

Agenda

Cabinet

Date: **Thursday 23 January 2025**

Time: **2.30 pm**

Place: **Conference Room 1 - Herefordshire Council, Plough Lane Offices, Hereford, HR4 0LE**

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

For any further information please contact:

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Agenda for the meeting of Cabinet

Membership

Chairperson	Councillor Jonathan Lester, Leader of the Council
Vice-Chairperson	Councillor Elissa Swinglehurst, Deputy Leader of the Council
	Councillor Graham Biggs
	Councillor Harry Bramer
	Councillor Barry Durkin
	Councillor Carole Gandy
	Councillor Ivan Powell
	Councillor Philip Price
	Councillor Pete Stoddart

Agenda

		Pages
1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive any apologies for absence.</p>	
2.	<p>DECLARATIONS OF INTEREST</p> <p>To receive declarations of interests in respect of Table A, Table B or Other Interests from members of the committee in respect of items on the agenda.</p>	
3.	<p>DRAFT MINUTES</p> <p>To approve and sign the minutes of the meeting held on 13 January 2025.</p> <p>Minutes to follow.</p>	
<p>HOW TO SUBMIT QUESTIONS</p> <p><i>The deadline for submission of questions for this meeting is:</i></p> <p><i>5pm on 17 January 2025.</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> <p>One report from the Scrutiny Management Board:</p> <p>(1) 2025-26 budget – recommendations from Scrutiny Management Board</p>	
	<p>6.1 2025-26 BUDGET – RECOMMENDATIONS FROM SCRUTINY MANAGEMENT BOARD</p>	11 - 16
7.	<p>2025/26 BUDGET, MEDIUM TERM FINANCIAL AND TREASURY MANAGEMENT STRATEGY</p> <p>To recommend to Council the proposed 2025/26 revenue budget, Medium Term Financial Strategy and the Treasury Management Strategy.</p> <p>Appendix C is to follow</p>	17 - 88

8.	2025/26 CAPITAL INVESTMENT BUDGET AND CAPITAL STRATEGY UPDATE	89 - 172
	To recommend to Council for approval the revised capital investment budget and capital strategy for 2025/26 onwards.	
9.	ANNUAL REVIEW OF EARMARKED RESERVES – 2024/25	173 - 184
	To note and review the earmarked reserves held by the council.	
10.	2025/26 COUNCIL TAX REDUCTION SCHEME	185 - 324
	To recommend to Council the 2025/26 local Council Tax Reduction (CTR) scheme.	

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- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
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- 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
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Guide to Cabinet

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

Cllr Jonathan Lester (Leader)	Corporate Strategy and Budget
Cllr Elissa Swinglehurst (Deputy Leader)	Environment
Cllr Ivan Powell	Children and Young People
Cllr Harry Bramer	Community Services and Assets
Cllr Pete Stoddart	Finance and Corporate Services
Cllr Carole Gandy	Adults, Health and Wellbeing
Cllr Graham Biggs	Economy and Growth
Cllr Barry Durkin	Roads and Regulatory Services
Cllr Philip Price	Transport and Infrastructure

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: 2025-26 budget – recommendations from Scrutiny Management Board

Meeting: Cabinet

Meeting date: Thursday 23 January 2025

Report by: Statutory Scrutiny Officer

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose

To notify Cabinet of the recommendations from Scrutiny Management Board's scrutiny of:

- a. 2025-26 Draft Revenue Budget
- b. 2025-26 Proposed Savings Plans
- c. 2025-26 Proposed Directorate Base Budgets
- d. 2025-29 Medium Term Financial Strategy
- e. 2025-26 Treasury Management Strategy
- f. 2025-26 Draft directorate Fees and Charge

Recommendation(s)

That Cabinet:

- a) Consider the recommendations of the Scrutiny Management Board; and
- b) Respond to Scrutiny Management Board's recommendations in their proposed budget to be submitted to Cabinet on 23 January 2025.

Alternative options

1. It is a constitutional requirement that either Cabinet or its member portfolio holders consider recommendations from scrutiny committee. No alternative options are therefore presented.

Key considerations

2. The council's Scrutiny Management Board has a remit to scrutinise the council's finances, specifically the council's budget and treasury management strategy.
3. To fulfil this role, the committee met on 14 January to consider the council's
 - a) 2025-26 Draft Revenue Budget
 - b) 2025-26 Proposed Savings Plans
 - c) 2025-26 Proposed Directorate Base Budgets
 - d) 2025-29 Medium Term Financial Strategy
 - e) 2025-26 Treasury Management Strategy
 - f) 2025-26 Draft directorate Fees and Charge
4. At this meeting the committee made five recommendations, which are attached as appendix 1.

Community impact

5. The council's budget is fundamental to the delivery of the council's priorities, as contained in its forward plan. Scrutiny Management Board's recommendations, while not having a direct community impact, contribute to production of the council's budget.

Environmental Impact

6. This report contains no direct environmental impacts. However, the work that the committee will undertake resulting from agreeing this work programme may have direct impacts. Reports arising from or supporting this work will outline their potential environmental impact.

Equality duty

7. Equality Impact Assessments for the savings options and budget proposals will be made available as part of the 2025/26 Revenue Budget report to be presented at the meeting of Cabinet on 23 January 2025. These will include any changes made to the budget proposals as a result of the recommendations made by the Scrutiny Management Board.

Resource implications

8. This information report constitutes part of the typical function of this committee. There are no specific resource implications in its production or consideration.

Legal implications

9. The remit of the scrutiny committee is set out in part 3 section 4 of the constitution and the role of the scrutiny committee is set out in part 2 article 6 of the constitution.
10. The Local Government Act 2000 requires the council to deliver the scrutiny function.

Risk management

11. As this report is for information only, it presents no risks in its consideration.

Consultees

12. None undertaken

Appendices

Appendix 1: Scrutiny Management Board - Recommendations to Cabinet 23 January 2025

Background papers

Report Reviewers Used for appraising this report:

Governance	John Coleman	Date 15/01/2025
Finance	Click or tap here to enter text.	Date Click or tap to enter a date.
Legal	Click or tap here to enter text.	Date Click or tap to enter a date.
Communications	Click or tap here to enter text.	Date Click or tap to enter a date.
Equality Duty	Harriet Yellin	Date 15/01/2025
Procurement	Click or tap here to enter text.	Date Click or tap to enter a date.
Risk	Click or tap here to enter text.	Date Click or tap to enter a date.
Approved by	Click or tap here to enter text.	Date Click or tap to enter a date.

Summary of recommendations to the executive and executive responses
Scrutiny Committee: Scrutiny Management Board
Date: 15 January 2025

Recommendation 1	That Herefordshire Council provide a report to Scrutiny Management Board on the planned improvements around adult social care, an assessment of the likely impact they will have on mitigating future budget pressures in the medium-term financial strategy, and any analysis of the future demands on the service.				
Executive Response					
Action –	Owner	By When	Target/Success Criteria	Progress	

Recommendation 2	That the council's capital programme be reprofiled over the lifetime of the programme.				
Executive Response					
Action	Owner	By When	Target/Success Criteria	Progress	

Recommendation 3	That the council's budget include a more realistic estimate of the interest likely to be received through treasury management.				
Response					

Action	Owner	By When	Target/Success Criteria	Progress

Recommendation 4	Restating the Scrutiny Management Board recommendation from 2024 future draft budgets should be accompanied by a draft delivery plan			
Executive Response				
Action	Owner	By When	Target/Success Criteria	Progress

Recommendation 5	The capital strategy should be developed to show more clearly how the capital programme will deliver council plan priorities.			
Executive Response				
Action	Owner	By When	Target/Success Criteria	Progress



Title of report: 2025/26 Budget, Medium Term Financial and Treasury Management Strategy - Revenue

Meeting: Cabinet

Meeting date: Thursday 23 January 2025

Cabinet Member: Peter Stoddart, Finance and corporate services

Report by: Leader of the Council (Section 9E)

Report author: Director of Finance

Classification

Decision type

Budget and policy framework

Wards affected

All Wards

Purpose

To recommend to Council the proposed 2025/26 revenue budget, Medium Term Financial Strategy and the Treasury Management Strategy.

Recommendation(s)

That Cabinet recommends to Council for approval:

- a) the council tax base of 72,816.74 Band D equivalents in 2025/26;**
- b) an increase in core council tax for 2025/26 of 2.99%;**
- c) an additional precept in respect of adult social care costs of 2% applied to council tax in 2025/26 resulting in a total council tax increase of 4.99%, increasing the band D charge from £1,875.76 to £1,969.36 for Herefordshire Council in 2025/26;**

- d) the balanced 2025/26 revenue budget proposal totalling £231.5 million, subject to any amendments approved at the meeting, specifically the net spending limits for each directorate as at appendix C;
- e) delegates to the section 151 officer the power to make necessary changes to the budget arising from any variations in central government funding allocations via general reserves;
- f) the Medium Term Financial Strategy (MTFS) 2025/26 to 2028/29 at appendix A be approved;
- g) the Treasury Management Strategy at appendix D be approved; and
- h) the responses to scrutiny committee recommendations to follow in a supplementary paper to be approved.

Alternative options

- 1. It is open to Council to recommend alternative spending proposals or strategies; however, given the legal requirement to set a balanced budget, should additional expenditure be proposed compensatory savings proposals must also be identified. If it is proposed to spend less, the impact on service delivery of the proposed reduction should be considered.
- 2. Council can 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. A balanced draft revenue budget which totals £231.5 million is proposed for 2025/26. The proposal includes a 4.99% increase in council tax and estimates of central funding to be confirmed following the publication of the final Local Government Financial Settlement in February 2025.
- 4. The draft 2025/26 revenue budget assumes a 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 £1,969.36, representing an increase of £7.80 per month (£1.80 per week). This is the maximum increase permitted; a higher increase would require the support of a referendum.
- 5. The 2% adult social care precept will generate approximately £2.7 million of additional income to contribute to continuing adult social care pressures: reflecting increases in demand, complexity of need and cost for services to support the county's residents.
- 6. The Medium Term Financial Strategy for 2024/25 to 2027/28 published as part of the 2024/25 revenue budget included a planned reduction in the increase in council tax in 2025/26 to 3.99% (1.99% increase in core council tax and a 2% adult social care precept). As a result of unexpected reductions in the funding provided by Central Government following the Local Government Policy Statement in November 2024 and Provisional Settlement in December 2024, the council is increasingly reliant on funding raised locally through council tax. Whilst this planned reduction has not been possible in 2025/26, the revised MTFS for 2025/26 to 2028/29 assumes the rate of increase in future years will be at the reduced level of 3.99%.
- 7. An increase to the base budget for 2025/26 is proposed to fund identified budget pressures of £25.7 million. Savings and efficiencies of £6.9 million are proposed to mitigate these pressures to deliver a balanced budget.

8. Nationally, local authorities continue to face significant financial pressures whilst demand and cost of statutory services continues to rise; increasing the challenge of delivering transformation and improvements in the delivery of services. In 2024/25, the council set a balanced budget with a commitment to transformation; creating a lean and resilient organisation and ensuring the future sustainability of the council and the services it delivers.
9. The proposed budget and strategy for 2025/26 builds on the prudent approach and robust financial management exercised in 2024/25 and prior years: to preserve and protect the council's future financial resilience and sustainability at a time of increasing cost pressures, reduced Central Government grants, uncertainty over future funding arrangements and planned reorganisation of the local government framework.
10. As a result of the robust management of the revenue budget and responsible stewardship of the council's financial resources, the council is in a strong and resilient position to respond to and withstand future financial pressures. This strong financial position is evidenced through:
 - a balanced budget for 2025/26 which includes realistic and achievable savings;
 - adequate reserves to manage financial risks and respond to emerging pressures;
 - positive cashflow and high levels of liquidity;
 - a strong balance sheet with low levels of borrowing relative to the council's asset base;
 - an unqualified audit opinion on the financial statements for 2023/24 published by the statutory deadline; and
 - external assurance in respect of the council's financial sustainability confirmed in the Auditor's Annual Report for 2023/24, with no significant weaknesses identified.
11. A sustainable financial strategy has been developed for 2025/26 and onwards, to ensure the council can achieve an ambitious programme of innovation and improvement to deliver the best for Herefordshire.

Autumn Budget & Funding Update

12. The Chancellor announced the Autumn Budget 2024 on 30 October 2024; a one-year spending review for 2025/26 with a multi-year spending review for subsequent years expected in Spring 2025. The Local Government Finance Policy Statement was published 28 November 2024 outlining Government's proposals for 2025/26 alongside longer-term plans for reforming local authority funding.
13. The November Policy Statement confirmed the introduction of £1.53 billion new grant funding for local government across three priority grants: Recovery Fund (£600.0 million), Social Care Grant (£680.0 million) and Children's Service's Prevention Grant (£250.0 million), noting that these grants would be funded, in part, by the abolition of the Rural Services Delivery Grant (£110.0 million) and the Services Grant (£87.0 million).
14. In the financial year 2024/25, the council received a total of £7.1 million across the two abolished funding sources: £6.9 million in Rural Service Delivery Grant funding and £0.2 million in Services Grant. A total of £6.6 million was received in 2023/24 and £7.6 million in 2022/23.
15. The previous allocation of Rural Services Delivery Grant recognised the increased financial pressures in delivering services in a rural county. Herefordshire has the fourth lowest population density in England (approximately 189,000 residents across 842 square miles) and, as such, the council faces specific challenges and additional costs in the delivery of services to sparsely populated communities: provider market insufficiency, a higher proportion of older residents with increased demand for services, limited access to health and support services, difficulties in the recruitment of health care and social workers and greater distances to access residents increasing costs in the provision of waste services, transport and social care.

16. Analysis from the Rural Services Network (RSN) highlights the impact of the abolition of these grants on rural communities, with many rural authorities receiving no increase in Core Spending Power in 2025/26 contrasting with substantial increases for urban metropolitan areas. This RSN analysis of 2025/26 funding values, reveals that urban authorities will receive 41% more in government funded spending power per capita compared with rural areas.
17. The council is committed to ensuring that funding appropriately reflects rural need, and the additional cost pressures of service delivery and demand in rural areas, in order to prevent further deepening of rural deprivation and inequalities. Responses to consultations on the Provisional Settlement and Local Authority Funding Reform will be submitted alongside collaboration and representation through the Rural Services Network and Society of County Treasurers.
18. At the date of publication in November, the Statement highlighted that new grant funding would be targeted towards “places that need it most”, using deprivation as a proxy for those areas “with greater need and demand for services” but the basis for redistribution was not confirmed.
19. The Provisional Local Government Finance Settlement 2025/26 published 18 December 2024 confirmed the local authority allocation of redistributed grant funding across new priority grants. The council’s allocation of the redistributed grant funding for 2025/26 is noted in the table below:

Table 1: Council’s allocation of redistributed grant funding 2025/26

Funding source	Grant funding abolished* £'000	Allocation of new grants 2025/26 £'000
Rural Services Delivery Grant	(6,927)	
Services Grant	(208)	
Recovery Grant		NIL
Children’s Social Care Prevention Grant		369
Total	(7,135)	369

*2024/25 allocation

20. In 2024/25, the council received total Central Government grant funding of £32.2 million, in addition to locally raised council tax and retained business rates of £178.3 million (£24.3 million in 2023/24). In 2025/26, based on provisional allocations, the council expects to receive Central Government grant funding of £29.2 million; this represents a reduction of £3.0 million across these comparable sources from 2024/25 to 2025/26.

