

Agenda

Cabinet

Date: **Thursday 26 January 2023**

Time: **1.00 pm**

Place: **Herefordshire Council Offices, Plough Lane, Hereford,
HR4 0LE**

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

For any further information please contact:

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

Agenda for the meeting of Cabinet

Membership

Chairperson Councillor David Hitchiner, Leader of the Council
Vice-Chairperson Councillor Liz Harvey, Deputy Leader of the Council

Councillor Ellie Chowns
Councillor Pauline Crockett
Councillor Gemma Davies
Councillor John Harrington
Councillor Diana Toynbee
Councillor Ange Tyler

Agenda

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1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive any apologies for absence.</p>	
2.	<p>DECLARATIONS OF INTEREST</p> <p>To receive declarations of interests in respect of Schedule 1, Schedule 2 or Other Interests from members of the committee in respect of items on the agenda.</p>	
3.	<p>MINUTES</p> <p>To approve and sign the minutes of the meeting held on 12 January 2023.</p>	To Follow
<p>HOW TO SUBMIT QUESTIONS</p> <p><i>The deadline for submission of questions for this meeting is:</i></p> <p><i>9:30am on Monday 23 January 2023.</i></p> <p><i>Questions must be submitted to councillorservices@herefordshire.gov.uk. Questions sent to any other address may not be accepted.</i></p> <p><i>Accepted questions and the response to them will be published as a supplement to the agenda papers prior to the meeting. Further information and guidance is available at https://www.herefordshire.gov.uk/getinvolved</i></p>		
4.	<p>QUESTIONS FROM MEMBERS OF THE PUBLIC</p> <p>To receive questions from members of the public.</p>	
5.	<p>QUESTIONS FROM COUNCILLORS</p> <p>To receive questions from councillors.</p>	
6.	<p>REPORTS FROM SCRUTINY COMMITTEES</p> <p>To receive reports from the Council's scrutiny committees on any recommendations to the Cabinet arising from recent scrutiny committee meetings.</p>	To Follow
7.	<p>2023/24 COUNCIL TAX REDUCTION SCHEME</p> <p>To recommend to Council the 2023/24 local Council Tax Reduction (CTR) scheme.</p>	11 - 150
8.	<p>CONSULTATION OUTCOMES AND DRAFT BUDGET PROPOSALS</p> <p>To recommend to Council the proposed 2023/24 budget and associated Medium Term Financial Strategy and the Treasury Management Strategy for recommendation to Council on 10 February 2023.</p>	151 - 278
9.	<p>2023/24 CAPITAL INVESTMENT BUDGET AND CAPITAL STRATEGY UPDATE</p> <p>To recommend to Council for approval the capital investment budget and</p>	279 - 556

	capital strategy for 2023/24 onwards.	
10.	BIG ECONOMIC PLAN	557 - 642
	To approve the Herefordshire Big Economic Plan and accompanying initial five year delivery plan 2023 to 2028; and	
	To explore the principle of developing a place-focused partnership board, to lead the implementation of the Big Economic Plan and other associated key strategies, embedding a cross county partnership approach to achieving the county's opportunities, and seek the public and private investment required to achieve our ambitions.	
11.	APPOINTMENT OF CABINET MEMBERS TO THE SHAREHOLDER COMMITTEE	643 - 646
	Cabinet approved the setting up a Shareholder Committee at its meeting on 12th January 2023. This report seeks Cabinet nominations of 4 named members of Cabinet to serve on the Shareholder Committee.	

The Public's Rights to Information and Attendance at Meetings

In view of the continued prevalence of covid-19, we have introduced changes to our usual procedures for accessing public meetings. These will help to keep our councillors, staff and members of the public safe.

Please take time to read the latest guidance on the council website by following the link at www.herefordshire.gov.uk/meetings and support us in promoting a safe environment for everyone. If you have any queries please contact the Governance Support Team on 01432 261699 or at governancesupportteam@herefordshire.gov.uk

We will review and update this guidance in line with Government advice and restrictions. Thank you for your help in keeping Herefordshire Council meetings safe.

You have a right to:

- Attend all Council, Cabinet, Committee and Sub-Committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information.
- Inspect agenda and public reports at least five clear days before the date of the meeting. Agenda and reports (relating to items to be considered in public) are available at www.herefordshire.gov.uk/meetings
- Inspect minutes of the Council and all committees and sub-committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public register stating the names, addresses and wards of all Councillors with details of the membership of Cabinet and of all Committees and Sub-Committees. Information about councillors is available at www.herefordshire.gov.uk/councillors
- Have access to a list specifying those powers on which the Council have delegated decision making to their officers identifying the officers concerned by title. Information about councillors is available at www.herefordshire.gov.uk/councillors
- Copy any of the documents mentioned above to which you have a right of access, subject to a reasonable charge (20p per sheet subject to a maximum of £5.00 per agenda plus a nominal fee of £1.50 for postage).
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Members of the public are advised that if you do not wish to be filmed or photographed you should let the governance services team know before the meeting starts so that anyone who intends filming or photographing the meeting can be made aware.

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

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Public transport links

The Herefordshire Council office at Plough Lane is located off Whitecross Road in Hereford, approximately 1 kilometre from the City Bus Station.

The location of the office and details of city bus services can be viewed at:

<http://www.herefordshire.gov.uk/downloads/file/1597/hereford-city-bus-map-local-services->

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) (Independents for Herefordshire)	Corporate Strategy and Budget
Cllr Liz Harvey (Deputy Leader) (Independents for Herefordshire)	Finance, Corporate Services and Planning
Cllr Diana Toynbee (The Green Party)	Children's and Family Services, and Young People's Attainment
Cllr Gemma Davies (Independents for Herefordshire)	Commissioning, Procurement and assets
Cllr Ellie Chowns (The Green Party)	Environment and Economy
Cllr Pauline Crockett (Independents for Herefordshire)	Health and Adult Wellbeing
Cllr Ange Tyler (Independents for Herefordshire)	Housing, regulatory services, and community
Cllr John Harrington (Independents for Herefordshire)	Infrastructure and Transport

The Cabinet's roles are:

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

Who attends cabinet meetings?

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

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

1. Selflessness

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

2. Integrity

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

3. Objectivity

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

4. Accountability

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

5. Openness

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

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.



Title of report: 2023/24 Council Tax Reduction Scheme

Meeting: Cabinet

Meeting date: Thursday 26 January 2023

Report by: Head of Strategic Finance

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards);

Purpose

To recommend to Council the 2023/24 local Council Tax Reduction (CTR) scheme.

Recommendation(s)

That:

- a) **The Council Tax Reduction Scheme for 2023/24, with the same parameters as the existing scheme, be recommended to Council for approval.**

Alternative options

1. The local CTR scheme discount was increased to its maximum level in 2021/22 and this was maintained in 2022/23. It cannot be increased further in 2023/24. A reduced discount could be proposed for 2023/24 however this is not recommended as it would limit the support offered to residents; maintaining the maximum level of discount in 2023/24 will ensure that eligible households receive support as the impact of the rising cost of living continues.

Key considerations

2. Council tax charges can be reduced if the bill payer meets certain set criteria contained in the CTR scheme. CTR is available to working age and pensioner claimants. The pensioner CTR scheme is set nationally. The working age CTR scheme is set locally by this council. More

than 11,000 bill payers in Herefordshire are currently in receipt of CTR, with over 6,000 claims from working age applicants.

3. The existing local working age CTR scheme was approved by Council in February 2022 and is included at Appendix 1; with the maximum discount maintained in 2022/23 to mirror those available to pensioner cases. This means that a 100% discount is awarded under CTR (unless their income breaches the threshold) irrespective of the council tax band the property falls into.
4. During 2021/22, the working age CTR caseload increased; reflecting the national picture of the continued impact of Covid-19 and the cost of living crisis on working age residents. Having a higher discount rate reduces potential debt recovery action where charges raised cannot be paid. The CTR caseload for 2021/22 and the value of discount awarded is shown below:

Caseload type	Number of claims	Discount value (£'000)
Working age	6,547	7,646
Pensioner	4,956	6,315
Total	11,503	13,961

Community impact

5. In addition to the CTR scheme, the council provides other discounts and these are listed on the council's website. Maintaining the maximum discount in 2023/24 will have a positive impact on the community by minimising the debt burden on residents who struggle to pay their council tax charge.

Environmental Impact

6. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
7. Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy, for example by directing claimants to apply online.

Equality duty

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

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

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

- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
9. The 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 approved scheme will provide financial assistance to council taxpayers on low incomes with pension age and working age claimants able to benefit from this support.

Resource implications

10. The 2023/24 budget proposals are being presented assuming the current CTR scheme continues in 2023/24. Should the local CTR discount be reduced then additional resources will be available however the resourcing of increased debt recovery action is also likely to be required.

Legal implications

11. The CTR scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 1992.
12. For each financial year a 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.
13. A statutory procedure is provided for under Paragraph 3 of Schedule 1A which a billing authority must follow when revising its scheme. Public consultation to determine support for continuation of the discount took place, via an online survey, between 15 December 2022 and 3 January 2023.

Risk management

14. By maintaining an increased discount, the risk that claimants may not pay their council tax charge and move further into debt if summons charges are levied, is reduced. The costs and time associated with collecting unpaid, overdue debts is also reduced.

Consultees

15. Public consultation is required before scheme changes are proposed. An online public budget consultation took place between 15 December 2022 and 3 January 2023. Whilst no changes are proposed for 2023/24, the responses of the survey will support improvements and inform plans to increase participation in future rounds of consultation.

Appendices

Appendix 1 Approved 2022/23 Council Tax Reduction Scheme.

Background papers

None identified.

Glossary of terms, abbreviations and acronyms used in this report.

CTR Council Tax Reduction: where a council tax charge is reduced due where an occupant meets the required scheme criteria.

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 2022.

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 2022 for a period of one financial year.

1.3 The scheme in respect of pension age applicants is defined by Central Government within the following:

- Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012;
- Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012;
- Council Tax Reduction Schemes (Transitional Provision) (England) Regulations 2013;
- Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013;
- Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016;
- The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017;
- Council Tax Reduction Schemes Prescribed Requirements)(Amendment)(England) Regulations 2018;
- Council Tax Reduction Schemes Prescribed Requirements)(Amendment)(England) Regulations 2020:
- Council Tax Reduction Schemes Prescribed Requirements)(Amendment)(England) Regulations 2021;
- Council Tax Reduction Schemes Prescribed Requirements)(Amendment)(England) Regulations 2022:
- The Council Tax (Demand Notices and Reduction Schemes) (England) (amendment) Regulations 2022; 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;
- 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

¹ Section 5 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 2022/23

Sections 2- 8
Definitions and interpretation

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

2.1 In this scheme–

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

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

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

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

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

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

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

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

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

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

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

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

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

‘attendance allowance’ means–

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

'claim' means a claim for council tax reduction;

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

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

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

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

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

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

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

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

'couple' means;

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

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

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

'designated authority' means any of the following;

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

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

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

by electronic means or otherwise on application; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

under Part 1 of the Welfare Reform Act 2007;

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

‘independent hospital’–

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

'partner' in relation to a person, means

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

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

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

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

'payment' includes part of a payment;

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

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

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

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

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

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

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

'personal pension scheme' means—

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

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

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

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

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

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

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

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

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

'qualifying contributory benefit' means;

(a) severe disablement allowance;

(b) incapacity benefit;

(c) contributory employment and support allowance;

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

'qualifying income-related benefit' means

(a) income support;

(b) income-based jobseeker's allowance;

(c) income-related employment and support allowance;

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

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

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

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

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

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

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

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

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

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

¹³ As amended by the Finance Act 2014

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

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

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

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

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

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

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

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

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

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

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

'student' has the meaning prescribed in section 43;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

'water charges' means;

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

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

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

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

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

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

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

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

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

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

4.0 Requirement to provide a National Insurance Number¹⁵

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

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

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

4.3 Paragraph 4.2 shall not apply–

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

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

5.1 This scheme applies to a person if:

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

6.0 Remunerative work

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

6.2 Subject to paragraph 6.3, in determining the number of hours for which a person is engaged in work where his hours of work fluctuate, regard shall be had to the average of hours worked

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

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—

- (za) (za) a person granted leave in accordance with the immigration rules made under section 3(2) of the Immigration Act 1971(1), where such leave is granted by virtue of—
 - (i) the Afghan Relocations and Assistance Policy; or
 - (ii) the previous scheme for locally-employed staff in Afghanistan (sometimes referred to as the ex-gratia scheme);
- (zb) a person in Great Britain not coming within sub-paragraph (za) or (e)(iv) who left Afghanistan in connection with the collapse of the Afghan government that took place on 15th August 2020
 - (a) (Removed by the Council Tax Reductions Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021
 - (b) Appendix EU to the immigration rules made under section 3(2) of that Act;
 - (c) being a person with a Zambrano right to reside as defined in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of that Act; or
 - (d) having arrived in the United Kingdom with an entry clearance that was granted under Appendix EU (Family Permit) to the immigration rules made under section 3(2) of that Act.

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

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

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

- (a) a qualified person for the purposes of regulation 6 of the EEA Regulations as a worker or a self-employed person;
- (b) a family member of a person referred to in sub-paragraph (a);
- (c) a person who has a right to reside permanently in the United Kingdom by virtue of regulation 15(1)(c), (d) or (e) of the EEA Regulations;
- (ca) a family member of a relevant person of Northern Ireland, with a right to reside which falls within paragraph (4A)(b), provided that the relevant person of Northern Ireland falls within paragraph (5)(a), or would do so but for the fact that they are not an EEA national;
- (cb) a frontier worker within the meaning of regulation 3 of the Citizens' Rights (Frontier Workers) (EU Exit) Regulations 2020;
- (cc) a family member of a person referred to in sub-paragraph (cb), who has been granted limited leave to enter, or remain in, the United Kingdom by virtue of Appendix EU to the immigration rules made under section 3(2) of the Immigration Act 1971
- (d) a person recorded by the Secretary of State as a refugee within the definition in Article 1 of the Convention relating to the Status of Refugees done at Geneva on 28th July 1951, as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967;

- (e) a person who has been granted, or who is deemed to have been granted, leave outside the rules made under section 3(2) of the Immigration Act 1971¹⁶ where that leave is—
 - (i) discretionary leave to enter or remain in the United Kingdom,
 - (ii) leave to remain under the Destitution Domestic Violence concession which came into effect on 1st April 2012, or
 - (iii) leave deemed to have been granted by virtue of regulation 3 of the Displaced Persons (Temporary Protection) Regulations 2005.
- (f) a person who has humanitarian protection granted under those rules;
- (g) a person who is not a person subject to immigration control within the meaning of section 115(9) of the Immigration and Asylum Act 1999 and who is in the United Kingdom as a result of his deportation, expulsion or other removal by compulsion of law from another country to the United Kingdom;
- (h) in receipt of income support or on an income-related employment and support allowance; or
- (ha) in receipt of an income-based jobseeker’s allowance and has a right to reside other than a right to reside falling within paragraph (4).

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

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

7.8 In this regulation—
 “claim for asylum” has the same meaning as in section 94(1) of the Immigration and Asylum Act 1999;
 “Crown servant” means a person holding an office or employment under the Crown;
 “EEA Regulations” means the Immigration (European Economic Area) Regulations 2006; and the Immigration (European Economic Area) (Amendment) (No. 2) Regulations 2014 and references to the EEA Regulations are to be read with Schedule 4 to the Immigration and Social Security Co-ordination (EU Withdrawal) Act 2020 (Consequential, Saving, Transitional and Transitory Provisions) Regulations 2020
 “EEA national” has the meaning given in regulation 2(1) of the EEA Regulations;
 “family member” has the meaning given in regulation 7(1)(a), (b) or (c) of the EEA Regulations, except that regulation 7(4) of the EEA Regulations does not apply for the purposes of paragraphs (4B) and (5)(ca);
 “relevant person of Northern Ireland” has the meaning given in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of the Immigration Act 1971; and
 “Her Majesty’s forces” has the same meaning as in the Armed Forces Act 2006.

Persons subject to immigration control

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

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

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

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

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 may 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 12;
 - 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—

$$\frac{A - (B \times C)}{D}$$

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 a 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 updated in line with the Housing Benefit Regulations 2006 (as amended)

43.0 Student related definitions

43.1 In this scheme the following definitions apply;

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

'access funds' means;

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

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

'contribution' means;

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

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

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

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

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

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

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

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

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

‘grant income’ means

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

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

‘last day of the course’ means;

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

‘period of study’ means—

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

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

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

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

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

‘standard maintenance grant’ means–

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

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

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

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

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

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

44.0 Treatment of students

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

45.0 Students who are excluded from entitlement to council tax reduction

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

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

45.3 Paragraph 45.2 shall not apply to a student

(a) who is a person on income support, an income-based jobseeker's allowance or an income-related employment and support allowance;

(b) who is a lone parent;

(c) whose applicable amount would, but for this section, include the disability premium or severe disability premium;

(d) whose applicable amount would include the disability premium but for his being treated as capable of work by virtue of a determination made in accordance with regulations made under section 171E of the Act;

(e) who is, or is treated as, incapable of work and has been so incapable, or has been so treated as incapable, of work in accordance with the provisions of, and regulations made under, Part 12A of the Act (incapacity for work) for a continuous period of not less than 196 days; and for this purpose any two or more separate periods separated by a break of not more than 56 days shall be treated as one continuous period;

(f) who has, or is treated as having, limited capability for work and has had, or been treated as having, limited capability for work in accordance with the Employment and Support Allowance Regulations for a continuous period of not less than 196 days, and for this purpose any two or more separate periods separated by a break of not more than 84 days must be treated as one continuous period.

(g) who has a partner who is also a full-time student, if he or that partner is treated as responsible for a child or young person;

(h) who is a single applicant with whom a child is placed by a local authority or voluntary organisation within the meaning of the Children Act 1989, or, in Scotland, boarded out within the meaning of the Social Work (Scotland) Act 1968;

(i) who is;

(i) aged under 21 and whose course of study is not a course of higher education, or

(ii) a qualifying young person or child within the meaning of section 142 of the Act (child and qualifying young person);

(j) in respect of whom

i) a supplementary requirement has been determined under paragraph 9 of Part 2 of Schedule 2 to the Education (Mandatory Awards) Regulations 2003;

(ii) an allowance, or as the case may be, bursary has been granted which includes a sum under paragraph (1)(d) or regulation 4 of the Students' Allowances (Scotland) Regulations 1999 or, as the case may be, under paragraph (1)(d) of regulation 4 of the Education Authority (Bursaries) (Scotland) Regulations 1995, in respect of expenses incurred;

(iii) a payment has been made under section 2 of the Education Act 1962 or under or by virtue of regulations made under the Teaching and Higher Education Act 1998;

(iv) a grant has been made under regulation 13 of the Education (Student Support) Regulations 2005 or under regulation 13 of the Education (Student Support) Regulations (Northern Ireland) 2000; or

(v) a supplementary requirement has been determined under paragraph 9 of

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

on account of his disability by reason of deafness.

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

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

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

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

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

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

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

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

46.0 Calculation of grant income

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

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

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

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

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

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

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

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

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

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

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

49.0 Student Covenant Income and Grant income – non disregard

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

50.0 Other amounts to be disregarded

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

51.0 Treatment of student loans

51.1 A student loan shall be treated as income.

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

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

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

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

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

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

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

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

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

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

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

51A.0 Treatment of fee loans

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

52.0 Treatment of payments from access funds

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

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

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

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

53.0 Disregard of contribution

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

54.0 Further disregard of student's income

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

55.0 Income treated as capital

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

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

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

56.0 Disregard of changes occurring during summer vacation

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

Sections 57 – 63

The calculation and amount of Council tax reduction

57.0 Maximum council tax reduction

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

- (a) A is the amount set by the appropriate authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and
- (b) B is the number of days in that financial year,

less any deductions in respect of non-dependants which fall to be made under section 58 (non-dependant deductions).

In this paragraph "relevant financial year" means, in relation to any particular day, financial year within which the day in question falls.

57.2 In calculating a person's maximum council tax reduction any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act, shall be taken into account.

57.3 Subject to paragraph 57.4, where an applicant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons but excepting any person so residing with the applicant who is a student to whom paragraph 45.2 (students who are excluded from entitlement to council tax reduction) applies, in determining the maximum council tax reduction in his case in accordance with paragraph 57.1, the amount A shall be divided by the number of persons who are jointly and severally liable for that tax.

57.4 Where an applicant is jointly and severally liable for council tax in respect of a dwelling with only his partner, paragraph 57.3 shall not apply in his case

58.0 Non-dependant deductions¹⁹

58.1 Subject to the following provisions of this paragraph, the non-dependant deductions in respect of a day referred to in section 57 (maximum council tax reduction) shall be;

- (a) in respect of a non-dependant aged 18 or over in remunerative work, £12.85 x 1/7;
- (b) in respect of a non-dependant aged 18 or over to whom sub-paragraph (a) does not apply, £4.20 x 1/7.

58.2 In the case of a non-dependant aged 18 or over to whom paragraph 58.1(a) applies, where it is shown to the appropriate authority that his normal gross weekly income is—

- (a) less than £224.00, the deduction to be made under this paragraph shall be that specified in paragraph 58.1(b);
- (b) not less than £224.00, but less than £389.00, the deduction to be made under this section shall be £8.55 x 1/7
- (c) not less than £389.00, but less than £484.00, the deduction to be made under this section shall be £10.70 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.

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

- 58.4 In applying the provisions of paragraph 58.2 in the case of a couple or, as the case may be a polygamous marriage, regard shall be had, for the purpose of that paragraph, to the couple's or, as the case may be, all members of the polygamous marriage's joint weekly gross income.
- 58.5 Where in respect of a day–
- a. a person is a resident in a dwelling but is not himself liable for council tax in respect of that dwelling and that day;
 - b. other residents in that dwelling (the liable persons) have joint and several liability for council tax in respect of that dwelling and that day otherwise than by virtue of section 9 or 77 or 77A of the 1992 Act (liability of spouses and civil partners); and
 - c. the person to whom sub-paragraph (a) refers is a non-dependant of two or more of the liable persons, the deduction in respect of that non-dependant shall be apportioned equally between those liable persons.
- 58.6 No deduction shall be made in respect of any non-dependants occupying an applicant's dwelling if the applicant or his partner is–
- a. blind or treated as blind by virtue of paragraph 9 of Schedule 1 (additional condition for the disability premium); or
 - b. receiving in respect of himself:
 - attendance allowance, or would be receiving that allowance but for:
 - i. a suspension of benefit in accordance with regulations under section 113(2) of The Act; or
 - ii. an abatement as a result of hospitalisation; or
 - the care component of the disability living allowance, or would be receiving that component but for:
 - i. a suspension of benefit in accordance with regulations under section 113(2) of The Act; or
 - ii. an abatement as a result of hospitalisation; or
 - c. the daily living component of personal independence payment, or would be receiving that allowance but for a suspension of benefit in accordance with regulations under section 86 of the Welfare Reform Act 2012 (hospital in-patients);
 - d. an AFIP, or would be receiving that payment but for a suspension of it in accordance with any terms of the armed and reserve forces compensation scheme which allows for a suspension because a person is undergoing medical treatment in a hospital or similar institution;
- 58.7 No deduction shall be made in respect of a non-dependant if:
- a. although he resides with the applicant, it appears to the authority that his normal home is elsewhere; or
 - b. he is in receipt of a training allowance paid in connection with a youth training established under section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990; or
 - c. he is a full time student within the meaning of section 44.0 (Students); or
 - d. he is not residing with the applicant because he has been a patient for a period of excess of 52 weeks, and for these purposes;
 - e. 'patient' has the meaning given within this scheme, and
 - f. where a person has been a patient for two or more distinct periods separated by one or more intervals each not exceeding 28 days, he shall be treated as having been a patient continuously for a period equal in duration to the total of those distinct periods;
 - g. he is not residing with the claimant because he is a member of the armed forces away on operations
- 58.8 No deduction shall be made in respect of a non-dependant;
- (a) who is on income support, state pension credit, an income-based jobseeker's allowance or an income-related employment and support allowance;

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

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

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

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

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

60.0 Extended reductions

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

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

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

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

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

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

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

60A.0 Duration of extended reduction period

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

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

60A.3 The extended reduction period ends;

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

60B.0 Amount of extended reduction

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

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

60B.2 Paragraph 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 application is made; and

²² Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- (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.

72.4 Subject to sub-paragraph (5), a person who makes an application, or a person to whom a

²³ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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.

73.7 Where a person, by telephone, amends or withdraws an application the person must (if

²⁴ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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 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

²⁵ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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	£77.00
b) is aged not less than 25	£77.00
c) is aged not less than 18 but less than 25	£61.05
2. Lone Parent	£77.00
3. Couple; a) Where the applicant is entitled to the main phase of employment and support allowance	£121.05
b) Where one member is aged not less than 18	£121.05

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;	£70.80
(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.	£70.80

(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, £17.85;

Premiums

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

Disability Premium

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

Additional Condition for the Disability Premiums

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

Severe Disability Premiums

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

Enhanced Disability Premium

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

Disabled Child Premium

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

Carer Premium

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

Persons in receipt of concessionary payments

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

Persons in receipt of benefit for another

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

Amounts of Premium

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

Premium	Amount
Disability Premium	£36.20
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	£51.60
Severe Disability Premium	£69.40
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	£69.40
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	£138.80
Disabled Child Premium	£68.04 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	£38.85 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) £27.44 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) £17.75 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) £25.35 where the applicant is a member of a couple or a

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

The components

- 17. The condition (s) to be met is contained in Schedule 3 (21 -24) Housing Benefit Regulations 2006 as amended by the Social Security (Miscellaneous Amendments) Regulations 2013
- 18. The amount of the work-related activity component is £30.60. The amount of the support component is £40.60.

Transitional Addition

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

Amount of transitional addition

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

Schedule 2

Not Used

Schedule 3

Sums to be disregarded in the calculation of earnings³⁹

³⁹ All amounts within this schedule will be amended in line with the Housing Benefit Regulations 2006 (as amended)

- 1.** In the case of an applicant who has been engaged in remunerative work as an employed earner or, had the employment been in Great Britain, would have been so engaged–
- (a) where–
 - (i) the employment has been terminated because of retirement; and
 - (ii) on retirement he is entitled to a retirement pension under the Act, or is not so entitled solely because of his failure to satisfy the contribution conditions,
any earnings paid or due to be paid in respect of that employment, but only for a period commencing on the day immediately after the date on which the employment was terminated;
 - (b) where before the first day of entitlement to council tax reduction the employment has been terminated otherwise than because of retirement, any earnings paid or due to be paid in respect of that employment except–
 - (i) any payment of the nature described in
 - (aa) paragraph 25.1(e), or
 - (bb) section 28, 64 or 68 of the Employment Rights Act 1996 (guarantee payments, suspension from work on medical or maternity grounds); and
 - (ii) any award, sum or payment of the nature described in
 - (aa) paragraph 25.1(g) or (h), or
 - (bb) section 34 or 70 of the Employment Rights Act 1996 (guarantee payments and suspension from work: complaints to employment tribunals),
including any payment made following the settlement of a complaint to an employment tribunal or of court proceedings;
 - (c) where before the first day of entitlement to council tax reduction–
 - (i) the employment has not been terminated, but
 - (ii) the applicant is not engaged in remunerative work,

any earnings paid or due to be paid in respect of that employment except any payment or remuneration of the nature described in paragraph 1(b)(i) or (ii) (bb) or paragraph 25.1(i), or (j).
- 2.** In the case of an applicant who, before first day of entitlement to council tax reduction;
- (a) has been engaged in part-time employment as an employed earner or, where the employment has been outside Great Britain, would have been so engaged had the employment been in Great Britain; and
 - (b) has ceased to be engaged in that employment, whether or not that employment has been terminated,
any earnings paid or due to be paid in respect of that employment except;
 - (i) where that employment has been terminated, any payment of the nature described in paragraph 1(b)(i) or (ii)(bb);
 - (ii) where that employment has not been terminated, any payment or remuneration of the nature described in paragraph 1(b)(i) or (ii)(bb) or paragraph 25.1(i), (i) or (j).
- 2A.** In the case of an applicant who has been engaged in remunerative work or part-time employment as a self-employed earner or, had the employment been in Great Britain would have been so engaged and who has ceased to be so employed, from the date of the cessation

of his employment any earnings derived from that employment except earnings to which paragraph 27.3 and paragraph 27.4 (earnings of self-employed earners) apply.

3. (1) In a case to which this paragraph applies and paragraph 4 does not apply, £20; but notwithstanding section 15 (calculation of income and capital of members of an applicant's family and of a polygamous marriage) if this paragraph applies to an applicant it shall not apply to his partner except where, and to the extent that, the earnings of the applicant which are to be disregarded under this paragraph are less than £20.
- (2) This paragraph applies where the applicant's applicable amount includes an amount by way of the disability premium, severe disability premium, work-related activity component or support component.
- (3) This paragraph applies where
 - (a) he is a member of a couple and his applicable amount includes an amount by way of the disability premium; and
 - (b) he or his partner has not attained the qualifying age for state pension credit and at least one is engaged in employment.
- (4)–(5) Not used
4. In a case where the applicant is a lone parent, £25.
5. (1) In a case to which neither paragraph 3 nor paragraph 4 applies to the applicant and, subject to sub-paragraph (2), where the applicant's applicable amount includes an amount by way of the carer premium, £20 of the earnings of the person who is, or at any time in the preceding eight weeks was, in receipt of carer's allowance or treated in accordance with this scheme as being in receipt of carer's allowance.
- (2) Where the carer premium is awarded in respect of the applicant and of any partner of his, their earnings shall for the purposes of this paragraph be aggregated, but the amount to be disregarded in accordance with sub-paragraph (1) shall not exceed £20 of the aggregated amount.
6. Where the carer premium is awarded in respect of an applicant who is a member of a couple and whose earnings are less than £20, but is not awarded in respect of the other member of the couple, and that other member is engaged in an employment;
 - (a) specified in paragraph 8(1), so much of the other member's earnings as would not when aggregated with the amount disregarded under paragraph 5 exceed £20;
 - (b) other than one specified in paragraph 8(1), so much of the other member's earnings from such other employment up to £10 as would not when aggregated with the amount disregarded under paragraph 5 exceed £20.
7. In a case where paragraphs 3, 5, 6 and 8 do not apply to the applicant and he is one of a couple and a member of that couple is in employment, £10; but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if this paragraph applies to an applicant it shall not apply to his partner except where, and to the extent that, the earnings of the applicant which are to be disregarded under this paragraph are less than £10.
8. (1) In a case where paragraphs 3, 4, 5 and 6 do not apply to the applicant, £20 of earnings derived from one or more employments as—
 - (a) as a part-time fire-fighter employed by a fire and rescue authority constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies;
 - (b) a part-time fire-fighter employed by a fire and rescue authority (as defined in section

1 of the Fire (Scotland) Act 2005(a)) or a joint fire and rescue board constituted by an amalgamation scheme made under section 2(1) of that Act;

- (c) an auxiliary coastguard in respect of coast rescue activities;
- (d) a person engaged part-time in the manning or launching of a life boat;
- (e) a member of any territorial or reserve force prescribed in Part I of Schedule 6 to the Social Security (Contributions) Regulations 2001;

but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if this paragraph applies to an applicant it shall not apply to his partner except to the extent specified in sub-paragraph (2).

- (2) If the applicant's partner is engaged in employment;
 - (a) specified in sub-paragraph (1), so much of his earnings as would not in aggregate with the amount of the applicant's earnings disregarded under this paragraph exceed £20;
 - (b) other than one specified in sub-paragraph (1), so much of his earnings from that employment up to £10 as would not in aggregate with the applicant's earnings disregarded under this paragraph exceed £20.

9. Where the applicant is engaged in one or more employments specified in paragraph 8(1), but his earnings derived from such employments are less than £20 in any week and he is also engaged in any other employment so much of his earnings from that other employment, up to £5 if he is a single applicant, or up to £10 if he has a partner, as would not in aggregate with the amount of his earnings disregarded under paragraph 8 exceed £20.

10. In a case to which none of the paragraphs 3 to 9 applies, £5.

10A. (1) Where;

- (a) the applicant (or if the applicant is a member of a couple, at least one member of that couple) is a person to whom sub-paragraph (5) applies;
- (b) the Secretary of State is satisfied that that person is undertaking exempt work as defined in sub-paragraph (6); and
- (c) paragraph 12 does not apply,

the amount specified in sub-paragraph (7) ('the specified amount').

(2) Where this paragraph applies, paragraphs 3 to 10 do not apply; but in any case where the applicant is a lone parent, and the specified amount would be less than the amount specified in paragraph 4, then paragraph 4 applies instead of this paragraph.

(3) Notwithstanding section 15 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if sub-paragraph (1) applies to one member of a couple ('A') it shall not apply to the other member of that couple ('B') except to the extent provided in sub-paragraph (4).

(4) Where A's earnings are less than the specified amount, there shall also be disregarded so much of B's earnings as would not when aggregated with A's earnings exceed the specified amount; but the amount of B's earnings which may be disregarded under this sub-paragraph is limited to a maximum of £20 unless the Secretary of State is satisfied that B is also undertaking exempt work.

(5) This sub-paragraph applies to a person who is;

- (a) in receipt of a contributory employment and support allowance;
- (b) in receipt of incapacity benefit;
- (c) in receipt of severe disablement allowance; or
- (d) being credited with earnings on the grounds of incapacity for work or limited capability for work under regulation 8B of the Social Security (Credits) Regulations 1975

(6) 'Exempt work' means work of the kind described in;

(a) regulation 45(2), (3) or (4) of the Employment and Support Allowance Regulations; or (as the case may be)
(b) regulation 17(2), (3) or (4) of the Social Security (Incapacity for Work) (General) Regulations 1995,
and, in determining for the purposes of this paragraph whether an applicant or a member of a couple is undertaking any type of exempt work, it is immaterial whether that person or their partner is also undertaking other work.

(7) The specified amount is the amount of money from time to time mentioned in any provision referred to in sub-paragraph (6) by virtue of which the work referred to in sub-paragraph (1) is exempt (or, where more than one such provision is relevant and those provisions mention different amounts of money, the highest of those amounts).

11. Any amount or the balance of any amount which would fall to be disregarded under paragraph 19 or 20 of Schedule 4 had the applicant's income which does not consist of earnings been sufficient to entitle him to the full disregard thereunder.

12. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, his earnings.

13. Any earnings derived from employment, which are payable in a country outside the United Kingdom for such period during which there is a prohibition against the transfer to the United Kingdom of those earnings.

14. Where a payment of earnings is made in a currency other than Sterling, any banking charge or commission payable in converting that payment into Sterling.

15. Any earnings of a child or young person.

16. (1) In a case where the applicant is a person who satisfies at least one of the conditions set out in sub-paragraph (2), and his net earnings equal or exceed the total of the amounts set out in sub-paragraph (3), the amount of his earnings that falls to be disregarded under paragraphs 3 to 10A of this Schedule shall be increased by £17.10.

(2) The conditions of this sub-paragraph are that—

(a) the applicant, or if he is a member of a couple, either the applicant or his partner, is a person to whom regulation 20(1)(c) of the Working Tax Credit Regulations applies; or

(b) the applicant—

(i) is, or if he is a member of a couple, at least one member of that couple is aged at least 25 and is engaged in remunerative work for on average not less than 30 hours per week; or

(ii) is a member of a couple and

(aa) at least one member of that couple, is engaged in remunerative work for on average not less than 16 hours per week; and

(bb) his applicable amount includes a family premium; or

(iii) is a lone parent who is engaged in remunerative work for on average not less than 16 hours per week; or

(iv) is, or if he is a member of a couple, at least one member of that couple is engaged in remunerative work for on average not less than 16 hours per week; and;

(aa) the applicant's applicable amount includes a disability premium, the work-related activity component or the support component ;

(bb) where he is a member of a couple, at least one member of that couple satisfies the qualifying conditions for the disability premium or either of the components referred to in sub-head (aa) above and is engaged in remunerative work for on average not less than 16 hours per week.

(3) The following are the amounts referred to in sub-paragraph (1);

- (a) the amount calculated as disregardable from the applicant's earnings under paragraphs 3 to 10A of this Schedule;
- (b) the amount of child care charges calculated as deductible under paragraph 17(1)(c); and
- (c) £17.10

- (4) The provisions of section 6 shall apply in determining whether or not a person works for on average not less than 30 hours per week, but as if the reference to 16 hours in paragraph (1) of that section were a reference to 30 hours.

- 17.** In this Schedule 'part-time employment' means employment in which the person is engaged on average for less than 16 hours a week.

Schedule 4

Sums to be disregarded in the calculation of income other than earnings⁴⁰

⁴⁰ Any amounts shown in this schedule will be uprated in line with the Housing Benefit Regulations 2006 as amended

1. Any amount paid by way of tax on income, which is to be taken into account under section 30 (calculation of income other than earnings).
- A2. Any payment made to the claim and in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme.
- A3. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme, but only for 52 weeks beginning with the date of receipt of the payment.
2. Any payment in respect of any expenses incurred or to be incurred by an applicant who is–
 - (a) engaged by a charitable or voluntary organisation, or
 - (b) volunteer,
 if he otherwise derives no remuneration or profit from the employment and is not to be treated as possessing any earnings under section 32.0 (notional income).
- 2A. Any payment in respect of expenses arising out of the applicant’s participation as a service user.
3. In the case of employment as an employed earner, any payment in respect of expenses wholly, exclusively and necessarily incurred in the performance of the duties of the employment.
4. Where an applicant is on income support, an income-based jobseeker’s allowance or an income-related employment and support allowance the whole of his income.
5. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act and his partner is on an income-based jobseeker’s allowance, the whole of the applicant’s income.
6. Where the applicant, or the person who was the partner of the applicant on 31st March 2003, was entitled on that date to income support or an income-based jobseeker’s allowance but ceased to be so entitled on or before 5th April 2003 by virtue only of regulation 13 of the Housing Benefit (General) Amendment (No. 3) Regulations 1999 as in force at that date, the whole of his income.
7. Any disability living allowance or personal independence payment or AFIP
8. Any concessionary payment made to compensate for the non-payment of;
 - (a) any payment specified in paragraph 7 or 10;
 - (b) income support;
 - (c) an income-based jobseeker’s allowance.
 - (d) an income-related employment and support allowance.
9. Any mobility supplement under article 20 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (including such a supplement by virtue of any other scheme or order) or under article 25A of the Personal Injuries (Civilians) Scheme 1983 or any payment intended to compensate for the non-payment of such a supplement.
10. Any attendance allowance.
11. Any payment to the applicant as holder of the Victoria Cross or of the George Cross or any analogous payment.
12. (1) Any payment–
 - (a) by way of an education maintenance allowance made pursuant to;
 - (i) regulations made under section 518 of the Education Act 1996 (payment of school expenses; grant of scholarships etc);

- (ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980 (power to assist persons to take advantage of educational facilities);
 - (iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992
 - (b) corresponding to such an education maintenance allowance, made pursuant to;
 - (i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
 - (ii) regulations made under section 181 of that Act; or
 - (iii) in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.
 - (2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;
 - (a) regulations made under section 518 of the Education Act 1996;
 - (b) regulations made under section 49 of the Education (Scotland) Act 1980; or
 - (c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992, in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).
- 13.** Any payment made to the applicant by way of a repayment under regulation 11(2) of the Education (Teacher Student Loans) (Repayment etc.) Regulations 2002.
- 14**
- (1) Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 except a payment;
 - (a) made as a substitute for income support, a jobseeker's allowance, incapacity benefit, severe disablement allowance or an employment and support allowance;
 - (b) of an allowance referred to in section 2(3) of the 1973 Act or section 2(5) of the Enterprise and New Towns (Scotland) Act 1990; or
 - (c) intended to meet the cost of living expenses which relate to any one or more of the items specified in sub-paragraph (2) whilst an applicant is participating in an education, training or other scheme to help him enhance his employment prospects unless the payment is a Career Development Loan paid pursuant to section 2 of the 1973 Act and the period of education or training or the scheme, which is supported by that loan, has been completed.
 - (2) The items specified in this sub-paragraph for the purposes of sub-paragraph (1)(c) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
- 15**
- (1) Subject to sub-paragraph (2), any of the following payments;
 - (a) a charitable payment;
 - (b) a voluntary payment;
 - (c) a payment (not falling within sub-paragraph (a) or (b) above) from a trust whose funds are derived from a payment made in consequence of any personal injury to the applicant;
 - (d) a payment under an annuity purchased;
 - (i) pursuant to any agreement or court order to make payments to the applicant; or
 - (ii) from funds derived from a payment made, in consequence of any personal injury to the applicant; or
 - (e) a payment (not falling within sub-paragraphs (a) to (d) received by virtue of any agreement or court order to make payments to the applicant in consequence of

any personal injury to the applicant.

- (2) Sub-paragraph (1) shall not apply to a payment, which is made or due to be made by–
 - (a) a former partner of the applicant, or a former partner of any member of the applicant's family; or
 - (b) the parent of a child or young person where that child or young person is a member of the applicant's family.

- 16.** 100% of any of the following, namely
 - (a) a war disablement pension (except insofar as such a pension falls to be disregarded under paragraph 9 or 10);
 - (b) a war widow's pension or war widower's pension;
 - (c) a pension payable to a person as a widow, widower or surviving civil partner under any power of Her Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
 - (d) a guaranteed income payment;
 - (e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
 - (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
 - (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.

- 17.** Subject to paragraph 35, £15 of any;
 - (a) widowed mother's allowance paid pursuant to section 37 of the Act;
 - (b) widowed parent's allowance paid pursuant to section 39A of the Act.

- 18.** (1) Any income derived from capital to which the applicant is or is treated under section 41 (capital jointly held) as beneficially entitled but, subject to sub-paragraph (2), not income derived from capital disregarded under paragraphs 1, 2, 4, 8, 14 or 25 to 28 of Schedule 5.
(2) Income derived from capital disregarded under paragraphs 2, 4 or 25 to 28 of Schedule 5 but only to the extent of–
 - (a) any mortgage repayments made in respect of the dwelling or premises in the period during which that income accrued; or
 - (b) any council tax or water charges which the applicant is liable to pay in respect of the dwelling or premises and which are paid in the period during which that income accrued.
(3) The definition of 'water charges' in paragraph 2(1) shall apply to sub-paragraph (2) of this paragraph with the omission of the words 'in so far as such charges are in respect of the dwelling which a person occupies as his home'.

- 19.** Where the applicant makes a parental contribution in respect of a student attending a course at an establishment in the United Kingdom or undergoing education in the United Kingdom, which contribution has been assessed for the purposes of calculating–
 - (a) under, or pursuant to regulations made under powers conferred by, sections 1 or 2 of the Education Act 1962 or section 22 of the Teaching and Higher Education Act 1998, that student's award;
 - (b) under regulations made in exercise of the powers conferred by section 49 of the Education (Scotland) Act 1980, that student's bursary, scholarship, or other allowance under that section or under regulations made in exercise of the powers conferred by section 73 of that Act of 1980, any payment to that student under that section; or
 - (c) the student's student loan,an amount equal to the weekly amount of that parental contribution, but only in respect of the period for which that contribution is assessed as being payable.

- 20.** (1) Where the applicant is the parent of a student aged under 25 in advanced education who either;
- (a) is not in receipt of any award, grant or student loan in respect of that education; or
 - (b) is in receipt of an award under section 2 of the Education Act 1962 (discretionary awards) or an award bestowed by virtue of the Teaching and Higher Education Act 1998, or regulations made thereunder, or a bursary, scholarship or other allowance under section 49(1) of the Education (Scotland) Act 1980, or a payment under section 73 of that Act of 1980,
- and the applicant makes payments by way of a contribution towards the student's maintenance, other than a parental contribution falling within paragraph 19, an amount specified in sub-paragraph (2) in respect of each week during the student's term.
- (2) For the purposes of sub-paragraph (1), the amount shall be equal to–
- (a) the weekly amount of the payments; or
 - (b) the amount by way of a personal allowance for a single applicant under 25 less the weekly amount of any award, bursary, scholarship, allowance or payment referred to in sub-paragraph (1)(b),
- whichever is less.
- 21.** Any payment made to the applicant by a child or young person or a non-dependant.
- 22.** Where the applicant occupies a dwelling as his home and the dwelling is also occupied by a person other than one to whom paragraph 21 or 23 refers and there is a contractual liability to make payments to the applicant in respect of the occupation of the dwelling by that person or a member of his family–
- (a) where the aggregate of any payments made in respect of any one week in respect of the occupation of the dwelling by that person or a member of his family, or by that person and a member of his family, is less than £20, the whole of that amount; or
 - (b) where the aggregate of any such payments is £20 or more per week, £20.
- 23.** (1) Where the applicant occupies a dwelling as his home and he provides in that dwelling board and lodging accommodation, an amount, in respect of each person for which such accommodation is provided for the whole or any part of a week, equal to–
- (a) where the aggregate of any payments made in respect of any one week in respect of such accommodation provided to such person does not exceed £20.00, 100 per cent. of such payments;
 - (b) where the aggregate of any such payments exceeds £20.00, £20.00 and 50 per cent. of the excess over £20.00.
- (2) In this paragraph, 'board and lodging accommodation' means accommodation provided to a person or, if he is a member of a family, to him or any other member of his family, for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which both are cooked or prepared (by a person other than the person to whom the accommodation is provided or a member of his family) and are consumed in that accommodation or associated premises.
- 24.** (1) Any income in kind, except where regulation 30(11)(b) (provision of support under section 95 or 98 of the Immigration and Asylum Act in the calculation of income other than earnings) applies.
- (2) The reference in sub-paragraph (1) to 'income in kind' does not include a payment to a third party made in respect of the applicant which is used by the third party to provide benefits in kind to the applicant.
- 25.** Any income which is payable in a country outside the United Kingdom for such period during which there is a prohibition against the transfer to the United Kingdom of that income.
- 26.** (1) Any payment made to the applicant in respect of a person who is a member of his family–

- (a) pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002 or in accordance or with a scheme approved by the Scottish Ministers under section 51A of the Adoption (Scotland) Act 1978(b) (schemes for payments of allowances to adopters); or in accordance with an Adoption Allowance Scheme made under section 71 of the Adoption and Children (Scotland) Act 2007 (Adoption Allowances Schemes)
 - (b) not used
 - (ba) which is a payment made by a local authority in pursuance of section 15(1) of, and paragraph 15 of Schedule 1 to, the Children Act 1989 (local authority contribution to a child's maintenance where the child is living with a person as a result of a residence order) or in Scotland section 50 of the Children Act 1975 (payments towards maintenance of children);
 - (c) which is a payment made by an authority, as defined in Article 2 of the Children Order, in pursuance of Article 15 of, and paragraph 17 of Schedule 1 to, that Order (contribution by an authority to child's maintenance);
 - (d) in accordance with regulations made pursuant to section 14F of the Children Act 1989(c) (special guardianship support services);
- (2) Any payment, other than a payment to which sub-paragraph (1)(a) applies, made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
- 27.** Any payment made to the applicant with whom a person is accommodated by virtue of arrangements made
- (a) by a local authority under–
 - (i) section 23(2)(a) of the Children Act 1989 (provision of accommodation and maintenance for a child whom they are looking after),
 - (ii) section 26 of the Children (Scotland) Act 1995 (manner of provision of accommodation to child looked after by local authority), or
 - (iii) regulations 33 or 51 of the Looked After Children (Scotland) Regulations 2009 (fostering and kinship care allowances and fostering allowances); or
 - (b) by a voluntary organisation under section 59(1)(a) of the Children Act 1989 (provision of accommodation by voluntary organisations).
- 28.** Any payment made to the applicant or his partner for a person ('the person concerned'), who is not normally a member of the applicant's household but is temporarily in his care, by–
- (a) a health authority;
 - (b) a local authority but excluding payments of housing benefit made in respect of the person concerned;
 - (c) a voluntary organisation;
 - (d) the person concerned pursuant to section 26(3A) of the National Assistance Act 1948;
 - (e) a primary care trust established under section 16A of the National Health Service Act 1977 or established by an order made under section 18(2)(c) of the National Health Service Act 2006; or
 - (f) a Local Health Board established under section 16BA of the National Health Service Act 1977 or established by an order made under section 11 of the National Health Service (Wales) Act 2006
- 29.** Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or section 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).
- 29A.** (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989(e) or section 29 of the Children (Scotland) Act 1995(local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the applicant.

- (2) Sub-paragraph (1) applies only where A;
- (a) was formerly in the applicant's care, and
 - (b) is aged 18 or over, and
 - (c) continues to live with the applicant.
- 30.** (1) Subject to sub-paragraph (2), any payment received under an insurance policy taken out to insure against the risk of being unable to maintain repayments;
- (a) on a loan which is secured on the dwelling which the applicant occupies as his home; or
 - (b) under a regulated agreement as defined for the purposes of the Consumer Credit Act 1974 or under a hire-purchase agreement or a conditional sale agreement as defined for the purposes of Part 3 of the Hire-Purchase Act 1964.
- (2) A payment referred to in sub-paragraph (1) shall only be disregarded to the extent that the payment received under that policy does not exceed the amounts, calculated on a weekly basis, which are used to—
- (a) maintain the repayments referred to in sub-paragraph (1)(a) or, as the case may be, (b); and
 - (b) meet any amount due by way of premiums on—
 - (i) that policy; or
 - (ii) in a case to which sub-paragraph(1)(a) applies, an insurance policy taken out to insure against loss or damage to any building or part of a building which is occupied by the applicant as his home and which is required as a condition of the loan referred to in sub-paragraph (1)(a).
- 31.** Any payment of income which, by virtue of section 36 (income treated as capital) is to be treated as capital.
- 32.** Any social fund payment made pursuant to Part 8 of the Act (the Social Fund) or any local welfare provision as defined by the Social Security (Miscellaneous Amendments) Regulations 2013
- 33.** Any payment under Part 10 of the Act (Christmas bonus for pensioners).
- 34.** Where a payment of income is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
- 35.** The total of an applicant's income or, if he is a member of a family, the family's income and the income of any person which he is treated as possessing under paragraph 15.2 (calculation of income and capital of members of applicant's family and of a polygamous marriage) to be disregarded under paragraph 47.2(b) and paragraph 48.1(d) (calculation of covenant income where a contribution assessed, covenant income where no grant income or no contribution is assessed), paragraph 51(2) (treatment of student loans), paragraph 52(3) (treatment of payments from access funds) and paragraphs 16 and 17 shall in no case exceed £20 per week.
- 36.** (1) Any payment made under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006).
- (2) Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of—
- (a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;
 - (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
 - (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of;

- (a) the person who is suffering from haemophilia or who is a qualifying person;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where;

- (a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family; and
- (b) the payment is made either;
 - (i) to that person's parent or step-parent, or
 - (ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or step-parent, to his guardian,

but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where;

- (a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who was or had been a member of his family; and
- (b) the payment is made either
 - (i) to that person's parent or step-parent, or
 - (ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian,

but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any income which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) For the purposes of sub-paragraphs (2) to (6), any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation and the London Bombings Relief Charitable Fund.

- 37.** Any housing benefit.
- 38.** Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.
- 39. - 40.** not used
- 41.** Any payment to a juror or witness in respect of attendance at a court other than compensation

for loss of earnings or for the loss of a benefit payable under the benefit Acts.

- 42.** Not used
- 43.** Any payment in consequence of a reduction of council tax under section 13 or section 80 of the 1992 Act (reduction of liability for council tax).
- 44.** Not used
- 45.** (1) Any payment or repayment made—
(a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);
(b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);
(c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies).
(2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment or repayment, mentioned in sub-paragraph (1).
- 46.** Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins).
- 47.** Any payment made by either the Secretary of State for Justice or by the Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody.
- 48.** (1) Where an applicant's applicable amount includes an amount by way of a family premium, £15 of any payment of maintenance, other than child maintenance, whether under a court order or not, which is made or due to be made by the applicant's former partner, or the applicant's partner's former partner.
(2) For the purpose of sub-paragraph (1) where more than one maintenance payment falls to be taken into account in any week, all such payments such be aggregated and treated as if they were a single payment.
(3) A payment made by the Secretary of State in lieu of maintenance shall, for the purpose of sub-paragraph (1), be treated as a payment of maintenance made by a person specified in sub-paragraph (1).
- 48A.** (1) Any payment of child maintenance made or derived from a liable relative where the child or young person in respect of whom the payment is made is a member of the applicant's family, except where the person making the payment is the applicant or the applicant's partner.
(2) In paragraph (1)
'child maintenance' means any payment towards the maintenance of a child or young person, including any payment made voluntarily and payments made under;
(a) the Child Support Act 1991;
(b) the Child Support (Northern Ireland) Order 1991;
(c) a court order;
(d) a consent order;
(e) a maintenance agreement registered for execution in the Books of Council and Session or the sheriff court books;
'liable relative' means a person listed in regulation 54 (interpretation) of the Income Support (General) Regulations 1987, other than a person falling within sub-paragraph (d) of that definition.

- 49.** Not used
- 50.** Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.
- 51.** Any guardian's allowance.
- 52.** (1) If the applicant is in receipt of any benefit under Parts 2, 3 or 5 of the Act, any increase in the rate of that benefit arising under Part 4 (increases for dependants) or section 106(a) (unemployability supplement) of the Act, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.
- (2) If the applicant is in receipt of any pension or allowance under Part 2 or 3 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006, any increase in the rate of that pension or allowance under that Order, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.
- 53.** Any supplementary pension under article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (pensions to surviving spouses and surviving civil partners) and any analogous payment made by the Secretary of State for Defence to any person who is not a person entitled under that Order.
- 54.** In the case of a pension awarded at the supplementary rate under article 27(3) of the Personal Injuries (Civilians) Scheme 1983(a) (pensions to widows, widowers or surviving civil partners), the sum specified in paragraph 1(c) of Schedule 4 to that Scheme.
- 55** (1) Any payment which is
- (a) made under any of the Dispensing Instruments to a widow, widower or
- (b) surviving civil partner of a person;
- (i) whose death was attributable to service in a capacity analogous to service as a member of the armed forces of the Crown; and
- (ii) whose service in such capacity terminated before 31st March 1973; and equal to the amount specified in article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006.
- (2) In this paragraph 'the Dispensing Instruments' means the Order in Council of 19th December 1881, the Royal Warrant of 27th October 1884 and the Order by His Majesty of 14th January 1922 (exceptional grants of pay, non-effective pay and allowances).
- 55A.** Any council tax reduction or council tax benefit to which the applicant is entitled.
- 56.** Except in a case which falls under sub-paragraph (1) of paragraph 16 of Schedule 3, where the applicant is a person who satisfies any of the conditions of sub-paragraph (2) of that paragraph, any amount of working tax credit up to £17.10
- 56A.–56B.** Not used
- 57.** Any payment made under section 12B of the Social Work (Scotland) Act 1968, or under sections 12A to 12D of the National Health Service Act 2006 (direct payments for health care) or under regulations made under section 57 of the Health and Social Care Act 2001 (direct payments).
- 58.** (1) Subject to sub-paragraph (2), in respect of a person who is receiving, or who has received, assistance under the self-employment route, any payment to that person–
- (a) to meet expenses wholly and necessarily incurred whilst carrying on the commercial activity;
- (b) which is used or intended to be used to maintain repayments on a loan taken out

by that person for the purpose of establishing or carrying on the commercial activity, in respect of which such assistance is or was received.

(2) Sub-paragraph (1) shall apply only in respect of payments, which are paid to that person from the special account

- 59.** (1) Any payment of a sports award except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).
(2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
(3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.
- 60.** Where the amount of subsistence allowance paid to a person in a reduction week exceeds the amount of income-based jobseeker's allowance that person would have received in that reduction week had it been payable to him, less 50p, that excess amount.
- 61.** In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise.
- 62.** Any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001 as amended by the Welfare Reform Act 2012 (Consequential Amendments) Regulations 2013.
- 63.** (1) Any payment made by a local authority or by the Welsh Ministers to or on behalf of the applicant or his partner relating to a service which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.
(2) For the purposes of sub-paragraph (1) 'local authority' includes, in England, a county council.
- 64.** Any payment made under the Energy Rebate Scheme 2022 is to be disregarded in determining:
(a) an applicant's entitlement to a reduction under the scheme; or
(b) the amount of any reduction to which the applicant is entitled.
"The Energy Rebate Scheme 2022" means the scheme to provide financial support in respect of energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3rd February 2022
- 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 uprated in line with the Housing Benefit Regulations 2006 as amended

1. The dwelling together with any garage, garden and outbuildings, normally occupied by the applicant as his home including any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular 5, in Scotland, any croft land on which the dwelling is situated; but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of polygamous marriage), only one dwelling shall be disregarded under this paragraph.
- A2. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme but only for 52 weeks beginning with the date of receipt of the payment.
- A3. Any payment made to the applicant in respect of any travel or other expenses incurred or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme but only for 52 weeks beginning with the date of receipt of the payment but only for 52 weeks beginning with the date of receipt of payment.
2. Any premises acquired for occupation by the applicant, which he intends to occupy as his home within 26 weeks of the date of acquisition or such longer period as is reasonable in the circumstances to enable the applicant to obtain possession and commence occupation of the premises.
3. Any sum directly attributable to the proceeds of sale of any premises formerly occupied by the applicant as his home which is to be used for the purchase of other premises intended for such occupation within 26 weeks of the date of sale or such longer period as is reasonable in the circumstances to enable the applicant to complete the purchase.
4. Any premises occupied in whole or in part—
 - (a) by a partner or relative of a single applicant or any member of the family as his home where that person has attained the qualifying age for state pension credit or is incapacitated;
 - (b) by the former partner of the applicant as his home; but this provision shall not apply where the former partner is a person from whom the applicant is estranged or divorced or with whom he had formed a civil partnership that has been dissolved.
5. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, the whole of his capital.
6. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act 1995 and his partner is on income-based jobseeker's allowance, the whole of the applicant's capital.
7. Any future interest in property of any kind, other than land or premises in respect of which the applicant has granted a subsisting lease or tenancy, including sub-leases or sub-tenancies.
8. (1) The assets of any business owned in whole or in part by the applicant and for the purposes of which he is engaged as a self-employed earner, or if he has ceased to be so engaged, for such period as may be reasonable in the circumstances to allow for disposal of any such asset.
 (2) The assets of any business owned in whole or in part by the applicant where—
 - (a) he is not engaged as a self-employed earner in that business by reason of some disease or bodily or mental disablement; but
 - (b) he intends to become engaged or, as the case may be, re-engaged as a self-employed earner in that business as soon as he recovers or is able to become engaged or re-engaged in that business;

for a period of 26 weeks from the date on which the claim for council tax reduction is made, or is treated as made, or, if it is unreasonable to expect him to become engaged

or re-engaged in that business within that period, for such longer period as is reasonable in the circumstances to enable him to become so engaged or re-engaged.

(3) In the case of a person who is receiving assistance under the self-employment route, the assets acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is being received.

(3) In the case of a person who has ceased carrying on the commercial activity in respect of which assistance was received as specified in sub-paragraph (3), the assets relating to that activity for such period as may be reasonable in the circumstances to allow for disposal of any such asset.

9. (1) Subject to sub-paragraph (2), any arrears of, or any concessionary payment made to compensate for arrears due to the non-payment of;
- (a) any payment specified in paragraphs 7, 9 or 10 of Schedule 4;
 - (b) an income-related benefit under Part 7 of the Act;
 - (c) an income-based jobseeker's allowance;
 - (d) any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001;
 - (e) working tax credit and child tax credit
 - (f) an income-related employment and support allowance

but only for a period of 52 weeks from the date of the receipt of arrears or of the concessionary payment.

(2) In a case where the total of any arrears and, if appropriate, any concessionary payment referred to in sub-paragraph (1) relating to one of the specified payments, benefits or allowances amounts to £5,000 or more (referred to in this sub-paragraph and in sub-paragraph (3) as 'the relevant sum') and is

- (a) paid in order to rectify or to compensate for, an official error as defined in regulation 1(2) of the Decisions and Appeals Regulations; and
- (b) received by the applicant in full on or after 14th October 2001,

sub-paragraph (1) shall have effect in relation to such arrears or concessionary payment either for a period of 52 weeks from the date of receipt, or, if the relevant sum is received in its entirety during the award of council tax reduction, for the remainder of that award if that is a longer period.

- (3) For the purposes of sub-paragraph(2), 'the award of council tax reduction' means—
- (a) the award in which the relevant sum is first received (or the first part thereof where it is paid in more than one instalment); and
 - (b) where that award is followed by one or more further awards which, or each of which, begins immediately after the end of the previous award, such further award provided that for that further award the applicant;
 - (i) is the person who received the relevant sum; or
 - (ii) is the partner of the person who received the relevant sum, or was that person's partner at the date of his death.

10. Any sum
- (a) paid to the applicant in consequence of damage to, or loss of the home or any personal possession and intended for its repair or replacement; or
 - (b) acquired by the applicant (whether as a loan or otherwise) on the express condition that it is to be used for effecting essential repairs or improvement to the home, which is to be used for the intended purpose, for a period of 26 weeks from the date on which it was so paid or acquired or such longer period as is reasonable in the circumstances to effect the repairs, replacement or improvement.

- 11.** Any sum—
- (a) deposited with a housing association as defined in section 1(1) of the Housing Associations Act 1985 or section 338(1) of the Housing (Scotland) Act 1987 as a condition of occupying the home;
 - (b) which was so deposited and which is to be used for the purchase of another home, for the period of 26 weeks or such longer period as may be reasonable in the circumstances to enable the applicant to complete the purchase.
- 12.** Any personal possessions except those which have been acquired by the applicant with the intention of reducing his capital in order to secure entitlement to council tax reduction or to increase the amount of that reduction.
- 13.** The value of the right to receive any income under an annuity or the surrender value (if any) of such an annuity.
- 14.** Where the funds of a trust are derived from a payment made in consequence of any personal injury to the applicant or applicant's partner, the value of the trust fund and the value of the right to receive any payment under that trust.
- 14A.** (1) Any payment made to the applicant or the applicant's partner in consequence of any personal injury to the applicant or, as the case may be, the applicant's partner.
- (2) But sub-paragraph (1)
- (a) applies only for the period of 52 weeks beginning with the day on which the applicant first receives any payment in consequence of that personal injury;
 - (b) does not apply to any subsequent payment made to him in consequence of that injury (whether it is made by the same person or another);
 - (c) ceases to apply to the payment or any part of the payment from the day on which the applicant no longer possesses it;
 - (d) does not apply to any payment from a trust where the funds of the trust are derived from a payment made in consequence of any personal injury to the applicant.
- (3) For the purposes of sub-paragraph (2)(c), the circumstances in which an applicant no longer possesses a payment or a part of it include where the applicant has used a payment or part of it to purchase an asset.
- (4) References in sub-paragraphs (2) and (3) to the applicant are to be construed as including references to his partner (where applicable).
- 15.** The value of the right to receive any income under a life interest or from a life rent.
- 16.** The value of the right to receive any income, which is disregarded under paragraph 13 of Schedule 3 or paragraph 25 of Schedule 4.
- 17.** The surrender value of any policy of life insurance.
- 18.** Where any payment of capital falls to be made by instalments, the value of the right to receive any outstanding instalments.
- 19.** Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or sections 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).
- 19A.** (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989 or section 29 of the Children (Scotland) Act 1995 (local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the

applicant.

(2) Sub-paragraph (1) applies only where A;

- (a) was formerly in the applicant's care, and
- (b) is aged 18 or over, and
- (c) continues to live with the applicant.

- 20.** Any social fund payment made pursuant to Part 8 of the Act.
- 21.** Any refund of tax which falls to be deducted under section 369 of the Income and Corporation Taxes Act 1988 (deduction of tax from certain loan interest) on a payment of relevant loan interest for the purpose of acquiring an interest in the home or carrying out repairs or improvements to the home.
- 22.** Any capital which, by virtue of sections 31 or 51 (capital treated as income, treatment of student loans) is to be treated as income.
- 23.** Where any payment of capital is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
- 24.** (1) Any payment made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the Charitable Fund.

(2) Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of—

- (a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of—

- (a) the person who is suffering from haemophilia or who is a qualifying person;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where—

- (a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family; and
- (b) the payment is made either;

(i) to that person's parent or step-parent; or
(ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or step-parent, to his guardian,
but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or any of the Trusts to which sub-paragraph (1) refers, where

(a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he had formed a civil partnership that had not been dissolved, nor any child or young person who was or had been a member of his family; and

(b) the payment is made either;

(i) to that person's parent or step-parent; or

(ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian,

but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any capital resource which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) For the purposes of sub-paragraphs (2) to (6), any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited the Skipton Fund, the Caxton Foundation, and the London Bombings Relief Charitable Fund.

25. (1) Where an applicant has ceased to occupy what was formerly the dwelling occupied as the home following his estrangement or divorce from, or dissolution of his civil partnership with, his former partner, that dwelling for a period of 26 weeks from the date on which he ceased to occupy that dwelling or, where the dwelling is occupied as the home by the former partner who is a lone parent, for so long as it is so occupied.

(2) In this paragraph 'dwelling' includes any garage, garden and outbuildings, which were formerly occupied by the applicant as his home and any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular, in Scotland, any croft land on which the dwelling is situated.

26. Any premises where the applicant is taking reasonable steps to dispose of those premises, for a period of 26 weeks from the date on which he first took such steps, or such longer period as is reasonable in the circumstances to enable him to dispose of those premises.

27. Any premises which the applicant intends to occupy as his home, and in respect of which he is taking steps to obtain possession and has sought legal advice, or has commenced legal proceedings, with a view to obtaining possession, for a period of 26 weeks from the date on which he first sought such advice or first commenced such proceedings whichever is the earlier, or such longer period as is reasonable in the circumstances to enable him to obtain possession and commence occupation of those premises.

28. Any premises which the applicant intends to occupy as his home to which essential repairs or alterations are required in order to render them fit for such occupation, for a period of 26 weeks from the date on which the applicant first takes steps to effect those repairs or alterations, or such longer period as is necessary to enable those repairs or alterations to be carried out.

29. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of

entitlement to housing benefit.

- 30.** Not used
- 31.** The value of the right to receive an occupational or personal pension.
- 32.** The value of any funds held under a personal pension scheme
- 33.** The value of the right to receive any rent except where the applicant has a reversionary interest in the property in respect of which rent is due.
- 34.** Any payment in kind made by a charity or under or by the Trusts, the Fund, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006).
- 35.** Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990, but only for the period of 52 weeks beginning on the date of receipt of the payment.
- 36.** Not used.
- 37.** Any payment in consequence of a reduction of council tax under section 13 or, as the case may be, section 80 of the Local Government Finance Act 1992 (reduction of liability for council tax), but only for a period of 52 weeks from the date of the receipt of the payment.
- 38.** Any grant made in accordance with a scheme made under section 129 of the Housing Act 1988 or section 66 of the Housing (Scotland) Act 1988 (schemes for payments to assist local housing authority and local authority tenants to obtain other accommodation) which is to be used—
- (a) to purchase premises intended for occupation as his home; or
 - (b) to carry out repairs or alterations which are required to render premises fit for occupation as his home,
- for a period of 26 weeks from the date on which he received such a grant or such longer period as is reasonable in the circumstances to enable the purchase, repairs or alterations to be completed and the applicant to commence occupation of those premises as his home.
- 39.** Any arrears of supplementary pension which is disregarded under paragraph 53 of Schedule 4 (sums to be disregarded in the calculation of income other than earnings) or of any amount which is disregarded under paragraph 54 or 55 of that Schedule, but only for a period of 52 weeks from the date of receipt of the arrears.
- 40.** (1) Any payment or repayment made—
- (a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);
 - (b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);
 - (c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies),
- but only for a period of 52 weeks from the date of receipt of the payment or repayment.
- (2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment, or repayment mentioned in subparagraph (1), but only for a period of 52 weeks from the date of the receipt of the payment or repayment.
- 41.** Any payment made to such persons entitled to receive benefits as may be determined by or

under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins), but only for a period of 52 weeks from the date of receipt of the payment.

- 41A.** Any payment made under Part 8A of the Act (entitlement to health in pregnancy grant).
- 42.** Any payment made either by the Secretary of State for Justice or by Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody, but only for a period of 52 weeks from the date of the receipt of the payment.
- 43.** Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.
- 44.** Not used
- 45.** Any payment made by a local authority under section 3 of the Disabled Persons (Employment) Act 1958 to homeworkers assisted under the Blind Homeworkers' Scheme.
- 46.** (1) Subject to sub-paragraph (2), where an applicant satisfies the conditions in section 131(3) and (6) of the Act (entitlement to alternative maximum council tax reduction), the whole of his capital.
(2) Where in addition to satisfying the conditions in section 131(3) and (6) of the Act the applicant also satisfies the conditions in section 131(4) and (5) of the Act (entitlement to the maximum council tax reduction), sub-paragraph (1) shall not have effect.
- 47.** (1) Any sum of capital to which sub-paragraph (2) applies and
(a) which is administered on behalf of a person by the High Court or the County Court under Rule 21.11(1) of the Civil Procedure Rules 1998 or by the Court of Protection;
(b) which can only be disposed of by order or direction of any such court; or
(c) where the person concerned is under the age of 18, which can only be disposed of by order or direction prior to that person attaining age 18.
(2) This sub-paragraph applies to a sum of capital which is derived from;
(a) an award of damages for a personal injury to that person; or
(b) compensation for the death of one or both parents where the person concerned is under the age of 18.
- 48.** Any sum of capital administered on behalf of a person in accordance with an order made under section 13 of the Children (Scotland) Act 1995, or under Rule 36.14 of the Ordinary Cause Rules 1993 or under Rule 128 of those Rules, where such sum derives from
(a) award of damages for a personal injury to that person; or
(b) compensation for the death of one or both parents where the person concerned is under the age of 18.
- 49.** Any payment to the applicant as holder of the Victoria Cross or George Cross.
- 50.** Not used
- 51.** In the case of a person who is receiving, or who has received, assistance under the self-employment route, any sum of capital which is acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is or was received but only for a period of 52 weeks from the date on which that sum was acquired.
- 52.** (1) Any payment of a sports award for a period of 26 weeks from the date of receipt of that payment except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).

(2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.

(3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.

- 53.** (1) Any payment;
- (a) by way of an education maintenance allowance made pursuant to–
 - (i) regulations made under section 518 of the Education Act 1996;
 - (ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980;
 - (iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992;
 - (b) corresponding to such an education maintenance allowance, made pursuant to;
 - (i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
 - (ii) regulations made under section 181 of that Act ;

or in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.

- (2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;
- (a) regulations made under section 518 of the Education Act 1996;
 - (b) regulations made under section 49 of the Education (Scotland) Act 1980; or
 - (c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992, in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).

53A.-53B. Not used

54. In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise, but only for the period of 52 weeks from the date of receipt of the payment.

55. Any arrears of subsistence allowance paid as a lump sum but only for the period of 52 weeks from the date of receipt of the payment.

56. Where an ex-gratia payment of £10,000 has been made by the Secretary of State on or after 1st February 2001 in consequence of the imprisonment or interment of–

- (a) the applicant;
- (b) the applicant's partner;
- (c) the applicant's deceased spouse or deceased civil partner; or
- (d) the applicant's partner's deceased spouse or deceased civil partner,

by the Japanese during the Second World War, £10,000.

- 57.** (1) Subject to sub-paragraph (2), the amount of any trust payment made to an applicant or a member of an applicant's family who is
- (a) a diagnosed person;
 - (b) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
 - (c) a parent of a diagnosed person, a person acting in place of the diagnosed person's

- parents or a person who was so acting at the date of the diagnosed person's death; or
- (d) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other than his partner) at the date of the diagnosed person's death.
- (2) Where a trust payment is made to;
- (a) a person referred to in sub-paragraph (1)(a) or (b), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending on the date on which that person dies;
- (b) a person referred to in sub-paragraph (1)(c), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending two years after that date;
- (c) a person referred to in sub-paragraph (1)(d), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending—
- (i) two years after that date; or
- (ii) on the day before the day on which that person—
- (aa) ceases receiving full-time education; or
- (bb) attains the age of 20,
- whichever is the latest.
- (3) Subject to sub-paragraph (4), the amount of any payment by a person to whom a trust payment has been made or of any payment out of the estate of a person to whom a trust payment has been made, which is made to an applicant or a member of an applicant's family who is—
- (a) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
- (b) a parent of a diagnosed person, a person acting in place of the diagnosed person's parents or a person who was so acting at the date of the diagnosed person's death; or
- (c) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other than his partner) at the date of the diagnosed person's death, but only to the extent that such payments do not exceed the total amount of any trust payments made to that person.
- (4) Where a payment as referred to in sub-paragraph (3) is made to—
- (a) a person referred to in sub-paragraph (3)(a), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending on the date on which that person dies;
- (b) a person referred to in sub-paragraph (3)(b), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending two years after that date; or
- (c) person referred to in sub-paragraph (3)(c), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending—
- (i) two years after that date; or
- (ii) on the day before the day on which that person
- (aa) ceases receiving full-time education; or
- (bb) attains the age of 20,
- whichever is the latest.
- (5) In this paragraph, a reference to a person—
- (a) being the diagnosed person's partner;
- (b) being a member of a diagnosed person's family;
- (c) acting in place of the diagnosed person's parents,
- at the date of the diagnosed person's death shall include a person who would have been such a person or a person who would have been so acting, but for the diagnosed person residing in a care home, an Abbeyfield Home or an independent hospital on that date.

- (6) In this paragraph– ‘diagnosed person’ means a person who has been diagnosed as suffering from, or who, after his death, has been diagnosed as having suffered from, variant Creutzfeld- Jakob disease;
‘relevant trust’ means a trust established out of funds provided by the Secretary of State in respect of persons who suffered, or who are suffering, from variant Creutzfeld-Jakob disease for the benefit of persons eligible for payments in accordance with its provisions;
‘trust payment’ means a payment under a relevant trust.
- 58.** The amount of any payment, other than a war pension, to compensate for the fact that the applicant, the applicant’s partner, the applicant’s deceased spouse or deceased civil partner or the applicant’s partner’s deceased spouse or deceased civil partner
- (a) was a slave labourer or a forced labourer;
 - (b) had suffered property loss or had suffered personal injury; or
 - (c) was a parent of a child who had died,
- during the Second World War.
- 59** (1) Any payment made by a local authority, or by the Welsh Ministers, to or on behalf of the applicant or his partner relating to a service, which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.
- (2) For the purposes of sub-paragraph (1) ‘local authority’ includes in England a county council.
- 60.** Any payment made under regulations made under section 57 of the Health and Social Care Act 2001 or under section 12B of the Social Work (Scotland) Act 1968, or under section 12A to 12D of the National Health Service Act 2006 (direct payments for health care).
- 61.** Any payment made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
- 62.** Any payment made to the applicant in accordance with regulations made pursuant to section 14F of the Children Act 1989 (special guardianship support services).
- 63.** Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments).
- 64.** Any payment made under the Energy Rebate Scheme 2022 is to be disregarded in determining:
- (a) an applicant’s entitlement to a reduction under the scheme; or
 - (b) the amount of any reduction to which the applicant is entitled.
- “The Energy Rebate Scheme 2022” means the scheme to provide financial support in respect of energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3rd February 2022

Title of report: Consultation outcomes and draft budget proposals

Meeting: Cabinet

Meeting date: Thursday 26 January 2023

Report by: Director of Resources and Assurance

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards);

Purpose

To recommend to Council the proposed 2023/24 budget and associated Medium Term Financial Strategy and the Treasury Management Strategy for recommendation to Council on 10 February 2023.

The proposed budget reflects current and expected service delivery requirements and the provisional local government settlement announced on 19 December 2022. Overall the base budget for 2023/24 is proposed to increase to fund budget pressures. Savings of £20.0m are required in 2023/24 and an increase in council tax of 4.99% (inclusive of 2% adult social care precept) is proposed to deliver a balanced budget.

The draft Medium Term Financial Strategy (MTFS), attached at appendix A, has been updated to reflect current assumptions and estimates of future year funding and service requirements in line with the County Plan.

The Treasury Management Strategy, attached at appendix D, 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: Cabinet recommend to Council for approval;

- a) the council tax base of 71,073.11 Band D equivalents in 2023/24;**
- b) an increase in core council tax in 2023/24 of 2.99%;**
- c) an additional precept in respect of adult social care costs of 2% applied to council tax in 2023/24 resulting in a total council tax increase of 4.99%, increasing the band D charge from £1,701.70 to £1,786.61 for Herefordshire Council in 2023/24;**
- d) the balanced 2023/24 revenue budget proposal totalling £193.3m, subject to any amendments approved at the meeting, specifically the net spending limits for each directorate as at appendix C;**
- e) the revenue budget includes £4.0m for All Ages Social Care to fund edge of care and prevention services for all ages and the continuation of support for low income households;**
- f) delegates to the section 151 officer the power to make necessary changes to the budget arising from any variations in central government funding allocations via general reserves;**
- g) the Medium Term Financial Strategy (MTFS) 2023/24 to 2026/27 at appendix A;**
- h) the Treasury Management Strategy at appendix D be approved; and**
- i) the responses to scrutiny committee recommendations to follow in a supplementary paper 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 agree a council tax increase above the referendum principle levels. This is not recommended as doing so would require the increase to be subject to a local referendum, incurring additional costs to the council.

Key considerations

3. The Medium Term Financial Strategy (MTFS), attached at appendix A, has been updated to reflect current spending and savings plans. It reflects the provisional financial settlement announced on 19 December 2022 and the current understanding of future years funding and responsibilities.
4. Funding and service demand pressures continue, a balanced budget for 2023/24 is proposed. The proposal includes a 4.99% total increase in council tax and central government funding announced in the provisional financial settlement.
5. The proposed 2023/24 revenue budget is based on an assumed total council tax increase of 4.99%, 2.99% increase in core council tax and a 2% adult social care precept. This increases the band D equivalent charge to £1,786.61 representing an increase of £7.08 per month. This

is the maximum increase permitted, a higher increase would require the support of a referendum.

6. The 2% adult social care precept will generate approximately £2.5m of additional income to fund pressures identified in the Community Wellbeing Directorate reflecting both demand and cost for services required for the county's residents.

Provisional 2023/24 Local Government Financial Settlement

7. The provisional settlement published on 19 December 2022 is for one year only. This is the fifth consecutive one-year local government finance settlement rolling forward key elements of the previous year alongside increases in major pressures and priority areas, such as social care. The settlement did confirm:-
 - a. Council Tax –the council tax referendum limit will be 3% for local authorities, with social care authorities allowed an additional 2% social care precept.
 - b. Business Rates Retention – the business rates multiplier has been frozen for 2023/24. The under-indexing multiplier grant has been increased to compensate local authorities that would have been received from an increase in the multiplier.
 - c. 2023/24 Services Grant – this has reduced in 2023/24 to remove funding for the National Insurance Contribution increase and the funding increase for Supporting Families: £1,268k for Herefordshire.
 - d. Revenue Support Grant – this has been increased nationally by 10.1%, in line with what would have been the increase to the multiplier.
 - e. Social Care Grant – the Social Care Grant has increased by £5,775k for Herefordshire. Its distribution is based on the Adult Social Care Relative Needs Formula and has taken into account the ability of authorities to raise the additional social care precept.
 - f. Social Care Funding (Market Sustainability and Fair Cost of Care Fund) is included in the Core Spending Power figures for 2023/24 at £2,062k for Herefordshire. This has been distributed based on the Adult Social Care Relative Needs Formula.
 - g. Lower Tier Services Grant – This has been discontinued for 2023/24 onwards.
 - h. Rural Services Delivery Grant – There has been no change to this grant, 2023/24 amounts remain the same as 2022/23: £5,353k for Herefordshire.
 - i. New Homes Bonus – a further year of New Homes Bonus has been added at £231k for Herefordshire. There will be no further legacy payments and the final legacy payment was made in 2022/23.
 - j. Local Government Funding Reform – The settlement confirmed a further delay to the implementation of the Fair Funding Review until 2025/26.

2023/24 base budget proposed and savings plan

8. The detailed base budget proposed for 2023/24 is summarised below and detailed in appendix C with the savings plans detailed in appendix B.

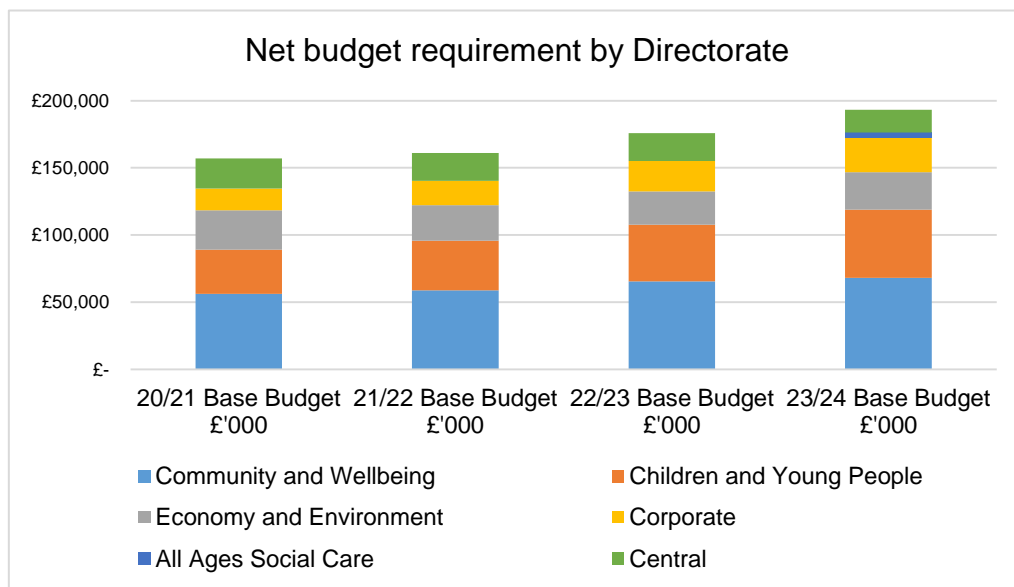
Detail	22/23 base budget £'000	Pressures £'000	Savings £'000	New budget for 23/24	23/24 proposed budget £'000
Community and Wellbeing	65,399	8,830	(6,105)		68,124
Children and Young People	42,262	13,050	(4,500)		50,812
Economy and Environment	24,787	5,148	(2,200)		27,735
Corporate	22,634	4,226	(1,330)		25,530
All Ages Social Care				4,000	4,000
Sub Total	155,082	31,254	(14,135)	4,000	176,201
Central	20,826	2,181	(5,900)		17,107
TOTALS	175,908	33,435	(20,035)	4,000	193,308
Funded by:-					
Council tax	119,549				126,980
Business rates	38,284				40,614
Collection fund surplus	1,260				1,400
Revenue support grant	663				983
Rural sparsity delivery grant	5,353				5,353
Social care support grant	7,691				13,466
Adult Social Care Discharge Fund					951
Market Sustainability & Fair Cost of Care	594				2,062
Lower Tier Services Grant	264				
Services Grant	2,250				1,268
New Homes Bonus					231
TOTALS	175,908				193,308

9. Budget pressures are shown in the table below:

Pressure	Detail	2023/24 £'000
Community Wellbeing		
Pay award	Includes the rollover impact of 22/23 pay award above the 2% budgeted in 23/24. Based on approved establishment and includes a vacancy factor.	1,608
Demand pressures	Based on most recent client numbers and weekly care costs. This pressure includes adjustments to reflect planned activity in the service.	1,925
Service redesign	'Take the Current' Business Case re Library/Museum projects.	159
Inflation	Includes Provider fee uplifts and spot placements (8% non-contractual uplift) and contractual inflation based on a blend of RPI & AWE indices.	5,870
Removal of one-off prior year	Represents draw down for seed funding (Talk Community) and Fair Cost of Care one-off funding	(732)
	Sub-total	8,830
Children & Young People		
Pay award	Includes the rollover impact of 22/23 pay award above the 2% budgeted in 23/24. Based on approved establishment and includes a vacancy factor.	1,897
Demand pressures	Demand pressures reflect increased in Looked After Children and Agency Fostering placements.	5,221
Transformation Activity	Additional staff to support transformation under Children's Improvement Plan.	4,498
Inflation	Inflation assumed at 6% for placements and the relevant rate for other areas of spend.	1,434
	Sub-total	13,050
Economy & Environment		
Pay award	Includes the rollover impact of 22/23 pay award above the 2% budgeted in 23/24. Based on approved establishment and includes a vacancy factor.	1,090
Demand pressures	Reflects additional demand for Home to School Transport and Concessionary Travel in 2022/23.	469
Energy Inflation	Reflects inflationary increase on energy.	993
Inflation	Inflation assumed at 8% or contract specific rate.	2,596
	Sub-total	5,148
Corporate Services		
Pay award	Includes the rollover impact of 22/23 pay award above the 2% budgeted in 23/24. Based on approved establishment and includes a vacancy factor.	822
Demand pressures	Changes in charging mechanism for a number of key ICT systems plus £900k historic property savings.	1,702
Service redesign	Increase in staff capacity in Legal and HR & OD.	665

Inflation	Contract inflation based on blend: ICT 12%, Hoople 7%.	1,037
	Sub-total	4,226
Central		
Financing Costs	Increase in interest payable and Minimum Revenue Provision (MRP) aligned to Capital Programme.	2,181
	Sub-total	2,181
	TOTAL PRESSURES	33,435

10. The base budget shows the net budget position; the gross budget includes the dedicated school's grant, housing benefit subsidy, improved better care fund and public health grant. The change in net budget per Directorate is shown in the graph below.



11. If the final settlement provides additional monies to the draft base budget proposed above, unless the use of those funds is specified by Government, Cabinet will seek the views of the scrutiny committees to determine how extra funding should be deployed. In the interim, this funding will be allocated to reserves.

Reserves

12. 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. The overall level of reserves balances is reported to Cabinet at least annually, the last report to Cabinet was in September 2022. A forecast of the reserve position to 31 March 2023 is attached at appendix E.

Community impact

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

14. The council is committed to delivering continued improvement, positive change and outcomes in delivering our key ambitions.
15. In accordance with the principles of the code of corporate governance, the council is committed to promoting a positive working culture that accepts, and encourages constructive challenge, and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development, and review.

Environmental Impact

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

Equality duty

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

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

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

Resource implications

20. 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

21. 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.
22. 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).
23. 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.
24. 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.
25. 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.
26. 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.
27. 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.
28. The council's budget and policy framework rules require that the chairpersons 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.
29. 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

30. 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.

31. The budget has been updated using the best available information; current spending, anticipated pressures and the provisional 2023/24 funding settlement.
32. The known most substantial risks have been assessed as part of the budget process and reasonable mitigation has been made where possible. Risks will be monitored through the year and reported to cabinet as part of the budget monitoring process.
33. We are maintaining a general fund reserve balance above the minimum requirement, ear marked reserves and an annual contingency budget to manage these risks.
34. The risks and mitigating actions are shown in Appendix M5 of the MTFs, copied below:-

Key Financial Risk	Likelihood	Impact	Mitigating Action
Not delivering required improvements The council must address the statutory direction and improvements across Children's Services	Low	Medium	The Children's Improvement Board is working with the Department for Education and the appointed Commissioner for Children's Services and resources have been allocated to address required transformation and improvement. Performance against the Improvement Plan is monitored and reported on a quarterly basis.
Unexpected events and emergencies By its nature, the financial risk is uncertain	Low	High	The Council maintains a strategic reserve at a level of between 3 and 5% of its revenue budget for emergency purposes. The level of this reserve at 31 March 2022 was 9.6m (6.0% of budget). Additionally, national resources have historically been provided to support national issues.
Increasing demand for Adult and Children's Social Care Demand for Children's services continue and demand for adult services increases as the population ages.	High	Medium	Demand led pressures are reflected within our spending plans. In year monitoring of performance enables Directorates to forecast trends and identify changes in demand. Talk Community and strength Based Assessment have evidenced managing demand and investing in Early Help and Prevention will support our response to increasing demand.
Potential overspend and non-delivery of savings required to balance the budget	Medium	Medium	High risk budget areas have been identified and financial support is targeted in these areas. Robust and regular financial monitoring which is reported to Leadership Teams and Cabinet enables the identification actions to mitigate the risk of overspends.
Volatility in Government funding streams The government settlement for 2023/24 is a one year settlement; the assumed funding for the	High	Medium	The MTFs reflects prudent estimates and assumptions in the financial planning over the medium term period where it is acknowledged that uncertainty over future funding exists.

MTFS period is not confirmed			
Interest and Inflation There is uncertainty over interest and inflation rates	Medium	Medium	The Treasury Management Strategy is informed by latest forecast, as provided by our Treasury Management Advisors. Increases in borrowing rates will be offset by increases in investment returns.

Consultees

35. The council's constitution states that budget consultees should include parish councils, health partners, the schools forum, business ratepayers, council taxpayers, the trade unions, political groups on the council, the scrutiny committees and such other organisations and persons as the leader shall determine.
36. A series of 12 local budget public consultation events were held between 25 November and 17 December 2022. Additional engagement with community groups took place through a Community Partnership event and an event with the business community. The consultation presented high-level options to contribute towards balancing the council's budget for 2023/24 and their likely impact. These options included reducing and transforming services, increasing charging for services and increasing council tax. There were 428 participants across these local events. There was support for continuing discounts for council tax for those most in need, raising income in ways which mean residents can afford it to fund services and helping communities to help themselves.
37. An online public consultation was open between 15 December and 3 January 2023. A total of 243 responses were received to the online questionnaire.
38. Scrutiny Management Board will be consulted with on 17 January 2023 and their recommendations for consideration by Cabinet will be circulated as a supplementary paper to this agenda item.

