowing costs in the future.
- 3.14 There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will incur a revenue cost of the difference between higher borrowing costs and lower investment returns. For example borrowing could be secured at a 3% interest cost and an investment could generate a 1% return, representing a cost of carry of 2%.
- 3.15 A more detailed interest rate forecast provided by the Link Asset Services is attached at Annex D.

4. Capital Financing Requirement

- 4.1 Capital expenditure can be financed in a number of ways including the application of usable capital receipts, a direct charge to revenue, capital grant or by securing an up-front contribution towards the cost of a project.
- 4.2 Capital expenditure not financed by one of the above methods will increase the capital financing requirement (CFR) of the council, representing the councils underlying borrowing requirement.

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- 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:-

	31.03.20 Estimate £000	31.03.21 Estimate £000	31.03.22 Estimate £000	31.03.23 Estimate £000
Forecast Capital Finance Requirement (CFR)	331,053	380,369	390,149	388,443
Less: PFI and other long term commitments	(51,772)	(50,014)	(48,326)	(46,706)
CFR excluding other long-term liabilities (PFIs)	279,281	330,355	341,823	341,737
Less: Existing fixed long term borrowing (a)	(130,282)	(163,598)	(217,427)	(227,501)
Maximum new borrowing requirement	148,999	166,757	124,396	114,236
Less: Internal borrowing from reserves	(115,683)	(110,818)	(114,300)	(109,500)
Net new borrowing requirement (b)	33,316	55,939	10,096	4,736
Total Council Borrowing (a plus b)	163,598	219,537	227,523	232,237

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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 2020 councils will be required to comply with IFRS16 that requires lease arrangements to be disclosed as finance leases, this will have the effect of increasing the capital financing requirement. The table above exclude this impact as work continues on establishing the effect of this accounting change. Indications are that the impact will be immaterial.

5. Borrowing Strategy

- 5.1 At 30 September 2019 the council held £134.8m of long-term fixed rate loans as shown in Annex A. Current capital expenditure forecasts suggest that this will increase before the end of the financial year, if spend slips then the need to borrow will be deferred.

Objective

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

Strategy

- 5.3 Given the significant cuts to public expenditure and in particular to local government funding, the council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is more cost effective in the short-term to use internal resources and borrow using short-term loans.
- 5.4 This enables the council to reduce net borrowing costs and reduce its overall credit risk by tailoring the timing of borrowing to minimise cash balances held. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecasted to rise. The 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 2020/21 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 5.5 Short-term loans leave the council exposed to the risk of short-term interest rate rises; therefore the risk is mitigated by restricting the exposure to this risk at 50% of the debt total.

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Sources

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

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

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

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

LOBO loans

5.8 The council has two LOBO loans (Lender's Option, Borrower's Option) of £6m each on which the council pays interest at 4.5%. Every six months, when the interest charges become due, the lenders have the option to increase the interest rate being charged at which point the council can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the council since the decision to amend the terms is entirely at the lender's discretion.

Debt rescheduling

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

6. Annual Investment Strategy

6.1 The council needs to hold adequate funds to meet day-to-day liquidity needs, for example salary and creditor payments. The council maintains a cash flow balance of around £20m to cover all contingencies. A cash flow forecast is maintained that includes all known receipts and payments so that the council can take action to ensure that it can meet all its liabilities when they fall due.

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Objective

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

Strategy

- 6.3 Given the increasing risk and continued low returns from short-term unsecured bank deposits, the council will aim to keep its invested funds as low as possible and limit the amounts invested with banks and building societies. For 2020/21 the council will continue to rely on Money Market Funds which are highly diversified and carry reduced credit risk.

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.