Table 2: Comparison of grant funding 2023/24 to 2025/26

Funding source	2023/24 £'000	2024/25 £'000	2025/26 £'000
Revenue Support Grant	983	1,048	1,422
Rural Services Delivery Grant	5,353	6,927	-
Services Grant	1,268	208	-
Social care support grant	13,466	17,482	20,336

ASC Discharge fund	951	1,585	1,585
Mkt Sustainability/Fair cost of care	2,062	3,853	3,853
New homes bonus	231	1,055	1,605
Children's social care prevention	-	-	369
Total grant income	24,314	32,158	29,170
Reduction in funding 2024/25 to 2025/26			(2,988)

21. Additional funding of £0.5 million was confirmed in the Provisional Settlement through the Homelessness & Rough Sleeping Allocation; this represents an increase in the amounts received in previous years from this source. This additional funding will support expenditure already assumed in the Community Wellbeing Directorate budget.
22. The reduction in Central Government grants results in less funding per head than urban areas despite the increased costs of service delivery to rural communities. To maintain services and deliver the best for residents, the council is therefore increasingly more reliant on funding through council tax than its urban counterparts.
23. Furthermore, the removal of this funding places increased pressure on the council to manage the impact of continuing growth in demand and cost for services. It limits the council's ability to build upon its strong financial position and maximise opportunities to deliver ambitious improvements for residents.

Council Tax Income

24. The Provisional Settlement confirmed that the council tax referendum limits would remain unchanged for 2025/26: councils with social care responsibilities are permitted to increase council tax by up to 3% with an additional 2% to meet adult social care pressures, without a local referendum.
25. Each 1% increase in council tax will generate approximately £1.4 million of recurrent funding to meet demand pressures and deliver the council's services. The proposed draft revenue budget for 2025/26 assumes the maximum increase of 4.99% in 2025/26.
26. In February 2024, Council unanimously approved the implementation of council tax premiums for empty properties and second homes in line with regulation and guidance issued by the Secretary of State. Total council tax income of £146.5 million in the 2025/26 draft revenue budget includes estimated income of £3.1 million in premiums applied to second homes and empty properties.
27. This estimate is informed by the number of dwellings confirmed as second homes or empty dwellings and the duration of the property's status, as per billing data as at December 2024. A series of verification checks to confirm occupancy and ownership status has been undertaken during 2024/25 to provide assurance in respect of the value of this budgeted income. A range of compliance measures are in place and will remain under review during 2025/26 to ensure that council tax premiums are charged on all relevant dwellings.

Business Rates Income

28. The total value of business rates due is collected by the council, paid to Government and redistributed back to the council via a formula grant mechanism. Business rates income collected by the council is accounted for separately from the council's revenue budget in the Collection Fund.

29. The revenue budget includes a fixed amount, estimated as part of the budget setting process, which is transferred from amounts collected in the Collection Fund. This means that if there is over or under collection of business rates income, the council's revenue budget is protected in that financial year. The council is responsible for maintaining a balance in the Collection Fund to manage movements in collection.
30. The council retains additional business rates income from the Hereford Enterprise Zone (HEZ). The HEZ was designated by Government as one of the 48 Enterprise Zones in 2012, designed to boost local growth and create jobs in specialist sectors including advance manufacturing and engineering, agri-food, business services, construction including built environment and security.
31. Within these zones, businesses are able to benefit from incentives including: a business rate discount of up to 100% over 5 years, enhanced Capital Allowances (corporation tax relief) for machinery and equipment purchases and simplified planning regulations through Local Development Orders.
32. Any growth in business rates above an agreed baseline (after reliefs and discounts) within the enterprise zone over a 25-year period, from April 2013, is retained by the council to be reinvested locally. The 2025/26 revenue budget includes additional business rate income retained from the HEZ of £1.3 million.
33. Following confirmation of final amounts to be retained from business rates collected from the Hereford Enterprise Zone, following submission of amounts collected and reliefs awarded in September 2025, any additional rate income retained above the budgeted income of £1.3 million will be transferred to Earmarked Reserves to be reinvested locally to support economic growth and development in future years. A programme of initiatives and activity to support growth in skills, business and tourism is currently being developed.
34. If additional funding is confirmed in the Final Local Government Settlement, expected late January/early February 2025, the value of additional business rates income applied in 2025/26 will be reduced.

Extended Producer Responsibility

35. Outside of Core Spending Power, the Provisional Settlement confirmed the allocation of £1.1 billion in income from the extended producer responsibility for packaging (pEPR) scheme will be allocated to local authorities in 2025/26. The extended producer responsibility for packaging (pEPR) regulation is part of the Environment Act 2021 and requires businesses to take responsibility for the packaging they sell in the UK, from the time it is placed on the market until it is disposed of.
36. The Government will assess the impact of additional pEPR income on the relative needs and resources of individual local authorities, and how it is factored into measurement of local authority spending power, ahead of the 2026/27 settlement. The council's allocation is confirmed as £3.5 million and this has been included in the total funding for 2025/26. Government is yet to announce the allocation of new burdens funding for the collection of food waste from all households which will be required from 2026/27.

Inflation Forecasts and National Living Wage Increases

37. Domestic inflation rates are generally in decline. Consumer Price Index (CPI) inflation fell to the target rate of 2.0% in May 2024, before a period of movements above and below the target (2.2% in July and August, 1.7% in September, 2.3% in October). The decline since last year has been led mainly by falling food, alcohol, tobacco and energy prices. CPI inflation is expected to rise to 2.5%, before falling back to the target rate of 2.0% by mid-2025.

38. Continuing geo-political risks may have an impact on inflation rates in the short-term: the risk of ongoing conflicts with a potential impact on oil prices and labour shortages, leading to sticky wage growth, may result in increased inflationary pressures.
39. In the Autumn Budget, Government announced an increase to the National Living Wage for individuals aged 21 and over of 6.7% from 1 April 2025 from £11.44 to £12.21 per hour, an increase of 16.3% in the National Minimum Wage for 18 to 20 year-olds and 18.0% for both under-18s and apprentices.
40. The impact of the increase in the National Living Wage, Employer's National Insurance and movement in CPI inflation on the rates that the council pays for services under contract, and in particular care contracts, has been considered as part of this draft budget.

Revenue Budget Proposals 2025/26

41. The base budget proposed for 2025/26 is summarised below and detailed in Appendix C with Directorate Savings Proposals detailed in Appendix B.

Detail	2024/25 Base Budget	Unfunded Pressures	Mitigations	Savings	2025/26 Proposed Budget
	£'000	£'000	£'000	£'000	£'000
Community and Wellbeing	75,891	14,786	-	-	90,677
Children and Young People	59,536	4,898	(1,442)	(3,929)	59,063
Economy and Environment	38,403	4,012	-	-	42,415
Corporate Services	21,032	3,388	(1,568)	-	22,852
Sub Total	194,862	27,084	(3,010)	(3,929)	215,007
Central	17,902	(1,401)	-	-	16,501
TOTALS	212,764	25,683	(3,010)	(3,929)	231,508
Funded by:					
Council tax	135,054				146,451
Business rates	43,249				47,567
Enterprise Zone Business rate income	-				1,282
Collection fund surplus	-				2,000
Revenue support grant	1,048				1,422
Rural services delivery grant	6,927				-
Social care support grant	17,482				20,336
ASC Discharge fund	1,585				1,585
Mkt Sustainability/Fair cost of care	3,853				3,853
Services grant	208				-
New homes bonus	1,055				1,605
Reserve funding	2,303				-
Employer's NI impact funding*	-				1,500
Children's social care prevention	-				369
Extended producer responsibility grant	-				3,538
TOTALS	212,764				231,508

*estimate until Final Settlement

Directorate Key Budget Pressures 2025/26

42. A summary of Unfunded Pressures of £27.1 million in 2025/26, by Directorate, is noted in the table below.

Pay Award: This pressure represents an impact of the estimated pay award for 2025/26 on staffing expenditure across each Directorate.

National Insurance (direct impact): This pressure represents the direct impact of increases in the rate and thresholds for employer's national insurance (Er's NI) on the council's paybill. It is expected that this pressure will be funded by Government, to be confirmed in the Final Settlement, and the proposed draft budget includes estimated funding of £1.5 million.

Inflation: This pressure represents the impact of inflation across contractual and non-contractual commitments in 2025/26. Inflation is estimated based on a variety of relevant inflation and price indices as well as contract specific rates. Inflation is funded at 90% in this revenue budget, as in the previous financial year.

Demand: Demand pressures reflect additional demand for services based on most recent activity data and costs. This pressure includes adjustments to reflect trend analysis and planned transformation activity in each service area.

Table 3: Directorate Pressures 2025/26

Pressure	Community Wellbeing	Children & Young People	Economy & Environment	Corporate Services	TOTAL
	£'000	£'000	£'000	£'000	£'000
Pay Award	601	672	410	414	2,097
Er's NI (direct)	448	514	283	287	1,532
Inflation	7,361	2,148	619	378	10,506
Growth/Demand	6,376	1,564	2,700	2,309	12,949
TOTAL	14,786	4,898	4,012	3,388	27,084

43. To recognise and mitigate the risk to the revenue budget of excessive cost pressures and volatility in demand across social care budgets, a contingency reserve of £11.0 million has been established in 2024/25, as approved by Cabinet in November 2024. This Budget Resilience Reserve will remain under review during 2024/25 and 2025/26 and future use of the reserve will be subject to appropriate governance in accordance with the Council's Finance Procedure Rules and Constitution.

Community Wellbeing

44. The Directorate faces continued challenge in 2025/26 as a result of increasing demand and complexity of need for the county's ageing population, increased demand for temporary accommodation, the impact of hospital high occupancy rates and an increase in the number of individuals unable to fund their own care linked to the impact of increases in the cost of living and inflation.
45. The budget requirement for 2025/26 reflects future cost pressures including increasing demand, acuity and complexity of care and price inflation including general inflation and the impact of increases in national insurance contributions and National Minimum and National Living Wage on health and social care provider contracts.

46. The Directorate will continue to respond to these challenges in 2025/26 through increased collaboration with health and community partners, reviewing high-cost Adult Social Care packages and improved utilisation of existing care contracts.

Children & Young People

47. The 2024/25 revenue budget included additional investment of £17.6 million for Children & Young People services to provide sufficient funding to meet the costs of service delivery. This additional funding comprised £14.3 million to address demand and cost pressures plus £3.3 million to meet inflationary increases and the cost of the annual pay award.
48. The increase in revenue budget was supported by a 3 Year Financial Plan which placed workforce stability and a reduction in high-cost placements as key priorities for the Directorate. This plan identified proposed savings of £10.2 million over the three years from 2024/25 to 2026/27.
49. Workforce savings represented a planned reduction in the number of agency social workers, assuming conversion of agency to permanent contracts, and a reduction in the social worker establishment consistent with an expected reduction in demand and the number of children in care. Reduced expenditure relating to high-cost placements was planned through detailed reviews of care packages and re-procurement, reunification with families, where appropriate, or placement with foster families, alongside the natural progression of care to supporting living when individuals reached the appropriate age.

Table 4: Children & Young People 3 Year Financial Plan (as at 2024/25 Budget Setting)

Planned activity/transformation	Year 1 2024/25 £'000	Year 2 2025/26 £'000	Year 3 2026/27 £'000	Total 2024/25 £'000
Workforce savings	(1,344)	(1,477)	(933)	(3,754)
Reduction in high-cost placements	(959)	(3,894)	(1,359)	(6,212)
SEN Transport efficiencies	(200)	-	-	(200)
TOTAL	(2,503)	(5,371)	(2,292)	(10,166)

50. The Quarter 2 2024/25 Budget Report presented to Cabinet in November 2024 confirms a forecast balanced position for the Children & Young People Directorate; services are forecast to be delivered within the approved budget in the year ending 31 March 2025.
51. The report also notes forecast delivery of Year 1 savings of £2.3 million by 31 March 2025. As at September 2024, saving targets S2 (Reduction in Social Worker establishment) and S3 (Reduction in number of agency social workers) totalling £1.4 million are confirmed as delivered in full. Activity to deliver saving target S1 (Reduction in High Cost Placements) of £0.9 million is assessed as 'in progress' and, notwithstanding the risk of emerging demand over the remainder of the financial year, this target is expected to be delivered in full.
52. Activity to deliver savings target S4 (£0.2 million in respect of SEN Transport efficiencies) is assessed as 'at risk' at Quarter 2 of 2024/25 with work underway to expedite delivery as part of a wider review of transport cost pressures and local sufficiency across the council.
53. The Children's Services and Partnership Improvement Plan was endorsed by Cabinet in July 2024. The Phase 2 Improvement Plan has been developed to bring focus, pace and measures to the improvement journey, building upon achievements in the last two years and introducing a Quality Assurance Framework of measures (key performance indicators, service user feedback and audit activity) to enable future progress to be monitored.

54. As the Service continues to transform and deliver improvements, it is appropriate that supporting plans are refreshed to ensure that planned activity continues to reflect the impact of progress to date, whilst supporting required future improvements and service priorities.
55. In February 2024, Directorate savings presented as part of the 2024/25 revenue budget proposed a target of £5.4 million for delivery in 2025/26 (Year 2 of the 3 Year Financial Plan). Following evidenced delivery of savings and service within budget in the 2024/25 financial year and significant transformation across the Directorate, the 3 Year Financial Plan has been refreshed to ensure that future savings remain realistic and achievable and in support of required improvements.
56. For 2025/26, the original plan proposed savings of £5.4 million comprising £1.5 million reduced workforce costs and £3.9 million reduced placement costs. A detailed review of the original proposals has been undertaken by the service, led by the Interim Director of Children's Services and informed by achievement of existing saving targets in 2024/25 and planned future activity.
57. This review has identified realistic and achievable savings proposals of £3.9 million for 2025/26. This represents a significant increase in savings forecast to be delivered in Year 1 and contributes to total savings of £6.4 million across Years 1 and 2, representing 63% of required savings per the original Financial Plan across this period.
58. It is proposed that the £3.7 million balance of total savings planned over the original 3 Year Financial Plan period are reprofiled over an additional year, extending the delivery period to 4 years: 2027/28.
59. As service improvement and transformation continue in 2025/26, detailed savings plans to deliver the Year 3 and 4 target of £3.7 million will be finalised and these will be subject to internal quality assurance and external audit review as part of routine Value for Money (VFM) audit testing procedures.
60. It is proposed that the gap arising between the original planned target for Year 2 and the revised savings identified for 2025/26 of £1.4 million is funded from the budget resilience reserve (Contingency Reserve) in 2025/26. The £1.4 million contribution from reserves in 2025/26 will be repaid in Years 3 and 4 of the revised plan period, alongside delivery of the balance of £2.3 million of savings.
61. Unprecedented increases in the demand for children's social care continue to have a significant impact on Children's Services nationally. Growing demand in Early Help, Special Educational Needs and Disability (SEND) and Home to School Transport services and national challenges in the recruitment and retention of social workers continue to contribute to pressures across the Directorate.

Dedicated Schools Grant (DSG)

62. The cumulative DSG deficit is accounted for as an unusable reserve on the council's Balance Sheet, as permitted via statutory instrument, which will remain in place until 31 March 2026. This enables all local authorities to ring-fence the DSG deficit from the overall financial position in the statutory accounts.
63. Beyond the period of the statutory override, the expectation is that any balance on the DSG Unusable Reserve will transfer back to the council's total Earmarked Reserves. The deficit will have an impact on the council's overall financial position once the override period ends and this risk is being managed alongside the assessment of the adequacy of the council's reserves, as part of the council's medium term financial strategy.