Appendices

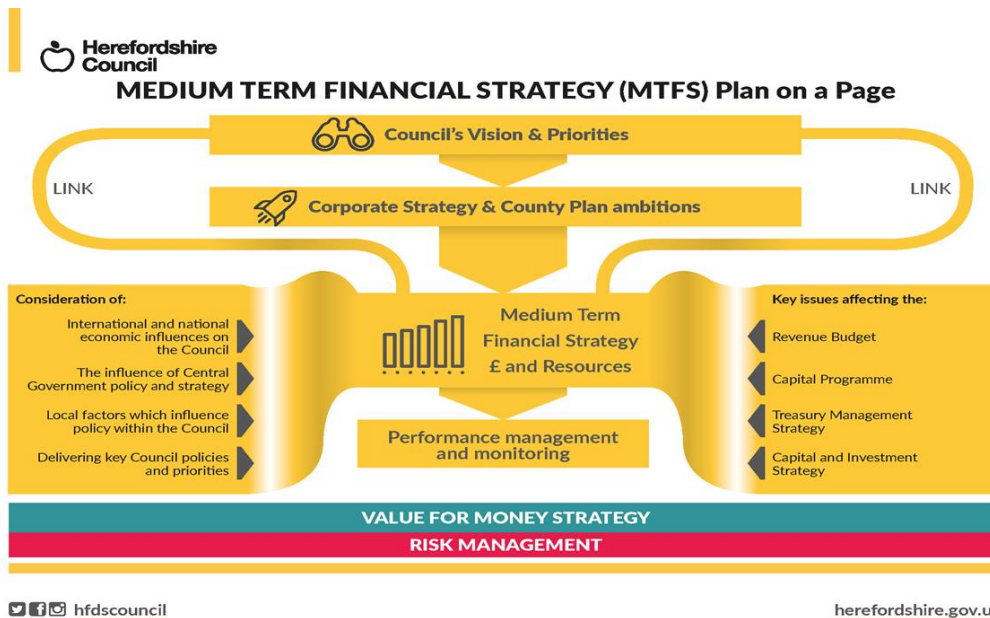
- Appendix A Medium Term Financial Strategy 2023/24 to 2026/27
- Appendix B Directorate Savings Plans 2023/24
- Appendix C Proposed Directorate Base Budgets 2023/24
- Appendix D Treasury Management Strategy 2023/24
- Appendix E Reserves
- Appendix F Impact Report
- Appendix G Online Budget Consultation Report

Background papers

None identified.

Medium Term Financial Strategy

2023/24 - 2026/27



Herefordshire Council Medium Term Financial Strategy 2023/24 to 2026/27

Introduction

The Medium Term Financial Strategy (MTFS) covers the 4-year period from 2023/24 to 2026/27 and sets out how the council will deploy its resources to navigate financial pressures to prioritise activity to support the delivery of corporate objectives.

The MTFS provides the strategic framework for managing the council's finances and ensures that:

- Resources are aligned to achieve corporate objectives detailed in the County Plan over the medium/longer term, and
- The Revenue Budget, Capital Investment Budget, Treasury Management Strategy and required Prudential Indicators are appropriately aligned.

This plan includes the estimated impact of the actions identified to address inflationary and demand pressures to ensure we maintain a balanced budget and a sustainable and resilient financial position. These measures are expected to yield benefit in the short term as well as over future years. Whilst it is acknowledged that there is risk in the delivery of these mitigating actions, the council is aware of this risk and is actively managing it.

The County Plan 2020-2024 was adopted in February 2020 to share a clear vision for the future of the county. The County Plan shapes the future of Herefordshire with the overall aim to improve the sustainability, connectivity and wellbeing of the county by strengthening communities, creating a thriving local economy and protecting and enhancing our environment. These themes form the basis of plans including the annual delivery plans and this MTFS.

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

Background

The council has gross expenditure budget of around £400m, used to deliver services to over 193,000 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 approximately 1,300 staff (excluding staff in schools) and support many more local jobs

through our contracts with local businesses.

Using our resources wisely is one of our core principles and we continue to identify efficiencies in service delivery and maximise our purchasing power to ensure we deliver value for money that benefits the residents and businesses of Herefordshire.

National Context

The financial position of local government remains a cause for concern nationally. The council, alongside all local authorities, faces significant financial challenges in the continued delivery of services and improvement.

The ongoing war in Ukraine has resulted in inflationary increases with global effect on the price of food, fuel and utilities. The impact of rising inflationary costs and growth in demand for adult and children’s social care services places increasing pressure on the future financial sustainability of the council.

The MTFS reflects our understanding of the impact of these increases on the council budgets at the time of preparation. They remain estimates which are subject to change and, as such, will remain under review for the immediate future.

Transformation

The council continues to invest in transformation activity to support improvement of its services; of which the improvement of children’s services remains a key corporate priority. Our aim, working alongside strategic partners, is to develop and maintain a high-quality team that will define our vision for children’s services, consistently deliver the highest levels of social care and safeguarding practice, and improve outcomes for the children, young people and families of Herefordshire. This MTFS reflects the financial commitment we are making to achieve this.

Future Revenue Resources

Core Government Funding

Significant savings will be required to achieve a balanced budget in 2023/24 and address funding gaps over the medium term period. Savings plans will be aligned to planned transformation activity to ensure that identified savings result in sustainable improvements and efficiencies in the delivery of services.

Planned local government finance reforms are expected, the review of relative needs and resources (also called the Fair Funding Review), the business rates reset and the parameters of the new homes bonus have been on hold. This places uncertainty over funding over the medium term planning period.

This MTFS assumes the Fair Funding Review and new Adults Relative Needs Formula will be implemented from 2025/26 onwards.

Anticipated core grants are shown below, some of these sit outside the councils net budget requirement but remain funding to be utilised on providing council services.

Core Grants:	2023/24 £'000	2024/25 £'000	2025/26* £'000	2026/27* £'000
Revenue Support Grant	983	1,056	21,703	21,392
Improved Better Care Fund	6,783	6,783	-	-
New Homes Bonus	231	231	-	-
Rural Services Delivery Grant	5,353	5,353	5,353	5,353
Social Care Grant	13,466	15,355	31,507	33,372

Services Grant	1,268	1,268	-	-
TOTAL CORE FUNDING	28,084	30,046	58,563	60,117

*assumes Fair Funding Review and new Adults Relative Needs Formula from 2025/26

Council Tax

In the Autumn Statement of November 2022, the Chancellor confirmed the ability for councils to increase Council Tax up to 5% without a referendum; 3% for general services and 2% for local authorities with responsibility for Social Care.

The maximum level of local Council Tax Reduction scheme discount was approved by Council for 2021/22 and maintained in 2022/23 to ensure that eligible households receive support as the impact of the rising cost of living continues.

2023/24 Budget Proposal

The MTFS proposes a balanced budget for 2023/24 achieved by the proposed savings targets and an increase in council tax charge of 4.99% (inclusive of 2% adult social care precept).

Detail	22/23 base budget £'000	Pressures £'000	Savings £'000	New budget for 23/24	23/24 proposed budget £'000
Community and Wellbeing	65,399	8,830	(6,105)		68,124
Children and Young People	42,262	13,050	(4,500)		50,812
Economy and Environment	24,787	5,148	(2,200)		27,735
Corporate	22,634	4,226	(1,330)		25,530
All Ages Social Care				4,000	4,000
Sub Total	155,082	31,254	(14,135)	4,000	176,201
Central	20,826	2,181	(5,900)		17,107
TOTALS	175,908	33,435	(20,035)	4,000	193,308
Funded by:-					
Council tax	119,549				126,980
Business rates	38,284				40,614
Collection fund surplus	1,260				1,400
Revenue support grant	663				983
Rural sparsity delivery grant	5,353				5,353
Social care support grant	7,691				13,466
Adult Social Care Discharge Fund					951
Market Sustainability & Fair Cost of Care	594				2,062
Lower Tier Services Grant	264				
Services Grant	2,250				1,268
New Homes Bonus					231
TOTALS	175,908				193,308

Post 2023/24

The Medium Term Financial Strategy (MTFS) at Appendix M2 outlines the financial strategy for the period up to 2026/27. The 2023/24 spending review was announced on 19 December 2022. This MTFS reflects that, however, funding in future years is less certain.

Whilst a balanced budget is proposed for 2023/24, there is a total funding gap of almost £16m over the period from 2024/25 to 2026/27 and this must be addressed through future reductions in spending, savings or transformation of services.

Total funding

The MTFS proposes a balanced budget for 2023/24 achieved by increasing council tax charges by 4.99% (inclusive of 2% adult social care precept). Projections for future years assume an annual increase in council tax of 2%.

Detail	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Net budget funding source				
Council tax	126,980	129,520	132,110	134,752
Business rates	40,614	41,426	42,255	43,100
Collection fund surplus	1,400	-	-	-
Revenue support grant	983	1,056	21,703	21,392
Rural sparsity delivery grant	5,353	5,353	5,353	5,353
Social care support grant	13,466	15,355	31,507	33,372
Adult Social Care Discharge Fund	951	1,585	-	-
Market Sustainability & Fair Cost of Care	2,062	3,100	-	-
Services Grant	1,268	1,268	-	-
New Homes Bonus	231	231	-	-
TOTALS	193,308	198,894	232,928	237,969

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 (£6.8m), Public Health Grant (£9.6m) and Dedicated Schools Grant funding.

Expenditure pressures

Adult Social Care

One of the key drivers of demand for council services, and therefore cost pressures, is demographic growth, principally in terms of residents and customer numbers, with a demographic shift towards the older ages. This results in significant pressures in the social care system. This MTFS includes an increase of almost £3m in the Community Wellbeing budget for 2023/24 to fund the impact of these cost pressures and a proposed £4m All Ages Social Care budget to fund investment in edge of care and preventative services and the continued transformation of Children's services.

Children's Services

The council continues to prioritise the improvement of its Children's services in this MTFS to deliver sustained transformation in social care offered to children and families across the county and respond to increasing demographic and cost pressures in placements for Looked After Children.

The recruitment of social workers remains a key risk and pressure across both Children and Adult

sectors and the achievement of increased social care staffing permanency is integral to the delivery of expenditure within budget in 2023/24 and the medium term.

High Needs Deficit

The number of children and young people with Education, Health and Care Plans (EHCPs) has risen each year over the past decade. The costs of Special Educational Needs and Disabilities (SEND) are funded through the Dedicated Schools Grant (DSG) however many councils are in a deficit position, meaning the cost exceeds the funding provided.

It is illegal for councils to contribute to the high needs budget without the Secretary of State's approval. Whilst the Department for Education has extended its statutory override for a further three years, a number of councils continue to highlight this as a major risk. Herefordshire is not currently in a deficit position and continued financial monitoring will enable action to be taken to mitigate the risk of the council entering a deficit position.

Inflation

Significant inflationary increases have been noted across care sector contracts (adults and children's social care) as well as the council's waste contracts and energy costs and the pressures identified in 2022/23 will have a cumulative effect across the medium term period. A number of inflationary assumptions have been built into the 2023/24 budget to reflect increases in fuel, wage and energy inflation across the council's contracts and purchases.

Interest Rates

In response to the impact of inflationary pressures on the economy, the Bank of England has increased the base rate from 0.1% in December 2021 to the current rate of 3.5% (as at December 2022). Any increase in the base rate will result in an increase in the council's borrowing costs with a corresponding impact on the revenue budget. The effect of rising interest rates will be monitored during the period of the MTFs; aligned with the council's Treasury Management Strategy.

Pay Inflation

The agreed pay award for 2022/23 above the 2% assumed in the budget creates a budget pressure in 2023/24. Whilst the award for 2023/24 is yet to be agreed, national employer discussions with Trade Unions will take place in the context of significant cost of living pressures and high inflation. The proposed budget for 2023/24 assumes a prudent 5% pay award, with an impact of £5.4m, and a 4% increase in subsequent years.

The latest pay policy was approved by the council's employment panel on 17 January 2022 and Council on 11 February 2022.

2023/24 Pressures by Directorate

A number of budget pressures have been identified for 2023/24, these are listed below:

Pressure	Detail	2023/24 £'000
Community Wellbeing		
Pay award	Includes the rollover impact of 22/23 pay award above the 2% budgeted in 23/24. Based on approved establishment and includes a vacancy factor.	1,608
Demand pressures	Based on most recent client numbers and weekly care costs. This pressure includes adjustments to reflect planned activity in the service.	1,925
Service redesign	'Take the Current' Business Case re Library/Museum projects.	159

Inflation	Includes Provider fee uplifts and spot placements (8% non-contractual uplift) and contractual inflation based on a blend of RPI & AWE indices.	5,870
Removal of one-off prior year	Represents draw down for seed funding (Talk Community) and Fair Cost of Care one-off funding	(732)
	Sub-total	8,830
Children & Young People		
Pay award	Includes the rollover impact of 22/23 pay award above the 2% budgeted in 23/24. Based on approved establishment and includes a vacancy factor.	1,897
Demand pressures	Demand pressures reflect increased in Looked After Children and Agency Fostering placements.	5,221
Transformation Activity	Additional staff to support transformation under Children's Improvement Plan.	4,498
Inflation	Inflation assumed at 6% for placements and the relevant rate for other areas of spend.	1,434
	Sub-total	13,050
Economy & Environment		
Pay award	Includes the rollover impact of 22/23 pay award above the 2% budgeted in 23/24. Based on approved establishment and includes a vacancy factor.	1,090
Demand pressures	Reflects additional demand for Home to School Transport and Concessionary Travel in 2022/23.	469
Energy Inflation	Reflects inflationary increase on energy.	993
Inflation	Inflation assumed at 8% or contract specific rate.	2,596
	Sub-total	5,148
Corporate Services		
Pay award	Includes the rollover impact of 22/23 pay award above the 2% budgeted in 23/24. Based on approved establishment and includes a vacancy factor.	822
Demand pressures	Changes in charging mechanism for a number of key ICT systems plus £900k historic property savings.	1,702
Service redesign	Increase in staff capacity in Legal and HR & OD.	665
Inflation	Contract inflation based on blend: ICT 12%, Hoople 7%.	1,037
	Sub-total	4,226
Central		
Financing Costs	Increase in interest payable and Minimum Revenue Provision (MRP) aligned to Capital Programme.	2,181
	Sub-total	2,181
	TOTAL PRESSURES	33,435

Saving plans

To propose a balanced budget for 2023/24 the following Directorate savings are required:

Directorate	2023/24 £'000
Community Wellbeing	6,105
Children & Young People	4,500
Economy & Environment	2,200
Corporate Services	1,330
TOTAL	14,135

Community Wellbeing Savings Proposals

Ref	Proposal	Summary	2023/24 £'000
S1	Stable engaged workforce	Reduction in reliance on agency staff and move to a permanent staffing establishment. Review of vacant posts	710
S2	Edge of Care and Prevention	Transformation of 'front door' service to deliver efficient working practices to respond to initial contact for adult social care	300
S3	New integrated models of care (Shared Lives/Home Share/Personal Assistants)	Extension of Shared Lives Scheme and review of geographically based Personal Assistants to provide more options in the community	550
S4	Occupational Therapy Delivery Model	New model of delivery for occupational therapy	100
S5	Digital and technology	Improved, systemic deployment of digital and technology solutions across the directorate, including care packages	500
S6	Respite Provision	Transformation of provision of respite care	300
S7	Process efficiency: Block Bed contracts	Reduce the number of spot placements to create a better balance of placement options	300
S8	Telecare Charges	Increase charges for Telecare	150
S9	Process efficiency: Business Support	Review of business support costs including postage, scanning, training	100
S10	Process efficiency: Income collection and Debt Management	Transformation of income collection processes to maximise income (including benefits) and reduce debt and corresponding debt recovery activity	600
S11	Process efficiency: Repairs and Maintenance	Review of contract to deliver repairs and maintenance	100
S12	Process efficiency: Brokerage	Review of brokerage functions, including potential for supporting self-funders and integration across the Integrated Care System	100
S13	All Age Commissioning	Transformation of services for vulnerable homeless people and care experienced young people	600
S14	Social Care Delivery	Management of demand through Talk Community initiatives and wider health input	750
S15	Public Health	Review of weight management services, NHS health checks for adults and oral checks for children aged 4-6 months, withdrawal of occupational flu vaccine offer and end of online mental health support pilot	326
S16	Supported Living	Remodelling of Supported Living	369
S17	Care & Funding	Continuation of Fair & Consistent Care & Funding Pathway	250

Pathway		
TOTAL COMMUNITY WELLBEING SAVINGS		6,105

Children & Young People Savings Proposals

Ref	Proposal	Summary	2023/24 £'000
S18	Placement Management	Reduction in numbers of children coming into our care; increased recruitment of foster carers; review of sufficiency; tight management control of high-cost placements*	2,500
S19	Recruitment and Retention	Reduction in reliance on agency staff and move to a permanent staffing establishment. Gradual withdrawal of previously added additional capacity. Revised Workforce Strategy*	2,000
TOTAL CHILDREN & YOUNG PEOPLE SAVINGS			4,500
<i>* Each of these key areas of focus are inextricably linked to progress of the wider Children's Improvement Plan</i>			

Economy & Environment Savings Proposals

Ref	Proposal	Summary	2023/24 £'000
S20	BBLP Annual Plan Revision	Efficiencies within the contract including management of streetwork permits and highway reinstatements	350
S21	Waste Collections	Revision to household collections on Bank Holidays – no collections on Bank Holidays, collections to slip a day	80
S22	Parking Income	Delivery of deferred proposals from 2022/23	450
S23	Fees & Charges: Regulatory Services	Application of inflationary charges across all fees & charges and a review of services where charges are not currently applied	300
S24	Fixed Penalty Notice Pilot Scheme	Introduction of trial enforcement for littering offences	50
S25	Transformation of Planning & Regulatory Services (Stage 1)	Restructure of Planning to be in place by April 2023, followed by a review of income generation services including Pre-Application advice and the introduction of Planning Performance Agreements	350
S26	Economic Development: Vacancy Management	Removal of 2 vacant posts to be offset by funding as part of UK Share Prosperity Fund award	50
S27	Enterprise Zone Running costs	A review of running costs, including maximisation of income sources	150
S28	Economy & Environment Directorate Transformation Programme	Review of frontline services, Demand Management, Partnership and Commercial Opportunities and Strategies for growth	600
	Public Realm Future Operating Model Project costs	Ongoing development of future operating model prior to final recommendation on proposed changes to how the services are delivered – additional cost for 23/24	(180)
TOTAL ECONOMY & ENVIRONMENT SAVINGS			2,200

Corporate Savings Proposals

Ref	Proposal	Summary	2023/24 £'000
S29	Exit from inefficient properties	Exit from buildings which are expensive to maintain and those which are energy efficient	300
S30	Increase in rental income	Review of charges to ensure maximisation of rental income, charging for internal use of properties and full cost recovery	170
S31	Finance Payment	Transformation of payment processes to embed purchase	100

	Process Efficiencies	cards and full recovery of costs for Revenue & Benefits activity	
S32	Mobile Phones	Reduction in mobile phone provision to staff	20
S33	Herefordshire Now	Delivery of Herefordshire Now as online magazine only	100
S34	Children's Services Legal Support	Children's specific lawyers to be funded from Children's Transformation Fund	200
S35	Transformation of legal support	Reduction in reliance on external legal advice due to increase in-house capacity	140
S36	Transformation of Programme Management Office (PMO)	Transformation of PMO service delivery and increased recovery of costs	300
TOTAL CORPORATE SERVICES SAVINGS			1,330

Planning Assumptions

The following planning assumptions are included within the Medium Term Financial Strategy:

Area	Assumptions
Base Budget	The starting point for planning is the 2022/23 base budget as agreed by Council in February 2022, adjusted for any approved budget virements.
Council Tax Increase	An increase of 4.99% is assumed for 2023/24 with a 2% increase in the years 2024/25 to 2026/27.
Capital Borrowing Rates	Capital borrowing rates of 4.0%, 3.5%, 3.3% and 3.3% have been assumed in respect of financing the Capital Programme over the next 4 years respectively. This assumption will remain under constant review and will be informed by forecasts provided by our Treasury Management Advisors: Link Group.
Inflation	For 2023/24 inflation is assumed at 8% or the contract specific rate. For the remaining three years, inflation is assumed at 5%.
Pay Assumptions	5% per annum has been budgeted for 2023/24 with 4.0% for the remaining three years of the MTFS period.
Pensions	The triennial valuation of the Pension Fund took place on 31 March 2022. The provisional results have been reflected in the MTFS at a corporate level.
Increase in Fees & Charges	Any increases in fees & charges have been incorporated within the budget proposals.
Capital Financing	Prudential borrowing costs associated with the proposed Capital Programme are included within the revenue budget.
Transformation Programme	The council will continue to improve services through transformation activity and the estimated efficiencies and savings resulting from planned activity is reflected in the MTFS.

Capital investment

Detailed in Appendix M3 is the proposed capital programme, detailing each project and the budget profile over the current and future years. The capital programme has a proposed budget of £368.696m and a number of areas to be invested in are housing, a care home, new school build at Peterchurch and integrated wetlands. Along with continued investment in the councils estate, IT, highways, broadband, energy projects, continued development of the enterprise zone and other potential employment land. A number of annual grants for highways, schools maintenance and disabled facilities grant continue each year.

The £368.696m is funded using £34.505m of the £43.3m capital receipts reserve, £186.282m grants of which £45.13m have yet to be secured, £6.8m use of revenue reserves and £141.109m borrowing.

There are a number of projects that will continue or commence delivery in the next financial year for waste management changes, development of the Hereford Town Investment Plans projects such as a new Museum, development of the Maylords site, which were part of a £25m funding bid approved.

The third council project was for greening the city and since approval by the Towns Board is also progressing towards delivery. The council is the accountable body for the £22.4m funding but a number of projects will be run by other organisations. The museum project is also subject to securing £5m Heritage Lottery Funds Grants to secure the full £18m required to deliver the project, with £5m from Stronger Towns and £8m contribution from the council.

A decision was taken to pause the works on the Shirehall and these will come forward after external funding sources are looked into. Also improvement or new build at the Westfield school site are being developed with the opportunity to source external funding being awarded after the initial Department for Education (DfE) announcement.

Capital Strategy and Revenue Implications of the Capital Strategy

Any requirement to make capital repayments from revenue budgets (for example, for an invest-to-save prudential borrowing project) will be explicit in the Resource Implications of the relevant decision report. It is important the implications on the future revenue budget is understood so that the budget is in place for when these repayment deductions are taken. These are referred to as projects generating a return on investment which therefore funds the capital costs incurred through either reduced costs or increased income.

Where a capital budget (with either internal or external funding) is approved within the council's capital programme, service areas will also be asked to commit to funding any abortive costs from their revenue budgets when seeking approval to spend the capital budget provision, should a capital project initially begin delivery but is unable to complete for any reason. In the event that a capital asset has been enhanced / purchased / created by the incomplete capital investment this would remain as capital expenditure, although there may be implications if an external funding source (e.g. capital grant) is lost due to the project being incomplete. Careful consideration needs to be taken to ensure the council are not over exposed for projects where the risk is high that they may not be delivered and abortive costs are high.

Value for Money

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

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

To that end, the council has worked closely with our auditors to develop a Value for Money Strategy as shown in Appendix M6 and also a more comprehensive internal Value for Money Policy.

As a custodian of public funds, the council strives to achieve value for money in the delivery of services and acquisition of assets. It seeks to achieve, and where possible improve, value for money, for example through the council's corporate procurement and commissioning strategy, by ensuring that:

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

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

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

Risks

There are a number of external risks that could affect the delivery of the MTFs, appendix M5 sets out more detail on the key risk areas which are:

- The government settlement for 2023/24 is a one year settlement meaning that the MTFs is based on assumptions for future years that cannot be confirmed.
- 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 council has started a well-resourced transformation journey expected to address some issues in this area.
- The results of the review by the Commissioner for Children's Services and the financial implications of required improvements are expected to be reported in early 2023. The council has allocated funds in the All Ages Social Care budget to fund these improvements.
- 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.

Treasury Management Strategy (TMS)

The TMS sets out how daily cash-flow activities will be managed to balance cash requirements whilst achieving the council's strategic outcomes. The TMS includes investment and borrowing strategies with consideration to security, liquidity and interest rate risks with the aim to maximise return on investments and minimise interest rate costs. The council's policy remains to borrow when funds are required. This policy minimises the cost of borrowing, and is supported by the Councils external treasury management advisors, who estimate that this approach saves the council in excess of £1m of borrowing costs per annum.

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

Reserves

The council's useable revenue reserves are split between a general reserve (the General Fund) and earmarked reserves that are held for certain purposes. Part of the council's General Fund is held as a strategic reserve to cover emergency events such as unforeseen financial liabilities or natural disasters. The reserves policy is attached at M3.

In line with the council's policy, this reserve is maintained at a minimum level of between 3% and 5% of the net revenue budget. As at 31 March 2022 the general reserve balance totalled £9.6m, being 6.0% of the council's 2021/22 approved net revenue budget. The remainder of the council's general reserve balance is held to support one-off, unforeseen financial costs and for smoothing the impact of the late delivery of savings plans.

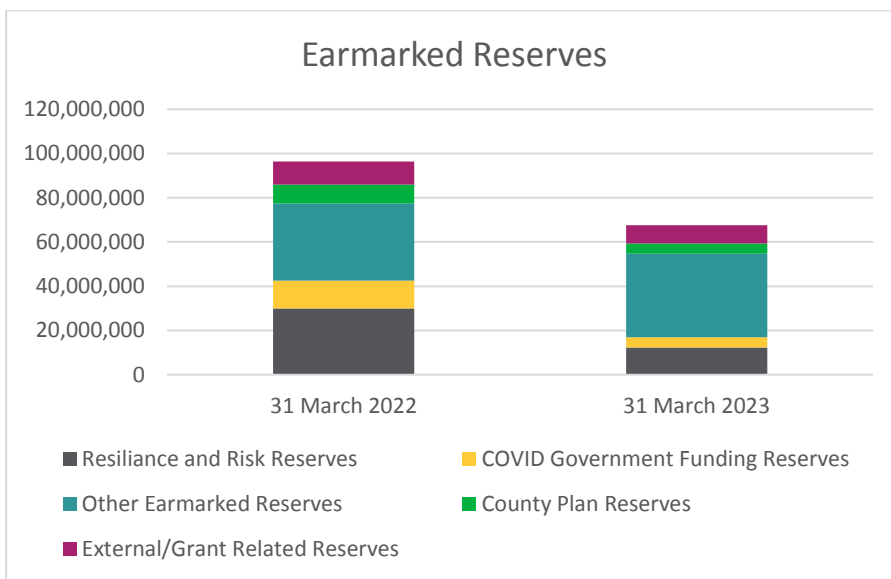
Earmarked reserves are amounts set aside for specific policy purposes or for general contingencies and cash flow management. For each reserve established, the purpose, usage and basis of transactions needs to be clearly defined. Cabinet reviews earmarked reserves on an annual basis.

Use of earmarked reserves

Reserves enable the council to:

- 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.
- Create a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.
- Enables the smooth transition when moving to doing things differently

The overall level of reserves balances is reported to Cabinet at least annually, the last report to Cabinet was in September 2022. The chart below demonstrates the planned reduction in earmarked reserves in the 2022/23 financial year from a balance of £96.5m at 31 March 2022 to £67.5m at 31 March 2023. A significant proportion of the reduction relates to the use of COVID funding in 2022/23. The council's financial strategy will seek to minimise the use of reserves in the medium term and to replenish them to support future sustainability and enable the council to respond to unexpected changes and to invest in the continued transformation and improvement of its services.



The financial resilience reserve was established to manage risks present in the base budget, for example additional placement costs from unexpected demands. This reserve will also fund the two year transformation programme the council has embarked upon to improve the journey of the children in our care and services to the local community in line with the corporate plan.

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.

It is expected that a forecast overspend of £6m in 2022/23 will be funded from the council's Financial Resilience Reserve.

Conclusion

This medium term financial strategy proposes delivering a balanced budget for 2023/24 with a clear focus on aligning resources to deliver the revised county plan ambitions.

Appendices

Appendix M1 - Net Revenue budget

Appendix M2 – MTFS 2023/24 to 2026/26

Appendix M3 - Proposed Capital Investment Budget

Appendix M4 - Reserves Policy

Appendix M5 - Risk Assessment

Appendix M6 – Draft Value for Money Strategy

Net Revenue budget and Directorate Spending Limits 2023/24

Detail	22/23 base budget £'000	Pressures £'000	Savings £'000	23/24 proposed budget £'000
Community and Wellbeing	65,399	8,830	(6,105)	68,124
Children and Young People	42,262	13,050	(4,500)	50,812
Economy and Environment	24,787	5,148	(2,200)	27,735
Corporate	22,634	4,226	(1,330)	25,530
All Ages Social Care		4,000		4,000
Sub Total	155,082	35,254	(14,135)	176,201
Central	20,826	2,181	(5,900)	17,107
TOTALS	175,908	37,494	(20,035)	193,308
Funded by:-				
Council tax	119,549			126,980
Business rates	38,284			40,614
Collection fund surplus	1,260			1,400
Revenue support grant	663			983
Rural sparsity delivery grant	5,353			5,353
Social care support grant	7,691			13,466
Adult Social Care Discharge Fund				951
Market Sustainability & Fair Cost of Care	594			2,062
Lower Tier Services Grant	264			
Services Grant	2,250			1,268
New Homes Bonus				231
TOTALS	175,908			193,308

Medium Term Financial Strategy 2023/24 to 2026/27

Detail	Actual 2022/23 £'000	Proposed 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000	Estimate 2026/27 £'000
Funding					
Council tax	119,549	126,980	129,520	132,110	134,752
Business rates	38,284	40,614	41,426	42,255	43,100
Collection fund surplus	1,260	1,400	-	-	-
Revenue support grant	663	983	1,056	21,703	21,392
Rural sparsity delivery grant	5,353	5,353	5,353	5,353	5,353
Social care support grant	7,691	13,466	15,355	31,507	33,372
Adult Social Care Discharge Fund	-	951	1,585	-	-
Market Sustainability & Fair Cost of Care	594	2,062	3,100	-	-
Lower Tier Services Grant	264	-	-	-	-
Services Grant	2,250	1,268	1,268	-	-
New Homes Bonus		231	231	-	-
Total Funding	175,908	193,308	198,894	232,928	237,969
Expenditure					
Base Budget	175,908	175,908	199,208	207,999	233,103
Pay Award		5,417	2,809	2,954	3,076
Growth – Demand & Pressures		32,018	10,982	22,150	8,302
Savings & Efficiencies		(20,035)	(5,000)	-	-
Net Expenditure Budget	175,908	193,308	207,999	233,103	244,481
Surplus/(Gap) to be funded	-	-	(9,105)	(175)	(6,512)

Proposed capital investment budget

Scheme Name	Spend in	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	Prior Years £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Scheme Budget £000
Hereford City Centre Transport Package	35,031	3,549	4,899	3,500	0	0	46,979
Hereford City Centre Improvements (HCCI)	1,972	2,135	1,892	0	0	0	6,000
Hereford ATMs and Super Cycle Highway		0	1,000	0	0	0	1,000
Emergency Active travel Fund	19	119	0	0	0	0	137
Passenger Transport Fleet (Electric)		0	7,800	15,600	15,600	0	39,000
Sustainable Transport & Place Making Delivery Board	37,022	5,803	15,592	19,100	15,600	0	93,116
Local Transport Plan (LTP)		15,466	15,466	15,466	0	0	46,398
Priority Flood Repair Works	1,802	2,225	0	0	0	0	4,027
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	17	1,891	392	0	0	0	2,299
Public Realm Maintenance - Mitigating Risk on the Network		2,475	2,475	0	0	0	4,950
Winter Resilience		532	145	290	435	0	1,402
Highways Equipment		548	0	0	0	0	548
Natural Flood Management		352	234	279	239	170	1,274
Highways Infrastructure Investment		0	4,085	4,085	3,985	3,885	16,040
Public Realm Improvements for Ash Die Back		0	315	367	367	367	1,416
Moving Traffic Enforcement Phase 2		0	144	0	0	0	144
Masters House		0	762	0	0	0	762
Investment in Infrastructure Assets	1,874	126	0	0	0	0	2,000
Highways Maintenance Delivery Board	3,692	23,615	24,018	20,487	5,026	4,422	81,260
E & E's S106		1,332	3,703	1,092	1,922	0	8,049
C & F's S106		1,200	1,017	351	2,265	0	4,833
Planning Delivery Board	0	2,532	4,720	1,443	4,187	0	12,882
Integrated Wetlands	691	1,309	0	0	0	0	2,000
Solar Photovoltaic Panels	699	260	1,175	0	0	0	2,134
Wye Valley AONB		96	80	80	0	0	256
SEPUBU Grant	76	66	290	0	0	0	432
Warm Homes Fund	579	381	0	0	0	0	960
Air Quality Monitoring Station		192	0	0	0	0	192
Resource Improvements		0	18,090	0	0	0	18,090
Waste		0	73	0	0	0	73
E-Cargo Bike Share		0	2,042	0	0	0	2,042
Herefordshire Retrofit Hub		0	0	0	0	0	0
Green Homes Grant - Local Authority Delivery		1,835	0	0	0	0	1,835
Home Upgrade Grant		1,725	3,098	4,646	0	0	9,469
Environment & Sustainability Delivery Board	2,045	5,864	24,848	4,726	0	0	37,483
Hereford Enterprise Zone	13,090	1,657	200	0	0	0	14,947

Marches Business Investment Programme	1,884	1,340	205	0	0	0	3,428
Employment Land & Incubation Space in Market Towns	341	500	3,000	10,000	6,860	0	20,701
Leominster Heritage Action Zone	167	1,104	1,833	0	0	0	3,104
Safer Streets / CCTV		383	0	0	0	0	383
Herefordshire Hoard		776	0	0	0	0	776
Fastershire Broadband	22,157	3,282	2,767	7,532	0	0	35,738
Development Partnership activities	10,415	25	1,975	3,000	5,185	0	20,600
Economic Development Delivery Board	48,054	9,067	9,980	20,532	12,045	0	99,678
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	2	1,398	10,800	5,800	0	0	18,000
Stronger Towns Fund - Greening the City		78	332	0	0	0	410
UK Shared Prosperity Fund		81	210	845	0	0	1,135
Rural Prosperity Fund		0	850	856	0	0	1,706
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	1	767	2,732	0	0	0	3,500
Major External Funded Delivery Board	3	2,323	14,924	7,500	0	0	24,751
PC Replacement	1,418	98	0	0	0	0	1,516
Electronic Document Management Storage	212	103	0	0	0	0	315
Capital Development Fund		500	500	0	0	0	1,000
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)		555	0	0	0	0	555
HARC SAN Lifecycle Replacement		0	372	0	0	0	372
Data Centre Equipment Lifecycle Replacement		0	329	0	0	0	329
Windows Server Upgrades		0	330	0	0	0	330
Backup Storage		0	82	0	0	0	82
Device and Ancillary kit replacement programme		0	365	365	415	448	1,593
M365 E5 Implementation		0	300	150	0	0	450
Primary Data Storage Area Network (Plough Lane)		335	0	0	0	0	335
IT Services Partnership Board	1,630	1,591	2,278	515	415	448	6,877
Flexible Futures	167	683	0	0	0	0	850
My Account		313	130	0	0	0	443
Corporate Transformation Delivery Board	167	996	130	0	0	0	1,293
Schools Capital Maintenance Grant		3,265	3,908	1,195	0	0	8,368
Peterchurch Area School Investment	228	100	7,350	3,175	0	0	10,853
Brookfield School Improvements	214	337	3,654	795	0	0	5,000
High Needs Grant		300	1,077	2,678	0	0	4,055
Basic Needs Funding		259	7,496	8,610	0	0	16,365
Preliminary works to inform key investment need throughout the county	200	316	0	0	0	0	516
School Accessibility Works	99	141	1,000	0	0	0	1,240
Estates Capital Programme 2019/22	2,773	1,499	1,810	0	0	0	6,082
Residual property works identified in the 2019 condition reports		1,199	193	0	0	0	1,392

Estates Building Improvement Programme 22-25	1,329	1,414	264	0	0	3,007
Estates Building Improvement Programme 2023-25	0	2,460	1,247	0	0	3,707
Upgrade of Hereford CCTV Cameras	42	0	0	0	0	42
Hereford Library	145	0	200	0	0	345
Asset Management Delivery Board	3,659	8,787	30,562	17,963	0	60,972
Disabled facilities grant	3,018	2,540	2,000	0	0	7,558
Super Hubs	0	2,000	0	0	0	2,000
Unified Tech Fund – Digitising Social Care Prog	75	0	0	0	0	75
Rough Sleepers Accommodation Programme	280	143	0	0	0	423
Community Wellbeing Delivery Board	280	3,237	4,540	2,000	0	10,056
Hillside Care home & Extra Care Development	589	411	0	0	0	1,000
Empty Property Investment & Development	100	500	3,000	9,000	1,400	14,000
Gypsy & Traveller Pitch development	414	900	0	0	0	1,314
Strategic Housing Development	755	30	1,092	0	0	1,877
Private sector housing improvements (Demo Centre)	140	1,252	6,200	6,504	5,904	20,000
	25	174	0	0	0	199
Housing & Accommodation Delivery Board	1,508	2,380	8,692	9,504	14,904	38,389
Total Capital Programme	98,060	66,195	140,283	103,771	52,177	6,270
						466,756

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 31 March 2022 the General Fund balance was £9.6m (6.0% of net budget). This is sufficient to ensure that the council has adequate resources to fund unforeseen financial liabilities, and that the council's approach to general balances is deemed appropriate. The level of reserves and expected movement in reserves are set out in the MTFS as part of the annual budget setting process.

Key Risk Assessment

Key Financial Risk	Likelihood	Impact	Mitigating Action
<p>Not delivering required improvements</p> <p>The council must address the statutory direction and improvements across Children's Services</p>	Low	Medium	<p>The Children's Improvement Board is working with the Department for Education and the appointed Commissioner for Children's Services and resources have been allocated to address required transformation and improvement.</p> <p>Performance against the Improvement Plan is monitored and reported on a quarterly basis.</p>
<p>Unexpected events and emergencies</p> <p>By its nature, the financial risk is uncertain</p>	Low	High	<p>The Council maintains a strategic reserve at a level of between 3 and 5% of its revenue budget for emergency purposes. The level of this reserve at 31 March 2022 was 9.6m (6.0% of budget). Additionally, national resources have historically been provided to support national issues.</p>
<p>Increasing demand for Adult and Children's Social Care</p> <p>Demand for Children's services continue and demand for adult services increases as the population ages.</p>	High	Medium	<p>Demand led pressures are reflected within our spending plans. In year monitoring of performance enables Directorates to forecast trends and identify changes in demand. Talk Community and strength Based Assessment have evidenced managing demand and investing in Early Help and Prevention will support our response to increasing demand.</p>
<p>Potential overspend and non-delivery of savings required to balance the budget</p>	Medium	Medium	<p>High risk budget areas have been identified and financial support is targeted in these areas. Robust and regular financial monitoring which is reported to Leadership Teams and Cabinet enables the identification actions to mitigate the risk of overspends.</p>
<p>Volatility in Government funding streams</p> <p>The government settlement for 2023/24 is a one year settlement; the assumed funding for the MTFS period is not confirmed</p>	High	Medium	<p>The MTFS reflects prudent estimates and assumptions in the financial planning over the medium term period where it is acknowledged that uncertainty over future funding exists.</p>
<p>Interest and Inflation</p> <p>There is uncertainty over interest and inflation rates</p>	Medium	Medium	<p>The Treasury Management Strategy is informed by latest forecast, as provided by our Treasury Management Advisors. Increases in borrowing rates will be offset by increases in investment returns.</p>

Draft Value for Money Strategy

VALUE FOR MONEY STRATEGY

Introduction and our Vision for Herefordshire

This document sets out Herefordshire Council's strategy for assuring ourselves of Value for Money (VfM) in the planning and delivery of all of its services.

The Chartered Institute of Public Finance & Accountancy Financial Management Code states that in making decisions, allocating resources and planning the delivery of services, the authority should seek to ensure that its services are economical, efficient, effective and equitable and break the concept of value for money down into four 'pillars' which are more readily measurable:

- Economy
- Efficiency
- Effectiveness
- Equity

This Strategy has been developed as we want to improve the way we manage our approach to Value for Money to ensure we provide financial, social, economic and environmental value and are able to show the real impact that we have on our residents and our communities.

Our ambition for Herefordshire is set out in the County Plan 2020-2024 and sets the strategic priorities of which value for money is central to its delivery:

“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”.

A new Delivering Value for Money Policy is in place and value for money will be incorporated into the performance review process to ensure that services and the council as a whole are constantly reviewing and improving the use of our resources and the quality of services that are offered.

Key Drivers

In seeking to fulfil its vision of delivering services that perform well and outcomes that improve our residents' quality of life, at a cost that compares favourably with other similar councils, the council has identified four key drivers:

- Ensure that Value for Money remains a clear and sustained focus for the council and is integral to its key decision making processes;
- Promote a shared understanding across the council of what Value for Money means in practice and a culture of continuous improvement;
- Deliver savings that will provide resources for improving services; and
- Demonstrate to residents and other stakeholders that the council achieves good Value for Money.

Approach to Value for money at Herefordshire Council

Value for Money at Herefordshire Council is:

“Achieving our business priorities economically, efficiently, effectively and equitably whilst maximising social and environmental value”

Value for Money is about achievement of the 3E’s:

- Economy - doing things at the best price
- Efficiency - delivering with the least waste of time and effort
- Effectiveness - delivering what we said we would deliver
- Achieving VfM is not simply about one-off reviews, it is a process of continuous service review and improvement.

Our Value for Money priorities

- Integrate VfM and Social Value as part of the Herefordshire Council culture
- Manage our assets to optimise our return on investment
- Gain best possible value out of procurement
- Understand and be able to report on social and environmental value
- Fully understand our costs their impacts across Herefordshire Council and how they link to performance and how we compare with others
- Increase service efficiency and effectiveness – understanding our residents and community needs (performance and continuous improvement)
- Further involve our Staff and Stakeholders in gaining value for money
- Be transparent, accountable and have accessible communication

Framework for Delivering Value for Money

To support delivery of these opportunities, a structure has been put in place around which the plan can be developed and success achieved:

VfM Delivery Framework



Who is involved?

Value for Money needs to be embedded across the council and involves all our governance structures, customers, staff and contractors.

The council's executive, Management Board, are ultimately responsible for ensuring the delivery of value for money, monitoring progress and ensuring that it is embedded into the council's policies and procedures.

However, the responsibility for increasing value for money lies with all Members and officers at all levels of the council. It is not restricted to those with resource or financial management responsibilities, or to the directors of service.

Managers have the executive responsibility to maintain an awareness of good practices in their own area of operation and to ensure that these are followed appropriately. Value for money must be delivered in all of the budgets that they manage. Managers also have the responsibility to keep up to date with developments in good practice in their own service areas. They should actively attempt to identify and review new and developing good practices and apply them to Herefordshire where appropriate.

Every member of staff at Herefordshire Council has a responsibility for delivering value for money on a day to day basis for our customers and working with contractors to get value for money from contracts. All members of staff should attempt to seek and achieve value for money in all of their activities and to bring to management's attention any possible areas for improvement.

The responsibilities of Members are set out in the terms of reference for both the offices they hold and the committees and panels of which they are Members. This information is contained within the Constitution.

Measuring and monitoring how well we are doing

We will use a variety of ways to assess if we are delivering value for money:

- High level financial, operational and satisfaction measures will be reviewed regularly;
- Management accounts are reviewed monthly;
- Key performance measures identified in the council's Delivery Plan are reviewed quarterly;
- We will compare our costs and performance with our peers through internal benchmarking;
- Internal audit carry out reviews as agreed in the internal audit work planning process; and
- Our external auditors will conduct an annual review and provide findings and suggestions for improvement, where appropriate.

Related Council Documents

- 1 Herefordshire Council County Plan 2020-2024
- 2 Herefordshire Council Delivery Plan 2020-2022, Respecting our Past Shaping our Future
- 3 Herefordshire Council Medium Term Financial Strategy 2021/22 – 2023/24
- 4 Herefordshire Council Treasury Management Strategy
- 5 Herefordshire Council Social Value Statement
- 6 Herefordshire Council Contract procedure rules
- 7 Herefordshire Council Procurement and Commissioning Strategy
- 8 Herefordshire Council Annual Report
- 9 Herefordshire Council Risk Management Policy
- 10 Herefordshire Council Digital Strategy
- 11 Herefordshire Council Performance Management Framework
- 12 Herefordshire Council Customer Service Standards
- 13 Herefordshire Council Workforce Strategy

Appendix B: Savings Proposals recommended for approval for 2023/24

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2023/24 Directorate Savings

Directorate	Saving £m
Community Wellbeing	6.1
Children & Young People	4.5
Economy & Environment	2.2
Corporate Services	1.3
Total Savings 2023/24	14.1

186

2023/24 Community Wellbeing Savings £6.1m

Directorate	Ref	Name of proposal	Description	Saving £'000
Community Wellbeing	S1	Stable engaged workforce	Reduction in reliance on agency staff and move to a permanent staffing establishment. Review of vacant posts	710
Community Wellbeing	S2	Edge of Care and Prevention	Transformation of 'front door' service to deliver efficient working practices to respond to initial contact for adult social care	300
Community Wellbeing	S3	New integrated models of care (Shared Lives/Home Share/Personal Assistants)	Extension of Shared Lives Scheme and review of geographically based Personal Assistants to provide more options in the community	550
¹⁸⁷ Community Wellbeing	S4	Occupational Therapy Delivery Model	New model of delivery for occupational therapy	100
Community Wellbeing	S5	Digital and technology	Improved, systemic deployment of digital and technology solutions across the directorate, including care packages	500
Community Wellbeing	S6	Respite Provision	Transformation of provision of respite care	300

2023/24 Community Wellbeing Savings £6.1m

Directorate	Ref	Name of proposal	Description	Saving £'000
Community Wellbeing	S7	Process efficiency: Block Bed contracts	Reduce the number of spot placements to create a better balance of placement options	300
Community Wellbeing	S8	Telecare Charges	Increase charges for Telecare	150
Community Wellbeing	S9	Process efficiency: Business Support	Review of business support costs including postage, scanning, training	100
¹⁸⁸ Community Wellbeing	S10	Process efficiency: Income collection and Debt Management	Transformation of income collection processes to maximise income (including benefits) and reduce debt and corresponding debt recovery activity	600
Community Wellbeing	S11	Process efficiency: Repairs and Maintenance	Review of contract to deliver repairs and maintenance	100
Community Wellbeing	S12	Process efficiency: Brokerage	Review of brokerage functions, including potential for supporting self funders and integration across the Integrated Care System	100

2023/24 Community Wellbeing Savings £6.1m

Directorate	Ref	Name of proposal	Description	Saving £'000
Community Wellbeing	S13	All Age Commissioning	Transformation of services for vulnerable homeless people and care experienced young people	600
Community Wellbeing	S14	Social Care Delivery	Management of demand through Talk Community initiatives and wider health input	750
Community Wellbeing 189	S15	Public Health	Review of weight management services, NHS health checks for adults and oral checks for children aged 4-6 months, withdrawal of occupational flu vaccine offer and end of online mental health support pilot	326
Community Wellbeing	S16	Supported Living	Remodelling of Supported Living	369
Community Wellbeing	S17	Care & Funding Pathway	Continuation of Fair & Consistent Care & Funding Pathway	250
			Total Community Wellbeing Savings	6,105

2023/24 Children & Young People Savings £4.5m

Directorate	Ref	Name of proposal	Description	Saving £'000
Children & Young People	S18	Placement Management	Reduction in numbers of children coming into our care; increased recruitment of foster carers; review of sufficiency; tight management control of high-cost placements*	2,500
Children & Young People	S19	Recruitment and Retention	Reduction in reliance on agency staff and move to a permanent staffing establishment. Gradual withdrawal of previously added additional capacity. Revised Workforce Strategy*	2,000
* Each of these key areas of focus are inextricably linked to progress of the wider Children's Improvement Plan				
			Total Children & Young People Savings	4,500

2023/24 Economy & Environment Savings £2.2m

Directorate	Ref	Name of proposal	Description	Saving £'000
Economy & Environment	S20	BBLP Annual Plan Revision	Efficiencies within the contract including management of streetwork permits and highway reinstatements	350
Economy & Environment	S21	Waste Collections	Revision to household collections on Bank Holidays – no collections on Bank Holidays, collections to slip a day	80
Economy & Environment	S22	Parking Income	Delivery of deferred proposals from 2022/23	450
¹⁹¹ Economy & Environment	S23	Fees & Charges: Regulatory Services	Application of inflationary charges across all fees & charges and a review of services where charges are not currently applied	300
Economy & Environment	S24	Fixed Penalty Notice Pilot Scheme	Introduction of trial enforcement for littering offences	50
Economy & Environment	S25	Transformation of Planning & Regulatory Services (Stage 1)	Restructure of Planning to be in place by April 2023, followed by a review of income generation services including Pre-Application advice and the introduction of Planning Performance Agreements	350

2023/24 Economy & Environment Savings £2.2m

Directorate	Ref	Name of proposal	Description	Saving £'000
Economy & Environment	S26	Economic Development: Vacancy Management	Removal of 2 vacant posts to be offset by funding as part of UK Share Prosperity Fund award	50
Economy & Environment	S27	Enterprise Zone Running costs	A review of running costs, including maximisation of income sources	150
Economy & Environment	S28	Economy & Environment Directorate Transformation Programme	Review of frontline services, Demand Management, Partnership and Commercial Opportunities and Strategies for growth	600
192		Public Realm Future Operating Model Project costs	Ongoing development of future operating model prior to final recommendation on proposed changes to how the services are delivered – additional cost for 23/24	(180)
			Total Economy & Environment Savings	2,200

Economy & Environment Savings Deferred from 2022/23 £977k

2022/23 Ref	Name of proposal	Description	2023/24 Deferred Y2 Savings £'000	2024/25 Deferred Y3 Savings £'000	Total Deferred Savings £'000
S5	Introduction of charges for non-domestic waste at household recycling centres	Introduce charges for soil, DIY waste, tyres and plasterboard at Household Recycling Centres	0	345	345
S6	Waste collection charges increases	Increase charges for commercial and bulky waste services	25	25	50
S8	General parking charge increase	A 10p per hour increase in council car parking charges	200	200	400
S9	On street parking charges expansion in Hereford	On street parking charges expansion	13	0	13
S10	Moving traffic enforcement by camera	Introduction of Camera enforcement for a variety of moving traffic offences at locations across Herefordshire	25	0	25

Economy & Environment Savings Deferred from 2022/23 £977k

2022/23 Ref	Name of proposal	Description	2023/24 Deferred Y2 Savings £'000	2024/25 Deferred Y3 Savings £'000	Total Deferred Savings £'000
S11	Review of resident parking permit fees	A phased increase in residents parking permit fees in 23/24 ad 24/25	30	30	60
S12	Review of parking enforcement	An external review of parking enforcement to maximise the effectiveness of the service	50	0	50
S13	Increase New Roads and Street Works Act income	Additional income from increased inspection and enforcement of 3 rd Party works on the public highway	15	0	15
S16	Invest to save – purchasing plant items	Purchase of construction plant to reduce ongoing hire charges	12	0	12
S17	Review of Charges Increase income for skips, scaffolds & drop kerbs	Increased licence charges for skips, scaffolds and drop kerbs	1	1	2

Economy & Environment Savings Deferred from 2022/23 £977k

2022/23 Ref	Name of proposal	Description	2023/24 Deferred Y2 Savings £'000	2024/25 Deferred Y3 Savings £'000	Total Deferred Savings £'000
S19	Home To School-College Transport	Review and retendering of school and college transport routes to maximise efficiency	5	0	5
		Total Economy & Environment Deferred Savings	376	601	977

2023/24 Corporate Services Savings £1.3m

Directorate	Ref	Name of proposal	Description	Saving £'000
Corporate Services	S29	Exit from inefficient properties	Exit from buildings which are expensive to maintain and those which are energy efficient	300
Corporate Services	S30	Increase in rental income	Review of charges to ensure maximisation of rental income, charging for internal use of properties and full cost recovery	170
Corporate Services	S31	Finance Payment Process Efficiencies	Transformation of payment processes to embed purchase cards and full recovery of costs for Revenue & Benefits activity	100
Corporate Services	S32	Mobile Phones	Reduction in mobile phone provision to staff	20
Corporate Services	S33	Herefordshire Now	Delivery of Herefordshire Now as online magazine only	100
Corporate Services	S34	Children's Services Legal Support	Children's specific lawyers to be funded from Children's Transformation Fund	200

2023/24 Corporate Services Savings £1.3m

Directorate	Ref	Name of proposal	Description	Saving £'000
Corporate Services	S35	Transformation of legal support	Reduction in reliance on external legal advice sue to increase in-house capacity	140
Corporate Services	S36	Transformation of Programme Management Office (PMO)	Transformation of PMO service delivery and increased recovery of costs	300
			Total Corporate Services Savings	1,330

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Directorate Base Budgets 2023/24

Community Wellbeing £68.124m

Commissioning & Operational Service Delivery	
	£m
Employees	16.905
Premises	0.345
Transport	0.327
Supplies & Services	0.238
Support Services	0.012
Third Party Payments	4.620
Transfer Payments	(1.787)
Gross Budget	20.660
Income	(16.237)
Net Budget	4.423

Services for Vulnerable Adults (Care Provision)	
	£m
Employees	0.064
Premises	-
Transport	0.216
Supplies & Services	0.111
Support Services	-
Third Party Payments	79.896
Transfer Payments	-
Gross Budget	80.287
Income	(16.682)
Net Budget	63.605

Public Health	
	£m
Employees	1.205
Premises	0.004
Transport	0.006
Supplies & Services	3.491
Support Services	0.059
Third Party Payments	2.549
Transfer Payments	2.401
Gross Budget	9.715
Income	(9.619)
Net Budget	0.096

Children & Young People £50.812m

Children's Commissioning	
	£m
Employees	0.042
Premises	-
Transport	0.001
Supplies & Services	(0.005)
Support Services	0.018
Third Party Payments	0.468
Transfer Payments	0.080
Gross Budget	0.604
Income	(0.207)
Net Budget	0.397

Directors' Office	
	£m
Employees	1.179
Premises	-
Transport	0.003
Supplies & Services	(0.508)
Support Services	-
Third Party Payments	-
Transfer Payments	-
Gross Budget	0.674
Income	-
Net Budget	0.674

Improvement	
	£m
Employees	4.746
Premises	-
Transport	-
Supplies & Services	-
Support Services	-
Third Party Payments	-
Transfer Payments	-
Gross Budget	4.746
Income	-
Net Budget	4.746

Youth Offending	
	£m
Employees	-
Premises	-
Transport	-
Supplies & Services	-
Support Services	-
Third Party Payments	0.197
Transfer Payments	-
Gross Budget	0.197
Income	-
Net Budget	0.197

Additional Needs	
	£m
Employees	1.950
Premises	-
Transport	2.856
Supplies & Services	(0.053)
Support Services	-
Third Party Payments	1.502
Transfer Payments	0.001
Gross Budget	6.256
Income	(0.252)
Net Budget	6.004

Commissioning Management	
	£m
Employees	0.588
Premises	3.192
Transport	0.002
Supplies & Services	0.004
Support Services	(0.685)
Third Party Payments	-
Transfer Payments	-
Gross Budget	3.101
Income	(2.201)
Net Budget	0.900

Development & Sufficiency	
	£m
Employees	1.340
Premises	0.033
Transport	0.019
Supplies & Services	0.476
Support Services	(0.044)
Third Party Payments	0.042
Transfer Payments	-
Gross Budget	1.866
Income	(0.763)
Net Budget	1.103

Early Help & Early Years	
	£m
Employees	1.581
Premises	-
Transport	0.034
Supplies & Services	(0.109)
Support Services	-
Third Party Payments	0.003
Transfer Payments	(0.065)
Gross Budget	1.444
Income	(0.007)
Net Budget	1.437

Education Improvement	
	£m
Employees	0.638
Premises	-
Transport	0.011
Supplies & Services	(0.139)
Support Services	(0.008)
Third Party Payments	0.026
Transfer Payments	-
Gross Budget	0.528
Income	(0.097)
Net Budget	0.431

Children in Need	
	£m
Employees	4.678
Premises	-
Transport	0.091
Supplies & Services	(1.927)
Support Services	-
Third Party Payments	0.088
Transfer Payments	-
Gross Budget	2.930
Income	-
Net Budget	2.930

Looked after Children	
	£m
Employees	3.963
Premises	0.449
Transport	0.131
Supplies & Services	(1.904)
Support Services	0.202
Third Party Payments	29.743
Transfer Payments	0.087
Gross Budget	32.671
Income	(3.947)
Net Budget	28.724

Safeguarding & Early Help Management	
	£m
Employees	1.436
Premises	-
Transport	0.006
Supplies & Services	0.042
Support Services	-
Third Party Payments	-
Transfer Payments	-
Gross Budget	1.484
Income	-
Net Budget	1.484

Safeguarding & Review	
	£m
Employees	1.243
Premises	-
Transport	0.007
Supplies & Services	0.059
Support Services	0.032
Third Party Payments	-
Transfer Payments	0.005
Gross Budget	1.346
Income	(0.179)
Net Budget	1.167

Safeguarding Development	
	£m
Employees	0.547
Premises	-
Transport	0.005
Supplies & Services	0.057
Support Services	-
Third Party Payments	0.039
Transfer Payments	-
Gross Budget	0.648
Income	(0.030)
Net Budget	0.618

Economy & Environment £27.735m

Economic Growth	
	£m
Employees	0.973
Premises	0.053
Transport	0.005
Supplies & Services	0.081
Support Services	-
Third Party Payments	0.192
Transfer Payments	-
Gross Budget	1.304
Income	(0.398)
Net Budget	0.906

Environment, Highways & Waste	
	£m
Employees	4.599
Premises	3.039
Transport	5.433
Supplies & Services	(2.051)
Support Services	0.026
Third Party Payments	26.998
Transfer Payments	0.497
Gross Budget	38.541
Income	(12.580)
Net Budget	25.961

Planning & Regulatory Services	
	£m
Employees	6.025
Premises	0.088
Transport	0.093
Supplies & Services	0.430
Support Services	-
Third Party Payments	0.162
Transfer Payments	-
Gross Budget	6.798
Income	(6.132)
Net Budget	0.666

Management	
	£m
Employees	0.424
Premises	-
Transport	-
Supplies & Services	(0.222)
Support Services	-
Third Party Payments	-
Transfer Payments	-
Gross Budget	0.202
Income	-
Net Budget	0.202

Corporate Services £25.530m

Corporate Support Services	
	£m
Employees	-
Premises	-
Transport	-
Supplies & Services	2.344
Support Services	-
Third Party Payments	2.388
Transfer Payments	-
Gross Budget	4.732
Income	(0.575)
Net Budget	4.157

People & Performance	
	£m
Employees	4.791
Premises	-
Transport	0.006
Supplies & Services	0.397
Support Services	(0.001)
Third Party Payments	0.759
Transfer Payments	0.003
Gross Budget	5.955
Income	(0.258)
Net Budget	5.697

Finance, Legal & Governance	
	£m
Employees	7.846
Premises	-
Transport	0.016
Supplies & Services	2.804
Support Services	(0.257)
Third Party Payments	3.635
Transfer Payments	0.770
Gross Budget	14.814
Income	(1.884)
Net Budget	12.930

Property Services	
	£m
Employees	1.539
Premises	2.649
Transport	0.003
Supplies & Services	(0.191)
Support Services	(0.024)
Third Party Payments	3.729
Transfer Payments	-
Gross Budget	7.705
Income	(4.959)
Net Budget	2.746



Herefordshire Council
Treasury Management Strategy
2023/24 – 2026/27

Treasury Management Strategy 2023-27

Herefordshire Council

Treasury Management Strategy 2023/24-2026/27

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Treasury Management Strategy 2023-27

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 Department for Levelling Up, Housing and Communities (DLUHC) Investment Guidance, the DLUHC 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). CIPFA published the updated Treasury Management and Prudential Codes on 20th December 2021 with full implementation required for 2023/24. The new CIPFA codes have adopted a set of restrictions to discourage capital expenditure on commercial investments for yield.
- 1.3 The purpose of this Treasury Management Strategy (TMS) is to approve:
- Treasury Management Strategy for 2023/24-2026/27
 - 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 2023/24

- 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. Inflation rising to 10.7% (November 2022) is over five times the Government set target of 2%, however this is expected to fall in the second half of 2023.

Borrowing

- 2.2 Borrowing is driven by the requirements of the approved capital investment budget. The forecast capital investment budget for 2023/24 indicates £52.8m

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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.

- 2.3 PWLB is the usual route of obtaining loan finance for councils including Herefordshire Council. The forecast interest cost of new borrowing has been adjusted to reflect the new forecast interest rate cost on new borrowings required.
- 2.4 Using current forecasts during 2023/24 the council's underlying need to borrow is expected to increase by £42.6m, as shown in the table below.

	£m excluding PFIs
Estimated council borrowing as at 31st March 2023	122.6
Capital spend financed by prudential borrowing	52.8
Less minimum revenue provision	(10.2)
Estimated council borrowing as at 31st March 2024	165.2
Increase in estimated council borrowing	42.6

- 2.5 The borrowing budget for 2023/24 includes provision to pay short-term interest costs and the interest cost on existing fixed long term borrowing, a total budget of £4.8m.
- 2.6 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.
- 2.7 The council's exposure to variable rate debt has been discussed with the council's treasury adviser, Link Group, who agree with the council's borrowing policy and the local consideration of interest rate forecasts.

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Investments

2.8 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 Group.

As a result of current banking regulations which, in the absence of government support, put the council's deposits at risk when banks get into difficulty, the council will:

- Maintain lower investment balances during the year;
- Keep low but liquid cash balances and invest these mainly in Money Market Funds (LVNAV (Low Volatility Net Asset Value));
- Maintain counterparty limits with the banks and building societies at prudent levels;
- Consider other creditworthy investments to increase diversification.

2.9 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.

2.10 There are a growing number of financial institutions promoting environmental, social and governance (ESG) issues. The council will take an active approach to target these entities, however these ESG issues must play a subordinate role to the priorities of security, liquidity and yield.

3. Economic Context and Interest Rate Forecast

Economic context

3.1 Treasury management activity is monitored and maintained by the council's in-house team of qualified finance staff supported by external treasury management advisors: Link Group. Officers hold regular meetings with the advisors to consider the impact of existing and future economic conditions on investments and short and long-term borrowing and the council's strategy.

3.2 **UK** the Bank of England voted by a majority of 6-3 to increase Bank Rate by 0.5% to 3.5% during its December 2022 meeting.

3.3 The Monetary Policy Committee (MPC) - Bank of England Monetary Policy Report August 2022 has stated that the UK is in for five quarters of recession starting in Quarter 4 2022 and running all the way through to the end of 2023. In the interim, it is projected that CPI inflation will exceed 11% in Quarter 4 2022. Half of this increase can be attributed directly to gas/electricity price inflation and a further 2% - 2.5% to the indirect knock-on effects of higher energy on production/services. Capital Economics forecast

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that large rises in both producer price inflation and wholesale electricity and gas prices will delay the return of inflation to 2% until after 2023.

- 3.4 There has been a significant change in global economic conditions in the last two quarters as a result of rising inflation, the impact of conflict in Ukraine and global factors such as the strength of the US dollar.
- 3.5 The Office for Budget Responsibility's (the OBR) borrowing reached a record high in November. The trio of the government's energy price support, cost of living payments and pressures from the weakening economy implies that borrowing will come in at £50bn above the 2021/22 total.
- 3.6 **US** CPI has eased for a fifth month to reach 7.1% in November 2022, despite the easing, this is still higher than the 6.2% the year before. The Federal Bank raised the federal funds rate to the 3%-3.25% range during its September meeting, the third straight three-quarter point increase and pushing borrowing costs to the highest since 2008. It is expected that interest rates will likely reach 4.4% by December.
- 3.7 **EU** The European Central Bank raised interest rates by 75bps at their September meeting following a 50 bps increase in July which matched expectations. The Governing Council stated that interest rates should rise further over their next few meetings. They revised the central bank's inflation projections, now forecasting inflation to average 8.1% in 2022, 5.5% in 2023 and then 2.3% in 2024. Growth was also revised down to 3.1% for 2022, 0.9% for 2023 and 1.9% for 2024.

Interest rate forecast

- 3.7 The bank rate is expected to continue to increase throughout 2023. Investment returns are likely to remain low for the foreseeable future.
- 3.8 There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will incur a revenue cost of the difference between higher borrowing costs and lower investment returns. For example borrowing could be secured at a 1.5% interest cost and an investment could generate a 0.5% return, representing a cost of carry of 1.0%.
- 3.9 A more detailed interest rate forecast provided by the Link Group 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 upfront 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:-

	31/03/2023 Estimate £'000	31/03/2024 Estimate £'000	31/03/2025 Estimate £'000	31/03/2026 Estimate £'000
Forecast Capital Finance Requirement (CFR)	325,021	366,582	384,393	402,768
Less: PFI and other long term commitments	(44,165)	(42,824)	(41,411)	(40,055)
CFR excluding other long-term liabilities (PFIs)	280,856	323,758	342,982	362,713
Less: Existing fixed long term borrowing (a)	(122,567)	(119,439)	(112,501)	(106,353)
Maximum new borrowing requirement	158,289	204,319	230,481	256,360

- 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 2024 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 excludes this impact as work continues on establishing the effect of this accounting change. Indications are that the impact will be immaterial.

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5. Borrowing Strategy

- 5.1 At 31 October 2022 the council held £128.1m of long-term fixed rate loans as shown in Annex A. Current capital expenditure forecasts suggest that there will be further capital spend financed by borrowing before the end of the financial year, if spend slips and / or cash balances remain high then the need to borrow will be deferred.

Objective

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

Strategy

- 5.3 Given the significant cuts to public expenditure and in particular to local government funding, the council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently 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 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 5.5 Short-term loans leave the council exposed to the risk of short-term interest rate rises; therefore the risk is mitigated by restricting the exposure to this risk at 50% of the debt total.

Sources

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

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

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

LOBO loans

5.8 The council has two historic LOBO loans (Lender's Option, Borrower's Option) of £6m each on which the council pays interest at 4.5%. Every six months, when the interest charges become due, the lenders have the option to increase the interest rate being charged at which point the council can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the council since the decision to amend the terms is entirely at the lender's discretion.

Debt rescheduling

5.9 The PWLB allows the repayment of loans before maturity by either paying a premium or receiving a discount according to a set formula based on current interest rates. 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 minimum cash flow balance of around £20m to cover all contingencies. A cash flow forecast is maintained that includes all known receipts and payments so that the council can take action to ensure that it can meet all its liabilities when they fall due.

Objective

6.2 Both the CIPFA Code and the DLUHC 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 2023/24 the council will continue to rely on Money Market Funds which are highly diversified and carry reduced credit risk.

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Risk Assessment and Credit Ratings

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

Approved Counterparties

- 6.7 The council will invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown. A group of banks under the same ownership will be treated as a single organisation for investment limit purposes.

Table 2: Approved Investment Counterparties and Limits

		Colour coding 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

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Multilateral development banks	Bonds	AAA	5m	6 months
Local Authorities	Term deposits		10m	1 year
Money Market Funds	MMFs	AAA	10m	Liquid
Other investments:				
Top five UK Building Society		£5m per fund (up to six months' duration)		
Pooled funds		£5m per fund		
Mercia Waste Management (providing finance for Energy from Waste Plant)		£40m over the course of the contract		

Specified Investments

6.8 The DLUHC Guidance defines specified investments as those:

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

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

Non-specified Investments

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

Table 3: Non-Specified Investment Limits	Cash limit
Total long-term investments	£5.0m
Total investments with unrecognised credit ratings	£5.0m
Total non-specified investments	£10.0m

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7. Annual Minimum Revenue Provision Statement 2023/24

- 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 Department for Levelling Up, Housing and Communities' Guidance on Minimum Revenue Provision (the DLUHC 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 2023/24 calculation of MRP is as follows:

	Indicative 2023/24 MRP charge £000
Supported borrowing	1,424
Prudential borrowing	8,460
Sub Total	9,884
Finance leases and private finance initiatives	1,767
TOTAL	11,651

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

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

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

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

Treasury Management Strategy 2023-27

Annex A

EXISTING BORROWING AND INVESTMENTS

The overall treasury management portfolio as at 31 March 2022 and for the position as at 31 October 2022 are shown below for both borrowing and investments.

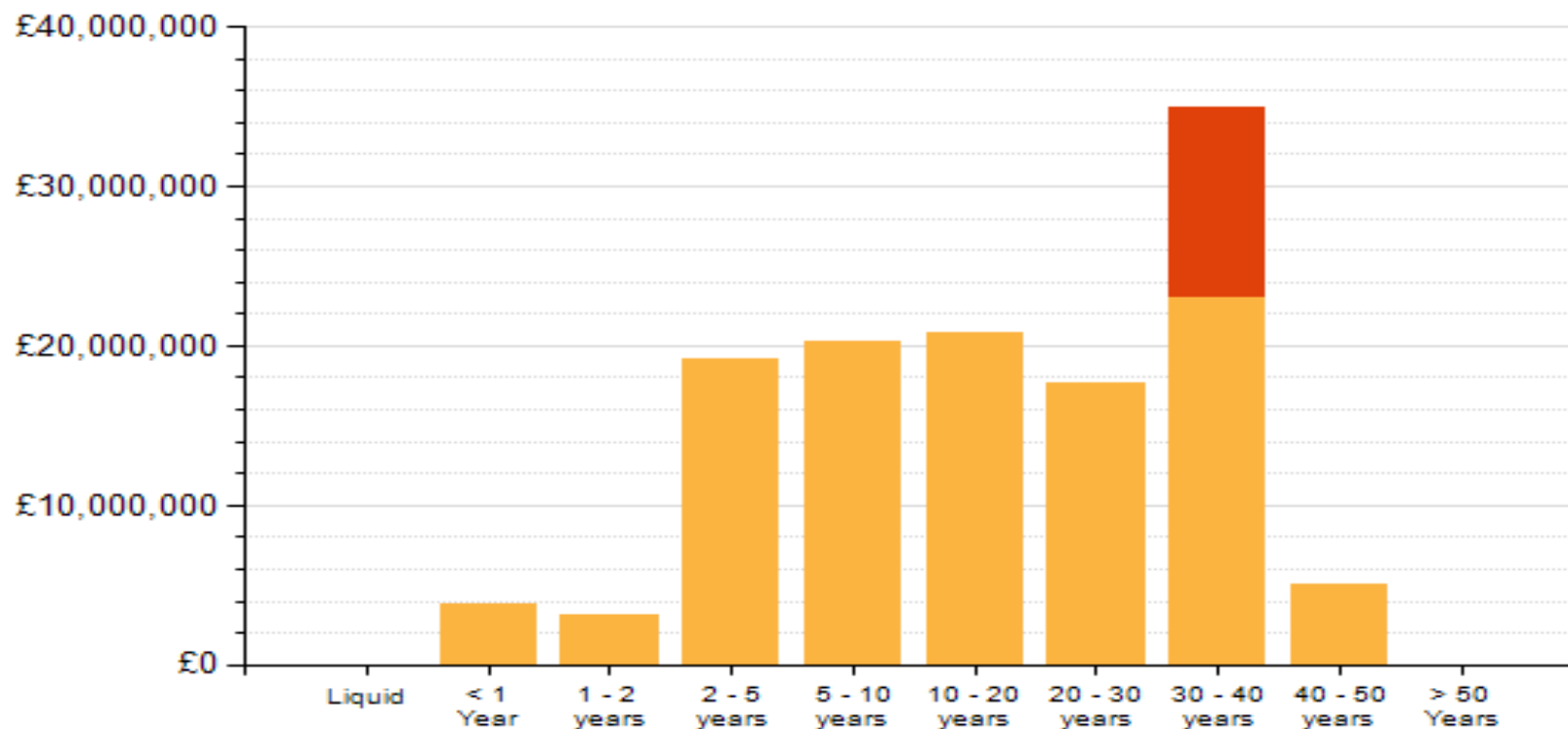
TREASURY PORTFOLIO

	Actual	Actual	Current	Current
	31/03/22	31/03/22	31/10/22	31/10/22
	£000	%	£000	%
Treasury Investments				
banks	13,210	17%	15,250	16%
banks – ESG 'green' deposits	10,000	12%	10,000	10%
building societies - unrated		0%	0	0%
building societies - rated	5,000	6%	5,000	5%
local authorities	15,000	19%	0	0%
DMADF (H.M. Treasury)		0%	5,000	5%
money market funds	36,480	46%	62,030	64%
certificates of deposit	0	0%	0	0%
Total managed in house	79,690	100%	97,280	100%
bond funds	0	0%	0	0%
property funds	0	0%	0	0%
Total managed externally	0	0%	0	0%
Total treasury investments	79,690	100%	97,280	100%
Treasury external borrowing				
local authorities	0	0%	0	0%
PWLB	117,427	91%	116,116	91%
LOBOs	12,000	9%	12,000	9%
Total external borrowing	129,427	100%	128,116	100%
Net treasury investments / (borrowing)	(49,737)	0	(30,836)	0

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Annex B BORROWING MATURITY PROFILE AS AT 30/11/2022

Loans Maturities by Type



PWLB Borrowing



LOBO Borrowing

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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	2022/23 Forecast £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000	2026/27 Estimate £000	Total £000
Total expenditure	66,195	141,661	103,256	51,762	5,822	368,696
Funding						
Grants, contributions and capital receipts	45,444	88,876	72,560	19,747	960	227,587
Prudential borrowing	20,751	52,785	30,696	32,015	4,862	141,109
Total	66,195	141,661	103,256	51,762	5,822	368,696

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)	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
CFR excluding PFI	280,856	323,758	342,982	362,713
PFI and finance leases*	44,165	42,824	41,411	40,055
Total forecast CFR	325,021	366,582	384,393	402,768

** this value is expected to increase following the adoption of IFRS16 from 1 April 2024 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.

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Operational Boundary	2022/23 Estimate £0	2023/24 Estimate £0	2024/25 Estimate £0	2025/26 Estimate £0
Operational Boundary for Borrowing	340,000	340,000	340,000	340,000
Operational Boundary for other Long-	60,000	60,000	60,000	60,000
Operational Boundary for External Debt	400,000	400,000	400,000	400,000

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	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 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.

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Ratio of Financing Costs to Net Revenue Stream	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	£'000	£'000	£'000
Net Revenue Stream	190,978	201,086	240,105
Financing Costs (excluding PFI)	15,500	18,422	20,133
Percentage	8.1%	9.2%	8.4%

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

8 Maturity Structure of Borrowing (fixed and variable)

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

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

Maturity structure of fixed rate borrowing	Estimated level at 31/03/23	Lower Limit for 2023/24	Upper Limit for 2023/24
Under 12 months	2%	0%	10%
12 months and within 24 months	6%	0%	10%
24 months and within 5 years	16%	0%	25%
5 years and within 10 years	17%	0%	35%
10 years and above	59%	0%	80%
Total	100%		

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

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

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Upper Limit for total principal sums invested over 364 days	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£m	£m	£m	£m
Authorised counterparties	5	5	5	5

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Annex D

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

	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Bank Base Rate (%)	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
PWLB Rates (%):													
5 years	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 years	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 years	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.90	3.60	3.50	3.50
50 years	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20
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 increase to 4.5% by June 2023 before decreasing to 2.5% by September 2025.

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Council budget:

- The proposed treasury management budget is as follows:

	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000
Minimum revenue provision (excludes PFI)	9,884	11,471	12,284	13,645
Interest payable	5,616	6,951	7,849	8,334
Totals	15,500	18,422	20,133	21,979

- As can be seen from the table above, the council's treasury advisors central forecast is for the Bank Base Rate to increase to 4.5% during 2023, with decreases expected in the following two years. The council's borrowing budget has been based on a rate of up to 4.0% which should incorporate sufficient headroom to accommodate any unexpected changes in the Base Rate.
- Should the Bank Base Rate increase sooner or more rapidly than forecast, the increased yield on investments will partly offset any increase in short-term variable borrowing rates.
- Performance against budget will be reported to Cabinet in the financial performance reports.

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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

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will not result in the organisation materially deviating from the Code's key principles.

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

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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.

Reserves

Reserves	Balance as at 31/03/2021 £m	Movements 21/22 £m	Balance as at 31/03/2022 £m	Expected Movements 22/23 £m	Expected balance 31/03/2023 £m	Explanatory notes
Unallocated Reserve	9.1	0.5	9.6	0.0	9.6	General Reserves for use, as necessary
Earmarked Reserves						
County Plan						
Planned future revenue spending	4.9	0.8	5.7	(2.4)	3.3	Settlement monies & adults integration
Planned future capital spending	2.6	0.2	2.8	(1.6)	1.2	Technology Enabled Communities & remedial road works
Business Risk						
Identified Operational Risks	10.7	1.8	12.5	0.0	12.5	Business rates and severe weather events
Resilience & Risk Mitigation	17.3	0.1	17.4	(17.4)	0.0	Financial resilience and legal risk mitigation
Children & Families						
Childrens Services	5.7	(3.7)	2.0	(1.0)	1.0	To fund improvement journey
School balances	10.4	(1.0)	9.4	(1.4)	8.0	Ring-fenced
Adults Services	4.6	(0.6)	4.0	(0.6)	3.4	Care costs contingency
Economy and Place						
Non-Covid grants and receipts carried forward	8.4	2.1	10.5	(2.3)	8.2	This includes the managing climate change reserve
Covid government grants carried forward	23.8	(11.2)	12.6	(7.9)	4.7	Mainly in relation to business rate relief
Corporate and Central						
PFI Contractual commitments	9.9	(0.3)	9.6	0.5	10.1	Set aside for committed spend
Contractual commitments	2.6	2.4	5.0	0.0	5.0	Mainly McCloud pension estimated liabilities
Digital Infrastructure	0.5	0.0	0.5	(0.3)	0.2	ICT services
Reactive & Transitional Reserves	4.2	0.3	4.5	5.7	10.2	To smooth expenditure profiles
Total unallocated and earmarked reserves	114.7	(8.6)	106.1	(28.7)	77.4	

Summary of Herefordshire Council's 2023/24 Budget consultation events

1. Introduction to the consultation

As part of the budget setting exercise for 2023/24 a series of 12 consultation events were held between 25th November – 17th December with members of the public. Additional sessions were held with community groups through a Community Partnership event on the 23rd November and a Business event as part of their Quarterly Briefings with Herefordshire Council on the 13th December.

Another event is planned for the 9th January with Parish and Town Councils.

Approximately 428 people participated in the events.

Context

This budget consultation has been held amidst a year which has seen unprecedented increases in costs for both residents and businesses across Herefordshire. It has also had a significant impact on the Council's finance with large increases in costs for fuel, energy, adult social care, looked after children and environmental services.

To meet these pressures, Herefordshire and local authorities across the country are now facing budget deficits on a scale that has not been seen before. With no assistance coming from central government, this means that additional cost pressures from inflation and growth in demand for services are unfunded and savings measures must be identified to address the resulting shortfall.

To ensure that the Council remains in a financial position to progress their priorities of protecting and enhancing the environment, supporting the local economy and strengthening communities, they need to build financial resilience and make sure that they manage the Council's finances very carefully. Rising costs and increased local demand for services mean they are currently facing a budget shortfall of at least £21 million in 2023/24. This is such a serious shortfall that it can only be addressed by undertaking a complete review of the services the Council can and cannot continue to provide.

The consultation presented some high-level options that could contribute towards balancing the budget for 2023/24 and their likely impacts which included reducing and changing services, increasing charging for services and increasing council tax.

Overview of consultation approach

The consultation aimed to engage people in two main activities. Activity 1 asked people to indicate 'in principle' if they supported or did not support six key approaches suggested by Herefordshire Council. Activity 2 consisted of specific proposals related to services currently provided by Herefordshire Council and suggested changes to these which would either result in a

saving or an increase in income. Members of the public were also able to make any additional comments about all services offered by Herefordshire Council.

It should be noted that a decision was made by Herefordshire Council to significantly change the wording of Activity 2 mid-way through the consultation. As a result the researchers observed that this fundamentally changed how people interpreted the options presented. It is therefore necessary to present the results of the consultation in two parts as data gathered once the changes were made are not directly comparable with the earlier data due to the meaning of the options changing.

Consultation engagement

The number of people approaching the stands was recorded using a clicker. Approximately 428 people were engaged through the events. A list of consultation events with the corresponding number of people spoken to is included in Appendix A.

Engagement consisted of the following:

- Just a conversation with the researchers or the Council representative present
- People leaving a comment in the comment box (comments were either specific and required a response or more general). A full list of the comments can be seen at Appendix B
- Completing Activity 1 only (most people indicated a preference for each statement but some chose only to put tokens in one or two of the boxes)
- Completing Activity 2 only – mostly people completed the whole exercise
- Completing Activity 1 and 2

It is important to note that due to the different types of engagement there are different total figures for the amount of people engaging, the amount of people participating in Activity 1 and the amount of people participating in Activity 2.

Overall, there was lots of positive engagement, with members of the public sympathising with the difficult decisions that needed to be made and an appreciation of being asked their opinion.

Challenges encountered were:

- The online survey was not live during most of the consultation events, so people who did engage but wanted to spend more time at home considering the options may not have been able to.
- The time of year – December. People were either too busy focusing on Christmas shopping or it was just too cold to stop and talk for too long.
- The change in wording for the service proposals.

Content of consultation session

Activity 1

Participants were asked to vote in each of the six token boxes. Each box included one of the following headings:

- Helping communities to help themselves
- Raising money in ways which mean that people who can afford it pay more towards services
- Continuing the 100% discount for people most in need
- Selling council owned land or buildings to raise one-off money
- Making more services available online
- Paying a voluntary contribution in addition to your council tax to protect specific services.

People were asked to indicate whether they supported each approach by inserting a blue token in the box or a red token if they didn't support it.

Activity 2

A list of proposed changes was presented on a flip chart with participants being asked to tick if they supported or did not support that proposed change. The first version of Activity 2 included a description of the service area together with the potential cost saving as a result of the change. The second version of Activity 2 was less detailed and did not include any financial information. In each version people were asked to indicate if they supported or didn't support the proposal by ticking the relevant column. It should be noted that the first version of Activity 2 was better received by the public – people liked seeing the financial information and understanding the impact of the change with the overall savings that need to be made. The way that the first version was presented made people feel that information was being openly shared and this also made them feel empathetic towards the council. Overall, there was a recognition that the Council had very tough choices to make. However, once the new wording for Activity 2 was used feedback received was less positive. There was confusion about the meaning of 'transform' which made people feel that they were not being entirely transparent about the future of services. Section 2 discusses further the options presented in Activity 2.

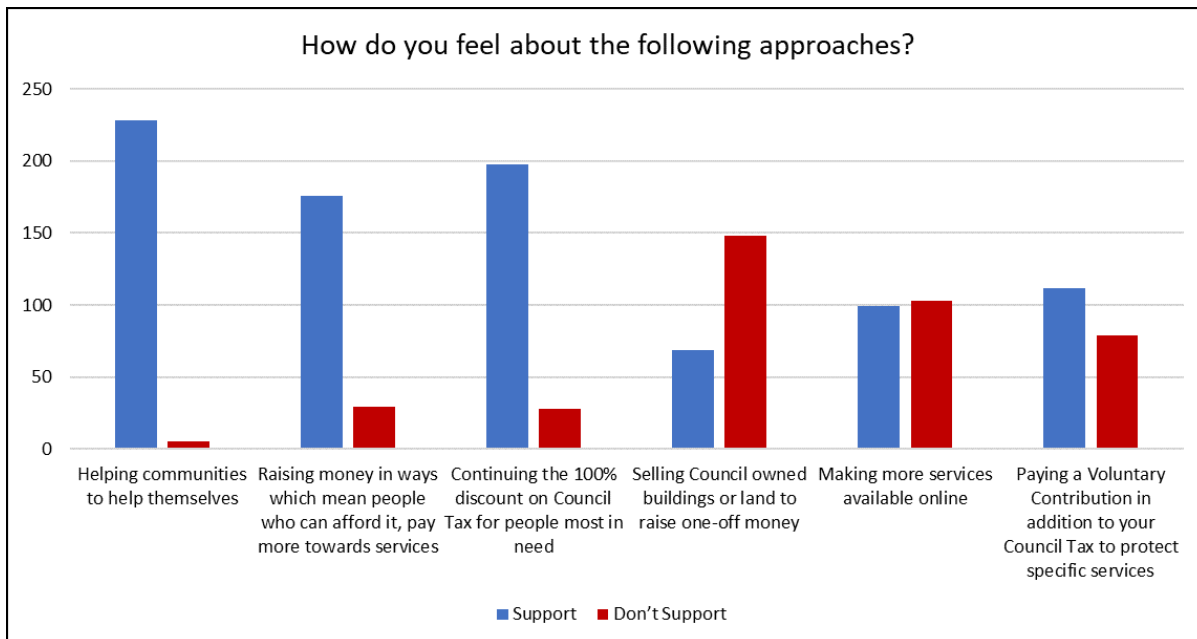
2. Consultation event results

Throughout this report we refer to comments made by, for example, 'a few' or 'many' participants. This reflects comments that were made during participant engagement. As with other qualitative research it is not possible to specifically quantify the participants making these comments but points referred to in the report reflect areas where there were outlying opinions or strong consensus or divergence of opinion.

2.1 Activity 1: Suggested approaches to save money or generate income

The table and graph below illustrate the result of the token voting.

	Support	Don't Support
Helping communities to help themselves	228	5
Raising money in ways which mean people who can afford it, pay more towards services	176	29
Continuing the 100% discount on Council Tax for people most in need	198	28
Selling Council owned buildings or land to raise one-off money	69	148
Making more services available online	99	103
Paying a Voluntary Contribution in addition to your Council Tax to protect specific services	112	79



There was clear support for the following three approaches:

- Helping communities to help themselves
- Continuing the 100% discount on Council Tax for people most in need
- Raising money in ways which mean people who can afford it, pay more towards services

There was overwhelming support for **helping communities to help themselves**, although there was varying understanding of what this actually means. It was also noted that this approach requires investment and collaboration with the Voluntary, Community and Social Enterprise sector. It should be noted that some people recognised the contribution that Talk Community is already doing in this area.

100% relief for council tax - there were a couple of points worth noting in relation to this. It was felt that this should be available more widely and that there are many people who aren't aware that it is available. It should also be noted that 'don't support' responses were given for different reasons. For example, some people didn't support this because they felt that everyone should pay council tax, whilst others said they didn't support it because they felt that no-one should pay council tax. The latter view is likely to be a reflection of the fact that the 'need' is greater than ever before and that linked to this the level of council tax is higher than ever before and for many not affordable. For example, it was often mentioned as the biggest outgoing for households.

Raising money in ways which mean people who can afford it, **pay more towards services**. This was difficult for people to understand, however there was still support, although there was some underlying concern about widening the gap between those who can and can't afford to pay more. People also questioned which services this may relate to.

There was slightly more support for the option of paying a **voluntary contribution on top of Council Tax to protect services**, than opposition. However, people require clarification of which services or projects would receive funds following a contribution. There were those who supported it but felt they would not be able to contribute themselves but felt if others could, it should be an option. Those who opposed it mainly felt that they paid enough Council Tax already.

Making more services available online, again there were very mixed views about this option. There was a general view that online should be an option for those who can use it, but there has to be options for those not online. Older people and people living with disabilities were often mentioned as those that would be disadvantaged by online only access.

There was a majority opposition for **selling Council owned buildings or land** to raise one-off money. There were general views that this was only a short-term win, 'once buildings/land is gone, its gone'. People also felt that they needed to know which buildings or land were being proposed before being able to comment. Buildings of historical/cultural value were often referenced as those that people wanted to remain in the ownership of the Council. Interestingly the session held at the 6th form demonstrated that this was a particularly un-popular suggestion with younger people.

There were also many comments about the **current cost of living crisis** which people felt was pushing more and more people into economic hardship, including those who have previously been financially secure.

2.2 Activity 2: Specific proposals for change to specific services

As outlined above, initially wording was provided with relevant cost savings about specific changes to services, these were printed and used to consult with members of the public in the following areas:

- Kington
- Bromyard Village Hall
- Leominster
- Ledbury
- Bromyard Market Square

Following these events, the wording around each of the services was changed. As discussed above whereas previously the wording had suggested that the service area would be stopped or reduced the changes to wording stated that the services would be 'transformed'. Generally, people interpreted 'transform' as being an improvement or enhancement to the service. The meaning of the proposal therefore was fundamentally altered, and this strongly influenced the way members of the public voted, often commenting that they would support a transformation of a service specially if it improved/increased the service.

The new wording was used in:

- Hereford High Town
- Hereford Sixth Form College with young people
- Ross on Wye
- South Wye with pensioners
- Whitecross School with families

The two versions of activity 2 are presented below:

Presented in first half of the consultation			Presented in the second half of the consultation
Stop/ Reduce/ Increase	Suggested Savings Options	Estimated saving & % of budget gap	Options
Stop	Closure of domestic abuse services These would be services financially supported by Herefordshire Council.	Approx. £260k 1.18%	Transform the delivery of domestic abuse services
Stop	Closure of accommodation services These services provide temporary accommodation for rough sleepers. This would mean less support available and more reliance on other agencies.	Approx. £530k 2.41%	Transform accommodation provision for homeless people
Stop	Closure in Hoople learning disability residential care This may result in a requirement for alternative high cost placements.	Approx. £180k 0.82%	Review investment in learning disability residential care
Stop	Closure of remaining carers' service provided by Herefordshire Council Other providers would continue to provide services.	Approx. £160k 0.73%	Reduce the level of funding for carers' services
Stop	Removal of budget for child and adult weight management services Those requiring support would have to access the limited service available from the NHS.	Approx. £50k 0.23%	Review funding to provide weight management support for children and adults
Stop	Ending online Mental Health support for adults from 1/4/23 This would reduce access to online mental health resources across the county. There is support available through NHS services albeit limited.	Approx. £12k 0.05%	Review online mental health support following the end of a pilot
Stop	Stop 4-6 month oral health check pilot project effective from 01/04/2023 The risk is there may be deterioration in oral health and increase in tooth decay in children. However, NHS dentistry service would carry on as normal.	Approx. £64k 0.29%	Remove oral health checks for children aged 4-6 months
Reduce	Reduce Early Help Service Early Help services are delivered to children, parents and whole families to improve outcomes for children as soon as problems start to emerge or to prevent future problems arising. It will be down to other services to spot risks.	£700k 3.18%	Reduce Early Help service for children, parents and families
Reduce	Reduction of services delivered by Balfour Beatty Living Places (BBLP) within Annual Plan The council's public realm contract for providing services includes highways, public rights of way, parks and open spaces, street cleaning and street lighting. BBLP fulfil this contract. A review of the services provided to determine savings would result in a reduction in the services delivered to the Council.	Approx. £1m 4.55%	Reduce frequency of cleansing, grass cutting and levels of highway maintenance.