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

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Non-specified Investments

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

Table 3: Non-Specified Investment Limits	Cash limit
Total long-term investments	£5.0m
Total investments with unrecognised credit ratings	£5.0m
Total non-specified investments	£10.0m

7. Annual Minimum Revenue Provision Statement 2020/21

- 7.1 Where the council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the notional repayment of debt is known as Minimum Revenue Provision (MRP). The Local Government Act 2003 requires the council to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018. The broad aim of the Guidance is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. In line with the Guidance, the policy for the 2020/21 calculation of MRP is as follows:

	Indicative 2020/21 MRP charge £000
Supported borrowing	1,342
Prudential borrowing	6,729
Overprovision adjustment	(477)
Sub Total	7,594
Finance leases and private finance initiatives	2,058
TOTAL	9,652

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

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

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

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

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Treasury Management Strategy 2020-24

Annex A

EXISTING BORROWING AND INVESTMENTS

The overall treasury management portfolio as at 31 March 2019 and for the position as at 30 September 2019 are shown below for both borrowing and investments.

TREASURY PORTFOLIO

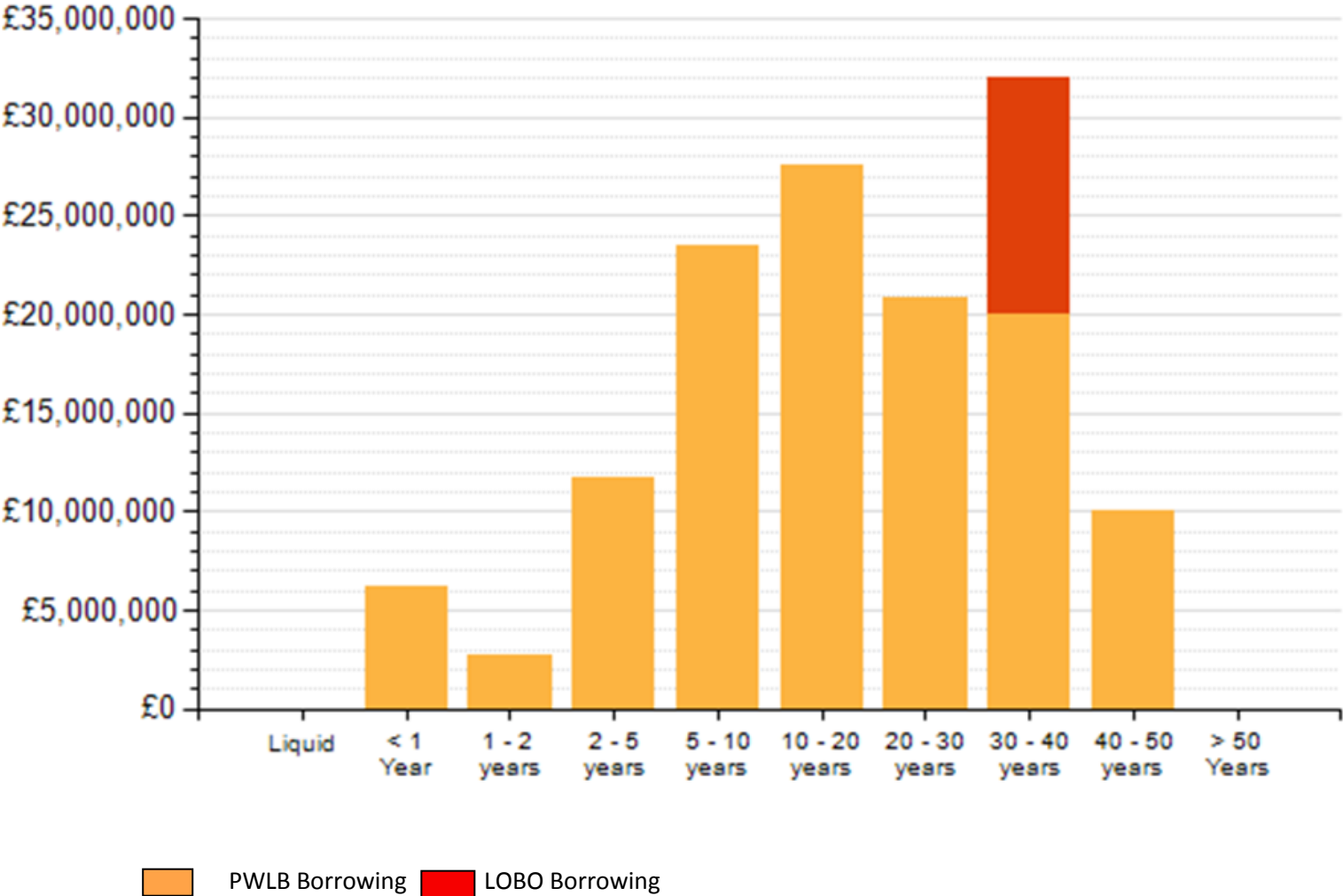
	actual	actual	current	current
Treasury Investments	31.3.19	31.3.19	30.09.19	30.09.19
	£000	%	£000	%
banks	5,000	18%	10,000	26%
building societies - unrated		0%	0	0%
building societies - rated		0%	5,000	13%
local authorities	5,000	18%	0	0%
DMADF (H.M. Treasury)		0%	0	0%
money market funds	18,140	64%	23,070	61%
certificates of deposit	0	0%	0	0%
Total managed in house	28,140	100%	38,070	100%
bond funds	0	0%	0	0%
property funds	0	0%	0	0%
Total managed externally	0	0%	0	0%
Total treasury investments	28,140	100%	38,070	100%
Treasury external borrowing				
local authorities	0	0%	0	0%
PWLB	125,517	91%	122,763	91%
LOBOs	12,000	9%	12,000	9%
Total external borrowing	137,517	100%	134,763	100%
Net treasury investments / (borrowing)	109,377	0	96,693	0