64. It should be noted that this issue is a major concern amongst local authorities nationally. A survey by the Association of Local Authority Treasurers (ALATS) reveals the nationwide deficit currently exceeds £3.0 billion across English councils, projected to rise to £5.6 billion by 2025/26 and £8.0 billion by 2026/27.
65. At 1 April 2024, the cumulative deficit brought forward totals £6.1 million. The Q2 (September) 2024/25 forecast was an overspend of £7.6 million within the High Needs block of the DSG; increasing the cumulative deficit to £13.7 million by 31 March 2025. A focused review to quantify the impact of emerging demand in 2025/26 and future years is currently underway to inform the council's DSG Deficit Management Plan. It is expected that this will increase the forecast deficit by 31 March 2025.
66. The Provisional Settlement confirmed that Government will set out plans for reforming the SEND system next year including a decision on the statutory override. The council continues to work with the Department of Education, Local Government Association and other local authorities to seek clarification on the position once the statutory instrument expires and a sustainable funding strategy for the High Needs budget.

Economy & Environment

67. Investment in the Directorate will provide sufficient resource and capacity to support growth in the economy in 2025/26 and deliver key projects through the Capital Programme. The Directorate will continue to implement the new operating model and contracting arrangements for public realm services and manage pressures in the operation of waste collection and disposal contracts arising due to growth in the volume of domestic waste and inflationary increases in the contract sum.
68. As part of budget setting activity, a review of the Development Planning Control income target for 2025/26 has been undertaken; considering historic performance against budget, expected growth and the impact of planned reform of the National Planning Policy Framework (NPPF) and other changes to the planning system by Government.
69. Further work has been completed by the council's Internal Auditors in collaboration with Transformation team staff: analysing income generated to understand changes in the volume of chargeable activity and activity type, considering timeframes for turnaround and benchmarking activity and income levels with similar sized rural authorities. This review determined that actual income generated by the council is comparable to similar authorities and that the income budget for 2024/25 is not achievable; the reset ensures a realistic income budget is set for 2025/26.
70. The Quarter 2 2024/25 Budget Report presented to Cabinet in November 2024 highlights forecast under-delivery of planning income of £1.3 million for the year ending 31 March 2025. In 2023/24, the revenue budget outturn report noted under-delivery of planning income of £1.0 million for the year.
71. For 2025/26, it is proposed that the Development Planning Control income budget is reduced by £1.0 million. This reset represents a revised income target which is realistic and achievable, whilst enabling the service to continue to identify efficiencies in service delivery and opportunities to maximise income generation.
72. Additional funding in 2024/25, through increase in Rural Services Grant at the Final Settlement, was allocated in the 2024/25 revenue budget to provide additional funding for drainage works across the county (£445k), Lengthsman scheme services (£250k) and improvements to Public Rights of Way (£250k). Despite the loss of Rural Services Grant, this commitment will continue in 2025/26 to maintain delivery in these priority areas across the county.

73. Expenditure for these schemes in future years will be subject to confirmation of future funding arrangements, and the multi-year settlement, and the review of the council's public realm services contract.

Home to School and SEND Transport

74. There are significant pressures in the provision of mainstream home to school transport and SEND transport services experienced in Herefordshire and nationally. The recent County Council's Network (CCN) (November 2024) highlights the financial pressures impacting local authority home to school transport budgets, with growth in Education, Health and Care Plans (EHCPs) for SEND students and increases in more costly travel such as individual taxis and passenger assistants intensifying the challenge.
75. The CCN report notes that since 2014, the number of EHCPs has surged by 140%, with average costs per SEND pupil rising 32% from £6,280 to £8,299 per annum. This rise in demand has led to a dramatic increase in home to school transport costs over the last decade and CCN figures project costs will reach £3.6 billion per year by 2030 for councils across England.
76. The Provisional Settlement notes that Government intends to set out plans to reform the SEND system in further detail next year. Ahead of any substantive reform, the council must manage increasing demand and cost pressures in transport services by identifying innovative strategies to:
- influence demand using data to understand user requirements;
 - maximise independence and reduce reliance on council transport services; and
 - employ digital technologies to maximise opportunities to consolidate routes and deliver efficient journeys.
77. An external review has been commissioned by the Chief Executive and an action plan is currently being developed which will deliver efficiencies across the council's transport routes, reduce costs and introduce a new operating model for transport services in 2025/26.
78. Additional investment in a council-owned fleet of vehicles in the proposed Capital Programme for 2025/26 is planned to further mitigate this revenue budget pressure. This investment will seek to deliver maximum cost savings, informed by revised route options and most efficient passenger utilisation.

Corporate Services

79. The budget requirement for 2025/26 reflects investment in the Corporate Services Directorate to support continued delivery of transformation across the council; enabling innovation through technology and the use of digital tools to build a data and intelligence-led organisation. These improvements in the use of technology will support demand management, deliver efficiencies and inform decision-making across the council's services and strategic priorities.

Central

80. The Central budget comprises financing transactions, Minimum Revenue Provision (MRP) and other corporate budget items including: pension costs, costs in respect of the administration of housing benefit and council tax and business rate collections and income from the council's business rate pooling arrangement. This budget is informed by planned delivery of the council's Capital Programme and corresponding borrowing requirement.

Delivery of 2024/25 Savings

81. The 2024/25 revenue budget included a challenging savings target of £19.5 million comprising Directorate savings of £11.6 million and council-wide savings of £7.9 million across a range of proposals to transform services, reduce expenditure, increase opportunities for cost recovery and review the size and shape of the organisation.
82. The challenging savings target set, and the difficult decisions taken to deliver efficiencies in both services and the size and shape of the council, form the basis of a sustainable financial strategy which is underpinned by robust financial management and continued expenditure controls, accuracy in forecasting and effective collaboration between service and finance teams.
83. The council's financial planning and monitoring arrangements which safeguard the financial sustainability of the council have been reviewed against National Audit Office criteria by external auditors. The Auditor's Annual Report published in September 2024 confirms there are no significant weaknesses in arrangements to ensure the council manages risk to its financial sustainability.
84. Delivery of savings at a time of increasing demand and budget pressures remains a significant challenge for the council. The Quarter 2 2024/25 Budget Report presented to Cabinet in November 2024 reports forecast delivery of £14.5 million (74% of total savings) in 2024/25 with the balance of £5.0 million assessed as 'at risk'.
85. Work is underway to maximise delivery of these savings in 2024/25 or identify mitigations. The delivery of savings in full and on time is critical to ensure the 2024/25 revenue outturn position is balanced and to prevent further pressure on future years' budgets.
86. Despite efficiencies across the council in 2024/25, Directorate teams have continued to deliver key priorities and Delivery Plan milestones whilst providing increased support to recognise the impact of the increasing costs of living on residents and businesses in the county. In addition, the council has made significant progress in the delivery of capital projects.
87. There have been measurable improvements in public health outcomes with successful initiatives to stop smoking and improve mental health. Strategies and frameworks to improve services to children and young people have been informed by pilot schemes and surveys to gain a better understanding of their experiences across the county. Progress to improve the lives of the aging population has been made using data and intelligence to address issues in the discharge process and respite services. This improvement work will continue over the remainder of 2024/25 and will be measured as part of routine performance reporting.
88. The council is committed to identifying solutions to develop affordable housing and work is underway to review best practice options through engagement with developers and registered providers.
89. In delivery of objectives to expand and maintain the county's transport infrastructure network, the council has completed surface dressing works across 30 sites across Herefordshire and plans to spend the remaining budget to deliver further improvement by the end of the financial year.
90. The council continues to work towards reducing carbon emissions to achieve net zero by 2030/31 and making the county more resilient to the effects of climate change. Progress has been made in developing the next carbon management plan, farm carbon audits have been completed and the second phase of the Home Upgrade Grant is in delivery, supporting improved household energy efficiency for residents.

91. Transformation work has continued across the council in 2024/25 with advancements including digital technology in customer services and pilots of M365 and the use of Artificial Intelligence being progressed in the year.

Proposed Savings 2025/26

92. Total savings of £3.9 million are proposed in the 2025/26 budget which represent savings in the Children & Young People Directorate in Year 2 of the Financial Plan, as noted above in paragraphs 46 to 52.
93. Savings planned in Year 2 of the revised Financial Plan will build upon the successful delivery of savings achieved in 2024/25; continuing the conversion of high-cost agency staff to permanent posts and a planned reduction in the staffing establishment aligned to the locality model and reduced levels of demand. A reduction in placement costs, across residential, complex needs and supported accommodation placements, will deliver further savings in 2025/26.
94. Details of individual proposals and a description of planned activity for these savings are included at Appendix B. Whilst no additional Directorate savings are proposed, as part of the budget setting process a series of mitigations have been identified to contain growth and minimise pressures on Directorate budgets in 2025/26 and these are noted below.

Mitigations

95. Mitigations of £3.0 million include £1.4 million contribution from the budget resilience reserve (Contingency Reserve) in 2025/26 to bridge the gap of Year 2 savings identified in the Children & Young People Directorate as noted above at para 58. This application in 2025/26 is a result of revisions to planned activity and timing of savings and this contribution will be repaid in Years 3 and 4 of the revised plan period, alongside delivery of the balance of £2.3 million of savings.
96. Transformation expenditure in the Corporate Services Directorate will be mitigated in 2025/26 through the application of £0.6 million of capital receipts. This application is permitted by statutory Direction and the council is required to evidence compliance with qualifying conditions to its external auditors. The qualifying expenditure will generate efficiencies, ongoing savings and reductions in the cost of service delivery. The proposed application in 2025/26 represents modest use of this flexibility by the council.
97. The balance of mitigations represents increases in fees and charges of £0.5 million and realignment of Directorate budgets which total £0.5 million to mitigate corresponding growth in 2025/26.

Table 5: Mitigations

Mitigation	Children & Young People £'000	Corporate Services £'000	Total £'000
Utilisation of Contingency Reserve to mitigate Year 2 savings gap	(1,442)	-	(1,442)
Application of Capital Receipts to mitigate qualifying transformation expenditure	-	(600)	(600)
Increased fees and charges	-	(531)	(531)
Realignment of Directorate budgets to mitigate corresponding growth	-	(437)	(437)
TOTAL	(1,442)	(1,568)	(3,010)

Community impact

- 98. The draft budget demonstrates how the council plans to use its financial resources to deliver its statutory responsibilities and strategic priorities. The budget and savings proposals support the overall delivery plan and service delivery strategies in place.
- 99. In accordance with the adopted code of corporate governance, the 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.

Environmental Impact

- 100. 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.
- 101. 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

- 102. The Public Sector Equality Duty requires the council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision-making in the design of policies and in the delivery of services.
- 103. The mandatory equality impact screening checklist has been completed for budget proposals where appropriate and it has been found to have a high impact for equality for some budget proposals. A full equality impact assessment has been completed and this will be circulated as a supplementary paper to this agenda item.

Resource implications

- 104. 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.
- 105. The council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from its resources. This includes taking properly informed decisions and managing key operational and financial risks in order to deliver objectives and safeguard public money.
- 106. Under the Local Audit and Accountability Act 2014, the council's external auditors are required to assess whether the council has made proper arrangements under three areas, as defined by the National Audit Office: Financial Sustainability, Governance and Improving economy, efficiency and effectiveness.

107. For the 2023/24 financial year, the council was the first and only council in the country to receive an audit opinion on the financial statements and its value for money arrangements by the statutory deadline of 30 September 2024.
108. The Auditor's Annual Report for 2023/24 notes that arrangements for identifying, developing, monitoring and reporting on savings are appropriate and that the council has used appropriate key assumptions together with sensitivity analysis when developing its 2024/25 budget. These arrangements, assessed by external audit, underpin the 2025/26 budget setting process to support the preparation of a realistic balanced budget.
109. Audit testing of the robustness of savings proposals included in the 2024/25 budget confirmed a 'green' rating in respect of the council's plans to bridge its funding gap and identify achievable savings. Auditors selected a sample of savings schemes across Directorate and council-wide savings representing £14.6 million (75% of the £19.5 million total savings for 2024/25). The findings confirm that Officers provided supporting working papers including detailed calculations to support the figures, alongside evidence that plans have been developed through engagement between budget holders and service managers
110. The audit report provides valuable, independent assurance that the council has robust financial planning arrangements in place to identify all significant financial pressures and risks to financial resilience and to support the sustainable delivery of services in accordance with strategic and statutory priorities.

Legal implications

111. 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.
112. 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).
113. 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.
114. 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.
115. 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.
116. 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.

117. 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.
118. 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.
119. 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.

Risk management

120. 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.
121. The budget has been updated using the best available information; current spending, anticipated pressures and estimates in respect of the provisional 2025/26 funding settlement.
122. 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.
123. The council maintains a general fund reserve balance above the minimum requirement, earmarked reserves and an annual contingency budget to manage these risks.
124. Key financial risks and mitigating actions are noted in the table below. The impact measure refers to the potential financial severity of each identified risk.

Key Financial Risk	Likelihood	Impact (Potential Severity)	Mitigating Action
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 1 April 2024 was 9.6m (4.5% of 2024/25 revenue budget). Additionally, national resources have historically been provided to support national issues.
Not delivering required improvements The council must address the statutory direction and improvements	Low	Medium	The Phase 2 Children's Services and Partnership Improvement Plan was endorsed by Cabinet in July 2024 introducing a Quality Assurance Framework of measures (key performance indicators, service user feedback and audit activity) to enable future progress to be monitored. Performance against the

across Children's Services			<p>Improvement Plan is monitored and reported on a quarterly basis.</p> <p>The supporting Financial Plan has been revised for 2025/26 to ensure the Children & Young People Directorate is able to continue to deliver savings whilst sustaining improvement in service delivery.</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; additional funding to support increased demand has been applied to Community Wellbeing and Children & Young People Directorate base budgets for 2025/26. In year monitoring of performance enables Directorates to forecast trends and identify changes in demand.</p> <p>Increasing demand for social care represents a key financial pressure for all councils. Robust and regular budget monitoring identifies emerging pressures and the financial impact on in-year budgets across the council. Financial monitoring is informed by activity data and trend analysis from the relevant service to ensure that forecasting is reliable and timely.</p> <p>The Budget resilience reserve represents a contingency budget for 2025/26 and future years to mitigate the risks of excessive cost pressures and volatility in demand.</p>
Potential overspend and non-delivery of savings required to balance the budget	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 Directorate and Corporate Leadership Teams and Cabinet enables the timely identification of actions to mitigate the risk of overspends.</p>
<p>Volatility in Government funding streams</p> <p>The government settlement for 2025/26 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>Government have confirmed that there will be significant reform of funding arrangements in future years, including a Fair Funding Review and reset of Business Rates. The MTFS will be updated to reflect the impact for the council as further information is received.</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>

Dedicated Schools Grant The future cumulative deficit requires direct financial support from council core budgets if the period of statutory override is not extended beyond 31 March 2026.	High	Medium	<p>The high needs budgets are funded by the dedicated schools grant, but any overspend becomes a council liability.</p> <p>This risk cannot currently be mitigated; expenditure will be monitored as part of routine budget monitoring arrangements and the council will continue to work with the Department for Education and monitor progress against the DSG Deficit Management Plan.</p> <p>This represents a significant local and national pressure and urgent reform is required. Collaboration between the Department for Education, MHCLG, HM Treasury and local authorities must inform plans to reform funding arrangements and future decision on the statutory override to manage the national deficit and minimise the impact on local authority financial positions.</p>
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Budget Timetable

125. The high-level timetable to approval of the 2025/26 revenue budget by Council is set out below:

Date	Activity
13 January 2025	Draft 2025/26 revenue budget to Cabinet - completed
14 January 2025	Meeting of Scrutiny Management Board to consider revenue budget for 2025/26 - completed
23 January 2025	Meeting of Cabinet to recommend 2025/26 revenue budget to Council
Late Jan/early Feb	Final Local Government Finance Settlement
7 February 2025	Meeting of Council to approve 2025/26 revenue budget

Consultees

126. 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.
127. In 2025/26, the council developed an online budget simulator tool, enabling residents and other stakeholders to consider funding choices and the impact of changes in income and expenditure on the delivery of services. Engagement also asked for feedback on priorities for the 2025/26 budget and council tax increase options. A further event to engage with the business community was held in December 2024.
128. A total of 201 responses were submitted online. There was strong support for proposals for continued investment in improvements to the road network, for investment in a prevention and

maintenance programme to strengthen resilience and reduce/mitigate the impact of flooding for residents and communities and for plans to maximise the use of the council's assets and resources to reduce revenue pressures.