Presented in first half of the consultation			Presented in the second half of the consultation
Stop/ Reduce/ Increase	Suggested Savings Options	Estimated saving & % of budget gap	Options
Reduce	<p>Reduction in housing related support for vulnerable homeless people and care experienced young people 16-25</p> <p>Services to support vulnerable young people who may be homeless or threatened with homelessness. This would result in more reliance on other agencies to support these individuals.</p>	To be determined	Reduce the level of housing-related support for vulnerable young people and adults
Reduce	<p>Reduction in allocation of funding for NHS Health Checks</p> <p>The NHS Health Check is a simple check of heart health aimed at adults in England aged 40 to 74. It checks vascular or circulatory health and works out the risk of developing some of the most disabling – but preventable – illnesses. This may result in preventable illnesses may go undetected and untreated.</p>	£50k 0.23%	Reduce the allocation of funding for NHS Health Checks for adults aged 40-74
Increase	<p>Increase Parking Charges</p> <p>A 5% increase would generate additional income of approximately £200k per annum. This would mean increased charges to residents but additional revenue for the Council would support delivery of services.</p>	Approx. £200k (5% increase) 0.91%	Review and increase parking charges in the City Centre and Market towns (with increased income spent on highway maintenance
Increase	<p>Introduce Fixed Penalty Notices (FPN) Enforcement Trial</p> <p>Introduction of FPN for litter offences. This would mean reduced littering, cleaner streets.</p>	Approx. £50k 0.23%	Introduce fines for littering and dog fouling in the City Centre and Market towns
Increase	<p>Review of Building Control/Chargeable Services</p> <p>A review of current charges and services to identify opportunities to increase income. This would mean increased charges to residents but additional revenue for the Council would support delivery of services.</p>	To be determined	Review fees and charges, such as Building Control inspections, cremations, Wedding / civil ceremonies
Increase	<p>Accelerate disposal of assets</p> <p>A review of council assets to determine which properties can be sold. This review would focus on buildings with high maintenance and energy costs. Council services to vacate exist buildings. Council spaces to be shared across increased number of staff and services.</p>	To be determined	Accelerate disposal of assets including some council buildings

Due to the change in meaning the results of the consultation should be considered in 2 parts.

2.2.1 Results from the first half of the consultation

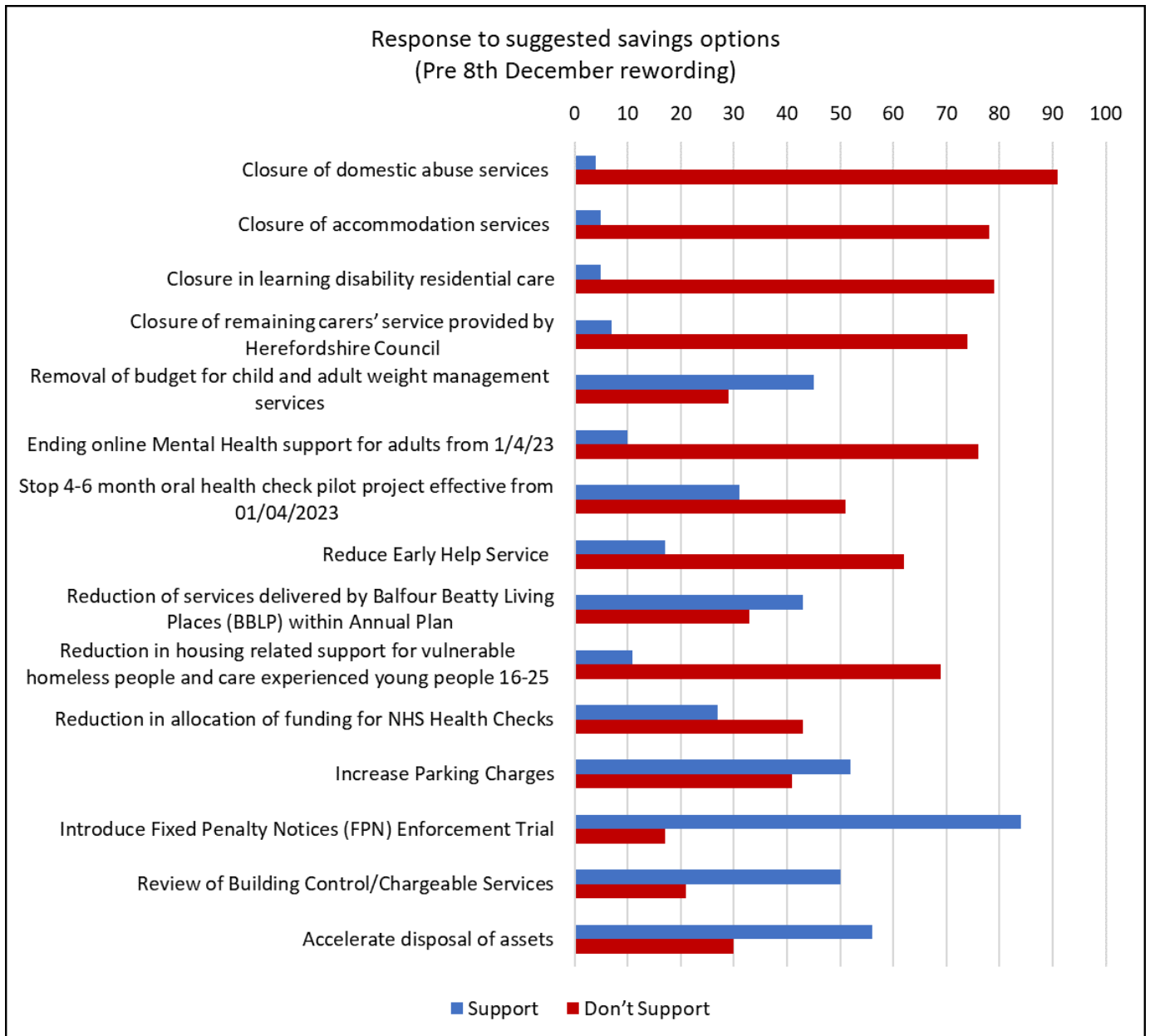
This gave some very clear messages particularly about those that residents did not want to stop.

Stop/ Reduce/ Increase	Suggested Savings Options	Support	Don't Support
Stop	Closure of domestic abuse services	4	91
Stop	Closure of accommodation services	5	78
Stop	Closure in learning disability residential care	5	79
Stop	Closure of remaining carers' service provided by Herefordshire Council	7	74
Stop	Removal of budget for child and adult weight management services	45	29
Stop	Ending online Mental Health support for adults from 1/4/23	10	76
Stop	Stop 4-6 month oral health check pilot project effective from 01/04/2023	31	51
Reduce	Reduce Early Help Service	17	62
Reduce	Reduction of services delivered by Balfour Beatty Living Places (BBLP) within Annual Plan	43	33
Reduce	Reduction in housing related support for vulnerable homeless people and care experienced young people 16-25	11	69
Reduce	Reduction in allocation of funding for NHS Health Checks	27	43
Increase	Increase Parking Charges	52	41
Increase	Introduce Fixed Penalty Notices (FPN) Enforcement Trial	84	17
Increase	Review of Building Control/Chargeable Services	50	21
Increase	Accelerate disposal of assets	56	30

This really made participants stop and think very carefully, specifically as to whether:

- Herefordshire Council should be funding this service as opposed to another public service such as the NHS
- If this service was really valued
- If they were personally prepared to pay more for certain services

For this first version of the wording, participants showed lots more empathy and understanding of the difficult situation the Council is in. This was less obvious once the wording had been changed.



Participants did not support the following proposals:

- Closure of domestic abuse services
- Closure of accommodation services
- Closure in learning disability residential care
- Closure of remaining carers' service provided by Herefordshire Council
- Ending online Mental Health support for adults from 1/4/23
- Reduce Early Help Service
- Reduction in housing related support for vulnerable homeless people and care experienced young people 16-25

Participants showed support for the following proposals:

- Introduce Fixed Penalty Notices (FPN) Enforcement Trial

There were mixed views but ultimately more support for the following:

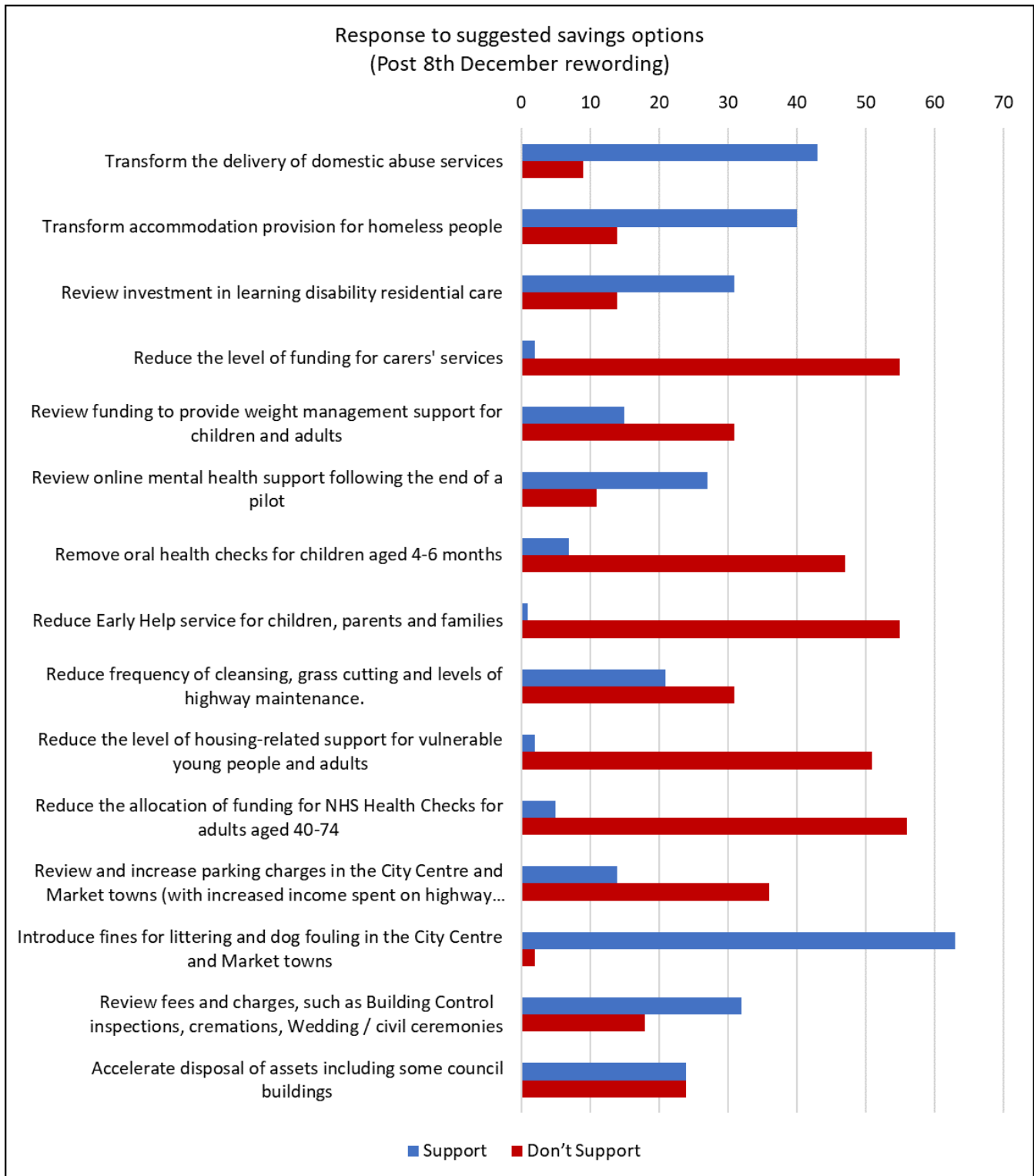
- Increase Parking Charges
- Review of Building Control/Chargeable Services
- Accelerate disposal of assets
- Reduction of services delivered by Balfour Beatty Living Places (BBLP) within Annual Plan
- Removal of budget for child and adult weight management services

2.2.2 Results from the second half of the consultation

In addition to the issue with the re-wording, the following was also highlighted:

- Review online mental health support following a pilot – many felt this was an obvious choice as you should always review services following a pilot.
- Review oral health checks for children aged 4-6 months is very different from the previous wording ‘Stop 4-6 month oral health check pilot project effective from 01/04/2023’. One participant pointed out that very few children aged 4-6 months have teeth therefore a check was not necessary. A misinterpretation in the presentation may have occurred as previously it had suggested these checks would be on all children every 4-6 months.

	Support	Don't Support
Transform		
Transform the delivery of domestic abuse services	43	9
Transform accommodation provision for homeless people	40	14
Review investment in learning disability residential care	31	14
Reduce the level of funding for carers' services	2	55
Review funding to provide weight management support for children and adults	15	31
Review online mental health support following the end of a pilot	27	11
Remove oral health checks for children aged 4-6 months	7	47
Reduce		
Reduce Early Help service for children, parents and families	1	55
Reduce frequency of cleansing, grass cutting and levels of highway maintenance.	21	31
Reduce the level of housing-related support for vulnerable young people and adults	2	51
Reduce the allocation of funding for NHS Health Checks for adults aged 40-74	5	56
Increase		
Review and increase parking charges in the City Centre and Market towns (with increased income spent on highway maintenance	14	36
Introduce fines for littering and dog fouling in the City Centre and Market towns	63	2
Review fees and charges, such as Building Control inspections, cremations, Wedding / civil ceremonies	32	18
Accelerate disposal of assets including some council buildings	24	24



Participants supported:

- Introduce Fixed Penalty Notices (FPN) Enforcement Trial
- Transform the delivery of domestic abuse services
- Transform accommodation provision for homeless people
- Review investment in learning disability residential care
- Review fees and charges, such as Building Control inspections, cremations, Wedding / civil ceremonies

There was very clear opposition for:

- Reduce the allocation of funding for NHS Health Checks for adults aged 40-74
- Reduce Early Help service for children, parents and families
- Reduce the level of funding for carers' services
- Reduce the level of housing-related support for vulnerable young people and adults
- Remove oral health checks for children aged 4-6 months

There were mixed views but ultimately more opposition for the following:

- Review and increase parking charges in the City Centre and Market towns (with increased income spent on highway maintenance).
- Reduce frequency of cleansing, grass cutting and levels of highway maintenance.
- Review funding to provide weight management support for children and adults.

Comparing the 2 sets of results

A comparison of the results from the first half of the consultation prior to the word changes and the second half after the word changes highlights the following areas where the change of wording led to a difference of interpretation of the likely impact on the service:

- People strongly opposed 'stopping' domestic abuse services but strongly supported 'transforming' them.
- People strongly opposed 'stopping' accommodation services for rough sleepers but strongly supported 'transforming' them.
- People strongly opposed the 'closure' of learning disability residential care but strongly supported 'reviewing' the funding for this service.
- People opposed 'ending' the online mental health support for adults from 1/4/23 but showed more support for 'reviewing' the funding for the project.
- People strongly supported a reduction of the services of BBLP but didn't support a reduction of 'street cleansing' 'grass cutting' and highways maintenance' (however it should also be noted that a significant number also supported these options and that therefore it may be considered there was less of a clear steer in the second half of the consultation).

The following areas are where there was greater similarity of how people voted before and after the re-wording (please note these are mostly areas where the re-wording did not fundamentally change the meaning of the proposal):

- People strongly opposed the 'closure' of remaining carers service and also opposed 'reducing' the funding for this service.
- People opposed reducing the funding for the Early Help Service
- People opposed the reduction in support for housing related support for vulnerable homeless people and care experienced young people 16-25
- People opposed reducing the allocation of funding for NHS Health Checks for adults aged 40-74
- People opposed removing oral health checks for children aged 4-6 months and opposed removing checks every 4-6 months for children.

- Increase parking charges – there appeared to be fairly mixed views to this across the consultation
- There was support for introducing fines for dog fouling etc
- There was support for reviewing fees and charges
- There was marginal support for reviewing weight management services

2.3 Any other comments

A full list of comments received are in Appendix B, a summary of the key comments are below.

There was a perception that the council waste money on schemes such as the planters and cycle lanes in Hereford City and many people reported it feeling as though decisions were made remotely, without consulting residents.

There were suggestions that those higher paid employees at Herefordshire Council should be paid less, although many didn't actually know how much they were actually paid. Similar views were shared about Councillors expenses, however they did recognise that without these it would limit the people who were able to stand as a Councillor.

2.4 Consultation with Businesses

Consultation with businesses was undertaken as part of an online Herefordshire Council quarterly business briefing session. 12 Businesses participated in the discussions which were based around 2 key questions:

1. What are the positives / negatives of running a business in Herefordshire?
2. Within the context of the financial challenges, what are the key changes you would like to see in Herefordshire to support your business?

Businesses identified the following positives of running a business in Herefordshire:

- The natural assets of the county / it is a beautiful place to live and work.
- The supportive nature of the business sector (particularly amongst small businesses) – strong local business networks that promote the 'buy local' message.
- Lots of well-established family run businesses.
- Strong focus on sustainable business within the county.
- The quality of the customer base is good.

Businesses identified the following negatives of running a business in Herefordshire:

- Issues in relation to access to public transport – impacts on visitors, service users and employees.
- Traffic congestion in Hereford city.
- Lack of access to services in comparison to the home counties.
- Access to good quality childcare (that covers the full working day) to support more women into work.
- Internet connectivity is still an issue in some areas of the county.
- The lack of collaborative working across ALL sectors.

The key changes identified by businesses were:

- Action / investment into resolving the traffic congestion in the city as a priority.
- Herefordshire Council to act as a facilitator / enabler to better collaboration between the public, private and voluntary and community sector to resolve some of the biggest challenges facing the county.
- Promotion of the spend local message starting with the commitment of all public agencies to procure locally wherever practical.
- Appointment of a someone that can champion businesses internally within the Council and act as a single-point of contact for businesses.
- The need for a more proactive approach by the Council to generate and stimulate businesses e.g.
 - How can we attract the big corporates to relocate their Head Offices to the county?
 - How can we support the retail sector through the use of pop-up shops / temporary licenses?
- How can the Council help to support and promote hybrid- working and showcase the potential of digital.
- Better promotion of businesses as case studies to showcase new ways of working / how businesses are overcoming challenges.
- Better support to help businesses keep up with the rate of digital change.

Key messages highlighted in relation to budget setting were:

- The need for stronger partnerships between the Voluntary, Community and Social Enterprise sector (VCSE), private sector and public sector.
- Traffic congestion (particularly in Hereford City) and transport across the County needs improvement
- All sectors should be exploring how the natural assets of the county are maximised.
- Businesses should be enabled to be entrepreneurial – there needs to be less red tape and bureaucracy.

3. Conclusion

The budget consultation exercise gives some clear steer in terms of approaches that the Herefordshire public have a tendency to support or not support. The findings from Activity 2 are slightly ambiguous due to the change of wording – however there is still consensus that can be identified. The findings of Activity 1 are less ambiguous and more conclusive.

Perhaps, though, the most powerful message from the consultation is that overall the general public appreciate being asked their opinion. However, for this to be seen as an open and transparent process more not less information is needed and options should be presented using plain language without overly sanitising the likely outcome of changes to services. People also supported further consultation once decisions about which services are most likely to be affected in the 2023/24 budget have been made.

Appendix A - Engagement - A breakdown of the numbers participating in each location is provided below.

Session no.	Time/Date	Area	Number spoken with
1	Wednesday 23 rd November	Community Partnership event	14
2	Friday 25 th November	Kington Market	22
3	Thursday 1 st December 8am – 11am	Bromyard Public Hall	28
4	Friday 2 nd December 8am – 2pm	Leominster market	35
5	Saturday 3 rd December 10am – 2pm	Ledbury Market House	35
6	Sunday 4 th December 10am – 2pm	Bromyard Market Square	55
7	Thursday 8 th December 10am – 2pm	Hereford High Town (Xmas markets)	52
8	Friday 9 th December 11am – 1pm	Hereford 6 th Form	60
9	Saturday 10 th December 10am – 1pm	Ross – on – Wye Market square	40
10	Tuesday 13 th December 6-7pm	Online Zoom session as part of Herefordshire Council's Quarterly Business update with Herefordshire Businesses	12
11	Thursday 15 th December 10am – 2pm	Hereford High Town (Xmas market)	25
12	Friday 16 th December 11-1pm	South Wye Pensioners Xmas lunch	20
13	Saturday 17 th 10-2pm	Whitecross Family event	30
14	Monday 9 th January 7-8pm	Parish and Town Councils	TBC

Appendix B - Comments

Location (if specified)	Comment
Bromyard	More transport e.g. no bus service to Worcester e.g. increased parking charges could be spent on improving public transport. This would impact on the carbon footprint
Bromyard	Sell empty council buildings in Bromyard (Opposite Whitegate)
Bromyard	Services especially BBLP should be brought back in house and managed better
Bromyard	Should compulsory purchase empty properties for homeless
Bromyard	Why has the inadequate development on Old Rd Bromyard been allowed to take place. No one I have talked to supported this building work that now has entered its 6th Year. This has been a nightmare for me and no doubt other residents. When I moved into (named house) Bromyard I thought no one in their right mind would attempt to develop the site. I was right!
Bromyard	Would support a skate park in the park - may be responsibility of Bromyard Town Council as opposed to Herefordshire Council
Bromyard Village Hall	A way to save money is to have an exhibition like this but not probate three staff. What a waste of money.
Bromyard Village Hall	Why does it take three staff to man an exhibition in the hall - complete waste of council money which could be put to better use.
Hereford	100% Council Tax discount - people don't know that they can apply and if they do - find it difficult to actually apply.
Hereford	Better maintenance of roads and buildings. Better managing of money. Improvements needed on pavements in Commercial Road
Hereford	Let grass grown on verges to allow for wildflowers
Hereford	More dropped curbs needed in Town Centre
Hereford	What is happening to the Shirehall? Specifically what is being done about the Crown Courts.
Ledbury	No youth services or services for young people in Ledbury
Leominster	Balfour Beatty don't deliver a good service. Roads are appalling - repairs don't last. Need to give the contract to someone else and check works. I have never seen them street clean in Leominster - all volunteers. They do not provide a service now.
Leominster	If you make parking charges apply in Broad Street, you will KILL LEOMINSTER. The fact that there is no obstacle to spending money is so important. Even if raining you can park close to shops, dash in, hand over maybe £5 or £10 in several shops and & dash away again so someone else can slot into your space. If you have to pay, you wait till you have a bigger shop and then you probably don't go to Leominster. Result DEAD shops. NO PARKING CHARGES.
Leominster	Why did a private members club, owned by the conservative party get Government funding and commence their project a week after the opening date for applications, and then, to add insult to injury, get allocated EXTRA parking, when numerous private property owners throughout Leominster have spent thousands of pounds on surveys etc. before making their applications only to discover that all the money has gone? Also Why was 1/2 a million pounds spent on totally un-necessary Wi-Fi out of this budget?
Ross	Better value for money. Only feel bin men and library are of value. Would like to attract tourism.
Ross	Massively important to keep the funding for charities, especially Veteran Support Centre - critical support for veterans.
Ross	More street cleaning - dog poo everywhere on the streets

Sixth form	Fines for littering - risk is they can be too petty. I.e. not if it is a one off accident. Would support learning disability services but less so than other services such as domestic abuse and homelessness. Think car parking charges should be decreased.
Sixth form	Referring to accelerate disposal of assets option - make it something for students, safe space, a place to stay while waiting for buses, or to go to report issues or problems with cat calling or other cases of sexual/general assault.
	Balfour Beatty are a waste of money
	Be more clear and communicate more of what current administration have achieved
	Business rate increase will devastate a hospitality industry facing unprecedented challenges and financial pressures. Central Government must devolve more funding. Local people cannot afford it.
	Campaign harder to Central Government for additional money
	Clean the underpass between Edgar Street and Victoria Street.
	Clear more drains
	Cut down on high salaries of Herefordshire Council staff e.g. Chief Executive and Directors
	Cycle lane on St Owen Street is a trip hazard
	Do we really want to be the only County in England without an athletics track. Athletics track = better health = less cost to the NHS.
	Don't waste money on things like benches, cycle paths that don't go anywhere
	Don't spend money on cycle-paths, don't spend money on doing posh buildings for themselves. People need services most cannot get/or afford to be online
	Get rid of traffic wardens. Provide commercial services in Shirehall e.g. Dance classes
	Hereford needs a new bypass and the roads in Leominster Town need new roads with tarmac
	I support improving domestic abuse services - if transform means improve then YES.
	Improve pavements - no trip hazards
	Introduce charges for cyclists to use roads. How can NHS be free? Reintroduce charges e.g. for food and x rays
	More in depth and much broader research into all areas of expenditure, examining connections e.g. Approx. 26% of county's population is 60+ - development of dementia and impact on Council Tax Revenue. Bromyard has the highest council tax in the county: I moved house to reduce that outgoing because I am on a pension. Council Tax is my biggest financial outlay. Take into full account that Herefordshire is a rural farming county with few A roads, countless B/C lanes and scattered dwellings. Farming practices is charging fields further away from fields, larger machinery on roads. Increased tourism, holiday cottage etc will increase road friction/accidents. Plus additional school journeys due to rural area. Understand your catchment area. 1 person to speak to on the phone and sort things much more rapidly and satisfactorily than online services.
	More safe cycle routes in and around city.
	Need a bypass in Hereford
	Old Market development has drawn shoppers out of town. More investment needed in Eign Street part of Hereford City Centre.
	Please, please stop building thee housing estates. Regenerate brownfield sites & invest in tourism instead.
	Potholes and pavements make moving around in mobility scooters very difficult.
	Recontract BBLP contract to get a better service
	The problem lies with the £20million in cuts to already stretched services. I feel as local people we shouldn't be forced into vicious cuts to vital services to pay for the economic collapse engineered by Tories who priorities backs bonuses

	The word review (services) suggest you're not doing that which any responsible council would be doing, all the time. 'Review' implies cut since that's the only option. Impossible to support or not support.
	Underpass under Whitecross is a disgrace. Cycle path is a waste of money. Trees on station approach - all damaged. Excess planters. More maintenance of streets and cleaning.
	Wasted money on St. Owen Street cycle path
	We need prevention not cures for issues
	With regard to Selling empty Council owned buildings - Yes to empty large buildings, No if it is housing.
	Would like to see benefit related community/ charity volunteering to help with street cleaning as a way to earn benefits.
	Young people's mental health needs more support. Therapy/counselling isn't always available or accessible

YOUR SAY ON HEREFORDSHIRE COUNCIL'S BUDGET AND TAX FOR 2023/24: RESULTS

Version 1.0

Herefordshire Council Intelligence Unit

January 2023

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If you need help to understand this document, or would like it in another format or language, please contact us on 01432 261944 or e-mail researchteam@herefordshire.gov.uk

Introduction

The following results are from 243 respondents to the online questionnaire.

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

Key considerations to be aware of when interpreting these top line results:

- The online survey was open from Friday 16 December until Tuesday 3 January: a period of less than three weeks over the Christmas and new year holidays. It didn't go live until most of the engagement events carried out by Impact Consultancy had taken place.
- 243 individuals completed the survey, which should not be considered a representative view of the population of Herefordshire.
- These results should be read in conjunction with Impact's summary report of the findings from the qualitative engagement exercise. A decision was made to significantly alter the wording of the questions about possible changes to services mid-way through the engagement (equivalent to Q3 of the online survey), mainly involving the replacement of the word 'reduce' with 'transform'. Impact's report highlights how this change affected the way that people interpreted and answered this question.
- The online survey that the results in this report relate to used the revised wording, and there is a similar pattern in the results for Q3 of this online survey compared to the results of the equivalent question in the later part of the engagement exercise (post wording change).

Results

Section 1: What do you think of our services?

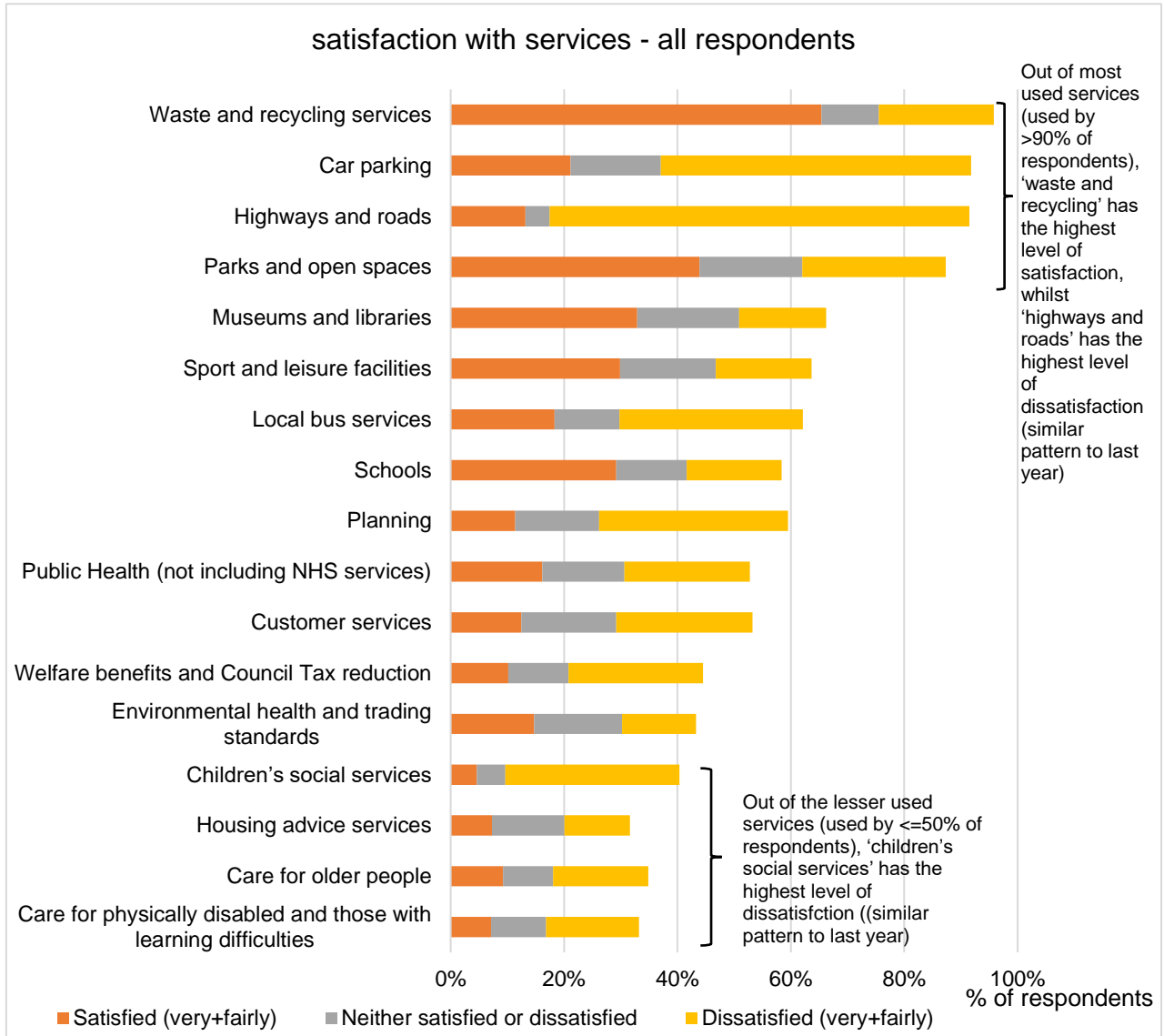
Q1 Thinking about services you have used in the last year, how satisfied or dissatisfied are you with each of the following services provided, or supported by, Herefordshire Council?

Table 1: responses to Q1 by percentage of respondents giving each answer

	Not used	Very satisfied	Fairly satisfied	Neither satisfied or dissatisfied	Fairly dissatisfied	Very dissatisfied	Don't know
Care for older people	50%	2%	8%	9%	6%	11%	16%
Care for physically disabled and those with learning difficulties	50%	3%	5%	10%	7%	9%	16%
Children's social services	46%	1%	3%	5%	7%	24%	14%
Customer services	37%	5%	8%	17%	14%	10%	10%
Environmental health and trading standards	43%	6%	9%	16%	7%	6%	14%
Housing advice services	48%	1%	6%	13%	5%	6%	20%
Highways and roads	6%	1%	12%	4%	23%	51%	2%
Museums and libraries	27%	9%	24%	18%	9%	7%	6%
Local bus services	32%	4%	14%	11%	14%	18%	6%
Parks and open spaces	10%	11%	32%	18%	11%	14%	3%
Planning	33%	4%	8%	15%	13%	20%	7%
Public Health (not including NHS services)	35%	3%	13%	14%	10%	12%	12%
Schools	33%	11%	18%	12%	9%	8%	9%
Sport and leisure facilities	30%	9%	21%	17%	7%	10%	6%
Waste and recycling services	3%	31%	34%	10%	9%	11%	1%
Welfare benefits and Council Tax reduction	41%	4%	6%	11%	8%	16%	15%
Car parking	6%	4%	17%	16%	19%	36%	2%

Figure 1: Residents' satisfaction with council services (ordered by usage)

Note: the difference between the end of the bar and 100% is the proportion of respondents who said they didn't use that particular service



Q2 Which of the following approaches to saving or generating money would you support or not support?

Table 2: responses to Q2 by percentage of respondents giving each answer

	Strongly support	Tend to support	Tend to oppose	Strongly oppose	No opinion
Helping communities to help themselves by building community capacity to help reduce demand on the social care and health system.	23%	48%	12%	10%	8%
Raise money in ways which mean people who can afford it pay more towards services.	16%	36%	18%	27%	3%
Continuing the 100% discount on Council Tax for people most in need.	25%	37%	22%	14%	3%
Selling council owned buildings or land to raise one-off money.	20%	28%	23%	24%	5%
Making more services available online.	24%	42%	17%	11%	6%
Paying a voluntary contribution in addition to your Council Tax to protect specific services.	4%	21%	20%	47%	8%
Other (please specify below)	28%	1%	5%	15%	51%

- There were 71 write-in responses to 'other, please specify'. See appendix 1 for a full list.

We are currently facing a budget shortfall of at least £22 million in 2023/24 and this requires a review of the services the council can and cannot provide.

This consultation presents some options that could contribute towards balancing the budget for 2023/24 and the impact of these approaches, which include reducing and changing services, increasing charging for services, and increasing Council Tax. For more detail about each of these options, including the estimated savings, please see the background information to savings proposals.

Q3 To what extent would you support the following cost-saving options:

Please refer to the introduction when considering the responses to this question

Table 3: responses to Q3 by percentage of respondents giving each answer

Transform

	Strongly support	Tend to support	Neither support nor oppose	Tend to oppose	Strongly oppose	No opinion
Transform the delivery of domestic abuse services.	16%	26%	20%	6%	12%	17%
Transform accommodation provision for homeless people.	13%	35%	17%	7%	11%	14%
Review investment in learning disability residential care.	11%	31%	21%	9%	14%	13%
Reduce the level of funding for carers' services.	4%	10%	12%	28%	40%	5%
Review funding to provide weight management support for children and adults.	19%	25%	19%	11%	17%	7%
Review online mental health support following the end of a pilot.	16%	29%	21%	7%	12%	12%
Remove oral health checks for children aged 4-6 months	15%	17%	12%	16%	32%	6%

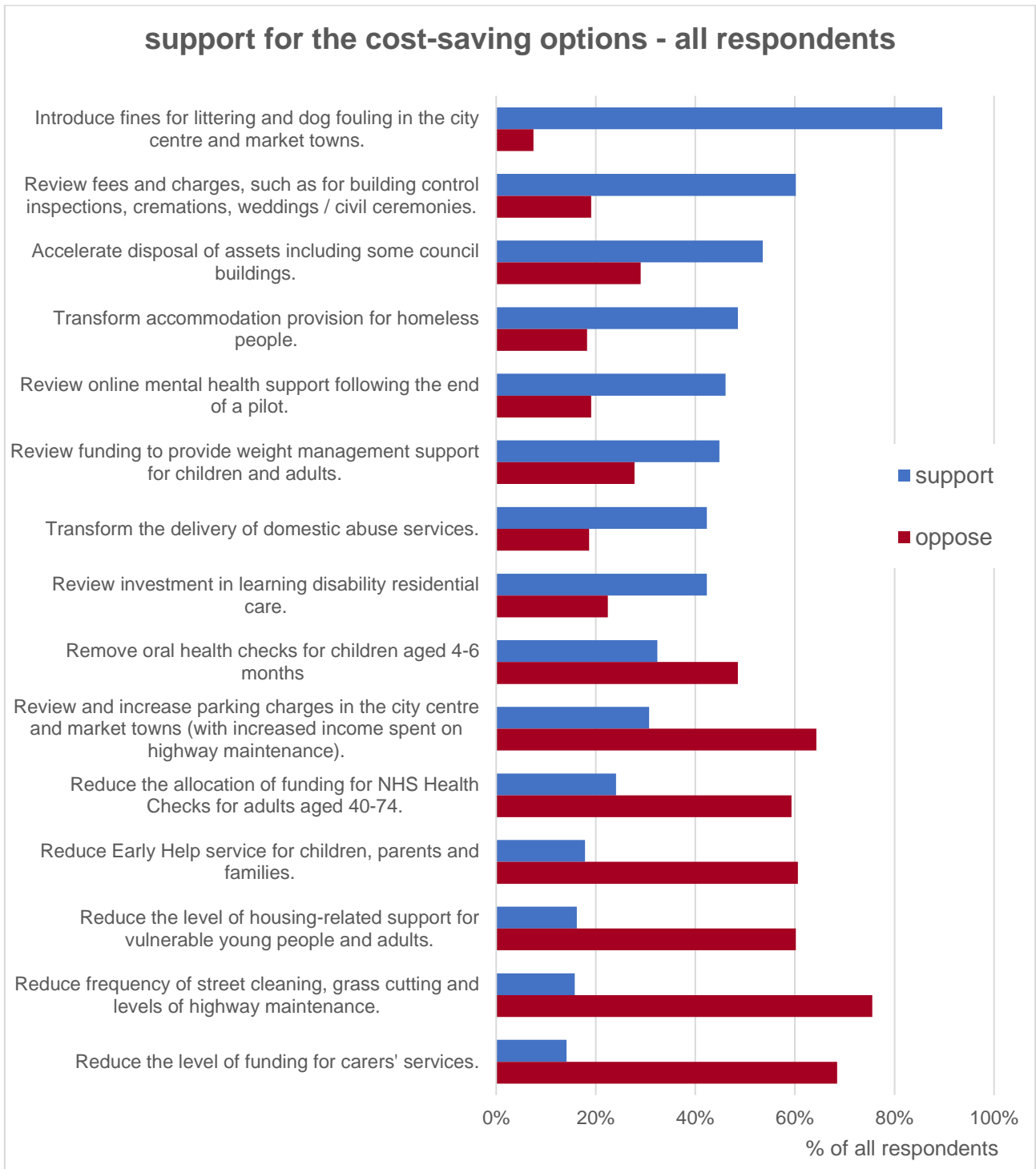
Reduce

	Strongly support	Tend to support	Neither support nor oppose	Tend to oppose	Strongly oppose	No opinion
Reduce Early Help service for children, parents and families.	7%	11%	15%	23%	37%	6%
Reduce frequency of street cleaning, grass cutting and levels of highway maintenance.	3%	12%	8%	30%	45%	0%
Reduce the level of housing-related support for vulnerable young people and adults.	5%	12%	21%	28%	32%	2%
Reduce the allocation of funding for NHS Health Checks for adults aged 40-74.	9%	14%	12%	25%	34%	2%

Increase

	Strongly support	Tend to support	Neither support nor oppose	Tend to oppose	Strongly oppose	No opinion
Review and increase parking charges in the city centre and market towns (with increased income spent on highway maintenance).	11%	19%	5%	15%	49%	0%
Introduce fines for littering and dog fouling in the city centre and market towns.	70%	19%	2%	3%	5%	1%
Review fees and charges, such as for building control inspections, cremations, weddings / civil ceremonies.	28%	32%	18%	8%	11%	2%
Accelerate disposal of assets including some council buildings.	27%	26%	12%	14%	15%	5%

Figure 2: Residents' support for cost saving options (ordered by level of support)



Any comments about the specific proposals above or any other suggestions for increases or decreases in funding for other services?

- There were 66 write-in responses. See appendix 2 for a full list.

Section 2: Council Tax options for 2023/24

Proposed Council Tax increase

Council Tax was increased by 2.99% in 2022/23, which included a 1% precept to fund growing adults social care needs and a 1.99% increase in core Council Tax to fund all other council services. This raised an additional £3.4 million in Council Tax.

For next year, the council would like your views on the level of Council Tax that it should consider for 2023/24.

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

Option A: To increase Council Tax in 2023/24 by 4.99% general Council Tax. This would be an increase of £84.91 per year (or £7.08 per month) for an average band D household and would raise an additional £6.0 million.

Option B: To increase Council Tax in 2023/24 by 2.99% general Council Tax. This would be an increase of £50.88 per year (or £4.24 per month) for an average band D household and would raise an additional £3.6 million.

Option C: To increase Council Tax in 2023/24 by 1.99% general Council Tax. This would be an increase of £33.86 per year (or £2.82 per month) for an average band D household and would raise an additional £2.4 million

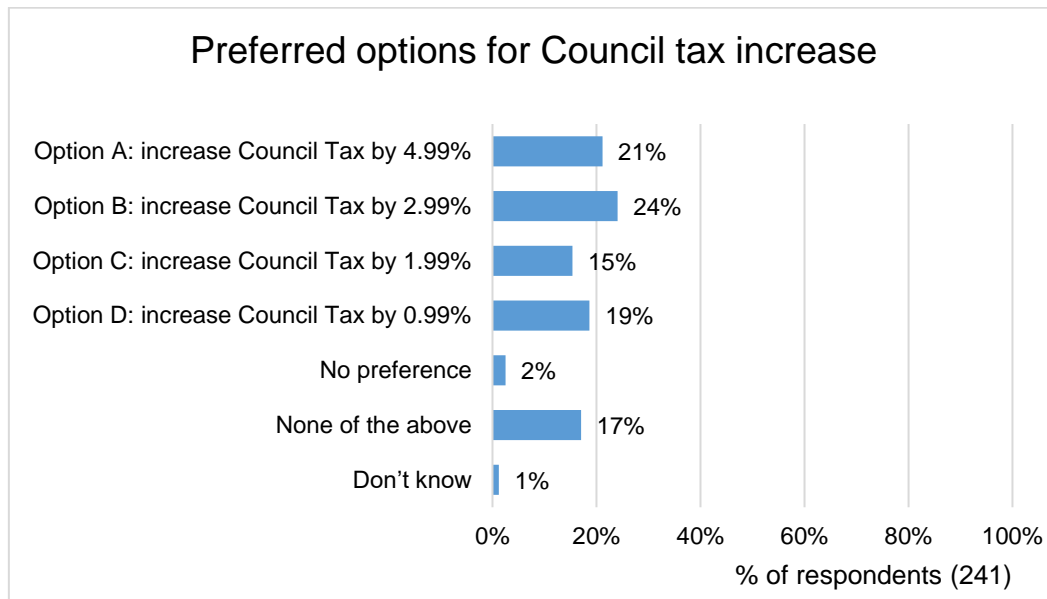
Option D: To increase Council Tax in 2023/24 by 0.99% general Council Tax. This would be an increase of £16.85 per year (or £1.40 per month) for an average band D household and would raise an additional £1.2 million.

Q4 Which of the following options would you prefer?

Table 4: responses to Q4 by percentage of respondents giving each answer

	Percentage
Option A: increase Council Tax by 4.99%	21%
Option B: increase Council Tax by 2.99%	24%
Option C: increase Council Tax by 1.99%	15%
Option D: increase Council Tax by 0.99%	19%
No preference	2%
None of the above	17%
Don't know	1%

Figure 3: preference on increasing Council Tax



Q5 Have you taken part in a budget consultation previously?

Table 5: responses to Q5 by percentage of respondents giving each answer

	Percentage
Yes	22%
No	71%
Don't know	7%

Section 3: About you

Please answer the following questions about yourself. This information helps us to understand the profile of respondents and whether views vary amongst different groups of people across the county.

It will only be used for the purpose of statistical monitoring and will be treated as confidential and not used to identify you.

You do not have to answer these questions. If you do not wish to complete them please indicate this below:

- 32 respondents (13%) indicated that they did not wish to complete this section

Which Council Tax band are you in? (if you are not sure a rough guess is fine)

Table 6: percentage of respondents and percentage of dwellings in Herefordshire by Council Tax band

Council Tax Band	Percentage of respondents	Percentage of dwellings (2021)
A	4%	15%
B	16%	23%
C	16%	19%
D	26%	15%
E	16%	14%
F	7%	8%
G	4%	4%
H	1%	0%
Don't know	5%	-

Your gender?

Table 7: percentage of respondents and percentage of Herefordshire 16+ population by gender

Gender	Percentage of respondents	Percentage of population (Census 2021)*
Male	47%	49%
Female	49%	51%
Other	0%	-
Prefer not to say	5%	-

* Note this is sex of all people, not gender identify of adults

What is your age band?

Table 8: percentage of respondents and percentage of Herefordshire population by age band

Age band	Percentage of respondents	Percentage of population (Census 2021)
16-17 years	0%	
18-24 years	0%	
25-44 years	33%	26%
45-64 years	40%	34%
65-74 years	14%	16%
75+ years	8%	15%
Prefer not to say	4%	-

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

Table 9: percentage of respondents and percentage of Herefordshire 16+ population by disability status

Disability or LLTI	Percentage of respondents	Percentage of population aged 16+ (Census 2011)
Yes	19%	21%
No	75%	79%
Prefer not to say	6%	-

Appendix 1: free text comments to Q2 – other suggestions for saving or generating money

Q2. free text comments to Q2 – other suggestions for saving or generating money
Communities helping themselves is an avenue for mismatched way forward for meeting of needs. These schemes fail as they are often championed by civic minded industrious individuals but when they leave the support fails. More robust collection of all outstanding charges owed to the council and more fraud investigations such as including benefit fraud. When people are having housing benefit paid but not even living in the property as they have moved in with a working partner.
Community capacity for individuals to help themselves is grotesquely abused by social workers failing to provide statutory care and support for some of the most vulnerable who don't fit the "can't wash, can't feed themselves" category. There is no hierarchy of care needs and those who need lower level support to prevent worsening should be eligible for robust appropriate support as needed to support them to maintain independence.
Making services available online will only work if a manual workaround is also available.
Stop wasting money on silly, unnecessary, vanity projects
Disabled people and those with learning difficulties cannot use online services. Herefordshire council staff fail to follow guidance from professionals when considering the aforementioned residents. The LA has statutory duties to provide services the problem with community capacity doesn't allow for community projects folding being replaced.
How on earth do you thinking people can keep paying for your bad discussions and the wasteful use of tax payers money. This council needs investigating and its directors.
Selling off parks, playgrounds and greenspaces
Stop funding projects such as feasibility studies for Greenways without conducting effective due diligence to ensure that the studies present a balanced view. How many other projects were funded because they appear to tick the "green" credentials box without checking on their true sustainability and viability?
Stop wasting money on pointless stuff it is appalling, offices for overpaid staff being refurbished, plant pots, cycle paths. Why should anyone pay more to support your waste. Start at root level cut your own salaries and make redundancies basic principle if you can't afford don't have it. In 7 years of living in Hereford the only decent service is provided by the waste disposal service the bins are emptied well and frequently.
Stop wasting money on un-necessary schemes to alter the road system that currently works for the majority of people in Hereford.
Change the banding system from property banding to adults residing in the property. Why should 2 adults living in a band E property pay more tax than 2 adults living in a Band B? If there are 4 adults living in Band C then there should be a higher level of tax paid and potentially 4 incomes which can afford it and 4 people take more council resource than 2!
Herefordshire should prioritise a goal to be a publicly owned energy generator, seeking to become energy independent and eventually a net exporter to the grid. Utilising hydroelectric generation from the Wye as a 'base load' and local hilltop wind coupled with a scheme to have council owned solar PV on local factory and housing rooftops by a roof space rental with discounted electricity to contributors. Additionally Herefords plentiful public parks could be generating energy through 'Heat pump' technology that after installation would have no impact on public amenity. I recognising that this proposal is more 'strategic' in concept, non the less the impact if successful will be profound. Energy independence for the City would transform the options for all public services, providing Hereford council and community with long term income and ongoing energy resource benefits, stable income streams such as have only been the remit of central government are within the grasp of local council.

Q2. free text comments to Q2 – other suggestions for saving or generating money
In the middle of a cost of living crises I am astonished at the priorities our council have chosen. How can we as a city, and you as a council continue to support the exorbitant schemes that you have chosen. Widemarsh Street is one such scheme. Yes, it needs to be tackled, it has since you did the work on it, but at a cost of over 1 million pounds!!! Really. Also the Christmas lights, how, as a council you can promote environmental schemes, (which on the whole I support) but then think it is OK to have the Christmas lights running day and night is frankly obscene.
Increase all fees by inflation of at least 10%
Looking at levels of staffing and the associated salary costs. Is everyone really working their contracted hours, how is this monitored with more people working from home. Paying salaries relateable to the County not bigger cities.
Make libraries, swimming pools etc. self-financing
Make mistakes with spending issues more open and transparent to the public where council officers have not been competent in their role. Such as having debts owed to the council written off, if due to staff errors and incompetence as well as poor management.
More rural buses. Don't put the onus on communities for services that need central funding. What services need to be protected by voluntary contributions? It's shocking that this should be the case.
Not allowing the council to spend money on wasteful projects such as the extortionate amount spent on office furniture.
Reduce discretionary services and focus on what is core to the community.
Reduce home working for council staff with more time in the offices as home working is having a massive negative impact on the efficiency of the council with communication and delivery of services adversely affected.
Remove work from home and build efficiency in administration at the council.
Restricting vanity expenditure such as the refurbishment of council offices.
Re-think policies and plans for City Centre "Improvements", towards a realistic assessment of the needs of the citizen rather than environmentalist loonies.
Stop Herefordshire Council spending money on vanity projects i.e. cycle lanes; purchasing a defunct shopping centre; and ignoring the needs of the communities who do not live in the city of Herford.
Stop picking on the tax paying rich and pensioners. You should only get what you pay for. I no longer wish to subsidise those who don't pay in and live a more lavish life style than me!
Stop spending money on refurbishing council buildings and their signage/lettering and use the money for something useful, like pothole filling / road resurfacing.
Stop wasting money on gimmicks such as moss air cleaners and planters etc.
The council has a very high rate of Looked-After Children which is very costly. It should reduce this by spending more on much cheaper support for families to enable children to remain with their families. Reunification of children with their families and the introduction of Family Group Conferences expedited.
The council to stop spending & wasting money on vanity projects, i.e. St Owen St cycle route. Stricter auditing of projects to prevent overspending. Also more auditing of Balfour Beatty services provided & sub contracts. Much tax payers money is seen to be wasted by overtaxed council payers.

Q2. free text comments to Q2 – other suggestions for saving or generating money
The local and national economies are shrinking. The Council should decide which services are discretionary and plan to reduce them. In anticipation of a need for endless reductions in Council budgets a team of officers should be established to help local areas set up local care and food services. Current Council services should NOT be pushed on to local areas, that perpetuates the current mind-set/culture. Local innovation must be supported - including deregulation of development control - e.g. to enable food shops to be opened.
You need to stop wasting our money on expensive consultants & poor inefficient services. A change of leadership is required as new leaders are overspending for the first time in many years.
Keep it simple. The cycle way pass the town hall could have been done cheaper, but using a 3rd party increases costs. Consultants costs are out of control.
Stop wasting money on unnecessary projects when other things are more important.
A. To see well-publicised cuts in salaries by Council Members and Council Officials, at least no increase in actual amounts from the previous financial year. B. All Councillors to undertake voluntary, unpaid, work involving the poor and needy at least once per week.
Agree with more services online for those that are happy and confident to do so but need to be careful don't create a group who cannot access services.
Children care home waste lots of money so let look into services to see how to help them reduce their spending like house kids together where there school closer to each other etc.
Concentrate on core services and not spend on optional costs relating to climate change. Spread spending through the county rather than prioritise Hereford city leading to 'knock on' improvements in the wider community, giving better value for money.
Cut the Directors wages
Cuts to librarians who are not even visible in libraries, who work Mondays when library is closed and not on a Saturday. Down to library assistants on a fraction of the pay to operate and manage day to day openings. Surely then they are not essential to the front line service.
Focus on adequate / effective services that improve the economy of the county and people's quality of life, and reduce funding for politically driven activities.
Get a Hereford bypass ASAP
Greater clarity over the meaning of some of the suggestions would have been helpful. The questions are unlikely to receive a reward from the Plain English Society!
Herefordshire Roads are a disgrace. County signs are not necessary the change in road surface tells you when you have left Herefordshire, particularly going into Wales, Gloucester and Worcester.
How about looking at your spending rather than who you can take money from. Streamline your services. Get better value quotes on work, you overpay on every project. Stop using the same contractors for every job.
I personally feel Council services should amalgamate into fewer buildings e.g. the Ross-on-Wye library has an abundance of space to facilitate a local Council office, tourist information centre, social services etc. With less buildings owned by the Council this means a lot less running costs and it makes it so much easier for residents to have a "one stop shop".
I think the people of Herefordshire already pay enough in council tax. With the cost of living crisis people are going to struggle even more than they do now. If money can be raised via other process's I encourage the council to please do so.
If you as a council stopped wasting valuable resources and money on stupid things like trees in pots in station approach and costly consultation processes then you would have more to spend on the areas in which you are woefully failing at. Like for instance, would children's social care, lack of early years provisions, crumbling roads, empty shops and low foot fall in the city.

Q2. free text comments to Q2 – other suggestions for saving or generating money
Improving planning to reduce wasted money on schemes that have too little to no effect on traffic in Hereford. Reduction in salary for keg council members.
In the current financial climate, longer term projects of a non-urgent nature, like beautifying the city, projects that cater to (or pander to) a small proportion of the population (mire cycle routes etc.) and those which are still going ahead despite the clear unpopularity amongst many, need to be put on hold and the money redirected as appropriate to those areas that actually need it. Stop the non-essential spending like every household is having to do. It's called prioritising, it has to be done in extreme circumstances. If you want extra money from the public you need to spend it wisely.
Increasing tourism, encouraging visitors to Herefordshire
Look to raise money from the wealthy, business owners and those with large properties. The working class struggle enough.
Managing existing funds effectively and stop wasting money on unnecessary and unwanted schemes.
Not supporting wasting money on planters, st Owen street.
Online services are great but no service should currently rely totally on online use. We have a high % of older people many of whom are uncomfortable or unable to use online services. This will change with time but currently would exclude some vulnerable members of our community.
Reduce council tax by eliminating jobs at council for anybody earning over£45k a year. No increase pay over that level.
Reduce use of consultancies, especially those which are London-based and have no understanding of rural areas!
Reducing councillors expenses which are grossly inflated.
Scrap the proposed new library in Maylord and instead spend the money on the Shirehall building. The libraries `footfall` is lower and numbers are dwindling. Internet access can be made available in other council buildings for public use i.e. Blueschool House.
Sort your procurement/ tendering system out. There needs to be at least 3 options with preferences given to value for money not just because it's your mate you've always used.
Stop our council wasting money on stupid vanity projects that do not benefit anyone.
Stop the ridiculous situation whereby millions are spent by Councillor Harrington on "bird brain" unworkable transport schemes, specifically cycle tracks!!!!
Stop wasting money on nonsense green projects.
Stop wasting money and overspending on un needed vanity projects, like moss filters, bike sheds and the current works on St Owens street.
Stop wasting money on your stupid green agenda.
Take-up campaign for unclaimed benefits to bring Westminster money into the local economy. NOT for advice services responding to problems, important though that is, but a positive outreach to get at people who aren't aware of potential entitlement. Very strong business case for this.
Taxing second homes and buy-to-lets more including air bnbs.

Q2. free text comments to Q2 – other suggestions for saving or generating money

The work done on upkeep of areas is great though perhaps for a year or two we need to stop redesigning parks. Reduce the cost of planting flowers etc. On benefits/tax cuts this is an area that could anger a lot of people and support for the council would decrease massively - 100% discount is staggering and discounts for those on some benefits, were all affected by cost of living so to ask those earning more to foot the bill for those paying nothing or far far less won't put the council in favourable light - you tend to live within your means so just because someone earns more and has a bigger house doesn't mean they've pots of cash left at the end of the month. In terms of help in the community, maybe a drive on 'what you can do to help' to encourage people to get stuck in, or push out information on how to volunteer with local charities etc. Selling buildings and land - Reading Council did this as well as selling items they had, I assume to museums etc. - in support of reviewing.

There should be an option for reducing the senior management and assessing the value they bring especially considering the number of interims and agency staff.

Why is there no apparent benefit to CT income following the large increase in houses in the county? Are these being offset by the remission of the tax to others? You should publish the CT base in statistics.

You need to publish surveys in plain English.

Appendix 2: free text comments to Q3 – comments about specific proposals or any other suggestions for increases or decreases in funding for other services

Q2. free text comments to Q3 – comments about proposal or other suggestions
A. Decrease the salaries of Councillors (who ought to be doing their public service freely). B. Reduce any increase in proposed salary incomes for Councillors and Council Officials. The levels are currently exorbitant for the nature of the County and its inhabitants who pay them, for little benefit in turn.
All dependent on whether any savings created actually get spent as described. History shows that this is rarely the case.
As a county, funding should be prioritised from the basic requirements first. We must ensure that the basics are provided for, e.g. NHS, Roads and Travel, Bins and area maintenance, before we look to spend money on all other aspects. That is what the basis of council tax is and should be for. All other services, as harsh as it sounds are a nice to have. You should focus on getting these basics right before looking at anything else. It would also help if you stopped wasting money and continually overspending on unnecessary projects, as you currently are.
As there is an implied cost saving I regard "transform" as a rather pathetic attempt to avoid admitting that what you are actually talking about are cuts -if this is the case should have the courage to say so rather than trying to hoodwink the public - sadly this sort of behaviour seems to be typical of Herefordshire Council.
Could you reduce business costs by changing buildings, making a bigger push to WFH? Not sure what current arrangements are. Also I am unable to find information on some of the transform options so I am unable to provide an opinion. Some of the options listed there are vital services for the most vulnerable people in society and normally transform doesn't mean it's good for them.
Do not sell off assets for one off gain, once gone it's gone for good
Do not sell off assets. It would be better to refurb and let them out.
Don't understand why health checks aren't carried out by GP Practices.
Driving up parking costs is just driving people to other locations.
Far too little is spent on the Early Help service for children, parents families and spending much more on this (e.g. by commissioning) would reduce the very expensive and rising cost of Looked-After Children and care proceedings which is also detrimental to children and their families. For example, the average cost of ONE child in "Residential" care is almost£170,000 EACH YEAR. The total cost Looked-After Children will be about£18,000,000 in 2022-23 (excluding the cost of care proceedings). If Children's Services acted in accordance with the law and good practice (e.g. using Family Group Conferences) this would reduce the number of Looked-After Children and care proceedings.

Q2. free text comments to Q3 – comments about proposal or other suggestions
Fees for weddings etc. are already expensive - don't make things unobtainable for those that can't afford it. Parking charges - this would probably be unpopular but as an example in Ledbury, one of the car parks is 50p for an hour -£1 is still cheap though people would complain at 50% increase but that surely would generate a lot of extra income over a few months.
Funding should definitely not be reduced for carer's services.
Get a grip.
Grass cutting and levels of highway maintenance need increasing as currently it is poor & unsafe at times.
How about a look at you how much you pay the senior staff..... Your top dogs. No one in this mismanaged council deserves to earn more than the prime minister. If you want to support Herefordshire to grow and level up then take a pay cut and show us that you want to change for the better.
How anyone could be expected to hold views on things proposed here without having considerable in depth knowledge. These things are all subject to the judgement of supposedly informed officials and require an act of trust in their judgment on the part of the average citizen. The complete lack of trust in such 'top down' decision making has been on clear display. We have all witnessed the extreme biases and cruel incompetence of the very highest officials in the UK. This 'so called' consultation is ridiculous, serving only to reinforce public views that the system is irredeemably corrupt. Where is the regular council debate and reporting 'streaming service' Hereford Council TV and online library of council reports policies and debates for public transparency? There has got to be much more direct democratic decision making involving the public and far more effective methods of working this stuff out.
I am worried about the concept of 'transform' if this results in less funding then I strongly oppose. If the transformation results in more/better services in this area then I am in favour but not if it results in lower funding.
I don't like the use of the word transform here. It might mean less funding which would not be good. I don't know what "weight management" is. I can't comment on disposal of assets as I don't know what assets you are talking about. I would not want to see a reduction in domestic abuse services as these need more support not less.
I find answering the 'Transform' questions difficult as the word transform can mean improve or reduce a service - each question should have been supported by background information regarding what it would mean in practice.
I happened to notice that review of counsellor's wages is not an option on here. But I feel strongly that should be considered before the cutting of vital services to the people who need it most in Herefordshire.
I think a every department needs looking in old children services case where they could be with the parents not in children services how children service are spending money. I like the public we have to save before us buying, if we don't need it then don't spend it. More houses which are being built will help.

Q2. free text comments to Q3 – comments about proposal or other suggestions
I'd love people to be fined for littering but who would impose these fines and how would it be collected. Surely the policy would cost more than it collected. Street cleaning, grass and hedge cutting is now almost none existent and its loss is highly detrimental to neighbourhoods and pedestrians. 'Transform the delivery of domestic abuse services', into what?
If furniture is functional and useable while 70% of your workforce is still working from home you don't need to buy anymore to replace than you have. Don't pay a 3rd party to complete works when you have people already contracted to do it- why do Balfour Beatty and connects cut the grass in moor farm? Surely one company doing it would be enough??
If you increase parking costs city centres and market towns will lose revenue to online businesses which creates more white van traffic congestion in Herefordshire. Vulnerable young people and adults are not being supported well and support staff are not well trained to support them correctly. The council should impose financial deterrents when services are not up to the standards required. The Council should be much more robust in checking these services. Checking every element of the contracts are being provided and not some wishy-washy version of the contract which is allowed to fail the young person under the guise of allowing them to do things as independent people. They are vulnerable for good reasons so should be supported properly. If the contracts were being challenged when not being fulfilled then money saved or reclaimed could be put back into the services for these young people. To ensure they get quality services which continue for as long as they are needed.
Increase in parking charges would generate extra revenue and help deter car usage in the town centres in line with the authorities green policy and help reduce dangerous carbon emissions
Increase support for reducing isolation for elderly
Introduce harsher penalties for fly-tipping
Introducing fines... This needs to be a costed plan. It may cost more to administer than employing a wrest cleaner!
Is engaging contractors to provide services more cost effective than directly employed staff? Highways for example it appears a repair is made one day but a similar pot hole a few meters away is ignored because it was not on the list? The repairs in Bromyard junction with the Leominster road are a case in point. Pot holes left a few meters from the resurfacing work.
It is appalling to suggest cuts to support those affected by Domestic Abuse and those who could benefit from early help provision. Both services, if well supported financially and by full engagement from other departments, can contribute to the reduction of young people and adults who end up requiring support from Social Care.
It is not clear what you mean by 'transform' so this makes the options had to assess. It would also help to know roughly how much would be involved in each of the options to make a judgement.
It's quite scary that some of these are even on this list. Prevention is key to ensuring we don't keep seeing further pressure on services over the coming years. NHS Health Checks, early help, weight management support and mental health support must all be protected to reduce demand on services and make us all better able to look after ourselves. It would be good to see communities looking after their own green spaces and reduce some costs to the council this way. Reduce parking charges and get more people into towns.

Q2. free text comments to Q3 – comments about proposal or other suggestions
It's really disappointing to see nothing in the transform section about the council's workforce. The recent restructures have seen salary costs increase for the top 3 tiers, with new roles being created that the council has managed without before. The other area of higher workforce spend than in previous years is on interims / agency workers. I know of several very long standing interims / agency workers in post now, covering 'routine' roles which absolutely could be filled on a fixed term employed basis, if nothing else. Instead, the council has been paying around an average of £500 per day since summer / autumn 2021 for these interims. All whilst, at the same time, carrying vacancies in those teams which is what I'm told is really putting people in those teams under pressure. It's a gross misuse of public monies now, as it's gone on far longer than it ever should or than it actually needs to. Why is the council putting up with this for non-specialist roles that absolute (not completed)?
Make council staff pay the going rate to park in council car parks, why should they get a special price? Cut councillors expenses. Make All council staff use public transport to and from work. Get quotes not estimates for work to be carried out. Stop wasting our money on stupid moss air cleaners.
Most individuals have no idea what you are offering by way of the above services and only have an opinion if they've used them and no knowledge if they haven't. I very much doubt enough is being spent in any of those areas. They, however, are not the areas where money can be saved and everyone knows that.
Parking should be free to encourage shopping and tourism.
Proposed solutions don't support what city needs. Where is box to tick about council staff wages???
Provide the 30 hours funding to those eligible but live on the border and childcare in Wales. STOP PUTTING FAMILIES WITH YOUNG CHILDREN INTO POVERTY!!!
Reduce leaders and council's wages. Stop using consultant's Get a better price for work needed and do not overspend.
Reduce staffing levels and numbers of local councillors.
Reduce wage bill by eliminating as many jobs as possible over £50k annum. Selling assets is not correct. Reduce head count on high paid jobs by amalgamating job roles.
Review contracts much more vigorously for services provided to the Council to ensure they are being provided properly and give value for money to the Council. Include more financial penalties to service providers for inadequate services. Such as the low standard of cleaning being provided at Hope Centre.
Review contracts with contractors. Review pay for council members, including bonuses.
Review council leadership salaries and bonuses. These are disproportionate with the size and effectiveness of the council.
Review of staffing. In certain areas/departments there is spare capacity or inefficiency within the staffing structure. Yet some departments that can generate income, such as licensing, enforcement etc., have minimal staff who cannot cope with the level of demand, when income could be increased by increasing capacity.

Q2. free text comments to Q3 – comments about proposal or other suggestions
Stop allowing council workers to take their vehicles home after work.
Stop recruiting new staff. Shift staff doing discretionary tasks to vacancies in essential work.
Stop relying on online mental health support, some people really do need face to face services.
Stop wasting money on overpriced consultations for products / deliveries.
The questions in the Transform section are meaningless - how can we comment on whether or not we want something transformed if you don't tell us HOW and what TRANSFORM means. It would be beyond short-sighted to cut early help for families, particularly as this is one of the few departments in Children's Services which does good work. Likewise, cutting funding for DA services only results in more dramatic costs when DA is NOT prevented.
The situation with Herefordshire Children's Services has been caused by repeated funding cuts to early help. Families are losing children and being torn apart because help which they are entitled to is being cut. More funding is needed for early help and the fact you don't even suggest it shows how out of touch you aren't.
The transform section does not make it clear in what way and therefore impossible to comment - does it mean the original Best Value principles i.e. reduced cost / improved outcomes? Similarly, 3 of the total options still do not have a saving / target for increased income set against them - how does that make budget setting fully quantifiable? Disposal of assets, which could have the biggest (but one off, not cumulative) impact is simply a generic idea with no specifics identified. This consultation has not increased my confidence in the council. I do not have a sense of the impact of many of these proposals on the most vulnerable in society.
The transform section is poorly designed and confusing because it gives no indication of whether the service would be better or worse if 'reviewed'. Also, introducing fines for littering etc. would cost more than the fines collected.
This a controlled / random set of services and not all the council perform including statutory services that could be made more efficient. A consideration could start with what services have overspent and why poor budget management from finance? Where has there been an increase in workforce and why? It is clear the council cannot run Children Services and should become a trust rather than wasting time on improvement plan after improvement plan.
To increase parking charges can only reduce the number of visitors coming to our wonderful city. The charges are already considerably higher than neighbouring towns such as Abergavenny and Ludlow just to name two.
'Transform' just means to make a significant change. The supporting material says nothing about maintaining or improving the existing service level in these areas - so I have assumed by 'Transform' you are using the prevalent euphemistic meaning or 'significantly reduce quality of service. It shouldn't mean this but you've provided no evidence to the contrary.
Urgently review some of the hobby policy spending such by the Green Party such as expensive and unnecessary cycle lanes being built in city centre!
We haven't seen a street cleaner in bartestree in 3 years!! Grass cutting is a joke!

Q2. free text comments to Q3 – comments about proposal or other suggestions
What a useless survey using a system of double negative to get the answer you want. BE OPEN ANF HONEST ABOUT YOUR AIM!!!! I.e. the question is To what extent you would support the following cost-saving options: if I strongly oppose a sentence that means I support the option!!! This is not what I want. You should all resign and get in a proper management team who can manage.
What does transform mean in this context? Reduce? Increase? Or do you have a specific idea of how to change it. A lot of your suggestions seem very short sighted. You may save some money by getting rid of mental health support, weight loss support and dental checks. But you'll have an unhealthy and unproductive population who will need more intense support in the future. Prevention is better than cure.
What is meant by transform, increase or decrease spending?
What is the point of fines for littering and dog fouling when there are no patrols? Revalue and change the council tax bands to be fairer.
Wide spread incompetence of spending tax payers money the right way has led to the roads of Herefordshire being one of or the most poorly maintained parts in Britain , BALFOUR BEATY are a joke in this county.
With almost no public transport in rural areas further increase in parking charges will penalise those living in our rural areas reducing access to services in town. Many of these people are older or on low incomes.
Without explanation of what 'transform' and 'review' mean, it's hard to imagine them being other than reductions. Hardly transparent and extremely 'dodgy' if the survey results are going to be used.
You need to concentrate on the basics not vanity projects.

Appendix 3: Alternative responses

Email 1:

The economy is shrinking.

A "big picture" approach to budget shrinkage should be developed. Based on discretionary and essential spending. With an option in later years to re-categorise essentials as discretionary.

The work involved should be reported weekly online, with opportunities for public innovations.

IT IS SO IMPORTANT THAT EMPLOYEES AND THE PUBLIC ARE FULLY INVOLVED IN THE DEVELOPMENT OF AWARENESS OF THE IMPERATIVE TO PLAN FOR SHRINKAGE.

Email 2:

Please do not commit to any more schemes like the one just nearing completion in St Owens St. This was a waste of money benefitting a minority of people and serving no useful purpose. Any future schemes must be for consideration of the majority of council tax payers and not at the whims of individual councillors. I have recently had visitors from Belgium who have visited the city on previous occasions and they could not believe the deterioration in the look and feel of the surroundings. They also described it as the "Holy City" a description that needs no explanation. The recent description by a councillor as a vibrant place can only justify his visit to an optician.

Title of report: 2023/24 Capital Investment Budget and Capital Strategy Update

Meeting: Cabinet

Meeting date: Thursday 26 January 2023

Report by: Director of Resources and Assurance

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

To recommend to Council for approval the capital investment budget and capital strategy for 2023/24 onwards.

Recommendation(s)

That: the following be recommended to Council

- a) To approve the proposed capital programme from 2023/24 attached at appendix C; and**
- b) Approve the capital strategy at appendix D.**

Alternative options

1. It is open to Cabinet to recommend alternative capital investment options to Council. No alternative options have been brought forward to date and suggestions would require review and assessment, in line with those completed on the options presented in this report. In addition, as an amendment to proposals put forward by Cabinet, any amendment would either require the consent of the Leader of the Council or further consideration by Cabinet, and scrutiny, before a decision could be taken in accordance with budget and policy framework rules.
2. A capital strategy is required in accordance with the statutory guidance issued by CIPFA, there is discretion on content of the strategy but we have applied the guidelines within the draft.

Key considerations

3. The capital programme reflects capital investment generating benefit to the county for a period in excess of one year.
4. The current approved capital programme and forecast outturn is provided at appendix B. The profiling of the 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 2022/23 onwards. Since approval of the programme at February 2022 Council, an additional £46.37m has been added to the capital programme (some are reductions in assumed grant or estimates based on previous annual grant awards), as follows:
 - a. £9.582m increase to the estimated Local Transport Plan (LTP) Grant from the Department for Transport (DfT) to assist towards maintaining the local network.
 - b. £0.066m increase to the estimated schools maintenance grant from the Department for Education (DfE) to help relief the backlog of maintenance required.
 - c. £0.269m increase to the estimated Disabled Facilities Grant (DFG) awarded in 2021/22, this grant contributes towards the costs of adaptations to allow disabled people to remain living in their own homes.
 - d. £1.725m Home Upgrade Grants to part fund energy improvement works
 - e. £0.495m Green Homes Grant – Local Authority Delivery awarded from the Business, Energy and Industrial Strategy (BEIS) for the third phase.
 - f. £3.407m High Needs Grant allocated from the DfE in year, yet to be agreed on how it will be spent.
 - g. £0.119m allocation from West Mercia Police to install additional CCTV cameras.
 - h. £0.423m Rough Sleepers Accommodation Programme to assist with purchasing suitable premises.
 - i. £0.075m Unified Technology Fund to help with digitising social care.
 - j. £9.491m Basic Needs Grant allocated from the DfE to increase school capacity.

- k. £1.274m Natural Flood Management Grant award from the Environment Agency.
 - l. £12.339m has been added to the capital programme to reflect the profile of the spend for income received to date.
 - m. £3.233m DfE grant for the improvement works at Brookfield School.
 - n. £0.776m Income received to purchase the Herefordshire Hoard.
 - o. £0.256m Wye Valley AONB grant for improvement works.
 - p. £2.841m for the capital elements of the UK Shared Prosperity Fund and the Rural Prosperity Fund.
6. The only other changes to the capital programme were approved at council, for projects such as Brookfield switch to grant and reduction in council funding, use of reserves for both the Stronger Towns projects. The approval by the S151 officer was given for the above grant amendments, along with removal of the revenue reserve for technology use and retain it to use on revenue projects, also to remove any council funding requirement to purchase the Herefordshire Hoard.
 7. As part of the 2023/24 budget setting process, priority capital investment needs for future years have been identified.
 8. All proposals were submitted based on needs, and are included in appendix A along with a description of what each proposal includes. Appendix A 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 totalling £63.22m have been identified, to be funded by capital grants (£18.64m), returns on capital investment (£13.54m), use of revenue reserves (£5.80m) and prudential borrowing (£25.24m).
 9. An informal review of all prospective capital funding requests has been completed; the rebuild of Westfield School was not progressed as it was not affordable within the current borrowing levels and thought external funding could be sought. The Highways Infrastructure budget had sought funding just from corporate supported borrowing but to balance within the borrowing constraints a proportion of this request was amended to be grant funded and they will need to source this grant funding to be able to spend the full allocation in the capital programme.
 10. The informal review was carried out to ensure all funding requests were manageable within the current borrowing limits in the medium term financial strategy and retains approximately £6.7m in the capital receipts reserve.
 11. Given that the historic spend on the improvements on the Hereford Enterprise Zone are self-funded, i.e. the costs of the improvements are funded from the disposal proceeds of the plots, a formal valuation of the plots have been commissioned to confirm the current market valuation of the plots.
 12. Approval of provision in the capital programme is not approval to proceed. Each project will be subject to its own governance, a full business case before any spend may be incurred and comply with the council's contract procedure rules as applicable.
 13. There are two other changes within the capital programme Appendix B for the current financial year. Firstly the reduction of the Electronic Document Management Storage by the forecast underspend of £0.065m to increase the Key Network Infrastructure capital budget to enable delivery due to the inflationary increases at the point the tenders were received, there is no

change to the overall borrowing requirement, just a movement of budget between the two projects.

14. Secondly a decrease in the Leominster Heritage Action Zone (LHAZ) budget of £0.496m, due to a decrease in the grant award from Historic England. Due to Covid related impacts the LHAZ underspent in 2021/22, and the capital programme has been reduced to reflect this. Following the selection of the Heritage Action Zone there were national delays to the launch of the programme due to Covid. These funds were then available for business grants to support the development and/ or restoration of heritage buildings. However, Covid had a significant impact both on businesses being in a position to invest in their buildings (alongside the grant funding), or to access the specialist technical skills required to develop their project. Therefore, unfortunately there was an underspend with 2021/22. In the following years there has been a high take up of the scheme, with all of the remaining funds now committed.
15. 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. The strategy is included at appendix D and in line with the guidelines requires Council approval.

Community impact

16. 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 enabling efficient and effective operations.
17. 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 for any new capital scheme commencing and incurring spend.

Environmental Impact

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

performance. An initial environmental assessment has been included in the outline business cases that were reviewed at Scrutiny and these will be developed and scoped for each project when they seek approval to spend and a separate governance decision.

Equality duty

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

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

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

21. 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

22. The proposed additions at appendix A total £63.22m over the next four years. Of this £18.64m is proposed to be funded from capital grants, all projects are yet to secure the grant funding and will be dependent on successful outcomes such as the Levelling up Fund for Masters House and the Transport Hub. There is no use of capital receipts reserves, although £5.8m will be used from the waste revenue reserve. This leaves £38.78m requiring financing from prudential borrowing. Of this the cost of financing £13.54m of prudential borrowing repayment costs will be funded from additional revenue streams or savings in the revenue budget. Therefore additional costs of financing £25.24m prudential borrowing will be funded by the corporate revenue budget. Where projects are in the capital programme but they depend on grant, if the grant request is not successful, the full project including any match funding will be removed unless a revised project is approved within the revised allocations.

Scheme	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000

Schools Accessibility	0.0	0.0	0.0	0.0	1,000.0	1,000.0
Schools Maintenance	0.0	0.0	0.0	0.0	2,713.0	2,713.0
HARC SAN Lifecycle Replacement	0.0	0.0	0.0	0.0	372.0	372.0
Data Centre Equipment Lifecycle Replacement	0.0	0.0	0.0	0.0	329.0	329.0
Windows Server Upgrades	0.0	0.0	0.0	0.0	330.0	330.0
Backup Storage	0.0	0.0	0.0	0.0	82.0	82.0
Device and Ancillary kit replacement programme	0.0	0.0	0.0	0.0	1,593.0	1,593.0
M365 E5 Implementation	0.0	0.0	0.0	0.0	450.0	450.0
Estates Building Improvement Programme 2023-25	180.0	0.0	0.0	1,105.0	2,422.0	3,707.0
Highways Infrastructure Investment	1,580.0	0.0	0.0	0.0	14,460.0	16,040.0
Public Realm Improvements for Ash Die Back	0.0	0.0	0.0	0.0	1,416.0	1,416.0
Moving Traffic Enforcement Phase 2	0.0	0.0	0.0	144.0	0.0	144.0
Masters House	762.0	0.0	0.0	0.0	0.0	762.0
Waste	0.0	5,800.0	0.0	12,290.0	0.0	18,090.0
E-Cargo Bike Share	0.0	0.0	0.0	0.0	73.3	73.3
Home Upgrade Grant	7,744.0	0.0	0.0	0.0	0.0	7,744.0
Herefordshire Retrofit Hub	2,042.2	0.0	0.0	0.0	0.0	2,042.2
Transport Hub	6,328.0	0.0	0.0	0.0	0.0	6,328.0
Total	18,636.2	5,800.0	0.0	13,539.0	25,240.3	63,215.5

23. The corporate 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.

Funding Position	23/24	24/25	25/26	26/27	Total
Total Corporate Borrowing Required	11,534.3	5,819.0	3,977.0	3,910.0	25,240.3
Annual Funding Limit	6,700.0	6,700.0	6,700.0	6,700.0	26,800.0
Unspent 21/22 borrowing to reallocate	539.3	-	-	-	539.3
Unspent 22/23 borrowing estimated	1,895.0	-	-	-	1,895.0
Allocated Previously	-2,995.0	-564.0	-435.0	-	-3,994.0
Total Funding Available	6,139.3	6,136.0	6,265.0	6,700.0	25,240.3
Funding Variance	-5,395.0	317.0	2,288.0	2,790.0	0.0

24. The additional borrowing requirement is reflected in an update to the Treasury Management Strategy as shown in the report appearing elsewhere on the Cabinet's agenda today [26 January 2023] with actual borrowing being secured, as cash funding is required at the optimal interest rate available at that time. Although the above table reflects advance borrowing of the 2023/24 allowance it is believed the additional cash balances

held in reserves and slippage of the capital programme each year will ensure the costs of borrowing for these new projects will be offset within the existing budget.

25. Individual capital scheme resourcing implications will be detailed in the approval to precede decision. Appendix E contains the outline business cases for each of the new projects.

Legal implications

26. 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.
27. 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.
28. 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.
29. 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.
30. In accordance with the budget and policy framework, rules in the constitution the general scrutiny committee shall inform and support the process for making cabinet proposals to Council. Scrutiny Management Board considered the capital investment budget at appendix A at its meeting on 17 January 2022, as referred to in the consultees section of this report. As such, the proposals in appendix C and D have been developed in accordance with the constitution.
31. 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

32. 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 in the council's overall position for example through phasing of spend, identifying and securing scheme changes or alternative funding sources.

33. Capital projects inherently give rise to risks in their delivery, both in time and budget. Individual scheme reporting and associated project boards exist to mitigate these risks. Furthermore slower delivery than forecast can mean the strategic ambitions are not being met as planned. A review of capital processes has taken place and the recommendations to help mitigate scheme risks are in the process of being put in place once approved. All projects are expected to be managed through the programme management office once resources are in place, so further mitigating the risk of overspend or delays.
34. 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

35. The council's constitution states that budget consultees should include parish councils, health partners, the schools forum, business ratepayers, council taxpayers, the trade unions, political groups on the council, the scrutiny committees and such other organisations and persons as the leader shall determine.
36. An online public consultation was open between 15 December 2022 and 3 January 2023. The main focus of the consultation was on council tax setting and the savings that needed to be identified to enable a balance budget to be presented due to the current pressures.
37. During the year Parish Councils have been consulted on S106 income held and discussed what will be delivered to ensure these funds are appropriately spent within the timeframes required.
38. The proposed capital investment budget additions were presented to scrutiny management board (SMB) at the meeting on 17 January 2023. The only recommendation in regards to the proposed capital programme is detailed below and therefore there are no changes to the recommendations being proposed by cabinet to council.
 - *SMB supports the approach to pull more funding forward for capital projects, with the assurances given of the increased capacity to deliver through the PMO, in to 23/24.*

Appendices

Appendix A - Proposed capital investment additions from 2023/24

Appendix B - Current status of approved capital programme

Appendix C - Total proposed capital programme

Appendix D - Proposed Capital Strategy

Appendix E – Outline Business cases for capital investment proposals.