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Annex B

BORROWING MATURITY PROFILE AS AT 30.11.19

Loans Maturities by Type



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Annex C

PRUDENTIAL AND TREASURY INDICATORS FOR THE NEXT FOUR YEARS

1. Background

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

2. Estimates of Capital Expenditure

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

Capital Programme	2020/21 Forecast £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 onwards £000	Total £000
Total expenditure	121,796	47,387	29,531	21,113	219,827
Funding					
Grants, contributions and capital receipts	66,949	26,545	18,540	15,620	127,654
Prudential borrowing	54,847	20,842	10,991	5,493	92,173
Total	121,796	47,387	29,531	21,113	219,827

The table above reflects both the approved and proposed capital investment budget. Should any further borrowing be required then Council approval will be required and additional revenue resources will need to be identified to fund the additional debt repayment costs. In addition the prudential indicators would need to be revisited in accordance with the requirements of the Prudential Code to provide the assurances of affordability of the additional debt.

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3. Capital Financing Requirement

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

Capital Financing Requirement (CFR)	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
CFR excluding PFI	330,355	341,823	341,737	339,654
PFI and finance leases*	50,014	48,326	46,706	45,150
Total forecast CFR	380,369	390,149	388,443	384,804

* this value is expected to increase following the adoption of IFRS16 from 1 April 2020 when existing lease arrangements are expected to be required to be included as finance leases in the value above

4. Gross Debt and the Capital Financing Requirement

- 4.1 In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.
- 4.2 The Section 151 Officer reports that the council currently has no difficulty meeting this requirement nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

5. Operational Boundary for External Debt

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

Operational Boundary	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £'000
Operational Boundary for Borrowing	340,000	340,000	340,000	340,000
Operational Boundary for other Long-Term Liabilities	60,000	60,000	60,000	60,000

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Operational Boundary for External Debt	400,000	400,000	400,000	400,000
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6. Authorised Limit for External Debt

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

Authorised Limit	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
Authorised Limit for Borrowing	350,000	350,000	350,000	350,000
Authorised Limit for other Long-Term Liabilities	70,000	70,000	70,000	70,000
Authorised Limit for External Debt	420,000	420,000	420,000	420,000

7. Ratio of Financing Costs to Net Revenue Stream

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

Ratio of Financing Costs to Net Revenue Stream	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Net Revenue Stream	156,099	160,505	164,755	169,069
Financing Costs (excluding PFI)	13,573	17,176	18,106	19,041
Percentage	8.6%	10.7%	10.9%	11.2%

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

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8 Maturity Structure of Borrowing (fixed and variable)

- 10.1 The council will also limit and monitor large concentrations of fixed rate debt needing to be replaced. Limits in the following table are intended to control excessive exposures to volatility in interest rates when refinancing maturing debt.
- 10.2 The maturity of borrowing (as shown in Annex B) is determined by reference to the date on which the loans could be repaid. The council's two LOBO loans could become repayable within 12 months although, if the lenders do not increase the interest rates being charged, which is the current assumption, then the loans could remain outstanding until 2054.