129. Scrutiny Management Board were consulted with on 14 January 2025. The Board's recommendations for consideration by Cabinet will be circulated as a supplementary paper to this agenda item.

Appendices

Appendix A: Medium Term Financial Strategy

Appendix B: Proposed Savings Plans

Appendix C: Proposed Directorate Base Budgets (to follow as supplementary)

Appendix D: Treasury Management Strategy

Appendix E: Earmarked Reserves and General Fund Balances to 31 March 2026

Appendix F: Online Budget Consultation Report 2025/26

Background papers

None identified.



MEDIUM TERM FINANCIAL STRATEGY 2025/26 TO 2028/29

Introduction

- 1.1 The Medium Term Financial Strategy (MTFS) is the council's key financial planning document and sets out the council's budget for 2025/26 and the financial plan for the years to 2028/29. The strategy sets out how the council's priorities will be funded over the MTFS period and the financial risks and pressures that must be mitigated in order to successfully deliver corporate objectives.
- 1.2 This 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.
- 1.3 The council has a gross expenditure budget of around £400 million which is used to deliver services to nearly 200,000 residents across rural villages and market towns. These services include maintenance of over 2,000 miles of roads, collection of over 89,000 residential bins, safeguarding around 1,000 children (including 400 in our care) and providing care and support to approximately 2,500 vulnerable adults.
- 1.4 The council employs over 1,200 staff and supports many more local jobs through contacts with local business. The local economy combines long-standing agriculture and food production industries alongside innovative businesses in cyber and technology, construction and engineering.
- 1.5 The council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from its resources. This includes taking properly informed decisions and managing key operational and financial risks in order to deliver objectives and safeguard public money. Using resources wisely is a core principal of financial management and the council continues to identify efficiencies in service delivery and maximise purchasing power to ensure value for money is achieved for the residents and businesses of Herefordshire.
- 1.6 The Herefordshire Council Plan 2024-28 sets out how the council will make its contribution to achieving success across the county; delivering the best for Herefordshire in all areas of service delivery and developing a council that engages with the communities it serves.
- 1.7 The Plan sets out the vision for the future, with a focus on key priorities of People, Place, Growth and Transformation, with partnership working at the core of all activity. The themes and ambitions which underpin the Council Plan inform the financial plans including the annual budget and MTFS.
- 1.8 The MTFS proposes a balanced revenue budget which totals £231.5 million for 2025/26; achieved by a 4.99% increase in council tax and planned savings of £3.9 million. The net revenue budget for 2025/26 is detailed at Annex A.

National and Local Financial Risk

Wider Economic Context

- 2.1 The UK economy remains challenging following a prolonged period of high interest rates and sticky inflation, caused by the global pandemic and the subsequent impact of increases in the cost of living. UK growth is stagnant, with Gross Domestic Product (GDP) at 0.5% for quarter 2 and 0.1% for quarter 30 in 2024.
- 2.2 Domestic inflation rates are generally in decline. Consumer Price Index (CPI) inflation fell to the target rate of 2.0% in May 2024, before a period of movements above and below the target (2.2% in July and August, 1.7% in September, 2.3% in October). The decline since last year has been led mainly by falling food, alcohol, tobacco and energy prices. CPI inflation is expected to rise to 2.5%, before falling back to the target rate of 2.0% by mid-2025.
- 2.3 These economic factors, alongside increases in demand for adult and children's social care and home to school travel services, place unprecedented pressures on the council's MTFS during a period of uncertainty around future funding arrangements for local government.
- 2.4 The MTFS is informed by the estimated impact of these pressures on council budgets at the time of preparation. They remain estimates which are subject to change and will continue to be reviewed over the medium term planning period.

Core Government Funding

- 2.5 The Local Government Settlement for 2025/26 received in December 2024 represents a one-year settlement with a multi-year spending review for subsequent years expected in Spring 2025.
- 2.6 Alongside the Provisional Settlement, the Ministry of Housing, Communities and Local Government (MHCLG) published a consultation on funding reform. The Autumn 2024 Budget confirmed Government's intention to pursue a comprehensive set of reforms to place local government in a more sustainable position, using a deprivation-based approach in 2025-26, followed by broader reform through a multi-year settlement from 2026-27.
- 2.7 A reset of the business rates retention system is also planned for 2026/27. This reset will apply nationally but it is expected that business rates growth generated within designated areas, including Enterprise Zones, will be exempt in line with current policy. The impact of a business rates reset on the council's retained income will depend on the relative growth in business rates.
- 2.8 These plans place significant uncertainty over funding over the medium-term planning period. The MTFS for 2025/26 to 2028/29 is informed by prudent assumptions of future core Government funding to reflect this uncertainty.
- 2.9 **Council Tax:** The Provisional Settlement confirmed that the council tax referendum limits would remain unchanged for 2025/26: councils with social care responsibilities are permitted to increase council tax by up to 3% with an additional 2% to meet adult social care pressures, without a local referendum.
- 2.10 Each 1% increase in council tax represents approximately £1.4 million of recurrent funding to meet demand pressures and deliver the council's services. The proposed draft revenue budget for 2025/26 assumes the maximum increase of 4.99% in 2025/26: 2.99% increase in core council tax and a 2% adult social care precept. This increases the band D equivalent charge to £1,969.36, representing an increase of £7.80 per month (£1.80 per week).
- 2.11 At the proposed level of increase, the total Council Tax income for the council is expected to increase by £11.4 million to £146.5 million; representing £6.7 million of basic increase, £1.6

million in tax base buoyancy and £3.1 million in premiums applied to second homes and empty properties.

- 2.12 The maximum level of local Council Tax Reduction scheme discount, approved by Council in 2021/22, has been maintained in all subsequent years to ensure that eligible households receive support as the impact of the rising cost of living continues.
- 2.13 **Business Rates:** The Business Rates retention scheme was introduced on 1 April 2013. Under the scheme, the council retains some of the business rates raised locally: 50% of the business rate yield is retained locally and 50% retained by central Government. This Government share is maintained in a central pool, distributed to local government via other grants.
- 2.14 Authorities who have more business rates than their baseline funding level pay a tariff to Government. This is used to fund top-up payments to those authorities whose business rates are less than their baseline funding levels.
- 2.15 In order to maximise the value of business rates retained within Herefordshire, the council joined the Herefordshire and Worcestershire Business Rates Pool in the 2023/24 financial year 2023/24 and opted to continue in 2024/25 and 2025/26.
- 2.16 A Business Rates Pool is a voluntary arrangement between a group of local authorities in England whereby their combined business rates income and any growth is collected as one common fund or 'pool'. This pool generates a saving in the levy returned to central Government which can be distributed amongst members as determined by a Pooling Agreement; spreading the risk across a wider geographic and economic area to enable more business rate growth to be retained locally and shared by authorities within the pool.
- 2.17 As a member of this Pool, the council benefits from a reduction in levy rate and a share of the estimated increased gain to the pool, as determined by the Pooling Agreement. The Pool operates on the principal that no member authority would be worse off in the pool than if not a member. This means that amounts paid into the pool are limited to the levy amount that they would have otherwise paid to the Government and the risk to the council is mitigated.
- 2.18 **Fees & Charges:** The council generates income to fund service delivery by charging for the services it provides to residents and businesses. Aside from income generation from locally raised taxes, this is an increasingly important source of funding. Fees and charges are within the direct control of the council to set and uplift, subject to any legislative, economic and political considerations.
- 2.19 Alongside an annual review and uplift of fees and charges, work to ensure maximum service cost recovery and to identify new commercial opportunities across Directorates continues as part of wider transformation activity across the council.

Local Context

- 2.20 Despite efficiencies across the council in 2024/25, Directorate teams have continued to deliver key priorities and Delivery Plan milestones whilst providing increased support to recognise the impact of the increasing costs of living on residents and businesses in the county. In addition, the council has made significant progress in the delivery of capital projects.
- 2.21 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, and this MTFS reflects the financial commitment to deliver this transformation.
- 2.22 Transformation efficiencies and savings will be achieved through improvements to systems, processes and technology; using digital solutions and technology to improve the customer

offer and maximise opportunities to work with communities and partners alongside maximising income through service cost recovery.

- 2.23 Year-on-year timely completion and independent audit of the council's statutory accounts provide assurance over the arrangements in place to provide complete, accurate and timely financial statements and the appropriateness of the council's accounting policies and accounting estimates.
- 2.24 The council's financial position is stable with above average reserve levels compared with similar unitary authorities, low levels of borrowing, positive cashflow and high liquidity and robust financial planning arrangements to identify and manage risks to financial resilience.

Projected Funding Gap over MTFS Period

- 3.1 The MTFS develops a series of financial projections to quantify the estimated funding gap and determine the medium term financial implications must be addressed in order to continue to deliver council services and strategic priorities.
- 3.2 To develop these projections, the current year base budget is inflated to reflect estimated price increases across services and goods with additional amounts to include unavoidable spending pressures and the financial impacts of council priorities and decisions. The adjusted base budget is measured against the estimated funding available to determine the future funding gap.
- 3.3 The projections below, and detailed at Annex B, reflect a funding gap for the medium-term period 2025/26 to 2028/29 of £4.2 million. This is an estimate of the financial gap between what the council needs to spend to maintain services delivery and the funding available. This reflects inflationary costs included as base budget increases from 2026/27 which are not currently matched by increases in core Government funding.

Table 1 Projected Funding Gap to 2028/29

	Proposed 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'000
Total Funding	231,508	258,976	273,651	287,281
Net Expenditure Budget	231,508	257,216	274,601	292,289
Surplus/(Gap) to be funded	-	1,760	(950)	(5,008)
Surplus/(Gap) as % of net budget		0.7%	0.3%	1.7%
Total (Gap) to 2028/29				(4,198)

- 3.4 Closing the estimated funding gap in future years represents a significant challenge for the council. Existing activity to priorities resources and deliver efficiencies will continue to bridge this gap through transformation of service delivery, increasing opportunities to recover costs of service delivery, expenditure reviews and reviewing the size and shape of the workforce to ensure a lean and resilient council for the future.
- 3.5 There is significant uncertainty in terms of future funding arrangements and allocations across local authorities over the medium-term period. Government have confirmed that there will be significant reform of funding arrangements in future years, including a Fair Funding Review and reset of Business Rates during 2025 for implementation from 2026/27 and the MTFS will need to be revised to reflect updated levels of funding as information is received from Government.

Dedicated Schools Grant (DSG)

- 4.1 The cumulative DSG deficit is accounted for as an unusable reserve on the council's Balance Sheet, as permitted via statutory instrument, which will remain in place until 31 March 2026. This enables all local authorities to ring-fence the DSG deficit from the overall financial position in the statutory accounts.
- 4.2 Beyond the period of the statutory override, the expectation is that any balance on the DSG Unusable Reserve will transfer back to the council's total Earmarked Reserves. The deficit will have a significant impact on the council's overall financial position once the override period ends and this risk is being managed alongside the assessment of the adequacy of the council's reserves, as part of the council's medium term financial strategy. The Provisional Settlement confirmed that Government will set out plans for reforming the SEND system in 2025, including a decision on the statutory override, and the MTFS will be updated to reflect the impact as plans are confirmed.

Planning Assumptions

- 5.1 The key assumptions in developing the medium term financial projections are explained below.

Table 2 Key assumptions by budget area

Budget area	Key assumptions
Contract inflation	For 2025/26 the general rate of inflation is assumed at 3% or the individual contract specific rate (all capped at 90%). For the remaining three years from 2026/27 to 2028/29, inflation is assumed at 2.7%, 2.3% and 1.9% respectively.
Employee related costs	A pay increase has been assumed for the four year MTFS period. The council is part of the Worcestershire Pension Fund, administered by Worcestershire County Council. The triennial valuation of the Pension Fund took place on 31 March 2022. Contributions included for the MTFS period ensure that the future costs to meet existing members' service benefits continue to be covered.
Council tax	An increase of 4.99% is assumed for 2025/26 with a 1.99% increase in council tax and 2% increase in Adult Social Care Precept in each of the years 2026/27 to 2027/28.
Council tax base	The council's tax base represents the estimated number of Band D equivalent chargeable dwellings for the year. The tax base is forecast to increase by 1% each year for the purpose of modelling income for the MTFS; this increase is informed by prior year increases.
Council tax premiums on second homes and empty properties	The MTFS assumes additional council tax premiums from 1 April 2025. A 100% premium will be charged for second homes and properties which have been empty and unfurnished for a period of between 1 and 2 years. A prudent estimate of expected income has been included in the MTFS; acknowledging potential reductions in revenue if homes are sold or reclassified once charges are introduced. This estimate is informed by the number of dwellings confirmed as second homes or empty dwellings and the duration of the property's status, as per billing data as at December 2024. A series of verification checks to confirm occupancy and ownership status has

	been undertaken during 2024/25 to provide assurance in respect of the value of this budgeted income.
Other Government funding sources	Government funding sources included in the MTFS reflect the assumption that the Fair Funding Review will be implemented from 2026/27. Estimates do not include the impact of planned reform of business rates funding.
Fees & charges	Any increases in fees & charges have been incorporated within the budget proposals.
Capital borrowing rates	Capital borrowing rates of 4.8%, 4.4%, 4.2% and 4.2% 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.

Robustness of Budget Estimates and Key Risks

- 6.1 The 2025/26 budget and MTFS include estimated values, based on key assumptions noted above and expectations of future events that are otherwise uncertain. Estimates are based on historical experience, current trends and other relevant factors. Financial forecasts are monitored as part of routine budget monitoring arrangements to ensure that risks are identified in a timely manner and mitigation action is taken.
- 6.2 As values cannot be determined with certainty, the table below notes the potential impact of both a positive and negative impact of 1% across the key areas within the MTFS.

Table 3 Impact assessment (1% movement)

	Potential full-year impact of 1% movement (£m)
Council tax	+/- £1.4m
Employee related costs (pay)	+/- £0.8m
Inflation	+/- £2.4m
Demand	+/- £2.0m
Interest on borrowing	+/- £0.1m
Council tax premium second/empty homes	A 10% movement in the number of dwellings liable to the premium represents +/- £0.3m from 2026/27 onwards

- 6.3 The council has strengthened arrangements to identify and monitor financial risks; implementing additional measures to provide increased support to budget managers to deliver planned savings and contain expenditure within the approved budget. These measures include:
- enhanced in-year financial monitoring and reporting to identify key risks and expected financial impacts;
 - improved alignment of activity data and trend analysis to financial forecasts;
 - introduction of expenditure controls to provide increased rigour and challenge of expenditure; and
 - enhanced check and challenge of key assumptions in the outturn forecast.
- 6.4 The key financial risks that could affect the delivery of the MTFS as noted in the table below.