Background papers

Capital Investment Proposals published at Scrutiny Management Board on 17 January 2023

Glossary of Terms

Capital Grant Funding – External income from another organisation

Redirected Funding – Use of revenue reserves to fund capital

Capital Receipt Funding – Use of the capital receipts reserve that is generated from sale of land, buildings and other assets of the council

Funded by ROI – this is where there is a return on investment to repay the borrowing costs, such as increased income or savings on the current budget by reducing on going costs

Corporate funding by PB – this is where prudential borrowing is repaid from the corporate revenue budget

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 05/01/2023
Finance	Louise Devlin	Date 05/01/2023
Legal	Francis Fernandes	Date 03/01/2023
Communications	Luenne Featherstone	Date 03/01/2023
Equality Duty	Harriet Yellin	Date 05/01/2023
Procurement	Lee Robertson	Date 29/12/2022
Risk	Kevin Lloyd	Date 05/01/2023
Approved by	Andrew Lovegrove	Date 18/01/2023

Capital Funding Requests for approval

Appendix A

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Scheme	Current Capital Programme £000	Total 23/24 £000	Total 24/25 £000	Total 25/26 £000	Total 26/27 £000	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
Schools Accessibility	240.0	1,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,000.0	1,000.0
Schools Maintenance	5,655.0	2,713.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,713.0	2,713.0
HARC SAN Lifecycle Replacement		372.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	372.0	372.0
Data Centre Equipment Lifecycle Replacement		329.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	329.0	329.0
Windows Server Upgrades		330.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	330.0	330.0
Backup Storage		82.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	82.0	82.0
Device and Ancillary kit replacement programme		365.0	365.0	415.0	448.0	0.0	0.0	0.0	0.0	1,593.0	1,593.0
M365 E5 Implementation		300.0	150.0	0.0	0.0	0.0	0.0	0.0	0.0	450.0	450.0
Estates Building Improvement Programme 2023-25		2,460.0	1,247.0	0.0	0.0	180.0	0.0	0.0	1,105.0	2,422.0	3,707.0
Highways Infrastructure Investment		4,085.0	4,085.0	3,985.0	3,885.0	1,580.0	0.0	0.0	0.0	14,460.0	16,040.0
Public Realm Improvements for Ash Die Back		315.0	367.0	367.0	367.0	0.0	0.0	0.0	0.0	1,416.0	1,416.0
Moving Traffic Enforcement Phase 2		144.0	0.0	0.0	0.0	0.0	0.0	0.0	144.0	0.0	144.0
Masters House		762.0	0.0	0.0	0.0	762.0	0.0	0.0	0.0	0.0	762.0
Waste		18,090.0	0.0	0.0	0.0	0.0	5,800.0	0.0	12,290.0	0.0	18,090.0
E-Cargo Bike Share		73.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	73.3	73.3
Home Upgrade Grant	1,725.0	3,097.6	4,646.4	0.0	0.0	7,744.0	0.0	0.0	0.0	0.0	7,744.0
Herefordshire Retrofit Hub		2,042.2	0.0	0.0	0.0	2,042.2	0.0	0.0	0.0	0.0	2,042.2
Transport Hub	3,672.0	2,828.0	3,500.0	0.0	0.0	6,328.0	0.0	0.0	0.0	0.0	6,328.0
Total	11,292.0	39,388.1	14,360.4	4,767.0	4,700.0	18,636.2	5,800.0	0.0	13,539.0	25,240.3	63,215.5

Capital Funding Request Scheme Description

Scheme	Scheme Description
Schools Accessibility	To adapt up to six schools so that they can meet the physical needs of identified learners with special educational needs.
Schools Maintenance	To deliver a programme of Schools Maintenance projects that will seek to removal all priority 1 items from the 2019 condition surveys and current emergency works.
HARC SAN Lifecycle Replacement	The project is to replace critical IT Data Storage equipment which is coming to the end of its manufacturer supported life. Namely HARC Storage Area Network (SAN) & Fibre Chanel Optical Switching (FC Switches).
Data Centre Equipment Lifecycle Replacement	The project is to replace critical IT Data Centre solutions which are coming to the end of their manufacturer supported life.
Windows Server Upgrades	The project is to upgrade any server operating the Windows Server 2012 version, ensure line of business systems are able to operate with the newer operating systems, maintain the Windows Server estate on a supported and secure operating system and maintain systems on supportable operating systems with access to vendor support (Microsoft).
Backup Storage	The current data storage for back up data is Veeam (data to tape). This is approaching end of life and also has very little spare capacity. The project will evaluate whether Veeam is the best approach or if alternatives (such Cloud storage) are better. The project will then procure and implement the best solution. The chosen product will meet or exceed all current required security compliance and be at least as effective as the current back up arrangements in all respects. Costings have been made on the basis of Veeam as this a viable option and a known quantity. Other solutions would be considered on the basis that they were of equal or less cost.
Device and Ancillary kit replacement programme	This Business Case is to recommend the provision of a rolling programme, over 4 years, of device replacements for staff computing across Herefordshire Council. Each year it is anticipated that 20% of the estate will need to be replaced to ensure that device performance is maintained. It will also provide the necessary equipment to allow the continuation of service deliverability unhindered (otherwise known as Business as Usual) taking into account the various issues received on a daily business which consist of break/fix repairs new starter devices and replacement of any lost devices and associated peripherals.
M365 E5 Implementation	Implementation of the Microsoft M365 E5 Office suite as a Cloud product & decommissioning of current redundant capacity. This will give the Council up to date productivity software, better security, and better

	management tools. It will mean an increased revenue cost but a reduced forecast capital cost over the next 5 years.
Estates Building Improvement Programme 2023-25	<p>The proposed Estate Building Improvement Programme is in respect of identified and prioritised property projects to be delivered over 2023/25. Certain projects have been prioritised as failure to address the necessary property investment risks service delivery, with regard to the Council's stated objectives, and breach of statutory compliance.</p> <p>Installation of new energy efficiency measures in Council buildings will improve the environmental and energy efficiency standards and reduce the Council's carbon footprint. Improvement works to Council buildings will modernise and create better working environments for employees.</p>
Highways Infrastructure Investment	<p>The condition of the public realm network requires additional funding to support the Annual Budget allocation from the Department of Transport. The network is deteriorating with a significant backlog of works required to manage the network in an appropriate condition. The council has a duty under S41 of the Highways Act, has a Duty to maintain highways maintainable at public expense.</p> <p>The council receives funding from the Department for Transport, the funding is required to compliment and invest in the network to ensure safety to the public and to mitigate the impact of the deterioration.</p>
Public Realm Improvements for Ash Die Back	Ash Die Back is impacting on the Public Real Network and Property owned and managed by the council. The funding is to manage the impact, removing trees that, due to the condition, are a risk to the public. The project will remove the risk and as part of recovery, will replace trees with an appropriate species.
Moving Traffic Enforcement Phase 2	A key decision taken on 22 July 2022 approved the application of powers, and the spending of £100k of agreed capital toward a Moving Traffic Enforcement scheme which will cover two Hereford sites. This funding is for phase 2 of the scheme.
Masters House	The introduction of hard and soft landscaping to The Master's House car park, to complete the restoration of the main building. Dependent on successful LUF grant award.
Waste	To provide the capital financing for the purchase of the new waste collection fleet and to install electric vehicle charging infrastructure at the two waste collection depots.
E-Cargo Bike Share	Four electric cargo (e-Cargo) bikes to the Hereford City public bike share scheme operated by our current partner Beryl. Two fixed docking stations will home the bikes will be constructed. One docking station will be located to the south of the River Wye and the other north of the River Wye.
Herefordshire Retrofit Hub & Home Upgrade Grant (phase 2)	<p>The purpose of this capital bid is for future work around domestic energy retrofit.</p> <p>This work comprises of two elements:</p> <ul style="list-style-type: none"> • The second round of the Home Upgrade Grant scheme (HUG2)

	<ul style="list-style-type: none"> • Seeking additional, external grant funding to support further capital investment for the retrofit of fuel poor homes
Transport Hub	<p>The Hereford Transport Hub is an integrated modern public transport interchange, in the forecourt area of Hereford Railway Station. It will enable passengers to switch easily between different modes of transport (bus, rail & cab). The project is currently in HC Stage 2 (Planning & design). A multi-disciplinary design consultancy team was appointed in March 2022 and are currently in RIBA stage 3 - Spatial Coordination (formerly known as the 'Developed Design' stage)</p>

Capital Programme position December 2022/23

Appendix B

Scheme Name	Spend in 2022/23		2022/23		2023/24	2024/25	2025/26	2026/27	Total
	Prior Years £000	Total Budget £000	Forecast Q3 £000	Variance £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Scheme Budget £000
Hereford City Centre Transport Package	35,031	3,549	3,087	(462)	2,071	0	0	0	40,651
Hereford City Centre Improvements (HCCI)	1,972	2,135	1,737	(399)	1,892	0	0	0	6,000
Hereford ATMs and Super Cycle Highway		0	0	0	1,000	0	0	0	1,000
Emergency Active travel Fund	19	119	0	(119)	0	0	0	0	137
Passenger Transport Fleet (Electric)		0	0	0	7,800	15,600	15,600	0	39,000
Sustainable Transport & Place Making Delivery Board	37,022	5,803	4,824	(979)	12,764	15,600	15,600	0	86,788
Local Transport Plan (LTP)		15,466	15,466	0	15,466	15,466	0	0	46,398
Priority Flood Repair Works	1,802	2,225	1,399	(826)	0	0	0	0	4,027
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	17	1,891	1,891	0	392	0	0	0	2,299
Public Realm Maintenance - Mitigating Risk on the Network		2,475	1,147	(1,328)	2,475	0	0	0	4,950
Winter Resilience		532	0	(532)	145	290	435	0	1,402
Highways Equipment		548	10	(538)	0	0	0	0	548
Natural Flood Management		352	134	(218)	234	279	239	170	1,274
Investment in Infrastructure Assets	1,874	126	0	(126)	0	0	0	0	2,000
Highways Maintenance Delivery Board	3,692	23,615	20,046	(3,569)	18,712	16,035	674	170	62,898
E & E's S106		1,332	1,332	0	3,703	1,092	1,922	0	8,049
C & F's S106		1,200	1,094	(106)	1,017	351	2,265	0	4,833
Planning Delivery Board	0	2,532	2,426	(106)	4,720	1,443	4,187	0	12,882
Integrated Wetlands	691	1,309	1,309	0	0	0	0	0	2,000
Solar Photovoltaic Panels	699	260	260	0	1,175	0	0	0	2,134
Wye Valley AONB		96	96	0	80	80	0	0	256
SEPubU Grant	76	66	12	(54)	290	0	0	0	432
Warm Homes Fund	579	381	20	(360)	0	0	0	0	960
Air Quality Monitoring Station Resource Improvements		192	107	(85)	0	0	0	0	192
Green Homes Grant - Local Authority Delivery		1,835	644	(1,191)	0	0	0	0	1,835
Home Upgrade Grant		1,725	1,460	(265)	0	0	0	0	1,725
Environment & Sustainability Delivery Board	2,045	5,864	3,909	(1,955)	1,545	80	0	0	9,534
Hereford Enterprise Zone	13,090	1,657	1,557	(100)	200	0	0	0	14,947
Marches Business Investment Programme	1,884	1,340	1,162	(178)	205	0	0	0	3,428
Employment Land & Incubation Space in Market Towns	341	500	0	(500)	3,000	10,000	6,860	0	20,701
Leominster Heritage Action Zone	167	1,600	1,104	(496)	1,833	0	0	0	3,600
Safer Streets / CCTV		383	383	0	0	0	0	0	383
Herefordshire Hoard		776	776	0	0	0	0	0	776
Fastershire Broadband	22,157	3,282	4,959	1,677	2,767	7,532	0	0	35,738
Development Partnership activities	10,415	25	0	(25)	1,975	3,000	5,185	0	20,600
Economic Development Delivery Board	48,054	9,562	9,941	379	9,980	20,532	12,045	0	100,173
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	2	1,398	1,898	500	10,800	5,800	0	0	18,000
Stronger Towns Fund - Greening the City		78	78	0	332	0	0	0	410
UK Shared Prosperity Fund		81	0	(81)	210	845	0	0	1,135
Rural Prosperity Fund		0	0	0	850	856	0	0	1,706
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	1	767	767	0	2,732	0	0	0	3,500
Major External Funded Delivery Board	3	2,323	2,742	419	14,924	7,500	0	0	24,751
PC Replacement	1,418	98	98	0	0	0	0	0	1,516
Electronic Document Management Storage	212	168	103	(65)	0	0	0	0	380
Capital Development Fund		500	0	(500)	500	0	0	0	1,000
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)		490	33	(457)	0	0	0	0	490
Primary Data Storage Area Network (Plough Lane)		335	313	(22)	0	0	0	0	335
IT Services Partnership Board	1,630	1,591	547	(1,044)	500	0	0	0	3,721
Flexible Futures	167	683	439	(245)	0	0	0	0	850
My Account		313	33	(280)	130	0	0	0	443
Corporate Transformation Delivery Board	167	996	472	(525)	130	0	0	0	1,293
Schools Capital Maintenance Grant		3,265	2,171	(1,094)	1,195	1,195	0	0	5,655
Peterchurch Area School Investment	228	100	50	(50)	7,350	3,175	0	0	10,853
Brookfield School Improvements	214	337	337	0	3,654	795	0	0	5,000

Capital receipts £000	Grant & funding cont £000	Prudential borrowing £000	Total £000	Prior Years £000	Total Funding £000
		5,620	5,620	35,031	40,651
	1,450	2,578	4,028	1,972	6,000
		1,000	1,000	0	1,000
	119		119	19	137
	35,000	4,000	39,000	0	39,000
0	36,569	13,198	49,766	37,022	86,788
46,398			46,398	0	46,398
		2,225	2,225	1,802	4,027
		2,282	2,282	17	2,299
		4,950	4,950	0	4,950
		1,402	1,402	0	1,402
		548	548	0	548
1,274			1,274	0	1,274
		126	126	1,874	2,000
0	47,672	11,534	59,205	3,692	62,898
			425	0	425
	1,200		1,200	0	1,200
-	1,625	0	1,625	0	1,625
			1,309	691	2,000
		1,435	1,435	699	2,134
		256	256		256
		356	356	76	432
		381	381	579	960
			192	0	192
	1,835		1,835	0	1,835
	1,725		1,725	0	1,725
0	5,861	1,627	7,488	2,045	9,534
1,857			1,857	13,090	14,947
	1,544		1,544	1,884	3,428
7,214		11,093	20,360	341	20,701
1,772			3,433	167	3,600
			383	0	383
0			776	0	776
	4,544	9,037	13,581	22,157	35,738
140		10,045	10,185	10,415	20,600
10,983	10,961	30,176	52,120	48,054	100,173
8,000	9,998		17,998	2	18,000
	410		410	0	410
500	2,999		3,499	1	3,500
8,500	13,407	0	21,907	3	21,910
		98	98	1,418	1,516
		168	168	212	380
	1,000		1,000	0	1,000
		490	490	0	490
		335	335	0	335
0	1,000	1,091	2,091	1,630	3,721
		683	683	167	850
		443	443	0	443
0	0	1,126	1,126	167	1,293
	5,655	0	5,655	0	5,655
5,437		5,188	10,625	228	10,853
919	3,867		4,786	214	5,000

High Needs Grant	300	78	(222)	1,077	2,678	0	0	4,055	
Basic Needs Funding	259	62	(197)	7,496	8,610	0	0	16,365	
Preliminary works to inform key investment need throughout the county	200	316	14	(302)	0	0	0	516	
School Accessibility Works	99	141	126	(15)	0	0	0	240	
Estates Capital Programme 2019/22	2,773	1,499	1,302	(198)	1,810	0	0	6,082	
Residual property works identified in the 2019 condition reports	1,199	766	(433)	193	0	0	0	1,392	
Estates Building Improvement Programme 22-25	1,329	776	(553)	1,414	264	0	0	3,007	
Upgrade of Hereford CCTV Cameras	42	42	0	0	0	0	0	42	
Hereford Library	145	0	0	0	200	0	0	345	
Asset Management Delivery Board	3,659	8,787	5,722	(3,065)	24,389	16,716	0	53,552	
Disabled facilities grant		3,018	2,258	(760)	2,540	2,000	0	7,558	
Super Hubs		0	0	0	2,000	0	0	2,000	
Unified Tech Fund – Digitising Social Care Prog		75	75	0	0	0	0	75	
Rough Sleepers Accommodation Programme	280	143	143	0	0	0	0	423	
Community Wellbeing Delivery Board	280	3,237	2,477	(760)	4,540	2,000	0	10,056	
Hillside	589	411	391	(20)	0	0	0	1,000	
Care home & Extra Care Development	100	70	(30)	500	3,000	9,000	1,400	14,000	
Empty Property Investment & Development	414	414	0	900	0	0	0	1,314	
Gypsy & Traveller Pitch development	755	30	30	(0)	1,092	0	0	1,877	
Strategic Housing Development	140	1,252	530	(722)	6,200	6,504	5,904	20,000	
Private sector housing improvements (Demo Centre)	25	174	144	(30)	0	0	0	199	
Housing & Accommodation Delivery Board	1,508	2,380	1,578	(802)	8,692	9,504	14,904	1,400	38,389
Total Capital Programme	98,060	66,691	54,684	(12,007)	100,895	89,410	47,410	1,570	404,037

Key:

RCCO

Project Complete

Reserve to be topped back up by future receipts

Approved at February 2022 Council	111,550	99,094		90,546	44,901	0	0	346,091
Reprofile Budget		(64,299)		(17,225)	37,139	42,984	1,400	(0)
Grant/Funding Movement		11,150		22,550	8,076	4,426	170	46,372
Brookfield Reduction in Council Funding due to Grant		(3,387)		421	795			(2,172)
Hereford Museum and Art Gallery Increased Funding		400		4,100	(1,500)			3,000
Maylord Orchard Redevelopment and LRC Increased Funding		(2)		502				500
Herefordshire Hoard fully income funded (remove reserve use)		(1,500)						(1,500)
Remove Technology Enabled Communities Reserve		(1,462)						(1,462)
21/22 Carry Forward		26,697						26,697
Budget not carried forward for projects completed	(24,592)							(24,592)
Use of Reserves								0
Prior Year Spend adj closed projects and 21/22 one off grant excluded	11,103							11,103

Change in Capital Programme

0 (59,100)

10,348 44,510 47,410 1,570 44,738

Note 1

Overall Change Financed By

	£000	£000	£000	£000	£000	£000	
Prudential Borrowing		(1,895)	(5,000)			(6,895)	
Grant and funding contributions (Inc Reserves)	11,150		22,550	8,076	4,426	46,372	
Capital receipts	(462)	(3,594)	10,023	(705)		5,261	
	(462)	5,661	27,573	7,370	4,426	170	44,738

	4,055		4,055			4,055
	16,103	262	16,365	0		16,365
		316	316	200		516
		141	141	99		240
		3,309	3,309	2,773		6,082
		1,392	1,392	0		1,392
		3,007	3,007	0		3,007
	42		42	0		42
		200	200	145		345
	6,356	29,722	13,814	49,893	3,659	53,552
		7,558		7,558	0	7,558
	2,000			2,000	0	2,000
		75		75	0	75
		143		143	280	423
	2,000	7,776	0	9,776	280	10,056
	411			411	589	1,000
	6,081	451	7,468	14,000	0	14,000
			1,314	1,314	0	1,314
			1,122	1,122	755	1,877
			19,860	19,860	140	20,000
	174			174	25	199
	6,666	451	29,764	36,881	1,508	38,389
	34,505	155,044	102,330	291,879	98,060	389,939

Capital Programme position April 2023/24

Appendix C

Scheme Name	Spend in Prior Years £000	2022/23 Total Budget £000	2023/24 Total Budget £000	2024/25 Total Budget £000	2025/26 Total Budget £000	2026/27 Total Budget £000	Total Scheme Budget £000	Capital receipts £000	Grant funding cont £000	Prudential borrowing £000	Total £000	Prior Years £000	Total Funding £000
Hereford City Centre Transport Package	35,031	3,549	4,899	3,500	0	0	46,979		6,328	5,620	11,948	35,031	46,979
Hereford City Centre Improvements (HCCI)	1,972	2,135	1,892	0	0	0	6,000		1,450	2,578	4,028	1,972	6,000
Hereford ATMs and Super Cycle Highway		0	1,000	0	0	0	1,000			1,000	1,000	0	1,000
Emergency Active travel Fund	19	119	0	0	0	0	137		119		119	19	137
Passenger Transport Fleet (Electric)		0	7,800	15,600	15,600	0	39,000		35,000	4,000	39,000	0	39,000
Sustainable Transport & Place Making Delivery Board	37,022	5,803	15,592	19,100	15,600	0	93,116	0	42,897	13,198	56,094	37,022	93,116
Local Transport Plan (LTP)		15,466	15,466	15,466	0	0	46,398		46,398		46,398	0	46,398
Priority Flood Repair Works	1,802	2,225	0	0	0	0	4,027			2,225	2,225	1,802	4,027
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	17	1,891	392	0	0	0	2,299			2,282	2,282	17	2,299
Public Realm Maintenance - Mitigating Risk on the Network		2,475	2,475	0	0	0	4,950			4,950	4,950	0	4,950
Winter Resilience		532	145	290	435	0	1,402			1,402	1,402	0	1,402
Highways Equipment		548	0	0	0	0	548			548	548	0	548
Natural Flood Management		352	234	279	239	170	1,274		1,274		1,274	0	1,274
Highways Infrastructure Investment		0	4,085	4,085	3,985	3,885	16,040		1,580	14,460	16,040	0	16,040
Public Realm Improvements for Ash Die Back		0	315	367	367	367	1,416			1,416	1,416	0	1,416
Moving Traffic Enforcement Phase 2		0	144	0	0	0	144			144	144	0	144
Masters House		0	762	0	0	0	762			762	762	0	762
Investment in Infrastructure Assets	1,874	126	0	0	0	0	2,000			126	126	1,874	2,000
Highways Maintenance Delivery Board	3,692	23,615	24,018	20,487	5,026	4,422	81,260	0	50,014	27,554	77,567	3,692	81,260
E & E's S106		1,332	3,703	1,092	1,922	0	8,049		8,049		8,049	0	8,049
C & F's S106		1,200	1,017	351	2,265	0	4,833		4,833		4,833	0	4,833
Planning Delivery Board	0	2,532	4,720	1,443	4,187	0	12,882	-	12,882	0	12,882	0	12,882
Integrated Wetlands	691	1,309	0	0	0	0	2,000		1,309		1,309	691	2,000
Solar Photovoltaic Panels	699	260	1,175	0	0	0	2,134			1,435	1,435	699	2,134
Wye Valley AONB		96	80	80	0	0	256		256		256	0	256
SEPU Grant	76	66	290	0	0	0	432		356		356	76	432
Warm Homes Fund	579	381	0	0	0	0	960		381		381	579	960
Air Quality Monitoring Station Resource Improvements		192	0	0	0	0	192			192	192	0	192
Waste		0	18,090	0	0	0	18,090		5,800	12,290	18,090	0	18,090
E-Cargo Bike Share		0	73	0	0	0	73			73	73	0	73
Herefordshire Retrofit Hub		0	2,042	0	0	0	2,042		2,042		2,042	0	2,042
Green Homes Grant - Local Authority Delivery		1,835	0	0	0	0	1,835		1,835		1,835	0	1,835
Home Upgrade Grant		1,725	3,098	4,646	0	0	9,469		9,469		9,469	0	9,469
Environment & Sustainability Delivery Board	2,045	5,864	24,848	4,726	0	0	37,483	0	21,448	13,990	35,438	2,045	37,483
Hereford Enterprise Zone	13,090	1,657	200	0	0	0	14,947		1,857		1,857	13,090	14,947
Marches Business Investment Programme	1,884	1,340	205	0	0	0	3,428		1,544		1,544	1,884	3,428
Employment Land & Incubation Space in Market Towns	341	500	3,000	10,000	6,860	0	20,701		7,214	2,053	11,093	20,360	20,701
Leominster Heritage Action Zone	167	1,104	1,833	0	0	0	3,104		1,772	1,165	2,938	167	3,104
Safer Streets / CCTV		383	0	0	0	0	383			383	383	0	383
Herefordshire Hoard		776	0	0	0	0	776		0	776	776	0	776
Fastershire Broadband	22,157	3,282	2,767	7,532	0	0	35,738		4,544	9,037	13,581	22,157	35,738
Development Partnership activities	10,415	25	1,975	3,000	5,185	0	20,600		140	10,045	10,185	10,415	20,600
Economic Development Delivery Board	48,054	9,067	9,980	20,532	12,045	0	99,678	10,983	10,466	30,176	51,624	48,054	99,678
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	2	1,398	10,800	5,800	0	0	18,000		8,000	9,998	17,998	2	18,000
Stronger Towns Fund - Greening the City		78	332	0	0	0	410			410	410	0	410
UK Shared Prosperity Fund		81	210	845	0	0	1,135			1,135	1,135	0	1,135
Rural Prosperity Fund		0	850	856	0	0	1,706			1,706	1,706	0	1,706
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	1	767	2,732	0	0	0	3,500		500	2,999	3,499	1	3,500
Major External Funded Delivery Board	3	2,323	14,924	7,500	0	0	24,751	8,500	16,247	0	24,747	3	24,751
PC Replacement	1,418	98	0	0	0	0	1,516			98	98	1,418	1,516
Electronic Document Management Storage	212	103	0	0	0	0	315			103	103	212	315
Capital Development Fund		500	500	0	0	0	1,000		1,000		1,000	0	1,000
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)		555	0	0	0	0	555			555	555	0	555

HARC SAN Lifecycle Replacement	0	372	0	0	0	372		372	372	0	372		
Data Centre Equipment Lifecycle Replacement	0	329	0	0	0	329		329	329	0	329		
Windows Server Upgrades	0	330	0	0	0	330		330	330	0	330		
Backup Storage	0	82	0	0	0	82		82	82	0	82		
Device and Ancillary kit replacement programme	0	365	365	415	448	1,593		1,593	1,593	0	1,593		
M365 E5 Implementation	0	300	150	0	0	450		450	450	0	450		
Primary Data Storage Area Network (Plough Lane)	335	0	0	0	0	335		335	335	0	335		
IT Services Partnership Board	1,630	1,591	2,278	515	415	448	6,877	0	1,000	4,247	5,247	1,630	6,877
Flexible Futures	167	683	0	0	0	0	850		683	683	167	0	850
My Account		313	130	0	0	0	443		443	443	0	0	443
Corporate Transformation Delivery Board	167	996	130	0	0	0	1,293	0	0	1,126	1,126	167	1,293
Schools Capital Maintenance Grant		3,265	3,908	1,195	0	0	8,368		5,655	2,713	8,368	0	8,368
Peterchurch Area School Investment	228	100	7,350	3,175	0	0	10,853	5,437		5,188	10,625	228	10,853
Brookfield School Improvements	214	337	3,654	795	0	0	5,000	919	3,867		4,786	214	5,000
High Needs Grant		300	1,077	2,678	0	0	4,055		3,867	4,055		0	4,055
Basic Needs Funding		259	7,496	8,610	0	0	16,365		16,103	262	16,365	0	16,365
Preliminary works to inform key investment need throughout the county	200	316	0	0	0	0	516			316	316	200	516
School Accessibility Works	99	141	1,000	0	0	0	1,240			1,141	1,141	99	1,240
Estates Capital Programme 2019/22	2,773	1,499	1,810	0	0	0	6,082			3,309	3,309	2,773	6,082
Residual property works identified in the 2019 condition reports		1,199	193	0	0	0	1,392			1,392	1,392	0	1,392
Estates Building Improvement Programme 22-25		1,329	1,414	264	0	0	3,007			3,007	3,007	0	3,007
Estates Building Improvement Programme 2023-25		0	2,460	1,247	0	0	3,707		180	3,527	3,707	0	3,707
Upgrade of Hereford CCTV Cameras		42	0	0	0	0	42		42		42	0	42
Hereford Library	145	0	200	0	0	0	345		42	200	200	145	345
Asset Management Delivery Board	3,659	8,787	30,562	17,963	0	0	60,972	6,356	29,902	21,054	57,313	3,659	60,972
Disabled facilities grant		3,018	2,540	2,000	0	0	7,558		7,558		7,558	0	7,558
Super Hubs		0	2,000	0	0	0	2,000	2,000			2,000	0	2,000
Unified Tech Fund – Digitising Social Care Prog		75	0	0	0	0	75		75		75	0	75
Rough Sleepers Accommodation Programme	280	143	0	0	0	0	423			143	143	280	423
Community Wellbeing Delivery Board	280	3,237	4,540	2,000	0	0	10,056	2,000	7,776	0	9,776	280	10,056
Hillside	589	411	0	0	0	0	1,000		411		411	589	1,000
Care home & Extra Care Development		100	500	3,000	9,000	1,400	14,000	6,081	451	7,468	14,000	0	14,000
Empty Property Investment & Development		414	900	0	0	0	1,314			1,314	1,314	0	1,314
Gypsy & Traveller Pitch development	755	30	1,092	0	0	0	1,877			1,122	1,122	755	1,877
Strategic Housing Development	140	1,252	6,200	6,504	5,904	0	20,000			19,860	19,860	140	20,000
Private sector housing improvements (Demo Centre)	25	174	0	0	0	0	199		174		174	25	199
Housing & Accommodation Delivery Board	1,508	2,380	8,692	9,504	14,904	1,400	38,389	6,666	451	29,764	36,881	1,508	38,389
Total Capital Programme	98,060	66,195	140,283	103,771	52,177	6,270	466,756	34,505	193,082	141,109	368,696	98,060	466,756

Key:

RCCO
Project Complete
Reserve to be topped back up by future receipts

Current 22/23 Budget Position 98,060 66,691 100,895 89,410 47,410 1,570 404,037

Change in Capital Programme 0 (496) 39,388 14,360 4,767 4,700 62,720

Overall Change Financed By

	£000	£000	£000	£000	£000	£000	
Prudential Borrowing			24,678	6,214	3,977	3,910	38,779
Grant and funding contributions (Inc Reserves)		(496)	14,710	8,146	790	790	23,941
Capital receipts							0
Total	0	(496)	39,388	14,360	4,767	4,700	62,720

DRAFT

Capital Strategy

2023 – 2030

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

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HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

1. EXECUTIVE SUMMARY

- 1.1 An effective Capital Strategy is vital to ensure that the capital and revenue expenditure on the asset portfolio is directed efficiently and effectively to support service delivery in line with Herefordshire's priorities. This strategy considers the capital investment needs across Herefordshire including acquisition, replacement and rental of land, buildings, and vehicles etc.
- 1.2 Herefordshire Council has seen a number of schemes like the City Link Road and development of the Herefordshire Enterprise Zone enable long term plans for future development. This Capital Strategy will link to the County Plan 2020-24 and its three themes, to capital planning and utilisation of resources.
- 1.3 The Capital Strategy will be reviewed annually, identifying and matching resources to deliver service priorities over a four year period. Where possible a longer term view will be incorporated to ensure we have the vision on all future development opportunities. Also to enable long term planning on capital financing through the Treasury Management Strategy to ensure the best utilisation of resources and returns on investment.
- 1.4 A key partner moving forward is NMiTE (New Model in Technology and Engineering), the new Herefordshire University and the council is keen to support their development in the coming years.
- 1.5 The challenges given to retaining property assets will be based on value for money and delivery of the council's strategic priorities and key service delivery. Surplus properties will either be recycled or disposed of in accordance with the strategic asset management plan 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 strategic asset management plan 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 in and development opportunities are considered. However, there are limited resources and these schemes may need to be profiled over a number of years where they are to be funded corporately. Invest to save schemes are encouraged to help the future pressures we are facing on revenue budgets with the reduction in government funding over a number of years.
- 1.8 A Programme Management Office was created in 2020 to embed new processes for managing and developing projects. They manage the delivery of all capital projects through the development stage such as Housing development, Waste and Market Town Investment Plan projects. This is so that when new projects are added to the capital programme they are robust and will be able to commence delivery.
- 1.9 The priority will be to ensure that any new capital scheme will seek external funding sources such as grants in the first instance. Although borrowing will be allowed within the current agreed limits of £6.7m per annum plus any previously approved Public Works Loan Board (PWLB) provision that has not been used. The £6.7m per annum limit is corporately funded borrowing, borrowing funded from revenue savings will be made available over and above this limit. This is the current limit included within the MTFs if further corporately funded borrowing is required, there could be a change to the MTFs and Treasury Management Strategy to allow this but the revenue budget would need to be adjusted to repay the borrowing costs. The council will always seek external capital funding grants or donations where possible to lower the cost of borrowing but it is essential that resources are used effectively.
- 1.10 The process of allocating finite resources runs alongside delivery of the Medium Term Financial Strategy, through which capital funding, borrowing costs and innovative ways of utilising capital

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

will be captured. The recommendation of capital projects lies with the Executive using a range of criteria to evaluate schemes, with referral to Council for approval. However, the Council may add new schemes to the capital programme and new schemes can be added once approved at any full council meeting.

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

2. INTRODUCTION AND BACKGROUND

- 2.1 This Capital Strategy sets out Herefordshire's approach to capital investment and disposal over both the short and long term, to deliver the core service priorities. The availability of resources to facilitate these priorities is also considered, reconciling the provision of statutory functions, service aspiration and policy context with limited resource availability.
- 2.2 The strategy incorporates the vision of the council, the overarching policy framework and explains the processes inherent in setting budgets and monitoring the programme. In the ever changing public sector climate, this document will be reviewed annually, but in essence is written to capture the longer term vision of service priorities.
- 2.3 Through this strategy, the Council makes a clear distinction between capital investments, where the strategic aims will be considered alongside affordability; and treasury management investments which are made for the purpose of cash flow management.
- 2.4 Capital investments, as opposed to pure cash flow management decisions, will be made in line with the Capital Strategy priorities set out in this document. These decisions are clearly within the economic powers of the Council and there are strong governance arrangements in place that underpin the decision making.
- 2.5 The Capital Strategy links into the main council strategic documents: Strategic Asset Management Plan, Local Transport Plan, Digital Strategy and Local Development Framework, details are provided in appendix B. It demonstrates how the council prioritises, sets targets and measures the performance of its limited capital resources to ensure that it maximises the value of investment to support the achievement of its key cross-cutting activities and initiatives.

- **What it intends to do**

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

- **What it sets out**

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

2.6 The strategic objectives for our corporate assets are to:

- Since 2021/22, Herefordshire Council has largely be funded from local taxation – Council Tax and Business Rates. Through capital investment, the Council will seek to stimulate the

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

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 2022-2030

3. CURRENT CAPITAL PROGRAMME & LONG TERM PLAN

3.1 The following table details the capital investment by programme board 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.

Proposed Capital Programme

	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	Total Capital Programme Budgets £000s
Sustainable Transport & Place Making Delivery Board	5,803	15,592	19,100	15,600	0	56,095
Highways Maintenance Delivery Board	23,615	24,018	20,487	5,026	4,422	77,568
Planning Delivery Board	2,532	4,720	1,443	4,187	0	12,882
Environment & Sustainability Delivery Board	5,864	24,848	4,726	0	0	35,438
Economic Development Delivery Board	9,067	9,980	20,532	12,045	0	51,624
Major External Funded Delivery Board	2,323	14,924	7,500	0	0	24,747
IT Services Partnership Board	1,591	2,278	515	415	448	5,247
Corporate Transformation Delivery Board	996	130	0	0	0	1,126
Asset Management Delivery Board	8,787	30,562	17,963	0	0	57,312
Community Wellbeing Delivery Board	3,237	4,540	2,000	0	0	9,777
Housing & Accommodation Delivery Board	2,380	8,692	9,504	14,904	1,400	36,880
Total Capital Programme	66,195	140,283	103,771	52,177	6,270	368,696

Financed by

Capital Receipts	34,505
Grants & Funding Contributions	193,082
Prudential Borrowing	141,109
Total Funding	368,696

3.2 Long Term Capital Programme

One Herefordshire

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

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

Housing Plans

Cabinet have an ambition to create 2,500 new social and affordable homes over the next 10 years; the council intends to respond to this challenge by progressing plans to invest in developing additional affordable housing stock and retaining it in public ownership. These ambitions are for both the rental and shared ownership models. This could lead to investing up to £100m in housing from 2023/24, 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 £14.0m has been spent with the remainder of this work being completed in 23/24. A further £5.432m was awarded by the LEP and has been spent on further development at the HEZ, which resulted in a reduction in Council funding requirement of £1.053m. Another £675k was awarded in 21/22 and was fully spent in year. This will enable growth of businesses in the zone and increase the number of jobs for Herefordshire. In 2022 both the Shell Store and Cyber Centre have opened which should result in a number of new businesses locating to the enterprise zone.

Hereford City Centre Transport Package

It was reported to Cabinet that the original budget of £40.651m is unlikely to deliver the full scope of the transport hub and public realm developments once the settlement for all the land acquisitions have been agreed. In 2022/23 a design piece of work has taken place so external grant is being sought to deliver the new hub.

Highways Maintenance

Like many councils the highways network has deteriorated over time with central government grants not able to cover all the capital investment required to prevent further deterioration of the highway network. Revenue budgets are fully utilised each year to keep up with repair work to ensure that the network is in a safe condition before longer term capital investment is available. The road network has a backlog of maintenance, the values are estimated from national guidance, as a high-level analysis the figures reflect and are representative of the view of deterioration across the highways asset. This would be to bring all assets back to a new condition.

Asset Type	Current Estimated Backlog
Carriageways	c£91m
Footways and Cycle ways	c£100m
Structures	c£85m

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Street Lighting	c£5m
Traffic Management	c£16m
Street Furniture	c£13m

Whereas the service are managing the asset within the available funding by functional requirement. The council continues to lobby central government for additional support for highways maintenance and it is not sustainable to pass all this onto local residents.

Other areas for Development

There are a number of projects that will be developed in the next financial year for waste management changes, delivery of the Hereford Town Investment Plans projects such as a new Museum and development of the Maylords site, which were part of a £25m funding bid. The third council project was for greening the city and business cases for all were approved by the Towns Board. The council is the accountable body for the £22.4m funding but the other approved projects will be run by other organisations.

Other projects being developed include the improvement works at the Shirehall and a costed plan but due to the significant costs have been put on hold. Options for expanding the Westfield school site were developed for the current site or other land owned by the Council. External grants are being sought to help deliver this project.

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4. CAPITAL FUNDING STREAMS

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

4.2 The following funding sources are available;

Borrowing

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

Grants

- Government currently provide many direct grants to fund initiatives that the Council should deliver as part as their statutory duty. The major capital grants are:
 - **Transport Grants** – used to support the Hereford Integrated Transport Strategy capital programme, covering rural transport schemes, and road safety initiatives and highways maintenance. The Department for Transport has a process to allow local authorities to bid for revenue and capital funds to fund sustainable transport schemes.
 - **Basic Needs Funding** - the Government each year provide a grant based on future needs for the Council to provide enough school places.
 - **Schools Capital Maintenance Grant** – is an amount allocated each year to help maintain schools in a good state of repair.
 - **Devolved Formula Capital** – is an amount allocated each year to primary and secondary schools to be spent on priorities in respect of buildings, ICT and other capital needs. It may be combined with capital funding from other sources or saved to fund a larger project.
 - **Disabled Facilities Grant** - contributes towards the cost of providing adaptations and facilities to enable disabled people to continue living in their own homes. The central government grant funding towards this has been protected from cuts by the coalition government in the Corporate Spending Review (CSR), in fact this grant has increased annually.
 - **Broadband** – the Council continues to roll out 'FasterShire' to its most rural areas, utilising available grant funding.
- External funding bodies distribute funding for projects that satisfy their key criteria and objectives and the Council secure these via a bidding process.

Regional Growth Fund (RGF)

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

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Developer Contributions S106

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

Capital Receipts

- The Council maintains a register of surplus property assets. A major review of property assets is now underway that will produce a Delivery and Rationalisation programme; implemented over the coming years.
- 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.
- 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 2021/22 financial year there was a balance of £43.3m in the capital receipts reserve. There are a number of schemes within the capital programme to be funded by capital receipts, the balance will be retained to deliver enhanced investment on the use of these reserves, once business cases have been submitted for approval at Council.

Revenue

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

4.3 The table in 3.1 shows the expected resources available to fund the capital programme over the next four years.

4.4 The programme is heavily reliant on grants and contributions to fund capital expenditure and these are usually issued with tight timeframes and restrictions attached. The grants may also demand regular monitoring returns to demonstrate the funding has been used in accordance with the plan.

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5. Risk Management

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

6. Knowledge and Skills

- 6.1 All capital investment approvals are subject to robust consideration and challenge by members and officers from across the Council with extensive experience from varying professional backgrounds.
- 6.2 All officers attend courses on an ongoing basis to keep abreast of new developments and skills to ensure their Continuous Professional Development. Members are also offered training annually to ensure they have up to date skills and are able to make capital and treasury decisions. It is important that we continue to strengthen training of officers and members on the understanding of environmental issues and the impact of these when undertaking capital works as we continue the approach to net zero carbon when producing business cases and taking 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.

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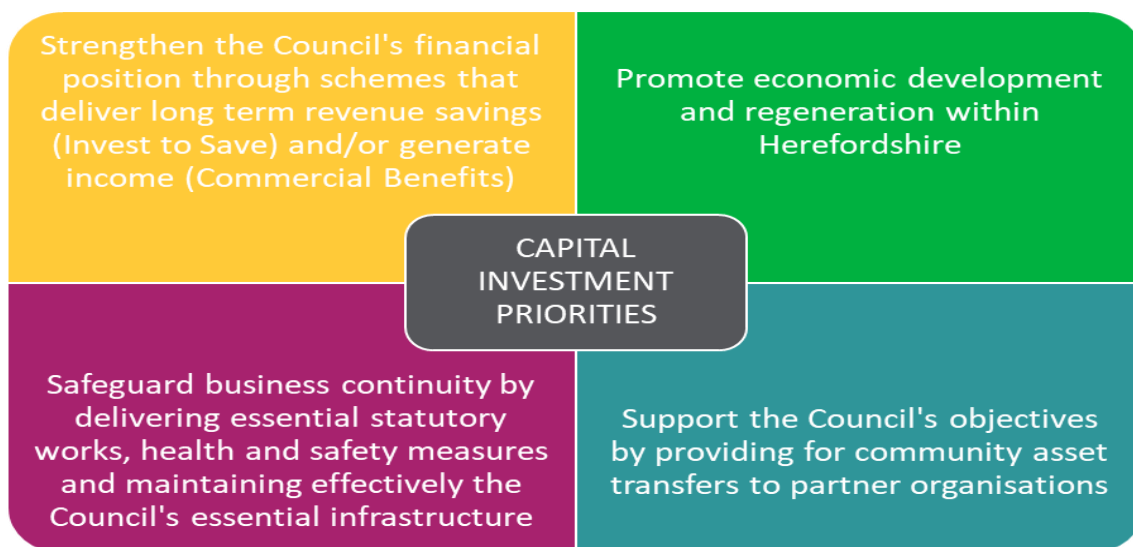
- 6.5 Where required, and with due diligence, the Council may also appoint external agents to advise on particular specialist matters or to access specialist expertise that may not be available 'in house.'

7. CAPITAL SCHEME SELECTION

- 7.1 The capital programme is delivering a number of projects to enable the council to deliver the objectives within the corporate plan 2020-24. Therefore projects that are added to the capital programme are for this purpose and not added as an investment purely to generate income. There are currently no expectations in the MTFS for capital investment to generate a revenue surplus to balance the budget. Although in the long term there are advantages in easing the removal of Revenue Support Grant (RSG) in generating a net revenue position it is not the priority when reviewing projects to add to the capital programme.
- 7.2 All capital schemes go through a stage process that is detailed in the project management process document.
- 7.3 Schemes are continually reviewed against evolving priorities and may be subject to change, redesign or cancellation, to ensure they continue to deliver the requirements of the council and provide value for money.
- 7.4 Capital funding will be initially allocated to council priorities, and approved by council. The capital guidance policy details the process for the capital funding requests to ensure provision in the capital programme at any time as long as they are approved at a Council meeting or otherwise as delegated by full Council. This is necessary so that services are able to request capital funding at the appropriate time, when sufficient information is available to make an informed decision and opportunities are not lost due to waiting.

Rationale for Investment

- 7.5 Capital investment is integral to revenue budget forecasting. Capital investment must be directed to obtain maximum benefit from available resources looking at efficiencies, effectiveness, and economically. Revenue implications must be considered for all capital schemes, this could represent the cost of borrowing, future running costs and projected benefits. Schemes included for capital investment must demonstrate at least one of the following prioritisation criteria;



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

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

- 7.7 Effectiveness and Best Value is demonstrated within the decision reports for each project and reviewed at the conclusion of a project. Value for Money on the build of a project is secured and demonstrated through utilisation of the Procurement Policies and Framework for managing capital projects. Cabinet are keen to ensure where possible we should use Council funding to procure services from local suppliers to help improve the local economy, therefore social values should also be considered when making a best value decision.
- 7.8 The council has discretion to make loans for a number of reasons, including economic development. These loans will be treated as capital expenditure. In making loans the council is exposing itself to the risk that the borrower defaults in repayments. The council, in making these loans, must therefore ensure they are prudent and has fully considered the risk implications, with regard to both the individual loan and that the cumulative exposure of the council is proportionate and prudent. The council will ensure that a full due diligence exercise is undertaken and adequate security is in place. The business case will balance the benefits and risks. All loans will be subject to close, regular monitoring.
- 7.9 Property services regularly review use of property assets as part of operational duties to ensure they are still required to deliver council priorities, alternatively assets may be recycled or deemed surplus to requirement. Sale of assets will deliver revenue savings and generate corporate capital receipts for investment in future capital schemes. Future building requirements will need to assess the concept of sale and leaseback and multi-use, shared approach for occupation.

8. CAPITAL MONITORING

- 8.1 Capital investment requirements are significant, however, capital finances are limited at £6.7m, due to the repayment of interest in the revenue budget for corporately funded projects and central government current funding levels are expected to reduce. Herefordshire Council must have a prudent approach to capital allocation and monitoring to ensure scarce resources are used to maximum effect.
- 8.2 Due to the significant changes that occur during capital programme implementation and forecasting it is considered prudent to maintain:
- a reserve list of deferred capital schemes that can be accelerated or delayed as required
 - a contingency sum that should be included in all projects, due to the impact an increase in inflationary capital costs can have over the length of the project.
- 8.3 As part of a project's business case, an option appraisal is carried out and a whole-life costing review is undertaken before a capital scheme is included in the capital programme, this is then developed to detailed costings so an informed decision to spend can be made. Each project must also state how the proposal seeks to deliver the council's environmental policy commitments to net zero carbon and aligns to the success measure in the County Plan. If there could be a detrimental impact on the environment explain how you have sought to minimise and offset this.
- 8.4 Once a capital scheme is included in the capital programme it is monitored following appropriate project management methodology, managed by experience project managers within the project management office team and using experienced officers in each service area, through a number of project boards. Through the proposed project management office changes, the Capital Programme Board will review quarterly, progress of the projects being reported through the Programme Delivery Boards. The PMO will prepare a dashboard for each Board who will satisfy themselves that the projects are being managed in line with the agreed process and that projects remain relevant and aligned to the Delivery Plan.
- 8.5 In addition to significant individual projects, the capital programme also includes the council's annual Highways and Transportation capital programme of investment. This is guided by the Local Transport Plan to invest in the improvement and maintenance of the local transport infrastructure. Targets relating to highway maintenance standards, road safety and sustainable transport ensure that expenditure is in line with corporate plan objectives and outcomes expected by central government. This programme is currently managed through the Highways Maintenance Delivery Board and through the commissioning arrangements with Balfour Beatty.
- 8.6 However the governance process embedded follows the following processes. The PMO Capital Programme Manager will allocate the project to a Programme Delivery Board. The project manager is expected to maintain all documentation and report regularly using highlight reports to the SRO, Project Board and Programme Delivery Board as required. Details regarding the Board governance structure, reporting and escalation process will be outlined on the Project Management intranet site. In summary, individual Project Boards report into Programme Delivery Boards who are in turn monitored by Executive Programme Board. The Executive Programme Board represents the highest level of officer involvement and accountability; allocating feasibility funding and having oversight of all projects.

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

Appendix A

Scheme Name	Spend in Prior Years £000	2022/23 Total Budget £000	2023/24 Total Budget £000	2024/25 Total Budget £000	2025/26 Total Budget £000	2026/27 Total Budget £000	Total Scheme Budget £000
Hereford City Centre Transport Package	35,031	3,549	4,899	3,500	0	0	46,979
Hereford City Centre Improvements (HCCI)	1,972	2,135	1,892	0	0	0	6,000
Hereford ATMs and Super Cycle Highway		0	1,000	0	0	0	1,000
Emergency Active travel Fund	19	119	0	0	0	0	137
Passenger Transport Fleet (Electric)		0	7,800	15,600	15,600	0	39,000
Sustainable Transport & Place Making Delivery Board	37,022	5,803	15,592	19,100	15,600	0	93,116
Local Transport Plan (LTP)		15,466	15,466	15,466	0	0	46,398
Priority Flood Repair Works	1,802	2,225	0	0	0	0	4,027
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	17	1,891	392	0	0	0	2,299
Public Realm Maintenance - Mitigating Risk on the Network		2,475	2,475	0	0	0	4,950
Winter Resilience		532	145	290	435	0	1,402
Highways Equipment		548	0	0	0	0	548
Natural Flood Management		352	234	279	239	170	1,274
Highways Infrastructure Investment		0	4,085	4,085	3,985	3,885	16,040
Public Realm Improvements for Ash Die Back		0	315	367	367	367	1,416
Moving Traffic Enforcement Phase 2		0	144	0	0	0	144
Masters House		0	762	0	0	0	762
Investment in Infrastructure Assets	1,874	126	0	0	0	0	2,000
Highways Maintenance Delivery Board	3,692	23,615	24,018	20,487	5,026	4,422	81,260
E & E's S106		1,332	3,703	1,092	1,922	0	8,049
C & F's S106		1,200	1,017	351	2,265	0	4,833
Planning Delivery Board	0	2,532	4,720	1,443	4,187	0	12,882
Integrated Wetlands	691	1,309	0	0	0	0	2,000
Solar Photovoltaic Panels	699	260	1,175	0	0	0	2,134
Wye Valley AONB		96	80	80	0	0	256
SEPUBU Grant	76	66	290	0	0	0	432

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

Warm Homes Fund	579	381	0	0	0	0	960
Air Quality Monitoring Station Resource Improvements		192	0	0	0	0	192
Waste		0	18,090	0	0	0	18,090
E-Cargo Bike Share		0	73	0	0	0	73
Herefordshire Retrofit Hub		0	2,042	0	0	0	2,042
Green Homes Grant - Local Authority Delivery		1,835	0	0	0	0	1,835
Home Upgrade Grant		1,725	3,098	4,646	0	0	9,469
Environment & Sustainability Delivery Board	2,045	5,864	24,848	4,726	0	0	37,483
Hereford Enterprise Zone	13,090	1,657	200	0	0	0	14,947
Marches Business Investment Programme	1,884	1,340	205	0	0	0	3,428
Employment Land & Incubation Space in Market Towns	341	500	3,000	10,000	6,860	0	20,701
Leominster Heritage Action Zone	167	1,104	1,833	0	0	0	3,104
Safer Streets / CCTV		383	0	0	0	0	383
Herefordshire Hoard		776	0	0	0	0	776
Fastershire Broadband	22,157	3,282	2,767	7,532	0	0	35,738
Development Partnership activities	10,415	25	1,975	3,000	5,185	0	20,600
Economic Development Delivery Board	48,054	9,067	9,980	20,532	12,045	0	99,678
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	2	1,398	10,800	5,800	0	0	18,000
Stronger Towns Fund - Greening the City		78	332	0	0	0	410
UK Shared Prosperity Fund		81	210	845	0	0	1,135
Rural Prosperity Fund		0	850	856	0	0	1,706
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	1	767	2,732	0	0	0	3,500
Major External Funded Delivery Board	3	2,323	14,924	7,500	0	0	24,751
PC Replacement	1,418	98	0	0	0	0	1,516
Electronic Document Management Storage	212	103	0	0	0	0	315
Capital Development Fund		500	500	0	0	0	1,000
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)		555	0	0	0	0	555
HARC SAN Lifecycle Replacement		0	372	0	0	0	372
Data Centre Equipment Lifecycle Replacement		0	329	0	0	0	329
Windows Server Upgrades		0	330	0	0	0	330
Backup Storage		0	82	0	0	0	82

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

Device and Ancillary kit replacement programme	0	365	365	415	448	1,593
M365 E5 Implementation	0	300	150	0	0	450
Primary Data Storage Area Network (Plough Lane)	335	0	0	0	0	335
IT Services Partnership Board	1,630	1,591	2,278	515	415	6,877
Flexible Futures	167	683	0	0	0	850
My Account		313	130	0	0	443
Corporate Transformation Delivery Board	167	996	130	0	0	1,293
Schools Capital Maintenance Grant		3,265	3,908	1,195	0	8,368
Peterchurch Area School Investment	228	100	7,350	3,175	0	10,853
Brookfield School Improvements	214	337	3,654	795	0	5,000
High Needs Grant		300	1,077	2,678	0	4,055
Basic Needs Funding		259	7,496	8,610	0	16,365
Preliminary works to inform key investment need throughout the county	200	316	0	0	0	516
School Accessibility Works	99	141	1,000	0	0	1,240
Estates Capital Programme 2019/22	2,773	1,499	1,810	0	0	6,082
Residual property works identified in the 2019 condition reports		1,199	193	0	0	1,392
Estates Building Improvement Programme 22-25		1,329	1,414	264	0	3,007
Estates Building Improvement Programme 2023-25		0	2,460	1,247	0	3,707
Upgrade of Hereford CCTV Cameras		42	0	0	0	42
Hereford Library	145	0	200	0	0	345
Asset Management Delivery Board	3,659	8,787	30,562	17,963	0	60,972
Disabled facilities grant		3,018	2,540	2,000	0	7,558
Super Hubs		0	2,000	0	0	2,000
Unified Tech Fund – Digitising Social Care Prog		75	0	0	0	75
Rough Sleepers Accommodation Programme	280	143	0	0	0	423
Community Wellbeing Delivery Board	280	3,237	4,540	2,000	0	10,056
Hillside	589	411	0	0	0	1,000
Care home & Extra Care Development		100	500	3,000	9,000	14,000
Empty Property Investment & Development		414	900	0	0	1,314
Gypsy & Traveller Pitch development	755	30	1,092	0	0	1,877
Strategic Housing Development	140	1,252	6,200	6,504	5,904	20,000
Private sector housing improvements (Demo Centre)	25	174	0	0	0	199

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

Housing & Accommodation Delivery Board	1,508	2,380	8,692	9,504	14,904	1,400	38,389
Total Capital Programme	98,060	66,195	140,283	103,771	52,177	6,270	466,756

Strategies that Support the Capital Strategy

- **The Strategic Asset Management Plan**

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 supplementary procedures in the Corporate Asset Procedure that covers all aspects of purchase, disposal, owning and managing property assets as well as other supplementary procedures on items such as Community Asset Transfers, storage and listed sites.

- **Local Transport Plan**

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

Annual funding available for local transport has over recent years been in the region of £12 million to support capital maintenance of the highway asset and support road safety and transport network improvements. In future the level of funding for transport capital investment will be constrained, but remain a significant component of the overall capital programme, reflecting the importance of maintaining this important asset and its crucial contribution to the economic vitality of the county.

- **Schools Capital Investment Strategy**

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

- **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.

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

- **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.

BUSINESS CASE – ‘LIGHT’

There will be times when a full, very detailed, five case business model would be inappropriate for the size and scale of the project. There are key elements of a business case however, that must be identified and evidenced such as what needs to happen, why and what change it will bring about. In these cases, there are two options: 1- to use the Project Mandate form as the business case in very simple, defined cases and 2- to complete a business case ‘Light’ form where the project is small to medium in size and where using the full five case business model would be of little benefit to the governance or outcome.

The PMO Portfolio Managers will determine which model of business case is appropriate for the size and scale of the project being developed.

All italic text can be removed prior to submitting for review.

Project Name	Schools Accessibility Works
Verto Project Code	
Author	QM
Senior Responsible Officer (SRO) <i>(if different to Author)</i>	
Project Manager	PH
Service Lead	QM
Agreed Project Type	Major
Programme Board allocated	Assets Delivery Board
Date	9 November 2022

Version Control

Version	Date	Summary of Change	Author
0.1	9/11/22	First issue	QM
0.2			

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Corporate Programme Board	Council Programme oversight	

Gateway Review	Director PMO Assurance	Assurance
2 - FBC	SRO Project Board Director Programme Delivery Board Capital Portfolio Manager HPMO Assurance Board Corporate Programme Board Cabinet Full Council	Owner Detailed project oversight Service Director Programme oversight Sense check Sense check Sense check Council Programme oversight Corporate fit Approval (capital programme)
Gateway Review	Director PMO Assurance	Assurance
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>
Gateway Review	Director PMO Assurance	Assurance
4 –Handover & project review	Project Board Director Programme Board Assurance Board Corporate Programme Board	Detailed project oversight Service Director Programme oversight Assurance Council Programme oversight
Gateway Review	Director PMO Assurance	Assurance
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance
Gateway Review	Director PMO Assurance	Assurance

Distribution

This document has been distributed to

Name	Role	Date of issue	Version
AL	Director of Resource & Assurance		
LE	Director PMO, Performance & Corporate Support		

Project Description

To adapt up to six schools so that they can meet the physical needs of identified learners with special educational needs.

Background and Rationale

Briefly describe what issue or opportunity this project will address and why now

The council has a planning duty to improve the physical accessibility of school buildings over time. The council strategy has been

- i) Improvement of physical access for known pupils in the system,
- ii) Investment to create a geographical spread of accessible schools.

Councils receive no dedicated funding for adaptation, improvement or alteration at any schools. It remains the case, therefore, that central funding for accessibility improvements related to pupils joining or transferring to an individual school will need to be considered by the council. There is a requirement on schools to notify the council of access needs, and parents need to identify on school admission forms that their child has physical access requirements.

There are five known children that require adaptations who are transitioning into schools. The schools that the children will ultimately be attending has not been determined. This will be ascertained as part of the admissions process which takes place at the start of each calendar year. The final places therefore will not be known until April/May 2023, however, these children will need an accessible school for September 2023. Early indications of the preferred school are below with adaptations requirements:

Kington PS – Physio room (PR) and Hygiene room (HR)

Ashfield Park PS – Physio Room (PR) and Hygiene Room (HR)

St Josephs – Hygiene Room (HR)

St Thomas – Hygiene Room (HR)

St Pauls – Level access requirements

In addition, a learner already at Westfield special school requires adaptations to accommodate his needs when he transitions to the secondary school building. The adaptations required are, level access modifications and suitable fire exit that will accommodate in support equipment.

Strategic Fit

Your project must directly support at least one of the County Plan / Delivery Plan priorities. Please indicate in the box below which priority(s) the project addresses.

County Priority – please select from	Tick X below where applicable	Delivery Plan Reference(s)
Environment		
Community	X	CO1: Ensure all children are healthy, safe and inspired to achieve CO4: Protect and improve the lives of vulnerable people
Economy	X	EC3: Invest in education and the skills needed by employers EC6: Spend public money in the local economy wherever possible

List key Strategy the project delivers against and explain how

-

Outline how the project directly addresses the priority and in addition how it directly contributes towards the delivery of the other remaining priorities.

Scope

What is involved in this project; include what is in and out of scope.

In scope:

Accessibility improvement works at primary schools to support identified learners with special educational needs to access education

Out of scope:

Accessibility improvement works at all other schools in the county.

Objectives

List the key business objectives that the project is aiming to achieve. These should be SMART – specific, measurable, achievable, relevant and time-bound.

- **To deliver adaptations by September 2023**

Benefits

Explain and evidence where possible the anticipated benefits the project will deliver if the objectives are achieved including any dis-benefits

- Compliance with government guidelines
- Fit for purpose accommodation and associated infrastructure
- A fully accessible school that could meet the needs of all future children as well as staff and visitors.

Explain the plan for dealing with the management and delivery of benefits – how will they be realised?

Risks

List the known, main risks along with any mitigating action. Attach a risk register if more appropriate.

- Adaptations will not be delivered in time for when the learner requires them

Constraints or Dependencies

List the known or potential dependencies with other current or upcoming projects or known constraints eg: timescale, funding terms, other linked projects, etc.

- Timescale. Due to the school admission process, it is difficult to predict the number of pupils requiring accessibility works, the level of works required and which schools this will impact. This makes delivering the required works for when the pupils start in the relevant school difficult to achieve.

Options

Please list the options that you have considered for delivering your project.

Option	Short-list Y/N	Reasons
No options have been developed at present as the pupils requiring adaptations at the 6 schools have only just been identified. High level costs for the adaptation works has been provided.		

Copy the table below as required to cover all shortlisted options

Option * – Detail

Cost

Benefits

Deliverability

Pros

Cons

Recommendation

The ‘do nothing’ option

What will be the impact of doing nothing? i.e. the consequence of the project idea not being supported and the project not proceeding

- Council does not fulfil their statutory duty to place children with SEN and/or disabilities in schools
- Impact on service delivery
- Reputational risk

Preferred Option

Outline what the preferred option is and why

To proceed with the adaptations with the schools identified.

Environmental and Social

Explain any impact and/or mitigating actions (nature, environment, climate, carbon, sustainability, social value, equality, etc)

Procurement

Outline what procurement process has been used and the preferred supplier along with lead-in times and timetable

Full adaptation works to be procured should funding has been approved.

Legal

Describe any legal implications or considerations such as covenants, restrictions, partnerships, etc

The council has a legal duty to make school accessible to all.

Project Costs

Any submission of a business case for capital funding must also include a completed Capital Funding Request form (found on [Capital Toolkit](#) intranet site)

Please state the total cost of the project, broken down into key areas of spend e.g. feasibility study, design, procurement and contracting, works contract, project management.

It is vital that you include an element for project management and technical, professional colleagues and fees.

Total project cost: £1m inclusive of construction costs and fees.

Basis of the costs presented. You must attach / evidence the costs to this form. See Technical Guidance Note 1 for details around the provision of evidence based estimates.

- Is this cost indicative (estimate during business case development),
- actual (procured) or
- Evidence based estimate?

Spend Profile: **High Level costs have been provided only at this point.**

Feasibility

Design

Project Management Fee
(est. 10%)

Planning Fees

Procurement

Property

Legal

Consultancy Fees

Feasibility Funding

It is expected that Directorates will fund feasibility works and only apply for corporate revenue feasibility funding if the work is not affordable from within the Directorates own budget.

Is corporate revenue feasibility funding required to complete an outline business case?

Yes

No

X

If yes, the Head of PMO will facilitate an application to the Management Board via the approved form

Please explain why Directorate funding cannot be accessed and what the feasibility will provide:

Only if the preferred option is being developed, corporate capital funding may be requested from the Capital Development Fund to undertake feasibility work. Is this required?

Yes

No

X

If yes, the Head of PMO will facilitate an application to the Management Board via the approved form

Explain here how the preferred option was arrived at and agreed and what the feasibility will provide:

Timescales for Delivery

Please try to put some timescales around your project by indicating any known end or stage deadlines, key dates or action points in the table below. Add key dates as required to suit your project which may include the date something has to be completed by or deadline for grant funding application.

The PMO Capital Programme Manager can arrange advice on approval/lead-in dates.

Stage/Milestone	Indicative Date	Comments
Approve funding	February 23	
Cabinet Approval	May 23	
Design Works, tender & contract award	May – July 23	
Construction Works	July –Sept 23	It should be noted that due to the tight timescales, some construction works may not be completed in time for September 23.

BUSINESS CASE – ‘LIGHT’

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Project Name	Schools Capital Maintenance Additional Projects
Verto Project Code	
Author	QM
Senior Responsible Officer (SRO) <i>(if different to Author)</i>	
Project Manager	KA
Service Lead	QM
Agreed Project Type	Major
Programme Board allocated	Assets Delivery Board
Date	9 November 2022

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	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	

	Corporate Programme Board	Council Programme oversight
	Cabinet	Corporate fit
	Full Council	Approval (capital programme)
Gateway Review	Director PMO Assurance	Assurance
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>
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Distribution

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Name	Role	Date of issue	Version
AL	Director of Resource & Assurance		
LE	Director PMO, Performance & Corporate Support		

Project Description

To deliver a programme of Schools Maintenance projects that will seek to removal all priority 1 items from the 2019 condition surveys and current emergency works.

Background and Rationale

Briefly describe what issue or opportunity this project will address and why now

The maintenance of maintained school buildings is jointly administered between the Council and schools. Schools receive an annual allocation for capital and maintenance improvements of buildings known as Devolved Formula Capital (DFC). The requirement placed on each school is for them to directly fund all day to day maintenance/wear and tear items and small scale capital improvement activities. The responsibility for larger scale maintenance works falls to the Council who receives an annual Schools Condition Allocation (SCA) from government for significant maintenance issues (Capital Maintenance) that are above the capacity of the school to manage. For the last 5 years the council received an annual SCA of £1.195m. Funding in both areas has been reduced substantially in real terms and the challenge of maintaining the school estate has increased.

The Schools Capital Maintenance Programme (SCMP) looks to address issues in maintained schools through planned maintenance projects with an allocation set aside for reactive emergency works.

The SCMP is informed by Condition surveys, the latest of which were carried out in 2019 across our maintained schools estate. These surveys are comprehensive and identify costed items across each school rated from A (good condition) to D (Life expired and/or serious risk of imminent failure) as well as assessing the urgency of each (on a scale of 1 to 4, with 1 being the most urgent).

The SCA grant that the Council receives from central government is not sufficient to meet the substantial backlog maintenance requirements across our maintained schools estate. This does mean that a number of priority 1 items are still outstanding from the 2019 surveys. Projects thus far have been prioritised such that only those required to ensure that schools remain 'safe, wind and watertight' are considered as an essential part of the programme.

As school buildings age, they present age related issues, which if left unattended, incur more costly remedial works in the future. In addition, some of the buildings are nearing the end of their lives and structural issues are beginning to emerge. As a result of the backlog, we are increasingly having to commission reactive emergency works in order to keep schools open. The amount of reactive work having to be carried out annually is increasing. In year ending March 2016, the council spent £60K on reactive works. This has increased year on year, with this years committed spend standing at over £800K with a further £200K already planned using next year's budget.

This increase in reactive work comes as no surprise. Without investment from council, we will continue to become increasingly reactive in our maintenance approach. This will lead to inefficient use of resources, poor investment decisions with increased costs and the gap of what is received from government and what is required will continue to get wider.

As well as the financial impact, the risks to the safety of building users continues to multiply. There is disruption to the day-to-day running of schools. Whole or part school closure is an imminent reality with

teaching areas regularly being taken out of service. As a result, the impact of schools maintenance, quite rightly, remains firmly on the councils corporate risk register.

To mitigate these risks, the council needs to remove the maintenance backlog which would allow the service to adopt a more strategic and planned approach across the educational estate. This should be informed by accurate condition data (currently underway) and seek to reduce the level of expenditure on reactive maintenance to allow greater investment in planned preventative maintenance.

In order to remove the priority 1 maintenance backlog, deliver the capital programme and emergency works, £2.713m of addition funding is required.

Strategic Fit

Your project must directly support at least one of the County Plan / Delivery Plan priorities. Please indicate in the box below which priority(s) the project addresses.

County Priority – please select from	Tick X below where applicable	Delivery Plan Reference(s)
---	--------------------------------------	-----------------------------------

Environment

Community

X

CO1

Economy

X

EC3, EC6

List key Strategy the project delivers against and explain how

-

Outline how the project directly addresses the priority and in addition how it directly contributes towards the delivery of the other remaining priorities.

Scope

What is involved in this project; include what is in and out of scope.

To deliver the councils maintenance responsibility for maintained schools. In scope, priority 1 items and emergency items identified that are the responsibility of the council. Priority 1 Items that are the responsibility of the school are out of scope (unless they are delivered as a direct consequence of the council led project).

Objectives

List the key business objectives that the project is aiming to achieve. These should be SMART – specific, measurable, achievable, relevant and time-bound.

- **To** deliver a specified programme of school maintenance projects, over the next 18 months within a budget of £2.713m. A project board will monitor progress monthly, and will have a senior project manager assigned to monitor progress and spend.

Benefits

Explain and evidence where possible the anticipated benefits the project will deliver if the objectives are achieved including any dis-benefits

- By removing the backlog of priority 1 maintenance items and emergency works, the risk of H&S issues and of school closures is reduced.
- The amount of reactive works will also reduce allowing for a proactive maintenance programme to be delivered in the future.

Explain the plan for dealing with the management and delivery of benefits – how will they be realised?

Monthly project boards will monitor progress and highlight any new emergency works

Risks

List the known, main risks along with any mitigating action. Attach a risk register if more appropriate.

- Risk of safety issues and or closure of schools. This has been mitigated by prioritisation of the programme to identify which risk is more likely to be realised by the contractor.
- Addition emergency works could occur during the programme. These will be raised at project board and prioritised where necessary.
- Lack of contractor availability to deliver works in specific periods i.e. summer holidays

Constraints or Dependencies

List the known or potential dependencies with other current or upcoming projects or known constraints eg: timescale, funding terms, other linked projects, etc.

Dependencies – Solar PV project with environmental team (Danny Lenain) for schools requiring new roofs

-

Options

Please list the options that you have considered for delivering your project.

Option	Short-list Y/N	Reasons
Part fund the backlog with funding from 23/24 maintenance grant	N	We would be unable to address priority items from the condition surveys currently being undertaken, meaning, we would be in a similar position next year with a backlog of works

Copy the table below as required to cover all shortlisted options

Option * – Detail

Cost

Benefits

Deliverability

Pros

Cons

Recommendation

The 'do nothing' option

What will be the impact of doing nothing? i.e. the consequence of the project idea not being supported and the project not proceeding

Preferred Option

Outline what the preferred option is and why

Environmental and Social

Explain any impact and/or mitigating actions (nature, environment, climate, carbon, sustainability, social value, equality, etc)

All works will have the climate emergency in mind, and where it is viable to do so, options to reduce the carbon footprint of the school will be adopted.

Local supplier/contractors will be used as much as possible

Procurement

Outline what procurement process has been used and the preferred supplier along with lead-in times and timetable

A consultant is already in contract following an open tender. It is the intention to extend their contract. We will tender for maintenance contractors through following procurement rules.

Legal

Describe any legal implications or considerations such as covenants, restrictions, partnerships, etc

Project Costs

Any submission of a business case for capital funding must also include a completed Capital Funding Request form (found on [Capital Toolkit](#) intranet site)

Please state the total cost of the project, broken down into key areas of spend e.g. feasibility study, design, procurement and contracting, works contract, project management.

It is vital that you include an element for project management and technical, professional colleagues and fees.

Total project cost:

Planned Maintenance and emergency shortfall estimated at £1,713,000

School	Scheme	Estimated Works Cost Budget Estimate	Total Forecast Includes contingency, surveys & Professional Fees
Credenhill. St Mary's	Roofing/Ceiling	£261,960	£318,895
Riverside	Roofing	£160,000	£191,453
Westfield	Fire Precautions	£67,620	£84,176
Clifford	External Walls	£24,041	£30,420
Almeley	Boiler	£60,000	£72,883
Bosbury	Boiler	£200,000	£239,316
Eardisley	Boiler	£150,000	£180,575
Michaelchurch	Boiler	£130,000	£157,731
Blackmarston	Tarmac	£37,147	£44,449
Wellington	Structural Movement	£30,000	£42,597
Aylestone	Ventilation	£193,150	£233,839
Wellington	Windows	£80,000	£95,726
Blackmarston	Roofing	£17,250	£20,641
		£1,411,168	£1,712,701

Outstanding Priority 1 (2019 condition surveys) items estimated at £1,000,000

School	Scheme	Estimated Works Cost Budget Estimate	Total Forecast Includes contingency, surveys & professional fees
Aconbury	External walls	£29,524	£34,734
Aylestone	External walls; Heating distribution; Roofing; Steps / stairs; Sub- main distribution	£184,901	£217,530

Bosbury	Canopy; Ventilation	£13,129	£15,446
Credenhill, St Mary's	Ventilation	£16,822	£19,790
Gorsley Goffs	Fire precautions; Ventilation	£20,610	£24,247
Hampton Dene	Heating Distribution; Ventilation	£163,664	£192,546
Ledbury	Boundary walls; Hot water plant & equipment; Ventilation	£62,584	£73,628
Little Dewchurch	Heating plant & auxiliaries	£69,397	£81,644
Luston	Roof (asbestos)	£291	£342
Marlbrook	Ventilation	£5,821	£6,848
Michaelchurch	Boundary walls	£6,165	£7,253
Peterchurch	Heating distribution; Ventilation; Roofing; Steps / stairs; Distribution boards	£150,555	£177,123
St David's	Tarmac surfacing	£9,790	£11,518
Trinity	Windows; Ventilation; Surfacing	£103,158	£121,362
Weobley High	Fire precautions	£9,352	£11,002
		£845,761	£995,013

These works are likely to include additional items as a package of works, so may include some priority 2 items.

Basis of the costs presented. You must attach / evidence the costs to this form. See Technical Guidance Note 1 for details around the provision of evidence based estimates.

- Is this cost indicative (estimate during business case development),
- actual (procured) or
- Evidence based estimate?

Spend Profile:

Feasibility

Design

Project Management Fee (est. 10%)

Planning Fees

Procurement

Property

Legal

Consultancy Fees

Feasibility Funding

It is expected that Directorates will fund feasibility works and only apply for corporate revenue feasibility funding if the work is not affordable from within the Directorates own budget.

Is corporate revenue feasibility funding required to complete an outline business case?

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> X
------------------------------	-----------------------------	---------------------------------------

If yes, the Head of PMO will facilitate an application to the Management Board via the approved form

Please explain why Directorate funding cannot be accessed and what the feasibility will provide:

Only if the preferred option is being developed, corporate capital funding may be requested from the Capital Development Fund to undertake feasibility work. Is this required?

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> X
------------------------------	-----------------------------	---------------------------------------

If yes, the Head of PMO will facilitate an application to the Management Board via the approved form

Explain here how the preferred option was arrived at and agreed and what the feasibility will provide:

Timescales for Delivery

Please try to put some timescales around your project by indicating any known end or stage deadlines, key dates or action points in the table below. Add key dates as required to suit your project which may include the date something has to be completed by or deadline for grant funding application.

The PMO Capital Programme Manager can arrange advice on approval/lead-in dates.

Stage/Milestone	Indicative Date	Comments
------------------------	------------------------	-----------------

HARC SAN Lifecycle Replacement

Business Case

Key Details

Senior Responsible Officer: PR
Author: PR
Project Manager: TBC
Service Lead: SM
Agreed Project Type:
Programme Board Allocated:

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	PR

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what

has changed – or if there are major changes state “see track changes” in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
	Capital Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>	
Gateway Review	Director PMO Assurance	Assurance	
4 –Handover & project review	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Board	Programme oversight	
	Assurance Board	Assurance	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance	

Gateway	Director	Assurance
Review	PMO Assurance	

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

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Name	Role	Date of issue	Version
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1.0 PROJECT DESCRIPTION

The project is to replace critical IT Data Storage equipment which is coming to the end of its manufacturer supported life.

Namely HARC Storage Area Network (SAN) & Fibre Chanel Optical Switching (FC Switches).

2.0 STRATEGIC CASE

Herefordshire Council runs a modern IT Data Storage Environment/SAN to operate and support its service delivery. Due to the sensitivity of the data processed within its key line of business solutions (Security Classification - Official/Official Sensitive), the authority needs to operate its IT systems in line with Government guidelines (currently HMG Security Policy Framework and Minimum Cyber Security Standard).

Due to these guidelines, the authority is obliged to ensure that the underlying infrastructure is secure and that the hosting environment is maintained securely. Infrastructure must not be vulnerable to common cyber-attacks and this should be maintained through secure configuration and software patching.

This is audited each year under the PSN, Cyber Essentials Plus and ISO27001 certifications.

IT equipment manufacturers operate support lifecycles in 3 main areas. (a) Software development (features), (b) security patching (vulnerabilities) and (c) hardware (parts). In order to meet the vulnerability patching requirements as outlined above, equipment is considered within lifecycle for compliance management whilst the manufacturer continues to provide software releases for security vulnerabilities (b).

The authority's Data Storage Area Network equipment within its HARC Data Centre was installed in 2016 as part of the reconfiguration of the Data Centre environments. The solution is coming to the end of

Manufacturer support in August 2023. This means that no further security patches will be developed by the manufacturer for this solution.

2.1 Project aims and objectives

The aim of the project is as follows:

- Replace the current equipment with supported 'in life' equipment which is actively supported by the supplier particularly for vulnerability patches.
- Replace like for like with equipment that meets the current compatibility and support requirements for the infrastructure including additional overhead to mitigate against data growth throughout the first 5 years of operation.
- Provide support and maintenance contract with the manufacturer or partner.
- Decommission and dispose of outgoing equipment in line with the authorities' security and environmental policies.

2.2 Strategic Drivers

2.2.1 National and Regional

National guidance and compliance from Central Government:

- Security Policy Framework (2018).
- Minimum Cyber Security Standard (June 2018).
- National Cyber Security Strategy.
- National Cyber Security Centre 10 Steps to Cyber Security.
- Public Services Network (PSN) Compliance.
- Cyber Essentials/Cyber Essentials Plus.
- Industry best practice (ISO27001).

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick ✓ below where applicable	Delivery Plan Reference(s)
Community	✓	
Economy	✓	
Environment	✓	

2.3 Background and Rationale in Project Mandate

The primary objective for the project is to support the authority's requirements to operate IT equipment in a secure manner. As outlined earlier in section 2.0, the authority is obliged to ensure that the underlying infrastructure is secure and that the hosting environment is maintained securely. Infrastructure must not be vulnerable to common cyber-attacks and this should be maintained through secure configuration and software patching.

This project is to replace ageing equipment with manufacturer supported equipment where security patches will be issued in line with emerging vulnerabilities and Cyber Security threats.

2.4 Scope

2.4.1 In-Scope

Data Storage Area Network (HARC)

- Procure replacement equipment
- Install replacement equipment in a like for like configuration
- Migrate all operational services to the new equipment
- Decommission old equipment

2.4.2 Out of Scope

- Any other Data Storage Solutions operated by the Council

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

None

2.5.2 Non-cashable benefits

Operational benefits.

- Continued Cyber Security protection through manufacturer support for vulnerabilities
- Continued hardware failure protection through manufacturer support for parts and components
- Continued feature support through manufacturer software development. Potential for cost avoidance.
- Additional overhead to support future data growth.

2.5.3 Dis-benefits

None

2.6 Risks

Risk	Mitigation
Engineering Resource	Reprioritise other work or engage professional services dependent on the prevailing risk encountered.
Disruption to services during migration	Most services within the data centre operate within a resilient N+1 configuration. Data Storage Area Networks will run in parallel during implementation and services will be migrated based on risk (low to high). Those identified as not being resilient will be migrated out of hours with coordination with the business.
Implementation Delay	Should any vulnerabilities be identified then additional security mechanisms may have to be implemented to mitigate the vulnerability. Each prevailing vulnerability will be reviewed and scored. Mitigation will be agreed dependent on the score and ability to treat or resolve within the context of the project delivery.
Supplier Cost	Post Covid Pandemic the IT industry is seeing huge increases in the costs of both equipment and software licenses. Additional contingency built into the project as well as a competitive tender process to realise the best value.

Supplier Lead Times Post Covid Pandemic the IT industry is seeing manufacturing lead times extend beyond 200 days. Mitigations will be similar to the “Implementation Delay” risk outlined above.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

None

This project depends on:

None

2.8 Stakeholders

Herefordshire Council – Engagement through meetings and communications dependent on whether there will be impact at either departmental or organisational level.

3.0 ECONOMIC CASE

3.1 Critical success factors

- Successful Procurement.
- Successful implementation.
- Provision of in life and supported equipment.
- Replacement Equipment covered by appropriate support and maintenance contract with access to manufacturer updates and specialist technical support.
- Decommission and disposal of outgoing equipment.

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Do Nothing	Y	Benchmark Option
Replace Solution	Y	Preferred/Appropriate Option

3.2.2 Short-list of options

Option 1 – Do nothing

Cost Zero
Benefits None

Deliverability	Yes
Pros	None
Cons	Will place the authority at risk of Data Confidentiality, Integrity and Availability breaches or risks due to the increased probability for Cyber Security or Hardware Failure Incidents. This probability will increase over time and is almost certain to occur in the future particularly in respect of hardware failure due to 'Manufacturer Mean Time to Failure' timescales.
Recommendation	Not recommended.

Option 2 – Replace Solution

Cost	£372k (Capital) + £90k per annum revenue
Benefits	<ul style="list-style-type: none"> • Continued Cyber Security protection through manufacturer support for vulnerabilities • Continued hardware failure protection through manufacturer support for parts and components • Continued feature support through manufacturer software development. Potential for cost avoidance. • Additional overhead to support future data growth.
Deliverability	Yes
Pros	As per benefits and de-risks potential for loss of Confidentiality, Integrity and Availability of Council key Data due to Cyber Attack or Catastrophic Hardware Failure.
Cons	Protects the Councils Data and Service Delivery obligations.
Recommendation	Proceed with this option.

Option 3 – N/A

Cost	
Benefits	
Deliverability	
Pros	
Cons	
Observations	
Recommendation	

3.2.3 The preferred option

Option 2 is the preferred option.

Hoople IT have recently carried out a market appraisal in support of the Plough Lane SAN replacement. The costs have been based on the information gathered from this exercise and look the most realistic in respect of compatibility with the Councils infrastructure and data sizing and performance characteristics.

Table A - Indicative Costs for Solution and Implementation

Description	Supplier	Cost
HARC SAN & FC Switches*	3 rd Party	£300,000
Cables and Sundries	3 rd Party	£1,000
SAN Implementation & Migration	Hoople (from Table B)	£23,400
Procurement Support	Hoople (from Table B)	£3,600
Hoople Project Management	Hoople (From Table B)	£14,000
Contingency	-	£30,000
Total		£372,000

Table B - Indicative Costs for Hoople

Activity	IT Team	Cost
SAN – Install & Configure	Architecture	£16,400
SAN – Migration & Decommission	Infrastructure	£7,000
Procurement Support	Procurement	£3,600
Project Management	Project Management	£14,000

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

Capital cost of project	2023/24	2024/25	2025/26	Future Years	Total
Detail Table A above	£372k	£000	£000	£000	£372k
TOTAL	£372k				£372k

Funding streams (Indicate revenue or capital funding requirement)	2023/24	2024/25	2025/26	Future Years	Total
<i>Prudential Borrowing</i>	£372k				£372k

TOTAL	£372k				£372k
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5.2 Impact on the Council's income and expenditure account (revenue account)

Revenue budget implications	2023/24	2024/25	2025/26	Future Years	Total
<i>Support & Maintenance (assume 20% of equipment costs inc contingency)</i>	£90k	£90k	£90k	£90k	-
TOTAL					

DC Equipment Lifecycle Replacement

Business Case

Key Details

Senior Responsible Officer: PR
 Author: PR
 Project Manager: TBC
 Service Lead: SM
 Agreed Project Type:
 Programme Board Allocated:

Version Control

Version	Date	Summary of Change	Author
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	Project Board	Detailed project oversight	
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	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
Capital Programme Board	Council Programme oversight		

	Cabinet	Corporate fit
	Full Council	Approval (capital programme)
Gateway Review	Director PMO Assurance	Assurance
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>
Gateway Review	Director PMO Assurance	Assurance
4 –Handover & project review	Project Board Director Programme Board Assurance Board	Detailed project oversight Service Director Programme oversight Assurance
	Capital Programme Board	Council Programme oversight
Gateway Review	Director PMO Assurance	Assurance
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance
Gateway Review	Director PMO Assurance	Assurance

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1.0 PROJECT DESCRIPTION

The project is to replace critical IT Data Centre solutions which are coming to the end of their manufacturer supported life.

2.0 STRATEGIC CASE

Herefordshire Council runs a modern IT Data Centre Environment to operate and support its service delivery. Due to the sensitivity of the data processed within its key line of business solutions (Security Classification - Official/Official Sensitive), the authority needs to operate its IT systems in line with Government guidelines (currently HMG Security Policy Framework and Minimum Cyber Security Standard).

Due to these guidelines, the authority is obliged to ensure that the underlying infrastructure is secure and that the hosting environment is maintained securely. Infrastructure must not be vulnerable to common cyber-attacks and this should be maintained through secure configuration and software patching.

This is audited each year under the PSN, Cyber Essentials Plus and ISO27001 certifications.

IT equipment manufacturers operate support lifecycles in 3 main areas. (a) Software development (features), (b) security patching (vulnerabilities) and (c) hardware (parts). In order to meet the vulnerability patching requirements as outlined above, equipment is considered within lifecycle for compliance management whilst the manufacturer continues to provide software releases for security vulnerabilities (b).

The authority undertook a Data Centre refresh project in 2016 and a number of critical data centre solutions are coming to the end of their manufacturer support which means that no further security patches will be developed or released by the manufacturer. This equipment will need to be replaced and is outlined in the following table:

Item	Description	Function	End of Support
1	Network Switches	Data Centre Handoff & Management	October 2023
2	Kemp Load Balancers	Resilient Application Load Balancing and Web Application Firewalls	April 2023
3	Public Network Wireless Access Points	Equipment Supporting Public Access Services for Libraries	January 2024
		32 Wireless Access Point replacement & consolidation onto new wireless Infrastructure.	(CT2504 Eol April 2023)

2.1 Project aims and objectives

The aim of the project is as follows:

- Replace the current equipment with supported ‘in life’ equipment which is actively supported by the supplier particularly for vulnerability patches.
- Replace like for like with equipment that meets the current compatibility and support requirements for the infrastructure including additional overhead to mitigate against capacity growth throughout the first 5 years of operation.
- Provide support and maintenance contract with the manufacturer or partner.
- Decommission and dispose of outgoing equipment in line with the authorities’ security and environmental policies.

2.2 Strategic Drivers

2.2.1 National and Regional

National guidance and compliance from Central Government:

- Security Policy Framework (2018).
- Minimum Cyber Security Standard (June 2018).
- National Cyber Security Strategy.
- National Cyber Security Centre 10 Steps to Cyber Security.
- Public Services Network (PSN) Compliance.
- Cyber Essentials/Cyber Essentials Plus.
- Industry best practice (ISO27001).

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick <input checked="" type="checkbox"/> below where applicable	Delivery Plan Reference(s)
Community	<input checked="" type="checkbox"/>	
Economy	<input checked="" type="checkbox"/>	
Environment	<input checked="" type="checkbox"/>	

2.3 Background and Rationale in Project Mandate

The primary objective for the project is to support the authority's requirements to operate IT solutions in a secure manner protecting the Confidentiality, Integrity and Availability of the Councils service delivery. As outlined earlier in section 2.0, the authority is obliged to ensure that the underlying infrastructure is secure and that the hosting environment is maintained securely. Infrastructure must not be vulnerable to common cyber-attacks and this should be maintained through secure configuration and software patching.

This project is to replace ageing equipment with manufacturer supported equipment where security patches will be issued in line with emerging vulnerabilities and Cyber Security threats.

2.4 Scope

2.4.1 In-Scope

Data Centre equipment as outlined in section 2.0 above:

- Procure replacement equipment
- Install replacement equipment in a like for like configuration implementing any improvements identified within the design
- Migrate all operational services to the new equipment
- Decommission old equipment

2.4.2 Out of Scope

- Any other Data Centre solutions operated by the Council and not identified in section 2.0.

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

None

2.5.2 Non-cashable benefits

Operational benefits.

- Continued Cyber Security protection through manufacturer support for vulnerabilities
- Continued hardware failure protection through manufacturer support for parts and components
- Continued feature support through manufacturer software development. Potential for cost avoidance.
- Additional overhead to support future data growth.
- Improved performance due to improvements in modern solutions.
- Cost avoidance through simplification and re-use of in life equipment.

2.5.3 Dis-benefits

None

2.6 Risks

Risk	Mitigation
Engineering Resource	Reprioritise other work or engage professional services dependent on the prevailing risk encountered.
Disruption to services during migration	Most services within the data centre operate within a resilient N+1 configuration. Data Centre solutions will run in parallel during implementation and services will be migrated based on risk (low to high). Those identified as not being resilient will be migrated out of hours with coordination with the business.
Implementation Delay	Should any vulnerabilities be identified then additional security mechanisms may have to be implemented to mitigate the vulnerability. Each prevailing vulnerability will be reviewed and scored. Mitigation will be agreed dependent on the score and ability to treat or resolve within the context of the project delivery.
Supplier Cost	Post Covid Pandemic the IT industry is seeing huge increases in the costs of both equipment and software licenses. Additional contingency built into the project as well as a competitive tender process to realise the best value.
Supplier Lead Times	Post Covid Pandemic the IT industry is seeing manufacturing lead times extend beyond 200 days. Mitigations will be similar to the "Implementation Delay" risk outlined above.
Strategic Objectives	The equipment specification may change should the Strategic objectives of the Council change between the submission of the business case and procurement/delivery. The requirement and suitability will be reviewed at project commencement to ensure that the project is still relevant and in alignment with strategy.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

None

This project depends on:

None

2.8 Stakeholders

Herefordshire Council – Engagement through meetings and communications dependent on whether there will be impact at either departmental or organisational level.

3.0 ECONOMIC CASE

3.1 Critical success factors

- Successful Procurement.
- Successful implementation.
- Provision of in life and supported equipment.
- Replacement Equipment covered by appropriate support and maintenance contract with access to manufacturer updates and specialist technical support.
- Decommission and disposal of outgoing equipment.

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Do Nothing	Y	Benchmark Option
Replace Solution	Y	Preferred/Appropriate Option

3.2.2 Short-list of options

Option 1 – Do nothing

Cost	Zero
Benefits	None
Deliverability	Yes
Pros	None
Cons	Will place the authority at risk of Data Confidentiality, Integrity and Availability breaches or risks due to the increased probability for Cyber Security or Hardware Failure Incidents. This probability will increase over time and is almost certain to occur in the future particularly in respect of hardware failure due to 'Manufacturer Mean Time to Failure' timescales (i.e. there is an understanding that equipment has an expected lifespan and will fail beyond this).

Recommendation Not recommended.

Option 2 – Replace Solution

Cost £329k Capital + £50k per annum

Benefits

- Continued Cyber Security protection through manufacturer support for vulnerabilities
- Continued hardware failure protection through manufacturer support for parts and components
- Continued feature support through manufacturer software development. Potential for cost avoidance.

Deliverability Yes

Pros As per benefits and de-risks potential for loss of Confidentiality, Integrity and Availability of Council key Data due to Cyber Attack or Catastrophic Hardware Failure.

Cons Protects the Councils Data and Service Delivery obligations.

Recommendation Proceed with this option.

Option 3 – N/A

Cost

Benefits

Deliverability

Pros

Cons

Observations

Recommendation

3.2.3 The preferred option

Option 2 is the preferred option.

Hoople IT have engaged with suppliers to understand the replacement options and associated costs. The costs have been based on the information gathered from this exercise and look the most realistic in respect of compatibility with the Councils infrastructure and performance characteristics.

Table A - Indicative Costs for Solution and Implementation

	Description	Supplier	Cost
1	Network Switches	3 rd Party	£102,000
2	Kemp Load Balancers	3 rd Party	£35,000

3	Public Access Access Points	3 rd Party	£19,200
4	Cables and Sundries	3 rd Party	£500
	Equipment Total 1+2+3+4		£156,700
	Contingency (Price Increase) 5*50%		78,350
	Engineering (a+b+c+d+e+f)	Hoople (from Table B)	£27,200
	Procurement Support (g)	Hoople (from Table B)	£4,500
	Hoople Project Management (h)	Hoople (From Table B)	£17,500
	Contingency @ 10%	-	£44,095
		Total	£328,345

Table B - Indicative Costs for Hoople

	Activity	IT Team	Cost
a	Network – Install & Configure	Architecture	£8,200
b	Network – Migration & Decommission	Infrastructure	£3,500
c	Load Balancer – Install & Configure	Architecture	£8,200
d	Load Balancer – Migration & Decommission	Infrastructure	£3,500
e	Public Access Point – Install & Configure	Architecture	£2,050
f	Public Access Point – Migration & Decommission	Infrastructure	£1,750
g	Procurement Support	Procurement	£4,500
h	Project Management	Project Management	£17,500

4.0 FINANCIAL CASE

4.1 INSERT FUNDING TABLE

Capital cost of project	2022/23	2023/24	2024/25	Future Years	Total
Data Centre Equipment (Lifecycle)	£329k	£000	£000	£000	£329k
TOTAL	£329k				£329k

Funding streams (Indicate revenue or capital funding requirement)	2022/23	2023/24	2024/25	Future Years	Total
Prudential Borrowing	£329k				£329k
TOTAL	£329k				£329k

5.2 Impact on the Council's income and expenditure account (revenue account)

Revenue budget implications	2022/23	2023/24	2024/25	Future Years	Total
<i>Support and Maintenance (assume 20% of equipment costs per annum)</i>	£50k	£50k	£50k	£50k	-
TOTAL					

Windows Server 2012 OS Upgrade Project

Business Case

Key Details

Senior Responsible Officer: PR
Author: PR
Project Manager: TBC
Service Lead: SM
Agreed Project Type:
Programme Board Allocated:

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	PR

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state “see track changes” in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
Gateway Review	Capital Programme Board	Council Programme oversight	
	Director	Assurance	
2 - FBC	PMO Assurance		
	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
Capital Programme Board	Council Programme oversight		
Cabinet	Corporate fit		

	Full Council	Approval (capital programme)
Gateway Review	Director PMO Assurance	Assurance
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>
Gateway Review	Director PMO Assurance	Assurance
4 –Handover & project review	Project Board Director Programme Board Assurance Board	Detailed project oversight Service Director Programme oversight Assurance
	Capital Programme Board	Council Programme oversight
Gateway Review	Director PMO Assurance	Assurance
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance
Gateway Review	Director PMO Assurance	Assurance

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

This document has been distributed to

Name	Role	Date of issue	Version
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1.0 PROJECT DESCRIPTION

The project is to replace critical IT Data Centre solutions which are coming to the end of their manufacturer supported life.

2.0 STRATEGIC CASE

Herefordshire Council runs a modern IT Data Centre Environment to operate and support its service delivery. Due to the sensitivity of the data processed within its key line of business solutions (Security Classification - Official/Official Sensitive), the authority needs to operate its IT systems in line with Government guidelines (currently HMG Security Policy Framework and Minimum Cyber Security Standard).

Due to these guidelines, the authority is obliged to ensure that the underlying infrastructure is secure and that the hosting environment is maintained securely. Infrastructure must not be vulnerable to common cyber-attacks and this should be maintained through secure configuration and software patching.

This is audited each year under the PSN, Cyber Essentials Plus and ISO27001 certifications.

The Council's server and application portfolio is made up of a mix of differing technologies both on premises and hosted/cloud.

The majority of on premise services are virtualised utilising hypervisor technology (VMWare) with a small number still on individual servers due to licensing constraints or resilience requirements.

Most servers within the environment run the Microsoft Windows Server operating system with a mixture of 2012, 2016 and 2019 versions.

Out of the 400+ Windows operating system servers live in the environment, 230 are still running the 2012 version of the operating system.

The Windows Server 2012 operating system is coming to the end of its supported life in October 2023.

<https://docs.microsoft.com/en-us/lifecycle/products/windows-server-2012>

The Council is licensed for the Windows Server 2019 version which is supported to January 2029.

<https://docs.microsoft.com/en-us/lifecycle/products/windows-server-2019>

The Council will need to migrate any Windows Server running the 2012 operating system to at least version 2019 before October 2023 in order to maintain a secure operating system environment for its Windows Server Estate.

It is not recommended to move beyond the 2019 version as part of this project until such time as a corporate strategy has been agreed. This way the existing investment in licensing at the 2019 version can be sweated whilst a wider longer term strategy is drawn together.

2.1 Project aims and objectives

The aim of the project is as follows:

- Upgrade any server operating the Windows Server 2012 version.
- Ensure line of business systems are able to operate with the newer operating systems.
- Maintain the Windows Server estate on a supported and secure operating system.
- Maintain systems on supportable operating systems with access to vendor support (Microsoft).

2.2 Strategic Drivers

2.2.1 National and Regional

National guidance and compliance from Central Government:

- Security Policy Framework (2018).
- Minimum Cyber Security Standard (June 2018).
- National Cyber Security Strategy.
- National Cyber Security Centre 10 Steps to Cyber Security.
- Public Services Network (PSN) Compliance.
- Cyber Essentials/Cyber Essentials Plus.

- Industry best practice (ISO27001).

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick ✓ below where applicable	Delivery Plan Reference(s)
Community	✓	
Economy	✓	
Environment	✓	

2.3 Background and Rationale in Project Mandate

The primary objective for the project is to support the authority's requirements to operate IT solutions in a secure manner protecting the Confidentiality, Integrity and Availability of the Councils service delivery. As outlined earlier in section 2.0, the authority is obliged to ensure that the underlying infrastructure is secure and that the hosting environment is maintained securely. Infrastructure must not be vulnerable to common cyber-attacks and this should be maintained through secure configuration and software patching.

This project is to replace obsolete Windows operating systems for the server estate with supported versions where security patches will be issued in line with emerging vulnerabilities and Cyber Security threats and vendor support can be accessed where issues are encountered.

2.4 Scope

2.4.1 In-Scope

- Identify Servers Operating the 2012 Version of Windows Server.
- Engage with application suppliers and subject matter experts in order to establish the upgrade process.
- Identify running order based on risk and capability.
- Migrate servers to new Operating system version (at least 2016).

2.4.2 Out of Scope

- Any other server operating system not identified in section 2.0.

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

None

2.5.2 Non-cashable benefits

Operational benefits.

- Continued Cyber Security protection through manufacturer support for vulnerabilities
- Continued vendor support for operating system issues and faults or bugs.
- Support of application portfolio and upgrades which may rely on supported current operating systems.
- Improved performance leveraged through improvements in modern operating systems.

- Potential Cost avoidance through the use of additional features available in modern operating systems.

2.5.3 Dis-benefits

None

2.6 Risks

Risk	Mitigation
Engineering Resource	Reprioritise other work or engage professional services dependent on the prevailing risk encountered.
Disruption to services during migration	Most services within the data centre operate within a resilient N+1 configuration. Applications will be run in parallel during the upgrade process and applications/ services will be migrated based on risk (low to high). Those identified as not being resilient will be migrated out of hours with coordination with the business with a roll back to the previous version maintained to minimise risk.
Implementation Delay	Should any server have a delay in upgrading the operating system then additional security mechanisms may have to be implemented to mitigate any risk. Each prevailing risk will be reviewed and scored. Mitigation will be agreed dependent on the score and ability to treat or resolve within the context of the project delivery.
Supplier Cost	Post Covid Pandemic the IT industry is seeing huge increases in the costs of software licensing and professional services. Additional contingency is built into the project but best value will be sought wherever possible.
Supplier Resource	Supplier intervention will be needed in a number of cases where the solution cannot be upgraded in place or requires a new version of the application. This resource can be difficult to engage especially where alignment to business need and departmental availability is required to support an upgrade.
Strategic Objectives	The Strategic objectives of the Council may change between the submission of the business case and delivery. The requirement and suitability will need to be reviewed and validated at project commencement and suitable milestones within the project delivery to ensure that the project is still aligned to strategy and business need.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

None

This project depends on:

None

2.8 Stakeholders

Herefordshire Council – Engagement through meetings and communications dependent on whether there will be impact at either departmental or organisational level.