Maturity structure of fixed rate borrowing	Estimated level at 31/03/20	Lower Limit for 2020/21	Upper Limit for 2020/21
Under 12 months	3%	0%	10%
12 months and within 24 months	2%	0%	10%
24 months and within 5 years	12%	0%	25%
5 years and within 10 years	14%	0%	35%
10 years and above	69%	0%	80%
Total	100%		

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

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

Upper Limit for total principal sums invested over 364 days	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Authorised counterparties	5	5	5	5

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Annex D

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

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Base Rate (%)	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
PWLB Rates (%):													
5 years	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10 years	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25 years	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50 years	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00
The above PWLB rates are noted by Link Asset Services as being their “central” or most likely forecast, however, they also note that there are upside and downside risks to their forecast.													

Forecast:

- The council's treasury advisors forecast the bank base rate to stay on hold until December 2020 followed by further increase in March 2022.

Council budget:

- The proposed treasury management budget is as follows:-

	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Minimum revenue provision (excludes PFI)	7,594	9,807	10,525	11,596
Interest payable	6,179	7,569	7,781	7,645
Interest income	(200)	(200)	(200)	(200)
Totals	13,573	17,176	18,106	19,041

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- As can be seen from the table above, the council's treasury advisors central forecast is for the Bank Base Rate to remain at 0.75% for the first half of 2020/21 possibly increasing to 1.00% for the remainder of the financial year. The council's short-term borrowing budget has been based on a rate of up to 2% which should incorporate sufficient headroom to accommodate any unexpected changes in the Base Rate.
- The investment budget is based on the majority of funds being held in instant access accounts generating low returns, currently budgeted at 1%.
- Should the Bank Base Rate increase sooner or more rapidly than forecast the increased yield on investments will partly offset any increase in short-term variable borrowing rates.
- Performance against budget will be reported to Cabinet in the financial performance reports.

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Annex E

TREASURY MANAGEMENT POLICY STATEMENT

1. Statement of Purpose

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

2. Key Principles

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

3. Adopted Clauses

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

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

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

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

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

4. Definition of Treasury Management

4.1 Herefordshire Council defines its treasury management activities as: -

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

5. Policy Objectives

- 5.1 Herefordshire Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the council, and any financial instruments entered into to manage these risks.
- 5.2 Herefordshire Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

6. Non-treasury investments

- 6.1 Herefordshire Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries and investment property portfolios.
- 6.2 Herefordshire Council will ensure that all investments in the capital programme will set out, where relevant, the risk appetite and policy and arrangement for non-treasury investments. The risk appetite for these activities may differ from that of treasury management.
- 6.3 Herefordshire Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisations risk exposure within its annual statement of accounts.

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

CONTEXT

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

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

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

RESULTS: THE BUDGET

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

The main results were that:

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

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

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

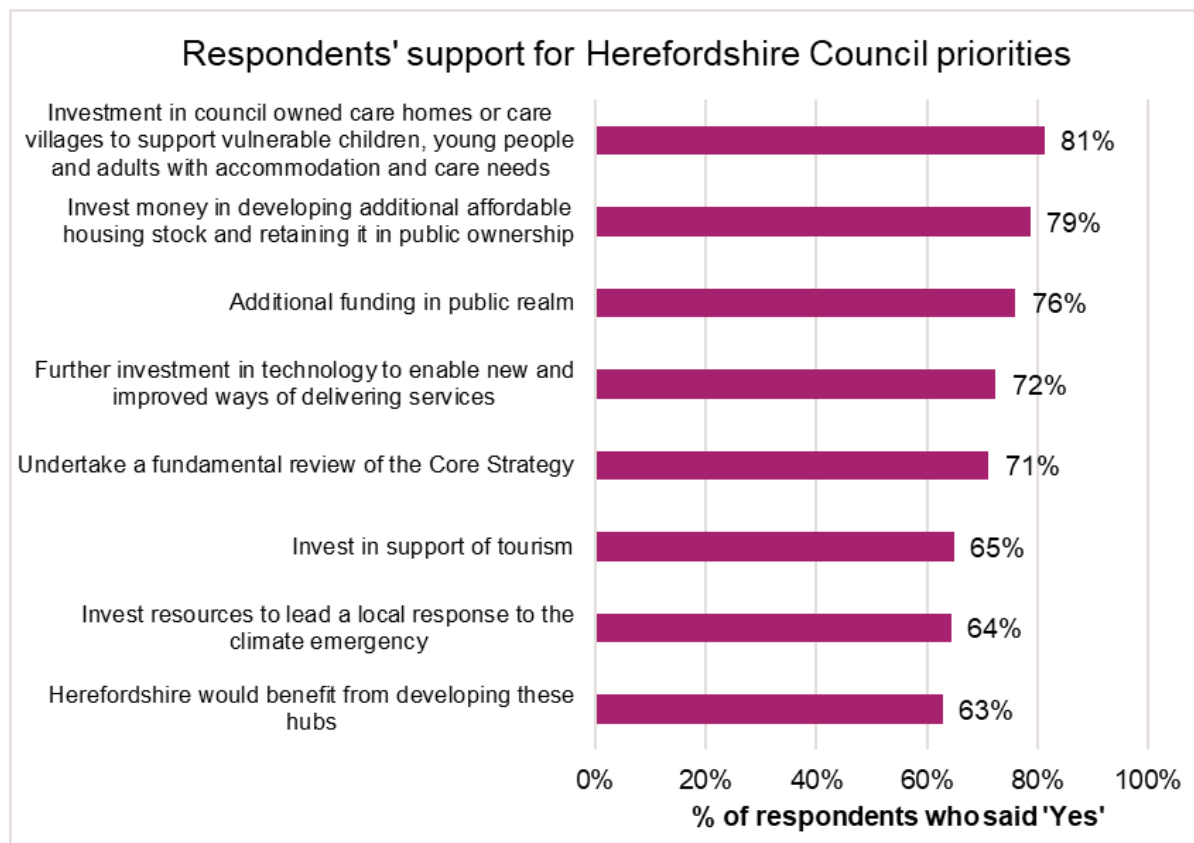
Comments that expressed an opinion about the allocation of spend were mostly saying that not enough was allocated to particular services, rather than too much. Services mentioned most frequently were **related to the environment and place**; not enough on:

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

RESULTS: THE PRIORITIES

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

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



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

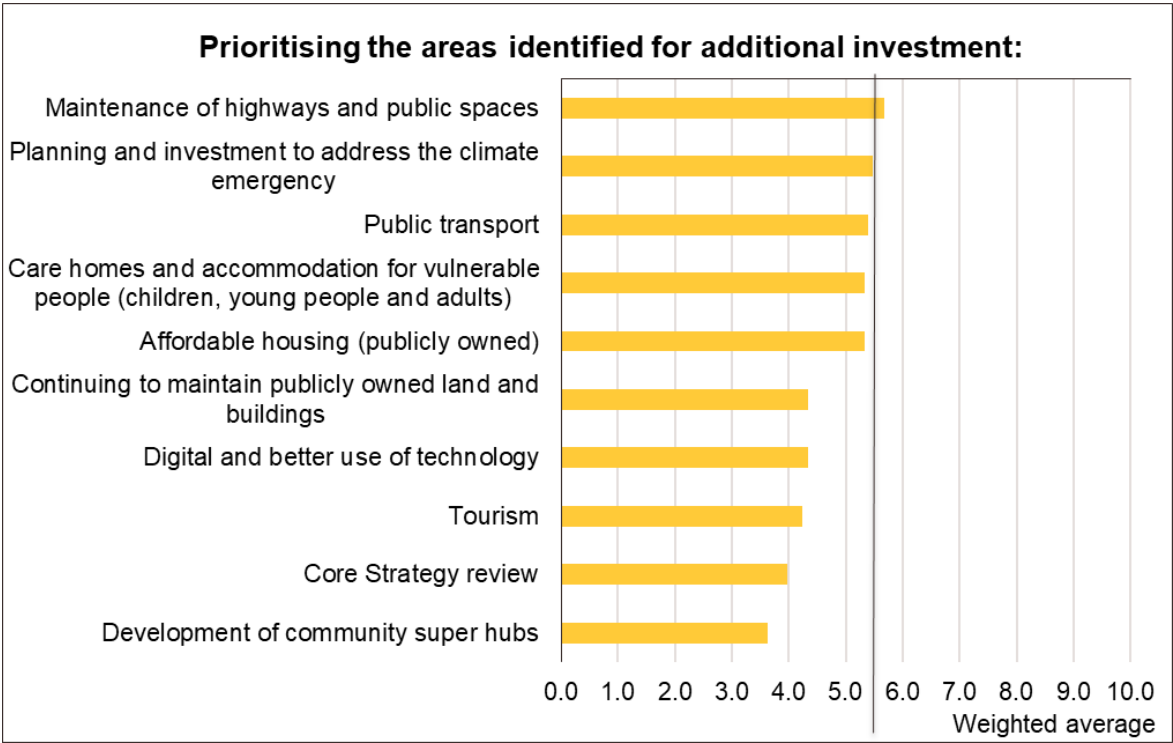
- ✓ Maintenance of highways and public spaces
- ✓ Planning and investment to address the climate emergency
- ✓ Public transport
- ✓ Care homes and accommodation for vulnerable people
- ✓ Affordable housing (publicly owned)

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

Uniquely amongst the topics, views on **planning and investment to address the climate emergency** were polarised. 26% ranked it as most important (ten percentage points more than any other option), and it was in the top three for 40%. On the other hand 21% ranked it as *least* important (ten percentage points more than any other option), and it was also in the bottom three for 37% of respondents.

Comments against spending on this area covered themes such as

- it's not a priority / don't care
- should be central government's responsibility
- costly / won't make any difference / not achievable



THE PRIORITIES: REASONS

The table below summarises the broad themes in the comments about each of the areas identified for additional investment. The right-hand column identifies feedback from the face-to-face engagement that ran alongside the online consultation.

There weren't any areas where the views expressed during the face-to-face engagement were dramatically different to the responses to the online questionnaire.

Priority area	% agreeing with investment	Comments from online consultation		Themes from face to face engagement
		In support of	Not in support of	
Developing super-hubs	63%	<p>No qualitative questions were asked on this topic.</p> <p>Most common response was that if super hubs were to be developed, they should be located in the market towns (69%), followed by larger villages (47%) and the city (43%)</p> <p>Overall support for all of the services that could be offered, particularly health and social care (79%); wellbeing help, advice and activities (73%) and children's centres (71%). Other suggestions included legal, financial and housing advice and other information resource.</p>		Range of public services, nothing very different to the online consultation.
Developing additional affordable housing stock and retaining it in public ownership	79%	<ul style="list-style-type: none"> - build more houses for rent - stop developments with no social or additional affordable houses - additional affordable housing should be good quality, energy efficient and sustainable. 	<ul style="list-style-type: none"> - developers should be made to build more affordable housing that is actually affordable - state should not encourage dependency - tenants should be made to give up larger properties when under occupied - infrastructure cannot support additional housing 	Affordable housing was felt to be important, particularly starter homes or making renting more affordable, and also bringing empty properties back into use.
Investment in council owned care homes or care villages to support vulnerable children, young people and adults with accommodation and care needs	81%	<ul style="list-style-type: none"> - if they're built, care homes or care villages must provide value for money - should free up housing for younger people 	<ul style="list-style-type: none"> - very expensive to build and run these so it will not provide value for money - it's central government's or individual families' responsibility to look after vulnerable children, young people and adults 	<ul style="list-style-type: none"> - Priority for old and young people - Quality is key - Not necessarily council-owned, but council should have oversight / control - Also important to enable vulnerable people to stay in their own homes