Table 4 Key financial risks

Key Financial Risk	Likelihood	Impact (Potential Severity)	Mitigation
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 1 April 2024 was 9.6m (4.5% of 2024/25 revenue budget). Additionally, national resources have historically been provided to support national issues.
Not delivering required improvements The council must address the statutory direction and improvements across Children's Services	Low	Medium	<p>The Phase 2 Children's Services and Partnership Improvement Plan was endorsed by Cabinet in July 2024 introducing a Quality Assurance Framework of measures (key performance indicators, service user feedback and audit activity) to enable future progress to be monitored. Performance against the Improvement Plan is monitored and reported on a quarterly basis.</p> <p>The supporting Financial Plan has been revised for 2025/26 to ensure the Children & Young People Directorate is able to continue to deliver savings whilst sustaining improvement in service delivery.</p>
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	<p>Demand led pressures are reflected within our spending plans; additional funding to support increased demand has been applied to Community Wellbeing and Children & Young People Directorate base budgets for 2025/26. In year monitoring of performance enables Directorates to forecast trends and identify changes in demand.</p> <p>Increasing demand for social care represents a key financial pressure for all councils. Robust and regular budget monitoring identifies emerging pressures and the financial impact on in-year budgets across the council. Financial monitoring is informed by activity data and trend analysis from the relevant service to ensure that forecasting is reliable and timely.</p> <p>The Budget resilience reserve represents a contingency budget for</p>

			2025/26 and future years to mitigate the risks of excessive cost pressures and volatility in 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 Directorate and Corporate Leadership Teams and Cabinet enables the timely identification of actions to mitigate the risk of overspends.
Volatility in Government funding streams The government settlement for 2025/26 is a one-year settlement; the assumed funding for the MTFS period is not confirmed.	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. Government have confirmed that there will be significant reform of funding arrangements in future years, including a Fair Funding Review and reset of Business Rates. The MTFS will be updated to reflect the impact for the council as further information is received.
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.
Dedicated Schools Grant The future cumulative deficit requires direct financial support from Council core budgets	High	Medium	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. This risk cannot currently be mitigated; expenditure will be monitored as part of routine budget monitoring arrangements. The high needs deficit (£6.1 million at 31 March 2024) sits as a negative unusable reserve on the balance sheet permitted via a statutory instrument. This enables all local authorities to ringfence DSG deficits from the council wider financial position in the statutory accounts. This instrument expires at the end of 2025/26, with an implied risk to the General Fund and overall financial

			position if the council is required to fund the deficit.
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Adequacy of reserves

- 7.1 The council's useable revenue reserves are split between a general reserve (the general fund) and earmarked reserves that are held for certain purposes. The general fund is held as a strategic reserve to emergency events such as unforeseen financial liabilities or natural disasters.
- 7.2 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 2024 the general reserve balance totalled £9.6 million, being 4.5% of the council's 2024/25 approved net revenue budget.
- 7.3 Earmarked reserves are amounts set aside for future expenditure to support specific corporate priorities or for general contingencies and cash flow management. For each reserve established, the purpose, usage and basis of transactions needs to be clearly defined.
- 7.4 The overall level of reserves balances is reported to Cabinet at least annually; the last report to Cabinet was in May 2024 noting the total audited balance of £82.8 million comprising the general fund balance of £9.6 million and earmarked reserve balances of £73.2 million at 31 March 2024.
- 7.5 Earmarked reserve balances include £17.3 million of grant funding carried forward into 2024/25. This represents amounts of grant funding received, with no outstanding grant conditions to be met, which have not yet been applied to relevant expenditure. In accordance with the principles of the CIPFA Code of Practice on Local Authority Accounting and relevant accounting standards, these amounts are accounted for as earmarked reserves, carried forward for application in future accounting periods.
- 7.6 The council's financial strategy aims to minimise the use of reserves in the medium term and to replenish them to support future sustainability, enable the council to respond to unexpected changes and to invest in the continued transformation and improvement of its services.
- 7.7 The financial resilience reserve was established to manage risks present in the base budget, for example additional placement costs from unexpected demands. In 2023/24, the financial resilience reserve was increased from £1.2 million to £3.1 million.
- 7.8 The 2024/25 revenue budget approved use of £1.3 million of this reserve balance to remove savings in the Children & Young People Directorate. Due to the volatility of the Directorate's demand-led activity and risk of impact on the outturn position, until the full year results and achievement of savings are known, the final requirement from the reserve cannot be confirmed.
- 7.9 Any overspend in 2024/25 must be funded using the council's available reserves. It is expected that the overspend will require full utilisation of the financial risk reserve and a review of 'other reserve' balances will be required to fund any additional balance. This will reduce the reserves available to manage risk in future years.
- 7.10 A forecast of reserve balances at 31 March 2025 and 31 March 2026 will be included at Appendix E to the 2025/26 Revenue Budget Report.
- 7.11 There are robust controls in place, as part of routine budget monitoring arrangements, to monitor in-year transfers to and from reserves and resulting reserve balances and these transactions are subject to review as part of the annual audit of the statutory accounts.

- 7.12 The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index is a comparative tool to support good financial management. The index shows a council's position on a range of measures associated with financial risk to highlight where additional scrutiny may be required. The data for the most recent index reflects figures obtained from the Revenue Expenditure and Financing England Outturn Report 2023/24 (RO Forms) as at 31 March 2024.
- 7.13 The reserve sustainability measure provides a measure of how long in years it will take for a council to run out of reserves if they continue to use them as they have and the associated level of risk. This data highlights the council's reserve sustainability measure to be 'lower risk' and notes the council has average reserves relative to its nearest neighbour and other unitary authority comparator groups.
- 7.14 The Local Government Act 2003 (Section 25) requires that the chief financial officer considers the adequacy of the proposed financial reserves as part of the annual budget setting process.
- 7.15 The forecast general fund balance at 31 March 2025 of £9.6 million is within the range required by the council's policy; representing 4.1% of net revenue expenditure in 2025/26. This is sufficient to ensure that the council has adequate resources to fund unforeseen financial liabilities.

Conclusion

- 8.1 The council has a record of robust and effective financial management and is committed to delivering planned savings and managing expenditure within budget in order to preserve the future sustainability of the council.
- 8.2 The planning assumptions and estimates which inform the 2025/26 budget and MTFS to 2028/29 are realistic and prudent and there are appropriate arrangements in place to ensure the council is able to identify and manage risks to financial resilience.
- 8.3 The MTFS provides a balanced budget for 2025/26 and clearly identifies the projected funding gap and risks to delivery. Whilst there are significant challenges ahead, this financial strategy ensures that the council's finances are aligned to its strategic priorities with a clear focus on transformation to ensure the future sustainability of the council and the services it delivers.

ANNEX A Net revenue budget 2025/26

Detail	2024/25 Base Budget £'000	Unfunded Pressures £'000	Mitigations £'000	Savings £'000	2025/26 Proposed Budget £'000
Community Wellbeing	75,891	14,786	-	-	90,677
Children and Young People	59,536	4,898	(1,442)	(3,929)	59,063
Economy and Environment	38,403	4,012	-	-	42,415
Corporate	21,032	3,388	(1,568)	-	22,852
Sub Total	194,862	27,084	(3,010)	(3,929)	215,007
Central	17,902	(1,401)	-	-	16,501
TOTALS	212,764	25,683	(3,010)	(3,929)	231,508
Funded by:					
Council tax	135,054				146,451
Business rates	43,249				47,567
Enterprise Zone Business rate income	-				1,282
Collection fund surplus	-				2,000
Revenue support grant	1,048				1,422
Rural services delivery grant	6,927				-
Social care support grant	17,482				20,336
Local Authority Better Care Fund	1,585				1,585
Market Sustainability/Fair Cost of Care	3,853				3,853
Services Grant	208				-
New Homes Bonus	1,055				1,605
Reserve funding	2,303				-
Employer's NI impact funding*	-				1,500
Children's social care prevention grant	-				369
Extended producer responsibility grant	-				3,538
TOTALS	212,764				231,508

ANNEX B Medium Term Financial Strategy 2025/26 to 2028/29

Detail	Actual 2024/25 £'000	Proposed 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'000
Funding:					
Council tax	135,054	146,451	154,187	162,336	170,908
Business rates	43,249	47,567	48,518	49,488	50,478
Enterprise Zone Business rate income	-	1,282	-	-	-
Collection fund surplus	-	2,000	-	-	-
Revenue support grant	1,048	1,422	16,477	18,760	19,553
Rural services delivery grant	6,927	-	-	-	-
Social care support grant	17,482	20,336	37,917	41,183	44,450
Local Authority Better Care Fund	1,585	1,585	-	-	-
Market Sustainability & Fair Cost of Care	3,853	3,853	-	-	-
Services Grant	208	-	-	-	-
New Homes Bonus	1,055	1,605	-	-	-
Reserve funding	2,303	-	-	-	-
Employer's NI impact funding*	-	1,500	1,500	1,500	1,500
Children's social care prevention grant	-	369	377	384	392
Extended producer responsibility grant	-	3,538	-	-	-
Total Funding	212,764	231,508	258,976	273,651	287,281
Expenditure:					
Base Budget b/f	193,308	212,764	231,508	257,216	274,601
Pay Award	4,028	3,629	2,498	2,613	2,700
Growth – Demand & Pressures	40,514	24,357	25,502	16,214	14,988
Savings, efficiencies & mitigations	(24,886)	(3,010)	-	-	-
Children's Three Year Plan	(2,503)	(3,929)	(2,292)	(1,442)	-
Budget amendment	2,303	(2,303)	-	-	-
Net Expenditure Budget	212,764	231,508	257,216	274,601	292,289
Surplus/(Gap) to be funded			1,760	(950)	(5,008)

Appendix B:

Savings Proposals recommended for 2025/26

2025/26 Children & Young People Directorate Savings £3.9m

Ref	Name of Proposal	Description	Saving £'000
S1	Reduction and redesign in workforce	<p>The redesign includes:</p> <ul style="list-style-type: none"> • Redesign and reduction in senior management to create a better direct line of accountability and protect front line workforce • Redesign of business support • Creation of multi disciplinary roles to co-work case work with social workers and an associated reduction in social workers • Increase of family support and personal advisors to meet need and improve quality of service delivery 	1,577
50			
S2	Reduction in Placements (Residential, Complex Needs, Independent Fostering Agencies and External Supported Accommodation)	<p>Savings to be achieved by:</p> <ul style="list-style-type: none"> • Continuation of Best Value panel to manage all external and residential placements • Opening of local residential resource and movement of 4 out of county children to this local and better value cost resource • Increase foster carers through review of offer to Specialist Carers, reducing the need for residential care and invigorated marketing locally and regionally 	1,567

2025/26 Children & Young People Directorate Savings £3.9m cont'd

Ref	Name of Proposal	Description	Saving £'000
S3	Reduction in Social Work Agency posts	Review of terms and conditions of permanent staff with the aim to increase the number of permanent workers and reduce the number of agency staff	785
		Total Children and Young People Savings	3,929



TREASURY MANAGEMENT STRATEGY 2025/26

Introduction

- 1.1 Treasury Management is the management of the council's borrowing, investments and cash flows, including 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.
- 1.2 This strategy has been prepared in accordance with the following guidance:
 - Department for Levelling Up, Housing and Communities (DLUHC, now MHCLG) Statutory guidance on local government investments (2018)
 - DLUHC Statutory guidance on Minimum Revenue Provision (2024)
 - Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for capital finance in local authorities (2021)
 - CIPFA Treasury management in the public services: Code of practice (2021)
- 1.3 To support this Treasury Management Strategy (TMS), the council maintains Treasury Management Practices (TMP) that outline how the council's strategic policy objectives for treasury management will be achieved. The operational practices are maintained by the corporate finance team and approved by the Chief Finance Officer.
- 1.4 The council employs external treasury management advisors, Link Group (now known as "MUFG Pension & Market Services"), who provide advice and guidance on treasury management activities, including interest rate forecasts. This is utilised to inform borrowing and investment decisions.
- 1.5 This report incorporates prudential and treasury indicators (Annex C) as required by the Prudential Code, and a treasury management policy statement (Annex E) as required by the Treasury Management Code of Practice.

Economic Context

- 2.1 The UK economy remains a fiscal challenge following a prolonged period of high interest rates and sticky inflation, caused by the global pandemic and the subsequent cost of living crisis. UK growth is stagnant, with Gross Domestic Product (GDP) at 0.5% for quarter 2 and 0.1% for quarter 3 2024.
- 2.2 Domestic inflation rates are generally in decline, with Consumer Price Index (CPI) falling to the target rate of 2.0% in May, before a period of movements above and below the target (2.2% in July and August, 1.7% in September, 2.3% in October, 2.6% in November). The decline since last year has been led mainly by falling food, alcohol, tobacco and energy prices. CPI inflation is expected to rise to 2.5% in 2024, before declining back to the target 2.0% by mid-2025.
- 2.3 The Bank of England base rate was lowered from 5.25% to 5.00% in August and again to 4.75% in November (held in December). Link Group have provided an interest rate forecast in Annex D, showing an expectation that interest rates will fall gradually throughout 2025/26, hitting 3.75% by the end of the financial year.
- 2.4 There are some significant risks that could impact these forecasts. There are geo-political risks of ongoing conflicts, with a potential impact on oil prices and therefore an upside risk

to inflationary pressure. Labour supply shortages could lead to sticky wage growth which also has a potential impact on inflation.

Borrowing Strategy

- 3.1 The council primarily borrows to fund capital expenditure; with borrowing driven by the requirements of the approved capital investment budget. The objective of the borrowing strategy is to manage the risk of current and potential future debt.
- 3.2 This strategy serves to balance the affordability of loan interest payments from the revenue budget with the long term stability of the debt portfolio. The strategy aims to achieve a low and certain cost of finance whilst retaining flexibility should financing requirements change in the future. The council will minimise cash balances by utilising internal borrowing where possible.
- 3.3 The Public Works Loan Board (PWLB) is the preferred route for borrowing across the local government sector. If borrowing is required, then the council will favour short term loans because the interest rates on long term loans are relatively high (PWLB 25 year rate is 5.6%, see Annex D). Longer term borrowing will only be considered when interest rates are lowered. Local Authority to Local Authority borrowing will also be considered.
- 3.4 The approved sources of borrowing for the council are:-
 - Internal borrowing (reserves/balances)
 - Public Works Loan Board (PWLB)
 - UK Local Authorities
 - Any institution approved for investments (see Annual Investment Strategy section)
 - 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 any other special purpose companies created to enable local authority bond issues
- 3.5 In addition, capital finance may be raised by the following methods that are not borrowing:-
 - Leases
 - Hire purchase arrangements
 - Private Finance Initiatives
 - Sale and leaseback arrangements
- 3.6 The council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt, as cash supporting the council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer term dated borrowing rates are expected to fall from their current levels.
- 3.7 PWLB permits 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.
- 3.8 The interest on the LOBO loans becomes due every 6 months. At this point, the lender has the option of increasing the interest rate, and the borrower can accept the interest rate increase, or pay back the loans.

- 3.9 As at 31 October 2024, the council manages current loan debt of £118.1 million, which is detailed in Annex A (treasury portfolio) and Annex B (borrowing maturity profile). This comprises £106.1 million of Public Works Loan Board (PWLB) loans, which are all fixed interest long term loans, and £12 million Lender Option Borrower Option (LOBO) loans.
- 3.10 The council borrowing is forecast to be £114.0 million at 31 March 2025. This is expected to increase to £170.6 million by 31 March 2026. The estimated movement of £56.6 million in 2025/26 is represented by additional prudential borrowing to fund capital spend of £67.0 million less £10.4 million Minimum Revenue Provision (MRP) charge.