3.0 ECONOMIC CASE

3.1 Critical success factors

- Successful upgrade of server 2012 estate.
- Maintenance of a secure server operating system environment.
- Vendor access to support for maintained operating systems.
- Successful engagement with suppliers to ensure smooth upgrades take place.
- Positive engagement with business departments to ensure that any upgrade or migration takes place without disruption to business delivery.

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Do Nothing	Y	Benchmark Option
Upgrade Operating systems	Y	Preferred/Appropriate Option

3.2.2 Short-list of options

Option 1 – Do nothing

Cost	Zero
Benefits	None
Deliverability	Yes
Pros	None
Cons	Will place the authority at risk of Data Confidentiality, Integrity and Availability breaches or risks due to the increased exposure to Cyber Security virus, malware or ransomware events associated with operating unsupported operating systems. This probability will increase over time as exploits are discovered and no manufacturer security patches released.
Recommendation	Not recommended.

Option 2 – Replace Solution

Cost	£330k Capital
Benefits	<ul style="list-style-type: none"> • Continued Cyber Security protection through vendor support for vulnerabilities • Continued access to vendor support for faults and bugs.

- Exploitation of new features provided with modern operating systems.
- Maintain alignment with application suppliers to ensure compatibility with future released which may not be able to run on version 2012.

Deliverability	Yes
Pros	As per benefits and de-risks potential for loss of Confidentiality, Integrity and Availability of Council key Data due to Cyber Attack or Catastrophic Hardware Failure.
Cons	Protects the Councils Data and Service Delivery obligations.
Recommendation	Proceed with this option.

Option 3 – N/A

Cost
Benefits
Deliverability
Pros
Cons
Observations
Recommendation

3.2.3 The preferred option

Option 2 is the preferred option.

Hoople IT have reviewed similar activity with other customers to understand the considerations with this project. As the recommendation is to upgrade within the constraints of current licensing investment (i.e. Windows Server 2019) the Council can maximise its investment to 2029 whilst future strategies are drawn together. The costs are mainly internal Hoople costs and 3rd party application/system suppliers.

Table A - Indicative Costs for Solution and Implementation

Description	Supplier	Cost
3 rd Party Application Supplier	Various	£150,000
Engineering	Hoople (from Table B)	£130,250
Hoople Project Management	Hoople (From Table B)	£40,250
Contingency	-	£9,500
<hr/>		
	Total	£330,000

Table B - Indicative Costs for Hoople

Activity	IT Team	Cost
Architecture Support	Architecture	£30,750
Infrastructure – Upgrade/Migration	Infrastructure	£70,000
Database Administrator Support	DBA	£29,500
Project Management	Project Management	£40,250

3.3 Supplier appraisals

This section compares the potential supplier deals and agrees the preferred supplier.

3.3.1 The Procurement process

Please outline your procurement process including the following:

- *Procurement route e.g. via OJEU/framework agreement*
- *The long list criteria*
- *The short list criteria*
- *Economic appraisals – an overview of the costs and benefits associated with each of the selected service providers*
- *Non-financial benefits appraisals – an overview of non-cash releasing benefits, their weighting, score and impact on supplier ranking*
- *Non-financial risk appraisal – an overview of non-financial risks - their impact, probability and score on supplier ranking*

3.3.2 Preferred supplier

Following the above appraisals and analysis, the preferred supplier is confirmed below.

4.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

Capital cost of project	2023/24	2024/25	2025/26	Future Years	Total
Windows Server Upgrade	£330k	£000	£000	£000	£330k
TOTAL	£330k				£330k

Funding streams (Indicate revenue or capital funding requirement)	2023/24	2024/25	2025/26	Future Years	Total
Prudential Borrowing	£330k				£330k

Corporate Backup Solution (Growth) Project

Business Case

Key Details

Senior Responsible Officer: PR
Author: PR
Project Manager: TBC
Service Lead: SM
Agreed Project Type:
Programme Board Allocated:

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	PR

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Approvals

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	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
Gateway Review	Capital Programme Board	Council Programme oversight	
	Director	Assurance	
2 - FBC	PMO Assurance		
	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
Capital Programme Board	Council Programme oversight		
Cabinet	Corporate fit		

	Full Council	Approval (capital programme)
Gateway Review	Director PMO Assurance	Assurance
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>
Gateway Review	Director PMO Assurance	Assurance
4 –Handover & project review	Project Board Director Programme Board Assurance Board	Detailed project oversight Service Director Programme oversight Assurance
	Capital Programme Board	Council Programme oversight
Gateway Review	Director PMO Assurance	Assurance
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance
Gateway Review	Director PMO Assurance	Assurance

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

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Name	Role	Date of issue	Version
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1.0 PROJECT DESCRIPTION

The project is expand data storage capacity for the Councils backup Solution (Veeam), in support of continued data growth for structured data (line of business solutions) and unstructured data (files, SharePoint and email).

2.0 STRATEGIC CASE

Herefordshire Council runs a modern IT Data Centre Environment to operate and support its service delivery. Due to the sensitivity of the data processed within its key line of business solutions (Security Classification - Official/Official Sensitive), the authority needs to operate its IT systems in line with Government guidelines (currently HMG Security Policy Framework and Minimum Cyber Security Standard).

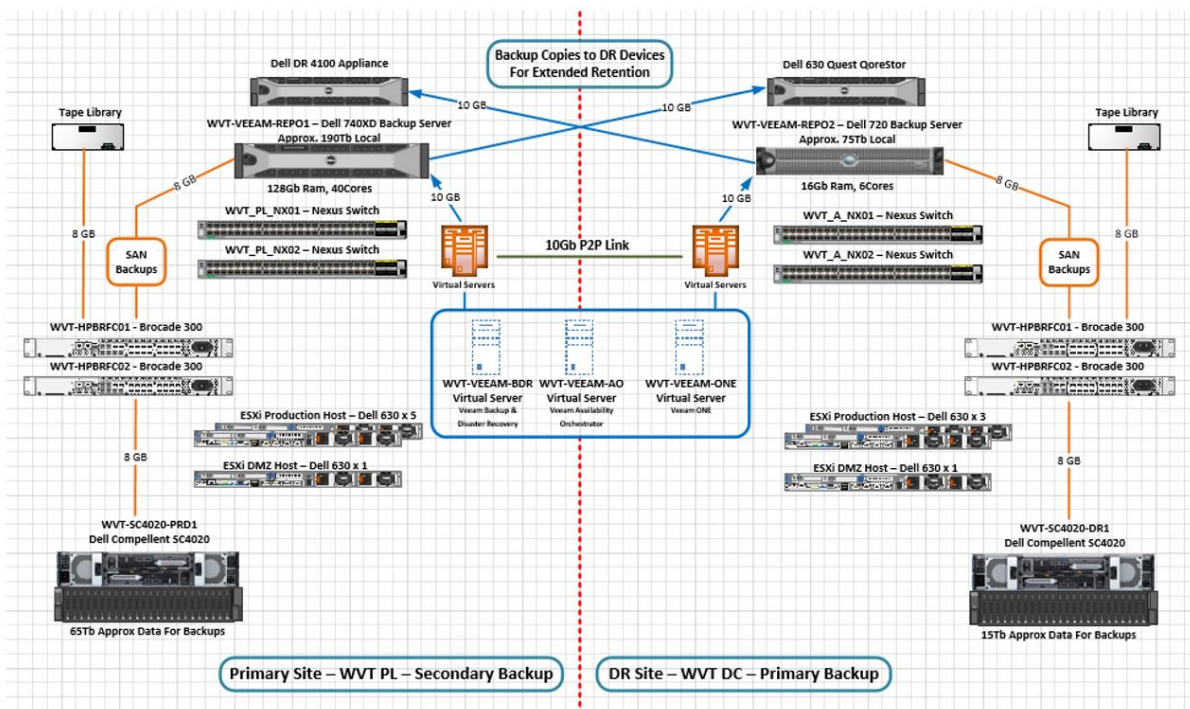
Due to these guidelines, the authority is obliged to ensure that data is protected in line with the Councils statutory obligations to meet confidentiality, integrity and availability requirements.

This is audited each year under the PSN, Cyber Essentials Plus and ISO27001 certifications.

The Councils backup solution (Veeam) was implemented in 2020 and the data environment was sized in accordance with the system requirements and growth profiles prevailing at that time.

The data volumes have continued to grow year on year particularly with the introduction of Lincolnshire County Council for Business World and also database environments for EDRMS, Capita EDM and Mosaic.

There is also a further emerging issue where the data throughput (disk speeds) from the disk repository in the secondary data centre cannot keep pace with the Tape repository. This means that there is a risk that as data continues to grow there will be a point at which the data cannot be committed to tape within the required time window.



2.1 Project aims and objectives

The aim of the project is as follows:

- Implement the upgraded equipment and hardware.
- Configure and Test with Backup Solution (Veeam).
- Cut over from old equipment/hardware.

- Decommission old equipment/hardware.

2.2 Strategic Drivers

2.2.1 National and Regional

National guidance and compliance from Central Government:

- Security Policy Framework (2018).
- Minimum Cyber Security Standard (June 2018).
- National Cyber Security Strategy.
- National Cyber Security Centre 10 Steps to Cyber Security.
- Public Services Network (PSN) Compliance.
- Cyber Essentials/Cyber Essentials Plus.
- Industry best practice (ISO27001).

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick <input checked="" type="checkbox"/> below where applicable	Delivery Plan Reference(s)
Community	<input checked="" type="checkbox"/>	
Economy	<input checked="" type="checkbox"/>	
Environment	<input checked="" type="checkbox"/>	

2.3 Background and Rationale in Project Mandate

The primary objective for the project is to support the authority's requirements to operate IT solutions in a secure manner protecting the Confidentiality, Integrity and Availability of the Councils data assets.

Continued evolution of the Line of Business Application Portfolio and associated Data Growth means that capacity within the backup solution needs to be maintained in order to meet the obligations of the Council.

This project is to replace data storage equipment within the backup solution in order to maintain the ability to capture and recover both from a volume and time performance perspective.

This supports the Councils required Recovery Point Objective (RPO) and Recovery Time Objectives (RTO).

2.4 Scope

2.4.1 In-Scope

- Disk Data Storage for the Corporate Backup Solution (Veeam)
- Tape Media for the Corporate Backup Solution (LTO8)

2.4.2 Out of Scope

- Any other data centre equipment and assets.

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

None

2.5.2 Non-cashable benefits

Operational benefits.

- Ability to capture the expected data assets in line with backup targets to fast recovery areas (disk).
- Ability to capture the expected data assets in line with backup retention policies to archive recovery areas (Tape).
- Ability to recover archived data assets in a timely fashion from Tape to fast recovery areas (disk).
- Ability to recover backup data assets from fast recovery areas (disk) in a timely fashion.
- Provide the required data backup data storage capacity to support recovery operations without impacting on backup activity.

2.5.3 Dis-benefits

None

2.6 Risks

Risk	Mitigation
Engineering Resource	Reprioritise other work or engage professional services dependent on the prevailing risk encountered.
Disruption to services during migration	Backup storage solutions will be run in parallel during the upgrade process and applications/ services will be migrated based on risk (low to high). Those identified as not being resilient will be migrated out of hours with coordination with the business with a roll back to the previous version maintained to minimise risk.
Implementation Delay	Should any implementation delays occur, then additional mechanisms may have to be implemented to mitigate any risk. Each prevailing risk will be reviewed and scored. Mitigation will be agreed dependent on the score and ability to treat or resolve within the context of the project delivery.
Supplier Cost	Post Covid Pandemic the IT industry is seeing huge increases in the costs of software licensing and professional services. Additional contingency is built into the project but best value will be sought wherever possible.
Strategic Objectives	The Strategic objectives of the Council may change between the submission of the business case and delivery. The requirement and suitability will need to be reviewed and validated at project commencement and suitable milestones within the project delivery to ensure that the project is still aligned to strategy and business need.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

None

This project depends on:

None

2.8 Stakeholders

Herefordshire Council – Engagement through meetings and communications dependent on whether there will be impact at either departmental or organisational level.

3.0 ECONOMIC CASE

3.1 Critical success factors

- Successful upgrade of the backup data storage capacity and performance.
- Maintenance of Confidentiality, Integrity and Availability of Council Data Assets during the upgrade of the equipment.
- Maintenance of backup and recovery KPIs during the upgrade of the equipment.
- Positive engagement with business departments to ensure that any upgrade or migration takes place without disruption to business delivery.

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Do Nothing	Y	Benchmark Option
Upgrade backup data hardware.	Y	Preferred/Appropriate Option

3.2.2 Short-list of options

Option 1 – Do nothing

Cost	Zero
Benefits	None
Deliverability	Yes
Pros	None
Cons	Will place the authority at risk of Data Confidentiality, Integrity and Availability breaches or risks due to the increased risk of not being able to capture or recover Council data assets in line with business requirements.
Recommendation	Not recommended.

Option 2 – Replace Solution

Cost	£82k Capital - £50k pa from 2025/26 (support previously capitalised)
Benefits	<ul style="list-style-type: none"> • Ability to backup data assets within the required time window (speed). • Ability to capture the data assets based on volume (size). • Ability to recover data assets in line with business requirements (time). • Ability to recover data assets without impacting on backup activity (size).
Deliverability	Yes
Pros	As per benefits and de-risks potential for loss of Confidentiality, Integrity and Availability of Council key Data due to hardware capacity and performance limits.
Cons	Protects the Councils Data and Service Delivery obligations.
Recommendation	Proceed with this option.

Option 3 – N/A

Cost
Benefits
Deliverability
Pros
Cons
Observations
Recommendation

3.2.3 The preferred option

Option 2 is the preferred option.

Hoople IT have reviewed similar activity with other customers to understand the considerations with this project. As the recommendation is to upgrade within the constraints of current licensing investment (i.e. Windows Server 2019) the Council can maximise its investment to 2029 whilst future strategies are drawn together. The costs are mainly internal Hoople costs and 3rd party application/system suppliers.

Table A - Indicative Costs for Solution and Implementation

Description	Supplier	Cost
3 rd Hardware – Backup Storage	3 rd Party	£30,000
3 rd Party Magnetic Media	3 rd Party	£7,500
Cables and Sundries	3 rd Party	£200
Contingency (Price Increase) 50%		£18,850

Engineering	Hoople (from Table B)	£11,100
Procurement Support	Hoople (from Table B)	£900
Hoople Project Management	Hoople (From Table B)	£1,750
Contingency @ 10%	-	£10,800
<hr/>		
	Total	£81,100

Table B - Indicative Costs for Hoople

Activity	IT Team	Cost
Architecture Support	Architecture	£4,100
Infrastructure – Upgrade/Migration	Infrastructure	£7,000
Procurement Support	DBA	£900
Project Management	Project Management	£1,750

4.0 FINANCIAL CASE

4.1 INSERT FUNDING TABLE

Capital cost of project	2023/24	2024/25	2025/26	Future Years	Total
Data Centre Equipment (Lifecycle)	£82k	£000	£000	£000	£82k
TOTAL	£82k				£82k

Funding streams (Indicate revenue or capital funding requirement)	2023/24	2024/25	2025/26	Future Years	Total
Prudential Borrowing	£82k				£82k
TOTAL	£82k				£82k

Laptop and PC Replacement Programme

Business Case

Date: 15th July 2022

Key Details

Senior Responsible Officer: MP

Author: SP

Project Manager: SP

Service Lead: AL

Agreed Project Type:

Programme Board Allocated:

Version Control

Version	Date	Summary of Change	Author
0.1	15/7/2022	First issue	SP

Distribution

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Name	Role	Date of issue	Version
MP	Project Supplier	15/7/2022	0.1

1.0 PROJECT DESCRIPTION

This document contains information that describes the justification for the continuation of Herefordshire Councils Laptop and PC replacement programme and includes devices and peripherals to be purchased for 'business as usual' purposes. This Initial Business Case is to be submitted to the Capital Strategy Board and if accepted, a more detailed Business Case can be developed.

2.0 STRATEGIC CASE

This Initial Business Case is to recommend the provision of a rolling programme of device replacements for staff computing across Herefordshire Council. Each year it is anticipated that 25% of the estate will need to be replaced to ensure that device performance is maintained.

If approved it will also provide the necessary equipment to allow the continuation of service deliverability unhindered (otherwise known as Business as Usual) taking into account the various issues received on a daily business which consist of break/fix repairs new starter devices and replacement of any lost devices and associated peripherals.

If this Business Case is approved Hoople can begin a rolling programme of device replacement. This will be carried out by identifying devices older than four years or that require fixing or replacing.

As previously stated each year approximately 25% of the device estate will be replaced to ensure that device performance is maintained.

Hoople Project Management, Desktop Support and Procurement will be involved in planning and carrying out this work.

2.1 Project aims and objectives

An implementation phase will begin and deliver the following:

- Replacement of existing devices older than four years will maintain functionality for all end users
- Business as usual device and peripheral replacement. This will include, but will not be limited to, break/fix repairs, new starter devices and replacement of any lost devices and associated peripherals

2.2 Strategic Drivers

This project, by providing the tools for staff to carry out their roles, underpins the functions of Herefordshire Council and in doing so will support the strategic priorities.

2.2.1 National and Regional

N/A

2.2.2 Local

County Priority – please select from	Tick ✓ below where applicable	Delivery Plan Reference(s)
Community	✓	
Economy	✓	
Environment		

This project specifically supports the objective to secure better services, quality of life and value for money.

2.3 Background and Rationale in Project Mandate

- a) A laptop or desktop device enables staff to interact with critical council applications. Old equipment is generally of a specification which is below the minimum standard for the modern applications which run on it. This often results in poor performance and devices becoming frequently unresponsive to the user
- b) Devices within the current desktop and laptop estate have previously been supported with a 4 or 5 year hardware warranty. The devices scheduled for replacement will be of an age where they are now out of warranty, unsupported and prone to failure
- c) Older devices have high failure rates and poor performance. This increases demand on the IT services (to manage device repair and replacement) and impacts staff productivity while devices are exchanged
- d) Devices which are subject to poor performance will have an impact on staff's experience of using critical council applications which hold citizen information and facilitates service delivery to the public (Mosaic, Tribal, Civica, Unit 4 Business World, e-mail) and could lead to a deterioration in customer service performance

2.4 Scope

2.4.1 In-Scope

All laptops, PCs and associated peripherals used by Herefordshire Council staff.

2.4.2 Out of Scope

Any specialist devices which have been purchased individually by teams i.e. devices which are bespoke or not part of the standard estate e.g. any iPads and mobile phones

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

- Simplifying and rationalise the device estate to remove legacy costs

- Price fluctuations for devices will be reduced

2.5.2 Non-cashable benefits

- Maintain staff productivity levels by replacing ageing, lost or damaged equipment
- Support the agile working principles by replacing PCs with laptops where possible

2.5.3 Dis-benefits

2.6 Risks

Replacing devices on ad hoc basis as they fail will have significant impact on the following costs:-

- 1) The purchase price of each device will be higher if procured only as and when devices are needed
- 2) Adverse impact on staff productivity while using failing equipment
- 3) Engineers will be needed to prepare and deliver devices at short notice. This will impact on other scheduled work which will have to be delayed to accommodate the unscheduled device replacement
- 4) If a device fails there is potential for work to be lost on the device, this could be small amounts that the user was progressing at the time of the failure or could be significant if documents had been saved locally and had not been transferred to the network
- 5) Devices which are subject to poor performance could lead to a drop in customer service performance

2.7 Constraints and Dependencies

Unknown at this time.

2.8 Stakeholders

Project Sponsor: Andrew Lovegrove

Stakeholders: IT Service Delivery Board

Senior Supplier: Mark Pearson (Hoople)

The designated Project Manager or Senior Supplier will report project progress and performance to the Project Sponsor. This will normally be a progress report or highlight report at regular intervals.

3.0 ECONOMIC CASE

3.1 Critical success factors

- Replace approximately 25% of devices older than four years to ensure that device performance and functionality is maintained for all end users
- Ensure business as usual device and peripheral replacement is adequate to maintain performance and functionality for all end users

3.2 Options and Do Nothing Option

3.2.1 List of options

Option	Short-list Y/N	Reasons
Option 1 - Do Nothing Leave device estate as is	N	<i>See section 2.3</i>
Option 2 - Do Minimum Purchase devices on a as and when basis	Y	<i>Pros: Initial cost outlay will be lower. Cons: See section 2.6</i>
Option 3 – Do Something Purchase and provide a rolling programme of replacement devices	Y	<i>Pros: See section 2.5</i>

3.2.2 The preferred option

The recommended preferred option is Option 3 – Do Something

Purchase and provide a rolling programme of replacement devices

4.0 COMMERCIAL CASE

4.1 Required services

Costs will be based on the resource requirements listed, and the time period that each resource is required, in order to develop the Full Business Case.

Costs would normally include resources for:

- Project management and procurement team support for the initial procurement
- Technical appraisal to support the procurement
- Engineering resource and project management for the device planning and roll out

4.2 Potential/Agreed risk transfer

N/A

4.3 Proposed/Agreed charging mechanism

N/A

4.4 Proposed/Agreed contract lengths

N/A

4.5 Proposed/Agreed key contractual clauses

N/A

4.6 Personnel implications (including TUPE)

N/A

4.7 Procurement Strategy and implementation timescales

A procurement exercise will be carried out to find a suitable supplier from which Herefordshire Council can obtain devices. Currently this is undertaken on a three year basis and prices are usually lower than can be obtained by spot purchasing. It is expected that by carrying out a procurement for a four year period further savings can be made.

5.0 FINANCIAL CASE

The price of replacements devices fluctuates each year and as technology matures and becomes standard in the industry the point price of devices will potentially reduce. If there are supply issues for any of the components then the price will potentially increase. As a consequence of this a year to year programme will be developed which will allow for the replacement of as many devices as possible within the budget constraints.

5.1 FUNDING TABLE

Capital cost of project	2023/24	2024/25	2025/26	2026/27	Total
	£000	£000	£000	£000	£000
<i>Replacement Kit</i>	365	365	415	448	1,593
TOTAL	365	365	415	448	1,593

Funding streams	2023/24	2024/25	2025/26	2026/27	Total
Capital funding requirement	2023/24	2024/25	2025/26	2026/27	Total
	£000	£000	£000	£000	£000
<i>Corporate Funded Borrowing</i>					
TOTAL	365	365	415	448	1,593

5.2 Impact on the Council's income and expenditure account

TBC

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

Hoople will provide PM capability.

6.2 Arrangements for benefits realisation

N/A

6.3 Arrangements for post project evaluation

N/A

6.4 Timeframes

Yearly programme of replacements with a 4 year plan.

Replacing Microsoft Office E1 with M365 E5

Business Case

Date: 2nd Nov 2022

Key Details

Senior Responsible Officer: tbc – will report to Transformation Board

Author: MI

Project Manager: MI (until June 2023)

Service Lead: SM/MI

Agreed Project Type:

Programme Board Allocated:

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	MI

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state “see track changes” in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director	Assurance	
2 - FBC	PMO Assurance		
	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
Assurance Board	Sense check		

	Capital Programme Board	Council Programme oversight
	Cabinet	Corporate fit
	Full Council	Approval (capital programme)
Gateway Review	Director	Assurance
	PMO Assurance	
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>
Gateway Review	Director	Assurance
	PMO Assurance	
4 –Handover & project review	Project Board	Detailed project oversight
	Director	Service Director
	Programme Board	Programme oversight
	Assurance Board	Assurance
	Capital Programme Board	Council Programme oversight
Gateway Review	Director	Assurance
	PMO Assurance	
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance
Gateway Review	Director	Assurance
	PMO Assurance	

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

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Name	Role	Date of issue	Version
KM	Capital Finance		
PMO			

1.0 PROJECT DESCRIPTION

The project is to replace the current Microsoft perpetual licence productivity suite software (E1, 2016 version) with the up to date Cloud computing equivalent, E5. This gives access to a range of software including collaboration, security, telephony and the Power Platform tools which can enable analytics, automation etc. E1 2016 Office products will not be sold from Oct 2023.

2.0 STRATEGIC CASE

- We have choices to make:
 - Oct 2025 Windows 10 and Microsoft Office 2016 support expires (and end of sale for Perpetual Office is October 2023)
 - During 2025 the telephony and wide area network contracts also expire

We have a current set of products which meet minimum requirements but are lagging behind and are complex to maintain (these include Office suite, VPN, Telephony, Security etc). We could sustain this at least for a few years more but most business areas are pushing for better solutions. Our digital and customer transformation ambitions would likely be inhibited. Senior leaders and most staff (based on recent staff survey) are expecting more of their technology toolset.

Security is particularly relevant – behind the best & other LA's, a risk:

- Lacking modern toolset & ability to lever Microsoft knowledge
- Limited ability to recover quickly - most data held and backed up on premise

The alternative is to move to what is becoming the local government standard; the Microsoft M365 suite and tools (E5):

- 'Evergreen' Office suite & route to Windows 11
- Defender – proactive and reactive security & threat protection
- Cloud storage – 1TB per user free and SharePoint Online
- Simplified identity management – facial recognition & single sign on – everything available in one click (no more VPN sign on)
- Voice & collaboration in one place – Teams
- Access to the PowerPlatform – automation tools, PowerBI reporting, easy to build and integrate applications, virtual agents (chatbots)
- Access to monitoring/collaboration/learning tools (Viva)

Adopting this alternative does move the Council to 'consumption computing' – evergreen solutions, but at annual revenue cost rather than cyclical capital investment. However the technology landscape can be simplified and many products can be retired.

2.1 Project aims and objectives

The aim of the project is as follows:

- Implement the M365 E5 suite
- Retire products which are no longer required
- Realise the benefits of the toolset (principally this is likely to be driven by the forthcoming Digital and Customer strategy)
- Skill up the technology support teams for the new product set

The work will require careful phasing to realise the most important benefits quickest and balance costs by retiring the more expensive current software soonest.

2.2 Strategic Drivers

2.2.1 National and Regional

National guidance and compliance from Central Government:

- Security Policy Framework (2018).
- Minimum Cyber Security Standard (June 2018).
- National Cyber Security Strategy.
- National Cyber Security Centre 10 Steps to Cyber Security.
- Public Services Network (PSN) Compliance.
- Cyber Essentials/Cyber Essentials Plus.

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick ✓ below where applicable	Delivery Plan Reference(s)
Community	✓	
Economy	✓	
Environment	✓	

2.3 Background and Rationale in Project Mandate

The background & rationale has been presented to CLT – paper attached



ICT Future CLT
04_10_22 v0.3 MI.ppt

2.4 Scope

2.4.1 In-Scope

Technology Productivity Suite (MS Office & related software)

- Procure replacement software
- Install
- Retire products which are replaced by new software
- Decommission old equipment
- Train support staff
- Realise benefits

2.4.2 Out of Scope

- Any technology not related to M365 product

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

Revenue payments will cease on the technology which will be retired after implementation, current list anticipated as the following (subject to further detail planning, it may increase); total £254,711

Forrester (2021) analysed ROI for M365/E5 and found an ROI of 46%

- Increased automation
- Decreased time wasted/money spent in data discovery
- Decreased risk/cost of data breach
- Software retirement
- Unquantified – ease of use, adoption, administration & productivity

But....cost ROI hangs on adoption of suite – a challenge and cannot be guaranteed.

2.5.2 Non-cashable benefits

These include:

- Ease of use
- Improved cost management
- Collaboration advantages
- Security
- Ability to exploit later iterations of technology

There is a significant reduction in Capital budget requirement – currently forecast as c£1-1.2m over the period FY 23/24 to 25/26

2.5.3 Dis-benefits

Increased revenue costs in the region of £450,000 in 22/23 but falling significantly in future years

None

2.6 Risks

Risk	Mitigation
Engineering Resource & skillset to implement	Can use specialist suppliers & draw on Microsoft advice
Disruption to services during migration	Low risk but possibly a factor for services such as telephony. All implementations need detailed planning.
Implementation Delay	This is a complex programme which needs careful planning due to the interdependencies. The highest risk of implementation delay is not realising benefits or not achieving cost savings from retired products in a timely way.

Change It will require all ICT users to adapt to different technology. This is thought to be very low risk but adaptation as well as being able to use the benefits is required and that is a higher bar.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

Describe any existing or future projects which will need this work to happen in order to progress?

None

This project depends on:

None but the close relationship with the Digital and Customer strategy is noted.

2.8 Stakeholders

Wide range of senior level stakeholders, both Councillors and Officers.

3.0 ECONOMIC CASE

3.1 Critical success factors

- Successful Procurement and planning.
- Successful implementation (likely over 2 years for full value realisation).
- Retirement of software no longer required.
- Successful use of new capability
- Support for new product set
- Decommission and disposal of outgoing equipment.

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Do Nothing	Y	Possible but rejected by CLT on 4.10.22
Alternative updated software such as Google Docs	Y	Rejected by CLT – lack of track record and any known reference sites plus complexity of change

3.2.3 The preferred option

The proposal to move to M365 E5.

Table A - Indicative Costs for Solution and Implementation of M365 E5 product purchased on Microsoft 'ramp' terms

Generic Year	M365 E5 RAMP Costs (users)	Library & Standalone Devices - See C33	Contracts unable to consolidate or already committed to (parallel run)	True down of existing EAs	Consolidation of other products	Wider Avoidance (guestimates at)	(A+B+C)-(D+E+F)

							this point)	
One	£509,178.60	£27,100.00	£254,711.02		£75,212.94	£-	£200,000	£515,776.68
Two	£564,629.52	£27,100.00	£57,222.00		£121,270.26	£151,431.70	£247,690	£128,559.56
Three	£631,465.80	£27,100.00	£57,222.00		£121,270.26	£151,431.70	£756,997	-£313,911.16
Four	£631,465.80	£27,100.00	£57,222.00		£121,270.26	£151,431.70	£0	£443,085.84
Five	£631,465.80	£27,100.00	£57,222.00		£121,270.26	£151,431.70	£0	£443,085.84

B. Implementation costs

Currently estimated at £300,000 in first year and £150,000 in second year.

3.3 Supplier appraisals

3.3.1 The Procurement process

- Direct award to Microsoft using UK HMG Public Service Agreement pricing.
- Implementation partner assistance (if required) – to be competed via a suitable route.

3.3.2 Preferred supplier

Following the above appraisals and analysis, the preferred supplier is confirmed below.

Microsoft – only supplier

4.0 FINANCIAL CASE

4.1 INSERT FUNDING TABLE

Capital cost of project	2023/24	2024/25	2025/26	Future Years	Total
	£300k	£150k	£000	£000	£350k
TOTAL	£300k	£150k			£350k

Funding streams (Indicate revenue or capital funding requirement)	2023/24	2024/25	2025/26	Future Years	Total
Prudential Borrowing	£350k				£350k
TOTAL	£350k				£350k

BUSINESS CASE – ‘LIGHT’

There will be times when a full, very detailed, five case business model would be inappropriate for the size and scale of the project. There are key elements of a business case however, that must be identified and evidenced such as what needs to happen, why and what change it will bring about. In these cases, there are two options: 1- to use the Project Mandate form as the business case in very simple, defined cases and 2- to complete a business case ‘Light’ form where the project is small to medium in size and where using the full five case business model would be of little benefit to the governance or outcome.

The PMO Portfolio Managers will determine which model of business case is appropriate for the size and scale of the project being developed.

All italic text can be removed prior to submitting for review.

Project Name	Estates Building Improvement Programme 2023-25
Verto Project Code	
Author	GCP
Senior Responsible Officer (SRO) <i>(if different to Author)</i>	SJ
Project Manager	<i>To be completed by the Portfolio Manager</i>
Service Lead	GCP
Agreed Project Type	<i>To be completed by the Portfolio Manager</i>
Programme Board allocated	<i>To be completed by the Portfolio Manager</i>
Date	28/07/22

Version Control

Version	Date	Summary of Change	Author
0.1	29/07/22	First issue	GCP
0.2	30/07/22	Rev A	GCP
0.3	08/11/22	Rev B	GCP

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Corporate Programme Board	Council Programme oversight	

Gateway Review	Director PMO Assurance	Assurance
2 - FBC	SRO Project Board Director Programme Delivery Board Capital Portfolio Manager HPMO Assurance Board Corporate Programme Board Cabinet Full Council	Owner Detailed project oversight Service Director Programme oversight Sense check Sense check Sense check Council Programme oversight Corporate fit Approval (capital programme)
Gateway Review	Director PMO Assurance	Assurance
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>
Gateway Review	Director PMO Assurance	Assurance
4 –Handover & project review	Project Board Director Programme Board Assurance Board Corporate Programme Board	Detailed project oversight Service Director Programme oversight Assurance Council Programme oversight
Gateway Review	Director PMO Assurance	Assurance
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance
Gateway Review	Director PMO Assurance	Assurance

Distribution

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Name	Role	Date of issue	Version
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Project Description

These building improvement works are supplemental projects to the three year programme of building improvement works 2022/25 which have been prioritised through the assessment of criteria primarily focussed on (1) identified risk, (2) health, safety or welfare of the building users (3) delivery of the aims within the Council's county plan, (4) service continuity, through the delivery of property specific projects. The cost appraisal is a high-level estimated figure i.e. detailed evaluation has not been undertaken in respect of each project at this stage.

Background and Rationale

Briefly describe what issue or opportunity this project will address and why now

This is an improvements programme, for all works that arose from historic operational requirements, based on a risk assessment analysis.

The Council's Estate includes assets of varying degrees of legal interest and use. Whilst optimisation of the estate is an ongoing processes based upon review and pro-active engagement with services, investment in key property assets is required for the key reasons set out in the Objectives described below.

Building Improvement Works

Further projects have materialised since the three year Estates Building Improvement programme 2022-2025 initiated and these are included herein for capital funding on a project by project basis. Projects have been assessed prior to inclusion in the programme and those that neither meet key criteria nor are supported by sufficient information have been omitted. This is not to say that such projects are permanently disregarded should future assessment mean that they qualify for inclusion in the programme. In such circumstances bids for capital funding will be made on a project by project basis.

The improvement programme, including the rationale and/or benefits for each proposed project, is provided in Appendix A.

Hoople will be acting as managing agents for delivery and where appropriate will self-deliver.

Other projects will be procured in line with the Council's procurement process.

Improvement Works to Maylord Orchard

This is a programme of works identified from recent condition surveys.

The improvement programme, including the rationale and/or benefits for each proposed project, is provided in Appendix B.

Hoople will be acting as managing agents on behalf of the Council to assist in the delivery of some of the works and where appropriate will self-deliver elements.

The remaining elements of the projects will be procured in line with the Council's procurement process.

Funding of these works will be from Reserves and Future Revenues.

Strategic Fit

Your project must directly support at least one of the County Plan / Delivery Plan priorities. Please indicate in the box below which priority(s) the project addresses.

County Priority – please select from	Tick X below where applicable	Delivery Plan Reference(s)
Environment	x	Deliver initiatives to reduce the Council’s carbon footprint (supporting objectives EN5 & EN7)
Community	x	Council’s modernisation programme (supporting objectives CO0 & CO4) Management of the Council’s assets to maximise their use (supporting objective CO0)
Economy	x	Support economic opportunity through business support (supporting objectives EC2 & EC6)
List key Strategy the project delivers against and explain how		<ul style="list-style-type: none"> • Installation of new energy efficiency measures in Council buildings to improve the environmental and energy efficiency standards and reduce the Council’s carbon footprint. • Carry out improvement works to Council buildings to modernise and create better working environments for employees. • Spending more locally by working with large local employers to build strong local supply chains and increase the amount of money which stays in the local economy.

Outline how the project directly addresses the priority and in addition how it directly contributes towards the delivery of the other remaining priorities.

The diverse range of projects will directly address the priorities through improving digital communication via building management systems, reducing our carbon footprint, improving the environment, protecting our historic buildings and promoting our heritage and addressing social values by actively engaging local contractors supporting the local economy.

Scope

What is involved in this project; include what is in and out of scope.

The works to all properties identified within Appendices A and B are included in scope.

Included generally within each individual project scope across the programme:

- Planning the project
- Designs, plans and surveys
- Procurement
- Building refurbishment
- IT improvements
- Construction management
- Budget management
- Risk management
- Communications
- Project handover and closure

Maintenance and running costs of buildings not included.

Objectives

List the key business objectives that the project is aiming to achieve. These should be SMART – specific, measurable, achievable, relevant and time-bound.

This programme of works aims to achieve the following:

- Ensure that the Council's estate is safe and fit for purpose
- Address identified risks
- Reduce revenue expenditure by investing in buildings and reducing reactive maintenance
- Extend the lifecycle of Council's assets and protect/enhance value
- Secure better services, quality of life and value for money
- Support the growth of our economy
- Support Improvement of the Council's energy efficiency and reduce its carbon footprint
- To support the delivery of the County Plan

Benefits

Explain and evidence where possible the anticipated benefits the project will deliver if the objectives are achieved including any dis-benefits

The anticipated benefits of the proposed project are as follows:

- Reduced revenue costs
- Reduced depreciation of buildings and assets
- Heritage protection

- Energy efficiency
- Sustainability
- Protected income
- Increased revenue (from investment portfolio)
- Risk management / mitigation
- Protecting service delivery
- Statutory Compliance
- Growth of our local economy

Explain the plan for dealing with the management and delivery of benefits – how will they be realised?

The works will be delivered under the guidance of the PMO by:

- Engaging external consultants to augment the internal resources to plan, design, administer and finally sign off the programme of works.
- Utilising Hoople for the management and delivery of the works where appropriate.
- Appointing suitable contractors in line with the Council's procurement rules to carry out the works.

Benefits realisation will be measured in terms of:

- Reduced revenue expenditure on reactive maintenance.
- Maintaining Business Continuity

Risks

List the known, main risks along with any mitigating action. Attach a risk register if more appropriate.

The programme seeks to reduce the risks identified on a project by project basis.

The key risks of not doing the project are:

- Shortage of resources, labour and materials
- Rising costs – reducing the extent or quality of completed works
- Insufficient funding
- Impact on service delivery

- Loss of income
- Loss in value/deterioration of property assets
- Reputational risk
- Non-Compliance with statutory regulations
- Health and safety risks
- Pandemics

The key project risks are:

- Statutory
- Financial
- Service
- Reputational

Constraints or Dependencies

List the known or potential dependencies with other current or upcoming projects or known constraints e.g.: timescale, funding terms, other linked projects, etc.

Initiatives which depend on this project are:

- Future Corporate Estate Asset Strategy
- Flexible Futures – Strategy and Implementation
- Future Investment Estate Asset Strategy
- Reduced energy consumption and carbon output
- Annual Financial Targets

This project is dependent on:

- Appropriate levels of resource and expertise
- Ability for Hoople to resource sufficiently
- Availability of suitable contractors and materials
- Consultant and/or contractor performance
- Information as to service plans and strategy
- The required level of engagement from stakeholders

- Buildings not being put forward for disposal, or disposed of, within the programme timeframe or Council’s obligations falling to the Tenants

Options

Please list the options that you have considered for delivering your project.

Option	Short-list Y/N	Reasons
--------	----------------	---------

Copy the table below as required to cover all shortlisted options

Option * – Detail

Cost

Benefits

Deliverability

Pros

Cons

Recommendation

The ‘do nothing’ option

What will be the impact of doing nothing? i.e. the consequence of the project idea not being supported and the project not proceeding

Do Nothing - Without adequate expenditure on a programme of improvement works, property assets will depreciate which will have a negative consequential adverse bearing on the value of the estate. Furthermore do nothing will have an impact on the Council being able to deliver services from buildings that are not fit for purpose. Not doing these projects may increase the risk of litigation due to Health and safety issues not being addressed. In each case the ‘Do Nothing’ option is not viable as each proposed project represents the considered way forward.

The key risks of not doing the project are:

- Impact on service delivery
- Increased cost of maintenance
- Further deterioration of the buildings
- Potential for serious physical injury
- Potential for illness caused from environmental conditions imposed by buildings
- Reputational risk

The key project risks are:

- Insufficient budget
- Insufficient resource
- Planning permission
- Contractor availability
- Rising costs of materials and labour

Preferred Option

Outline what the preferred option is and why

Allowing investment and undertaking this programme of improvement works will mitigate and prevent risk of failure and ensure the buildings remain open and fit for current use, thereby avoiding disruption to the delivery of services. In some cases it is the Council's responsibility under leases to maintain an asset. The preferred option would mitigate risk of litigation due to Health and safety issues not being addressed.

Environmental and Social

Explain any impact and/or mitigating actions (nature, environment, climate, carbon, sustainability, social value, equality, etc)

Where appropriate projects will address the Council's objectives to reduce its carbon footprint.

Each project will aim to incorporate the use of local labour and materials to address social values.

Procurement

Outline what procurement process has been used and the preferred supplier along with lead-in times and timetable

Various procurement routes will be used which include for a combination of open portal tenders, Hoople and utilisation of existing frameworks as appropriate.

Some of the procurement for Maylord Orchard will be merged with the Library Stronger Towns Project so the most effective method of procurement including Hoople, tender or via the Library project will be taken.

Legal

Describe any legal implications or considerations such as covenants, restrictions, partnerships, etc

All legal matters will be reviewed by the Estates team and legal services where required and addressed accordingly.

Project Costs

Any submission of a business case for capital funding must also include a completed Capital Funding Request form (found on [Capital Toolkit](#) intranet site)

Please state the total cost of the project, broken down into key areas of spend e.g. feasibility study, design, procurement and contracting, works contract, project management.

It is vital that you include an element for project management and technical, professional colleagues and fees.

Building Improvement Works (Appendix A) cost **£2,602k**

Improvement Works to Maylord Orchard (Appendix B) cost **£1.105k**

Total project cost of Estates Building Improvement Programme 2023-25: **£3,707k.**

This sum is based on high level estimated figures i.e. detailed evaluation has not been undertaken. Consultant expertise will be required for technical feasibility and design work and an allowance has been included for professional fees and contingency.

Basis of the costs presented. You must attach / evidence the costs to this form. See Technical Guidance Note 1 for details around the provision of evidence based estimates.

- Is this cost indicative (estimate during business case development),
- actual (procured) or
- Evidence based estimate?

Spend Profile:

Feasibility		Procurement	£46k
Design	£130k	Property	£111k
Project Management Fee (est. 10%)	£185k	Legal	£56k
Planning Fees	£28k	Consultancy Fees	£556k

Feasibility Funding

It is expected that Directorates will fund feasibility works and only apply for corporate revenue feasibility funding if the work is not affordable from within the Directorates own budget.

Is corporate revenue feasibility funding required to complete an outline business case?

 Yes

 No

 x

If yes, the Head of PMO will facilitate an application to the Management Board via the approved form

Please explain why Directorate funding cannot be accessed and what the feasibility will provide:

Only if the preferred option is being developed, corporate capital funding may be requested from the Capital Development Fund to undertake feasibility work. Is this required?

 Yes

 No

 x

If yes, the Head of PMO will facilitate an application to the Management Board via the approved form

Explain here how the preferred option was arrived at and agreed and what the feasibility will provide:

Timescales for Delivery

Please try to put some timescales around your project by indicating any known end or stage deadlines, key dates or action points in the table below. Add key dates as required to suit your project which may include the date something has to be completed by or deadline for grant funding application.

The PMO Capital Programme Manager can arrange advice on approval/lead-in dates.

Stage/Milestone	Indicative Date	Comments
Commencement	April 2023	2 year program
Completion	March 2025	2 year program

APPENDICES (List)

Appendix A – Details of projects included in the Building Improvement Works – Rev A

Appendix B – Details of Improvement Works to Maylord Orchard

Appendix A

BUILDING IMPROVEMENT WORKS

PROGRAMME	2023/25	Rationale	Reasons	Ward
	£k	Health and Safety, Business Continuity, Asset Deterioration, Landlords Responsibility		
Improving the power distribution at Gypsy and Traveller sites	65	Health and Safety, Business Continuity	A requirement has been identified to resolve an operational risk across the Gypsy and Travellers sites. These works are to address electrical power outages on sites by improving and upgrading the electrical infrastructure.	Arrow, Bromyard Bringsty, Red Hill, Hope End, Bircher, Dinedor Hill
Fire precautions and improvement works	250	Health and Safety, Business Continuity	Fire Doors - The condition and effectiveness of the fire doors throughout the corporate estate are audited on a 6 monthly basis to ensure compliance with fire safety legislation. FRA's have highlighted issues with fire doors that require attention. Fire Stopping - FRA's have highlighted area where fire stopping in compartment walls/floors has been breached or is missing. Fire strategy/ Fire Compartmentation surveys to be carried out as part of the fire precaution improvement works.	Various
Replacement of hot water cylinders at G&T sites from vented to unvented	100	Health and Safety, Asset Deterioration	The existing vented hot water cylinders across four sites are reaching the end of their serviceable life and therefore need to be replaced. By utilising unvented rather than vented systems the cold water storage tanks will no longer be needed and can therefore be decommissioned and removed which will also reduce risk from Legionella.	Arrow, Bromyard Bringsty, Red Hill, Hope End, Bircher, Dinedor Hill
Public Toilets emergency assist alarms and lighting	60	Health and Safety	FRA and H&S audits have highlighted a need for emergency lighting and disabled call alarm assist for public toilets to mitigate risk to the public using the facilities	Various

405

Ross Leisure Centre - Flood defences	50	Health and Safety, Business Continuity	The building has sustained flood damage in recent years increasing the insurance policy excess and any future claims for ingress of water are likely to be met by the Council. Flood precaution works are required to mitigate against further flood events to a council asset, to demonstrate to insurers that we are taking measures to prevent/mitigate future losses and safeguard the building for business continuity. A report on flood defence options has been obtained and this bid is for additional capital to top up insurance funding.	Ross West
St Katherine Master's House Roofing works (ridge tiles)	50	Health and Safety	The ridge tiles at the masters house which is a grade II listed building are debonding allowing water ingress and internal damage to the building fabric. Unless attended to the tiles will completely debond and be a hazard and continue to allow deterioration of the building fabric.	Ledbury North
Tarsmill Court Inds Unit 16-22 Roof replacements	375	Asset Deterioration, Landlords Responsibility	The asbestos cement roofing is deteriorating allowing water ingress and internal damage to the building fabric affecting business continuity. This is Landlords Responsibility and the Tenant is threatening legal action.	Dinedor Hill
Leominster MAO car parking	60	Business Continuity	Provision of forming new car parking area and cycle shelter on council owned land near the Multi Agency Offices.	Leominster East
Bromyard Linton Quarry and adjacent wooded area - provision of CCTV Installation	40	Health and Safety	Provision of CCTV to monitor site that contains a deep water filled clay quarry to the west side and a wooded area to the east side. Site is adjacent to Council owned Gypsy & Traveller site where there is continued breaches of the security fencing between the premises. There has in the past been a fatality due to drowning in the quarry which is now filled with water. CCTV installation will help support further security measures.	Bromyard Bringsty

Plough Lane Air Conditioning	35	Business Continuity, Asset Deterioration	The air conditioning systems serving the 1st and 2nd floor Comms Rooms and UPS room at Plough Lane are coming to the end of their serviceable life and therefore need to be replaced. Replacement of these systems will ensure that the rooms in question can continue to be sufficiently cooled. This will prevent ICT/UPS equipment from overheating which could shorten the lifespan of the equipment. It will also ensure that important resilience systems are available when needed and important HC data is not lost.	Widemarsh
Plough Lane and HARC Gas Suppression	50	Business Continuity	The current gas suppression cylinders are due for replacement in 2024. Replacement of these cylinders will ensure that the gas suppression systems remain operational and are available to use in the event of a fire, allowing important ICT data equipment and artefacts to be protected.	Dinedor Hill
Crematorium Mechanical Works	30	Health and Safety Business Continuity	The current extract fan used to remove heat during the cremation process is located internally above the cremators at high level. Recently the fan failed and H&S advised that the cremators needed to be shut down due to the elevated temperature in the room. Relocating the extract fan externally will make access much easier if and when future failures occur and reduce H&S implications of working above the cremators.	Greyfriars
Upgrade Building Monitoring System	65	Business Continuity	The software currently used to monitor the Trend BMS system is coming to the end of its lifecycle and is being phased out and replaced with a new bespoke software package. Upgrading this software will ensure that HC can continue to effectively monitor vital building services such as heating, ventilation and ICT server room air conditioning across various corporate sites and thus optimise energy efficiency and reduce carbon emissions.	Widemarsh

Car Park Lining	45	Health and Safety Business Continuity	Car parks provide for essential city and town centre parking for visitors, employees and residents, marked out to achieve maximum safe capacity at each location. Car park inspection reports highlight the poor condition of car park lining and signage including a lack of disabled parking spaces and safety issues arising from incorrect separation of pedestrians and vehicles and their movements. Improvements are required to ensure car parks are operated at their maximum safe capacity (loss of visitor space, and income) and to maintain enforcement.	Various
Lady Hawkins Roofing works and rainwater goods improvement works	110	Business Continuity, Asset Deterioration	Improvements to metal sheet roofing and defective metal gutters, rainwater goods and surface water drainage to mitigate blocking and water ingress into the building causing external and internal deterioration of the fabric of the building.	Kington
Plough Lane and Hereford Crematorium UPS replacements	45	Business Continuity, Asset Deterioration	UPS system 1 at Plough Lane and the UPS system at Hereford Crematorium are reaching the end of their useful lives and therefore will need to be replaced. If the UPS system at Plough Lane were to fail then this would prevent the mains power switching seamlessly to generator power in the event of a mains power failure. This will cause the A/C in the data centre to go into fault and cause a loss of cooling that in turn will result in the ICT equipment overheating and risking catastrophic data loss. If the UPS system at Hereford Crematorium were to fail then this would interrupt the operation of the cremators in the event of a mains power failure which would cause damage to the cremator equipment.	Widemarsh, Greyfriars
Merchant House Cycle Storage	10	Sustainable Travel	A service requirement has been identified for bicycle shelter facilities.	Widemarsh

HARC Data Centre Air Conditioning	15	Business Continuity	Installation of additional wall mounted A/C system in the second floor data centre at HARC to provide additional resilience in the event of a failure to one of the existing A/C systems. This will reduce the risk of vital ICT equipment from overheating which would lead to ICT equipment failure and catastrophic loss of HC data.	Dinedor Hill
Merton Meadow Pump House Rationalisation	125	Health and Safety, Asset Deterioration	The storm water pumping facility on Merton Meadow car park is currently non-functional and the pump house building is in a poor state of repair. Improvement works are needed to reinstate surface water drainage lines, remove redundant equipment, demolish current pump house and water storage tank and construct smaller building in its place to house storm water pumping equipment and associated mechanical and electrical installations to ensure transfer of storm water away from the car park to prevent flooding in inclement weather. This should not interfere with any future plans for the site.	Widemarsh
Ross-on-Wye Library Cold Water Storage Tank Removal	12	Health and Safety	The existing cold water storage tank (CWST) at Ross-on-Wye Library only provides cold water to the wash hand basins and WCs in the staff toilets. This tank has tested positive for Legionella previously because there is an insufficient turnover of water to prevent Legionella proliferation. By removing this CWST and reconfiguring the pipework so that the staff toilets are fed from the mains water supply this will reduce the risk from Legionella within the building.	Ross East
Maylord Orchard Public Toilets Refurbishment	150	Health and Safety, Asset Deterioration	To refurbish the redundant public toilets that are accessed from the northern side of the Maylord Centre, close to the bus stop, and put them back into use so that they meet modern statutory requirements and have facilities that are available to use by all members of the community. This will	Central

			support the library project given expected increased footfall and the removal of the escalators.	
Former Shopmobility Facilities	175	Health and Safety, Asset Deterioration	A service requirement has been identified for usable space to support the Corporate Asset Review by providing suitable accommodation for services.	Central
Demolish the tennis courts at Bishops Meadow Hereford and return them to amenity grass	475	Health and Safety, Asset Deterioration	The facilities are currently closed and remain a health and safety risk. The location of the courts and their proximity to the river and the damage inevitably caused by repeated winter flooding which without any new flood precautions as part of any improvement works would result in an ongoing maintenance repair cost. The proposal is to replace the tennis courts in their entirety at a cost of £475k but this will need the £180k from the Lawn Tennis Association that they have set aside for 2023/24 towards fencing, automated gate and resurfacing to these tennis courts but they have yet to give a formal decision whether they will provide this funding.	Hinton & Hunderton
Demolition Blackfriars St Football Stand	110	Health and Safety, Asset Deterioration	The condition survey has highlighted the poor general structural condition of the overall stand in its current state, it recommends that spectators/public should continue to be excluded from the site until it is either substantially refurbished or demolished and rebuilt/redeveloped.	Widemarsh
Decarbonisation Assessments	100	Business Continuity, Asset Deterioration, Tenants Obligation	Herefordshire Council has committed to becoming net zero carbon by 2030. With a move towards low carbon, it is therefore necessary to undertake building decarbonisation assessments which will allow the identification of suitable low carbon heating alternatives and also how to target other elements of a building's energy usage, thereby identifying further reductions in carbon.	Various
Total cost of works (inclusive of Construction, Contingencies and Fees)	2,602			

Appendix B - Details of improvement works to Maylord Orchard

IMPROVEMENT WORKS PROGRAMME	2023/25	Rationale	Reasons	Ward
	£k	Health and Safety, Business Continuity, Asset Deterioration, Landlords Responsibility		
Replacement of electrical distribution boards	55	Health and Safety, Business Continuity, Asset Deterioration	The service reports highlighted issues with the distribution boards which have not been upgraded since being installed and the boards are no longer in production. The manufacturer was taken over and the fitment of breakers changed in 2009 making the parts obsolescent and dramatically increasing cost. Any major change to the electrical installation will require new distribution boards.	Central
Replacement of Goods Lift control panel	40	Health and Safety, Business Continuity, Asset Deterioration	The condition report provided by Jackson Lift Group in April 2022 highlighted the need to upgrade the main control panel on both goods lifts. The existing control panel is obsolete, the manufacturer is no longer trading and the control system parts are difficult to obtain. Replacement is recommended to ensure long term maintainability, reliability and safety of the lift system.	Central
Replacement of flat roof finishes and associated upstands, flashings, rainwater goods etc	450	Health and Safety, Business Continuity, Asset Deterioration	A recent roof survey recommended replacing the felt roof with a single ply membrane in the immediate future. The original purchase report in June 2020 recommended replacement in 2 to 3 years. The need to replace the flat roof is further demonstrated by ongoing leaks. Successive large patch repairs have been unsuccessful and water ingress is damaging tenanted areas.	Central

Rationalisation and improvement works to mechanical installation and associated electrical works	150	Health and Safety, Business Continuity, Asset Deterioration	An investigation identified a need to determine which equipment at the site is live and which is redundant to provide a rationale going forward and inform further works required. In addition works to replace items that are coming to the end of their useful life including the pressurised air system which automatically opens atrium windows in the event of a fire, the first floor toilet extract ventilation system and the water heater currently serving Poundland with unvented equivalent. Furthermore there will be a need to decommission, drain down and remove redundant cold water storage tanks and associated equipment to reduce risk from Legionella.	Central
Improvements to Trinity Square and Blueschool Street elevations.	250	Health and Safety, Asset Deterioration	The existing facia to the atrium and fenestration to the facades has been in place over 30 years since the centre was constructed and requires improvement. This will provide an opportunity for rebranding and modernisation of the centre providing a more welcoming experience, bringing in more footfall and making the centre more attractive to potential tenants thereby keeping the units fully utilised to generate maximum revenue to the council.	Central
Upgrading atrium lighting with LED energy efficient lighting	95	Health and Safety, Asset Deterioration	To replace the existing end of life lighting with new energy saving lighting scheme to the atrium to modernise and provide suitable lighting levels and emergency lighting to the area.	Central
Redecoration of atrium including replacement of handrails and stair nosing's	65	Health and Safety, Asset Deterioration	To replace the existing handrails and redecorate the tired atrium area to brighten up the area and to improve DDA with colour differentiation.	Central
Total cost of works (inclusive of Construction, Contingencies and Fees)	1,105			

Highways Infrastructure Investment
Business Case

Date: 29/07/22

Key Details

Senior Responsible Officer: MA

Author: BE

Project Manager: TBA

Service Lead: BE

Agreed Project Type: Investment in Highway Infrastructure

Programme Board Allocated:

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state “see track changes” in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Corporate Programme Board	Council Programme oversight	
Gateway Review	Director	Assurance	
	PMO Assurance		
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
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	Programme Delivery Board	Programme oversight
	Capital Programme Manager	Sense check
	HPMO	Sense check
	Assurance Board	Sense check
	Corporate Programme Board	Council Programme oversight
	Cabinet	Corporate fit
	Full Council	Approval (capital programme)
Gateway Review	Director	Assurance
	PMO Assurance	
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>
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	Corporate Programme Board	Council Programme oversight
Gateway Review	Director	Assurance
	PMO Assurance	
5 – Project Closure	Capital Programme Manager/ Head of PMO	Governance
Gateway Review	Director	Assurance
	PMO Assurance	

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

This document has been distributed to

Name	Role	Date of issue	Version
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1.0 PROJECT DESCRIPTION

2.0 STRATEGIC CASE

The council estimates there is a backlog of £90m in highway carriageways with a further £85m in structures with further depreciation in footways, cycles, street lighting, traffic management and street furniture. The condition of the network is such that the available Annual Plan and Forward Plan budgets are prioritised to minimising the impact of the deteriorating condition and pressures in the existing network on a Risk Based Approach. Due to the pressures, the areas identified in this bid would not reach the Annual Plan and as such we are seeking additional capital investment. (See appendix A)

2.1 Project aims and objectives

The condition of the various assets are such that the annual plan needs support to prevent the assets deteriorating.

The investment is to mitigate various assets such as carriage and structure (bridge) condition as well as invest in replacement outdate street lighting columns and drainage. In addition there is a number of local concerns around safety, the parishes have provided requests for support, and these will be reviewed and complimented with additional local funding through S106, PCC or Parish Funding.

The project will mitigate the immediate concerns in the various assets and will in turn will ensure the network is safe for all users.

2.2 Strategic Drivers

2.2.1 National and Regional

Under Section 41 of the Highways Act Herefordshire Council has a duty to maintain the highway. The council's Highways Asset Management Strategy is for:

- Major investment which started in 2014.
 - To have sustained investment,
 - Reduce the need for reactive temporary repairs
 - Move resources to preventative rather than reactive.
 - Provide the support that enables routine maintenance work to be delivered locally.
- Activities

The County Plan ambitions support the proposal as this bid is focused on maintaining the integrity of the network. The Economic and Community is connected by the Highway /Public Realm network, supporting the economy and strengthening communities, the programme of works will also maintain Herefordshire as a great Place to live.

The plan is invest in the assets whose condition is such that the consequence of not investing is such that highway safety can be compromised.

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick <input checked="" type="checkbox"/> below where applicable	Delivery Plan Reference(s)
Community	<input checked="" type="checkbox"/>	C04, C00
Economy	<input checked="" type="checkbox"/>	EC2, EC5
Environment	<input checked="" type="checkbox"/>	EN3

Community and Economy: The project ensures localities remain connected, there is a risk of severance due to bridge or road failures, the project is to invest to maintain the network.

Environment: in maintaining the network, the investment will result in reduced reactive works which would add to the materials, transport and additional works in keeping the network safe. Minimising the risk of failure and closures will reduce the diversions needed for transport.

2.3 Background and Rationale in Project Mandate

The Public Realm is funded through the DfT, this is minimal in compared to the value of the asset. The pressures on the network are significant with the backlog in investment is recorded in Appendix A. There is a risk of significant failure of structures or roads which this bid seeks to reduce.

2.4 Scope

To improve the network condition and safety, the Public Realm condition is well recorded, the network is being managed but with the risk of deterioration.

Bridge and Road Structure element is to improve the condition and reduce the reported red condition in the network and grow the green condition.

Drainage issues are prevalent, this is to continue the investment and reduce the risk to flooding and highway safety.

Street lighting pole replacement is to ensure the asset is of good condition and not prone to failure.

Parish Safety Schemes are to address local concerns and support funding to deliver benefits in the locality.

2.4.1 In Scope

Works within the Public Realm

2.4.2 Out of Scope

Works not identified in the Bid and outside of the Public Realm.

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

Backlog of maintenance to reduce and becomes manageable with the DfT funding.

2.5.2 Non-cashable benefits

Connectivity maintained, the network remains safe, minimal claims due to network condition. Safer environment due to key elements of the bid.

2.5.3 Dis-benefits

None

2.6 Risks

- Deliverability due to rising costs and available resources, these will be managed in line with the PRC with early sight of any issues.
- Demand outweighing available budget, this will be managed through design and delivery and assessment of future needs.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

County Plan delivery is dependent on the network being safe and available for use, this bid ensures this will be available.

This project depends on:

The Public Realm Contract and Contract Management Team to deliver and ensure Value for Money.

2.8 Stakeholders

Local communities, parish councils and local members are key stakeholders, they will be engaged directly through the Annual Plan programme, and a Comms Plan will be developed and delivered.

3.0 ECONOMIC CASE

3.1 Critical success factors

The project will be measured against the condition and change this will facilitate, number of structures repaired, the lengths of road treated, columns replaced and the parish council engagement.

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Not to invest.	N	Deterioration of the network must be mitigated with a planned investment programme.
Increase investment to curtail the backlog over a number of years.	N	At this stage this is not deemed affordable, this doesn't preclude future major
To invest as set out in the BBLP submission, this would see a first year investment of £9.5 million and will minimise the risk to the public.	Y	Potential to address concerns
Invest in the network, roads, bridges, PROW structures, Parish Safety and Street lighting.	Y	This will invest in the key infrastructure elements, addressing part of the pressures on the network and will complement the DfT investment. There will be an element of public satisfaction in the Parish and PROW investment.

3.2.2 Short-list of options

Option 1 – Detail

Cost	23/24 £9.5m first year, £7.5m for next 2 years.
Benefits	Increased resilience on the network keeping communities and businesses connected.
Deliverability	Achievable
Pros	Minimises the risk on the network

Cons	Doesn't not address other concerns on the network.
Recommendation	Further consideration required to include in future bids.

Option 2 – Detail

Cost	23/24 £3.9m for first 2 years, overall investment over 5 years = £20m.
Benefits	Sustainable investment in line with the asset management strategy.
Deliverability	Deliverable
Pros	Sustained investment across the highway assets.
Cons	Not the sustained investment required to abate the issues concerns but sustainable.
Observations	Sustained investment will extend past the current PRC contract, the investment will ensure continued improved condition.
Recommendation	This option taken forward as preferred.

3.2.3 The preferred option

Option 2 To invest over a 5 year period in the key elements, carriageway, structures and street lighting columns, this will be complimented with investment in Parish safety Schemes and PRoW infrastructure..

3.3 Supplier appraisals

The proposal is to utilise the Public Realm Contract and Contract management Team for delivery and to ensure value for money.

3.3.1 The Procurement process

The procurement will be in the delivery of the Annual and Forward programme.

3.3.2 Preferred supplier

The Public Realm service provider is the preferred supplier, the councils Contract Management Team will support the commission and ensure Value for Money.

4.0 COMMERCIAL CASE

4.1 Required services

Investment in the network infrastructure

4.2 Potential/Agreed risk transfer

Risk is with the service provider and the council in so far as condition of the network and available funding. The bid addresses concerns about the shortfall in investment and managing the network.

The scheme risks are with the service provider.

4.3 Proposed/Agreed charging mechanism

Parish Safety Schemes

4.4 Proposed/Agreed contract lengths

Delivered through the Public Realm Contract, Annual and Forward Plans

4.5 Proposed/Agreed key contractual clauses

Value for money is the key driver, the Public Realm Contract

4.6 Personnel implications (including TUPE)

N/A

4.7 Procurement Strategy and implementation timescales

Procurement with the PRC, looking at alternative options if delivery through the PRC doesn't provide the VFM confidence.

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

Capital cost of project	2023/24	2024/25	2025/26	2026/27 & 2027/28	Total
	£000	£000	£000	£000	£000
<i>Carriageway Investment</i>	1500	1500	1500	3000	7500
<i>Structures</i>	1500	1500	1500	3000	7500
<i>Drainage</i>	500	500	500	1000	2500
<i>Parish Safety Schemes</i>	100	100			200
<i>Street lighting</i>	200	200	200	400	1000
<i>PRoW Structures</i>	100	100	100		300
Project Management Fees (est. 10% project value)	185	185	185	370	925
TOTAL	4085	4085	3985	7770	19925

Funding streams (Indicate revenue or capital funding requirement)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<i>Prudential Borrowing</i>	4085	4085	3985	7770	19925

TOTAL	4085	4085	3985	7770	19925
--------------	-------------	-------------	-------------	-------------	--------------

5.2 Impact on the Council's income and expenditure account (revenue account)

Revenue budget implications	2022/23	2023/24	2024/25	Future Years	Total
<i>note any impact on revenue budget, good or bad</i>	£000	£000	£000	£000	£000
TOTAL					

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

Contract Management Team will manage the procurement, for info, the CMT are implementing a Contract Improvement Plan to ensure appropriate management of the contract and to ensure VFM.

6.2 Use of Consultants

None

6.3 Arrangements for benefits realisation

Through the PRC, managing the network and liaising with key stakeholders.

6.4 Arrangements for post project evaluation

Monitoring the network through performance and risk management through the PRC.

6.5 Timeframes

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved	<i>Insert Date</i>	
Stage 1 - Outline business case completed	<i>Insert Date</i>	
Stage 2 - Full business case completed	<i>1/8/2022</i>	

Full Council approval	<i>Feb 2023</i>
Approval to spend obtained	<i>Feb 2023</i>
Stage 3 - Delivery	<i>April 2023</i>
<i>Insert key milestone</i>	<i>Annual Plan development 1st April each year</i>
<i>Insert key milestone</i>	
Stage 4 – Handover	
<i>Insert key milestone</i>	
Stage 5 - Project Closure	<i>31/32028</i>

7.0 THE ENVIRONMENTAL CASE

The delivery will minimise the impact on the Environment by reducing the need for reactive maintenance, closure of routes will be minimised and ensure connectivity. This will prevent unnecessary vehicle movements and allow for shortest time journeys which will also open up active travel routes. Specific schemes will review the Environmental Issues and where necessary, mitigate through design and delivery.

8.0 LEGAL IMPLICATIONS

9.0 EQUALITY IMPACT IMPLICATIONS

There are no implications, the projects are to enable access for all and to include all.

10.0 HEALTH & SAFETY IMPLICATIONS

Managed through the contract, scheme specific risks will be managed through procurement.

11.0 SOCIAL VALUE IMPLICATIONS

The Parish and local member engagement will benchmark the benefits and ensure the value is provided.

APPENDICES - SUPPORTING EVIDENCE

Appendix A

Highway Maintenance Backlog



Maintenance Backlog
Supporting informati

Appendix B

BBLP Briefing Note on Structures



Briefing Note - 2023
HC Capital Funding Pr

Appendix C

BBLP Briefing Note on Carriageways



Briefing Note - 2023
HC Capital Funding Pr

Ash Dieback: Managing the Network

Business Case

Date: 31/07/22

Key Details

Senior Responsible Officer: MA
Author: BE
Project Manager: TBA
Service Lead: BE
Agreed Project Type: Investment in Highway Infrastructure
Programme Board Allocated:

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	

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Gateway Review	Director	Assurance	
	PMO Assurance		
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	Project Board	Detailed project oversight	

	Director	Service Director
	Programme Delivery Board	Programme oversight
	Capital Programme Manager	Sense check
	HPMO	Sense check
	Assurance Board	Sense check
	Corporate Programme Board	Council Programme oversight
	Cabinet	Corporate fit
	Full Council	Approval (capital programme)
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4 –Handover & project review	Project Board Director Programme Board Assurance Board	Detailed project oversight Service Director Programme oversight Assurance
	Corporate Programme Board	Council Programme oversight
Gateway Review	Director PMO Assurance	Assurance
5 – Project Closure	Capital Programme Manager/ Head of PMO	Governance
Gateway Review	Director PMO Assurance	Assurance

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

This document has been distributed to

Name	Role	Date of issue	Version
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1.0 PROJECT DESCRIPTION

2.0 STRATEGIC CASE

Ash Dieback is becoming prevalent in Herefordshire, the trees within the public realm and council owned and managed land have the disease, and it is at various stages. The project is to ensure the public are safe removing the trees that are dead or in such a condition, they must be removed. The risk has been identified and is on the corporate risk register.

Ash dieback disease is a fungal disease of Ash trees, *Fraxinus* species, commonly known as Chalara Ash dieback or just "Chalara". The fungus has two phases to its life cycle, an asexual stage that grows in affected trees, and a sexual stage as small white fruiting bodies on stalks that burst open in summer to release infective spores. These spores then spread by wind to other trees continuing the contagion. Forest research (2022) quotes that spores have been known to travel from as far as Europe and that these are typically produced between June to September.

Figures for Herefordshire show over 500,000 ash trees (The Tree Council 2016), making up 50% of non-woodland canopy cover and dominating as a hedgerow species and woodland cover of over 6500 ha. Ash species also make up 79% of the council's registered Tree Preservation Orders. In regards to council managed land there are over 2600 recorded ash trees. The density of Ash trees in Herefordshire is considered medium-high placing it as one of the top 10 counties in regards to Ash trees percentage.

As an estimate there are in excess of 100,000 Ash trees beside Herefordshire's >3250km of public roads and equal or even greater number potentially impacting the 3360KM of public rights of way in the county. Although it is estimated 95% of these trees will be the responsibility of private landowners, the council's duty still requires it to serve legal notice on private trees that are an identified risk to the highway network, in addition to managing the trees it is directly responsible for.

2.1 Project aims and objectives

The project aims to remove the trees whose condition requires action, the recovery phase will then plant to minimise the impact of the disease.

2.2 Strategic Drivers

2.2.1 National and Regional

Under Section 41 of the Highways Act Herefordshire Council has a duty to maintain the highway.

The risk has been identified and as such a strategic plan is being developed to manage the project. If this were not to progress there is a real risk to public and employees safety.

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick <input checked="" type="checkbox"/> below where applicable	Delivery Plan Reference(s)
Community	<input checked="" type="checkbox"/>	CO0.
Economy	<input checked="" type="checkbox"/>	EC 5
Environment	<input checked="" type="checkbox"/>	EN 3

The project will ensure the trees in Hereford are healthy and safe.

The public will remain safe to enjoy the county.

The economy of the county will be safe ensuring disruption caused by dead trees is managed and removed with delay.

2.3 Background and Rationale in Project Mandate

The disease is a national concern, all authorities are impacted though the councils are at varying stages of mitigating the risk. Herefordshire is in a similar position as the immediate neighbouring authorities. The financial burden is significant and impacts on the county. The project is to be delivered to manage the risk and remove the dead and significantly impacted species. It is predicted that at some stage, all Ash trees will succumb to the disease, some will be resilient but removal of the dead trees and replanting is essential.

2.4 Scope

To programme over the next 5 years, removal of dead and significantly diseased trees. The project will invest in a recovery phase to mitigate the loss of the significant assets.

The Ash trees within the Public Realm and in land owned and managed by Herefordshire Council are in scope.

The scale of the project may vary as the impact of the disease becomes known, the various stages of the disease can change over a relatively short period of time. This will be managed as part of the project.

2.4.1 in Scope

Ash trees in land owned and managed by the council.

Recovery phase, replanting with an appropriate species.

2.4.2 Out of Scope

Maintenance work

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

Healthy Assets County wide.

2.5.2 Non-cashable benefits

Removal of risk within the county

Recovery plan to mitigate the impact.

2.5.3 Dis-benefits

The project is to remove the risk and to invest in a recovery plan. In undertaking the project, neighbouring land owners will need to inform and they will need to manage their assets, there is potential for the council to serve legal notices which will need to be action.

2.6 Risks

- Corporate Risk Register to implement the Ash Die Back Action Plan, this is being developed in tandem with the funding bid which will remove and replace diseased trees.
- Not doing the project has the potential for significant severe impact and the further potential for claims for loss of life or property damage.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

The Ash Die back Action Plan implementation is dependent on the funding. The recovery plan is part of the project.

This project depends on:

This project is dependent on appropriate resources being allocated to the project.

2.8 Stakeholders

The public, adjacent land owners, property owners, parish councils and local members. As part of the project a detailed comms plan will be developed. The links within the Public Realm contract will also be used to deliver the message informing as necessary.

3.0 ECONOMIC CASE

The Conservation Team will be the councils specialist resource used to inform and support the project.

The Public Realm Contract is the mechanism to deliver the project due to the majority of the trees and impact is within the Public Realm. The network of specialist contractors that can be used and the inspections undertaken as part of the business as usual will assist in monitoring the change in condition.

The council property team will manage the assets within land owned and managed by the council.

The project will be scrutinised for value for money through the PRC contract management team and Property Team.

3.1 Critical success factors

Safe network and the replacement of trees removed.

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Do Nothing	N	Risk and Safety concerns
Remove Trees only	N	Removes the risk but doesn't support the councils County Plan ambitions.
Remove Trees and replace only within the Public Realm	N	Removes the risk but doesn't support the councils County Plan ambitions.
Remove Trees, replace within the council owned and managed assets. To look at funding opportunities to support property and land owners.	y	Removes the risk, invests in the asset and supports the county.

3.2.2 Short-list of options

Option 1 – Remove Trees, replace within the council owned and managed assets. To look at funding opportunities to support property and land owners.

Cost	Estimated cost with the information available is circa £1,782.00. This will change as the number of trees impacted by the disease become known.
Benefits	Recovery, replacement of the asset is key in minimising the impact of removal.
Deliverability	Deliverable with resources within the county, council will need to resource within the various council teams to support the project, this will be revenue.
Pros	Managing the risk and removal of dead and seriously damaged trees.
Cons	None

Recommendation Work to remove the risk and re plant must be undertaken, the risk is significant and must be managed, therefore the recommendation is to start with the known assets, develop the action plan and implement.

3.2.3 The preferred option

Option 1 is the preferred Option.

3.3 Supplier appraisals

This section compares the potential supplier deals and agrees the preferred supplier.

3.3.1 The Procurement process

Please outline your procurement process including the following:

- *The procurement will utilise the existing property and public realm management contracts. Part of managing the network is managing the risk and change in condition, this will trigger the removal of trees in a timely manner.*

3.3.2 Preferred supplier

The Public Realm Contract, the Property maintenance Contract with appropriate challenges to ensure value for money through the Contract Management Team.

4.0 COMMERCIAL CASE

4.1 Required services

Tree Surveys

Tree Removal

Supply and planting of trees as part of the recovery phase.

4.2 Potential/Agreed risk transfer

The risks are managed within the Public Realm Contract and Property Contract.

The risk is best placed within the contracts as the inspection and change in condition is part of the maintenance requirements of the contracts.

4.3 Proposed/Agreed charging mechanism

Through the contract mechanisms.

4.4 Proposed/Agreed contract lengths

The proposal is for 5 years but this may extend due to the condition of the trees, the proposal is to only remove those that have a risk. Trees will still have life, therefore will remain until such time as the condition dictates removal. This is a long term project which will need to change with the development of the disease.

4.5 Proposed/Agreed key contractual clauses

The contracts already manage trees, this is another branch to the existing due to the significant impact.

4.6 Personnel implications (including TUPE)

None

4.7 Procurement Strategy and implementation timescales

The current contracts can facilitate the works. The council will need to resource.

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

5.2 Impact on the Council's income and expenditure account (revenue account)

Capital cost of project	2023/24	2024/25	2025/26	Future Years	Total
	£000	£000	£000	£000	£000
Revenue budget implications	2023/24 300	2024/25 350	2025/26 350	Future Years 790	Total 1790
Project Management Fees (est. 10% <i>note any impact on revenue budget, good or bad</i>)	£000 ¹⁵	£000 ¹⁷	£000 ¹⁷	£000 ³⁴	£000 ⁸³
TOTAL	315	367	367	734	1783
<i>Staff Revenue to support the project, already in place</i>	115	115	115	230	575
Funding streams				Future	
TOTAL (date revenue or capital funding requirement)	2023/24	2024/25	2025/26	Future Years	Total
	£000	£000	£000	£000	£000
<i>Prudential Borrowing</i>	315	367	367	734	1783
TOTAL	315	367	367	734	1783

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

The Built and natural Environment Team, Contract Management Team, Property and Engineering teams will have a role in ensuring the successful implementation of the Ash Die Back Action Plan.

6.2 Use of Consultants

None

6.3 Arrangements for benefits realisation

Public Realm Contract and the Hoople contract with Property.

6.4 Arrangements for post project evaluation

These will be identified in the Ash Die Back Action Plan.

6.5 Timeframes

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved		
Stage 1 - Outline business case completed		
Stage 2 - Full business case completed	1/8/22	
Full Council approval	02/23	Full Council
Approval to spend obtained	03/23	Cabinet Member Report
		Record of Operational Decision to implement.
Stage 3 - Delivery	01/04/23	Commencement of project.
<i>Insert key milestone</i>	<i>Insert Date</i>	Quarterly reporting
<i>Insert key milestone</i>	<i>Insert Date</i>	Quarterly reporting
Stage 4 – Handover	<i>Insert Date</i>	Quarterly reporting
<i>Insert key milestone</i>	<i>Insert Date</i>	Quarterly reporting
Stage 5 - Project Closure	<i>Insert Date</i>	Not known due to known number of trees and condition, this will develop with quarterly and annual reporting.

7.0 THE ENVIRONMENTAL CASE

Ash Dieback is impacting on the tree stock in Herefordshire, of specific concern is the impact on Ash Trees within the public realm and council owned land. The risk to the public is not limited to the managed estate but in the immediate areas adjacent which if they were to fail, could impact on the Public Realm or Herefordshire Council managed estate.

Ash dieback disease is a fungal disease of Ash trees, Fraxinus species, commonly known as Chalara Ash dieback or just “Chalara”. The fungus has two phases to its life cycle, an asexual stage that grows in affected trees, and a sexual stage as small white fruiting bodies on stalks that burst open in summer to release infective spores. These spores then spread by wind to other trees continuing the contagion. Forest research (2022) quotes that spores have been known to travel from as far as Europe and that these are typically produced between June to September.

Since the infection is widely spread by these fungal spores there are no preventative methods to prevent or mitigate spread. Research from Europe found that there was a mortality rate of 70-85% depending on the type of plantation (DEFRA, 2019) and the current scientific consensus is that around 95% of Ash trees will die or be severely affected by the disease. Depending on the age of the tree, once ash are infected there is a 3-5 year window before the tree starts to show high percentages of infection, although this could also be much quicker. Ash dieback has a high mortality rate, with a greater effect on young trees. Therefore current management guidelines focus on ensuring public safety and not disease eradication.

8.0 LEGAL IMPLICATIONS

Under Section 41 of the Highways Act Herefordshire Council has a duty to maintain the highway.

The risk has been identified and as such a strategic plan is being developed to manage the project. If this were not to progress there is a real risk to public and employees safety.

9.0 EQUALITY IMPACT IMPLICATIONS

None

10.0 HEALTH & SAFETY IMPLICATIONS

The project is to manage the health and safety risk on the network.

The contractor will manage site safety and risk to the employees.

11.0 SOCIAL VALUE IMPLICATIONS

Removing the risk and implementing the recovery plan will ensure the benefits to the public and businesses.

APPENDICES - SUPPORTING EVIDENCE

Appendix A

Ash Dieback Background Information.



Ash Dieback DMT
presentation.docx

BUSINESS CASE – ‘LIGHT’

There will be times when a full, very detailed, five case business model would be inappropriate for the size and scale of the project. There are key elements of a business case however, that must be identified and evidenced such as what needs to happen, why and what change it will bring about. In these cases, there are two options: 1- to use the Project Mandate form as the business case in very simple, defined cases and 2- to complete a business case ‘Light’ form where the project is small to medium in size and where using the full five case business model would be of little benefit to the governance or outcome.

The PMO Portfolio Managers will determine which model of business case is appropriate for the size and scale of the project being developed.

All italic text can be removed prior to submitting for review.

Project Name	Phase 2 – Implementation of Moving Traffic Enforcement
Verto Project Code	
Author	JH, Parking Services Manager
Senior Responsible Officer (SRO) <i>(if different to Author)</i>	MA, Service Director Highways and Transport
Project Manager	LB, Project Manager (PMO)
Service Lead	JH, Parking Services Manager
Agreed Project Type	<i>Light Touch</i>
Programme Board allocated	<i>To be completed by the Portfolio Manager</i>
Date	

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	
0.2			

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	

	Corporate Programme Board	Council Programme oversight
Gateway Review	Director PMO Assurance	Assurance
2 - FBC	SRO	Owner
	Project Board	Detailed project oversight
	Director	Service Director
	Programme Delivery Board	Programme oversight
	Capital Portfolio Manager	Sense check
	HPMO	Sense check
	Assurance Board	Sense check
	Corporate Programme Board	Council Programme oversight
	Cabinet	Corporate fit
	Full Council	Approval (capital programme)
Gateway Review	Director PMO Assurance	Assurance
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>
Gateway Review	Director PMO Assurance	Assurance
4 –Handover & project review	Project Board	Detailed project oversight
	Director	Service Director
	Programme Board	Programme oversight
	Assurance Board	Assurance
	Corporate Programme Board	Council Programme oversight
Gateway Review	Director PMO Assurance	Assurance
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance
Gateway Review	Director PMO Assurance	Assurance

Distribution

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Name	Role	Date of issue	Version
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Project Description

A key decision taken on 22 July 2022 approved the application of powers, and the spending of £100k of agreed capital toward a Moving Traffic Enforcement scheme which will cover two Hereford sites. The decision (below) approved the Full Business case for the scheme.

<https://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?Ild=50040690&Opt=0>

This light touch business case makes reference to that business case noting that an extension of the scheme to more locations will require more funding in order to improve the capacity of the service. It also notes that any phase 2 of the scheme is invested on the basis as an invest-to-save due to the income derived from penalties issued.

Background and Rationale

Briefly describe what issue or opportunity this project will address and why now

Further funding is being sought to extend and enhance this scheme as outlined in this decision and detailed within the Full Business Case (appended) as follows:

Applying the costs from the model, each additional site costs on average £35,000. This means the four remaining surveyed locations and two additional sites could be added in year 2 at a capital setup cost of £221,000

In addition to fixed cameras, there is the option to use a mobile camera (attached to a vehicle), that potentially allows for any site to be enforced. This costs on average £70,000 for purchase and £10,000 in annual maintenance.

Six additional fixed cameras and a mobile camera could be added for year 2 at a capital setup cost of £291,000 (this includes a 40% optimisation bias and contingency).

If the average of the income of the remaining surveyed sites is applied to these new sites (revenue per site of £27,000 in the first year and £57,000 in the second year), this would mean a first year additional revenue of £189,000 and a year 2 additional revenue of £399,000.

It is proposed to procure an additional two camera sites at this time at a cost of £74k which can be relocated as required and determined based on operational requirements. There is however associated maintenance costs in relocating the devices, and setting up a new location so this should be minimised.

In addition a mobile camera vehicle can be procured at a further cost of £70k and can be used to enforcement a wider range of restrictions including parking at schools.

This request is therefore for £144k in capital funding with repayments satisfied using net income derived from penalties. Income forecasted to fund the investment is £68k per annum from year 2. The repayments will be taken over 5 years to repay the full cost of borrowing.

Strategic Fit

Your project must directly support at least one of the County Plan / Delivery Plan priorities. Please indicate in the box below which priority(s) the project addresses.

County Priority – please select from	Tick X below where applicable	Delivery Plan Reference(s)
Environment	X	Improve and extend active travel methods in the county, by enforcement of poor driving behaviour to promote safer streets.
Community		
Economy		
List key Strategy the project delivers against and explain how		<ul style="list-style-type: none">Local Transport Plan 2016 -2031 <i>Considering the enforcement of moving traffic offences where it causes congestion or impacts road safety including enforcement of yellow boxes.</i>

Scope

What is involved in this project; include what is in and out of scope.

Two sites are being delivered as part of 2022/23 (phase 1) capital funding, where the remaining locations identified can be delivered through this phase 2 funding.

The appended business case set out the locations where enforcement may be applicable where cameras procured under this scheme can be deployed.

Objectives

List the key business objectives that the project is aiming to achieve. These should be SMART – specific, measurable, achievable, relevant and time-bound.

- The key objective is to secure sufficient enforcement capacity across the county to allow for the council to properly manage these locations. This can be measured against the number of proposed sites for enforcement and the number delivered with this funding.
- Reductions in contraventions at enforced sites. Benchmark data can be used in week one of enforcement to establish the number of vehicles contravening each site without enforcement. Data can be collected at regular intervals when enforcement is taking place to establish improvements in driver behaviour at these locations.

Benefits

Explain and evidence where possible the anticipated benefits the project will deliver if the objectives are achieved including any dis-benefits

The core purpose of the UK Government advancing the regulations nationwide is to reduce congestion, improve air quality, improve bus service reliability, and encourage cycling whilst promoting a generally safer environment for all road users.

Explain the plan for dealing with the management and delivery of benefits – how will they be realised?

The benefits arising from better enforcement are a gradual reduction in contraventions at these sites. Contraventions either cause delays, safety concerns for vulnerable road users or a reduction in air quality due to congestion.

The sites will be managed as part of the Parking Service where cameras will be monitored and deployed to locations where the highest number of contraventions occur, or where there is a serious safety concern.

The cameras, whilst fixed, can be demounted and re-located to another site should further issues arise or that location become well managed from the enforcement it is no longer required.

Drivers may wish to challenge the issue of an enforcement notice, and they can do this by way of the legislated process which is set out to mirror parking notices.

These challenges will be managed to ensure that consistent and robust decision making is in place.

Risks

List the known, main risks along with any mitigating action. Attach a risk register if more appropriate.

1. The council do not get powers (submitted July 2022).

No finance will be committed until the powers are confirmed.

2. The costs of equipment exceed this capital allocation.

Whilst efforts have been made to benchmark costs and detail the plans, should the cost rise unexpectedly then the scheme will be reduced to match the budget available.

Constraints or Dependencies

List the known or potential dependencies with other current or upcoming projects or known constraints eg: timescale, funding terms, other linked projects, etc.

Phase 1 of this project currently being delivered, expected April 2023 (subject to receipt of powers)

The 'do nothing' option

What will be the impact of doing nothing? i.e. the consequence of the project idea not being supported and the project not proceeding

Then Phase 1 of the scheme will be the only enforcement capacity the council have this would operate at two Hereford sites only and without a mobile enforcement vehicle to cover illegal and dangerous parking at schools.

Preferred Option

Outline what the preferred option is and why

This is outlined in the below decision and the appended full business case.

<http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50040690>

Environmental and Social

Explain any impact and/or mitigating actions (nature, environment, climate, carbon, sustainability, social value, equality, etc)

This is outlined in the below decision and the appended full business case.

<http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50040690>

Procurement

Outline what procurement process has been used and the preferred supplier along with lead-in times and timetable

This is outlined in the below decision and the appended full business case.

<http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50040690>

Legal

Describe any legal implications or considerations such as covenants, restrictions, partnerships, etc

This is outlined in the below decision and the appended full business case.

Project Costs

Any submission of a business case for capital funding must also include a completed Capital Funding Request form (found on [Capital Toolkit](#) intranet site)

Please state the total cost of the project, broken down into key areas of spend e.g. feasibility study, design, procurement and contracting, works contract, project management.

It is vital that you include an element for project management and technical, professional colleagues and fees.

Total project cost: £144,000

Basis of the costs presented. You must attach / evidence the costs to this form. See Technical Guidance Note 1 for details around the provision of evidence based estimates.

3. Is this cost indicative (estimate during business case development),
4. actual (procured) or
5. Evidence based estimate?

Spend Profile:

Feasibility	£0	Procurement	£120,000
Design	£2,000	Property (highway)	£2,000
Project Management Fee (est. 10%)	£10,000	Legal	£0
Planning Fees	£0	Consultancy Fees	£0
Risk and Contingency	£10,000		

Feasibility Funding

It is expected that Directorates will fund feasibility works and only apply for corporate revenue feasibility funding if the work is not affordable from within the Directorates own budget.

Is corporate revenue feasibility funding required to complete an outline business case?

Yes

No

X

If yes, the Head of PMO will facilitate an application to the Management Board via the approved form

Please explain why Directorate funding cannot be accessed and what the feasibility will provide:

Only if the preferred option is being developed, corporate capital funding may be requested from the Capital Development Fund to undertake feasibility work. Is this required?

Yes

No

X

If yes, the Head of PMO will facilitate an application to the Management Board via the approved form

Explain here how the preferred option was arrived at and agreed and what the feasibility will provide:

Timescales for Delivery

Please try to put some timescales around your project by indicating any known end or stage deadlines, key dates or action points in the table below. Add key dates as required to suit your project which may include the date something has to be completed by or deadline for grant funding application.

The PMO Capital Programme Manager can arrange advice on approval/lead-in dates.

Stage/Milestone	Indicative Date	Comments
Application for Powers	July 2022	
Receipt of Powers	Dec 2022	
Go live with Phase 1 (other capital)	April 2023	
Receipt of phase 2 capital	April 2023	
<i>Procurement of extended scheme</i>	June 2023	
Go live	September 2023	

The Master's House Landscaping Ledbury

Business Case

Date: 16th August 2022

Key Details

Senior Responsible Officer: MA
Author: DF
Project Manager: DF
Service Lead: LE
Agreed Project Type: Capital scheme
Programme Board Allocated: Project board appointed

Version Control

Version	Date	Summary of Change	Author
0.1	16 08 22	First issue	DF
1.0	02 09 22	Finance update	DF
1.1	05 09 22	Revenue update	DF

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state “see track changes” in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
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5 – Project Closure	Capital Programme Manager/ Head of PMO	Governance
Gateway Review	Director PMO Assurance	Assurance

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

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Name	Role	Date of issue	Version
MA	Interim Service Director, Transport & Highways	2 nd September 2022	1.0

1.0 PROJECT DESCRIPTION

This project will deliver a fitting destination public space for the local community and visitors. It will complement the recent investment by HC in the £3.2m renovation of 16th Century Master's House building, which accommodates a library, indoor events space and local museum.