Priority area	% agreeing with investment	Comments from online consultation		Themes from face to face engagement
		In support of	Not in support of	
Investment in support of tourism	65% (very / fairly important)	Respondents insist that investment needed to support tourism.	<ul style="list-style-type: none"> - private sector should be responsible and will do better - more tourism will create more traffic and will increase pollution (more carbon emissions) - sort out roads first 	<p>People suggested investing in tourist information centres as they've been closed.</p> <ul style="list-style-type: none"> - Not appealing for tourists - Concerns about shops, especially in Hereford city - Not done enough to promote the county and its offerings.
Undertaking a fundamental review of the Core Strategy	71%	<ul style="list-style-type: none"> - current plan needs improvement - new or different priorities required 	<ul style="list-style-type: none"> - nothing wrong with the current plan or smaller scale review better - very expensive so not value for money - take too much time and too disruptive - some believe it will be ignored anyway 	<p>Overall very low choice; people did not fully understand the implications.</p> <ul style="list-style-type: none"> - If it happens it has to be comprehensive and done well - some people felt it was essential if radical changes is to happen in the county, especially climate change and transport
Additional funding in public realm	76%	<p>If this is implemented:</p> <ul style="list-style-type: none"> - ensure that these services are provided properly and value for money - make sure areas are not neglected - avoid contractors/ if use contractors ensure accountability 	<ul style="list-style-type: none"> - this is not a priority - waste of money and not confident that it will improve anything - do not approve of using contractors or the current contractor, they are not value 	<p>Some people commented on about there being better contract management including managing overspends, better scrutiny and consequences for not meeting goals.</p>
			81% supported closer community involvement in setting the BBLP annual plan, involving parish councils or neighbourhood development partnerships.	

Priority area	% agreeing with investment	Comments from online consultation		Themes from face to face engagement
		In support of	Not in support of	
Invest resources to lead a local response to the climate emergency	64%	expressed support and provided suggestions for how to achieve carbon reductions.	<ul style="list-style-type: none"> - it is not a priority / don't care - should be central government's responsibility - costly /won't make any difference / not achievable 	<ul style="list-style-type: none"> - People want Herefordshire Council to show leadership on this agenda and reflect the climate emergency in their policies and action e.g. building energy efficient housing, having a green public transport plan. - Where they don't have direct influence they need to lobby and educate. - Suggestions for local partnerships / organisations in relation to accessing specialist knowledge/to help plan and advise on this agenda.
Further investment in technology to enable new and improved ways of delivering services	72%	<p>Although respondents supported, they are cautious about digital exclusion and suggested to:</p> <ul style="list-style-type: none"> - keep other formats for elderly who struggle with new technology - develop infrastructure before investing in technology enabled services 	<ul style="list-style-type: none"> - not a priority and it will not provide value for money. - unemployment can go up (threat to jobs) hence negative impact on economy. 	<p>Reflects the views made online but very low support:</p> <ul style="list-style-type: none"> - preferred face to face service delivery especially for elderly. - access to adequate broadband needed to be improved consistently across the county.
Public transport	No question asked about support for this, the questions asked why they don't use	<p>Only 16% of respondents were regular users; the most common reasons for not using public transport were:</p> <ul style="list-style-type: none"> - lack of availability of public transport in my local area - timetables do not match my needs 		<p>Similar themes to online</p> <ul style="list-style-type: none"> - Strong views that public transport is not an option in rural areas - Question of choice: those who can use other methods choose to do so, but it's important because some people rely on it - Poor connectivity and timetabling that doesn't meet needs
Publicly owned land and buildings	No question was asked about support for this	Majority of respondents (54%) felt that the council should retain and manage assets on behalf of everyone, but no qualitative questions were asked about this topic.		There weren't any common themes: equal (small) numbers of people saying they should be retained as transferred into community hands