Investment Strategy

- 4.1 The objective of the investment strategy is to ensure prudence is applied and risks are managed when the council holds surplus funds (income received in advance of expenditure).
- 4.2 The council will primarily consider security (protecting the capital sum invested from loss) and liquidity (ensuring the funds are available for expenditure when needed) before yield. For 2025/26 the council will continue to focus on Money Market Funds (MMF) which are liquid, diverse and spread the credit risk. There are currently relatively high rates of interest to be gained on MMFs, whilst keeping the risk levels at an appropriate level. The council will supplement this with some fixed term deposits with varying maturity lags to maximise returns during a period of interest rate cuts.
- 4.3 The council applies the credit worthiness service provided by Link Group. This service employs a 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 Group allocate a series of colour coded bands with suggested maximum durations for investments.
- 4.4 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.
- 4.5 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-subsidary relationship.
- 4.6 Investment limits for approved counterparties are detailed in the table below for specified investments. Specified investments are those denominated in pound sterling, due to be repaid within 12 months, not defined as capital expenditure and invested in UK government/Local Authority/a high credit quality investment scheme (A- UK domiciled or AA- non UK domiciled).

Table 1 Investment limits for approved counterparties

Counterparty	Investment type	Rating	£ limit	Time limit
Banks and Building societies	Term deposits, certificate of deposit or corporate bond	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 None
Council's banker			£5m	Liquid
Debt Management Account Deposit Facility (DMADF)	DMADF account	AAA	Unlimited	6 months
UK Government	UK gilts or Treasury bills	UK sovereign	Unlimited	1 year
Multilateral development banks	Bonds	AAA	£5m	6 months
Local Authorities	Term deposits		£10m	1 year
Money Market Funds (MMF)	MMF	AAA	£10m	Liquid
Pooled funds	Pooled funds		£5m per fund	

- 4.7 Investment limits are detailed in the table below for non-specified investments. Non-specified investments are those that do not meet the definition of specified investments, for the council, this means those longer than 12 months.

Table 2 Investment limits for non-specified investments

Investment type	£ limit
Total long term investments	£5m
Total investments with unrecognised credit ratings	£5m
Total non-specified investments	£10m

- 4.8 The council will take an active approach to invest in environmental, social and governance (ESG) entities, but this will be a secondary consideration to security, liquidity and yield.
- 4.9 As at 31 October 2024, the council has £64.3 million of investments, spread across banks and MMFs. This current investment portfolio is detailed in Annex A.

Annual Minimum Revenue Provision Statement

- 5.1 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 DLUHC (now MHCLG) Guidance on MRP most recently issued in 2024. The broad aim of the guidance is to ensure that a prudent provision is made to enable debt to be repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
- 5.2 The council's MRP policy was formally reviewed by the council's external Treasury Management advisors in 2022/23 with recommended revisions to the policy supported by the Scrutiny Management Board in January 2023. The revised methods which inform the basis of calculations for each source of borrowing remain consistent with those recommended by government guidance to determine a prudent level of MRP.
- 5.3 MRP is based on the Capital Financing Requirement (CFR). This is a measure of all capital expenditure that has not yet been funded by capital or revenue resources. The elements of the council's CFR are listed in table 3 below.

Table 3 CFR calculation

CFR element	Indicative 1 April 2025 £000	Included in MRP charge
Supported borrowing pre 2017/18	97,253	Yes
Prudential borrowing related to the capital programme spend	195,163	Yes
Leases capitalised under IFRS 16	2,100	Yes
Private Finance Initiatives	38,670	Yes
Adjustment A (historic adjustment from initial statutory guidance)	3,059	No – exclusion permitted under paragraph 47 of statutory guidance
Loan debtor adjustments from waste loan repayments treated as capital	(11,439)	No – exclusion permitted under paragraph 71 of statutory guidance
	324,806	

- 5.4 The MRP policy is to charge on an annuity basis at a rate of 4% of the applicable components of CFR on an asset by asset basis. No MRP is charged in year of addition. For leases and private finance initiatives the MRP charge is equal to the reduction in the liability for that year. There have been no changes to the policy from 2024/25.
- 5.5 There is no planned voluntary overpayment of MRP for 2025/26.
- 5.6 In line with the guidance, the policy for the 2025/26 calculation of MRP is as follows:

Table 4 MRP methodology and charge

	MRP methodology	Indicative MRP charge 2025/26 £000
Supported borrowing	Annuity basis at rate of 4%	928
Prudential borrowing	Annuity basis at rate of 4%	9,510
Subtotal		10,438
Finance leases and private finance initiatives	Equal to value of payments that reduce the liability each year	2,877
Total		13,315

ANNEX A Treasury Portfolio

The table below shows the treasury investment and borrowing positions as at 31 March 2024 and 31 October 2024.

Table 5 Treasury portfolio

Treasury investments	31 March 24 £000	31 March 24 %	31 Oct 24 £000	31 Oct 24 %
Banks	10,250	23%	5,000	8%
Banks – ESG “green” deposits	10,000	23%	10,000	15%
Local authorities	5,000	12%	-	-
Money market funds	18,370	42%	49,280	77%
Total treasury investments	43,620	100%	64,280	100%

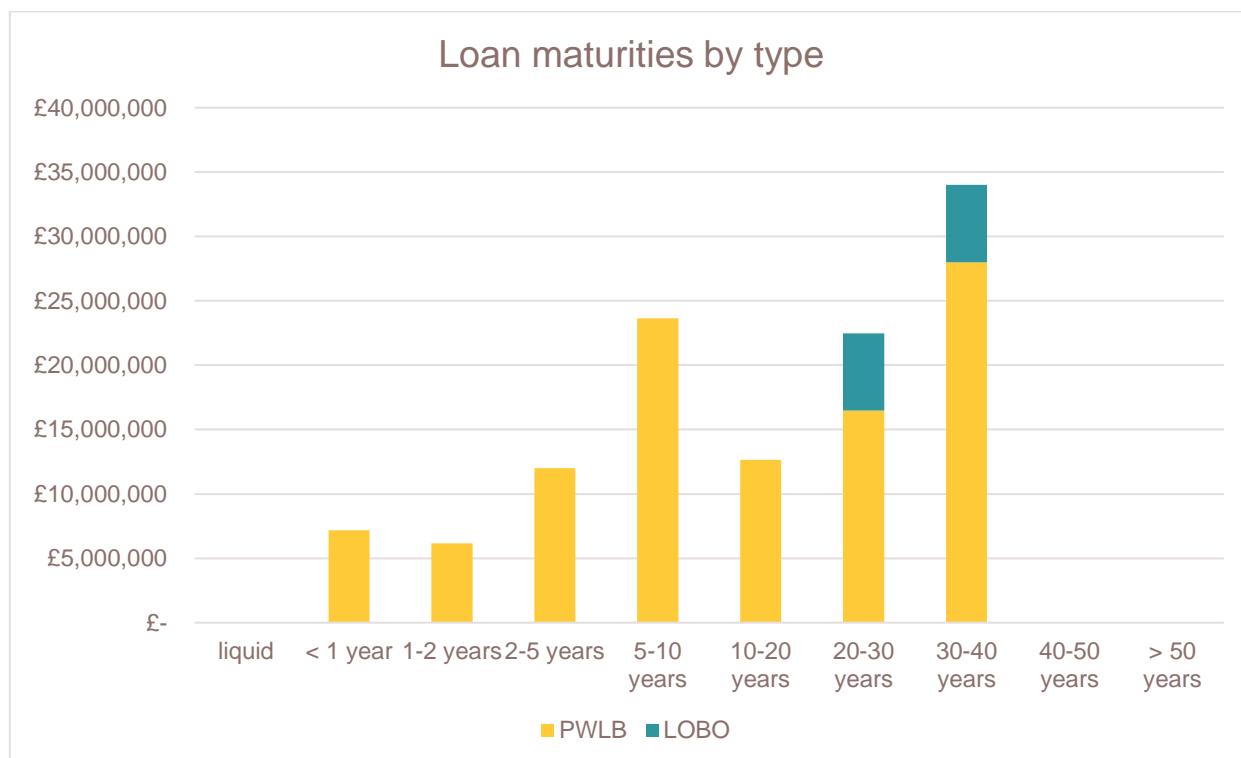
Treasury borrowing	31 March 24 £000	31 March 24 %	31 Oct 24 £000	31 Oct 24 %
Public Works Loan Board (PWLB)	(107,439)	90%	(106,116)	90%
Lender Option Borrower Option (LOBO)	(12,000)	10%	(12,000)	10%
Total treasury borrowing	(119,439)	100%	(118,116)	100%

Net treasury investments/(borrowing)	(75,819)	-	(53,836)	-
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ANNEX B Borrowing Maturity Profile

The chart below shows when each loan matures over the next 50 years. The green block represents the LOBO loans, and the orange blocks represent PWLB loans.

Chart 1 Loan maturity profile



ANNEX C Prudential and Treasury Indicators

Background

- 1.1 The Local Government Act 2003 requires 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.
- 1.2 To demonstrate that the council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored. The indicators set out parameters within which the council should operate to ensure the objectives of the Prudential Code are met.

Indicator 1: Estimates of capital expenditure

- 2.1 The Prudential Code requires local authorities to make reasonable estimates of the total capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years, as well as actual capital expenditure for the previous financial year.
- 2.2 The actual amount of capital expenditure that was incurred during 2023/24, the forecast amount for 2024/25 and the estimated amounts for 2025/26 plus two further years, based on the current approved capital programme, are noted in Table 6 below. This excludes the financing need for other long term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

Table 6 Estimates of capital expenditure and funding

	2023/24 actual £000	2024/25 forecast £000	2025/26 estimate £000	2026/27 estimate £000	2027/28 estimate £000
Capital expenditure	47,284	96,660	155,247	87,506	38,599
Grants, contributions and capital receipts	36,163	63,877	88,213	46,420	21,445
Prudential borrowing	11,121	32,783	67,034	41,086	17,154
Total funding	47,284	96,660	155,247	87,506	38,599

Indicator 2: Capital financing requirement

- 3.1 The Prudential Code requires local authorities to make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years, as well as the actual capital financing requirement for the previous financial year.
- 3.2 The capital financing requirement (CFR) measures the council's underlying need to borrow for a capital purpose. It represents the capital expenditure not financed by capital receipts, capital grants, contributions or a direct revenue charge. The actual CFR for

2023/24, the forecast amount for 2024/25 and the estimated amounts for 2025/26 plus two further years are noted in Table 7 below. The CFR includes other long term liabilities, such as PFI and leasing arrangements. However, the Authority is not required to separately borrow for these because they already include a borrowing facility.

Table 7 Capital financing requirement

	2023/24 actual £000	2024/25 forecast £000	2025/26 estimate £000	2026/27 estimate £000	2027/28 estimate £000
CFR excluding PFI	262,215	284,037	339,980	368,072	371,702
PFI and finance leases	40,931	40,769	38,099	35,368	32,391
Total CFR	303,146	324,806	378,079	403,440	404,093

Indicator 3: Gross debt and the capital financing requirement

- 4.1 The Prudential Code requires local authorities to ensure that the total gross debt does not, except in the short term, exceed the total of 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 This indicator monitors the requirement for debt not to exceed the CFR. The actual ratio for 2023/24, the forecast amount for 2024/25 and the estimated amounts for 2025/26 plus two further years. The ratio of gross debt to CFR is below 100% for each of the disclosed years, confirming that gross debt does not exceed CFR, and that the council is operating within the parameters as set out in the Prudential Code. The impact of IFRS 16 has been included in these figures, with the exception of the indexation impact on the PFI finance lease liability which is not expected to be significant.

Table 8 Ratio of gross debt to CFR

	2023/24 actual £000	2024/25 forecast £000	2025/26 estimate £000	2026/27 estimate £000	2027/28 estimate £000
External borrowing debt	120,947	146,793	207,678	242,340	254,295
PFI and finance lease debt	37,772	37,467	34,591	31,591	28,421
Total gross debt	158,719	184,260	242,269	273,931	282,716
CFR	303,146	324,806	378,079	403,440	404,093
Ratio of gross debt to CFR	52%	57%	64%	68%	70%

Indicator 4: Authorised limit for external debt

- 5.1 The Prudential Code requires local authorities to set an authorised limit for its gross external debt for the forthcoming financial year and the following two years.
- 5.2 The authorised limit represents an upper limit of borrowing that the council can legally owe. The actual limit for 2023/24, the forecast amount for 2024/25 and the estimated amounts for 2025/26 plus two further years. By comparing the gross debt figures in table 8 to the authorised limits in table 9, it is confirmed that the council is operating within the parameters as set out in the Prudential Code.

Table 9 Authorised limit

	2023/24 actual £000	2024/25 forecast £000	2025/26 estimate £000	2026/27 estimate £000	2027/28 estimate £000
External borrowing	350,000	350,000	350,000	350,000	350,000
Other long term liabilities	70,000	70,000	70,000	70,000	70,000
Total authorised limit	420,000	420,000	420,000	420,000	420,000

Indicator 5: Operational boundary for external debt

- 6.1 The Prudential Code requires local authorities to set an operational boundary for its gross external debt for the forthcoming financial year and the following two years.
- 6.2 The operational boundary is the limit beyond which external debt is not normally expected to exceed, and provides a parameter to monitor day to day treasury management activity. The actual limit for 2023/24, the forecast amount for 2024/25 and the estimated amounts for 2025/26 plus two further years. By comparing the gross debt figures in table 8 to the operational boundaries in table 10, it is confirmed that the council is operating within the parameters as set out in the Prudential Code.

Table 10 Operational boundary

	2023/24 actual £000	2024/25 forecast £000	2025/26 estimate £000	2026/27 estimate £000	2027/28 estimate £000
External borrowing	340,000	340,000	340,000	340,000	340,000
Other long term liabilities	60,000	60,000	60,000	60,000	60,000
Total operational boundary	400,000	400,000	400,000	400,000	400,000

Indicator 6: Ratio of financing costs to net revenue stream

- 7.1 The Prudential Code requires local authorities to estimate the proportion of financing costs to net revenue stream for the forthcoming financial year and the following two years, as well as actual figures for the previous financial year.
- 7.2 This ratio highlights the proportion of the revenue budget required to meet financing costs and is an indicator of the affordability of borrowing. The actual limit for 2023/24, the forecast amount for 2024/25 and the estimated amounts for 2025/26 plus two further years. The calculated ratios of between 9% and 12% confirm that the council's borrowing is currently considered to be affordable.

Table 11 Ratio of financing costs to net revenue stream

	2023/24 actual £000	2024/25 forecast £000	2025/26 estimate £000	2026/27 estimate £000	2027/28 estimate £000
MRP	10,905	12,267	13,315	15,168	15,864
Interest payable	7,223	7,742	9,360	11,410	12,521
Total financing costs	18,128	20,009	22,675	26,578	28,385
Net revenue stream	206,817	212,764	231,508	258,976	273,651
Ratio of financing costs to net revenue stream	9%	9%	10%	10%	10%

Indicator 7: Maturity structure of borrowing

- 8.1 The council sets upper and lower limits for the maturity structure of its borrowing to mitigate against the risk of exposure to interest rate fluctuations on debt refinancing. The table below shows the upper limit, the lower limit, the actual level for 2023/24 and the forecast level for 2024/25. This confirms that the council is operating within the lower and upper limit.

Table 12 Maturity structure of borrowing

	2023/24 actual %	2024/25 forecast %	Lower limit %	Upper limit %
Under 12 months	6%	5%	0%	10%
Between 12 months and 24 months	5%	6%	0%	10%
Between 24 months and 5 years	11%	7%	0%	25%
Between 5 years and 10 years	17%	21%	0%	35%
10 years and above	61%	61%	0%	80%
	100%	100%		

Indicator 8: Upper limit of investments over 364 days

- 9.1 The council sets an upper limit for total principal sums invested over 364 days to mitigate against the risk of exposure to loss due to early repayment requirements. The actual limit for 2023/24, the forecast amount for 2024/25 and the estimated amounts for 2025/26 plus two further years. This is monitored through-out the year in day to day treasury management activity.