The landscaping proposals include:

1. Over 580sqm of public realm, including levelling and repaving with sandstone and buff coloured surface to accord with built heritage context. This will be supplemented with the installation of electrical sockets to enable flexible programming of events including weekly market and seasonal events.
2. Improved accessibility between car park and town centre uses, including wheelchair-accessible paths, one from a high street entrance to the rear of a popular hotel, the introduction of levelled paving at St Katherines Square and the second path from St Katherines square to the main entrance of The Master's House
3. Enhancement to this historic setting and increased biodiversity, including tree and shrub planting to the north and west elevations of The Master's House and to the west and south perimeter margins, public art, feature lighting and illumination of a feature wall. Information boards will also be introduced depicting the splendour of the original gardens, all improving visitors' ability to appreciate the listed buildings.

2.0 STRATEGIC CASE

Completed in 1488 The Master's House was built as a private residence for the Master of St Katherine's Hospital. The building has been subject to modifications by numerous masters over the years.

The Master's House and the Hospital were set amongst a range of service and farm buildings at the centre of owned estate lands around Ledbury in excess of 1,600 acres. In the late 16th Century St Katherine's Hospital Site, with boundary hedging and The Master's House at its centre, included an array of farm buildings, an orchard, gardens and a pool, all contained within the area now used as the car park. The farm would have been largely self-

sufficient in food and in its day The Masters House was one of the grandest mansions in the area.

Circa 1771 much of the original timber framed building was shrouded with fashionable brickwork façade. Records show that from the quantity of brickwork used, this included all the boundary walls to the gardens. The enclosure of the gardens within the fashionable walls, added to the stature of the property.

The 700 year traditional use of The Master's House was brought to an end in 1941 when taken over by the Ministry of Food. It seems at some stage between 1941 and 1962 the stunning gardens of The Master's House was raised to the ground to create vehicular access and parking. The Master's House is now surrounded by St Katherine's car park. Clearly, this surface level car park does not form part of the original characteristic or setting of the prestigious Master's House.

During years of painstaking restoration between 2011 & 2015, HC have invested extensively both in commitment and financially, to transform The Master's House into a vibrant library, archive and community services hub.

As a result The Master's House, St Katherine's was awarded the RIBA Building of the Year Award on the basis that the commitment to deliver was sustained by HC. In a statement, RIBA commented 'Together they (the 3 main stakeholders) have successfully integrated an accessible design into the historic fabric of The Masters House and reconnected the building to its context and local community'

However, the surroundings of the House do not reflect the status of the property or characterise its history. It has long been the objective of the Council and others (e.g. friends of the Master's House) to enhance the setting of the Master's House to reflect the significance of this centre of Ledbury history, all the while maintaining the parking provision for the Town. Every effort will be made to mitigate the loss of parking spaces with an innovative new layout within the car park greening.

Whilst realising the importance of parking to support trade, the Authorities strategy is to support active travel and this must also be taken into consideration despite the demographic of the market town.

2.1 Project Aims & Objectives

The aim of this project is to take an austere car park and turn it into The Masters House garden with ample parking. The objective is to utilise scope within St Katherine's to enhance the civic architecture and townscape. To provide a much more attractive public environment and better use of civic buildings. To ensure a better performing physical estate in Ledbury and more effective use of public assets.

This project will deliver a destination public space for the local community and visitors, complementing recent investment by HC in the £3.2m renovation of 16th Century Master's House building.

Briefly it will provide 582sqm of public realm, including levelling and repaving with sandstone and buff coloured surface to accord with built heritage context, installation of electrical sockets to enable flexible programming of events including weekly market and seasonal events. It will also improve accessibility between car park and town centre uses, including a wheelchair-accessible path from the rear of a popular hotel and high street entrance with ramped paving.

The ultimate objective is to create enhancement to this historic setting and increase biodiversity with tree, shrub and medieval herb planting. The introduction of public art and illumination of a feature wall, will improve visitors’ ability to appreciate listed buildings.

The scheme will re-establish character and setting by creation of a new town square away from the traffic in the busy streets. This central feature will be a meeting place attracting visitors to an events area providing additional market space and other seasonal activities

2.2 STRATEGIC DRIVERS

The project was identified as a priority in the Ledbury MTIP through engagement with Ledbury Town Council, local businesses and the voluntary sector. The full planning application was supported by Historic England, Friends of Master’s House and Ledbury Civic Society. The proposals were subject to public consultation during the determination of the full planning application between January 2015 – November 2018.

This is a long-standing delivery aspiration by the Town Council. It has significant local support for the visual improvements delivered and the potential to extend the town market.

The scheme supports the ambitions of the County Plan, numerous Herefordshire Plans and Programmes and the Strategy of the Ledbury Neighbourhood Plan (the reviewed Regulation 14 draft plan was submitted 2nd February ’22)

The County Plan 2020 – 2024 sets out the Councils priorities:

- ENVIRONMENT – Protect and enhance our environment and keep Herefordshire a great place to live
- COMMUNITY – Strengthen communities to ensure that everyone lives well and Safely together
- ECONOMY- Support an economy which builds on the county’s strengths and resources

The landscaping proposals established by the Project Board strongly supports the Environment and Economy ambitions and contributes to the Community ambition.

County Priority – please select from	Tick ✓ below where applicable	Delivery Plan Reference(s)
Community		
Economy	✓	Protect and promote our heritage, culture and natural beauty to enhance quality of life and support tourism

Environment

√√

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

We will support this commitment by ensuring that tree planting and habitat enhancement is prioritised.

Improve residents' access to green space in Herefordshire

2.3 Background and Rationale in Project Mandate

The whole area surrounding The Masters House is dedicated to a surface level tarmac car park, save for an unmaintained shrub border to the south and west, two unkempt shrubs flanking an entrance at the north of The House and a small strip of poor quality grass between the south carpark and the main entrance to the house which, due to this initiative, now has two beautiful semi mature trees.

The tarmac is in poor condition showing signs of foundation failure in several large areas.

Between the Barn and the main entrance to The Master's House, there is a very uneven surface and an informal loose gravel ramp, both of which are hazardous. This poor surfacing is attracting criticism from the public and has the potential to lead to local press interest.

One entrance to the town centre at the rear of a popular hotel has hazardous steep steps and thus can only be accessed by the able bodied.

The austere tarmac surrounding the Master's House does not reflect the status of the property or characterise its history. It also does not support the investment that HC has undertaken to restore this exceptional property, which according to English Heritage may be the only one of its kind in England.

2.4 Project Scope

PHASE ONE - With existing planning permission obtained in 2018, that the Barn Square area (BSA - now referred to as St Katherine's Square - SKS) by St Katherine's car park design is completed as per the same surface area of the current planning permission (see Appendix 4 - diagram D1 attached). However, noting the variations below:

The SKS design is re-considered and potentially amended to create a more level area which is relevant to events and markets, the current gradient is 1:19, so it is recommended that a re-design is considered (a gradient of around 1:40 would be more suitable.)

It is anticipated that the amendment to the design will be over split level incorporating a retaining wall and railings with a graded paved ramp pathway access.

However, the Barn owns a circumference area /curtilage around their building. This curtilage has a width of 2 metres on the north and 2 metres width to the western side of its venue, which is situated within the proposed SKS area. It is proposed that this area owned by 'The

Barn' will not be included in the proposed scope. 'The Barn' owns this area; the paving of this area would need to be completed by the owners of the land.

The current planning permission includes a small slither of land to the left of the Barn nearest to the car park that is owned by Herefordshire Council, this land will not be included in the Phase One work stream. Paving of this area is to be included in Phase Two. This will result in cost savings, and to allow work to be re-imagined for the ramped area from the Feathers Hotel (see Phase Two).

The SKS area is levelled, re-paved; power points are installed to the square with basic lighting and underground ducting in preparation for lighting installed in Phase Two, it is anticipated that the plans for more detailed lighting for Phase Two are confirmed in Phase One. It should be noted that this proposal would not include the benches, planters and integral seating as well as the planting due to a restrictive budget, however the new designs should allow these to be added later. (In Phase Two, further lighting will be installed with the aim to lighting up stones, trees and possibly additional recessed lighting in new Public Square lighting up the back wall of St Katherines Hall.)

The works in Phase One will require a budget of £164,860. This budget is secured by using the remaining balance of the Aldi S106 financial contribution of £109,860 plus an agreed allocation of £55,000 from unspent capital estates budget within the estate capital programme 2019/22.

Remove and repair the stone-etched ground map by October 2022 to take advantage of grant funding. In addition, re-position the stone-etched ground map at the final stages of Phase One.

PHASE TWO - Main Work Streams approved within the 2018 Planning Permission

Work stream No	Current Planning Permission	Completed	Comments / Risks / Issues
4	Paving around 3 sides of the Master's House building	NO	<ul style="list-style-type: none"> To pave ONLY gritted areas Costs may be higher due to supply costs and/or inflation. It is highly recommended that a new ITT is completed to ascertain new costs for this work before commitment. This is to reconsidered if pre-existing problem has been resolved by other measures
5	Assessment if additional seating, and planters and lighting, are required in the St Katherine's Square area	NO	<ul style="list-style-type: none"> Costs are likely to have increased due to Brexit and supply chain and inflationary increases. St Katherine's Square area is extended in Phase One. Therefore, the street furniture is to be re-considered, to enable larger events to occur in the space.

Work stream No	Current Planning Permission	Completed	Comments / Risks / Issues
6	Rumble Strip in entrance road (Near Bye Street, north of site)	NO	<ul style="list-style-type: none"> Rumble strip is part of planning application
7	Planting of Trees, medieval herbs and planting across all remaining site	NO	<ul style="list-style-type: none"> Planting may need to be staggered if plants are not available in seasons.
8	Reassignment /Amendments to car park – <ul style="list-style-type: none"> Removing western promontory grassed area Creating two new spaces in location of ticket machine on Western Promontory. 	NO	<ul style="list-style-type: none"> A study will be required to consider the impact of amendments to car parking capacity and mitigation measures agreed. <p>See Appendix 4 - diagram D3b attached diagram above.</p>
10	Lighting	NO	<ul style="list-style-type: none"> Lighting up stones, trees and additional recessed lighting in new Public Square, also see lighting in proposed additional work streams below – for lighting up St Katherines Hall.

*Noting – that minor works may be required as part of Project One – not listed above.

** Work stream numbers – noting some numbers may be already completed and appearing in Project One

PHASE TWO – Additional Work Streams requiring Amendment to Planning Permission

Stakeholders and the Ward Member have requested a number of additional amendments. It is necessary for Cabinet members to consider the suggested amendments to the existing designs. It is likely that these will require an amendment to planning, many are considered as non-material amendments and will incur a cost of £234 for each application to planning; all approved variations to planning will be applied for in Phase One to ensure they can be included in Phase Two.

Work stream No	Title	Description	Comments / Risks / Issues
11	New car park planting in centre of Western end of car park - to replace lost trees	See point 2 of diagram D4 attached within appendix 4	<ul style="list-style-type: none"> • The new planting will replace some trees that will not be planted on the Northern end of car park (Point 5) and one tree that will not be planted in front of Master's House. • However, this amendment may remove further spaces from the Western side of the car park. Consideration to be given to car parking capacities that are required for the Town, opportunities to re-locate parking, or provide improved management of on-street parking to accommodate off street reductions.
12	New car park disabled ramp access to Feathers Hotel	See point 3 of diagram D4 attached within appendix 4	<ul style="list-style-type: none"> • Will offer more disabled access to residents with a short cut through the Feathers Hotel and onto New Street from St Katherine's car park. • Pathway into Feathers Hotel is not a Public Right of Way; there could be a risk that the Feathers Hotel may close access to non-residents. • The proposal would reduce potential planting opportunities. • Cost of build • This amendment should be known prior to the start of Phase one – due to the extension of St Katherine's Square area. • Reconsider the provision of DDA compliant access
13	Further extension of St Katherine's Square area. Extending area from The Barn (further into car park)	See point 4 of diagram D4 attached within appendix 4	<ul style="list-style-type: none"> • This amendment would result in the loss of 4 parking spaces. • Paving cannot be completed on 2m around the venue – The Barn. • Small slither of land – that was to be completed in Phase One (left hand side of the SKS) is to be completed within Phase Two.
14	Amend landscaping to retain parking spaces along north house side	See point 5 of diagram D4 attached within appendix 4	<ul style="list-style-type: none"> • Current planning permission states – that 3 spaces will be removed for planting and to enhance the entrance to the area. • Stakeholder's disagreement with decision. • Reconsider if the spaces will remain. ▪

Work stream No	Title	Description	Comments / Risks / Issues
15	New tinted and embossed tarmac to car park on east house side	See point 6 of diagram D4 attached within appendix 4	<ul style="list-style-type: none"> To create a defined area that ‘seems’ to be connected to the St Katherine’s Square area for events for improved flexible space. Expensive to complete for benefits obtained. Stakeholder consultation including English Heritage may be required. Reconsider the proposed surface material.
16	New car park planting on west house side to improve amenity	See point 7 of diagram D4 attached within appendix 4	<ul style="list-style-type: none"> The “new design” plans could remove parking spaces. With the aim to improve and enhance the setting. The re-design is currently optimising car parking spaces. Planting will be in the front of car parking spaces, pedestrians may walk on planting. This planting will restrict exit points onto pathways from cars/ forcing the public into the car park to access pathways and avoid planting. Further checks are required to evaluate if there is adequate space for planting, while maintaining a wide enough path. If not, a potential of 9 car parking spaces may be removed to create room for parking.
17	Amend landscaping to include public art installation	See point 8 of diagram D4 attached within appendix 4	<ul style="list-style-type: none"> The public art is a sculpture of suitcases; this had been funded by HLF and commissioned to celebrate Armistice. The Artwork is part completed. The artist has been storing artwork since during Covid 2020 -2021 and would like to complete. The artist would be asked to store for a further potential 18 months if capital is secured. This may not be possible Artwork – would potentially be displayed low on the ground, this would be shielded by cars and not seen, a raised plinth and information plaque may be required. Further design and installation costs and potential planning permission may be required.

Work stream No	Title	Description	Comments / Risks / Issues
18.	Amend landscaping to include up lighting inset in paving to illuminate feature wall to rear of St Katherine's Hall	See point 10 of diagram D4 attached within appendix 4	<ul style="list-style-type: none"> • Lighting to SKS and St Katherine's Hall feature wall will be completed in Phase One. • Power and lighting design will be completed in Phase One. • Power and ducting will be laid during Phase One to minimise the disruption. • Any improvements to car park lighting to be agreed • Lighting will need to be maintained increasing costs. • Lighting will need to be turned off by 10.59pm each night.
19.	Resurfacing of the <u>entire</u> car park and re-lining	New addition (not included in diagram above)	<ul style="list-style-type: none"> • Budget from Highways may be secured. • Works to be completed at the end of Phase Two.

[2.4.1](#) [Out of Scope](#) – No activities will take place outside the boundary of the St Katherine's.

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable Benefits

Revenue income stream from the newly created 582sqm public realm events area in St Katherine's Square and the coloured surfacing area east of The Master's House. The extension of the St Katherine's Square area will provide more event space and a larger town square for events. This space will accommodate weekly markets, seasonal events and be hired to The Barn.

Additional 13,900 additional visitors annually as a direct result of creating St Katherine's Gardens surrounding the exceptional Master's House.

2.5.2 Non-Cashable Benefits

Removal of the Health and Safety risk from the Barn Square area, which is currently an area of uneven mixed surface.

Additional and safe access for disabled residents with a ramp from the Feathers Hotel through the car park to assist easy movement around the town.

A town square area for Ledbury residents and tourists to hold events and meet. This event space will be safe and separate from roads.

Encouraging visitors into the Master's House area due to enhancement of the historic surroundings with more appropriate planting and lighting.

The ability for public artwork to be displayed

Increased biodiversity, including tree and shrub planting, public art and illumination of a feature wall, improving visitors' ability to appreciate listed buildings.

2.5.3 The dis-benefits

The impact of lost parking spaces - Analysis of the current parking provision reveals that there are 130 designated parking spaces available. The current design reduces this capacity to 120 designated spaces. There is a study to be conducted which will review reallocation of spaces in Bye Street car park and the improved management of off street parking. Consideration would then have to be given to offsetting the nett loss of parking revenue by reviewing the parking charge in the new **Master's House Gardens** parking facility.

The cost of delivering the project - The cost of delivering Phase One is secured by the remaining Aldi Section 106 monies £109,860 and the agreed Capital Estates funding of £55,000. The full scope and cost of the Phase Two works is set out within this Capital Bid application. There are a number of decisions yet to be presented to the Members of the Cabinet by the Project Board which will inform the ultimate cost of delivering Phase Two. This application presents the anticipated full scope delivery of Phase 2 of this scheme, but there are immediate compromise decisions that must be made to protect the budget and the security of the investment.

The increased revenue cost of landscape maintenance – An exercise is required to scope the maintenance cost of the additional landscaping. No allowance has been included in the capital cost of the scheme for maintenance

2.6 RISKS

Summary of Risks – Phase One

Risk of insufficient budget, as costs for building work, design and material costs are likely to have escalated since August 2021. However, contingency costs have been built into the estimations. The Project Board will assess costs before any progression of the project.

The costs and time required do not take into account any amendments or the cost of the detailed drawings for construction purposes. This expected to add circa £23,000 to the overall cost.

Resistance from Stakeholders and the public to the re-design of the St Katherine's Square area, Stakeholders will be informed and opinions taken into account throughout the design and work stages.

Risks to the levelling up St Katherine's Square, with the abutment up to St Katherines Hall. This will be considered by the design team as well as considered by the Project Board. A Risk assessment will be completed and further insurances will be sought.

Owners of land and neighbours who have access rights to travel over the St Katherine's Square Area do not give permissions for work, as it could temporarily restrict their access to their building. It is advised that the provision of an alternative and easy route of access will be planned or seek minimum disruption and neighbour agreement.

Artworks may require planning permission for its location.

The use of St Katherine's Square by the Barn must be subject to a legal agreement restricting its use and imposing a charge when used.

Availability of materials and resources

Summary of Risks – Phase Two

Costs incurred to agree the full business case.

The work streams within this Project may be more costly than set out in the LUF bid due to, uncertainty in scope, current construction demand and price escalation.

The scope of works to be included in Phase Two must be considered in consultation with the Project Board, Cabinet member and S151 officer.

The latest revised design reconsidered and removed some of the additional planting in the west car park; this has reduced the risk of income loss. A study of the nett parking loss and potential mitigation measures is required.

Access to the rear of The Feathers Hotel is not a public right of way. The proprietors could restrict the use of the improved access to patrons only, which would not achieve the aim of providing improved access to the centre of town.

Availability of materials and resources

2.7 Constraints and Dependencies

The revised scheme will require amendments to the current planning consent.

Stakeholder resistance will arise as a result of the loss of 10 parking bays.

Lack of budget for Phase Two works.

There are no other projects that dependent on the delivery of this scheme.

2.8 STAKEHOLDERS

▪

The key stakeholders in this project are:

- 2.8.1 Herefordshire Council
- 2.8.2 Hereford Town Council
- 2.8.3 The Master's House friends
- 2.8.4 The Civic Society
- 2.8.5 Herefordshire Bid
- 2.8.6 Residents
- 2.8.7 Business's

- 2.8.8 HC Parking
- 2.8.9 HC Property
- 2.8.10 St Katherine's Hall
- 2.8.11 The Barn
- 2.8.12 The Feathers
- 2.8.13 Other HC internal consultation

Much of the internal consultation has taken place with the formation of the Project Board, which has directed the scope of works. When the design has been reviewed and approved by the Project Board, consultation can take place with the wider audience via a Stakeholder Representative Group meeting.

3.0 ECONOMIC CASE

Ledbury Town Council is responsible for markets' management in the town centre, pursuant to its historic charter. Based on the assumption that stallholders continue to be charged £17 per market day for their stall and the weekly Tuesday/Saturday market day cycle (48 weeks p.a.), stallholders would generate circa. £17,952 annually based on 11 potential market stalls.

This would be supplemented by the hire of St Katherine's Square for other activities on non-market days at £100 per day (assuming four events each quarter, throughout the year), contributing up to £1,600 annually.

This would be in addition to the 12No. High Street stalls contributing up to £19,584 p.a. in stallholder fees.

The annual cost of maintaining the additional public realm will be considered as part of HC's annual plan of works implemented by Balfour Beatty Living Partnerships as HC's delivery partner. This will be funded by HC's Public Realm or Property Services budget and be coordinated and managed via the term contract.

▪
Ledbury Town Council has extensive experience in markets and events management, managing the 12No. Existing stalls on a twice-weekly basis and delivering an annual events programme including a Christmas market, Great Ledbury Celebration (food/drink/music festival) and poetry festival.

Herefordshire Council will potentially suffer a reduction in parking revenue of £14,700 annually due to the loss of 10 parking spaces. There are three potential solutions which require an exercise to determine the most acceptable outcome:

- 1 – The revised layout for The Master's House parking has been optimised using industry standard parking bay sizes. This standard could be reduced in size to introduce a slight reduction in the spaces lost. This I believe would meet considerable resistance.
- 2 – It is thought that potential efficiencies could be made in the layout of Bye Street Car Park which would offset some of the losses. The cost of any modification to allocated parking in Bye Street would be met by The Master's House Landscaping budget.
- 3 – It is thought that a review of the efficiency of onstreet parking may potentially mitigate some of the lost allocated spaces in The Master's House Gardens.

However, an exercise will be conducted to establish the strategy for Revenue replacement prior to the implementation of the Phase Two works. Any remaining Revenue pressure will be dealt with by the Service Budget.

3.1 Critical Success Factors

Critical to the success of the project is for the existing car park to be turned into an enhanced setting for the restored Master's House attracting more visitors, creating a meeting place and a venue for markets and events.

The provision of information boards signifying the history of the medieval listed buildings.

The provision of quality mature planting to represent the splendour of the original gardens with feature lighting the accentuate the created atmosphere

Reintroducing the refurbished etched stone map in a location where it can be fully appreciated and depict the 800 year history of this central Ledbury site.

3.2 Options

This report identifies the scope of works required as a minimum and leaves very few options to be considered for Phases One or Two of the project.

Some works originally scoped for Phase One may not be affordable within the available budget. Benches and planters have already been taken from the Phase One scope. The provision of planters and benches will require review as they will take up valuable amenity space in the Square and restrict options for its use.

Options for Phase One should consider

The budget for Phase One is fixed at £164,680 with anticipated cost being £212,116. The paving to St Katherine's Square has been priced using Buff Sandstone. Alternatives could be considered to limit the cost of Phase One works whilst not detracting from the character of the created space.

Options for Phase Two should consider

Whether to include the construction of improved access to the rear of The Feathers Hotel as this is not a public right of way at an estimated cost of £23,250

What material is to be used to surface the events area to the east of The Master's House as the approved Planning Consent calls for this area to be a colour matching St Katherine's Square. At an estimated cost of £16,560

To include the entire car park area to be re-surfaced and re-lined? Large areas of the car park foundation have failed and the re-arrangement will cause even further patching. Then burning off existing lines will cause more damage. This will seriously detract from the finished quality of the delivery. The estimated cost of this exercise is likely to be £175,000

The 'do nothing' or 'do minimal' work is not an option, as the £3.2m Master's House restoration investment would be seriously compromised. Visitors to the market town are not attracted to the building as the current setting in the austere car park does not demonstrate the significance and stature of this unique building. It has long been the objective of Herefordshire, Town Council and the Friends of The Master's House to enhance the setting whilst optimising the parking provision for the town.

4.0 COMMERCIAL CASE

The Landscaping of The Master's House surroundings is the last piece of the jigsaw in the restoration of this unique and rather splendid medieval landmark.

Despite the exceptional workmanship that has been invested in the restoration of the building, the impact of this quality is lost in the sea of tarmac surrounding the house. The car park is not characteristic of the original setting in any way. The building once surrounded by gardens and farm building deserves as much landscaping as reasonable possible without compromising too many allocated parking spaces.

At one stage the total number of spaces lost would have been as much as twenty two, however the layout has been optimised and currently there are only ten spaces being sacrificed. The proposed improvements and planting works will present the building very effectively, provide a safe new square for the town away from traffic suitable as a meeting space, provide additional market space and a venue for events. This will offer social, environmental and economic benefits to the town.

4.1 Required services

To be reviewed when designs are further progressed.

4.2 Potential/Agreed risk transfer

The key element of the risk management process is the preparation of a Risk Register which gives an overview of risks facing a scheme at a particular stage of development. The Risk Register lists any identified risks that are likely to impact upon the delivery and operation of the scheme.

The Risk Register for the scheme is being developed by the Project Board.

The Risk Register will identify all potential risks under the main classification of: Construction, Design and Appraisal, Funding, Key Stakeholders and Procurement including the possible impact of the identified risk on the final cost of the scheme and/or the timescale for completion.

The Risk Register will also identify the way the risk is proposed to be managed including who owns the identified risk and, where possible, to whom the risk is transferred.

The Risk Register sets out the assessment of the impact of each risk, or combination of risks, should they be realised. This quantitative assessment is based on the cost outcomes of the risk, considering both the upper and lower extremes of the possible range, taking into account any reasonable constraints. The assessment uses empirical evidence wherever possible, along with the experience of specialist consultants.

In line with Green Book [HMT, 2003] guidance, a risk mitigation plan will be identified within the Risk Register. This will detail the response to the identified risks and involve a combination of tolerating, treating, transferring or terminating the activity giving rise to the risk.

The risk register is a live document and it is to be reviewed at the Project Board meetings. The aim of this is to review the status of existing risks on an on-going basis as the scheme

progresses through the life cycle of the project, to add any new risks that arise and remove any risks that are closed.

Upon appointment of the construction contractor a risk workshop will be held to review the Risk Register and identify any additional risks. The Risk Register will be updated to reflect changes to risk. The maintenance and updating of the Risk Register will form part of the construction contract. It will be a requirement that the Risk Register be reviewed at the monthly site progress meetings and updated as necessary.

4.3 Proposed/Agreed charging mechanism

To be reviewed and agreed.

4.4 Proposed/Agreed contract lengths

The following contract lengths will be considered:

Phase One Contract Period - 6 Months with anticipated Programme Period of 2 months

Phase Two Contract Period - 9 Months with anticipated Programme Period of 7 months

4.5 Proposed/Agreed key contractual clauses

Not applicable

4.6 Personnel implications (including TUPE)

Not applicable

4.7 Procurement Strategy and implementation timescales

The contractor procurement will be through an open competitive procurement process in line with the council's Contract Procedure Rules.

Detail and list below:	Completed by:
Phase One Contract Documents completed and approved	Mid-September 2022
Documents issued to Contractors	End September 2022
Tender period 4 weeks	End October 2022
Tender analysis and interviews	Mid November 2022
Contract award	End November 2022
Material procurement	December 2022
Mobilise to site	Mid-January 2023
Construction phase	Mid-March 2023

Phase Two programme will be determined by the success of bid funding. Anticipated commencement May 2023, allowing 6 month construction period ending with planting in appropriate season Oct/Nov 2023.

5.0 FINANCIAL CASE

Phase 1 works	£		212,116
Phase 2 works	£		377,985
		<hr/>	
Sub-total	£		590,101
Extra over for full area surfacing	£160,750		
Replace car park markings	£		15,000
		<hr/>	
Total			£ 765,851
Risk & Project Management 76,585	(10%)		£
		<hr/>	
			£ 842,436
Inflation Contingency		(10%)	£ 84,244
		<hr/>	
Grand Total			
	£	926,679	

5.1 INSERT FUNDING TABLE

Capital cost of project	2022/23	2023/24	2024/25	Future Years	Total
		£755,319	£000	£000	£000
<i>Additional Design and supervision fees</i>		£ 6,500			
Project Management Fees (est. 10% project value)		Inc			
TOTAL		£761,819			

Funding streams (Indicate revenue or capital funding requirement)	2022/23	2023/24	2024/25	Future Years	Total
Dependent on LUF or other grant award	£000	£761,819	£000	£000	£761,819
TOTAL	£000	£761,819	£000	£000	£761,819

**5.2 Impact on the Council's income and expenditure account
(revenue account)**

6.0 MANAGEMENT CASE

Revenue budget implications	2022/23	2023/24	2024/25	Future Years	Total
<i>Maintenance of landscape planting</i>	£000	£2,160	£9,504	£10,454	£22,118
<i>Loss of parking revenue (without offset in Bye Street car park and other parking review measures) *</i>	£000	£14,700	£14,700	£14,700	£44,100
<i>Electricity for additional lighting is offset by the upgrade of old street lighting with LED replacements</i>	£000	£000	£000	£000	£000
<i>Income generated from rental of event space</i>	£000	-£4,888	-£19,552	-£19,552	-£43,992
TOTAL		£11,972	£4652	£5602	£22,226

- Following a study to mitigate the effect of allocated parking space losses, any remaining pressure on the Revenue Budget will be dealt with by the Service Budget.

ONE Environmental Ltd were appointed mid-August 2022, to modify the design drawing and produce construction detailed drawing for Phases 1&2 to RIBA Stage 4. This to be completed within an eight week period, giving priority to Phase 1 documents. The availability of these design drawings dictates the programme for commencing the procurement of a contractor to commence Phase 1, for which funds are available. The procurement and implementation timescale has been set out previously in the report.

In advance of the Phase 1 works, the St Katherine's map etched on stone paving slabs is to be raised and taken to be refurbished. Plans are in place for this to happen in September 2022 to take advantage of the Great Places to Visit grant funding.

The main planting is seasonal and this will dictate when this aspect of the works can be undertaken. There will be very little chance of securing funds and procuring the Phase 2 works including landscape planting before the end of February 2023. Hence the Phase 2 works will need to be planned around planting from October 2023 onward.

6.1 Project Management Arrangements

The project will be directed by HC Senior Project Manager David Fall. ONE Ltd will be retained to undertake site visits during construction and planting. They will also administer the Contract, between HC and the appointed Contractor.

6.2 Use of Consultants

ONE Environmental Ltd – To design all aspects of the Civils Infrastructure, landscape planting, preparing the specification, Contract administration and site monitoring. This has been included to RIBA Stage 4 for Phases 1&2 also RIBA 5 to 7 for Phase 1. An anticipated fee has been included in the costs for RIBA 5 to 7 for Phase 2.

Specialist designers will be deployed for the design of feature lighting, the replacement of existing car park lighting and the provision of pop-up power sockets.

RINGO will be consulted with regard to the relocation of parking ticket dispensers.

WPD will be consulted with regard to power distribution for all intended applications such as car park lighting, feature lighting and pop-up power socket feeds.

6.3 Arrangements for benefits realisation

The strategy, framework and plan for dealing with the management and delivery of benefits revolves around every aspect of communication available by all Stakeholders. This will range from all Stakeholders advertising the improvements and enhancements, through to the provision of signage to inform visitors when they view the surroundings.

6.4 Arrangements for post project evaluation

Post project evaluation will be monitored by:

- Value for money
- Innovation.
- Footfall
- Principals, stakeholders, and public acceptability of the design.
- Future proofing

▪

6.5 Timeframes

The funding for Phase One works is secured and can progress at the earliest possible opportunity subject to:

- Committing only to works within the available budget
- Obtaining revised planning consent
- Approval of the S151 Officer

For Phase two works: Set out and maintain proposed timeframes as per the table in Project Mandate. This will aid the management of the project and keep it focused and achievable.

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved	24 th May 2018	Non Key Officer decision published to allocate S106 monies
Stage 1 - Outline business case completed	2 nd September 2022	
Stage 2 - Full business case completed	30 th Nov 2022	
Full Council approval	9 th Dec 2022	
Approval to spend obtained	9 th Dec 2022	
Stage 3 - Delivery	May 2023	
<i>Landscape planting</i>	<i>After October 2023</i>	
Stage 4 – Handover	January 2024	
<i>Following Maintenance</i>	<i>January 2026</i>	
Stage 5 - Project Closure	January 2026	

7.0 THE ENVIRONMENTAL CASE

The Council's Environmental Ambition states:

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

How this will be achieved:

We will support this commitment by ensuring that tree planting and habitat enhancement is prioritised.

Also we will:

Improve residents' access to green space in Herefordshire.

The Master's House scheme supports the ambition in every way.

8.0 LEGAL IMPLICATIONS

There are no legal problems with doing what is proposed as the recommendation is in accordance with, and progression of the cabinet member decisions in May 2018, October 2021 and November 2021, subject to budgetary changes.

Additional legal agreements will be required regarding the use and hire of the event space by The Barn, market trading and other seasonal events.

9.0 EQUALITY IMPACT IMPLICATIONS

It is considered that there is no negative impacts on the Protected Characteristics identified in the Equality Act 2010 as part of this project however it is noted that changes in the public realm have the potential to have a high impact including the potential for negative impacts on those with protected characteristics.

It will be essential that the needs of users are reflected in the design process as the remaining elements of the scheme develops. Further Equality Impact Assessments (EqIA) will be carried out during their development process to understand potential positive and negative impacts the scheme may have on each of the nine protected characteristics and on any other vulnerable groups.

When redesigning the public realm in our city and town centres we are committed to working with user groups to ensure the design improves access for all. Through careful design of layouts, materials and the use of measures such as tactile paving we can help make it easier to move around and access shops and services.

To ensure that consultation is accessible to all, easy read material, online platforms and any other materials or assistance considered appropriate will be produced and made available

10.0 HEALTH & SAFETY IMPLICATIONS

This project will be carried out under CDM Regulations and the principal contractor will provide on-site supervision and manage all risk based elements.

11.0 SOCIAL VALUE IMPLICATIONS

The main objective of The Master's House Landscaping comprises of its ability to enhance the surrounding to this exceptional and unique medieval landmark; thereby attracting more visitors and event opportunities, supporting economic growth.

Waste Collection Fleet

Business Case

Key Details

Senior Responsible Officer:	AL
Author:	BB
Project Manager:	SP
Service Lead:	BB / NP
Agreed Project Type:	TBC
Programme Board Allocated:	Waste Project Board

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state “see track changes” in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

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	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Corporate Programme Board	Council Programme oversight	
Gateway Review	Director	Assurance	
	PMO Assurance		
2 - FBC	SRO	Owner	
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	Capital Programme Manager	Sense check	

	HPMO	Sense check
	Assurance Board	Sense check
	Corporate Programme Board	Council Programme oversight
	Cabinet	Corporate fit
	Full Council	Approval (capital programme)
Gateway Review	Director PMO Assurance	Assurance
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>
Gateway Review	Director PMO Assurance	Assurance
4 –Handover & project review	Project Board Director Programme Board Assurance Board	Detailed project oversight Service Director Programme oversight Assurance
	Corporate Programme Board	Council Programme oversight
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Name	Role	Date of issue	Version
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1.0 PROJECT DESCRIPTION

To provide the capital financing for the purchase of the new waste collection fleet and to install electric vehicle charging infrastructure at the two waste collection depots.

2.0 STRATEGIC CASE

In July 2021 Cabinet approved the new Integrated Waste Management Strategy setting out ambitious new targets to deliver the vision:

“Waste not, want not... we value resources and their use. We will reduce resource consumption and embrace the circular economy to maximise the life of products and materials. We treat the materials we collect as resources not waste. We will achieve this by prioritising the waste hierarchy, maximising waste prevention and reuse.”

- To set out the councils new Integrated Waste Management Strategy and Waste Handling Pilots -(Cabinet 29/07/21)
 - <https://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=8086>

In November 2021 Cabinet approved the new waste collection service model as illustrated below



- Waste Management Review – Waste Collection (Cabinet 25/11/21)
 - <https://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=8380>

In July 2022 Cabinet approved the procurement process for this new waste collection service (Cabinet 21/07/22)

- <https://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50041294&Opt=0>

This new service, which introduces new weekly food waste collections, new fortnightly garden waste collections and a change to the existing service will require:

- A new and extended fleet of collection vehicles
- New electric vehicle charging facilities at the two collection depots in Hereford and Leominster.

Following internal discussions, a best practice review by ‘Woods’ and recommendations from both our technical advisors ‘Woods’ and our legal advisors ‘DWF’ the recommended approach is for the Council to provide the capital finance for the new vehicle fleet.

This has been identified as the lowest financing cost, best value for money and lowest risk option to the Council as this also helps to mitigate significant risk of reduced market interest and service continuity if there was a contractor failure.

Vehicle Financing Note (draft) – Woods Ltd (22/05/22)



220523_Vehicle_Financing_Note_DRAFT_Rev

Draft report to the County of Herefordshire District Council on the use of Capital Funds for RCVs, Waste Receptacles and other Assets – DWF (05/09/22)



Capital Investment
Note and Risk framew

It is important to note that this business case has been developed utilising the service modelling undertaken by Frith Resource Management in July 2019, although this will need to be further refined as the procurement process commences in August 2022 where bidders will propose their fleet and capital requirements as part of their tenders.

Waste and recycling collection service options modelling – Frith Resource Management July 2019

- <https://councillors.herefordshire.gov.uk/documents/s50095886/Appendix%201%20-%20Waste%20Collection%20Options%20Assessment%202019.pdf>

2.1 Project aims and objectives

To provide the lowest cost and lowest risk option to the Council for the provision of the required new waste collection fleet and to install electric vehicle charging infrastructure at the two waste collection depots.

2.2 Strategic Drivers

To ensure value for money delivering the new waste collection service in order to meet the County Plan, and Integrate Waste Management Strategy objectives to:

County Plan (2020-2024)

- **Protect and enhance our environment and keep Herefordshire a great place to live**
- **Minimise waste and increase reuse, repair and recycling**
- **Build understanding and support for sustainable living**
- **Invest in low carbon projects**
- **Identify climate change action in all aspects of council operation**
- **Support the an economy which builds on the county's strengths and resources;**
- **Seek strong stewardship of the county's natural resource**
- **Develop environmentally sound infrastructure that attracts investment**
- **Support an economy which builds on the county's strengths and resources and spend public money in the local economy wherever possible**

Corporate Delivery Plan

- **Priorities**
 - We will respond to the climate and ecological emergency including tackling pollution and will protect the countryside, all of which will improve quality of life for all.
 - We will reduce the amount of waste generated in the county, change how it is collected and increase reuse and recycling.
- **Commitments**
 - Implement a new waste strategy in preparation for collection changes in 2024.
 - Promote changes to the new collection system for refuse and recycling throughout the year.

Integrated Waste Management Strategy (2021-2035)

- Net zero carbon by 2030
- Reduce residual household waste arising's to less than 330kg /hhld/year by 2035
- Achieve national municipal reuse and recycling rate targets of 55% by 2025, 60% by 2030 and 65% by 2035
- To meet the requirements of the Environment Bill
- No more than 1% of municipal waste to be sent to landfill from 2025 and zero waste to landfill by 2035
- Improve reuse and recycling at all HWRC sites to achieve a reuse and recycling target of 85% by 2035.

2.2.1 National and Regional

- The Circular Economy Package 2020 (CEP)
- The Resources and Waste Strategy 2018 (RWS)
- The Environment Act 2021

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick ✓ below where applicable	Delivery Plan Reference(s)
Wellbeing		
Sustainability	✓	<ul style="list-style-type: none"> • We will reduce the amount of waste generated in the county, change how it is collected and increase reuse and recycling. • We will respond to the climate and ecological emergency including tackling pollution and will protect the countryside, all of which will improve quality of life for all.
Connectivity		

2.3 Background and Rationale in Project Mandate

- The council has statutory duties in relation to collection of waste as set out in section 45 of the Environmental Protection Act 1990 these duties include as amended by the Environment Act 2021 which amongst other matters has imposed a new duty in relation to separate receptacles or compartments of receptacles to be used for the purposes to ensure that the council can comply with its duties to collect separated waste.
- The approved new waste collection service requires a new and extended fleet of collection vehicles.
- In addition as the service specification has been developed in order to maximise the use of electric collection vehicles new electric vehicle charging facilities will be required at the two collection depots in Hereford and Leominster.
- This proposal is to provide the capital financing both the new collection vehicles and the required electric vehicle charging infrastructure as this has been identified as the lowest cost and lowest risk option to the Council.

2.4 Scope

2.4.1 In Scope

- Capital financing for
 - The new and extended fleet of waste collection vehicles.
 - Including weighing mechanisms on each RCV
 - The new electric vehicle charging facilities required at the two collection depots in Hereford and Leominster.

2.4.2 Out of Scope

- Capital financing for new bins, containers and food waste liners which will be funded through the waste revenue reserve.

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

- Significant reduction in capital borrowing repayment costs.
- This has conservatively been estimated by our technical consultants, Woods, as a total saving of either:
 - £899,698 when compared to the capital finance provided by the contractor
 - Assumes HC borrowing at 3.99% and Contractor at 6%
 - £2,260,015 when compared to the use of third party finance through vehicle leases.
 - Assumes HC borrowing at 3.99% and third party finance at 9%
- Opportunity for future savings through contract extension clauses as the Council will retain ownership of the vehicles

2.5.2 Non-cashable benefits

- Retained ownership of the vehicles providing additional risk mitigation upon termination (incl. early termination and/or contractor failure)
- Reduced risk of lower market interest in the procurement process. This is a key consideration as our technical advisors and legal advisors have indicated that not providing the capital financing increases the risk of reduced market interest.

- Receiving no compliant bids is a significant risk to the Council's ability to deliver its statutory role on waste collections.
- Reduced commercial, operational and health & safety risks for the vehicle fleet.

2.5.3 Dis-benefits

- Pressure on the capitals capital programme

2.6 Risks

Not Achieving Value for Money	<p>The technical advice from Woods confirms that the lowest cost option is for the Council to provide the capital financing</p> <p>This was also confirmed by potential bidders through the soft market test.</p>
Reduced market interest due to requirement for contractor to provide capital financing	<p>The soft market test indicated that the market preference is for the Council to provide the capital financing.</p> <p>The risk of no compliant bids is a key risk as the waste collection service is a statutory duty.</p>
Vehicle lead times	<p>The soft market testing, consultation with other local authorities through ADEPT and the technical advice from Woods indicates that vehicle lead times are currently ~12months.</p> <p>This lead time is irrespective of the vehicle financing method and extension to the existing waste collection service will ensure sufficient mobilisation time to mitigate this risk.</p> <p>This risk has been logged on both the service and project risk register.</p>
Commercial, operational and health & safety risks	<p>External legal advice has been sought from DWF and has been embed into the contract documents in order to minimise these risks to the Council. (The DWF report is attached in section 2.0 above).</p> <p>A further sessions was held with DWF on 28.09.22 to further consider the risk mitigation for the provision of the electric charging point infrastructure. Here the recommendation and proposal is for the Council to provide the capital finance, but for the contractor to provide the infrastructure.</p>

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

- Delivery of the Council's Integrated Waste Management Strategy
 - Note interdependency with the waste disposal contract
- Delivery of the Council's carbon management plan targets

This project depends on:

- Waste disposal contract extension and variation – currently finalising due diligence and nearing completion

2.8 Stakeholders

Members

- A cross party task and finish group of general scrutiny undertook a comprehensive review of waste management and the recommendations of this review have been instrumental to the service design for the new waste collection model.

Residents and businesses

- A public consultation exercise was undertaken as part of the waste review and the outcomes of this have informed the waste collection model.

Potential Suppliers

- A soft market testing exercise was undertaken to seek the views of potential bidders and to help inform the service design.
- This exercise confirmed that it is the market preference for the Council to provide the capital financing.

Legal advisors

- Our legal advisors 'DWF' were commissioned to undertake:
 - An advice note on the provision of capital funding for the provision of RCVs, Waste Receptacles and other Assets risks to consider how these can be minimised as far as possible and what (if any) residual risk the council would have in relation to the three classes of risk having taken all reasonable contractual steps to minimise the risk.
 - An advice note on the provision of the electric vehicle charging infrastructure and how to minimise the risks to the council.

Technical advisors

- Our technical advisors 'Woods' were commissioned to undertake both a capital financing options appraisal and also a best practice review of other local authorities.
- Woods recommendation was that:
 - This has been identified as the lowest financing cost, best value for money and lowest risk option to the Council as this also helps to mitigate significant risk of reduced market interest and service continuity if there was a contractor failure.
 - All 8 of the local authorities within the best practice review all provided the capital finance required for the collection vehicles.

3.0 ECONOMIC CASE

3.1 Critical success factors

- Ensuring we have a waste collection service to meet our statutory obligations:
 - Receipt of one or more compliant bids to the procurement process.
 - Reduced risk of service failure by ensuring availability of vehicles throughout contract duration.
- Vehicles ready for the commencement of the new service:
 - Having sufficient lead in time to place the orders for the new vehicles – currently estimated at 12months.
- Ensuring value for money:
 - Minimising the cost to the public purse.

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Do nothing	N	<ul style="list-style-type: none"> • This is not an option as waste collection is a statutory function
To require the contractor to provide the vehicle financing	N	<ul style="list-style-type: none"> • This option will significantly increase the risk of contractors not bidding due to the increased risk and capital borrowing requirements – this is deemed an increased risk due to the current economic conditions and the rapidly escalating interest rates. • This option will increase the overall costs for vehicle provision as the Council has access to significantly lower cost borrowing than the private sector. • A conservative estimate from Woods is that this will cost ~£2.1m more in capital financing costs. • In the event that the contractor becomes insolvent then there is a significant risk to the Council as the vehicles belong to the contractor and so the Council will have increased risk and costs for step in to ensure continuity of service provision. This is compounded by the current vehicle procurement lead times of 12months.
To utilise third party finance such as leased vehicles	N	<ul style="list-style-type: none"> • Highest cost option and typically only used for shorter periods of 2-5years • Increased risk that either the contractor and/or Lease Company failure could result in service failure (e.g. no vehicles)

3.2.2 Short-list of options

As the exact vehicle fleet will be informed by the new provider and confirmed through the procurement process, the below options appraisal was undertaken on the assumed vehicle split of 50% diesel and 50% electric and utilising cost estimates provided by our technical consultants 'Woods'.

Whilst there may be some variation on the fuel type mix in the final fleet composition this option appraisal demonstrates the lowest cost option and shows the relative cost differences between each option.

Option 1 – Council to provide capital funding

Cost **£14,037,145**
(Based on £12,290m @ 3.99% interest per year over 8 years)

Benefits Lowest cost and lowest risk option

Deliverability Subject to availability of capital finance

Pros

- Retained ownership of the fleet
- Lowest cost option
- Risk mitigation for early termination in case of either early termination and/or contractor failure
- Reduced risk of reduced market interest in the procurement process

Cons

- Requirement for Council's commitment of capital finance

Recommendation **Preferred option**

Option 2 – Contractor to provide capital financing

Cost **£14,936,843**
(Based on £12,290m @ 6% interest per year over 8 years)

Benefits Does not require capital financing from the Council

Deliverability Risk of no/reduced market interest

Pros

- Does not require capital financing from the Council

Cons

- Higher cost option
- Risk of reduced/no market interest in the procurement process
- Risk of service failure for early termination in case of either early termination and/or contractor failure

Observations

Recommendation **Not recommended**

Option 3 – To utilise third party finance such as leased vehicles

Cost **£16,297,160**
(Based on £12,290m @ 9% interest per year over 8 years)

Benefits Does not require capital financing from the Council

Deliverability

Pros

- Does not require capital financing from the Council

Cons

- Highest cost option

- Increased risk that either the contractor and/or Lease Company failure could result in service failure (e.g. no vehicles)

Observations

Recommendation **Not recommended**

3.2.3 The preferred option

- *Option 1 – Council to provide capital funding as this is the lowest cost, lowest risk option.*

3.3 Supplier appraisals

This section compares the potential supplier deals and agrees the preferred supplier.

3.3.1 The Procurement process

Please outline your procurement process including the following:

- Long list options
 - HC procures the vehicles directly
 - Through an open procurement route
 - Through an existing Framework such as CCS.
 - Contractor procures the vehicles as part of the waste collection procurement process.
- Short list options

Procurement Option		Pros	Cons
HC procures the vehicles directly	Through an open procurement route	▪	<ul style="list-style-type: none"> • Risk of procurement incorrect specifications • Increased procurement timescales
	Through an existing Framework such as CCS	<ul style="list-style-type: none"> • Reduced procurement times through use of framework 	<ul style="list-style-type: none"> • Risk of procurement incorrect specifications
Contractor procures the vehicles as part of the waste collection procurement process.		<ul style="list-style-type: none"> • Increased purchasing power through multiple contracts • Ensures responsibility for the specification remains with the contractor • Potential for contractor to accelerate vehicle lead in times through increased purchasing power 	▪

- Proposed procurement process

- Contractor to procure the vehicles to ensure that the vehicle specifications are correct and as per their tender submissions and also to benefit from their greater purchasing power and potential to accelerate the vehicle lead times.
- As such this will be a consideration of the waste collection procurement process which will be a Competitive Dialogue process supported by Commercial Services.

3.3.2 Preferred supplier

Following the above appraisals and analysis, the preferred supplier is confirmed below.

- To be confirmed through the Waste Collection Procurement Process

4.0 COMMERCIAL CASE

4.1 Required services

- The required refuse collection vehicles for the new waste collection service and the required electric vehicle charging infrastructure for the new waste collection vehicle fleet.
- These will be proposed by the contractor through the Competitive Dialogue procurement process.

4.2 Potential/Agreed risk transfer

- The proposal is that whilst the Council provide the capital financing, commercial, operational and health & safety risk will be passed to the contractor.
- This has been embed into the contract documentation by our legal advisor, DWF.
- This will be managed through the contract and performance management of the new contract.

4.3 Proposed/Agreed charging mechanism

- The Council will meet the capital repayments through the waste collection revenue budget.
- Fuel and electricity costs will be met by the contractor and included within the payment mechanism for the contract.

4.4 Proposed/Agreed contract lengths

- This proposal is for the capital purchase for the vehicles which will be depreciated to zero over the 8year contract life.

4.5 Proposed/Agreed key contractual clauses

- The collection contract includes detailed contract clauses and requirements for the contractor to take on the commercial, operational and health & safety risks for the vehicles in addition to the requirement for regular asset condition surveys of the vehicles to protect the Council's interest.

4.6 Personnel implications (including TUPE)

- N/A

4.7 Procurement Strategy and implementation timescales

- This will be included within the Waste Collection procurement process which will be undertaken by Competitive Dialogue with support from Commercial Services and Woods.

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

Capital cost of project	2023/24	2024/25	2025/26	Future 5 Years	Total
	£000	£000	£000	£000	£000
<i>RCV's</i>	12,290	0	0	0	12,290
<i>Electric Charging Infrastructure</i>	400	0	0	0	400
<i>Service improvement</i>	1,400	0	0	0	1,400
<i>New bins and caddies</i>	4,000	0	0	0	4,000
Project Management Fees	0	0	0	0	0
TOTAL	18,090	0	0	0	18,090

Funding streams	2023/24	2024/25	2025/26	Future 5 Years	Total
	£000	£000	£000	£000	£000
<i>Funded prudential borrowing - ROI</i>	12,290	0	0	0	12,290
<i>Waste Revenue Reserve</i>	5,800	0	0	0	5,800
TOTAL	18,090	0	0	0	18,090

5.2 Impact on the Council's income and expenditure account (revenue account)

6.0 MANAGEMENT CASE

Revenue budget implications	2022/23	2023/24	2024/25	Future 5 Years	Total
	£000	£000	£000	£000	£000
<i>RCCO contributions to Waste Collection budget (profiled over 8 years at 3.99% interest)</i>	1,755	1,755	1,755	1,755	14,040
TOTAL	1,755	1,755	1,755	1,755	14,040

6.1 Project Management Arrangements

- The vehicle procurement is part of the Waste Collection Contract which is led by the Delivery Director for Environmental Transformation and reports to the Waste Management Board as part of the Council's Project Management Structure.

6.2 Use of Consultants

- DWF – legal advice
- Woods – technical and procurement advice

6.3 Arrangements for benefits realisation

- Cashable benefits
 - To be realised through reduced contract costs to the annual waste collection revenue budget
- Non-cashable benefits
 - Through the successful award of a compliant contract
 - Reduced commercial, operational and health & safety risk through the ongoing contract management of the new waste collection contract.

6.4 Arrangements for post project evaluation

- Waste Management Board

6.5 Timeframes

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved	<i>Insert Date</i>	
Stage 1 - Outline business case completed	<i>Insert Date</i>	
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<i>Insert key milestone</i>	<i>Insert Date</i>	
Stage 4 – Handover	<i>Insert Date</i>	
<i>Insert key milestone</i>	<i>Insert Date</i>	
Stage 5 - Project Closure	<i>Insert Date</i>	

7.0 THE ENVIRONMENTAL CASE

- There are no environmental implications for the different financing options as the service design has already been to minimise carbon emissions and maximise recycling levels.

8.0 LEGAL IMPLICATIONS

- External legal advice has been sought and embed throughout the contract documents in order to minimise commercial, operational and health & safety risks to the Council.
- A straw man scenario has been undertake as part of the DWF report to test the risk transfer to the contractor.

9.0 EQUALITY IMPACT IMPLICATIONS

- An Equality Impact Assessment has been undertaken as part of the service design.

10.0 HEALTH & SAFETY IMPLICATIONS

- The corporate Health & Safety team have been consulted as part of the service design however there are no further health and safety considerations on the difference financing options.

11.0 SOCIAL VALUE IMPLICATIONS

- The new social value framework has been embedded in the waste collection procurement process and will account for 12% of the total procurement scoring, however there are no further social value considerations on the difference financing options.

Hereford City Bike Share – e-Cargo Bikes

Business Case

Date: 27.07.2022

Key Details

Senior Responsible Officer: MA

Author: RV

Project Manager: WM

Service Lead: RV

Agreed Project Type: Capital Light

Programme Board Allocated: Transport and Place Making

Version Control

Version	Date	Summary of Change	Author
0.1	29.06.2022	First issue	RV
0.2	08.07.2022	PMO review	WM
0.3	11.07.2022	Project Board review	WM
0.4	27.07.2022	Finalisation of BC	WM

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Distribution

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Name	Role	Date of issue	Version
RV	Service Lead	Creator	0.1
WM	Project Manager	08.07.2022	0.1
DJ	Programme Manager	11.07.2022	0.2
MA	SRO	11.07.2022	0.2

AB	Consultant	11.07.2022	0.2
KM	Finance Lead	11.07.2022	0.2

1.0 PROJECT DESCRIPTION

Herefordshire Council, following project development and an open procurement process, awarded the Hereford City Bike Share service to Beryl and subsequently launched to the public in the summer of 2019. To date this service has been extremely successful with over 226,000 journeys made by residents, covering a distance over 547,000kms. Data shows that over 1 in 3 of these journeys would have otherwise been made by car.

Beryl have launched the U.K.'s first on-street, public e-Cargo bike hire system. This system is currently operational in Hackney across four hubs, each containing 2 e-Cargo bikes (8 in total). The system follows a 'back to base' mode meaning that the bikes are rented and returned to the same hub location. Both the hubs and e-Cargo bikes are unlocked via the Beryl – ride sharing phone app. The maintenance of bikes, including any necessary battery swaps, is undertaken by the Beryl Operations team for the duration of the contract.

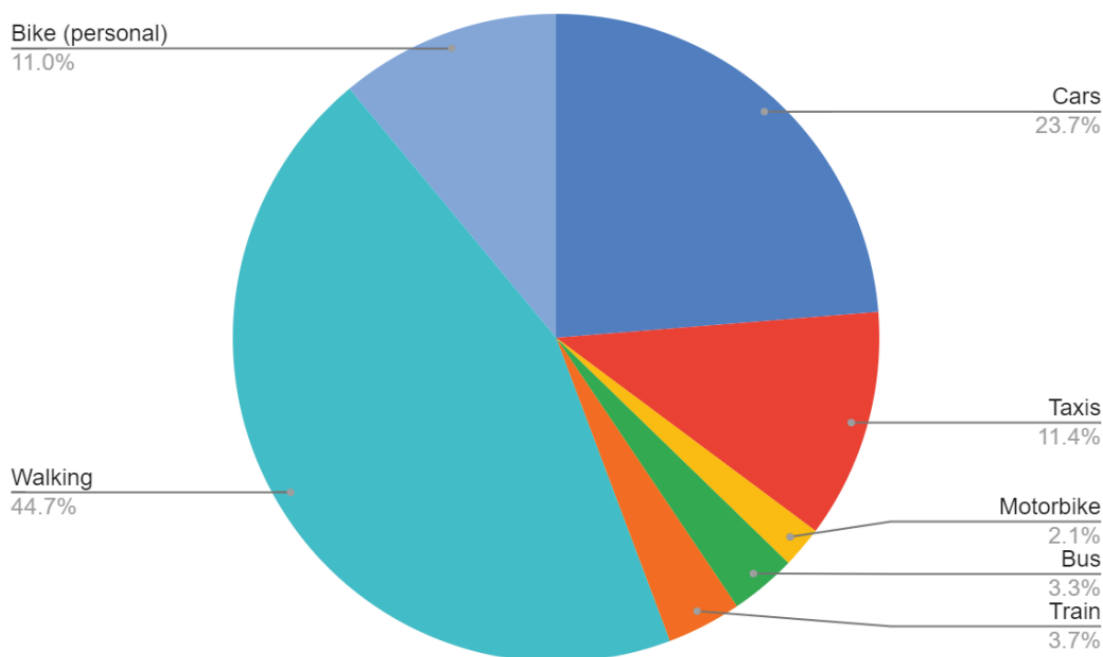
This proposal sets out the business case to add four electric cargo (e-Cargo) bikes to the Hereford City public bike share scheme operated by our current partner Beryl. Two fixed docking stations to home the bikes will be constructed. One docking station will be located to the south of the River Wye and the other north of the River Wye.



2.0 STRATEGIC CASE

There are currently around 70 bays across Hereford city in which the public can hire a Beryl bike. Hereford has one of the densest bay provisions in the UK with around 95% of the city residents being within a 5 minute walk of a bay. Data from our current service provider Beryl shows the service has positively impacted modal shift with over 1 in 3 journeys which would otherwise have been made by car.

Hereford Mode Shift - All Vehicles



The above data is taken from user surveys carried out by Beryl.

The Hereford Transport Strategy¹ states we will continue to help to deliver ‘significant increases in cycling over the LTP period’.

The Cycle Super Highway project/strategy aims to provide more active travel options for residents and visitors to Hereford City.

The Herefordshire Climate and Nature Partnership, Transport Action Plan² sets out ambitions to;

‘Continue and explore opportunities to grow successful Beryl bike share scheme in Hereford’

This proposal also supports the **County Plan’s** ambitions for Herefordshire to:

1. *‘Protect and enhance our environment and keep Herefordshire a great place to live’*
2. *‘Support an economy which builds on the county’s strengths and resources’*

2.1 Project aims and objectives

- Two fixed docking stations to home the bikes will be constructed. One docking station will be located to the south of the River Wye and the other north of the River Wye.

¹ <https://www.herefordshire.gov.uk/downloads/file/2912/local-transport-plan-2016-2031-strategy>

² <https://zerocarbon.herefordshire.gov.uk/media/1148/transport-action-plan-v12.pdf>

- Encourage residents to swap vehicle based journeys with e-cargo bike journeys. E-cargo bike use will be measured by Beryl.
- Expose more people to e-cargo bikes using a halo effect. This will involve normalising resident's use of the bike and encourage them to consider switching to this form of micro-mobility from traditional ICE transport.

2.2 Strategic Drivers

2.2.1 National and Regional

In 2020 the Government published their Gear Change strategy 'A bold vision for cycling and walking'³. The strategy states;

1. *'We want – and need – to see a step-change in cycling and walking in the coming years. The challenge is huge, but the ambition is clear. We have a unique opportunity to transform the role cycling and walking can play in our transport system, and get England moving differently.'*
2. *'Many people do not realise the health benefits from physical activity Physical activity, like cycling and walking, can help to prevent and manage over 20 chronic conditions and diseases, including some cancers, heart disease, type 2 diabetes and depression. Physical inactivity is responsible for one in six UK deaths (equal to smoking) and is estimated to cost the UK £7.4 billion annually (including £0.9 billion to the NHS alone).'*

▪

2.2.2 Local

Your project must directly support at least one of the County Plan priorities.

County Priority – please select from	Tick X below where applicable	Delivery Plan Reference(s)
Environment	x	EN2, EN3, EN4,
Community		
Economy	x	EC1, EC6
List key Strategy the project delivers against and explain how		<ul style="list-style-type: none"> • Hereford Transport Strategy https://www.herefordshire.gov.uk/downloads/file/2912/local-transport-plan-2016-2031-strategy <ul style="list-style-type: none"> ○ Will continue to help to deliver 'significant increases in cycling over the LTP period'. • Cycle Super Highway <ul style="list-style-type: none"> ○ Providing more active travel options for residents and visitors to Hereford City. • Herefordshire Climate and Nature Partnership – Transport Action Plan

³

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904146/gear-change-a-bold-vision-for-cycling-and-walking.pdf

<https://zerocarbon.herefordshire.gov.uk/media/1148/transport-action-plan-v12.pdf>

- 'Continue and explore opportunities to grow successful Beryl bike share scheme in Hereford'

This proposal also supports the County Plan's ambitions for Herefordshire to:

- Protect and enhance our environment and keep Herefordshire a great place to live
- Support an economy which builds on the county's strengths and resources

2.3 Background and Rationale in Project Mandate

Since the launch of the bike share scheme in Hereford in 2019 the scheme has been very successful with the community adopting it as a part of their daily lives. The numbers of pedal bikes available to the public have risen to 200 with 30 additional electric assist bikes since introduction.

The contract was re-tendered during 2021 and awarded to Beryl after an open procurement process. The new contract is a 5+2+2 year contract which commenced April 2022. As a part of this new contract the provision of electric bikes will rise to 104 within the first year.

There are currently around 70 bays across Hereford city in which the public can hire a Beryl bike. Hereford has one of the densest bay provisions in the UK with around 95% of the city residents being within a 5 minute walk of a bay. Data from our current service provider Beryl shows the service has produced a positively impacted modal shift with over 1 in 3 journeys which would otherwise have been made by car.

The new contract also allows for additionally, including the addition of e-cargo bikes to the current fleet. This will offer residents and businesses the opportunity to use e-cargo bikes to replace car and van trips within the city to run errands and conduct business deliveries.

The e-cargo bikes also have the benefit of enabling people to experience an e-cargo bike at a low cost before making the decision to purchase one. By providing residents with affordable access to e-cargo bikes more residents will be able to consider making the switch from motor vehicle to using an electric bike around Hereford.

2.4 Scope

2.4.1 In-Scope

- The provision, delivery and installation of two e-Cargo bike parklet style bays (c.2x3m in size).
- The provision, delivery and installation of four e-Cargo bikes which will integrate into the existing bike share service.
- The ongoing management and maintenance of the supplied bays.

- The ongoing management and maintenance of the supplied e-Cargo bikes including back office software, support and promotion.

2.4.2 Out of Scope

- Additional e-Cargo bikes
- E-Bikes
- Pedal bikes
- Standard 2x3m bike share bays

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

N/A

2.5.2 Non-cashable benefits

Direct

- 4 public e-Cargo bikes which are affordable and easily accessible
- A reduction in car/van use in Hereford City
- Improvement in air quality within the city
- Improvement in public health through increased levels of physical activity and improved air quality

Indirect

- More people exposed to e-cargo bikes and their benefits
- A greater uptake of private e-cargo bike ownership
- A wider uptake of sustainable transport options

2.5.3 Dis-benefits

Two locations will need to be identified for the docking stations, they will be roughly the same size as the existing bays within Hereford city (3x2m). Freely available highway space is at a premium in the city and citing the existing network of bays utilised most of the available areas for a bay. However due to the nature of these bays, which are more akin to a parklet, a foundation could be constructed to provide new opportunities to cite the two bays. As an added benefit the bays will not only home the e-cargo bikes but will also provide space for residents to rest thereby encouraging more residents to take up active travel.



2.6 Risks

Risk

No space for bays

Bays located in the wrong area

Mitigation

A city wide survey has previously been carried out which identified suitable areas for bays, this survey can be re-reviewed and any unused locations be reviewed for this project.

The parklets can use areas thought previously unsuitable for a bay as a hard standing base can be installed, this was not an option for the previously painted bays due to time and cost constraints when the main scheme was being rolled out.

The aforementioned survey will inform the location of the bays to be constructed. Additionally one bay will be located north of the Rive Wye and one south of the River Wye.

Finally, an extensive list of consultees were consulted for the main scheme. These consultees will be approached again for input for the installation of the two e-Cargo bike parklet bays.

Public don't understand what the bikes are for	Extensive communications will be run by the Council and Beryl in partnership. Communications will take place in the run up to, during and after the public launch of the e-Cargo bikes.
Public do not use the bikes	As above, in addition financial incentives can be utilised such as free rides on e-Cargo bikes or discounted rides for new users of the e-Cargo bikes to increase public exposure.
Bikes are vandalised	Hereford has a very low rate of vandalism of its bike share scheme, this is in part due to the way the public have adopted the scheme. The extensive publicity will aid in the adoption of the e-Cargo bikes as a part of the existing scheme. This was also done when the e-Bikes were added to the main scheme which at the time only consisted of pedal bikes.
Risk that the e-Cargo bikes do not provide a ROI	There is no ROI for the council. The risk with regards to ongoing financial success sits with Beryl as the council's delivery partner. This risk will be absorbed into the main scheme as a whole and will be managed by Beryl. This risk is not significant enough to derail the scheme as a whole.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

- None at this time.

This project depends on:

- Two locations will need to be identified for the docking stations, they will be roughly the same size as the existing bays (3x2m).
- Extensive stakeholder consultation was carried out when the scheme was introduced and the stakeholders were engaged again when more bays were installed. These same stakeholders will be engaged when choosing the locations of the docking stations.
- The existing contract is in place and Beryl and Pedicargo are ready and able to deploy, manage and maintain the e-cargo bikes and docks. There is a one off revenue pressure for Herefordshire council in 2023/24 for £9,200 as a part of the deployment of the scheme. There will be no further ongoing revenue implications for Herefordshire Council for this service.

2.8 Stakeholders

Internal

- Transport and Access Services
- Built and Natural Environment
- Sustainability & Climate Change

External

- Residents adjacent to proposed bay locations (where relevant)
- Ward Councillors
- Visions Links
- Police
- Hereford City Link (where relevant)

3.0 ECONOMIC CASE

There is no ROI for the outlay. The outlay effectively subsidises the cost to our delivery partner Beryl to install the e-Cargo bikes and bays. Beryl take on the risk relating to the ongoing financial success of the e-Cargo bike scheme as a part of the wider scheme.

3.1 Critical success factors

- Finding suitable location for the two bays
- Installation of the two bays
- Delivery and final assembly of the four e-Cargo bikes
- Delivery of e-Cargo bikes on street
- Opening of scheme to public
- Adoption of scheme by public and exposure

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Procure a similar solution from the open market.	N	This is not feasible as the bikes need to integrate into the main scheme so the public have a seamless on street bike hire experience rather than needing different apps set up for different micro schemes. Additionally this small contract, which would require local management, would be very costly for a provider that is not already established.
Do nothing	N	This project is a priority for the Cabinet Member and supports a number of strategies.

3.2.2 Short-list of options

Option 1 – Detail

Cost £73,286

Benefits	<p>Direct</p> <ul style="list-style-type: none"> • 4 public e-cargo bikes which are affordable and accessible • Reduction in car/van use in Hereford City • Improvement in air quality in the city • Improvement in public health through increased levels of physical activity and improved air quality <p>Indirect</p> <ul style="list-style-type: none"> • More people exposed to e-cargo bikes and their use • A wider uptake of sustainable transport options • Greater uptake of private e-cargo bike ownership
Deliverability	This project can be delivered within 6 months once budget and governance is in place (subject to e-Cargo bike availability).
Pros	Speed of delivery, full integration into main scheme.
Cons	No ROI. A revenue pressure of £9200
Recommendation	To proceed with this option.

3.2.3 The preferred option

- **Option 1.**

3.3 Supplier appraisals

3.3.1 The Procurement process

Please outline your procurement process including the following:

- *Procurement route e.g. via OJEU/framework agreement*
- *The long list criteria*
- *The short list criteria*
- *Economic appraisals – an overview of the costs and benefits associated with each of the selected service providers*
- *Non-financial benefits appraisals – an overview of non-cash releasing benefits, their weighting, score and impact on supplier ranking*
- *Non-financial risk appraisal – an overview of non-financial risks - their impact, probability and score on supplier ranking*

Evidence Based Estimates:

Variation of existing contract with Beryl for;

- The provision, delivery and installation of two e-Cargo bike parklet style bays (c.2x3m in size).
- The provision, delivery and installation of four e-Cargo bikes which will integrate into the existing bike share service.
- The ongoing management and maintenance of the supplied bays.
- The ongoing management and maintenance of the supplied e-Cargo bikes including back office software, support and promotion.

▪
The cost of £73,286 is based on a quotation from the supplier, Beryl.

3.3.2 Preferred supplier

- Smidsy Ltd. operating as 'Beryl'.

4.0 COMMERCIAL CASE

4.1 Required services

- The provision, delivery and installation of two e-Cargo bike parklet style bays (c.2x3m in size).
- The provision, delivery and installation of four e-Cargo bikes which will integrate into the existing bike share service.
- The ongoing management and maintenance of the supplied bays.
- The ongoing management and maintenance of the supplied e-Cargo bikes including back office software, support and promotion.

4.2 Potential/Agreed risk transfer

Risk

No space for bays

Mitigation

A city wide survey has previously been carried out which identified suitable areas for bays, this survey can be re-reviewed and any unused locations be reviewed for this project.

The parklets can use areas thought previously unsuitable for a bay as a hard standing base can be installed. This was not an option for the painted bays due to time and cost constraints of the main scheme rollout.

Bays located in the wrong area

The aforementioned survey will inform the location of the bays to be constructed. Additionally one bay will be located north of the Rive Wye and one south of the River Wye.

Finally, an extensive list of consultees were consulted for the main scheme. These consultants will be approached again for input for the installation of the two e-Cargo bike parklet bays.

Public don't understand what the bikes are for

Extensive communications will be run by the Council and Beryl in partnership. Communications will take place in the run up to, during and after the public launch of the e-Cargo bikes.

Public do not use the bikes

As above, in addition financial incentives can be utilised such as free rides on e-Cargo bikes or discounted rides for new users of the e-Cargo bikes to increase public exposure.

Bikes are vandalised

Hereford has a very low rate of vandalism of its bike share scheme, this is in part due to the way the public have adopted the scheme. The extensive publicity will aid in the adoption of the e-Cargo bikes as a part of the existing scheme. This was also done when the e-Bikes were added to the main scheme which at the time only consisted of pedal bikes.

Risk that the e-Cargo bikes do not provide a ROI

There is no ROI for the council. The risk with regards to ongoing financial success sits with Beryl as the council's delivery partner. This risk will be absorbed into the main scheme as a whole and will be managed by Beryl. This risk is not significant enough to derail the scheme as a whole.

4.3 Proposed/Agreed charging mechanism

One off capital payment.

4.4 Proposed/Agreed contract lengths

The e-Cargo bikes will be incorporated into the main scheme, the contract began on 1 April 2022 as a 5 year contract with two options to extend by an additional 2 years each time.

4.5 Proposed/Agreed key contractual clauses

The bikes and bays will be adopted into the main scheme and the ongoing back office support, maintenance and promotion of the bikes and bays will be the responsibility of the supplier under the existing contract at no additional charge.

4.6 Personnel implications (including TUPE)

TUPE will not apply.

4.7 Procurement Strategy and implementation timescales

Detail and list below:

The variation to the existing contract will take a minimal amount of time, c. 1 month once the governance for the project is secured.

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

Capital cost of project	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<i>One off capital</i>	0	73.3	0	0	73.3
Project Management Fees (est. 10% project value)	0	0	0	0	0
TOTAL	0	73.3	0	0	73.3

Funding streams (Indicate revenue or capital funding requirement)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<i>Request for one off capital</i>	0	73.3	0	0	73.3
<i>A revenue pressure of £9,200 is identified for financial year 2023/24</i>	0	9.2	0	0	9.2
TOTAL	0	82.5	0	0	82.5

5.2 Impact on the Council's income and expenditure account (revenue account)

Revenue budget implications	2022/23	2023/24	2024/25	Future Years	Total
<i>note any impact on revenue budget, good or bad</i>	£000	£000	£000	£000	£000
<i>A revenue pressure of £9,200 is identified for financial year 2023/24</i>	0	9.2	0	0	9.2
<i>Beryl Match software license * note this is not a cost to HC</i>	0	0.6	0	0	0.6

<i>Beryl Match Communications * note this is not a cost to HC</i>	0	4.8	0	0	4.8
<i>Beryl Match Customer Support * note this is not a cost to HC</i>	0	6.5	0	0	6.5
<i>Ongoing operational costs borne by Beryl</i>	0	0	0	0	0
TOTAL * note this is the total revenue budget implication to HC	0	9.2	0	0	9.2

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

Managed by the sustainability and Climate Change team with input from the Commercial Services and Legal Services team for the variation to contract.

Only light touch oversight is required from PMO as this is a simple contract variation and product delivery with some work required to site the bays all of which will be managed by the Sustainability and Climate Change team as per the main Beryl scheme.

6.2 Use of Consultants

Not required, the proposal is costed and ready to be delivered.

6.3 Arrangements for benefits realisation

The realisation of benefits will be captured in the weekly and monthly reporting from the supplier Beryl to the Sustainability and Climate Change team. This will be reviewed and scrutinised at the monthly contract management meeting. The benefits will be promoted jointly by Beryl and the Council.

6.4 Arrangements for post project evaluation

Per above, this can be reported to the PMO as required.

6.5 Timeframes

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved	<i>May 2022</i>	Project Mandate approved by PMO
Stage 1 - Outline business case completed	<i>N/A</i>	N/A
Stage 2 - Full business case completed	<i>27.07.2022</i>	Business Case distributed to Project Board for comment and approval.
Full Council approval	<i>February 2023</i>	Business case submitted on 27.07.2022

Approval to spend obtained	<i>April 2023</i>	
Stage 3 - Delivery	<i>October 2023</i>	6 months delivery from approval and governance being secured
<i>Insert key milestone</i>	<i>October 2023</i>	
Stage 4 – Handover	<i>October 2023</i>	
Stage 5 - Project Closure	<i>November 2023</i>	Scheme will be live and ongoing reporting and performance will be managed by the supplier and Sustainability & Climate Change team.

7.0 THE ENVIRONMENTAL CASE

EN2.2 of the Delivery Plan to increase levels of walking and cycling. In addition bike share supports the delivery of the councils countywide net zero ambition by 2030.

Public bike share schemes are strong examples of working in partnership with suppliers to reduce the county’s carbon emissions by increasing the number of short distance trips by a sustainable mode of travel. Additionally there are associated air quality improvements as a result of decreased motor vehicle trips through the Air Quality Management area along the A49 corridor within Hereford City as well as more widely.

8.0 LEGAL IMPLICATIONS

Legal input required on contract variation.

9.0 EQUALITY IMPACT IMPLICATIONS

An EqIA was carried out for the main scheme and remains relevant for this extension.

The bike share scheme is another form of public transport available in the city of Hereford. Tariffs are kept low (typically 5p per minute for a pedal bicycle) providing low cost access to public transport for residents of the city, lowering the financial barrier to public transport around the city whilst also seeing improvements in public health. The e-Cargo bike specifically give the public the opportunity to try e-Cargo bikes ‘before they buy’ or provide them with the flexibility of hiring one as and when required. Unlike other bikes in the main bike share scheme the e-Cargo bikes can be booked to ensure a bike is available when you need it for a specific job.

10.0 HEALTH & SAFETY IMPLICATIONS

Scheme users are provided with information on safe cycling when they sign up to the Beryl app which is required to hire a bike.

All liability for the scheme is held by the supplier and risk assessments held by the supplier. These can be provided on request.

11.0 SOCIAL VALUE IMPLICATIONS

The addition to the bike share scheme will enhance the public transport offer available in the city of Hereford. The public bike share scheme offers residents the opportunity to utilise

publically available bikes at a low cost without the associated upfront or ongoing costs of owning their own bike.

Publically available bikes have been increasing cycling levels in Hereford City, improving public health by increasing individual's physical and mental health and improving air pollution for all residents by reducing cross town short car journeys. The improvement in public health could see a decrease in the reliance on the health services.

**Herefordshire Retrofit Grant Scheme
And
Home Upgrade Grant 2**

Business Case

Date: 23/11/2022

Key Details

Senior Responsible Officer:

Author:

Project Manager:

Service Lead:

Agreed Project Type:

Programme Board Allocated:

Version Control

Version	Date	Summary of Change	Author
0.2	14/11/22	Clarifying borrowing type	RV
0.3	23/11/2022	Change of request from corporately supported borrowing to instead seek grant funding	RV
0.4	15/12/2022	A minor update to clarify the need to accept any future grant conditions	RV
0.5	19/12/2022	Addition of Home Upgrade Grant 2	RV

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state “see track changes” in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Board	Council Programme oversight	

Gateway Review	Director PMO Assurance	Assurance
2 - FBC	SRO Project Board Director Programme Delivery Board Capital Portfolio Manager HPMO Assurance Board Capital Programme Board Cabinet Full Council	Owner Detailed project oversight Service Director Programme oversight Sense check Sense check Sense check Council Programme oversight Corporate fit Approval (capital programme)
Gateway Review	Director PMO Assurance	Assurance
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>
Gateway Review	Director PMO Assurance	Assurance
4 –Handover & project review	Project Board Director Programme Board Assurance Board Capital Programme Board	Detailed project oversight Service Director Programme oversight Assurance Council Programme oversight
Gateway Review	Director PMO Assurance	Assurance
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance
Gateway Review	Director PMO Assurance	Assurance

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

This document has been distributed to

Name	Role	Date of issue	Version
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1.0 PROJECT DESCRIPTION

The purpose of this capital bid is for future work around domestic energy retrofit.

This work comprises of two elements:

- The second round of the Home Upgrade Grant scheme (HUG2)
- Seeking additional, external grant funding to support further capital investment for the retrofit of fuel poor homes

To achieve this Herefordshire Council has joined a consortium bid led by Midlands Net Zero Hub to the HUG2 grant fund with a notional allocation of £7,744,000 which includes; £7,040,000 (Capital) and £704,000 additional for Admin and Ancillary costs.

Additionally to deliver on the recommendations of the draft Retrofit Strategy which has been recently developed for Herefordshire Council (HC) by WSP. Based on the preferred option identified within the Herefordshire Retrofit Outline Business Case (OBC) the Project will involve the following:

- **Capital investment in the deep retrofit of fuel poor homes** – expanding on the delivery of Central Government funding streams to accelerate the decarbonisation of the worst energy performing homes within the County which contain fuel poor households

For the purpose of this capital business case, the capital investment in the deep retrofit of fuel poor homes will be the focus of the HMT Green Book five case analysis.

This proposal recognises that the council is unable to provide corporately supported borrowing for the provision of grants to the level required due to the financial burden this poses upon the Council. As such this proposal recommends both seeks to utilise the new Home Upgrade Grant Scheme (HUG2) and also that additional external grant funding is sought to accelerate the delivery of retrofit schemes prioritising fuel poor households within the county. All grant funding will be spent in accordance with the grant conditions of the funding bodies.

2.0 STRATEGIC CASE

2.1 Project Aims and Objectives

The Council has committed to reducing carbon emissions within the County to Net Zero by 2030, ahead of the UK Government's target of 2050. Retrofitting domestic and non-domestic buildings will provide a key source of emissions reduction and help to achieve this target. In addition, HC have identified that fuel poverty affects 16.7% of households in their area, higher than the national level (13.2%).⁴ This has highlighted the urgent need to tackle fuel

⁴ Department for Business, Energy and Industrial Strategy (BEIS) (2022) Sub-regional Fuel Poverty England (2020 data). **Note:** it is likely that the fuel poverty incidence rate will have increased significantly following the increase in the price cap in April 2022.

poverty and implement a strategy to retrofit domestic buildings which supports fuel reduction across a more energy efficient housing stock.

HC declared a climate emergency in 2019, however it faces some challenges with regards to implementing actions to reduce emissions and increase energy efficiency across the region. These include:

- A much higher proportion of detached and older (pre-1900) housing than the national average, many of which are poorly insulated and therefore require more energy to heat;
- Split of housing over rural and urban landscapes; and
- Relatively large numbers of properties without access to mains gas services, some of which use coal sources as their primary fuel for heating.

In 2019, there were an estimated 84,000 households in Herefordshire, 16.7% of which were in fuel poverty (14,147); a higher proportion than in England as a whole (13.2%). The majority of households affected by fuel poverty live in rural areas.

Fuel poverty risk increases in off-grids homes as fuel options for these households are often more expensive and less energy efficient than gas. The Healthy Housing Survey (2011) identified that mains gas was available to only 69% of properties in Herefordshire, compared to 87% nationally.⁵

In Herefordshire, a large majority of emissions are from the domestic and commercial sectors (38.4%)⁶. A Climate Change Committee (CCC) study⁷ reports that at least 90% of existing buildings in Herefordshire require retrofit to meet a net zero target of 2050.

Analysis of EPC data also reveals that a large proportion of domestic properties require retrofit intervention; for example, data indicates that 97.11% of properties potentially require floor insulation. If retrofit interventions were to be done to remove all no or limited insulation, it would require, 105,258 interventions, which is significantly more than one intervention per property. This highlights the potential need for multiple interventions per property.

The project aim is to implement a strategic approach to tackling greenhouse gas emissions from buildings, and support HC commitments and ambitions in reducing carbon emission and taking against climate change. The project aims to support the following strategic outcomes of the Herefordshire Retrofit Strategy:

- All HC homes and non-domestic buildings, as far as practicable, to achieve minimum Environmental Performance Certificate (EPC) band C by 2030;
- Utilise domestic housing retrofit to help alleviate the incidence of fuel poverty across the County; and
- Create a stronger and more skilled Herefordshire wide supplier base of assessors, retrofit co-ordinators, builders, and installers, able to effectively support achievement of the outcomes detailed above and ensure that investment in retrofit maximises local economic benefits.

The specific objectives of this Project will have been achieved if it leads to:

⁵ <https://understanding.herefordshire.gov.uk/community/fuel-poverty/>

⁶ Department of Business, Energy, and Industrial Strategy, 2021, 2005 to 2019 UK local and regional CO2 emissions – data tables, UK local authority and regional carbon dioxide emissions national statistics: 2005 to 2019

⁷ CCC (2019) Climate Change Committee. [UK Housing: fit for the future?](#)

- A reduction in domestic GHG emissions within Herefordshire;
- A reduction in the incidence of fuel poverty across the County - although this is to some extent driven by market energy prices which are currently experiencing unprecedented increases (rising 54% on average on April 1st 2022);
- An increase in the energy efficiency of the worst performing homes within Herefordshire;
- An increase in the number of retrofit jobs within Herefordshire;
- Increased localisation of the retrofit supply chain within Herefordshire;
- Measurable increase in the demand for retrofit interventions within the domestic housing market; and
- Increased enquiries and engagement with Herefordshire's existing activities to promote and support retrofit activities.

Measures of Success

It is important to consider from the outset what constitutes successful delivery of the objectives, as this informs the development and appraisal of the Project, the selection of the preferred option, and the monitoring and evaluation of the Project's performance after (and during) delivery.

2.2 Strategic Drivers

2.2.1 National and Regional

UK Government's Net Zero Target

The UK is legally bound to bring all greenhouse gas emissions to net zero by 2050 with a target to reduce emissions by 78% by 2035 compared to 1990 levels and 100% by 2050.

Net Zero Strategy: Build Back Greener

The Net Zero Strategy⁸ was launched in October 2021 and sets out policies and proposals for decarbonising all sectors of the UK economy by 2050, including buildings. Specifically, key policies for heat and buildings include:

- New gas boilers ban by 2035;
- A new £450 million three-year Boiler Upgrade Scheme will see households offered grants of up to £5,000 for low-carbon heating systems;
- A new £60 million Heat Pump Ready programme that will provide funding for pioneering heat pump technologies and will support the Government's target of 600,000 installations a year by 2028;
- Delivering cheaper electricity by rebalancing of policy costs from electricity bills to gas bills;

⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1033990/net-zero-strategy-beis.pdf

- Further funding for the Social Housing Decarbonisation Scheme and Home Upgrade Grants, investing £1.75 billion. Additional funding of £1.425 billion for Public Sector Decarbonisation, with the aim of reducing emissions from public sector buildings by 75% by 2037; and
- Launching a Hydrogen Village trial to inform a decision on the role of hydrogen in the heating system by 2026.

National Infrastructure Assessment

The National Infrastructure Commission recommendations to achieve low carbon infrastructure include the following key objectives:

- At least 50% renewable energy generation by 2030; and
- Buildings which require less energy to heat.

Improving energy efficiency of the UK's buildings will reduce demand for heat and improving insulation of existing buildings play a key role in achieving this aim. The Commission's analysis suggests that there are over 21 million individual improvements to buildings in England that together could save billions of pounds. This includes insulating 10 million lofts, 6 million floors and almost 5 million walls.

Building Regulations: Consultation of changes to Part L (conservation of fuel and power)⁹

Guidance on energy efficiency requirement includes:

- A 20% reduction in regulated carbon emissions over the current standard, expected to be delivered predominantly by very high fabric standards; and
- A 31% reduction in regulated carbon emissions over the current standard, achieved through a more minor increase to fabric standards, alongside low carbon heating and/or renewables.

The Ten-Point Plan – Point 7: Greener buildings

- The UK Government's 'ten point plan' sets out the approach government will take to build back better, support green jobs, and accelerate our path to net zero. Point 7 of the Plan relates to Greener Buildings and the need to decarbonise the existing building stock through retrofit and higher energy efficiency standards in new buildings. It states that *"We will put our homes, workplaces, schools and hospitals at the heart of our green economic recovery, supporting 50,000 jobs and building new supply chains and factories in the UK. We will aim for 600,000 heat pump installations per year by 2028, creating a market led incentive framework to drive growth, and will bring forward regulations to support this especially in off gas grid properties"*.

Clean Growth Strategy: Leading the way to a low carbon future

- The Clean Growth Strategy was published in October 2017 to support the UK Industrial Strategy in its aim to ensure an affordable energy supply for businesses and consumers. The Clean Growth Strategy's objectives are to increase productivity, create good jobs, boost earning power for people right across the country, and help protect the climate and environment upon which we and future generations depend;

⁹ <https://www.thfcorp.com/wp-content/uploads/2021/12/Retrofitting-Social-Housing-funding-roadmap-FINAL.pdf>

- The Strategy recognises the important role local authorities play in achieving a productive low carbon economy by embedding low carbon measures in strategic plans across areas such as health and social care, transport and housing; and
- A key ambition of the Strategy is to improve the energy efficiency of UK homes. In 2017, there were 850,000 homes not connected to the gas grid in England, using oil for heating. To tackle this, the Strategy identifies a key action to work with industry to implement the independent industry led Each Home Counts review to improve quality and standards for all retrofit energy efficiency and renewable energy installations.

As part of this, the Government’s intention is to review energy performance standards across the private rented housing sector, aiming to reach as many private rented homes as possible. The ambition is to upgrade these homes to EPC Band C by 2030.

The Strategy further acknowledges that retrofitting is a cost-effective way of reducing carbon emissions and states that: *“We need energy efficiency and heat technologies that are less costly and easier to install, and commercial innovation to ensure retrofits are attractive for homeowners. To build lower cost, lower carbon homes, we need to use innovative construction methods including factory production and off-site manufacturing”*¹⁰.

Marches LEP Energy Strategy

The Marches Local Enterprise Partnership (LEP) recognises that energy provision can impose a barrier to economic growth. The existing energy infrastructure is already at capacity in many areas, which presents both a threat to future business and housing development, but also an opportunity to invest in innovation that could overcome these challenges.

The Marches area comprises Herefordshire, Shropshire and Telford and Wrekin. There are ambitious growth plans in place, with the creation of 40,000 new jobs and 70,000 new homes by 2031. A study undertaken by Marches LEP in 2018 found that there was significant potential for renewable energy generation, including biomass, solar, wind and anaerobic digestion. The study also found that the electricity grid was significantly constrained in terms of generation and supply, leading to difficulties with regards to connecting new developments and energy generation assets. Moreover, the rural nature of the area presents additional challenges, which were described as follows:

- Comparatively high transport emissions when compared to other regions as a result of vehicles having to travel further to destinations;
- Significant areas off the gas grid and as such, many properties are dependent on high-carbon and high-cost fuels; and
- Above national and West Midlands average fuel poverty.

In response to the outcomes of the study, Marches LEP established a 2030 Vision Statement, “The Marches area has an energy generation and supply system which is flexible and reliable, delivering energy that is low carbon and low cost to businesses and communities, can accommodate planned

¹⁰ Clean Growth Strategy – Department for Business, Energy and Industrial Strategy:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/700496/clean-growth-strategy-correction-april-2018.pdf

growth and can support well developed low carbon supply chains”. Within this vision, several key priorities were identified:

- Key priority 1: Smart control and mitigation of grid constraints;
- Key priority 2: Innovation in agricultural technologies;
- Key priority 3: Sufficient reliable energy supply;
- Key priority 4: Development of the supply chain in key areas of the low carbon economy;
- Key priority 5: Local renewable energy supply; and
- Key priority 6: Addressing high levels of fuel poverty.

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick ✓ below where applicable	Delivery Plan Reference(s)
Community	✓	Work to minimise inequalities in our communities (CO4)
Economy	✓	Work to reduce fuel poverty, enhancing the local green economy and supply chains.
Environment	✓	Build understanding and support for sustainable living (EN3) Invest in low carbon projects (EN4)
List key Strategy the project delivers against and explain how	<ul style="list-style-type: none"> • Delivery Plan 2022-23 as above. • County Plan 2020-24 by reducing countywide carbon emission. • This project supports the delivery of the climate reserve works which were informed by the Climate Citizens Assembly. • This project directly contributes towards the councils net zero target for the county by 2030 by tackling one of the greatest challenges we face, the poor performing building stock of the county. • Herefordshire Future Homes (HFH). The strategy will provide recommendations for the Net zero-rated homes and is aimed at all housing stakeholders. According to the strategy, homes will be designed to minimise energy use, reduce green-house gas emissions, be located next to open spaces and have access to sustainable transport options. • Herefordshire Affordable Warmth Strategy. The project will address the fuel poverty challenge for domestic dwellings within Herefordshire. The strategy links also with wider regional priorities, such as older demographic and health and wellbeing. 	

- Marches Local Energy Strategy. The strategy recognises energy provision can impose a barrier to economic growth. The existing energy infrastructure is already at capacity in many areas, which presents a threat to future business and housing development. The strategy will address this, enabling economic opportunities related to investment in innovation and local economic growth.

The project directly addresses the priorities and Delivery Plan as described below.

- EN3 – helping residents understand how to live more sustainably and improve their own homes.
- EN4 – This project has direct carbon benefits for residents by improving the thermal quality and comfort of their homes.
- CO4 – this project will have a direct, positive impact on the living standards of residents as a result of the improvements.

2.3 Background and Rationale in Project Mandate

There is an above average incidence of Fuel Poverty within Herefordshire

In Herefordshire, as well as the whole of the country, many properties are considered ‘fuel poor’ with regards to their inability to adequately heat at an affordable cost. Three factors are considered key to affordable warmth: these being household income, the energy efficiency of a property and the cost of energy.

In 2019, there were an estimated 84,000 households in Herefordshire, 16.7% of which were in fuel poverty (14,147); a higher proportion than in England as a whole (13.2%). Lower income households are at a higher risk of fuel poverty¹¹, requiring specific interventions to reduce fuel consumption. This presents an urgent need to tackle fuel poverty and implement a strategy to retrofit domestic buildings which supports fuel reduction.

Investing in fuel poor homes in Herefordshire has the potential to stimulate the wider economy through energy efficiency interventions, because the existing energy infrastructure is already at capacity in many areas, which presents both a threat to future business and housing development.

Retrofitting fuel poor properties with energy efficiency interventions will also lead to a reduction in household energy bills. Given the high amount of fuel poor homes in Herefordshire, this would have a positive impact on the wider economy of the County. Retrofitting can, therefore, result in improved energy security, relying less on fossil fuels and imported gas; benefit progress towards the UK’s 2050 target for reducing GHG emissions and ultimately eradicate fuel poverty.

Funding is needed to improve energy efficiency of Herefordshire’s poorly performing housing stock

The total housing stock within Herefordshire has been increasing over the last decade. On average, since 2010, the number of dwellings has increased by 486 houses per year, with a total of 4,683

¹¹ Cambridge Economics, Economic impact of improving the energy efficiency of fuel poor households in Scotland, <https://www.cas.org.uk/system/files/publications/economic-impact-of-energy-efficiency-investment-in-scotland.pdf>

dwellings and an overall increase of 5.70%¹². The Herefordshire Integrated Housing Stock Modelling database report¹³ demonstrates that the performance of the housing stock in Herefordshire compared to the England average is generally worse with Herefordshire performing significantly worse for all hazards, particularly with regards to excess cold.

Given the large number of homes within Herefordshire that may require retrofit, any new properties built in the future should not add to the problem of low energy efficient homes. It is therefore important that those new homes are as energy efficient as possible and have the potential to use low carbon energy and heat¹⁴.

EPC data reveals that a large proportion of domestic properties require retrofit intervention. To demonstrate this, data indicates that 97.11% of properties potentially require floor insulation. If retrofit interventions were undertaken, it would require 105,258 interventions, which is significantly more than one intervention per property. This highlights the potential need for multiple interventions per property.

Reviewing the energy performance of buildings within Herefordshire, it becomes evident that there are many properties, both domestic and non-domestic, that fall below an EPC rating of B. Herefordshire has a higher proportion of dwellings in bands E, F and G and lower proportions in bands A-D¹⁵.

In short, this means that Herefordshire suffers from a large amount of existing housing stock requiring interventions to improve their energy efficiency. In addition to that, the County also houses over 6,000 listed buildings which presents itself as further challenge with regards to retrofit. These protected buildings produce a lot of carbon emissions from heating, and it is thus key to achieve a balance between heritage protection and enhancement as well as energy savings and environmental improvement. It is likely that some of these premises may not be suitable for certain retrofit interventions, so may have limited potential. Since there are many properties that fall within this category, it can be expected that a wide range of skills, knowledge and expertise will be required to deliver retrofit interventions to these buildings, which in turn has a positive impact on local employment and upskilling.

2.4 Scope

2.4.1 In-Scope

The scope of the Project includes the following proposals to accelerate retrofit activities within the County.

Capital Investment in Deep Retrofit of Fuel Poor Homes

Central Government funding for retrofit of domestic properties is currently limited with regards to its scope and availability to address the scale of the problem and help

¹² Department of Levelling Up, Housing and Communities , 2021, Table 100: number of dwellings by tenure and district , England, Live tables on dwelling stock (including vacants) - GOV.UK (www.gov.uk) [

¹³ BRE, 2019, Integrated Dwelling Level Housing Stock Modelling and Database for Herefordshire Council, <https://understanding.herefordshire.gov.uk/media/1875/bre-herefordshire-integrated-housing-stock-modelling-report-final-002.pdf>

¹⁴ Committee on Climate Change, 2019, UK Housing: fit for the future?, UK housing: Fit for the future? - Climate Change Committee (theccc.org.uk)

¹⁵ Department for Levelling Up, Housing & Communities, 2020, Energy Performance of Buildings Data England and Wales

Herefordshire achieve its 2030 net zero target. The Council will therefore maximise the opportunity through the new Home Upgrade Grant (HUG2) in addition to accelerating the delivery of retrofit for those worst energy performing homes which are in fuel poverty by actively seeking other external grants to enable capital investment to fund the retrofit of eligible households.

2.4.2 Out of Scope

The following activities are out of scope for the purpose of this capital business case and will form the basis of an emerging business case to the climate reserve to deliver the wider retrofit strategy.

Development of a Retrofit Hub

It is proposed that the existing Keep Herefordshire Warm service is expanded into a 'Retrofit Hub' to offer an improved 'one-stop-shop' for residential homeowners to access information, knowledge and the local supply chain through one coordination body. The purpose of the hub would be twofold:

- To facilitate retrofit activity – being the first point of contact at the 'orientation stage', raising awareness of retrofit benefits and providing targeted advice through the provision of whole home surveys on the optimal retrofit strategy for homeowners. The hub would also play an important role in collating and maintaining a list of suppliers which can support the retrofit process for homeowners; and
- To coordinate retrofit activity – through coordination of existing retrofit suppliers including assisting with the generation of contractor quotes, client service agreements and ensuring that suppliers comply with their commitments.

The role of the Retrofit Hub will be to provide a seamless customer journey which helps to address some of the key barriers to domestic retrofit within the able to pay market, namely lack of information and an underdeveloped supply chain.

A critical element of the Retrofit Hub will be to disseminate information to the 'Able to Pay' market which can help to unlock private sources of finance for domestic retrofit and accelerate the uptake of decarbonisation measures by private homeowners. An indicative range of potential support services and delivery mechanisms are outlined below which could be provided by the Retrofit Hub for domestic customers.

- Community Municipal Investment / Local Climate Bonds;
- Green Borrowing/ Home Finance;
- Green Mortgages; and
- Demand Aggregate Financing (DAF) Scheme.

A separate business case for the development of a Retrofit Hub is being developed as part of the Climate Reserve projects.

Revenue funding to support accreditation of the existing supply chain to PAS2035

This project has recently been approved as a part of the Climate Reserve projects and is being mobilised. To achieve Herefordshire Council's net zero carbon emissions ambition, the retrofit market needs to grow. This requires increasing the number and quality of skilled workers to meet

the retrofit demand. Key changes are also needed to make technical skills training more responsive to employers' skills needs.

The readiness of the supply chain is one of the key barriers to delivering home retrofit targets, particularly when it comes to whole home retrofit. The Council will look to deliver retrofit accreditation for existing suppliers as well as upskill new entrants to the retrofit market. This will cover training across the wide range of retrofit roles including assessors, designers, installers, evaluators, advisors and coordinators.

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable Benefits

The benefits associated with the Project comprise the following:

- Health and wellbeing and social value benefits associated with improving the energy efficiency and thermal comfort of homes.

2.5.2 Non-cashable Benefits

- The generation of skilled and semi-skilled jobs within the construction and housing retrofit market;
- The additional Gross Value Added (GVA) productivity impacts associated with the direct employment that will be created through the implementation of retrofit interventions within Herefordshire's housing stock;
- There will also be indirect employment-based GVA impacts in the local supply chain and induced employment-based GVA impacts arising from additional local spending;
- A reduction in expenditure on energy has multiple benefits, including increasing local economic impacts through increased income and associated increased expenditure on consumer goods and services locally; and
- Property value increases as a result of retrofit measures;
- Lower greenhouse gas emissions (GHG). Retrofit investments improve the energy efficiency of homes, reducing carbon dioxide emissions and directly tackling climate change; and
- Reduction in fuel poverty. Retrofitting can reduce fuel poverty by providing an improved energy security, relying less on fossil fuels and imported gas, and ultimately reducing fuel bills.

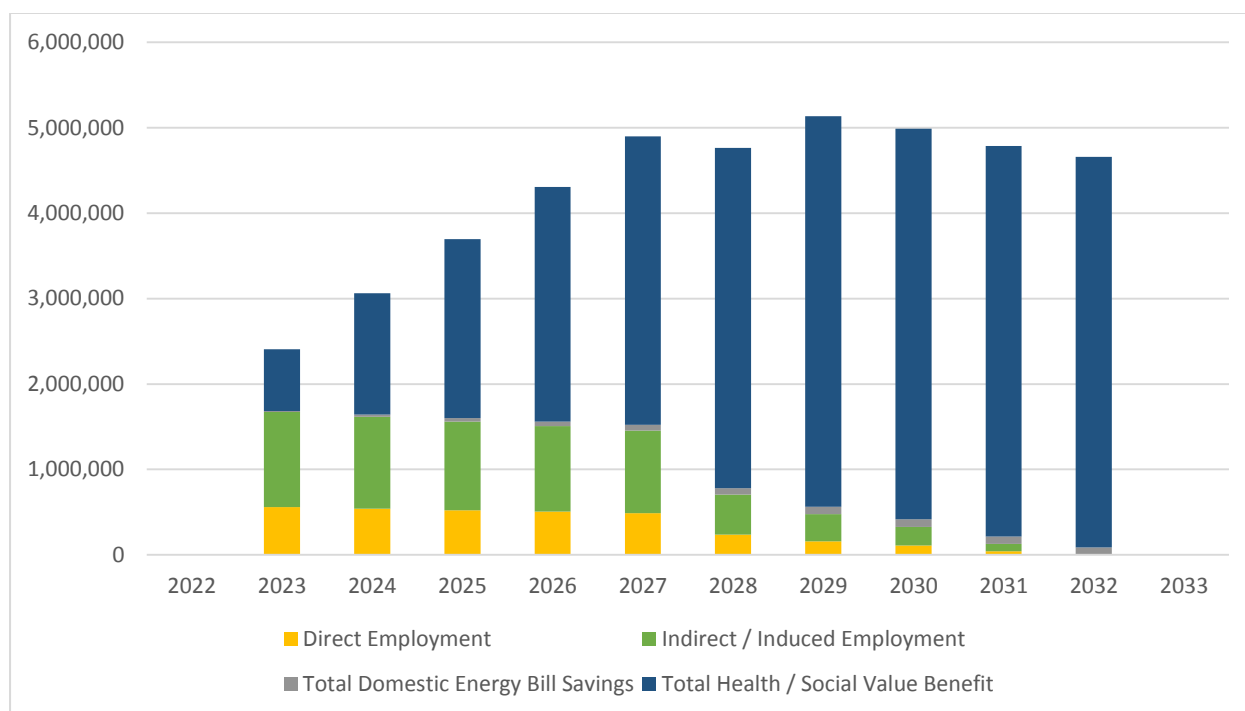
2.5.3 Dis-benefits

There are no dis-benefits identified which would arise from implementation of the Project.

2.5.3 Benefit Profile

Figure 1 sets out the profile of benefits identified in Sections 2.5.1 to 2.5.2 above by the year at which they are expected to be realised. The value of benefits are presented in 2022/23 prices and have been discounted to present values.

Figure 1: Benefit Profile



2.6 Risks

The primary risk of the project is the varying status and financial capacity of property owners, and the varying reasons that they may, or may not, decide to pursue retrofitting.

Risk mitigation involves engagement and clear communication with property owners is key, as it helps to manage expectations, avoid costly misunderstandings, and reduce concerns about timescales, mess, and disruption¹⁶. Understanding property owners' concerns will help persuade and provide the best retrofit service to them. Supporting the retrofit mechanisms for property owners also requires putting almost all households in a 'willing and able to fund' position. Property owners may be able to pay, but not all will be willing to, for reasons detailed previously. Instilling a variety of different funding schemes will help move more of the market to a 'willing to fund' position.

A summary of the key risks is identified below:

Risk	Mitigation
Low uptake of grants – this would lead to reduced project outcomes and reduced improvement in the decarbonisation of the worst energy performing homes.	Develop an outreach and engagement approach to ensuring that Herefordshire residents are aware of the grants and the types of support available to homeowners.

¹⁶ Technology Strategy Board, 2014, Retrofit For The Future, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/669113/Retrofit_for_the_future_-_A_guide_to_making_retrofit_work_-_2014.pdf

Lack of Support for the Project from local stakeholders and the local community

Use of media to raise awareness of the scheme.

Lessons learnt from the previous rounds of the Green Homes Grant have been implemented which have significantly improved the uptake of the current Home Upgrade Grant scheme which will support the development of the project pipeline.

Development of a Stakeholder Management and Communications Plan and use of internal Council partnerships and relationships to facilitate communication with key stakeholders. Appropriate outreach activities with local community.

Materials and construction cost increases – meaning that the capital funding allocated for retrofit measures will be unable to meet the project target of 10% of fuel poor homes rated EPC E or below (approximately 425 homes).

Appropriate review of capital forecasts and adjustment to account for any predicted rate of change and updates to the project delivery programme.

Procurement of services is not successful or is delayed or challenged

Appropriate due diligence during the procurement process

Assurance risks associated with installation of retrofit measures – these risks may fall on the Council for those capital investments which the Council are looking to fund.

Appropriate drafting of service contracts / grant agreements to ensure that legal liabilities to the Council are minimised.

This will include a clear and robust complaints and resolution process and procedure.

Appropriate due diligence of contractors and delivery partners.

2.7 Constraints and Dependencies

This project is dependent on the existing Keep Herefordshire Warm service to act as the customer facing element of the grant scheme. This project will be greatly enhanced by the development of the Keep Herefordshire Warm service into a Retrofit Hub through the proposal being worked up for funding through the Climate Reserve.

The success of the Project has a number of dependencies:

- **Funding and financing** - The Council does not have the resources to deliver wholesale retrofit interventions across all domestic building typologies and tenures within Herefordshire and is therefore reliant on homeowners funding and financing capital retrofit works themselves.
- **Development of procurement and supply chain** - Where the Council, or social housing providers are looking to retrofit their own stock, they will have access to

procurement frameworks to supply retrofit products and services at scale. However, for individual homeowners within the able to pay market, there are likely to be significant barriers in the identification of contractors and suppliers. This is a particular risk within locations such as Herefordshire which has underdeveloped supply chains. The Project proposes to help address some of these challenges through investment in the skills supply chain.

2.8 Stakeholders

As part of the Herefordshire Retrofit Strategy work undertaken by WSP in 2022, two stakeholder engagement workshops were undertaken with stakeholder groups and organisations. The following pre-determined questions were asked during the roundtable (virtual) workshops:

- **Retrofit Interventions:** What retrofit interventions and markets have you worked on in the past, currently, or plan to in the future?
- **Lessons Learnt:** What have been some blockers, and enablers when considering retrofit?
- **Ideas and Solutions:** What do you think will work in your field?

These participants to these workshops are listed below.

Critical Success Factors	Description
Community / Voluntary	<ul style="list-style-type: none"> • Ledbury Energy Information Centre • Community First • Herefordshire Green Network • Environmental Health • Home Improvement Agency - You at Home
Herefordshire Council	<ul style="list-style-type: none"> • HC Building Conservation • HC Building Control • HC Planning • HC Strategic Housing • Bromford Housing • Citizen Housing
Housing Associations	<ul style="list-style-type: none"> • Connexus • Stonewater • Two Rivers
Landlords	<ul style="list-style-type: none"> • Residential Landlords Association
Regional Bodies	<ul style="list-style-type: none"> • Marches LEP • Midlands Energy Hub • Severn Wye Energy Agency
Supporting Organisations	<ul style="list-style-type: none"> • Marches Energy Agency • Marches Centre for Community Led Housing

Alongside these workshops, 5 individual conversations were held with key figures or organisations, including:

- Councillor Chowns of Herefordshire Council;
- A local Retrofit Supplier;
- Herefordshire Green Network Lead;
- Marches LEP Energy Lead; and
- Midlands Energy Lead.

The information gathered during the stakeholder engagement process has been used to inform the Herefordshire Retrofit Strategy and the development of the Outline Business

Case. It has directly informed the proposed project including the overall retrofit strategy and the implementation of strategy elements and key enablers for the project to be implemented.

The stakeholder engagement has provided an invaluable guide to the current state of the retrofit market within Herefordshire, identification of key blockers and enablers to unlock retrofit across the County. By engaging with a wide range of stakeholders, this has allowed for the gathering of opinions from across the housing tenure types, community groups, and retrofit suppliers. This has allowed for deeper understanding of the requirements of a retrofit strategy to ensure that the benefits of the Project are maximised.

3.0 ECONOMIC CASE

3.1 Critical success factors

Critical Success Factors (CSFs) describe attributes essential for successful delivery of the Project. All the shortlisted options have been assessed against the agreed CSFs. The CSFs for this business case are based on HM Treasury Green Book guidance and reflect the Council's objectives for the Project.

Critical Success Factors	Description
Strategic fit and meets business needs	Confirm that the option meets the agreed investment objectives, related business needs and service requirements as set out within the Strategic Case.
Potential Value for Money	Understanding which options have the potential to deliver the greatest economic benefits. Considering the wider/social economic benefits and return on investment.
Achievability / Risk Profile	Considering the risk profile for each of the options and the mitigation actions required to manage high risk options.
Capacity and Capability	Reflecting deliverability and the ability/capacity of partners to deliver to the timescales.
Affordability / Cost	Determining which options are affordable within the scope of the funding requirements and other funding sources and/or borrowing available to HC

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

A number of options were generated by considering the potential scope and spending objectives of the Project and by using the options framework set out within the Retrofit Strategy report. This generated the following options for consideration within the business case:

- **Option 1: Do Nothing** – the 'Do Nothing' option acts as the business-as-usual option. As part of this option, it is assumed that housing retrofit continues to be delivered incrementally within Herefordshire as a result of private household investment in home improvements and small-scale targeted grant funding for lower

income households, such as through the 'Keep Herefordshire Warm' initiative as well as Central Government funding sources for social housing and fuel poor homes;

- **Option 2: A fabric first approach to fuel poor homes** – focuses on a 'fabric first' approach to those households most in need, which for the purpose of this project are those households within fuel poverty with an EPC rating of D. Based on the market assessment this would be a maximum of 4,900 homes, which is 18% of the total worst energy performing homes within the County. Under this scenario it is assumed that a fabric first approach would improve these homes to an EPC band C as a minimum;
- **Option 3: A deep retrofit approach to fuel poor homes** – focuses on a deep retrofit approach to those households most in need, which for the purpose of this project are those households within fuel poverty with an EPC rating of E and below. Based on the market assessment this would be a maximum of 4,251 homes, which is 16.5% of the total worst energy performing homes within the County. It is assumed these homes would be retrofitted to a minimum of EPC Grade C;
- **Option 4: A 'Do Maximum' approach to address energy efficiency across the worst energy performing homes within the County** - a deep retrofit approach applied to all those households defined as being within the worst energy performing category with an EPC rating of E and under. This option would target a maximum of 24,500 homes; and
- **Option 5: A strategy to stimulate demand across the able to pay market whilst applying targeted investment to accelerate the retrofit of fuel poor homes** – a blended approach which aims to utilise revenue funding¹⁷ to create a 'one-stop-shop' to encourage and support private homeowners through the retrofit process whilst delivering targeted capital interventions to address the incidence of fuel poverty within the County and decarbonise some of the worst performing homes. For the purpose of this appraisal, it has been assumed that Option 5 would target 10% of total fuel poor homes rated EPC E or below (a total of 425 homes, approximately 60 per annum to 2030).
- **Option 6: Consortium bid led by Midlands Net Zero Hub to the Home Upgrade Grant 2** – this option sees Herefordshire Council join a consortium bid to the Home Upgrade Grant 2. This seeks to build on the current success of HUG1 and Green Homes Grant Local Authority Delivery 3 (GHG LAD3). Within the consortium bid there is a notional allocation of £7,744,000 for Herefordshire. This includes; £7,040,000 (Capital) and £704,000 additional for Admin and Ancillary costs. The aim of this grant is to install clean heating systems in domestic properties of EPC D and lower at an average cost of £18,000 per property. Targeted street based approach using the English Indices of Deprivation (IMD) rather than targeting ad hoc properties. No funding for on-gas properties.
- **Option 7: Seek external grant funding to deliver domestic retrofit to fuel poor households** - this option seeks to continue the delivery of domestic retrofit of fuel poor homes through the application to external grant funding, with grant spend in accordance with the conditions of the grant set out by the funder.

An options appraisal evaluation was undertaken in accordance with how well each option met the investment objectives and CSFs. Furthermore, a high-level SWOT analysis was conducted.

All of the options are appraised in the Economic Case. The relevance of each option was confirmed by assessing each of the options against the investment.

¹⁷ **Note** – this would be subject to a separate base revenue budget request

The appraisal of the long list indicated that two options were not suitable to be appraised within the economic model. These were the 'Do Nothing' and the 'Do Maximum' option.

3.2.2 Short-list of options

The appraisal of the shortlisted options is set out below.

Option 2 – A fabric first approach to fuel poor homes – focuses on a 'fabric first' approach to those households most in need, which for the purpose of this project are those households within fuel poverty with an EPC rating of D. Under this scenario it is assumed that a fabric first approach would improve these homes to an EPC band C as a minimum.

Cost	<p>The economic costs are estimated at £17,478,000 in total. The cost estimate includes costs of retrofit capital investment, skills and training and energy efficiency assessment.</p> <p>The capital cost estimates are based on an assumed housing typology for the purpose of the economic modelling, and it is not yet known which homes would be subject to retrofit interventions, and therefore a high OB adjustment of 24% has been applied to the capital costs.</p>
Benefits	<p>The present value of benefits (PVC) is estimated at £40,801,000. This includes GVA benefits, energy saving benefits and health and wellbeing benefits. The Benefit Cost Ratio (BCR) is <u>2.3, indicating high value for money</u>.</p> <p>These sensitivity tests provide a high degree of certainty that that the Project will generate significant benefits which will outweigh the costs of the Project.</p>
Deliverability	<p>The option successes rely on the property owner's willingness to participate.</p> <p>A fabric first approach is less intrusive with regards to building work and therefore the timescales and project risks are likely to be lower.</p> <p>The project is considered affordable.</p>
Pros	<p>Strong potential to deliver skills and local employment benefits.</p> <p>HC has the capacity and capability to deliver the project.</p> <p>There would be some supply chain benefits including the creation of 300 jobs, some of which could be taken by Herefordshire residents.</p>
Cons	<p>Potential aesthetic impacts of the retrofit, as upgrades programmes that alter the appearance of a street or district may not be accepted.</p> <p>A fabric first approach does not address decarbonisation of the heating system and other forms of renewable power generation.</p> <p>Fabric first is unlikely to be appropriate for those homes which are worst energy performing – EPC E and below.</p>
Observations	<p>Based on the market assessment this would be a maximum of 4,900 homes, which is 18.0% of the total worst energy performing homes within the County.</p>

There will be a need for the Council to procure contractors to deliver the capital retrofit works.

Recommendation This option is not affordable for the Council to fund

Option 3 – A deep retrofit approach to fuel poor homes – focuses on a deep retrofit approach to those households most in need, which for the purpose of this project are those households within fuel poverty with an EPC rating of E and below. It is assumed these homes would be retrofitted to a minimum of EPC Grade C.

Cost The option economic costs are estimated at **£123,921,000**. The cost estimate includes costs of retrofit capital investment, skills and training and energy efficiency assessment surveys.

The capital cost estimates are based on an assumed housing typology for the purpose of the economic modelling, and it is not yet known which homes would be subject to retrofit interventions, and therefore a high OB adjustment of 24% has been applied to the capital costs.

Benefits The present value of benefits (PVC) is estimated at **£427,131,000**. This includes GVA benefits, energy saving benefits and health and wellbeing benefits. The Benefit Cost Ratio (BCR) is 3.4, indicating high value for money.

These sensitivity tests provide a high degree of certainty that that the Project will generate significant benefits which will outweigh the costs of the Project.

Deliverability The option success relies on the property owner's willingness to participate

The capital costs of targeting a large number of homes for deep retrofit interventions are significant and it is unlikely that the Council will be able to fund this level of investment.

There may potentially be further grant funding from Government which could be utilised to address this funding gap but there is currently uncertainty on the scale and timing of these funding sources.

Pros Strong strategic alignment with addressing those worst performing homes in fuel poverty and increasing the energy efficiency of these homes

Potential to achieve the Project's investment objectives

There would be significant supply chain benefits including the creation of 2,400 jobs, some of which could be taken by Herefordshire residents.

Cons High funding requirement which is likely to create a funding gap due to the high capital expenditure

Deep retrofit interventions are likely to be invasive and home owners and tenants may be unwilling to participate in the Project.

Observations

Based on the market assessment this would be a maximum of 4,251 homes, which is 16.5% of the total worst energy performing homes within the County.

There will be a need for the Council to procure contractors to deliver the capital retrofit works.

Recommendation

This option is not affordable for the Council to fund

Option 5 – A strategy to stimulate demand across the able to pay market whilst applying targeted investment to accelerate the retrofit of fuel poor homes – a blended approach which aims to create a ‘one-stop-shop’ to encourage and support private homeowners through the retrofit process whilst delivering targeted interventions to address the incidence of fuel poverty within the County and decarbonise some of the worst performing homes. For the purpose of this appraisal, it has been assumed that Option 5 would target 10% of total fuel poor homes.

Cost

The option economic costs are estimated at **£13,127, 000**. The cost estimate includes costs of retrofit capital investment, skills and training, energy efficiency assessment and revenue staffing costs for the Retrofit Hub.

The capital cost estimates are based on an assumed housing typology for the purpose of the economic modelling, and it is not yet known which homes would be subject to retrofit interventions, and therefore a high OB adjustment of 24% has been applied to the capital costs.

Benefits

The present value of benefits (PVC) is estimated at **£42,713,000**. This includes GVA benefits, energy saving benefits and health and wellbeing benefits. The Benefit Cost Ratio (BCR) is 3.3, indicating high value for money.

These sensitivity tests provide a high degree of certainty that that the Project will generate significant benefits which will outweigh the costs of the Project.

Deliverability

The option builds on the established Keep Herefordshire Warm programme to expand the range of services which the programme offers homeowners.

Pros

The Council can play a role in accelerating the decarbonisation of the housing stock which is worst energy performing through targeted grant or subsidised funding of deep retrofit interventions.

The option has the potential to achieve all investment objectives

	<p>The option is designed to tackle a range of existing market failures within the retrofit sector in Herefordshire including lack of information and awareness from homeowners, access to funding and finance and an underdeveloped supply chain of retrofit skills.</p>
Cons	<p>Reliance on uptake and interest from homeowners</p> <p>Ongoing revenue costs which may need to be scaled over time in line with market demand from homeowners</p> <p>Success of the project is reliant, to some extent, on financial investment from the able to pay market in retrofit measures.</p> <p>There will be a need for the Council to procure contractors to deliver the capital retrofit works.</p>
Observations	<p>The Council will need to procure service from a supplier to deliver whole home retrofit surveys.</p> <p>There will be a need for the Council to produce a marketing and engagement strategy to promote the role of the Retrofit Hub to Herefordshire residents.</p>
Recommendation	<p>This option is not affordable for the Council to fund</p>

Option 6 – Consortium bid led by Midlands Net Zero Hub to the Home Upgrade Grant 2.

Cost	<p>The consortium includes a Herefordshire specific notional allocation of £7,744,000 which comprises</p> <p>£7,040,000 for capital grants and £704,000 for Admin and Ancillary costs.</p>
Benefits	<p>The HUG 2 scheme aims to raise the energy efficiency of low-income and low EPC rated homes including those living in the worst quality off-gas grid homes, delivering progress towards: reducing fuel poverty, the phasing out of high carbon fossil fuel heating and the UK's commitment to net zero by 2050.</p>
Deliverability	<p>This option seeks to replicate and extend the existing and successful Home Upgrade Grant project which expires in March 2023.</p>
Pros	<p>This project will contribute towards the local and regional strategic priorities, targets and legislation to include: Herefordshire County Plan, Herefordshire Health & Wellbeing Strategy and the Executive response to the Climate emergency.</p> <p>The introduction of eligibility for IMD areas deciles 1-3, it enables us to focus on whole streets rather than ad-hoc properties.</p>

Cons	Reliance on uptake and interest from homeowners. Putting appropriate delivery mechanisms in place in order to realise targets.
Observations	Costs for 'hard to treat properties' may exceed funding cap. The Council will need to procure service from a supplier to deliver whole home retrofit surveys. There will be a need for the Council to procure contractors to deliver the capital retrofit works.
Recommendation	Proceed

Option 7 – Seek external grant funding to deliver domestic retrofit to fuel poor households.

Cost	The option economic costs are estimated at £2,042,210 . The capital cost estimates are based on an assumed housing typology for the purpose of the economic modelling, and it is not yet known which homes would be subject to retrofit interventions, and therefore a high OB adjustment of 24% has been applied to the capital costs.
Benefits	The present value of benefits (PVC) is estimated at £6,645,000 . This includes GVA benefits, energy saving benefits and health and wellbeing benefits. The Benefit Cost Ratio (BCR) is <u>3.3</u> , <u>indicating high value for money</u> . These sensitivity tests provide a high degree of certainty that that the Project will generate significant benefits which will outweigh the costs of the Project.
Deliverability	The option seeks to continue the delivery of domestic retrofit of fuel poor homes through external grant funding, with grant spend in accordance with the conditions of the grant set out by the funder. The Council can play a role in accelerating the decarbonisation of the housing stock which is worst energy performing through targeted grant interventions.
Pros	The option has the potential to achieve all investment objectives. The option is designed to tackle of range of existing market failures within the retrofit sector in Herefordshire including lack of information and awareness from homeowners, access to funding and finance and an underdeveloped supply chain of retrofit skills.
Cons	Reliance on uptake and interest from homeowners.

Reliance on the availability of external grant funding.

The project would be subject to the terms and conditions of the grant funding including funding term which in the past has caused a stop start approach to retrofit which is not helpful to the supply chain or deliverability of the grant funds.

There will be a need for the Council to procure contractors to deliver the capital retrofit works.

Observations

The Council will need to procure service from a supplier to deliver whole home retrofit surveys.

There will be a need for the Council to produce a marketing and engagement strategy to promote the role of the Retrofit Hub to Herefordshire residents.

Recommendation Proceed

3.2.3 The Preferred Option

The preferred option is to proceed with both

- **Option 6** - Consortium bid led by Midlands Net Zero Hub to the Home Upgrade Grant 2
- **Option 7** - Seek external grant funding to deliver domestic retrofit to fuel poor households.

These options were selected as:

- The existing Home Upgrade Grant programme is currently performing, but expires in April 2023.
- There are a wide range of grant funding sources which are aligned with the core objectives of the Herefordshire Retrofit Strategy including a focus on those homes which are worst energy performing (and thus are significant contributors to Herefordshire's carbon emissions baseline) and those which contain households in fuel poverty; and
- This proposal recognises the council is unable to provide corporately supported borrowing for the provision of grants to the level required due to the financial burden this poses upon the Council. As such this proposal recommends that external grant funding is sought to accelerate the delivery of retrofit schemes prioritising fuel poor households within the county with spend of the grant in accordance with the grant conditions set out by the funding body.

4.0 COMMERCIAL CASE

4.1 Required services

The scope of the Project includes the implementation of deep retrofit interventions across the worst energy performing homes within Herefordshire which are experiencing fuel poverty.

The Project will involve the design and installation of retrofit measures across different housing typologies, ages and tenures to deliver energy efficiency savings. These would be determined on a case-by-case basis but would be likely to include one or more of the following measures in combination:

- Wall insulation - including internal, external, cavity wall and party cavity wall insulation measures;
- Loft insulation – including joist and rafter insulation as well as flat roof insulation;
- Floor insulation – concentrated on underfloor insulation; and
- Low carbon heating – including biomass boilers and air / ground source heat pumps.

4.2 Potential/Agreed risk transfer

The allocation and management of risk is central to strong and successful commercial contracts which will need to be undertaken as part of the Project. Herefordshire Council will manage risk carefully by negotiating provisions to transfer or share risk with suppliers of services. The project management team will ensure that effectiveness and value for money of contracted services will only be achieved where risk allocation is equitable and where the party managing the risk (such as retrofit installers and contractors) are the ones most reasonably able to do so.

At this stage of the Project not all risks have not been identified or explored in detail however these will be examined and assessed as part of the development of the procurement strategies and contract approaches for each required service. It is important to note that the contractor for each retrofit project would be expected to prepare a risk assessment once appointed and conduct a detailed investigation on the ground. The risks for the Project will be transferred to the Contractor or service provider procured to undertake the works/service, as they are responsible for ensuring that works are complete and the service is delivered in line with the contract scope. HC risks with regards to this Project are more reputational risks.

Key Project risks which are likely to be transferred to the private sector include:

- Solution / design risks;
- Delivery risks / programme and timescales;
- Inflation and cost of materials;
- Sub-contractor insolvency; and
- Cost risks.

Examples of reasonable steps to mitigate or remove risks or pass these risks on to the appointed contractors will include:

- Setting suitable contingencies in project budgets, based on accurate cost information;
- Early contractor involvement;
- Agreeing fixed price contracts or target cost models;
- Setting fixed delivery and completion periods within contracts;
- Securing performance guarantees and warranties;
- Arrangements (e.g. damages) in the event of any failures to achieve milestones and or compliance matters;
- Effective agreements with subcontractors to ensure that appropriate liabilities are held throughout the delivery chain;
- An agreed contract revision / change process to be in place;
- Effective contract management arrangements;
- A clear change management process; and
- Effective management, monitoring and project progress reporting.

4.3 Proposed/Agreed charging mechanism

The Project would be delivered under as standard grant scheme for eligible households.

4.4 Proposed/Agreed contract lengths

The contract arrangements in place would be aligned with the grant conditions of any external funding secure.

4.5 Proposed/Agreed key contractual clauses

A number of similar contracts have been put in place for grant schemes, key clauses relate to measures/householder delivery, data sharing due to potential vulnerability of residents, install quality, goods/work warranties and after-care.

4.6 Personnel implications (including TUPE)

It is anticipated that TUPE will not apply to this Project.

4.7 Procurement Strategy and implementation timescales

The initial position is that the Project will need to procure services related to both whole home retrofit services as well as contractor services related to the installation of retrofit measures in selected properties.

Herefordshire Council's procurement team would manage the procurement process, and as such under the Local Government Act 1972, procurement will be undertaken in accordance with the Council's Contract Procedure Rules and Procurement Strategy. The Contract Procedure Rules directly reflect the Public Contracts Regulations (2015) and the Council has a Procurement and Commissioning Strategy (2018) which ensures that procurement activities are compliant and aligned with relevant legislation.

The council applies the principles of Transparency, Equal Treatment, Non-Discrimination and Proportionality to all its procurement activities, which are governed according to various contract values. Procurement will follow its Contract Procedure Rules and Strategy.

The implementation timescales have not yet been agreed upon.

5.0 FINANCIAL CASE

The financial costs within this section reflect the capital expenditure related to implementation of approximately 60 homes within financial year 2023/24.

Costs

Capital costs associated with the range of potential housing retrofit interventions are based on cost estimates set out within BEIS guidance¹⁸ and adjusted to 2021 prices, informed by building material statistics price changes.¹⁹ The cost estimates included within the economic model are based on an average cost per dwelling type (terraced, semi-detached, detached etc.) by intervention (roof insulation, cavity wall insulation, solid wall insulation etc.) which is then weighted according to the typical profile of residential dwellings across Herefordshire.

Applying the estimated total cost per home for a deep retrofit approach to those homes which are worst energy performing (EPC E and below) and in fuel poverty provides

¹⁸ BEIS (2017) *What does it cost to retrofit homes? Updating the cost assumptions for BEIS's energy efficiency modelling. April 2017.*

¹⁹ BEIS (2022) *Monthly bulletin of building materials and components – February 2022.*

estimated capital costs for the Project (pilot phase) of **£2.0m** once risk allowances and out-turn prices (inflation) are accounted for.

Funding

It is anticipated that the Project will be funded entirely from external grant funding secured by the Council. We will therefore commit to spend the grant funding in accordance with the grant conditions of the funding body.

Funding Cover for Whole Life Costs

The whole life costs of the Project would be met by the homeowners following completion of the retrofit works. This could include Registered Housing Providers or private homeowners.

The project is not expected to generate any income given the nature of the works involved.

5.1 FUNDING TABLE

The below tables outline the proposed delivery funded by external grant.

Capital cost of HUG2	2023/24	2024/25	2025/26	Future Years	Total
Capital measures funding for project	2,816,000	4,224,000	-	-	7,040,000
Associated revenue costs	281,600	422,400	-	-	704,000
Total Project Cost	3,097,600	4,646,400	-	-	7,744,000

Capital cost of project	2023/24	2024/25	2025/26	Future Years	Total
Retrofit CAPEX (Total Cost excl. quantified risk and optimism bias)	1,586,708	-	-	-	1,586,708
Risk adjusted total cost (excl. optimism bias)	1,745,379	-	-	-	1,745,379
Adjustment to out-turn (inflation)	296,832	-	-	-	296,832
Total Project Cost (out-turn prices)	2,042,210	-	-	-	2,042,210

Funding streams (Indicate revenue or capital funding requirement)	2022/23 (£)	2023/24 (£)	2024/25 (£)	Future Years (£)	Total (£)
HUG2 (grant from the Department for Business Energy Industrial Strategy)	3,097,600	4,646,400	-	-	7,744,000
External Grant (tbc)	2,042,210	-	-	-	2,042,210
TOTAL	5,139,810	4,646,400	-	-	9,786,210

5.2 Impact on the Council's income and expenditure account (revenue account)

Revenue Budget Implications	2022/23	2023/24	2024/25	Future Years	Total
<i>note any impact on revenue budget, good or bad</i>	£000	£000	£000	£000	£000
Retrofit Capital Expenditure	-	-	-	-	-

TOTAL	-	-	-	-	-
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6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

Herefordshire Council will promote, administrate and manage the project. As per current capital Grant and renewables projects the Sustainability & Climate Change Team will work in conjunction with PMO project manager(s) to realise project outputs and objectives via budget and timescale monitoring/management stakeholder engagement and communications. This will be overseen by the Environment and Sustainability Project Board.

6.2 Use of Consultants

At present no use of external consultants has been identified.

6.3 Arrangements for Benefits Realisation

The benefits realisation plan was developed for the project to provide a framework to realise the forecast benefits of the scheme. Furthermore, it outlines the approach to benefits planning, tracking and realisation thought scheme implementation. The benefits plan is outlined below:

Table 1 - Benefits Realisation Plan

Scheme Objectives	Scheme outcomes	Benefits experienced	Who will benefit	Benefit Ownership	Enablers required to realise the benefit
Reduction in Green House Gas (GHG) emissions	Reduction in Greenhouse Gas (GHG) Emissions in Herefordshire	<ul style="list-style-type: none"> • Health and wellbeing • Social value benefits • Improved air quality 	Residents & future residents, businesses, visitors, investors, developers, Herefordshire Council	Herefordshire Council	<ul style="list-style-type: none"> • Facilitation and coordination of retrofit activities • Encourage and support private homeowners through the retrofit process • Reduce the financial barrier of retrofitting • Development of a Retrofit Hub
Reduction in fuel poverty	Reduction in household energy bills	<ul style="list-style-type: none"> • Improved energy security • Increasing local economic impacts through increased income • Associated increased expenditure on consumer goods and services locally 	Residents, businesses, Herefordshire Council	Herefordshire Council	<ul style="list-style-type: none"> • Encourage and support private homeowners through the retrofit process • Capital investment for retrofit of domestic properties • Improve awareness of available interventions and the process of retrofitting • Creating a Retrofit Hub which can serve as a centralised source of information for the delivery of retrofit projects across the County • Utilise emerging innovative funding options • Engage directly with the worst energy performing homes within the county

Improvement in energy performance rating	Improved domestic thermal comfort	<ul style="list-style-type: none"> Improved thermal comfort of homes Increased property values 	Residents, landlords, Herefordshire Council	Herefordshire Council	<ul style="list-style-type: none"> Capital investment for retrofit of domestic properties Creating a Retrofit Hub which can serve as a centralised source of information for the delivery of retrofit projects across the County Utilise emerging innovative funding options Engage directly with the worst energy performing homes within the county
Skills and local employment benefits	Improved supply chain and skills base within Herefordshire for retrofit activity	<ul style="list-style-type: none"> The generation of skilled and semi-skilled jobs within the construction and housing retrofit market The additional Gross Value Added (GVA) productivity Indirect employment-based GVA impacts Increased investment 	Residents, Herefordshire Council, businesses, investor	Herefordshire Council	<ul style="list-style-type: none"> Make technical skills training more responsive to employers' skills needs Improve awareness of future investment opportunities Development of a Retrofit Hub Revenue funding to support accreditation of the existing supply chain

6.4 Arrangements for Ongoing and post project evaluation

It is proposed that Herefordshire Council will review the quality and impact of the Project during the delivery of the retrofit programme. It is expected that the contract provider(s) of the capital retrofit works will provide at least quarterly update reports to measure the performance and success of the project in line with Key Performance Indicators. It is expected that the ongoing monitoring of the project performance would be undertaken by contractors in line with Section 14 of the PAS 2035 guidelines. This would include basic, intermediate and advanced monitoring and evaluation requirements (depending on the need identified within the grant funding conditions).

It is expected that following completion of the project, a full evaluation of the interventions will be undertaken by the Programme Management Office.

6.5 Timeframes

Set out and maintain proposed timeframes as per the table in Project Mandate. This will aid the management of the project and keep it focused and achievable.

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved	w/c 18 th July	
Stage 1 - Outline business case completed	August 2022	
Stage 2 - Full business case completed	March 2023	
Full Council approval	March 2023	
Approval to spend obtained	March 2023	
Stage 3 - Delivery	Q2 2023 – Q4 2033	
Phase 1	Q2 2023 – Q4 2024	
Phase 2	Q1 2025 – Q4 2027	
Phase 3	Q1 2028 – Q4 2033	
Stage 4 – Handover	Q2 2023 – Q4 2033 (ongoing delivery)	
Stage 5 - Project Closure	Q4 2033	

7.0 THE ENVIRONMENTAL CASE

An analysis of environmental considerations around the impacts of the project and potential mitigations has been undertaken as part of the scheme development. The review covers four thematic areas: Nature, Environment, Climate and Sustainability. The results are presented below.

Table 2 – Project Environmental Impacts

Theme	Consideration around project impacts	Direction of impact	Mitigation
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Nature	Impacts on local biodiversity and wildlife near properties during construction, although these are anticipated to be negligible given the nature of the works which will be undertaken.	Negative	Ensure appropriate protection measures are in place as per guidance: Herefordshire Biodiversity Action Plan (HBAP): https://herefordshirewildlifelin k.wordpress.com/biodiversity -action-plan/ and Biodiversity – Supplementary Planning Guidance (2004): https://www.herefordshire.gov.uk/downloads/file/1444/biodiversity-supplementary-planning-guidance .
Environment	Herefordshire has around 6,000 listed buildings. ²⁰ Preservation of Archaeology and Heritage buildings.	Negative	Ensure historic England guidance is followed, where relevant: https://historicengland.org.uk/advice/technical-advice/energy-efficiency-and-historic-buildings/ .
Climate	No considerations identified.	N/A	N/A
Sustainability	Carbon reduction – According to the Herefordshire Council Retrofit Project Feasibility Assessment (2022), deep retrofit intervention would result in around 2,005.5 KgCO ₂ e carbon reduction per property and 3,207.7 kWh per property.	Positive	Enhancing one-stop-shop’ to encourage and support private homeowners through the retrofit process.
	Supply chain sustainability	Positive	The use of domestic producer and suppliers where possible.

8.0 LEGAL IMPLICATIONS

Contractor procurement would be in accordance with the Council’s contract procedure rules and will support the council’s general duty to secure best value set out in s3 of the Local Government Act.

9.0 EQUALITY IMPACT IMPLICATIONS

²⁰ <https://www.herefordshire.gov.uk/conservation-1/listed-historic-buildings/2>

The Project does not represent a change in Council policy, nor does it seek to amend any existing eligibility or statutory entitlements. It is likely that the Project will create benefits for people with protected characteristics by enabling them to make energy savings and address potential fuel poverty issues. The service delivery of the Retrofit Hub will therefore be designed to maximise the ability of protected groups to access the support.

A consideration of the impact on some groups with protected characteristics is considered below, alongside proposed mitigation measures:

Table 3 – Project Equality Impacts

Protected Group Characteristics	Potential Impact	Mitigation
Age	<p>Older people are less likely to have access to the internet and be aware of online marketing campaigns which may be used to promote the project and the services available through the Retrofit Hub.</p> <p>Any requirements of the Retrofit Hub for homeowners to register interest or requests via online forms may also exclude these groups from participating in the Project.</p>	<p>1. Design a marketing and communications plan which specifically identifies how people with protected characteristics will access and find out about the services and support available.</p>
Disabilities	<p>People with learning disabilities may find it challenging to understand the support which is accessible to Herefordshire residents.</p> <p>Those with sight impairment may be unable to access online forms or material if it is not in an accessible format.</p> <p>There is likely to be a beneficial impact on this group as people with disabilities are likely to benefit from the scheme more so than working age people without disabilities, as the Project has a particular focus on people on lower incomes in fuel poverty.</p>	<p>2. Ensure that any website, promotional or administrative material produced by the Retrofit Hub is provided in plain, jargon free English.</p> <p>3. Make any published forms of advice and guidance available in alternative formats on request.</p>
Race and Religion	<p>Herefordshire residents whose first language is not English may not be able to access the material and services provided by the Retrofit Hub and are less likely to be aware of the services which are available. They may also face challenges in completing any forms or registrations of interest.</p>	<p>4. Provide support to interested homeowners if required.</p>

10.0 HEALTH & SAFETY IMPLICATIONS

Health and safety conditions of works will be set out in the terms and conditions of contracts either between the Council/Retrofit Hub partner and contractor.

Works will be specified and implemented in line with PAS2035 standards and will therefore make homes healthier to live in therefore contributing to a variety of positive health outcomes including improved mental and physical health of benefitting residents.

11.0 SOCIAL VALUE IMPLICATIONS

Herefordshire define social value as ‘The positive impact on local people & communities, the local economy, and the environment, that we can create by the way we spend public money to buy goods and services’.²¹

The project is expected to generate social value locally as per the Council's definition. Social value implications have been assessed, and potential social value indicators have been proposed. To deliver the Council's commitment to social value, the Council requires measurable, verifiable social value indicators to support it. A summary of the assessment and proposed monitoring indicators are presented below.

Table 4 – Project Social Value Impacts

Social value theme	Social value implication	Proposed social value metric
	The project will help reduce inequalities and fuel poverty.	Number of residents living in fuel poverty.
Social Benefits	The project will provide targeted training for local people across the wide range of retrofit roles.	Total number of hours of training delivered / Total number of students attending training sessions.
	The Retrofit Hub is expected to host community outreach events.	Total number of community outreach events per annum
	Improved comfort of homes.	Reported home comfort, %
Economy Benefits	The project will strengthen the economic opportunities related to innovation and green economy.	Number of low carbon projects.
	The project will create green local green jobs.	Number of jobs filled by local residents.
	The project can increase local level resident’s disposable income.	Self-reported disposable income, %
Environmental Benefits	The project will reduce Green House Gas (GHG) emissions	Avoided GHG emissions per year
	The project will reduce energy usage	Avoided energy use per year

²¹ <https://www.herefordshire.gov.uk/downloads/file/22768/herefordshire-council-social-value-statement>

[Hereford Transport Hub]

Business Case

Date: [August 2022]

Key Details

Senior Responsible Officer: MA
Author: CO
Project Manager: CO
Service Lead: RC
Agreed Project Type: Major
Programme Board Allocated: Transport & Place making Delivery Board

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	CO

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state “see track changes” in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed Project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Corporate Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	

	Corporate Programme Board	Council Programme oversight
	Cabinet	Corporate fit
	Full Council	Approval (capital programme)
Gateway Review	Director PMO Assurance	Assurance
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>
Gateway Review	Director PMO Assurance	Assurance
4 –Handover & project review	Project Board	Detailed project oversight
	Director	Service Director
	Programme Board	Programme oversight
	Assurance Board	Assurance
	Corporate Programme Board	Council Programme oversight
Gateway Review	Director PMO Assurance	Assurance
5 – Project Closure	Capital Programme Manager/ Head of PMO	Governance
Gateway Review	Director PMO Assurance	Assurance

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

This document has been distributed to

Name	Role	Date of issue	Version
MA	Interim Service Director, Transport & Highways	5 th August 2022	1.0
RC	Corporate Director , Economy & Environment		

1.0 PROJECT DESCRIPTION

1.1 Herefordshire Council wishes to deliver an integrated transport hub at Hereford Railway Station with associated public realm as part of a wider commitment to the regeneration of an area formally known as the Edgar Street Regeneration Grid, and the City Road Link.

1.2 The Hereford Transport Hub is an integrated modern public transport interchange, in the forecourt area of Hereford Railway Station. It will enable passengers to switch easily between different modes of transport (bus, rail, cycle & taxi).

2.0 STRATEGIC CASE

The design is required to merge with other Hereford City Centre Improvement (HCCI) projects as an integrated package of movement and connectivity linking the transport hub with the City Centre.

This project is co-ordinated with other City Link Road activities with the overall aim of removing barriers to public transport, pedestrian, cycle movements, to improve public realm and meet the Council's overall stated ambition of "Greening the City".

2.1 Project aims and objectives

The key objectives of the Transport Hub are to support economic growth, improve accessibility and encourage active travel in line with the adopted policies of Herefordshire Council, the Marches LEP and Central Government. In particular the package of measures will:

- i. Enable the delivery of the Edgar Street Grid (ESG) regeneration area, a major mixed-use development, and support delivery of housing, particularly affordable housing within the city;
- ii. Improve the public realm around the train station and create better walking, cycling and public transport infrastructure thereby better integrating new development with the historic city core;
- iii. Enhance links between the railway station, the city centre and the ESG regeneration area;
- v. Improve access to, and interchange infrastructure at, Hereford railway station; and
- vi. Help address the decline in Hereford's traditional role as a regional economic hub, and meet the national agenda for economic growth.

Encourage transport mode shift away from car use by facilitating travel by public and active travel.

Enable attractive, seamless transfer between different modes of travel.

To welcome visitors to the city establish an attractive location for visitors and commuters.

2.2 Strategic Drivers

2.2.1 National and Regional

Improve accessibility and encourage active travel in line with the adopted policies of Herefordshire Council, the Marches LEP and Central Government.

Contribution towards Resolving Wider Problems:

The Transport Hub has also been developed to help support the delivery of a number of strategic policies and objectives outlined in a range of local and regional (Marches) strategy documents.

These documents include:

- Hereford Local Plan Core Strategy (2011 – 2031), adopted in October 2015; · Herefordshire Local Transport Plan;
- Marches LEP SEP (2014); · Hereford City Centre Air Quality Management Plan (AQMP); and
- Marches LEP Local Transport Body Initial Major Scheme Priorities and associated Growth Deal, signed between the Marches LEP and central government on 16 January 2015.
- The Transport Hub forms part of the medium to long term strategy to accommodate the growth planned for Hereford and wider Herefordshire, and also forms a key part of the.....

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick ✓ below where applicable	Delivery Plan Reference(s)
Community		
Economy		
Environment	✓	Deliver the Hereford Transport Strategy and City Centre Masterplan (supporting objectives EN2 & EN4)

The Transport Hub is to provide a design which meets the aims of the Council as a gateway location for users to Hereford City and meet technical requirements of Network Rail, Transport for Wales, bus companies, and taxi operators in providing a fully integrated hub taking into account health and safety matters, vehicle movements, pedestrian movements, user welfare/safety requirements, urban design, orientation, lighting, reduction of carbon embodiment in the construction process, decarbonisation of the transport network, whole life costings, maintenance public realm improvements and linkages.

Community impact

The Local Transport Plan 2016 – 2031 sets out the council's strategy for supporting economic growth, improving health and wellbeing and reducing the environmental impacts of transport. It also highlights that reducing congestion and emissions and switching to walking and cycling will improve public health, fitness and well-being. By improving public transport infrastructure and providing a more pedestrian and cycle friendly environment; it is intended there will be less congestion and a benefit to wider range of people and groups within the business and resident community. The Transport Hub project contributes to the delivery of significant improvements to the transport network as part of that overall strategy.

The Transport Hub also contributes to the County Plan 2020 – 2024 which outlines the ambitions for the council over the next four years and how they will be delivered. These are:

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

- Environmental Impact - This project will support the delivery of the council's environmental policy commitments and aligns to the following success measures in the County Plan.

2.3 Background and Rationale in Project Mandate

Sub-Optimal Interchange provisions:

The Transport Hub will provide enhanced quality facilities for interchange, including: - Improved pedestrian walk routes;

- New, better quality and higher capacity facilities for bus users and operators (enabling additional bus services to operate via the station); and
- A re-organised traffic circulatory system as part of the Transport Hub, reducing conflict with pedestrians and cyclists.

The CLR has already provided improved vehicular access to the station from the north and the west. In combination these measures will improve access to rail services, particularly by sustainable modes of transport and are integrated with the HCCTP measures to enhance walk and cycle access to/from the city centre

2.4 Scope

Item	Purpose	Notes
Transport Mode interchange	Passengers to switch easily and safely between different modes of transport	Potential for collaboration with technical operators
Refreshments (e.g. roadside access to the station Café)	Make café accessible to all users of the transport Hub outside the revenue protected areas.	In agreement with technical operators.
Covered/weather proof waiting facilities	Offer waiting space to users of all modes of transport	The existing waiting room on the ground floor is small and only accessible only to train passengers.
Toilets	Toilets accessible to all Transport Hub users	Existing facilities only accessible on the train platforms.
Wi-Fi	To enable passenger communication for pick up etc.	Transport for wales (TfW).
Reconfiguration of Station Entrance doors	Widen the single narrow doors into the station building	In agreement with Network Rail. To allow rail passengers and other users of the Transport Hub
Safe & direct pedestrian access.	From station to the city centre.	Step free access , Road Crossings

Cycle parking	Covered facilities to encourage commuter cycle parking and lockers for overnight storage to serve incoming passengers	Increase current capacity/numbers using the train station
Beryl Bikes	(marked public stand-free bike hire)	No physical structures required but under cover desirable
Taxi car parking areas/ranks	Servicing needs in the TH	Capacity to allow for taxi queuing in busy periods
Bus stands and layover / charging.	On market days and for electric vehicles	Street bus stops also required
Short term car parking	For drop off /pick up	Inclusive/disabled car parking required
Bus drivers welfare matters	For lay over on market days	Day stay no likely overnight stay
Enhanced commuter parking facilities on the existing car park		
Review the outhouse in student accommodation	Consider relocation	To remove obstruction to the attractive façade of the Hereford Train Station building
Staff car parking	NR, TfW and other agreed operators	As per current capacity
Landscaped areas around the train station	To enhance sense of place.	Consider sustainable hard & soft options
Drainage		Consider sustainable drainage options
Review junction on City Link road (CLR) road including issues identified in 1st year Evaluation report	Review layout and signalling issues to enhance active travel access	link to interim evaluation report on council website: https://www.herefordshire.gov.uk/downloads/file/21474/hcctp-interim-traffic-flow-evaluation-report-november-2020
Identify associated public realm improvements	Identify potential to include associated measures	
Whole life costing approach	Planned, affordable facility management including maintenance.	To ensure maintenance is sustainable.
Stakeholder Consultation to commence asap in RIBA stage 2	To ensure their buy in throughout	There will be a key reference group initially in the design process.

Methods of construction

to limit on-site construction and decrease maintenance risks, as well as allowing for station operations to continue throughout the bus terminal construction

Modern methods of construction

2.4.1 In Scope

2.4.1 Transport hub elements:

Accessibility, Real Time information, Refreshments (e.g. roadside access to the station Café), Covered waiting facilities, Toilets, Wi-Fi, CCTV, Mode Interchange potential for collaboration, Safe & direct pedestrian access from the city Centre, Cycle parking (short term & lockers), Beryl Bikes (public stand-free bike hire), Taxi ranks, Bus stands and layover / charging, Short term car parking, Bus driver welfare matters and Enhanced commuter parking facilities on the existing car park.

2.4.2 Out of Scope

2.4.2.1 Upgrades to the station car park

2.4.2.2 Refurbishment of the Hereford Train Station Building

2.4.2.3 Traffic modelling & signalling in Station Road Junction

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

To support economic growth, In particular the package of measures will:

- i. Enable the delivery of the Edgar Street Grid (ESG) regeneration area, a major mixed-use development, and support delivery of housing, particularly affordable housing within the city;
- ii. Improve the public realm and create better walking, cycling and public transport infrastructure thereby better integrating new development with the historic city core;
- iii. Enhance links between the railway station, the city centre and the ESG regeneration area;
- v. Improve access to, and interchange infrastructure at, Hereford railway station; and
- vi. Help address the decline in Hereford's traditional role as a regional economic hub, and meet the national agenda for economic growth.

2.5.2 Non-cashable benefits

General: Encourage transport mode shift away from car use by facilitating travel by public and active travel. Encourage interaction and collaboration between transport operators by making travel information options available

Place making: Enable attractive, seamless transfer between different modes of travel. Provide facilities that make public and active travel more attractive.

To welcome visitors to the city establish an attractive location for visitors and commuters. Clearly navigable and facilitate use public transport and active travel modes

2.6 Risks

Risk / opportunity

There is a risk that the objectives of the Transport Hub are not met as a result of the reduced budget available for the transport hub and public realm. This could result in claw back of funding from the LEP.

There is a risk that reaching a consensus on the approach to the transport hub takes more time and design input as a result of diverging stakeholder aspirations.

There is a risk that agreement with Network Rail on the delivery of the transport hub on their element of the site cannot be reached or incurs additional costs.

There is a risk that further land may be required to deliver the aspirations for the transport hub and public realm.

There is a risk that the balance of the payments for land acquired under the CPO process for the CLR will exceed the current allocation for land costs within the budget. This would impact the available budget for the remaining element.

Mitigation

The available budget and the scheme objectives will be utilised to shape the further development of the transport hub and public realm works to ensure that these are met.

The cost estimates for the works will continue to be updated as the design develops to monitor and inform further decisions on project funding.

The design brief will be agreed with members and key stakeholders prior to a consultation exercise by the specialist design team.

Early discussions have been held with Network Rail regarding the scheme and these are to continue such that their requirements can be incorporated into the designs such that agreement can be reached.

Designs to be developed to deliver the remaining elements within the existing land ownership areas.

Should further land be identified as of significant benefit to the schemes following the design development the impact of this on the budget to be assessed and considered in a further decision?

Extended period to reach settlement on plots that have been identified as potentially exceeding budget has been agreed.

Further input from specialist land agents being provided to support the settlement of the remaining claim.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

Not applicable

This project depends on:

The Hereford City Masterplan

2.8 Stakeholders

- Cabinet Members/ Ward Members
- Network Rail
- Bus and coach operators
- Taxi operators
- Hereford City Council
- Hereford BID
- Local businesses / organisations – including Wye Valley Trust, NMITE, HCA etc.
- Local Enterprise Partnership (LEP)
-
-
-

3.0 ECONOMIC CASE

- The scheme is expected to provide a net benefit in terms of journey times to business users in Hereford.
-
- It should be noted that the proposed scheme will also provide benefits to transport providers such as bus, rail and taxi operators, as the scheme improves access to Hereford city centre by bus, and improves connectivity between the city centre, the Transport Hub and the railway station. However these benefits have not been quantified as part of this Economic Case.
-

3.1 Critical success factors

Transport Hub specific objectives:

Provide enhanced interchange facilities for public transport users, through provision of:

- A new integrated facility for bus and taxi operators and users adjacent to Hereford railway station;

- Improved pedestrian walk routes between the railway station and the surrounding road network.
- Improve access to Hereford railway station for all modes including walking and cycling through delivery of the CLR, public realm and transport hub measures outlined above.
- The objectives will be monitored to assess whether the forecast benefits have been realised. An assessment of the objectives and their outputs and outcomes will be undertaken to draw out any discrepancies

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Do Nothing	N	The quality of interchange facilities at the railway station will remain poor with adverse impacts in terms of integration of transport modes and encouraging sustainable access to/from rail services
Option 1 - Island	Y	
Option 2 - DIRO	Y	
Option 3 - Sawtooth	Y	

3.2.2 Short-list of options



Copy of Hereford -
Option Sifting rev03.x

3.2.3 The preferred option

The preferred option is the DIRO (option 2)

4.0 COMMERCIAL CASE

Significant development is underway or planned for the ESG redevelopment area. Development recently constructed includes 310,000 sq. ft. retail and leisure (3.7 hectares total). Additional planned development comprises of 9.7 hectares of housing (800 homes including 35% affordable), 4.7 hectares of Commercial, 4.5 hectares of Retail and Leisure, and 0.8 hectares of Public Realm.

As presented in the SOBC, it is estimated that the full redevelopment (including the elements already constructed and the proposed developments) will generate 1,910 net additional jobs and result in £50.9m Gross Valued Added (GVA) into local economy.

The scheme will unlock the residential development of 800 dwellings and integrate the ESG area with Hereford city centre and railway station. The additional dwellings will provide additional revenue for the council through council tax receipts, of circa £1.0m per year.

4.1 Required services

1. Any bus interchange must be of a high quality with the ability to accommodate the needs of all users, especially those with particular needs and should consider some or all of the following design features:
2. A passenger building/facility, separated from bus movements, which contains high quality waiting facilities.
3. Appropriate enclosure and roof for shelter for passengers;
4. Closed circuit television system to enhance the perception of, and actual, security.
5. A fully accessible interchange layout and information provision, in full accordance with the Equalities Act 2010;
6. A high degree of pedestrian legibility including the consistent use of tactile paving, visitor signage including RTI
7. Accessible raised kerbs at all boarding points, in order to provide near-level boarding to low-floor buses and easier boarding to step-entry vehicles
8. 24 hour pedestrian access routes, demonstrating legible, signed, safe, and efficient pedestrian links to the rest of the city centre and the railway station with careful consideration of pedestrian desire lines;
9. Comprehensive passenger information facilities;
10. Secure cycle parking provision with CCTV coverage. This should be located as close as possible to the main pedestrian entrance to the interchange, be easily accessed from all nearby roads and cycle routes,
11. A drop off / pick up point for taxis and private cars
12. The interchange should provide a well-lit, safe and secure environment, and aim to engender a spacious and open atmosphere, thus creating an attractive, safe environment for bus users;
13. Where possible the interchange should aim to avoid need for pedestrians to cross the busways
14. Where it is necessary for pedestrians to cross busways and/or roads to access the interchange, clear and efficient pedestrian crossing points should be provided, with careful consideration of pedestrian desire lines

4.2 Potential/Agreed risk transfer

The key element of the risk management process is the preparation of a Risk Register which gives an overview of risks facing a scheme at a particular stage of development. The Risk Register lists any identified risks that are likely to impact upon the delivery and operation of the scheme.

The Risk Register for the scheme has been developed through a series of risk workshops.

The risk workshops sought to identify all potential risks under the main classification of: Construction, Design and Appraisal, Funding, Key Stakeholders, Land and Procurement including the possible impact of the identified risk on the final cost of the scheme and/or the timescale for completion. These risks were captured in the Risk Register.

The Risk Register has also identified the way the risk is proposed to be managed including who owns the identified risk and, where possible, to whom the risk is transferred.

The Risk Register sets out the assessment of the impact of each risk, or combination of risks, should they be realised. This quantitative assessment is based on the cost outcomes of the risk, considering both the upper and lower extremes of the possible range, taking into account any reasonable constraints. The assessment uses empirical evidence wherever possible, along with the experience of specialist consultants.

Having identified the risks and assessed the potential range of cost outcomes, the likelihood of occurrence for each of the possible outcomes has been assessed. This was based on experience of past events, taking account of any foreseeable changes or developments.

In line with Green Book [HMT, 2003] guidance, a risk mitigation plan has been identified within the risk register. This details the response to the identified risks and involves a combination of tolerating, treating, transferring or terminating the activity giving rise to the risk.

As the risk register is a live document, it is reviewed regularly in the monthly Transport Hub Project Board meetings, Transport & Place Delivery Board meetings. The aim of this is to review the status of existing risks on an on-going basis as the scheme progresses through the life cycle of the project, to add any new risks that arise and remove any risks that are closed.

Upon appointment of the construction contractor a risk workshop will be held to review the Risk Register and identify any additional risks. The Risk Register will be updated to reflect changes to risk. The maintenance and updating of the Risk Register will form part of the construction contract. It will be a requirement that the Risk Register be reviewed at the monthly site progress meetings and updated as necessary.

4.3 Proposed/Agreed charging mechanism

Not applicable

4.4 Proposed/Agreed contract lengths

Not applicable

4.5 Proposed/Agreed key contractual clause

Not applicable

4.6 Personnel implications (including TUPE)

Not applicable

4.7 Procurement Strategy and implementation timescales

The contractor procurement will be through an open competitive procurement process in line with the council's Contract Procedure Rules.

Soft market testing /early engagement will be via Procontract and an initial virtual group engagement session inviting all interested organisations and then on a 1:1 basis with any provider that expresses an interest.

We will also get a slot on the council's general market engagement event in October 2022.

Procurement Options

Two open competitive procurement options (traditional & Design and build) were considered with the traditional route providing more control over quality in design and construction. **General contracting** is

the traditional procurement method by which the contractor agrees to build the design that is provided by the employer. The contractor only has responsibility for construction and not for design.

In line with the councils policy of an open competitive tender process and for time considerations existing frameworks will be the recommended route.

5.0 FINANCIAL CASE

S. no.	Scope of Works Description	Total Costs	Breakdown		
			Main Site	Maximum intervention Station Building	Link Road Access
1	Facilitating Works	£82,180.00	£82,180.00	0	0
2	Building Works	£5,028,580.00	£3,406,580.00	£1,222,500.00	£399,500.00
3	Main Contractor's Preliminaries (20%)	£1,022,152.00	£697,752.00	£244,500.00	£79,900.00
4	Main Contractor's Overheads & Profit (7.5%)	£459,968.00	£313,988.00	£110,025.00	£35,955.00
5	Other Development/Project Costs (10%) RIBA 4 & 5 onwards	£659,289.00	£450,051.00	£157,703.00	£51,535.00
6	*Council related Costs (5% of 1-5 above)	£362,608.45	£90,010.00	£31,540.50	£10,307.10
7	Risk (20%)	£1,450,435.00	£990,111.00	£346,945.00	£113,379.00
8	Inflation 2 QTR 22 TO 4QTR 2023 (5.3%)	£460,583.00	£314,408.00	£110,172.00	£36,003.00
9	TOTAL COST ESTIMATE	£9,295,044.60	£6,345,080.00	£2,223,385.50	£726,579.10
	Less Existing funding (approx.)	£3,500,000.00			
10	Balance funds required	£6,025,795.45			

5.1 INSERT FUNDING TABLE

Capital cost of project	2023/24	2024/25	2025/26	Future Years	Total
	£000	£000	£000	£000	£000
£6.025m	£2.828m	£3.5m			
Project Management Fees (est. 10% project value)	included above	included above			
TOTAL	£2.828m	£3.5m			

Funding streams (Indicate revenue or capital funding requirement)	2023/24	2024/25	2025/26	Future Years	Total

	£000	£000	£000	£000	£000
<i>Dependent on LUF grant or other alternative grant</i>	£2.828m	£3.5m			
TOTAL	£2.828m	£3.5m			

5.2 Impact on the Council's income and expenditure account (revenue account)

Revenue budget implications	2022/23	2023/24	2024/25	Future Years	Total
<i>note any impact on revenue budget, good or bad</i>	£000	£000	£000	£000	£000
TOTAL					

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

A Senior Responsible Officer leads the delivery of the project including commissioning technical Consultants to progress the specific transport measures, project management oversight with the support of Project Managers from the corporate project management office and dedicated project management resource.

Senior Responsible Officer – MA

Senior Project Manager – CO

Senior Project Manager - LB

Programme Co-ordinator Capital – SO

Governance:

- Transport Hub Project Board which meets monthly.
- Transport & Place Delivery Board which meets every other month

6.2 Use of Consultants

The multi- disciplinary Consultancy team is made up of:

- Architects and Master planners : **Weston Williamson + Partners**,
- Engineers **ARUP**,
- Conversation Specialists **Alan Baxter's** and
- Quantity Surveyors **Gleeds**.
- **Planning Consultants ARUP**

WW+P are Lead consultant for the design, planning and stakeholder engagement of the Transport Hub project covering the following aspects:

- Urban Design expertise with regard to public places around transport interchanges
- Conservation Architecture
- Landscape Architecture
- Mechanical & Electrical Engineering design services
- Civil/Structural Engineering
- Project Management
- Planning Consultancy
- Building Information Modelling (BIM)
- Commercial Management
- Cost Consultancy/Quantity Surveying
- Sustainability and Carbon Modelling
- Public Transport Expertise-rail/bus, cycling and walking
- Data and movement flow modelling
- Health and safety
- Secure by design
- Social and economic value

6.3 Arrangements for benefits realisation

Benefits Realisation Strategy

- The Transport Hub will primarily provide benefits by enabling the
 - Delivery of the Edgar Street Grid (ESG) area regeneration programme. The Transport Hub and the delivery of associated road infrastructure are required to enable the full development of associated brownfield sites that are currently undevelopable due to access issues.
- Significant development is underway or planned for the ESG redevelopment area.

- Development recently constructed includes 310,000 sq. ft. retail and leisure (3.7 Hectares total). Additional planned development comprises of 9.7 hectares of housing (800 homes including 35% affordable), 4.7 hectares of Commercial, 4.5 hectares of Retail and Leisure, and 0.8 hectares of Public Realm. As presented in the SOBC, it is estimated that the full redevelopment (including the elements already constructed and the proposed developments) will generate 1,910 net additional jobs and result in £50.9m Gross Valued Added (GVA) into local economy. Of the 800 additional dwellings, 550 are forecast to be dependent upon the delivery of the HCCTP.
- The Economic Case, (over 60 years and subject to discounting), the social value of housing and the external impact of housing development is estimated to be around £147.4m. This exceeds the transport-related dis-benefits (total £ £65.4 million) by around £82.0 million. This shows the economic impact of the scheme dependent new housing is more than sufficient to compensate for the transport dis-benefits associated with the new development.

6.4 Arrangements for post project evaluation

Successful project completion will constitute the completion of the construction of the Transport Hub linked to associated public realm improvements within time and on budget to the required quality.

The following elements will be the key measures of success of the project:

- Value for money
- Innovation.
- Operators, principals, stakeholders, and public acceptability of preferred design.
- Future proofing and Carbon Baseline/Modelling

6.5 Timeframes

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved	<i>Insert Date</i>	
Stage 1 - Outline business case completed	<i>Insert Date</i>	
Stage 2 - Full business case completed	<i>Insert Date:</i> <i>5th August 2022</i>	
Full Council approval	<i>Insert Date:</i> <i>October 2022</i>	
Approval to spend obtained	<i>Insert Date</i> <i>September 2022</i>	
Stage 3 - Delivery	<i>Insert Date</i> October 2022	
Stage 4 – Handover	<i>Insert Date</i> <i>30th November 2023</i>	

Stage 5 - Project Closure	<i>Insert Date</i>	
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7.0 THE ENVIRONMENTAL CASE

The Council wishes to refine its transport strategy to better reflect its key transport outcomes being to:

- Reduce congestion and delay and provide access to development;
- Reduce emissions of CO2 through behaviour change and provide facilities for sustainable transport including public transport;
- And Improve health outcomes by reducing accidents and noise and by encouraging physical activity.

8.0 LEGAL IMPLICATIONS

Grant funding was secured in 2015 under the Marches LEP grant funding scheme to secure some of the package objectives and targets following submission of a business case. Those agreed objectives will need to be achieved to ensure that the funding agreement terms are not breached.

There are no legal problems with doing what is proposed as the recommendation is in accordance with, and progression of the cabinet member decisions in 2017, 2021 and 2022, subject to budgetary changes.

9.0 EQUALITY IMPACT IMPLICATIONS

It is considered that there is no negative impacts on the Protected Characteristics identified in the Equality Act 2010 as part of this project however it is noted that changes in the public realm have the potential to have a high impact including the potential for negative impacts on those with protected characteristics.

It will be essential that the needs of users are reflected in the design process as the remaining elements of the scheme develops. Further Equality Impact Assessments (EqIA) will be carried out during their development process to understand potential positive and negative impacts the scheme may have on each of the nine protected characteristics and on any other vulnerable groups.

Considerable consultation will be undertaken during the development of the Transport Hub as a part of the statutory planning process as well as part of the wider community engagement process. Further public consultation will be undertaken as the transport hub design is developed.

When redesigning the public realm in our city and town centres we are committed to working with user groups to ensure the design improves access for all. Through careful design of layouts, materials and the use of measures such as tactile paving we can help make it easier to move around and access shops and services.

Structured workshops are holding with key stakeholders and representatives of key user groups which will stimulate a focused and collaborative environment allowing the design team to refine the design to achieve a design solution that optimises the benefits all within the remit of the schemes.

To ensure that consultation is accessible to all, easy read material, online platforms and any other materials or assistance considered appropriate will be produced and made available

10.0 HEALTH & SAFETY IMPLICATIONS

This project will be carried out under CDM Regulations and the principal contractor will provide onsite supervision and manage all risk based elements.

11.0 SOCIAL VALUE IMPLICATIONS

The main strategic Transport Hub objectives comprises of its ability to:

- Improve access to the Hereford City centre and the ESG area thereby unlocking development land, supporting housing growth, enabling regeneration and supporting economic growth;
- Provide improved facilities for active travel, including public transport, that improve health outcomes by encouraging physical activity and that reduce the extent of car dominance in Hereford city centre;
- Reduce emissions of carbon dioxide, through behaviour change and providing facilities for active travel including public transport.



Herefordshire Big Economic Plan

Meeting: Cabinet

Meeting date: Thursday 26 January 2023

Report by: Cabinet member environment and economy;

Classification

Open

Decision type

Key

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

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

Wards affected

(All Wards);

Purpose

To approve the Herefordshire Big Economic Plan and accompanying initial five year delivery plan 2023 to 2028. To explore the principle of developing a place-focused partnership board, to lead the implementation of the Big Economic Plan and other associated key strategies, embedding a cross county partnership approach to achieving the county's opportunities, and seek the public and private investment required to achieve our ambitions.

Recommendation(s)

That:

- a) **To approve the Herefordshire Big Economic Plan, and initial five year delivery plan 2023 to 2028;**
- b) **To agree to the principle of creating a place-focused partnership board, with proposals to be developed for cabinet's consideration; and**

- c) **To delegate to the Corporate Director Economy and Environment authority to agree minor typographical and presentational amendments prior to formal publication of the plan, subject to consultation with the Cabinet Member for Economy and Environment.**

Alternative options

1. To not approve the Herefordshire Big Economic Plan. The county faces some significant long term economic challenges, which won't be addressed without a clear vision and strategy, and collaborative approach to achieving change and realising the county's fantastic opportunities

Key considerations

2. Herefordshire faces some significant long term economic challenges. Between 2015 and 2020 the county's Gross Value Added declined by 4.4% compared to 2.2% nationally¹, the number of jobs available in the county grew by 2.5% between 2016 and 2021 compared to 4.4% nationally², 21.7% working age residents have NVQ3 (18.2% nationally) and 39% qualified to degree level or above (43.1% nationally), workplace earnings almost £5,000 lower (£26,769) than the national average (£31,480)³, and we have an aging population with 25% of residents aged over 65.
3. We also have fantastic opportunities as a county, with excellent quality of life and environment, strengths in further and higher education including one of the first new universities to be established in the country in decades (New Model Institute in Technology and Engineering), a thriving Enterprise Zone, and strengths in areas such as defence, food and drink, tourism and cyber security. We are also well placed to benefit from new opportunities in the green economy, and changing lifestyle choices as people choose to seek an enhanced quality of life whilst working remotely.
4. The Herefordshire Big Economic Plan (appendix A) has been developed with and by partners through extensive engagement and consultation, overseen by the Herefordshire Sustainable Growth Strategy Board, to establish a shared long term 2050 vision for the county. The strategy identifies the place we collectively want Herefordshire to aspire to be, to address our economic challenges, and to realise our great opportunities. The Big Economic Plan will be supported by 5 yearly action plans, detailing the activities public, private and community partners will lead to deliver the strategy. The draft first five year plan can be found in appendix B. This decision seeks cabinet's approval of the Big Economic Plan and draft five year delivery plan. It should be noted that it is intended that the proposed Herefordshire Economy and Place Board (please see below and recommendation b) will finalise the delivery plan, identify initial priorities, lead partners and seek to secure the required public and private resources.
5. The 2050 vision identified in the strategy is;

'In 2050 Herefordshire is a vibrant, healthy, zero carbon, and inclusive place to live, work, study and visit at all stages of life. Our rural communities, market towns and university city are thriving with high quality employment, housing and services. A high technology, higher value and creative economy has enabled living standards to rise. We have protected our rich natural environment'.
6. The vision above and ways of working below reflect a strong local consensus around the importance of looking across all aspects of our economy, building on the Six Capitals approach. Six Capitals is a robust and well-established approach developed by Benjamin







¹ ONS GVA (2015-20);

² ONS Business Register and Employment Survey (BRES) (2016-21)

³ ONS [Nomis - Official Census and Labour Market Statistics \(nomisweb.co.uk\)](https://www.nomisweb.co.uk)

Mitra-Kahn and Diane Coyle, of the Bennett Institute, Cambridge. It was designed post-2008 financial crisis as a response to measuring wealth that goes beyond GVA or GDP focused models. It reflects the strong evidence that overly focusing on these narrow definitions of economic output has failed to reverse social, health and spatial inequalities and does not encourage an approach to resource use that is consistent with tackling a wide range of environmental pressures.

7. This model looks at the economy through six elements: Physical, Natural, Human, Knowledge, Social and institutional, and Financial Capital. The Six Capitals approach is also utilised in the government’s Levelling Up white paper published in 2022. We have built on and adapted this approach to reflect the Herefordshire context. This approach is used as the framework to structure the vision, priorities and actions in our Big Economic Plan.

<p>People </p> <p>A great place to grow up and to grow old, with a growing, highly skilled, population, attracting young people and families who move here and stay. A thriving university city and strong offer across our colleges and training organisations.</p>	<p>Community & Partnerships </p> <p>Strong and inclusive communities in our towns, villages and rural areas, with flourishing high streets and services. Herefordshire people working effectively together to take opportunities and solve social and environmental challenges.</p>	<p>Environment & Climate Change </p> <p>A zero carbon and nature rich county, with a leading reputation for local energy solutions, enhanced natural landscapes, clean rivers and improved biodiversity.</p>
<p>Enterprise </p> <p>Innovative businesses, increasing value and productivity, including in cyber and technology, creative industries, tourism, construction, agriculture and food, engineering and health and care. Resilient local supply chains, with a circular, sustainable economy.</p>	<p>Infrastructure </p> <p>More reliable and resilient road, rail, active travel and public transport infrastructure. Rapid EV transition. High quality, energy efficient housing, with local construction suppliers and supply chains. Super-fast mobile and broadband coverage and stronger energy networks.</p>	<p>Investment </p> <p>Increased public investment in infrastructure alongside growing inward and business investment, throughout the county.</p>

8. Through the development of the Big Economic Plan partners have identified that we have to work together to bring expertise, resources and advocacy to deliver the vision and actions in the plan. The following 5 changes have been identified that will underpin Herefordshire’s way of working:

- i. ***We will take a proactive and purposeful approach to land use planning, including employment land, housing and natural capital, with an implementation plan that sits alongside the local plan and is delivered through partnerships with developers and investors – including plans for our market towns and Hereford, being clear about where growth will happen and considering how best to protect biodiversity and our environment.***
- ii. ***We will commit to growing and retaining value locally - developing services and solutions with local voluntary, community and social enterprise organisations and networks, and local businesses. We will also create a clear statement or charter setting out our expectations of investors, businesses, landowners, and others, in terms of job quality, local***

procurement and environmental improvements, bringing benefits for staff retention, local supply chains and carbon reduction.

- iii. ***We will establish a new Herefordshire Economy and Place Board*** – as a strategic public and private partnership with shared responsibility to drive delivery of major elements of our 2050 vision and Big Economic Plan, including maximising government investment and reviewing priorities and progress. We will put in place appropriate delivery mechanisms for individual major projects and developments.
 - iv. ***We will support local businesses to scale and grow, including those solving the challenges of low carbon transition and environmental and social renewal*** – supporting our existing county-based businesses as well as encouraging entrepreneurship and new enterprises.
 - v. ***We will develop and deliver a new approach to inward investment and place marketing*** – promoting our sectoral strengths and assets into a range of new markets. This will include a new inward investment offer to attract external private sector investment, for example through help and support around finding sites, place marketing, skills and education, workforce development and strengthening local supply chains.
9. As per iii the possible creation of a Herefordshire Economy and Place Board, forming a long term public, private and community partnership to drive forward the strategy, and seek the required investment, has been identified as an early priority. This is reflected in recommendation (b). Once formed the Board will finalise and oversee implementation of the delivery plan.
10. The Big Economic Plan is one of four key strategies currently being developed for the county, alongside the Community and Wellbeing Strategy, Local Plan review and the Hereford City Centre Masterplan. The Plan has been developed in co-ordination with and integrated with the other key strategies, to ensure an aligned and added value approach to delivering the cross cutting outcomes the county critically needs, and to realise our outstanding opportunities.

Community impact

- 11. The focus of the Big Economic Plan is to create a sustainable future for thriving communities in the county, establishing higher value jobs and careers, enhancing quality of life, protecting our environment and raising living standards for all. Community and partnerships is one of the six capitals and a key focus of the strategy.
- 12. The strategy states that *Herefordshire in 2050 will have empowered and resilient communities that are inclusive, well connected and engaged in decision making, creating balanced and thriving places. A core part of this is a thriving voluntary, community and social enterprise sector with the capacity and resources to support the co-design and delivery of critical services, and to create and retain value in the local economy through local supply chains and employment. Partners across the public, private and third sectors will have formed established ways of working to deliver our shared vision and priorities through transformational and meaningful action, drawing on our collective resources and levers.*
- 13. The Big Economic Plan is fully aligned to and will directly contribute to meeting the vision of the County Plan 2020 to 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'. The economy is one of three pillars of the County Plan which states we will 'Support an economy which builds on the county's strengths and resources'.

14. The Big Economic Plan will deliver the following actions in the council's delivery plan;
 - a) Develop the 2050 Economic Big Plan (supporting objective EC1)
 - b) Deliver improvements in the infrastructure and public realm (supporting objective CO0)
 - c) Develop & implement Market Town Economic Development Investment (supporting objectives EC2 & EC5)
 - d) Support economic opportunity through business support (supporting objectives EC2 & EC6)
 - e) Work with partners to increase the Skills and Workforce in the county (supporting objective EC3)
 - f) Support Tourism and Cultural Sector in the county (supporting objective EC5)

Environmental Impact

15. The Big Economic Plan states that *'Herefordshire in 2050 will be a leader in net zero, sustainable, rural living. Our businesses will be integral to this shift and transition. We will have transformed our land management and farming practices to support sustainable food production and the restoration of natural and environmental systems. Development and growth will be sympathetic to enhancing our natural landscapes for instance by not allowing building on flood plains. Our rivers and streams will have high levels of water quality'.*
16. The environment is a key focus and priority throughout the strategy, recognising our natural environment and quality of life as a critical strength that must be recognised and protected. The strategy also recognises the significant long term new market opportunities in the green economy, and the need to ensure the county is well placed to benefit.

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 development of the strategy has included consultation and engagement with a broad spectrum of residents and partners, both one to one interviews, workshops and online surveys.

A key focus of the vision and the strategy is to improve living standards for all, through creating a thriving and sustainable local economy.

19. As each action in the delivery plan is brought forward, Equality Impact Assessments will be undertaken to ensure any resulting services and activities are open and accessible to all.

Resource implications

20. The Big Economic Plan and Delivery Plan are partnership documents, identifying respective organisational leads. There are no new direct resource implications to the council in approving the Big Economic Plan and Delivery Plan. Where the delivery plan identifies the council as a lead, this is in relation to either seeking future investment (public or private), or through the alignment and implementation of other existing programmes which are subject to separate governance decisions such as the UK Shared Prosperity Fund.
21. To realise the full ambitions set out in the Big Economic Plan and delivery plan the county will need to secure significant long term public and private investment. A key role of the proposed partnership board (with the council as one of the members) will be to seek to secure the investment the county needs.

Legal implications

22. No specific property implications as economic plan.

Risk management

<p>Risk / opportunity Partners and stakeholders do not recognise and support the implementation of the Big Economic Plan.</p>	<p>Mitigation The plan has been developed through extensive consultation and overseen by the Herefordshire Sustainable Growth Strategy Board, to ensure partner contribution and agreement.</p>
<p>The Big Economic Plan is not delivered.</p>	<p>An early priority identified in the strategy is to explore the development of a place focussed partnership board, to oversee the implementation of the strategy and aligning other policies and resources.</p>
<p>Economic circumstances and priorities change over the next 28 years, in setting a 2050 vision now.</p>	<p>It is recognised that economic circumstances will change, and the Big Economic Plan will be a 'live' document which will be reviewed and changed as needed. The aim is to set a long term direction and partnership that we can collectively work towards. The five year delivery plans will provide an opportunity to respond to changing national and local circumstances.</p>

Consultees

23. The Herefordshire Sustainable Growth Strategy Board has overseen the development of the strategy, led by highly experienced consultants Metro Dynamics. In developing the strategy they have engaged over 100 businesses, interviewed all significant local partnerships boards and groups, and held an online survey.
24. An all member briefing was held in November 2022 and political group consultation in early January 2023. The political group consultation supported the development of the Big Economic Plan, and commented on the need to ensure that in setting a long term direction we needed to be mindful and adapt to changing economic conditions. We need to ensure continued engagement with local businesses, ensure implementation considers the market towns and wider rural Hereford.

Appendices

Appendix 1 – Herefordshire Big Economic Plan
Appendix 2 – Delivery Plan 2023 to 2028

Background papers

None

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 20/12/2022
Finance	Louise Devlin	Date 19/12/2022
Legal	Faron Wong	Date 06/01/2023
Communications	Luenne Featherstone	Date 19/12/2022
Equality Duty	Harriot Yellin	Date 06/01/2023
Procurement	Lee Robertson	Date 20/12/2022
Risk	Kevin Lloyd	Date 04/01/2023
Approved by	Ross Cook	Date 10/01/2023



Herefordshire Big Economic Plan

January 2023

This is the final draft of the Herefordshire Big Economic Plan for January Cabinet.

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Foreword

[TBC]

DRAFT

Executive Summary

Herefordshire aims to be an exemplar 21st century rural county. The talent of our people will drive both economic success and positive environmental and social change. In doing so Herefordshire will create new opportunities for local people and businesses and good jobs, whilst protecting our quality of life, natural environment and contributing to solving national and global challenges. This plan sets out our long-term vision and the outcomes we want to achieve, together with the actions we are going to take over the next 5 years.

Herefordshire is a distinctive mix of modern and historic, with strong rural communities, flourishing market towns and a unique city. Our businesses are outward looking, supplying global markets and with important supply chain connections to Wales, the West Midlands, Bristol, Cardiff, Worcestershire, and Manchester. This is a healthy place to live and work, with a very high quality of life, attracting people who want access to those major cities and clusters, whilst also enjoying our natural environment and wide range of accessible sporting and outdoor opportunities.

Our economy is a distinctive mix of the very new and long established. We have talented people and businesses, including in cyber and technology, culture and creative industries, arts and heritage, construction, agriculture and food production, and manufacturing and engineering. Our visitor economy is high value and growing fast, reflecting our offer of arts, culture and food alongside the natural environment and high-quality places to stay. Many of our firms are leading the way in environmental technologies that are key to the UK's low carbon transition.

The global and national economy is in a period of deep uncertainty and inflationary pressure, which has already reduced living standards locally and held back investment and growth. At the same time, our local environment and the wider climate are under great pressure.

Our Big Economic Plan sets out what we intend to do to support economic growth to improve wages and opportunities for all our residents, whilst also reducing carbon use, tackling river pollution, increasing the sustainability of our supply chains and making it easier for businesses to improve productivity and grow. The actions set out in this plan are designed to support the opportunities and tackle the challenges ahead, drawing on the evidence and input from a wide range of partners.

We will work together to secure funding and deliver the stronger and more resilient transport, digital and energy infrastructure that we need to transition to a low carbon, greener and more successful economy. Action on connectivity is also vital to enable existing residents and businesses to access new skills and opportunities and to attract

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new people to live and work in the county. We also need to invest in improving the energy efficiency of our existing housing and buildings, as well as pioneering modern methods in construction. Local firms, landowners and the Council will work together to deliver the right mix of housing needed for our existing and future population, alongside the types of employment land needed in all parts of the county.

We want to maximise the potential and contribution of all residents to the local economy and community groups. We have a rapidly ageing population and recruitment is an issue in all sectors. We will put in place new support to help young people understand and access the opportunities that exist in Herefordshire. We have an excellent and growing education offer, including NMITE, our new University. We will support older people to remain healthy and economically active, including through reskilling. We will also work together to design and deliver services differently, using technology and the skills of our voluntary, community and social enterprise organisations alongside local businesses, to meet the needs and opportunities of an older, dispersed population.

These actions will help tackle the constraints on productivity and business growth which in turn mean that wages here are often lower than they could be. There is a strong link between income, health and wellbeing and too many of our residents struggle to afford a decent standard of living and housing. Whilst many of these challenges are national and global in scale, we cannot rely on markets and national Government action to solve them locally.

Our aim is not economic growth for its own sake, or the pursuit of increased Gross Value Added (GVA) or Gross Domestic Product (GDP) as a crude measure of increasing output at the expense of our environment and communities. This plan sets out a balanced set of measures that we will use to track progress, including wage levels and differentials, public transport connectivity, carbon emissions and skills levels. This strategy starts to show how we can use the levers we have locally to create a more inclusive distribution of opportunities and wealth, empowering people and enabling them to benefit as we work together to create a more sustainable economy, for the long term.