Table 13 Upper limit of investments over 364 days

	2023/24 actual £000	2024/25 forecast £000	2025/26 estimate £000	2026/27 estimate £000	2027/28 estimate £000
Upper limit	5,000	5,000	5,000	5,000	5,000

Indicator 9: Ratio of net commercial and service investments income to net revenue stream

- 10.1 The Prudential Code requires local authorities to estimate the proportion of net income from commercial and service investments to net revenue stream for the forthcoming financial year and the following two years, as well as actual figures for the previous financial year.
- 10.2 This ratio highlights the proportion of the revenue income budget reliant on commercial income. The actual limit for 2023/24, the forecast amount for 2024/25 and the estimated amounts for 2025/26 plus two further years. The calculated ratios of 1% confirm that the council is not over reliant on this income.

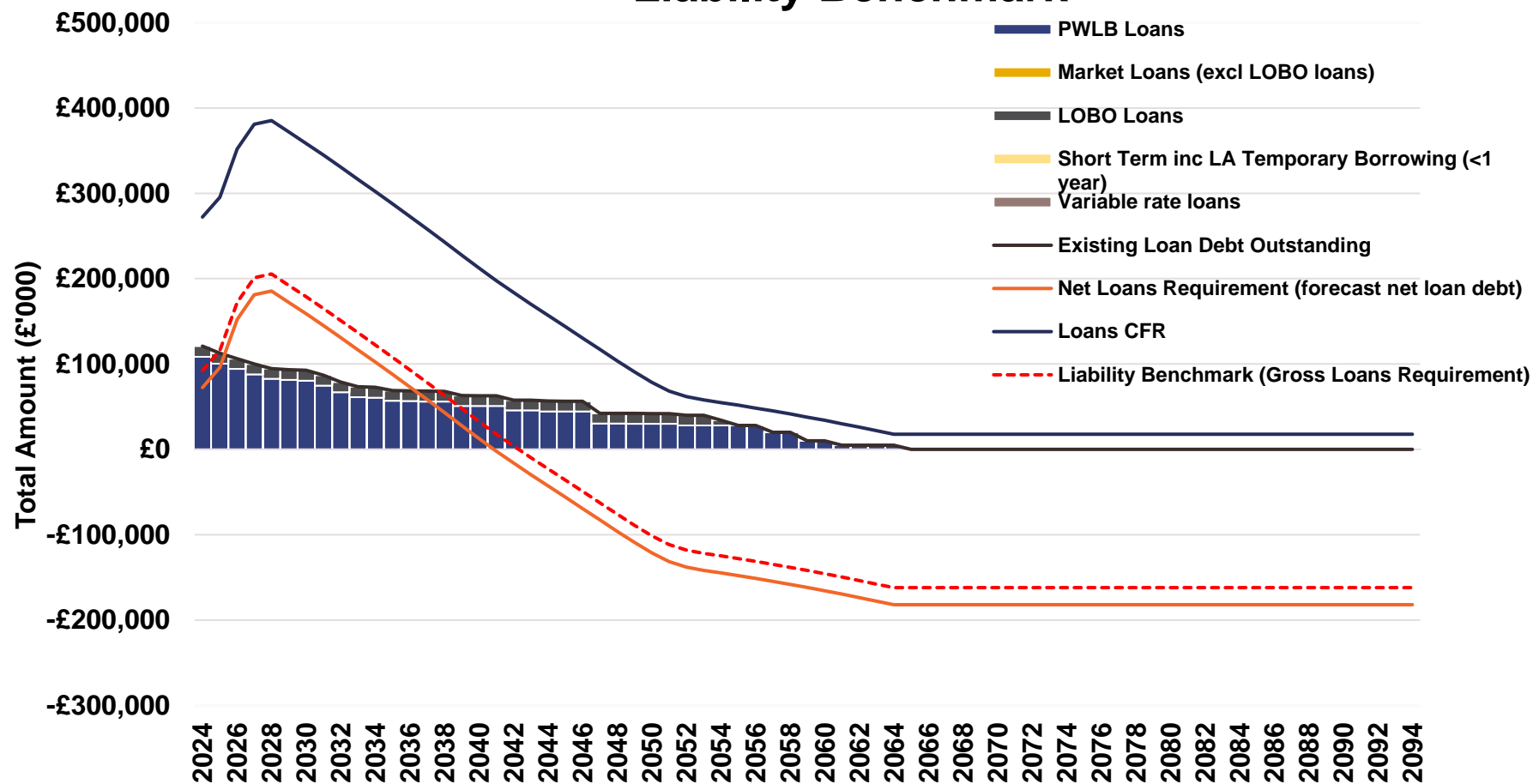
Table 14 Ratio of net commercial and service investments income to net revenue stream

	2023/24 actual £000	2024/25 forecast £000	2025/26 estimate £000	2026/27 estimate £000	2027/28 estimate £000
Total net income from commercial and service investments	2,682	2,500	2,773	2,857	2,942
Net revenue stream	206,817	212,764	231,508	258,976	273,651
Ratio of commercial income to net revenue stream	1%	1%	1%	1%	1%

Indicator 10: Liability benchmark

- 11.1 The liability benchmark provides a measure of how well the existing loans portfolio matches planned borrowing needs for capital. It is calculated by deducting investable resources on the balance sheet from the outstanding debt liability, adjusting for a minimum investment allowance. A borrowing requirement is anticipated where the liability benchmark (red dotted line) is greater than the existing debt.
- 11.2 The existing loans portfolio is shown on the chart below as blue and grey bar charts. The liability benchmark is the red dotted line. By comparing these, it can be seen that the council is under-borrowed in the short term, meaning that it is utilising its strong balance sheet position instead of increasing loan debt. There is a potential additional borrowing need for the current approved capital commitments within the next financial year.

Liability Benchmark





ANNEX D Interest Rate Forecast

Link Group provide the council with interest rate forecasts as part of their advisory role. The following forecasts for the bank base rate and Public Works Loan Board (PWLB) rates were provided on 11 November 2024.

Table 15 Link Group interest rate forecasts

	Dec 24	Mar 25	Jun 25	Sep 25	Dec 25	Mar 26	Jun 26	Sep 26	Dec 26	Mar 27	Jun 27	Sep 27	Dec 27
Bank base rate %	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
PWLB 5 year rate %	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
PWLB 10 year rate %	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
PWLB 25 year rate %	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
PWLB 50 year rate %	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

ANNEX E Treasury Management Policy Statement

Statement of Purpose

- 1.1 Herefordshire Council adopts the recommendations made in CIPFA's Treasury Management in the Public Services: Code of Practice guidance, which was revised in 2021. The council adopts the following key principles and clauses.

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 portfolio liquidity when investing treasury funds.
 - The council acknowledges that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of business and service objectives, and that within the context of effective risk management, the councils treasury management policies and practices should reflect this.

Adopted Clauses

- 3.1 Herefordshire Council formally adopts the following clauses (identified in Section 5 of the code):
- The council will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

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

- Full council will receive reports on its 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 in the form prescribed in its TMPs.
- 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 they are a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

- The council nominates Scrutiny Management Board to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Definition of Treasury Management

4.1 Herefordshire Council defines its treasury management activities as: -

'The management of the organisation's borrowing, investments and cash flows, including 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.'

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.

Non-treasury investments

- 6.1 Herefordshire Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries and investment property portfolios.
- 6.2 Herefordshire Council will ensure that all investments in the capital programme will set out, where relevant, the risk appetite and policy and arrangement for non-treasury investments. The risk appetite for these activities may differ from that of treasury management.
- 6.3 Herefordshire Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisations risk exposure within its annual statement of accounts.



EARMARKED RESERVE BALANCES TO 31 MARCH 2026

Reserve	Type	Audited Balance at 31/03/2024 £m	Forecast Balance at 31/03/2025 £m	Forecast Balance at 31/03/2026 £m
Business rates risk	Liabilities and risk	19.7	8.7	9.0
Budget resilience	Budget resilience	-	11.0	9.6
Waste	Budget resilience	6.8	6.3	2.5
Fastershire	Strategic Priorities	0.5	2.7	2.7
Additional pension costs	Liabilities and risk	1.7	0.7	0.7
Settlement monies	Strategic Priorities	2.8	2.0	1.7
Care market costs	Budget resilience	1.0	-	-
Whitecross school PFI	Accounting reserves	1.8	1.8	1.8
Technology enabled communities	Strategic Priorities	1.5	0.4	0.1
Financial resilience	Liabilities and risk	3.1	1.8	1.8
Severe weather fund	Strategic Priorities	1.0	0.6	0.6
Unused grants carried forward	Grants and contributions	17.3	15.0	13.3
Other reserves individually under £1m	Grants and contributions	6.1	4.6	1.9
Total reserves excluding schools		63.3	55.6	45.7
Schools' balances		9.9	9.9	9.9
Total earmarked reserves		73.2	65.5	55.6
General fund balance		9.6	9.6	9.6
Total earmarked reserves and general fund		82.8	75.1	65.2

YOUR SAY ON HEREFORDSHIRE COUNCIL'S BUDGET AND TAX FOR 2025/26: RESULTS

V1.0

Herefordshire Council Intelligence Unit

January 2025

CONTENTS

Introduction	3
Results.....	3
1. Responses to the budget simulator tool	3
2. Responses to the online questionnaire	6
Respondents' profile	8
Appendix A: List of free text comments to Q1b. suggestion to balance the budget - budget simulator tool	12
Appendix B: List of free text comments to Q1b.reasons for the answers to	15



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

Herefordshire Council's Budget and Tax consultation was conducted from 19 November to 20 December 2024. This year's consultation comprised two components: an online survey with a structured questionnaire and a budget simulator tool. The simulator was an interactive tool that allowed respondents to balance the council's budget by adjusting spending across various services and income sources. The aim was to address funding gaps while considering the potential impact on service delivery.

A total of 123 respondents completed the online questionnaire, and 78 respondents used the budget simulator tool. Since the questionnaire and the simulator tool were separate it was not possible to determine whether respondents participated in both or just one of the two components.

The results presented below shows the findings from each part of the consultation separately. Please note that these results should not be considered representative of the population of Herefordshire, due to the small number of respondents and potential bias from self-selected participation, where individuals who choose to participate may have different characteristics or opinions compared to the wider population.

Results

1. Responses to the budget simulator tool

Respondents were asked to balance the budget and close a £12 million funding gap by a combination of:

- increasing or decreasing spending in the four council directorates by a range of amounts
- increasing income from car parking charges, by either 5% or 10%
- increasing income from Council Tax by either 0.99%, 1.99%, 2.99%, 3.99% or 4.99%

It is important to note that the simulator did not enable respondents to balance the budget the budget solely by increasing income components to the highest level; they were required to reduce at least one expenditure component to achieve the target.

According to the 78 responses submitted for a balanced budget, an average income increase of 2.67% was suggested, along with an average spending reduction on services of 3.64%.

The increased income adjustment consists of 0.38% increase in car parking charges and 2.67% increase in Council Tax.

The overall average spending reduction of 3.64% proposed across all directorates consists of:

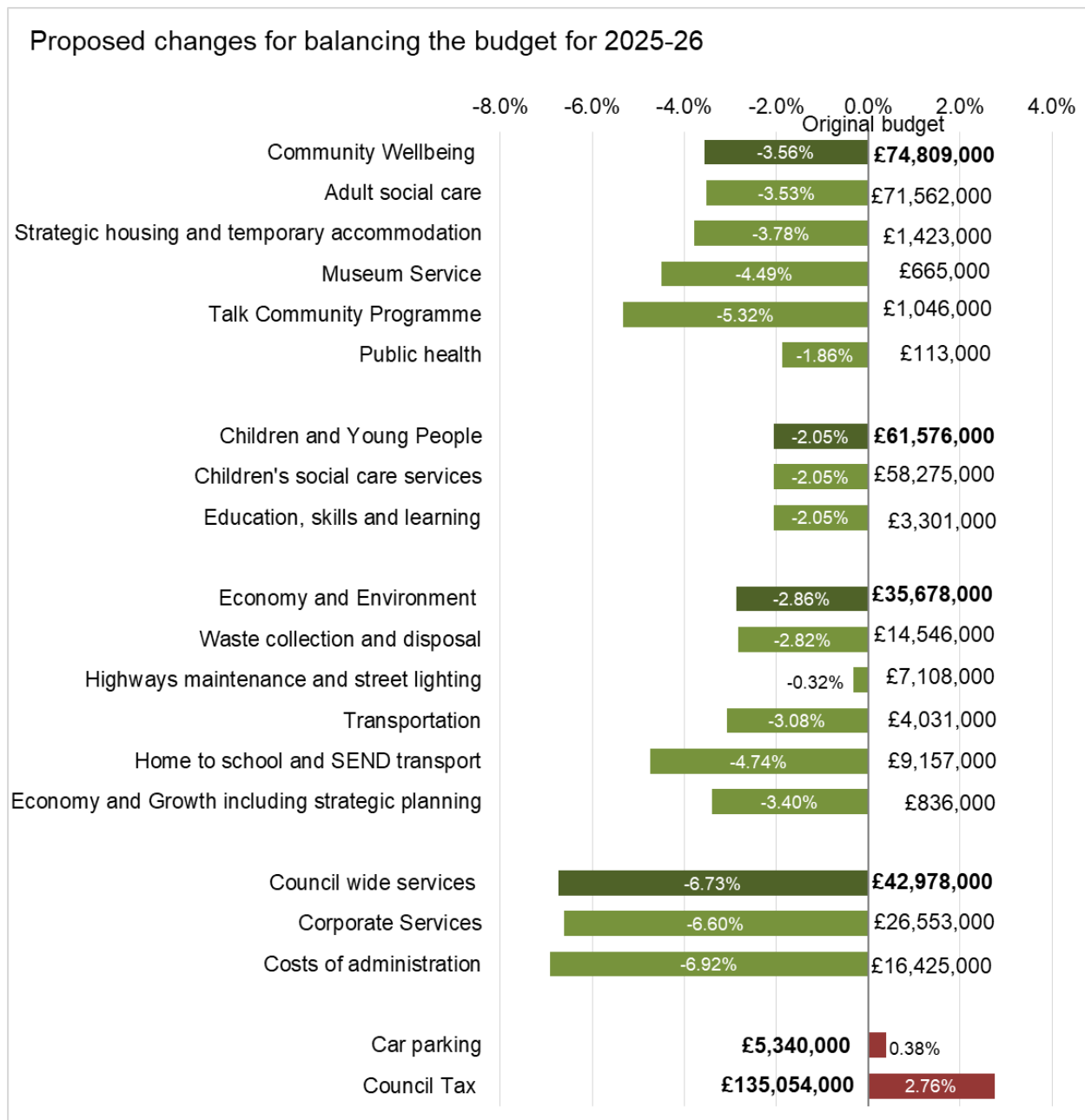
- 6.73% in council wide services – the largest reduction
- 3.56% in community wellbeing
- 2.86% in economy and environment
- 2.05% in children and young people's – the smallest reduction

However, the percentage change varied across different service areas within the directorates – see table and figure 1.

Table 1: The original budget, the average revised budget and the percentage change across the wider service groups and their service items.