We will also work with our neighbouring counties and regions on shared business and funding opportunities. We will monitor Government policy on devolution and local economic growth and explore opportunities for additional investment and powers if they arise, but this plan focusses rightly on what we can do ourselves.







Partners in Herefordshire are committed to working together, focussing on what we can do locally and how we use our collective agency, resources and levers. We know that a clear and collective plan and agreed direction will enable us to achieve more with our existing resources. Our Big Economic Plan sets out our collective vision for Herefordshire, the outcomes we are seeking and the actions to be delivered over the next 5-years.

2050 Vision

In 2050 Herefordshire is a vibrant, healthy, zero carbon, and inclusive place to live, work, study and visit at all stages of life. Our rural communities, market towns and

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university city are thriving with high quality employment, housing and services. A high technology, higher value and creative economy has enabled living standards to rise. We have protected our rich natural environment.

<p>People </p> <p>A great place to grow up and to grow old, with a growing, highly skilled, population, attracting young people and families who move here and stay. A thriving university city and strong offer across our colleges and training organisations.</p>	<p>Community & Partnerships </p> <p>Strong and inclusive communities in our towns, villages and rural areas, with flourishing high streets and services. Herefordshire people working effectively together to take opportunities and solve social and environmental challenges.</p>	<p>Environment & Climate Change </p> <p>A zero carbon and nature rich county, with a leading reputation for local energy solutions, enhanced natural landscapes, clean rivers and improved biodiversity.</p>
<p>Enterprise </p> <p>Innovative businesses, increasing value and productivity, including in cyber and technology, culture and creative industries, tourism, construction, agriculture and food production, manufacturing and engineering, and health and care. Resilient local supply chains, with a circular, sustainable economy.</p>	<p>Infrastructure </p> <p>More reliable and resilient road, rail, active travel and public transport infrastructure. Rapid EV transition. High quality, energy efficient housing, with local construction suppliers and supply chains. Super-fast mobile and broadband coverage and stronger energy networks..</p>	<p>Investment </p> <p>Increased investment in infrastructure alongside growing inward and business investment, throughout the county.</p>

Working together for Herefordshire

Partners are clear that we need to work together to use all our shared expertise, resources and advocacy to deliver the vision and actions in this plan. We have agreed 5 changes that will underpin Herefordshire’s way of working:

- **We will take a proactive and purposeful approach to land use planning, including employment land, housing and natural capital, with an implementation plan that sits alongside the Local Plan and is delivered through partnerships with developers and investors** – including plans for our market towns and Hereford, being clear about where growth will happen and considering how best to protect biodiversity and our environment.
- **We will commit to growing and retaining value locally** - developing services and solutions with local voluntary, community and social enterprise organisations and networks, and local businesses. We will also **create a clear statement or charter setting out our expectations of investors, businesses, landowners, and others**, in terms of job quality, local procurement and environmental improvements, bringing benefits for staff retention, local supply chains and carbon reduction.
- **We will establish a new Herefordshire Economy and Place Board** – as a strategic public and private partnership with shared responsibility to drive delivery of major elements of our 2050 vision and Big Economic Plan, including maximising Government investment and reviewing priorities and progress. We will put in place appropriate delivery mechanisms for individual major projects and developments.
- **We will support local businesses to scale and grow, including those solving the challenges of low carbon transition and environmental and social renewal** –

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supporting our existing county-based businesses as well as encouraging entrepreneurship and new enterprises.

- . **We will develop and deliver a new approach to inward investment and place marketing** – promoting our sectoral strengths and assets into a range of new markets. This will include a new inward investment offer to attract external private sector Investment, for example through help and support around finding sites, place marketing, skills and education, workforce development and strengthening local supply chains.

Delivery and monitoring progress

We have developed a detailed Delivery Plan for the actions we have agreed for the first five years. This is a living document that will evolve over time as funding opportunities emerge. Overall progress and priority actions will be overseen by our new Economy and Place Board. We will monitor and measure progress using metrics that reflect our vision and outcomes.

Introduction

Our Economic Plan has been developed by a Steering Group of businesses and business groups, voluntary, community and social enterprise sector groups, Herefordshire Council, further and higher education institutions, and others.

The vision, outcomes and actions have been informed by an extensive economic evidence base and interviews and workshops involving over 100 different people from community groups, young people's groups, businesses, arts organisations, investors, the NHS and elected councillors.

From the outset, partners were clear that they wanted a vision for Herefordshire's economy that went beyond economic growth for its own sake or increasing output at the expense of our environment and communities. They were also clear about needing a new way of working through public and private partnership to deliver transformational change for the county.

A Six Capitals approach

Our vision and the outcomes we are aiming to achieve reflect this strong local consensus about the importance of working across all aspects of our economy. Our work has been informed by the Six Capitals approach, a robust and well-established approach developed by Diane Coyle and Benjamin Mitra-Kahn of the Bennett Institute, Cambridge. It was designed post-2008 financial crisis as a response to measuring wealth that goes beyond GVA or GDP focused models. It reflects the strong evidence that overly focussing on these narrow definitions of economic output has failed to reverse social, health and spatial inequalities and does not encourage an approach to resource use that is consistent with tackling a wide range of environmental pressures.

This model looks at the economy through six elements: Physical, Natural, Human, Knowledge, Social and institutional, and Financial Capital. We have built on and adapted this approach to reflect the Herefordshire context. This approach is used as the framework to structure the vision, outcomes and actions in our Economic Plan.

Herefordshire

today

Herefordshire is a £3.6bn economy, with 187,100 residents, over 10,600 businesses and 90,000 jobs¹. Hereford is a unique cathedral city, with a new university. We have distinctive and growing market towns and beautiful rural areas. Our high quality of life, culture and heritage, natural environment and strong communities make Herefordshire a great place to live, visit, study and work. Many more people are choosing to live here and work remotely for some or part of the time.

This section summarises the evidence and the challenges and opportunities ahead for the different parts of our economy.

People

Herefordshire has a strong and growing educational and skills ecosystem and offer, including Herefordshire and Ludlow College, Hereford Sixth Form, Hereford College of Arts, the Royal National College for the Blind, Herefordshire and Worcestershire Group Training Association and NMITE. Developing our education and learning offer at all levels, including schools, Higher and Further Education, is essential to attract more people to live and work in the county. NMITE is core to increasing skills and opportunities in engineering and related disciplines, underpinning investment in the sector. The county performs well for mid-level and technical qualifications, and we have distinct specialisms linked to our rural heritage, for instance the National School of Blacksmithing at Hereford and Ludlow College.

¹ ONS GVA Chained Volume Measures in 2019 money value (2015-20); ONS Population Estimates (2016-21); ONS Business Counts (2017-22); ONS Business Register and Employment Survey (BRES) (2016-21)

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20.8% qualified to NVQ3 (16.8% nationally); 39% to NVQ4+ (43% nationally)

Sources: ONS Annual Population Survey (APS) (2021)

Fewer working age residents have higher-level qualifications and in a tight labour market with an older and ageing population, businesses find it difficult to recruit, particularly higher skilled staff. We need to ensure that the Local Skills Improvement Plan delivers what is needed for Herefordshire, with high quality HE and FE provision that is working directly with local firms. NMITE, the College of the Arts and Hereford College provide the core of our opportunity to further align skills and training provision with business needs. At the same time helping local people access and see the opportunities that are available, supporting upskilling, multiskilling and re-skilling, as well as the development of work ready and soft skills. It is important also that we create skills and employment opportunities accessible for those who care currently at risk of missing out, for instance for residents with Special Educational Needs, disabilities and caring responsibilities.

Herefordshire is a great place to live, work and age healthily, but like many other rural places with an older and ageing population in dispersed rural communities we face higher and increasing demands on health and care, which will require doing things differently. We will support good health outcomes for residents across their lives, including supporting older residents to be economically, physically and culturally active, including through investing in easy to access facilities, services and housing.

Despite there being overall higher than average levels of healthy life expectancy (64.2 years for men compared to 63.1 years in England and 66.3 years for women compared to 63.9 years in England), there are inequalities across the county with men born in the most deprived areas living 5.4 years less than those in the least deprived areas (4.0 years for women) ². There are 11 neighbourhoods in the most deprived 25% nationally in Herefordshire, many in the south of Hereford, Leominster and Ross-on-Wye.



Annual workplace earnings of £26,769 almost £5,000 lower than national average



GVA per hour of £25.40 vs £32.30 regionally and £37.80 nationally

Sources: ONS Annual Survey of Hours and Earnings (ASHE) (2021); ONS GVA (2020)

Our economy is less productive and wages are lower here than other parts of the country. The evidence is clear that there is a strong link between income, health and wellbeing, with residents on low wages increasingly likely to struggle to afford a decent standard of living and housing³.

² ONS (2018-20) Health state life expectancies

³ Institute of Health Equity (2010) [Fair Society, Healthy Lives \(The Marmot Review\)](#)

Community and Partnerships

Herefordshire has strong and resilient communities with 88% of residents reporting that they feel they belong to the local area, 89% believing their local area is a place where people of different backgrounds get on well together, and 82% feeling that the community supported each other during Covid-19 and the flooding⁴.

Herefordshire has a network of 137 democratically elected parish Councils, five town councils and one city council⁵. There is a thriving voluntary, community and social enterprise sector with over 2,300 organisations, reaching almost 109,000 residents and making an annual social and economic contribution of £355m to the county's economy⁶. Talk Community connect residents to services, groups, events and information to help them stay well, support their wellbeing and independence, and build friendships, through a network of 68 hubs across the county⁷.

Our large health and care sector has 11,000 jobs⁸. We can build on existing innovative approaches to community engagement, such as through Talk Community, and develop new, more collaborative approaches to health and care commissioning and service design, especially for our older residents. Diversifying supply chains offers an opportunity to help further grow capacity in the voluntary, community and social enterprise sector, where over 40% of organisations offer health, social care and wellbeing services⁹, supporting further growth and retention of wealth in the local economy. There are also opportunities for innovation in health and care using new technologies.

It is important that we utilise people's skills at all ages, but there are opportunities to draw on the experience and knowledge of our older residents to support the local economy by maximising volunteering opportunities and providing support and advice to business and voluntary, community and social enterprise organisations. Our older and retired residents are a major asset, contributing to our economy by supporting local businesses, their expenditure on local goods and services, and volunteering with arts, culture and community organisations. There are growth opportunities for businesses catering for older people across all sectors. local economy.

We need to raise the quality and standards of existing jobs, for instance in our high employing sectors such as health and care, retail and hospitality. As major anchor institutions, Herefordshire Council and Wye Valley NHS Trust employ over 4,350

⁴ Talk Community (2021) [Community Wellbeing Survey](#)

⁵ Herefordshire Council [About parish councils](#)

⁶ Talk Community (2021) [The state of the Voluntary, Community and Social Enterprise Sector in Herefordshire 2021](#)

⁷ <https://www.talkcommunitydirectory.org/hubs>

⁸ ONS Business Register and Employment Survey (2020)

⁹ Talk Community (2021) [The state of the Voluntary, Community and Social Enterprise Sector in Herefordshire 2021](#)

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people¹⁰, and play an important role in supporting positive health outcomes and reducing health inequalities through the provision of good quality employment opportunities.

Environment and Climate Change

Securing the long-term future of our natural assets is vital if we are to improve biodiversity and tackle the climate and environmental crisis we face. Our environment is a core part of our offer to visitors, new residents and businesses. In 2019 we declared a Climate Emergency and have set an ambition to reach zero carbon from our current and higher than average territorial carbon footprint of 1,998kt¹¹. We have developed a detailed Climate and Nature Action Plan to reach zero carbon, focusing on reducing carbon emissions in housing and buildings, transport, food consumption, land use and farming, and waste management. Phosphate levels in our rivers have posed a particular challenge, causing significant biodiversity loss, water quality problems and, in the case of the River Lugg, a moratorium on planning approvals that is holding back investment and the development of housing and employment land.



95% land area is rural; over half of residents living in rural areas



9% designated for nature conservation



2 AONBs and 8 designated Local Nature Reserves (256Ha)



Moratorium across River Lugg catchment; Phosphate limits exceeded at 31 points in River Wye catchment

Sources: Herefordshire JSNA (2021); Natural Resources Wales, Environment Agency & Natural England (2021)

We have the talent, skills and businesses locally to solve these challenges and to do so in a way that will create both good jobs and long term environmental and habitat improvements. We are working together to understand and develop solutions, making a contribution locally, nationally and internationally.

But we need to go further and faster, integrating action on climate action into all decisions. It is important that all sectors and businesses take real action to reach net zero. Our Greener Footprints communications and engagement campaign is inspiring and mobilising organisations across Herefordshire to be part of a county-wide ‘movement of positive action’ on a significant scale to tackle climate change and protect our rich nature and wildlife.

¹⁰ Herefordshire Council employed 1,357 people in December 2021 – [Herefordshire Council \(Jan-Dec 2021\) Equality in Employment](#). Wye Valley NHS Trust has a workforce of around 3,000 – [About Wye Valley NHS Trust](#).

¹¹ Herefordshire County Council (2022) [Herefordshire’s Carbon Footprint](#)

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The transition to a lower carbon economy is a major opportunity for Herefordshire, with huge potential to grow our strengths in, for example, low carbon agriculture and sustainable construction. We are at the forefront of innovation in local energy networks, addressing grid and energy constraints that are barriers to business growth and delivery of housing and employment sites.

Enterprise

Herefordshire is a good place to set up and run a business, with high survival rates (46.2% of businesses are in business after five years compared to 39.5% nationally)¹². Most successful businesses in the county are home grown and we have a strong base of micro businesses and SMEs, making up 99.7% of the business base¹³. There are many more sole traders and micro enterprises that are not captured through conventional data sources¹⁴.



4 in 10 most specialised sectors in agriculture, food and drink

Sources: Herefordshire Council Intelligence Unit (2022); Visit Britain (2019)



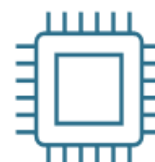
Day visits contribute £99m to the local economy

arts and cultural scene, and outdoor pursuits, are part of a growing visitor offer in the county and our towns.

We have strengths in niche, high-end manufacturing and engineering, linked to agriculture and food production, but also in defence, medical, motorsports and environmental technologies. NMITE, the new engineering university, will support innovation and supply skilled engineers to our local business base, supporting further business investment and improved



11,000 jobs in manufacturing



Cyber Valley is home to 15% UK's top 600 cyber companies

Sources: ONS Business Register and Employment Survey (2020) & Cyber Quarter - Midlands Centre for Cyber Security

¹² ONS Business Demography (2021)

¹³ ONS Business Counts (2021)

¹⁴ As they are not VAT and/or PAYE registered.

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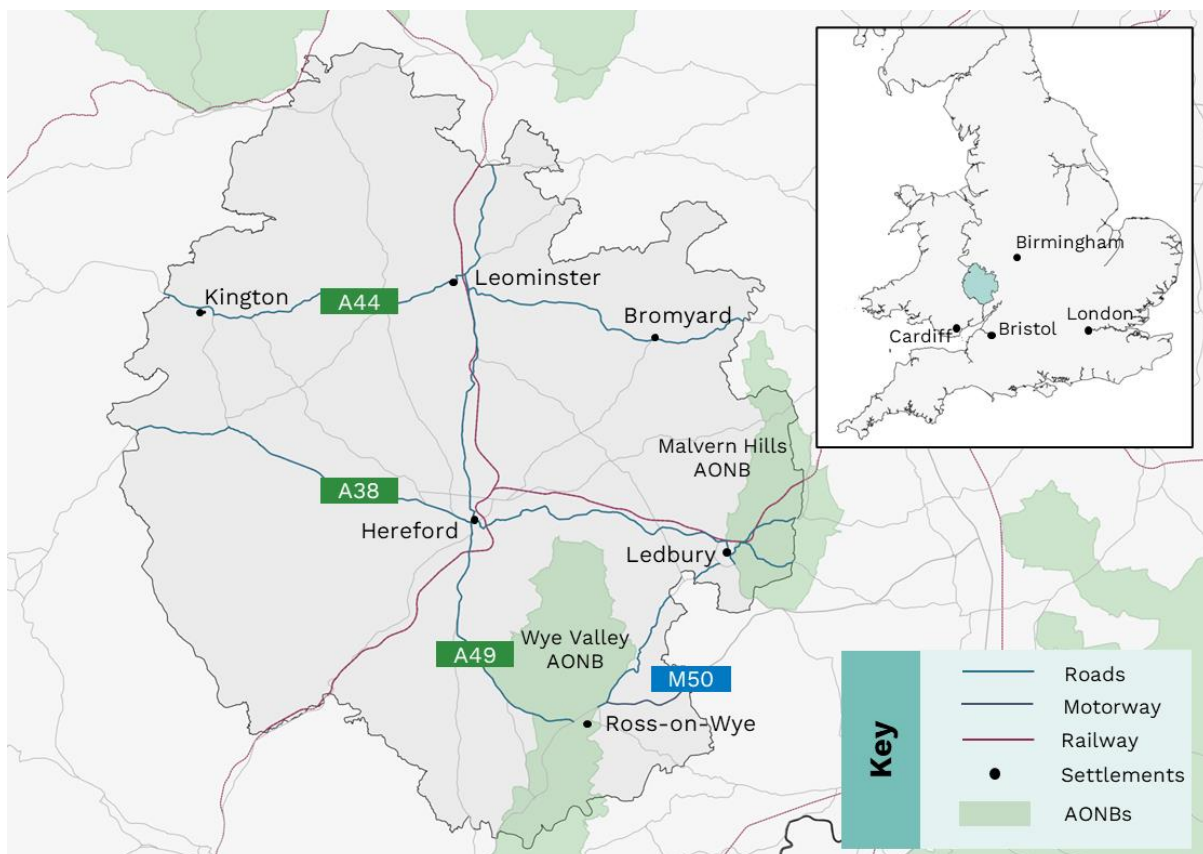
productivity. There are firms working in green tech, including insulation and domestic energy.

Herefordshire is part of Cyber Valley, a strategic defence, security and technology arc running from GCHQ to Qinetiq to Hereford. In the south of the county, we have a cluster of cyber and technology businesses and Cyber Quarter at Skylon Park, linked to an established and internationally recognised defence and security sector.

Herefordshire is nearly equidistant to Birmingham, Cardiff and Bristol, three large and fast-growing centres of film, creative content and TV production, and many firms in the county are working as part of wider clusters and networks in these cities. Our relationship to Birmingham and the West Midlands brings opportunities to strengthen supply chains, attract Investment and develop partnerships with regional higher education institutions.

Infrastructure

Herefordshire is an important part of the UK, our labour markets and businesses have strong connections with Powys, South Wales, West Midlands, Malvern and Worcestershire, and Manchester. Major road and rail connections support these links and the transit of goods through Herefordshire to and from other markets.



There are major challenges around the resilience and reliability of our transport system. Long journey times for road freight, with major bottlenecks around Hereford, can lead to increased costs for businesses and discourages investment. This is largely caused by reliance on short car journeys around Hereford and the constraints of the city's location on the river. This in turn creates localised air quality problems and

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constrains the economic health of the city centre. We also have direct, but relatively slow rail links to major cities and low public transport provision locally. These infrastructure challenges make it harder for people, especially younger and older residents, to access training, work, leisure and services. They are a significant contributor to lower business productivity, competitiveness and growth.

We have good full fibre coverage for a rural county, with 50% of premises having full fibre availability compared to 42% nationally¹⁵. We have made good progress through the Fastershire Broadband Project to bring superfast broadband to homes and businesses, with this speed broadband available to 90.7% of premises. This is still below the national average (97%) and 50% of premises have access to Gigabit speeds, compared to 70% nationally. Overall broadband and mobile connectivity could be enhanced to support our businesses to thrive and innovate and facilitate remote and hybrid working.

Business development and growth is also held back by constraints around grid and energy capacity. Across the Marches, there is a significantly constrained electrical grid in terms of both generation and supply, which can lead to challenges around connecting new developments and energy generation assets, and the rural nature of the county means that some areas are not connected to gas, leading to widespread use of high carbon and high-cost fuels¹⁶.

Through the engagement to underpin the development of this plan, many businesses have also highlighted the need for available, developable employment land and sites with a mix of start-up and grow on space. Businesses are committed to Herefordshire but long-term success will require investment in employment space, building on the success of Skylon Park Enterprise Zone.

Herefordshire has challenges around the affordability of housing with house prices almost 10 times as high as workplace-based earnings¹⁷. This is driven by low wages rather than higher than average house prices. It is important that we provide affordable homes to rent and buy, but also that we ensure that we have the right mix of housing for local people and to attract professionals and families.

Investment

We have seen recent investment in Hereford through NMITE, £22.4m from the government's Towns Fund and the Enterprise Zone at Skylon Park, as well as recent growth in Ledbury and Leominster. These investments are already having an impact on local people and supply chains and bring opportunities for further renewal and investment. We have the opportunity to get more out of both public expenditure and

¹⁵ Connected Nations (2022)

¹⁶ The Marches LEP (2021) [Marches LEP Energy Strategy](#)

¹⁷ ONS (2022) House price to workplace-based earnings ratio

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private capital, in particular through building on the links between our growing HE offer and local businesses. We will increase the amount of money that stays in Herefordshire by developing strong, local supply chains and using commissioning and procurement.

Targeted effort will be needed to increase inward investment. Herefordshire, Worcestershire and Warwickshire currently account for £19.5bn (1%) of the UK's inward Foreign Direct Investment¹⁸. We need to create the conditions to support our businesses to invest, stay and grow in the county, and provide support to increase our success rate with attracting innovation funding.

Distinctive market towns and a unique city

Our city and market towns are centres to live, work, visit and invest in. They have distinctive strengths, opportunities, assets and challenges.

Hereford City

Hereford is a cathedral city, located on the scenic River Wye at the heart of the county. With 64,000 residents, it is the main service centre, with a hospital, higher education institutions and a range of shopping and leisure facilities, such as Church Street and Old Market. It has an opportunity to establish itself as a green and pioneering university city, built around the long term strategic growth of NMITE, the College of Arts and their links to higher value sectors. We will take a strategic approach to the university, businesses and land, including through implementing the Hereford Masterplan. Building on its strong cultural and heritage assets, including the Cathedral and The Courtyard, Hereford will have a vibrant historic core and new high-quality housing and employment space in the city centre, alongside a renewed retail, leisure and culture offer. It will address challenges around congestion and poor connectivity within Hereford and to other places in the county through transport improvements and modal shift. The delivery of successful employment zones, including Skylon Park and other priority sites, will support business growth and innovation.

Bromyard

Bromyard is a small market town of 4,700 residents in the north east of the county. Known as the 'town of festivals', Bromyard hosts Bromyard Folk Festival, Bromyard Speed Festival, Bromyard Gala and Nozstock. The town is an emerging foodie destination with a traditional high street of independent shops and eateries, selling local produce. Sitting on a hilltop, Bromyard has good access to walking and cycling routes in the surrounding countryside. Bromyard has potential to bring these assets together to develop its tourism offer. There is also the potential to create jobs in the

¹⁸ ONS (2022) Foreign direct investment, experimental UK subnational estimates

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town's manufacturing and engineering sector with a focus on green technology by increasing the availability of employment space. Bromyard has good accessibility to South Wales, Birmingham and the Midlands, but travel within the town will benefit from improved green transport connection links and active travel.

Kington

Kington is the smallest of the market towns with a population of 3,300. It is a gateway into Wales, located on the crossroads of the A49 and A44, 2 miles from the Welsh border. Kington is a key service centre for its rural hinterland and is an attractive visitor destination with historic buildings, art galleries, independent shops, cafes and delis, and access to walking routes, including the Black and White Villages Trail and Offa's Dyke Path. Travel to and from the town is mainly reliant on private car with some limited bus services, but no rail connections to other parts of the county. There is potential to promote Kington as a walking destination with a strong food and drink offer and crafts sector through promotional activities and high street enhancements.

Ledbury

Ledbury is a thriving market town in the eastern part of the county, bordered by the Malvern Hills Area of Outstanding Natural Beauty. The railway station has services to Hereford, Malvern, Worcester, Birmingham and London. It has a population of 10,000 and is a service centre for the surrounding rural areas. The town centre has many independent shops and eateries, as well as an extensive Conservation Area with many historic heritage assets, including listed buildings. Enhanced visitor infrastructure and greater promotion will enable Ledbury to grow its tourism offer and increase the number of visitors staying overnight. There is a thriving light industrial base with companies including Amcor, Heineken and Bevisol based in the town. Expanding the technology corridor from the Midlands via Malvern and increasing provision of employment space has the potential to diversify the local economy, support the growth of local manufacturing and engineering firms and attract high-tech and innovative businesses to the town.

Leominster

Leominster has a population of 12,400 and is the service centre for many parishes in the north of the county. The town centre, known for its medieval, Tudor and Georgian architecture and antique shops, has recently been identified as a Heritage Action Zone. There is access to castles, historic houses, gardens, and the Black and White Villages Trail. Like other towns in the county, there is potential to increase value in the visitor economy and grow the number of people staying overnight. The town has good digital connectivity and is strategically located on the crossroads of the A49 and A44 with good road access to Wales, as well as Hereford, Shrewsbury, Cardiff and Manchester via train. There is a strong manufacturing and engineering sector and industrial skills base, and high demand for employment space for start-ups and growing companies, in addition to the existing large industrial estates.

Ross-on-Wye







Ross-on-Wye is an important gateway town in the south of the county, with good road links via the A40 to Gloucester and Abergavenny and M50 to Birmingham and the

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Midlands, and a population of over 11,000. The town is home to independent shops and historic buildings, including Market House and The Prospect, and is located in the Wye Valley Area of Outstanding Natural Beauty, in close proximity to the River Wye. There is an opportunity to increase the availability of employment land through the development of the Enterprise Park.

2050 Vision

In 2050 Herefordshire is a vibrant, healthy, zero carbon, and inclusive place to live, work, study and visit at all stages of life. Our rural communities, market towns and university city are thriving with high quality employment, housing and services. A high technology, higher value and creative economy has enabled living standards to rise. We have protected our rich natural environment.

<p>People </p> <p>A great place to grow up and to grow old, with a growing, highly skilled, population, attracting young people and families who move here and stay. A thriving university city and strong offer across our colleges and training organisations.</p>	<p>Community & Partnerships </p> <p>Strong and inclusive communities in our towns, villages and rural areas, with flourishing high streets and services. Herefordshire people working effectively together to take opportunities and solve social and environmental challenges.</p>	<p>Environment & Climate Change </p> <p>A zero carbon and nature rich county, with a leading reputation for local energy solutions, enhanced natural landscapes, clean rivers and improved biodiversity.</p>
<p>Enterprise </p> <p>Innovative businesses, increasing value and productivity, including in cyber and technology, culture and creative industries, tourism, construction, agriculture and food production, manufacturing and engineering, and health and care. Resilient local supply chains, with a circular, sustainable economy.</p>	<p>Infrastructure </p> <p>More reliable and resilient road, rail, active travel and public transport infrastructure. Rapid EV transition. High quality, energy efficient housing, with local construction suppliers and supply chains. Super-fast mobile and broadband coverage and stronger energy networks..</p>	<p>Investment </p> <p>Increased investment in infrastructure alongside growing inward and business investment, throughout the county.</p>

The following sections set out more detailed outcomes for each of the six elements of our economy, based on the evidence set out above and delivered through the actions we are going to take over the next five years.

People

A great place to grow up and to grow old, with a growing, highly skilled, population, attracting young people and families who move here and stay. A thriving university city and strong offer across our colleges and training organisations.

Herefordshire in 2050 will give children the best start in life. They will be safe and healthy, growing up with the confidence and skills to reach their full potential. Our educational and training organisations will nurture home grown talent and will attract young people to learn in the county. Hereford will be a thriving university city, where NMITE is integrated within the fabric of the city and core to higher value business growth, creating opportunities for students and the wider community and residents.

Our residents will be equipped with the skills that local businesses need and will enable them to access opportunities, progress and earn more, if they choose to. We will have a sustainable and resilient workforce, creating the wealth needed locally to maintain our high quality of life and good services.

The county will be an attractive place for young people, professionals and families to move to with access to education and training, quality housing (set out in detail in Infrastructure), competitively paid job opportunities, high-quality services, and an arts, heritage, food and drink, and leisure scene. Overall wage levels will have risen in real terms, with more people working in high quality and higher skilled jobs.

Older people living here will age healthily and be economically active for as long as they want to be, with Herefordshire making the most of their talents and experience and with reskilling opportunities easily accessible.

Our outcomes and 5-year actions

The table below sets out the outcomes we will achieve, linked to the evidence, and delivered through a set of 5-year actions.

Outcome	Actions
<p>All residents have access to training and development at all stages of their working life in skills that will enable them to access opportunities locally, with a specific focus on green economy, low carbon transition, digital and technology skills</p>	<ul style="list-style-type: none"> • Explore the development of a Skills Brokerage Programme, targeted at micros and SMEs, to help businesses identify and solve their skills needs • Prioritise training courses which respond to local skills demand by working with education and training providers • Form career and development pathways in tourism, construction, and manufacturing and engineering by encouraging SMEs, education

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	<p>and training providers and NMITE to work together</p> <ul style="list-style-type: none"> • Develop training in higher level technical skills, including in manufacturing and engineering, and digital • Promote our higher education offer through a co-ordinated campaign between providers • Ensure the development and delivery of the Local Skills Improvement Plan
<p>Young people are empowered to shape a future for themselves in the county through a wider range of employment and training opportunities</p>	<ul style="list-style-type: none"> • Explore the development of a Youth Enterprise programme, providing tailored support to young entrepreneurs, such as micro loans and hotdesking space • Deliver a Careers in Cyber and Technology programme, developing a talent pipeline of young people into entry level cyber and technology careers • Explore the development of a Young Person’s Entitlement or Passport, enabling young people to build their identity and cultural confidence by linking them to opportunities in the county • Run inspirational career development events for 16-24 year olds, building on the Rural Media creative industry sector events
<p>More young families and highly qualified professionals are attracted to live and stay in the county</p>	<ul style="list-style-type: none"> • Develop messages and a campaign to attract families and young people to relocate to the county, highlighting high quality schools, services and improvements to infrastructure
<p>Residents across all ages, particularly for children and young people and our older residents, have good physical and mental health and wellbeing</p>	<ul style="list-style-type: none"> • Build a positive environment for children and young people, making Herefordshire a child-friendly county • Explore the development of healthy workplace standards for employers • Encourage residents to be active, getting outdoors, volunteering and using active travel • Establish joint work between local employers to enable older people to remain in the workplace through adoption of health and wellbeing support and more inclusive and flexible employment practices • Work with local business representative groups and the voluntary, community and social enterprise sector to develop a

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	<p>programme for older professionals who may have taken early retirement to advise SMEs and organisations</p> <ul style="list-style-type: none">• Explore the potential to become an Age-friendly Community, adapting structures and services to meet people’s needs as they age• Work closely with Herefordshire’s Health and Wellbeing Board to support delivery of the Health and Wellbeing Strategy
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Community and Partnerships

Strong and inclusive communities in our towns, villages and rural areas, with flourishing high streets and services. Herefordshire people working effectively together to take opportunities and solve social and environmental challenges.

Herefordshire in 2050 will have empowered and resilient communities that are inclusive, well connected and engaged in decision making, creating balanced and thriving places. A core part of this is a dynamic voluntary, community and social enterprise sector with the capacity and resources to support the codesign and delivery of critical services, and to create and retain value in the local economy through local supply chains and employment. Partners across the public, private and third sectors will have formed established ways of working to deliver our shared vision and outcomes through transformational and meaningful action, drawing on our collective resources and levers.

Our outcomes and 5-year actions

The table below sets out the outcomes we will achieve, linked to the evidence, and delivered through a set of 5-year actions.

Outcome	Actions
Businesses, anchor institutions and voluntary, community and social enterprise organisations are working together to deliver this vision for our communities	<ul style="list-style-type: none"> • Establish a Herefordshire Economy and Place Board with a clear remit to oversee delivery of our vision and Economic Plan
Local voluntary, community and social enterprise sector networks and capacity has grown and strengthened, with increased involvement in service design and delivery	<ul style="list-style-type: none"> • Develop a new Commissioning and Procurement Framework, building on the Council’s Social Value Policy, to support the diversification of supply chains and service delivery, focusing on health and care • Strengthen the relationships between anchor institutions and the voluntary, community and social enterprise sector to codesign solutions and codevelop services

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	<ul style="list-style-type: none"> Invest in capacity building and infrastructure support for local civil society and community groups, drawing on UKSPF and RPF investment
Quality of work has improved, especially in lower paid roles	<ul style="list-style-type: none"> Collaborate as a group of anchor institutions to commit to a set of shared employment practices around diverse and inclusive recruitment, wages and conditions, training and development, and health and wellbeing, and promote this through a county-wide campaign Encourage people to develop and progress their careers in social care through the growth and recognition of this as a profession
Local firms have access to strengthened peer to peer support and business networks	<ul style="list-style-type: none"> Develop a Herefordshire business directory, supporting local supply chains and invest in increased peer to peer networks and events

Environment and Climate Change

A zero carbon and nature rich county, with a leading reputation for local energy solutions, enhanced natural landscapes, clean rivers and improved biodiversity.

Herefordshire in 2050 will be a leader in net zero, sustainable, rural living. Our businesses will be integral to this shift and transition. We will have transformed our land management and farming practices to support sustainable food production and the restoration of natural and environmental systems. Development and growth will be sympathetic to enhancing our natural landscapes for instance by not allowing building on flood plains. Our rivers and streams will have high levels of water quality.

Our outcomes and 5-year actions

The table below sets out the outcomes we will achieve, linked to the evidence, and delivered through a set of 5-year actions.

Outcome	Actions
The phosphate pollution crisis in our rivers has been resolved and the moratorium on planning has been removed	<ul style="list-style-type: none"> • Explore public and private sector solutions to protecting and restoring the biodiversity and health of the River Lugg and River Wye • Continue to invest in developing and restoring wetlands to reduce pollution and support biodiversity
Sustainable and low carbon energy, and improved energy efficiency has primed our transition to a zero carbon economy	<ul style="list-style-type: none"> • Deliver the Herefordshire Zero Carbon and Nature Rich county-wide action plan • Support businesses to transition to low carbon through a programme of targeted support
Herefordshire is a leading place in innovative approaches to land management and use to improve biodiversity, soil quality, energy use and efficiency, including in agriculture and food production	<ul style="list-style-type: none"> • Work with agricultural communities and farmers to pilot small scale land-based businesses and restore some land as a net carbon sink, whilst still retaining productive land for farming

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<p>The county has driven transformational change as a national leader in modern, low carbon agriculture and food production</p>	<ul style="list-style-type: none"> • Build on recent investments at Holme Lacy Campus to establish a Low Carbon Technology Centre, alongside provision of training in low carbon agriculture • Deliver the Marches Regional Food Hub, connecting local food producers to public bodies
<p>Our nature, environment and habitats are protected, restored and enhanced</p>	<ul style="list-style-type: none"> • Explore establishing a Shires National Park, delivering a park-wide strategy for the recovery of nature and improvement to habitat focused on the Wye and Severn

Enterprise

Innovative businesses, increasing value and productivity, including in cyber and technology, culture and creative industries, tourism, construction, agriculture and food production, manufacturing and engineering, and health and care. Resilient local supply chains, with a circular, sustainable economy.

Herefordshire in 2050 will be known as a good place to start and grow a business, both for people within and outside of the county, with access to sites, infrastructure, support services and networks. We will be at the forefront of green and technological growth, building on our distinctive strengths, assets and supply chains. We have an opportunity to join up activity and build networks across our business strengths and assets.

Herefordshire businesses will work together to pioneer new, innovative approaches to construction, local energy generation and storage, farming and environmental stewardship, manufacturing and engineering, and cyber and technology, overcoming and solving our major social and environmental challenges. The actions in relation to phosphate levels in our rivers in Environment and Climate Change will be crucial to boosting business confidence and investment. We will have a thriving arts and heritage sector, which combined with the natural beauty of the county, will be at the heart of our thriving places and high streets, attracting and retaining young people, professionals and families. Access to employment space, transport and digital infrastructure, and energy are crucial to the growth of businesses but are set out in more detail in Infrastructure.

Our outcomes and 5-year actions

The table below sets out the outcomes we will achieve, linked to the evidence, and delivered through a set of 5-year actions.

Outcome	Actions
<p>Our cyber and technology, culture and creative industries, construction, food production, and manufacturing and engineering clusters have developed and grown</p>	<ul style="list-style-type: none"> • Maximise the opportunities for applying research and enabling innovation within our local businesses from the NMITE Centre for Advanced Timber Technology and Centre for Automated Manufacturing • Grow our cyber and technology specialisms by maximising the impact of the Midlands Centre for Cyber Security through our collaboration with the University of Wolverhampton

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	<ul style="list-style-type: none"> • Consider location support and incentives, including additional Enterprise Zones / extension • Invest in activity to develop networks and connect assets across our business strengths • Develop collaboration and career pathways between the Hereford College of Arts Digital Skills Centre and Hereford’s Digital Culture Hub and local businesses
<p>Herefordshire is further strengthened as an arts and heritage destination, celebrating our artisanal rural skills and crafts</p>	<ul style="list-style-type: none"> • Deliver the £18m Hereford Museum and Art Gallery • Create a cultural quarter in Hereford, bringing together our cultural assets, the Cathedral and museums, together with public realm improvements • Enable our cultural, historical and heritage institutions and activities to thrive • Develop and expand the county’s programme of festivals through a new strategy • Support the Herefordshire Cultural Partnership and other collaborative groups in bid development for investment • Strengthen collaboration and networking between commercial, public and cultural businesses, building on Business and Culture Working Together
<p>A dynamic and year-round tourism offer supports our place branding and inward investment strengths</p>	<ul style="list-style-type: none"> • Promote the county through a place marketing strategy, building on our strong visitor economy offer and the work of the Hereford Business Improvement District (BID) and Herefordshire County BID • Develop a cohesive tourism offer across our city, network of towns, villages and rural areas, building on our Market Town Investment Plans
<p>Enterprise and entrepreneurship levels have increased, particularly for those who otherwise miss out</p>	<ul style="list-style-type: none"> • Deliver a meanwhile use scheme, connecting entrepreneurs and social enterprises with vacant units • Establish a start-up programme and private sector led incubation space, potentially drawing on UKSPF investment and building on the success of the Shell Store

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<p>Our existing businesses have grown and scaled</p>	<ul style="list-style-type: none"> • Ensure our business support programmes prioritise investment in workforce development / skills, tech, financial planning, project / product design, bid writing, business models, leadership and management, including for sole traders and freelancers • Establish a scale up programme to support businesses to grow in the county, in light of forthcoming UKSPF investment
<p>More established commercial and research strengths, including in health and care, particularly for our rural communities</p>	<ul style="list-style-type: none"> • Continue to develop links with major regional universities and bodies such as the Applied Research Collaborations (ARCs) and Academic Health Science Networks (AHSN) around health improvement • Work with the health and care sector to develop, invest in and deliver digital health solutions and skills to service our rural and older communities

Infrastructure

More reliable and resilient road, rail, active travel and public transport infrastructure. Rapid EV transition. High quality, energy efficient housing, with local construction suppliers and supply chains. Super-fast mobile and broadband coverage and stronger energy networks.

Herefordshire in 2050 will be better connected and more accessible, underpinned by a new link road and river crossing in Hereford. Alongside high levels of EV usage and good charging infrastructure, there will be improved public transport from and between our rural areas and market towns to education, training and businesses with widespread use of electric buses. Cycle greenways will also enable more active travel for residents and tourists. Transport hubs in Hereford and our market towns will enable secure cycle storage, electric vehicle and bike recharging, and bus and train transfer.

All existing housing and employment space will have been retrofitted to be at EPC level C or above, and all new domestic and commercial buildings will be built to the highest energy efficiency standards. Our residents and businesses will be connected digitally through high-quality, reliable networks. The county will generate 1.5 times the electricity demand with a significant proportion owned by shares from local communities with locally generated energy sold directly to local houses and businesses with the additional grid capacity needed. High streets in Hereford and our market towns will be thriving centres with a diverse residential, employment, leisure, retail and public service offer.

Our outcomes and 5-year actions

The table below sets out the outcomes we will achieve, linked to the evidence, and delivered through a set of 5-year actions.

Outcome	Actions
Time reliability, network resilience and capacity has improved within and into the county, and in particular, access in and out of Hereford	<ul style="list-style-type: none"> • Deliver the integrated modern public transport interchange at Hereford Station, supporting modal shift • Progress the eastern link road and river crossing • Develop the case for investment in a new Hereford Parkway Station at Rotherwas
A shift to a more sustainable transport network through local	<ul style="list-style-type: none"> • Rollout EV charging points across the county • Enable modal shift by delivering current active travel programmes

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<p>active travel, improved public transport and faster EV rollout</p>	<ul style="list-style-type: none"> • Deliver Hereford ‘City Zipper’, connecting the city’s transport, cultural, retail and hospitality hubs • Explore the case for reopening Pontrilas Station in Herefordshire
<p>High quality, low carbon, energy efficient, mixed tenure housing, suitable for our changing demographic needs, has been delivered, focussing on our market towns (and growing villages), and there has been investment in retrofit</p>	<ul style="list-style-type: none"> • Work with local developers to identify and prioritise locations for the most energy efficient, sustainable homes, prioritising local supply chains and talent • Deliver retrofit of existing housing, including through developing an evergreen investment fund
<p>Increased private sector investment in and successful delivery of employment space for county-based and new businesses, including start-up space, small units and grow on space</p>	<ul style="list-style-type: none"> • Develop and deliver a pipeline of developable employment land and sites across the county, reflecting demand, including building out Skylon Park and delivering Ross-on-Wye Enterprise Park • Deliver employment space schemes included in the Local Plan and Market Town Investment Plans, where funded
<p>All parts of the county have access to high quality digital connectivity</p>	<ul style="list-style-type: none"> • Deliver the Fastershire Broadband Strategy • Explore new investment and commissioning routes to speed up rollout
<p>Grid capacity and access has improved in the long term</p>	<ul style="list-style-type: none"> • Prioritise major sites and work with regulators and National Grid to ensure the long term improvement needed, including additional private investment where feasible • Increase the resilience of electricity and gas networks, and storage capacity of the energy grid to enable more distributed renewable energy generation • Maximise potential for renewable energy generation by working with WPD and Cadent
<p>High streets and town and local centres are vibrant and diverse</p>	<ul style="list-style-type: none"> • Deliver town centre and high street improvements proposed in the Local Plan and Market Town Investment Plans, where funded • Explore potential to improve youth service activities across Hereford city and towns, working with partners

Investment

Increased investment in infrastructure alongside increased inward and business investment, throughout the county.

Herefordshire in 2050 will have higher levels of investment. We will have a strategic plan for delivering capital investment, drawing from a range of sources, including private capital, central government funding, Section 106 funding, Community Infrastructure Levy, UK Infrastructure Bank Investment, Public Works Loan Board lending and Council own borrowings. We will have a strong inward investment offer and be successful at attracting private capital from outside of the county, as well as enabling county-based businesses to invest and grow in the county. We will be successful at securing public funding and using this to lever in investment from other sources, to enhance our infrastructure, city and market towns, and invest in innovation.

Our outcomes and 5-year actions

The table below sets out the outcomes we will achieve, linked to the evidence, and delivered through a set of 5-year actions.

Outcome	Actions
Increased levels of private sector inward investment, focusing on our priority sectors and our environmental challenges	<ul style="list-style-type: none"> • Develop a Capital Investment Plan, linked to our housing, employment and natural capital delivery plans, and underpinned by a Herefordshire Investment Fund • Deliver a new Inward Investment Strategy for the county promoting our quality of life and culture, as well as our sectoral strengths and assets into a range of new markets – link to specific cluster development with e.g. Midlands Cyber • Develop a Herefordshire pitchbook with worked up propositions to engage the private sector, and an established route to delivery
Additional investment and growth in existing businesses	<ul style="list-style-type: none"> • Strengthen business support services through greater information sharing, relationship management with major firms, advice and signposting, and remove barriers to investment

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<p>Greater success in Herefordshire businesses securing innovation funding</p>	<ul style="list-style-type: none"> Promote opportunities for innovation through business support and networks, and ensure support is in place to assist businesses with innovation project development and bid writing
<p>Government investment in our transport, housing growth areas and high street regeneration has been secured</p>	<ul style="list-style-type: none"> Develop and manage an investment pipeline of sites and projects, potentially in partnership with a major institutional investor and strengthen our partnership with Homes England

Delivering our Plan

Our Big Economic Plan sets out an ambitious vision to 2050 for our county. To help deliver it we need to work together in new ways, bringing together the talent, experience and funding of a wide range of public and private organisations. We need a proactive and purposeful partnership, working together to take decisions and having a shared responsibility to get things done.

The Economic Plan aligns with and complements a number of other plans and strategies being delivered by our partners, as shown below:

People	Community & Partnerships	Environment & Climate Change
<ul style="list-style-type: none"> Local Skills Improvement Plan Herefordshire & Ludlow College Mission & Vision Hereford College of the Arts Strategic Plan NMITE Strategy Herefordshire Council Health & Wellbeing Strategy NHS Wye Valley Trust Sustainable Development Management Plan UKSPF Investment Plan 	<ul style="list-style-type: none"> HVOSS Strategy Talk Community Hub UKSPF Investment Plan Market Town Investment Plans 	<ul style="list-style-type: none"> Climate and Nature Partnership Board Action Plan Herefordshire Council Carbon Management Plan River Wye Phosphate Action Plan Wye Valley AONB Management Plan
Enterprise	Infrastructure	Investment
<ul style="list-style-type: none"> Herefordshire Cultural Partnership Cultural Strategy Visit Herefordshire Herefordshire County Destination BID & Hereford BID Business Plans Marches LEP Visitor Economy Strategy UKSPF Investment Plan Market Town Investment Plans 	<ul style="list-style-type: none"> Herefordshire Council Local Plan Hereford Masterplan Herefordshire Council Transport Strategy Review Midlands Connect Strategic Transport Plan Fastershire Broadband Strategy Herefordshire Council Housing Strategy Marches LEP Digital Strategy Marches LEP Energy Strategy Market Town Investment Plans 	<ul style="list-style-type: none"> UKSPF Investment Plan Hereford Town Investment Plan Market Town Investment Plans

5-year Delivery Plan

We will implement this economic plan through working together on a 5-year Delivery Plan. This is a living document that will evolve over time as funding opportunities emerge. For each action it sets out:

- **Next steps** – specific activities to progress each of the actions, either for one or multiple organisations.

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- **Rationale** – linking back to the vision and outcomes.
- **Lead organisation(s)** – either one organisation or a group.
- **Benefits** –for communities, businesses and the local economy.
- **Deliverability status** – assessing funding, capacity, approvals (e.g. planning permission) and interdependencies with other actions, using a three-scale RAG rating.
- **Dependencies** – explaining where funding, capacity and approvals need to be secured, or where interdependencies need to be considered.
- **Timescales** – for delivery of the action.

Herefordshire Economy and Place Board

We will establish a new overarching Economy and Place Board that will oversee the delivery of major elements of our Economic Plan. Partners will continue to meet during early 2023 to agree the approach and membership. Initially partners have agreed the following aims and principles to guide our collective work.

Aims for collective working and delivery

- We recognise the importance of public and private partnership to deliver the Big Economic Plan and our collective ambitions around net zero and the climate.
- That partnership should involve businesses, the Council, Higher and Further Education, the NHS, and the voluntary, community and social enterprise sector. The work of the partnership and appointments to its governance should be open and transparent with a clear and focussed terms of reference.
- We are clear about the importance of meaningful youth engagement.
- A new Board or leadership group will build on and consolidate existing governance and delivery models and will carry out genuine engagement with other groups and networks.
- The Board will focus on priority outcomes over the year with responsibilities distributed across the partnership, and will make a difference through collective agency, resources and levers.
- An early priority will be to further develop the trajectories we expect for our key metrics (below)

Monitoring progress

We will monitor progress against delivering our Big Economic Plan and use metrics to support decision making and enable different options to be considered. We are not setting hard targets at this point, given the deep uncertainty about the wider performance of the UK economy. We will put in place a set of core outcome measures to monitor the impact of our Plan, as well as a set of wider metrics, both of which reflecting the six capitals used as a framework in this strategy. We will first benchmark our performance against appropriate comparators regionally and nationally and monitor progress as we implement our Delivery Plan.

Metro—Dynamics

Capital	Core outcome measures	Metrics
People	<ul style="list-style-type: none"> Earnings (including gender and age differentials) 	<ul style="list-style-type: none"> Skills levels Young people in education, employment or training Working age population (and growth) Over 50s employment rate
Communities and Partnerships	<ul style="list-style-type: none"> Jobs earning above Real Living Wage 	<ul style="list-style-type: none"> Anchor institution spend within county
Enterprise	<ul style="list-style-type: none"> Productivity per hour 	<ul style="list-style-type: none"> Business birth rate Start-up space Innovate UK grants awarded/patents High growth businesses per 1,000 businesses
Environment and Climate Change	<ul style="list-style-type: none"> Carbon footprint 	<ul style="list-style-type: none"> Phosphate levels in River Lugg and River Wye Transport emissions Properties with an EPC rating A-C
Infrastructure	<ul style="list-style-type: none"> Reduced congestion and journey times into Hereford Active travel connectivity to town centres 	<ul style="list-style-type: none"> Employment land delivered Housing completions and type Public transport connectivity to town centres Digital connectivity (take up and speed)
Investment	<ul style="list-style-type: none"> Overall levels of inward and business investment 	<ul style="list-style-type: none"> Inward investment Number of businesses locating in the county Public sector investment

At Metro Dynamics, we **care** about places, our clients, and our colleagues.

We are an **independent** organisation, **curious** about our work, and **collaborative** in our approach. We strive to **make a difference** in all that we do.

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Herefordshire Big Economic Plan 5- year Delivery Plan

January 2023

This is the final draft of the Herefordshire Big Economic Plan 5-Year Delivery Plan for the January Cabinet. It is intended that the proposed Herefordshire Economy and Place Board will finalise the Delivery Plan, identify initial priorities and identify lead partners and secure resources.

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Introduction

The Big Economic Plan will be implemented through working together on a 5-year Delivery Plan. This is a living document that will evolve over time as funding opportunities emerge. For each action it sets out:

- **Next steps** – specific activities to progress each of the actions, either for one or multiple organisations.
- **Rationale** – linking back to the vision and outcomes.
- **Lead organisation(s)** – either one organisation or a group.
- **Benefits** –for communities, businesses and the local economy.
- **Deliverability status** – assessing funding, capacity, approvals (e.g. planning permission) and interdependencies with other actions, using a three-scale RAG rating.
- **Dependencies** – explaining where funding, capacity and approvals need to be secured, or where interdependencies need to be considered.
- **Timescales** – for delivery of the action.

The following acronyms are used in the table:

- TBC - To be confirmed
- FSB - Federation of Small Businesses
- HC - Herefordshire Council
- Hereford BID - Hereford Business Improvement District
- Herefordshire County BID - Herefordshire County Business Improvement District
- HCA - Hereford College of Arts
- HLC - Hereford & Ludlow College
- HSGSB - Herefordshire Sustainable Growth Strategy Board
- HWC - Herefordshire & Worcestershire Chamber of Commerce
- HVOSS - Herefordshire Voluntary Organisation Support Service

VH - Visit Herefordshire

People

A great place to grow up and to grow old, with a growing, highly skilled, population, attracting young people and families who move here and stay. A thriving university city and strong offer across our colleges and training organisations.

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No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
Outcome: All residents have access to training and development at all stages of their working life in skills that will enable them to access opportunities locally, with a specific focus on green economy, low carbon transition, digital and technology skills								
1	Explore the development of a Skills Brokerage Programme, targeted at micros and SMEs, to help businesses identify and solve their skills needs	1. Identify capacity and then carry out study on demand and scope building on the Local Skills Improvement Plan (LSIP)	Support businesses to understand their skills needs and identify solutions, for instance through upskilling existing staff, altering job descriptions, recruitment, or innovation / tech	HC, HWC	More scale ups & growing businesses Increased innovation Higher productivity Value creation & retention	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity	Enabling activity from 2023
2	Prioritise training courses which respond to local skills demand by working with education and	1. Develop market intelligence and evidence for the LSIP to inform curriculum development	Ensure that young people and adults are equipped with the skills to access opportunities in the local economy	HWC, HLC, NMITE, training providers, with HC	Higher skills levels More people developing skills & moving into local jobs Higher earnings	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	2023 onwards

Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	training providers							
3	Form career and development pathways in tourism, construction, and manufacturing and engineering by encouraging SMEs, education and training providers and NMITE to work together	1. Develop and agree priorities for sectors and pathways for initial work Capacity (post) funded by HC and partners	Develop training, employment and progression pathways in major sectors in the local economy, ensuring that these are visible to young people and adults in the county	HWC, HLC, NMITE, training providers - working with priority sectors	More people moving into & progressing in local jobs Higher earnings	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity	4th quarter 2023 (funding dependent)
4	Develop training in higher level technical skills, including in manufacturing and engineering and digital	1. Explore opportunities to expand provision in this area	Give residents opportunities to access higher level technical training, enabling them to access employment opportunities in high demand and growing sectors	HLC	Higher skills levels More people developing skills & moving into local jobs Higher earnings	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity	Enabling activity from 2023

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Metro — Dynamics

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No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
5	Promote our Higher Education offer through a co-ordinated campaign between providers	1. HE institutions to scope marketing campaign and identify local and social media routes to delivery 2. HE institutions to deliver and promote campaign	Improve perceptions and visibility of higher education opportunities for residents in the county	HLC, NMITE, HCA, training providers	Higher skills levels More people developing skills & moving into local jobs Higher earnings	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding Requires dedicated resource commitment from HE comms & marketing departments Requires buy in & approval from HE institutions	Enabling activity from 2023 with delivery over 1-2 years (once funding in place)
6	Ensure the development and delivery of the Local Skills Improvement Plan	1. HWC to lead county input 2. HC and others to attend Board meetings and feed into the development of the Plan Detailed development plan including employer engagement and input in place	Place employers at the heart of local skills systems and facilitate direct and dynamic working arrangements between employers and providers	HWC working with Shropshire Chamber who are leading the Marches work HC attend Board meetings	Higher skills levels More people developing skills & moving into local jobs Higher earnings	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	Plan will be complete by May 2023, with delivery until March 2025

Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
Outcome: Young people are empowered to shape a future for themselves in the county through a wider range of employment and training opportunities								
7	Explore the development of a Youth Enterprise programme, providing tailored support to young entrepreneurs, such as micro loans and hotdesking space	1. Explore funding options	Enable young entrepreneurs to develop their business propositions and form new enterprises	HC	Higher levels of entrepreneurship Higher earnings Value creation & retention	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity	Funding identified during 2023, with delivery from 2024
8	Deliver a Careers in Cyber and Technology programme, developing a talent pipeline of young people into entry level cyber and technology careers	1. Uni. of Wolverhampton and HC to work with cyber and technology businesses to identify appetite for a new talent pipeline programme	Connect young people to opportunities in cyber and technology, and support recruitment into entry level roles	Uni. of Wolverhampton (Midlands Centre for Cyber Security)	More people moving into local jobs Higher earnings	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity	Early 2024 onwards

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Metro — Dynamics

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No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
9	Explore the development of a Young Person's Entitlement or Passport, enabling young people to build their identity and cultural confidence by linking them to opportunities in the county	1. Explore funding options	Enable young people to build their identity, confidence and wellbeing by connecting them to events and activities in the county	HC, HVOSS	Improved health & wellbeing Higher skills	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity	Enabling activity from 2024
10	Run career development events for 16-24 year olds, building on the Rural Media creative industry sector events	1. Explore the potential to develop a programme of career events	Connect young people to opportunities in the county and understand the routes into careers	Rural Media, HWC, HLC, NMITE, HCA, businesses	More people moving into local jobs Higher earnings	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity may be required	Early 2024 onwards
Outcome: More young families and highly qualified professionals are attracted to live and stay in the county								
11	Develop messages and a campaign to attract families and young people to relocate to the county,	1. HC & Herefordshire County DBID to scope, linked to existing events and opportunities (festivals,	Develop a younger workforce to support the long-term sustainability and prosperity of the local economy	HC, Herefordshire County BID	Higher skills levels A younger & more resilient workforce	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding	Develop during 2023, with delivery from 2024

Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	highlighting high quality schools, services and improvements to infrastructure	careers fairs, etc.)						
Outcome: Residents across all ages, particularly for children and young people and our older residents, have good physical and mental health and wellbeing								
12	Build a positive environment for children and young people, making Herefordshire a child-friendly county	1. HC to deliver Children's Social Care & Early Help Improvement Plan 2022-24 2. All partners to consider how to design and deliver their services to support a child-friendly county	Ensure that all children and young people have a positive start in life and are able to reach their potential	Public Sector Leaders Group	Improved health & wellbeing Higher skills Reduced demand on services Greater community cohesion & resilience	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	2023 onwards
13	Explore the development of healthy workplace standards for employers	1. Explore potential approaches and funding options	Encourage employers to develop healthy working environments for staff to reduce absenteeism	HC, HWC	Improved health & wellbeing Higher productivity	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	Enabling activity from 2024

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
14	Encourage residents to be active, getting outdoors, volunteering and using active travel	1. Deliver relevant programmes and initiatives	Support residents to participate in activities which have positive benefits for their wellbeing and the community / environment	HVOSS, VCSE sector	Improved health & wellbeing Higher skills Reduced demand on services Greater community cohesion & resilience Lower carbon emissions Lower air pollution	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	2023 onwards
15	Establish joint work between local employers to enable older people to remain in the workplace through adoption of health and wellbeing support and more inclusive and flexible employment practices	1. HC & WVT to identify interested employers and begin outreach / conversations	Support healthy ageing and for older residents to remain economically active, reducing demand on services and staffing pressures on employers	HC, WVT, employers	Improved health & wellbeing Reduced demand on services A more resilient workforce Better quality jobs	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	2023 onwards
16	Work with local business representative groups and the voluntary, community	1. Work with existing business networks / voluntary	Support healthy ageing and utilise older and retired professionals as assets with a wealth of	HC, TC, HVOSS, business representative organisations.	Improved health & wellbeing Reduced demand on services Innovation More scale ups &	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity	Funding and resource identified over 2023/24

Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	and social enterprise sector to develop a programme for older professionals who may have taken early retirement to advise SMEs and organisations	organisations to identify scope	experience to use for mentoring and advice		growing businesses / organisations			
17	Explore the potential to become an Age-friendly Community, adapting structures and services to meet people's needs as they age	1. Begin conversations with the Centre for Ageing Better	Support healthy ageing and prevent social isolation, helping to reduce demand on services	HC/ TC, HVOSS	Improved health & wellbeing Reduced demand on services Greater community cohesion & resilience	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity Requires becoming a member of the Age-friendly Community	Scope and develop in 2023

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Community and Partnerships

Strong and inclusive communities in our towns, villages and rural areas, with flourishing high streets and services. Herefordshire people working effectively together to take opportunities and solve social and environmental challenges.

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No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
Outcome: Businesses, anchor institutions and voluntary, community and social enterprise organisations are working together to deliver this vision for our communities								
1	Establish a Herefordshire Economy and Place Board with a clear remit to oversee delivery of our vision and Economic Plan	1. Convene partners to carry out further work on governance, including role & purpose of the Board 2. HC to support set up Board, including recruitment of members and Terms of Reference	A new county-wide public and private partnership to oversee delivery of major priorities in the Big Economic Plan	HSGSB	Greater public & private sector collaboration Strategic & joined up working & delivery	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional capacity - requires secretariat to organise & manage Approval required from Council	2023 onwards
Outcome: Local voluntary, community and social enterprise sector networks and capacity has grown and strengthened, with increased involvement in service design and delivery								

Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
2	Develop a new Commissioning and Procurement Framework, building on the Council's Social Value Policy, to support the diversification of supply chains and service delivery, focusing on health and care	1. HC develop scope of potential Commissioning and Procurement Framework 2. HC engage with partners, business representative groups and voluntary & community sector on scope of the Framework and design / implementation process	Support businesses and voluntary and community sector organisations to access local procurement opportunities, delivering high quality services, strengthening local supply chains and creating new jobs & value in the local economy	HC, Wye Valley Trust, HWC, FSB, HVOSS	Improved service delivery Public service innovation Stronger local supply chains Lower carbon emissions More scale ups & growing businesses Job opportunities Value creation & retention	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity	Enabling activity from 2023 for 1 year, with delivery starting in 1-2 years
3	Strengthen the relationships between anchor institutions and the voluntary, community and social enterprise sector to codesign solutions and codevelop services	1. Convene partners to identify potential future commissioning and service design points	Improve service delivery and innovation in public services, developing capacity in the voluntary and community sector	HC / Talk Community, Wye Valley NHS Trust, HLC, NMITE, HVOSS	Improved service delivery Public service innovation Stronger voluntary & community sector Job opportunities Value creation & retention Greater community resilience	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity	Programme to begin in early 2023

Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
4	Invest in capacity building and infrastructure support for local civil society and community groups, drawing on UKSPF and RPF investment	1. HC/ TC to commission & deliver projects / programmes through UKSPF and RPF investment	Strengthen community groups, delivering benefits for residents locally	HC/ TC, HVOSS	Stronger voluntary & community sector Job opportunities Value creation & retention Greater community resilience	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	2023
Outcome: Quality of work has improved, especially in lower paid roles								
5	Collaborate as a group of anchor institutions to commit to a set of shared employment practices around diverse and inclusive recruitment, wages and conditions, training and development, and health and wellbeing, and promote this through a	1. Scope and explore support for development of shared employment practices 2. Form a partnership and agree a set of shared employment practices 3. Adopt these and promote county-wide	Utilise the role of anchor institutions as large employers to raise employment standards locally	Public Sector Leaders Group	More people moving into & progressing in local jobs Better quality jobs Higher earnings Higher skills levels Improved health & wellbeing	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity Buy-in at strategic level Co-ordination support	Funding and capacity identified in 2023, with delivery for 2-3 years initially

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	county-wide campaign							
6	Encourage people to develop and progress their careers in social care through the growth and recognition of this as a profession	1. Explore campaign and initiative	Encourage more people to work in social care by recognising this work as a profession	HC, care sector	More people moving into & progressing in local jobs Better quality jobs	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	2023 onwards
Outcome: Local firms have access to strengthened peer to peer support and business networks								
7	Develop a Herefordshire business directory, supporting local supply chains and invest in increased peer to peer networks and events	1. All partners to explore development of a local business directory	Better connect business and organisations in the county, strengthen local supply chains and create value	HWC, FSB, Herefordshire Means Business, HC	Stronger local supply chains Lower carbon emissions More scale ups & growing businesses Value creation & retention	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity	2024 onwards

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Environment and Climate

A zero carbon and nature rich county, with a leading reputation for local energy solutions, enhanced natural landscapes, clean rivers and improved biodiversity.

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No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
Outcome: The phosphate pollution crisis in our rivers has been resolved and the moratorium on planning has been removed								
1	Explore public and private sector solutions to protecting and restoring the biodiversity and health of the River Lugg and River Wye	Provide advice a guidance to enable developers to bring forward their own schemes. Develop a joined up pre application advice service with statutory partners	Due to high phosphate levels In the River Lugg, housing development In the north of the county is severely affected, reducing housing availability and affordability and the construction sector.	Nutrient Management Board	Enable the development of housing to address critical shortage, and support recover of the construction sector.	Funding ● Capacity ● Approvals ● Interdependencies ● TBC	National legislative developments Developers bringforward viable schemes Partner cooperation to develop joint pre-app advice	2023
2	Continue to invest in developing and restoring wetlands to reduce pollution and support biodiversity	Bring forward additional wetland schemes to reduce phosphates, creating additional credits to enable development	Due to high phosphate levels In the River Lugg, housing development In the north of the county is severely affected, reducing housing availability and affordability and	HC	Enable the development of housing to address critical shortage, and support recover of the construction sector.	Funding ● Capacity ● Approvals ● Interdependencies ● TBC	Availability of suitable and appropriate advice	TBC

Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
			the construction sector.					
Outcome: Sustainable and low carbon energy, and improved energy efficiency has primed our transition to a zero carbon economy								
3	Deliver the Herefordshire Zero Carbon and Nature Rich county-wide action plan	1. Implement action plan	Deliver the county's aspiration to be zero carbon by 2030, focusing on action in housing & buildings, energy, transport, food consumption, land use & farming, and waste management	Climate and Nature Partnership Board	Lower carbon emissions Lower air pollution Higher biodiversity Improved health & wellbeing	Funding ● Capacity ● Approvals ● Interdependencies ●	No interdependencies	2023 onwards
4	Support businesses to transition to low carbon through a programme of targeted support	1. HC to commission & deliver projects / programmes through UKSPF and RPF investment	Support businesses to adopt practices to transition to net zero and reduce carbon emissions	HC, HWC	Lower carbon emissions Lower air pollution	Funding ● Capacity ● Approvals ● Interdependencies ●	No interdependencies	2023 for 2 years
Outcome: Herefordshire is a leading place in innovative approaches to land management and use to improve biodiversity, soil quality, energy use and efficiency, including in agriculture and food production								
5	Work with agricultural communities and farmers to pilot small scale land-based	TBC	Provide support to farmers in their role as environmental stewards, supporting	NFU, CLA, Rural Hub	Lower carbon emissions Higher biodiversity	Funding ● Capacity ● Approvals ● Interdependencies ● TBC	TBC	TBC

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	businesses and restore land as a net carbon sink, whilst still retaining productive land for farming		carbon sequestration					
Outcome: The county has driven transformational change as a national leader in modern, low carbon agriculture and food production								
6	Build on recent investments at Holme Lacy Campus to establish a Low Carbon Technology Centre, alongside provision of training in low carbon agriculture	1. Deliver the development of the Centre's physical infrastructure 2. Explore capital and revenue funding to continue to develop the facility, working with partners across the county	Create opportunities for innovation, training, jobs and new enterprises in low carbon agriculture, building on the county's distinctive strengths and assets	HLC	Lower carbon emissions Higher biodiversity Increased innovation Job opportunities More start-ups	Funding ● Capacity ● Approvals ● Interdependencies ●	No interdependencies	2023 onwards
7	Deliver the Marches Regional Food Hub, connecting local food producers to public bodies	1. Work with Monmouthshire County Council to deliver the initiative	Bring together food producers and public bodies to procure local food for local consumption	HC, with Monmouthshire, Powys, Shropshire and Telford & Wrekin Councils	Lower carbon emissions Improved health & wellbeing Stronger supply chains More scale ups	Funding ● Capacity ● Approvals ● Interdependencies ●	No interdependencies	2023 onwards

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
					& growing businesses			
Outcome: Our nature, environment and habitats are protected, restored and enhanced								
8	Explore establishing a Shires National Park, delivering a park-wide strategy for the recovery of nature and improvement to habitat focused on the Wye and Severn	1. Explore appetite amongst local partners to develop a campaign and proposition to establish a Shires National Park	Create and protect the landscape and natural environment of Herefordshire and surrounding counties, improving biodiversity and supporting the visitor economy	TBC	Higher biodiversity Protected habitats Job opportunities More start-ups More scale ups & growing businesses	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity Would require National Park status	TBC

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Enterprise

Innovative businesses, increasing value and productivity, including in cyber and technology, cultural and creative industries, tourism, construction, agriculture and food production, manufacturing and engineering, and health and care. Resilient local supply chains, with a circular, sustainable economy.

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
<p>Outcome: Our cyber and technology, culture and creative industries, construction, food production, and manufacturing and engineering clusters have developed and grown</p>								
1	Maximise the opportunities for applying research and enabling innovation within our local businesses from the NMITE Centre for Advanced Timber Technology and Centre for Automated Manufacturing	1. Seek opportunities to expand impact of the two centres	Create opportunities for local firms to access and test new technologies and methods, and support business to innovate	NMITE	Increased innovation Higher productivity	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies (UKSPF)	2023 onwards
2	Grow our cyber and technology specialisms by maximising the	1. Seek opportunities to expand impact of the Centre	Support the creation of higher value jobs and grow sectoral	Uni. of Wolverhampton (Midlands)	More scale ups & growing businesses Increased	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies (UKSPF)	2023 onwards

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	impact of the Midlands Centre for Cyber Security through our collaboration with the University of Wolverhampton	for Cyber Security	strengths in cyber	Centre for Cyber Security)	innovation Higher productivity Higher earnings			
3	Consider location support and incentives, including additional Enterprise Zones / extension	1. Progress plans for additional Enterprise Zones / extensions and seek funding	Support growth of county-based businesses and encourage inward investment and businesses to relocate to Herefordshire in priority sectors	HC / HSGSB	More scale ups & growing businesses Increased inward investment More business relocations	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding Planning approval and Secretary of State sign off required	Develop proposal in 2023 onwards, with delivery no earlier than 2024
4	Invest in activity to develop networks and connect assets across our business strengths, in particular relationship management with key sectors (such as but not limited to cyber, tourism, agriculture,	1. Review and extend existing networks 2. Establish relationship managers	Support development of specialisms, collaboration, peer learning and improved communication.	Herefordshire Business Board/ HC	Stronger collaboration Stronger sector specialisms	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies (UKSPF)	2023 onwards

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	food and drink engineering).							
5	Develop collaboration and career pathways between the Hereford College of Arts Digital Skills Centre and Hereford's Digital Culture Hub and local businesses	1. Deliver Digital Skills Centre and Digital Culture Hub through the Towns Fund 2. Create pathways	Connect HCA leavers with digital skills to local businesses	HCA	Higher skills levels More people developing skills & moving into local jobs Higher earnings	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	2023 onwards
Outcome: Herefordshire is further strengthened as an arts and heritage destination, celebrating our artisanal rural skills and crafts								
6	Deliver the £18m Hereford Museum and Art Gallery	1. Deliver project	Establish a world-class contemporary facility to accommodate nationally significant heritage assets	HC	Increased inward investment Community cohesion & engagement Job opportunities	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	2023 onwards
7	Create a cultural quarter in Hereford, bringing together our cultural assets, the Cathedral and museums, together with	1. Complete and deliver masterplan	Create an attractive, vibrant city centre to support businesses and encourage people to stay longer when they visit	HC, Hereford BID	Improved pride of place Higher visitor numbers Increased footfall Increased visitor spend Improved connectivity &	Funding ● Capacity ● Approvals ● Interdependencies ●	Masterplan needs to be approved	Masterplan completion in early 2023, with delivery from 2024 onwards

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	public realm improvements				access Lower congestion			
8	Enable our cultural, historical and heritage institutions and activities to thrive	1. HC to commission & deliver projects / programmes through UKSPF and RPF investment	Encourage more people to visit and move to Herefordshire	Herefordshire Cultural Partnership	Improved pride of place Higher visitor numbers Increased footfall Increased visitor spend Community cohesion & engagement	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	2023 onwards
9	Develop and expand the county's programme of festivals through a new strategy	1. Identify funding and resource to develop a Strategy 2. Explore place marketing strategy purpose & aims and begin development	Increase the impact of existing festivals and develop a programme of new ideas, attracting and enriching the experience of residents and visitors	Herefordshire Cultural Partnership	Improved pride of place Higher visitor numbers Increased footfall Increased visitor spend More scale ups & growing businesses	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity	Enabling activity from 2023 onwards
10	Support the Herefordshire Cultural Partnership and other collaborative groups in bid	1. Explore a mechanism to provide centralised support for collaborative bids	Support collaborative bids for investment, expanding the collective capacity / resource and	Herefordshire Cultural Partnership, creative businesses / organisations	Increased investment Value creation & retention	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity may be required	Enabling activity from 2023 onwards

Metro — Dynamics

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No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	development for investment		ability to deliver of organisations					
11	Strengthen collaboration and networking between commercial, public and cultural businesses, building on Business and Culture Working Together	1. Explore opportunities to build on Rural Media's LEP funded Business and Culture Working Together films	Strengthen networks in cultural and creative industries to develop growth and opportunities for all	Herefordshire Cultural Partnership, Rural Media, creative businesses / organisations	Increased innovation Stronger local supply chains More scale ups & growing businesses Value creation & retention	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity may be required	Enabling activity from 2023 onwards
Outcome: A dynamic and year-round tourism offer supports our place branding and inward investment strengths								
12	Promote the county through a place marketing strategy, building on our strong visitor economy offer and the work of the Hereford Business Improvement District (BID) and	1. All partners to explore place marketing strategy purpose & aims and begin development	Develop a compelling proposition to attract visitors to Herefordshire, supporting the growth of the tourism sector	HC, Hereford BID, Herefordshire County BID	Higher visitor numbers Increased footfall Increased visitor spend Value creation & retention	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding	Activity from 2023 for 2 years initially

Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	Herefordshire County BID							
13	Develop a cohesive tourism offer across our city, network of towns, villages and rural areas, building on our Market Town Investment Plans	1. Review visitor economy plan	Ensure that all parts of the county have a distinctive and complementary offer that comes together within a strong county brand	Hereford BID, Herefordshire County BID	Higher visitor numbers Increased footfall Increased visitor spend More scale ups & growing businesses Value creation & retention	Funding ● Capacity ● Approvals ● Interdependencies ●	UKSPF	2023 onwards
Outcome: Enterprise and entrepreneurship levels have increased, particularly for those who otherwise miss out								
14	Deliver a meanwhile use scheme, connecting entrepreneurs and social enterprises with vacant units	1. HC to identify town centres / high streets to deliver scheme 2. HC to identify elements of UKSPF to potentially fund space in town centres / high streets	Support enterprises and organisations to access space, whilst enhancing town centres and increasing footfall	Hereford BID, Herefordshire County BID	More start-ups More scale ups & growing businesses Improved pride of place Fewer vacant shops Increased footfall	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding (may be required) Approval of intended duration or interim / meanwhile use Potential further post required	Activity from 2023 onwards

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
15	Establish a start-up programme and private sector led incubation space, potentially drawing on UKSPF investment and building on the success of the Shell Store	1. Explore existing available and suitable premises which could be utilised or repurposed for incubator space 2. Commission & deliver projects / programmes through UKSPF investment	Support new businesses to start in Herefordshire by providing appropriate space	HC / HSGSB	More start-ups Job opportunities Value creation & retention	Funding ● Capacity ● Approvals ● Interdependencies ●	Progress of local delivery at development sites	Activity from 2023 for 2 years
Outcome: Our existing businesses have grown and scaled								
16	Ensure our business support programmes prioritise investment in workforce development / skills, tech, financial planning, project / product design, bid writing, business models, leadership and	1. Ensure business support programmes are tailored in this way	Help existing businesses to grow and develop within the county, improving their productivity, profitability and competitiveness	HC / HSGSB	More scale ups & growing businesses Higher skills levels Higher earnings Increased innovation Higher productivity	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	Activity from 2023 onwards

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	management, including for sole traders and freelancers							
17	Establish a scale up programme to support businesses to grow in the county, in light of forthcoming UKSPF investment	1. HC to commission & deliver projects / programmes through UKSPF investment	Enable county-based businesses to achieve their growth aspirations within Herefordshire	HC / HSGSB	More scale ups & growing businesses Higher earnings Value creation & retention	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	Activity from 2023 for 2 years
Outcome: More established commercial and research strengths, including in health and care, particularly for our rural communities								
18	Continue to develop links with major regional universities and bodies such as the Applied Research Collaborations (ARCs) and Academic Health Science Networks (AHSN) around health improvement	TBC	Support innovation in service delivery and improve outcomes for recipients in the health and care sector	Wye Valley NHS Trust	Improved service delivery Public service innovation Improved health & wellbeing	Funding ● Capacity ● Approvals ● Interdependencies ●	TBC	ongoing

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
19	Work with the health and care sector to develop, invest in and deliver digital health solutions and skills to service our rural and older communities	TBC	Improve the use of digital technologies and improve outcomes for recipients in the health and care sector	Wye Valley NHS Trust	Improved service delivery Public service innovation Improved health & wellbeing	Funding ● Capacity ● Approvals ● Interdependencies ● TBC	TBC	ngoing

Infrastructure

A great place to grow up and to grow old, with a growing, highly skilled, population, attracting young people and families who move here and stay. A thriving university city and strong offer across our colleges and training organisations.

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
More reliable and resilient road, rail, active travel and public transport infrastructure. Rapid EV transition. High quality, energy efficient housing, with local construction suppliers and supply chains. Super-fast mobile and broadband coverage and stronger energy networks.								
1	Deliver the integrated modern public transport interchange at Hereford Station, supporting modal shift	Awaiting outcome of Levelling Up Fund bid.	Improve the ability for residents, workers and visitors to move in/out and around Hereford, encouraging modal shift from car to public transport and active travel, and reducing carbon emissions and air pollution	HC	Improved connectivity & access Lower congestion Lower carbon emissions Lower air pollution	Funding ● Capacity ● Approvals ● Interdependencies ● TBC	Central Gov funding Hereford Masterplan	2023 onwards
2	Progress the eastern link road and river crossing	Commission investigation and design works to further develop proposed	Reduce congestion in Hereford by developing another river	HSGSB / HC	Improved connectivity & access Lower congestion	Funding ● Capacity ● Approvals ● Interdependencies ● TBC	Capital funding by central Government	ongoing

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
			crossing in the east of the city				Local Plan and Hereford Masterplan	
3	Develop the case for investment in a new Hereford Parkway Station at Rotherwas	1. Develop initial business case 2. Lobby Department of Transport and rail network operators	Improve connectivity into Hereford and access to the Enterprise Zone, and reduce congestion in the city centre	HC / HSGSB	Improved connectivity & access Lower carbon emissions Lower air pollution	Funding ● Capacity ● Approvals ● Interdependencies ●	Funding and capacity Planning approval required	Enabling activity from 2023 onwards
Outcome: A shift to a more sustainable transport network through local active travel, improved public transport and faster EV rollout								
4	Rollout EV charging points across the county	1. Include in Hereford Masterplan and Local Plan	Support residents to adopt EVs, reducing carbon emissions and air pollution	TBC	Improved connectivity & access Lower carbon emissions Lower air pollution	Funding ● Capacity ● Approvals ● Interdependencies ● TBC	Delivered through private investment Local Plan needs to be formally adopted and Masterplan approved	Late 2023 onwards
5	Enable modal shift by delivering current active travel programmes	1. Implement active travel programmes and Hereford Masterplan	Encourage more residents to travel via walking or cycling, reducing carbon emissions and air pollution	HC	Improved connectivity & access Lower congestion Lower carbon emissions Lower air pollution Improved health & wellbeing	Funding ● Capacity ● Approvals ● Interdependencies ● TBC	Local Plan needs to be formally adopted and Masterplan approved	Late 2023 onwards

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
6	Deliver Hereford 'City Zipper', connecting the city's transport, cultural, retail and hospitality hubs	1. Following approval of the Stronger Towns Funding, move to implementation phase.	Provide access to key tourism and retail assets through enhanced, zero-emission public transport	Hereford City Council	Improved connectivity & access Lower congestion Lower carbon emissions Lower air pollution	Funding ● Capacity ● Approvals ● Interdependencies ● TBC	Hereford Masterplan	Preliminary work in 2024 onwards
7	Explore the case for reopening Pontrilas Station in Herefordshire	1. Develop a compelling business case 2. Lobby Department of Transport and rail network operators	Improve connectivity between Hereford & Abergavenny for passengers, with the potential for use by freight	HC, Monmouthshire County Council, Network Rail, Transport for Wales	Improved connectivity & access Lower carbon emissions Lower air pollution	Funding ● Capacity ● Approvals ● Interdependencies ●	Funding and capacity Planning approval required	Enabling activity from 2023 onwards
Outcome: High quality, low carbon, energy efficient, mixed tenure housing, suitable for our changing demographic needs, has been delivered, focussing on our market towns (and growing villages), and there has been investment in retrofit								
8	Work with local developers to identify and prioritise locations for the most energy efficient, sustainable homes, prioritising	1. Adopt and implement Local Plan 2. Develop implementation plan for strategic sites and small sites programme	Improve the availability of high quality and low carbon housing for existing residents and to attract professionals and families to the county, ensuring that housing developments	HC, construction sector	Improved access & availability of housing Higher energy efficiency Lower carbon emissions Strengthened local supply chains Job opportunities Value creation &	Funding ● Capacity ● Approvals ● Interdependencies ●	Local Plan needs to be formally adopted	2023 onwards

Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	local supply chains and talent		are connected to services and local infrastructure, and that this provides contracts and opportunities for local construction firms		retention A younger, more resilient workforce			
9	Deliver retrofit of existing housing, including through developing an evergreen investment fund	1. Explore options for investment and develop a compelling business case	Improve the energy efficiency of existing housing, reducing carbon emissions and fuel poverty	HC / HSGSB, construction sector	Higher energy efficiency Lower carbon emissions Strengthened local supply chains Job opportunities Value creation & retention	Funding ● Capacity ● Approvals ● Interdependencies ●	Funding and capacity Approval for financing required	Enabling activity from 2023 onwards
Outcome: Increased private sector investment in and successful delivery of employment space for county-based and new businesses, including start-up space, small units and grow on space								
10	Develop and deliver a pipeline of developable employment land and sites across the county, reflecting demand, including building out	1. Adopt and implement Local Plan 2. Develop implementation plan for strategic sites and small sites programme	Support the growth of county-based businesses and attract new businesses to relocate in Herefordshire by providing appropriate space	HC, Skylon Park	More start-ups More scale ups & growing businesses Increased inward investment More business relocations	Funding ● Capacity ● Approvals ● Interdependencies ●	Funding and investment Local Plan needs to be formally adopted	2023 onwards

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	Skylon Park and delivering Ross-on-Wye Enterprise Park							
11	Deliver employment space schemes included in the Local Plan and Market Town Investment Plans, where funded	1. Adopt and implement Local Plan 2. Develop implementation plan for strategic sites and small sites programme	Ensure that employment space and sites are developed across the county, providing opportunities for business growth and relocations	HC, Town Councils	More start-ups More scale ups & growing businesses Increased inward investment More business relocations	Funding ● Capacity ● Approvals ● Interdependencies ●	Funding and investment Local Plan needs to be formally adopted	2023 onwards
Outcome: All parts of the county have access to high quality digital connectivity								
12	Deliver the Fastershire Broadband Strategy	1. Continue with implementation	Bring superfast broadband to homes and businesses in Herefordshire and Gloucestershire	HC	Fast & reliable broadband Higher productivity More start-ups More scale ups & growing businesses	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	2023 for 2 years
13	Explore new investment and commissioning routes to speed up rollout	1. Identify where there are gaps in provision or potential to improve coverage / speed 2. Explore funding /	Improve the quality and speed of digital infrastructure across the county	HC	Fast & reliable broadband Higher productivity More start-ups More scale ups & growing businesses	Funding ● Capacity ● Approvals ● Interdependencies ●	Funding	Enabling activity from 2023 onwards, delivery from 2024

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
		investment opportunities						
Outcome: Grid capacity and access has improved in the long term								
14	Prioritise major sites and work with regulators and National Grid to ensure the long term improvement needed, including additional private investment where feasible	Complete Local Plan review	Increase grid capacity, removing a barrier to business growth and enabling more renewable energy generation	Ofgem, National Grid	Increased grid capacity More scale ups & growing businesses	Funding ● Capacity ● Approvals ● Interdependencies ● TBC	Local Plan process National Grid	End 2023 onwards
15	Increase the resilience of electricity and gas networks, and storage capacity of the energy grid to enable more distributed renewable energy generation	Early discussions with National Grid	Increase grid capacity, removing a barrier to business growth and enabling more renewable energy generation	National Grid	Increased grid capacity Higher renewable energy generation Lower carbon emissions More scale ups & growing businesses	Funding ● Capacity ● Approvals ● Interdependencies ● TBC	National energy policy National Grid plans Local Plan	ongoing

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
16	Maximise potential for renewable energy generation by working with WPD and Cadent	Continue scoping conversations	Increase grid capacity, removing a barrier to business growth and enabling more renewable energy generation	WPD, Cadent	Higher renewable energy generation Lower carbon emissions More scale ups & growing businesses	Funding ● Capacity ● Approvals ● Interdependencies ● TBC	Company investment plans Planning	From 2023 onwards
Outcome: High streets and town and local centres are vibrant and diverse								
17	Deliver town centre and high street improvements proposed in the Local Plan and Market Town Investment Plans, where funded	1. Deliver projects where there is funding in place 2. Seek funding for non funded projects	Improve the perception and experience of town centres and high streets to support local businesses	HC, City and Town Councils, Stronger Towns Board	Improved pride of place Fewer vacant shops Increased footfall	Funding ● Capacity ● Approvals ● Interdependencies ●	Funding and investment Local Plan needs to be formally adopted	2023 onwards
18	Explore potential to improve youth service activities across Hereford city and towns, working with partners	1. Explore options for delivering youth service models from work led by HVOSS and Rural Media, and identify funding opportunities	Improve the quality and availability of youth services, supporting health and wellbeing, and encouraging young people to stay in the county	HVOSS, Rural Media, HC	Improved health & wellbeing Greater community resilience Young people retention	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity	Enabling activity from 2023 for 1 year with delivery over 2 years

Investment

Increased investment in infrastructure alongside increased inward and business investment, throughout the county.

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No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
Outcome: Increased levels of private sector inward investment, focusing on our priority sectors and our environmental challenges								
1	Develop a Capital Investment Plan, linked to our housing, employment and natural capital delivery plans, and underpinned by a Herefordshire Investment Fund	1. Explore Capital Investment Plan purpose & aims and begin development 2. Begin exploring development of an Investment Fund	Develop a strategic plan for capital investment in the county, bringing together a range of sources	HC / HSGSB	Increased inward investment Higher productivity Job opportunities	Funding ● Capacity ● Approvals ● Interdependencies ●	Funding and capacity Approval for financing required	Enabling activity from 2023 onwards
2	Deliver a new Inward Investment Strategy for the county promoting our quality of life and culture,	1. Identify funding and resource to develop a Strategy 2. Explore place marketing strategy	Develop a compelling proposition to attract inward investment to the county	HC / HSGSB	Increased inward investment Higher productivity Job opportunities More business relocations More start-ups	Funding ● Capacity ● Approvals ● Interdependencies ●	UKSPF feasibility allocation	End of 2023 onwards

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No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	as well as our sectoral strengths and assets into a range of new markets – link to specific cluster development with e.g. Midlands Cyber	purpose & aims and begin development			More scale ups & growing businesses			
3	Develop a Herefordshire pitchbook with worked up propositions to engage the private sector, and an established route to delivery	1. Identify funding and resource to develop a pitchbook 2. Explore pitchbook purpose & aims and begin development	Develop a set of propositions and projects to attract private investment into the county	HC / HSGSB	Increased inward investment Higher productivity Job opportunities More business relocations More start-ups More scale ups & growing businesses	Funding ● Capacity ● Approvals ● Interdependencies ●	Additional funding and capacity (HC)	End of 2023 onwards
Outcome: Additional investment and growth in existing businesses								
4	Strengthen business support services through greater information sharing, relationship	1. HC to commission & deliver projects / programmes through UKSPF investment	Encourage businesses in the county to make investments and achieve their growth ambitions through tailored support	HC, HWC	Job opportunities More scale ups & growing businesses	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	2023 onwards

Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
	management with major firms, advice and signposting, and remove barriers to investment							
Outcome: Greater success in Herefordshire businesses securing innovation funding								
5	Promote opportunities for innovation through business support and networks, and ensure support is in place to assist businesses with innovation project development and bid writing	1. HC to commission & deliver projects / programmes through UKSPF investment	Enable businesses to invest in and deliver innovation	HC / HSGSB, business representative groups	Increased innovation Higher productivity More scale ups & growing businesses	Funding ● Capacity ● Approvals ● Interdependencies ●	No dependencies	2023 onwards
Outcome: Government investment in our transport, housing growth areas and high street regeneration has been secured								

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Metro — Dynamics

No.	Action	Next steps	Rationale	Lead org/ Board	Benefits	Deliverability status	Dependencies	Timescales
6	Develop and manage an investment pipeline of sites and projects, potentially in partnership with a major institutional investor and strengthen our partnership with Homes England	1. To be developed alongside Hereford Masterplan and the Local Plan	Enable delivery of transport, housing and regeneration	HC / HSGSB	Improved connectivity & access Improved access & availability of housing Improved pride of place Fewer vacant shops Increased footfall	Funding ● Capacity ● Approvals ● Interdependencies ●	Local Plan needs to be formally adopted and Masterplan approved	2023 onwards

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Title of report: Appointment of Cabinet Members to the Shareholder Committee

Meeting: Cabinet

Meeting date: Thursday 26 January 2023

Report by: Cabinet member finance, corporate services and planning;

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose

Cabinet approved the setting up a Shareholder Committee at its meeting on 12th January 2023. This report seeks Cabinet nominations of 4 named members of Cabinet to serve on the Shareholder Committee.

Recommendation(s)

That:

- a) **Cabinet nominates 4 named members of Cabinet to serve on the Shareholder Committee**

Alternative options

1. Cabinet could decide not to nominate members to the Shareholder Committee, but that would mean that the Shareholder Committee would be unable to operate and Cabinet's decision at its meeting on 12th January 2023 could not be implemented. This is therefore not recommended.

Key considerations

2. Cabinet at its meeting on 12th January 2023 agreed the setting up of a Shareholder Committee as part of the Council's governance arrangements for the management of companies and the discharge of the Council's role as Shareholder of various companies.
3. Cabinet did not make any nominations to that Shareholder Committee at its 12th January 2023 meeting and nominations are now being sought to enable the Shareholder Committee to commence its work.
4. A fully operating Shareholder Committee will make clear governance improvements to the way the Council manages its various interests in entities and is regarded as best practice.

Community impact

5. The Council's County Plan 2020 to 2024, identifies the need for the Council to use its resources wisely for the benefit of the Communities it supports. Structured, open and transparent management of the Council's shareholder responsibility will support the management of risk, best practice and value for money.

Environmental Impact

6. This is a decision on back office functions and process and will have minimal direct environmental impacts.

Equality duty

7. 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.
8. 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 back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

9. There are no resource implications arising directly from this report that were not considered by Cabinet at its meeting on 12th January 2023.

Legal implications

10. Ensuring that the Committee can operate will enable the Council as shareholder to exercise strategic control over the direction of relevant companies is important and will enhance good governance in a structured, open and transparent way.

Risk management

11. Approving the recommendations in this report will reduce and mitigate risks to the Council. The Shareholder Committee will further mitigate risk by ensuring that the Council's management of its shareholder obligations is structured, open and transparent. Furthermore this area will be subject to Scrutiny in the normal way which will better manage risk.

Consultees

12. Cabinet

Appendices

None

Background papers

None