Service Group/Service Item	Original Budget (£)	Average Revised Budget (£)	% change
Community Wellbeing (expenditure)	74,809,000	72,144,569	-3.56
Adult social care	71,562,000	69,038,981	-3.53
Strategic housing and temporary accommodation	1,423,000	1,369,181	-3.78
Museum Service	665,000	635,160	-4.49
Talk Community Programme	1,046,000	990,347	-5.32
Public health	113,000	110,899	-1.86
Children and Young People (expenditure)	61,576,000	60,312,903	-2.05
Children's social care services	58,275,000	57,079,615	-2.05
Education, skills and learning	3,301,000	3,233,287	-2.05
Economy and Environment (expenditure)	35,678,000	34,658,142	-2.86
Waste collection and disposal	14,546,000	14,135,728	-2.82
Highways maintenance and street lighting	7,108,000	7,085,218	-0.32
Transportation	4,031,000	3,906,969	-3.08
Home to school and SEND transport	9,157,000	8,722,629	-4.74
Economy and Growth including strategic planning	836,000	807,597	-3.40
Council wide services (expenditure)	42,978,000	40,087,706	-6.73
Corporate Services	26,553,000	24,799,821	-6.60
Costs of administration	16,425,000	15,287,885	-6.92
Car parking (Income)	5,340,000	5,360,538	0.38
Council Tax (Income)	135,054,000	138,784,434	2.76
Expenditure	140,394,000	144,144,972	2.67
Income	215,041,000	207,203,320	-3.64

Figure 1: The original budget, and the percentage changes across the directorates and service areas.



Q1b. There were 10 respondents provided comments about their suggestions to balance the budget - see appendix A.

2. Responses to the online questionnaire

The 123 respondents to the online questionnaire were asked to answer the questions below. Please note that when calculating the percentage from a base of 123, each response accounts for only slightly below 1% of the total.

Q1. To what extent do you support or not support the following areas of potential investment across the county?

All illustrated in figure 2 on the next page, all the seven areas of potential investment listed in the question, all were supported by the majority of respondents with the highest levels of support expressed for:

- 'Continue to invest in improvements to the road network.' (91% support vs 6% oppose)
- 'Invest in a prevention and maintenance programme to strengthen resilience and reduce/mitigate the impact of flooding for residents and communities' (87% support vs 11% oppose)
- 'Maximise use of the council's assets and resources to reduce revenue pressures' (83% support vs 10% oppose)

The following approaches were also supported by the majority of respondents, but with higher levels of opposition than those above.

- 'Continuing the 100% discount on Council Tax for people most in need' (66% support vs 32% oppose)
- Invest in the development of cultural and community space in the city centre (48% support vs 38% oppose)

Respondents were then asked to provide reasons for their answers, 41 did so – see appendix B.

**Figure 2: Extent of support for the areas of potential investment across the county
(ordered by support)**

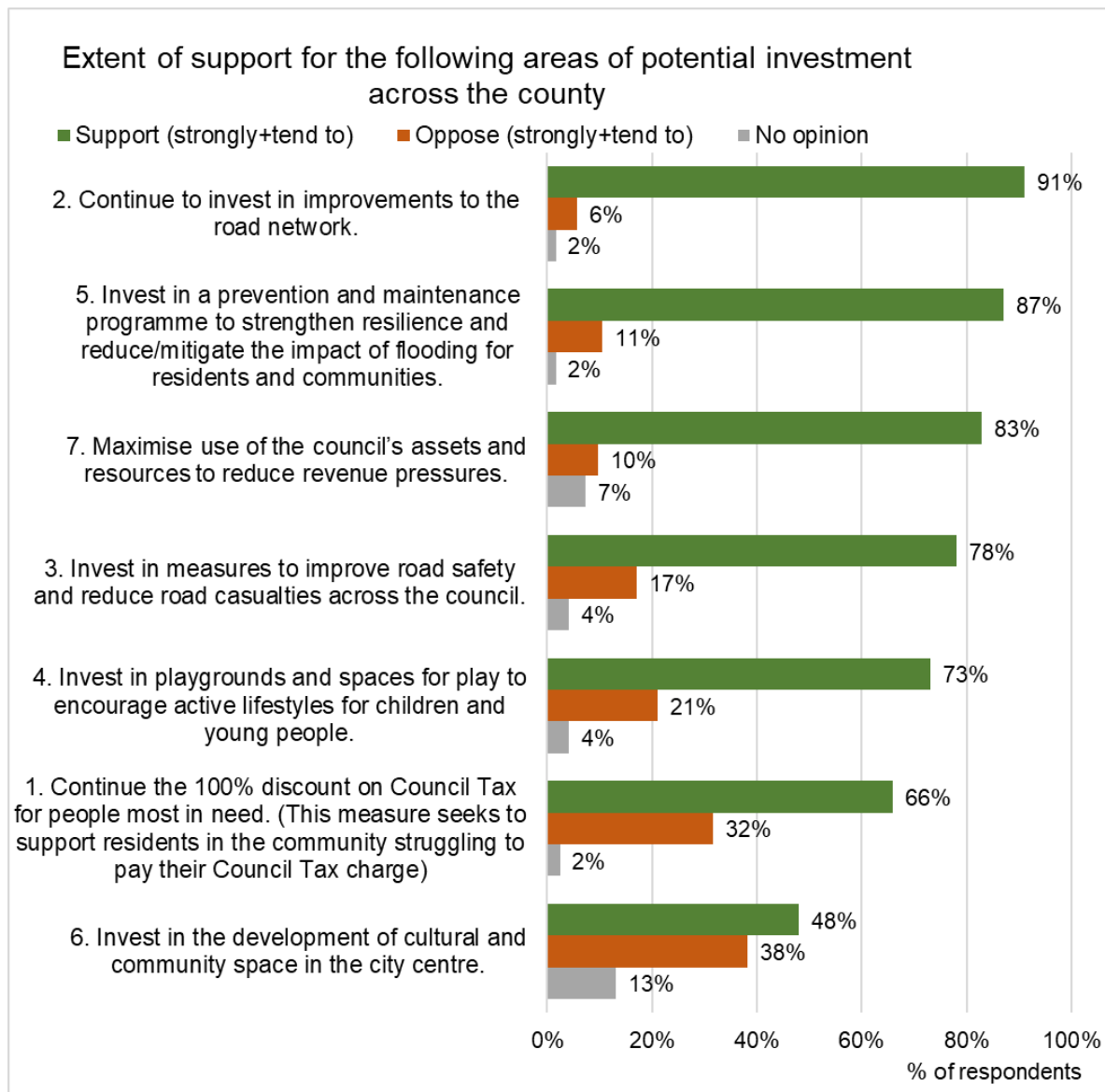


Table 2: responses to Q1 by percentage of respondents giving each answer

	Strongly support	Tend to support	Tend to oppose	Strongly oppose	No opinion
1. Continue the 100% discount on Council Tax for people most in need. (This measure seeks to support residents in the community struggling to pay their Council Tax charge)	38 (31%)	43 (35%)	25 (20%)	14 (11%)	3 (2%)
2. Continue to invest in improvements to the road network.	66 (54%)	46 (37%)	4 (3%)	3 (2%)	2 (2%)
3. Invest in measures to improve road safety and reduce road casualties across the council.	36 (29%)	60 (49%)	16 (13%)	5 (4%)	5 (4%)
4. Invest in playgrounds and spaces for play to encourage active lifestyles for children and young people.	30 (24%)	60 (49%)	20 (16%)	6 (5%)	5 (4%)
5. Invest in a prevention and maintenance programme to strengthen resilience and reduce/mitigate the impact of flooding for residents and communities.	49 (40%)	58 (47%)	8 (7%)	5 (4%)	2 (2%)
6. Invest in the development of cultural and community space in the city centre.	23 (19%)	36 (29%)	18 (15%)	29 (24%)	16 (13%)
7. Maximise use of the council's assets and resources to reduce revenue pressures.	50 (41%)	52 (42%)	9 (7%)	3 (2%)	9 (7%)

Q1b. 41 respondents made comments to provide answers on their selection to the Q1 - see appendix B.

Respondents' profile

Although the online survey and budget simulator tool were self-selecting and cannot be considered a representative sample of the population's views, it is useful compare the characteristics of respondents to those of the county's population as a whole.

For this reason, respondents were asked a few questions about themselves. The entire section, as well as the individual questions, was entirely optional to complete. 33 out of 123 online survey respondents (27%) indicated that they did not wish to complete the 'about you' section. 6 out of 78 respondents (8%) who used the simulator tool did not complete this section.

The profiles of responses varied between the two components of the consultation – tables 3-7

Overall, the most notable differences were that respondents were less likely to be from an ethnic group other than 'White British' or in the lower Council Tax bands A and B.

Which Council Tax band are you in?

Table 3: percentage of respondents and percentage of dwellings in Herefordshire by Council Tax band

Council Tax Band	Percentage of respondents (online survey)	Percentage of respondents (simulator)	Percentage of dwellings (2021)
A	3%	8%	15%
B	19%	8%	23%
C	19%	15%	19%
D	24%	19%	15%
E	10%	11%	14%
F, G or H	14%	19%	12%
Don't know	11%	19%	-
Total respondents	96	73	

Your gender?

Table 4: percentage of respondents and percentage of Herefordshire 16+ population by gender

Gender	Percentage of respondents (online survey)	Percentage of respondents (simulator)	Percentage of MYE 2022 aged 16+ years
Male	45%	57%	49%
Female	53%	40%	51%
Other	2%	3%	-
Total respondents	96	72	

What is your age band?

Table 5: percentage of respondents and percentage of Herefordshire population by age band

Age band	Percentage of respondents (online survey)	Percentage of respondents (simulator)	Percentage of MYE 2022 aged 16+ years
16-24 years	1%	3%	8%
25-44 years	26%	36%	26%
45-64 years	44%	47%	28%
65+ years	28%	14%	26%
Total respondents	95	70	

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 6: percentage of respondents and percentage of Herefordshire 16+ population by disability status

Disability or Limiting Long Term Illness (LLTI)	Percentage of respondents (online survey)	Percentage of respondents (simulator)	Percentage of population aged 16+ (Census 2021)
Yes	24%	16%	17%
No	76%	84%	83%
Total respondents	93	70	

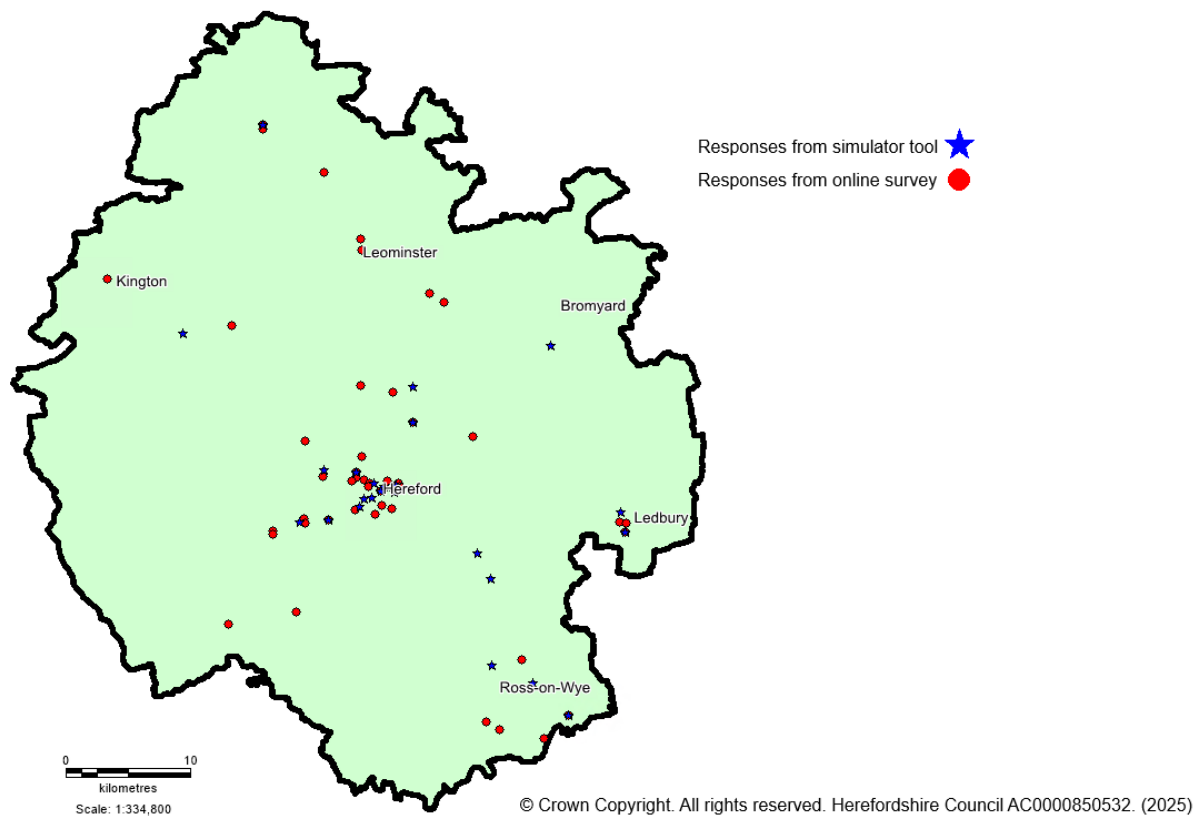
Table 7: percentage of respondents and percentage of Herefordshire 16+ population by ethnic group

Ethnic Group	Percentage of respondents (online survey)	Percentage of respondents (simulator)	Percentage of population aged 16+ (Census 2021)
White British/English/Welsh/Scottish/Northern Irish	97%	96%	92%
Other White	3%	1%	5%
Any other ethnic group	0%	3%	3%
Total respondents	94	69	

Postcode

Respondents were asked to provide their postcode with the aim of understanding the distribution of the responses across the county. There were 76 respondents to across both components of the consultation chose to provide their full postcode, 74 of these are within Herefordshire. The following map shows where the postcodes spread across the county. Please note that the points on the map represent the centre of a postcode, not the actual address.

Figure 3: Respondents' postcodes



Appendix A: List of free text comments to Q1b. suggestion to balance the budget - budget simulator tool

Comments:
How about removing all the public waste bins and asking people to take their litter home? how about building that bypass around Hereford - quality of life for people living next to wall to wall traffic jams would improve, businesses would improve because they can get in and out of the town quicker - charge cars who still want to go through the town - do something to help Hereford football build a better stadium but have a partnership in ownership so your revenues increase - why not propose a new development where it can be combined with some development of theatre across the road i.e. more space for other entertainment establishments.
Overall budgets do nothing for waste of effort, equipment, ill informed decisions, poor working practices, repetitive actions/duplications that drag away funds for no real return.
It is clear that despite the emotive subject matter, adult social care and children's social care services are by far the biggest budgets and any efficiency savings in these departments has a much more dramatic impact than trying to make the same % of savings in other service areas.
All I get from this "Simulation tool" is the council trying to justify more plans to increase our taxes, with little to no improvements to overall services and ripping us off. Herefordshire Council is not fit for purpose. Reduce your own Internal spending and lavish salaries first, before levying more money from the people you are supposed to represent and serve.
I believe there are many areas which need to have some tough scrutiny to bring back into balance with affordability.
I do not believe this is a fair consultation and would consider a legal challenge to it if such a budget is passed.
Want to see move investment in culture. Particularly the museums
I do not support additional funding for roads and transport (apart from for active travel) from Council tax. These should be funded by central government through motor taxation and by road users and not funded by the general Council tax payer whether or not he or she uses the roads. General emphasis of progressive taxation should be to encourage low carbon behaviours, higher rates of reuse and recycle, greater motivation to personal healthy lifestyles and cultural enrichment. I support a 4.99% increase in the Council Tax to keep pace with inflation. I support higher charges on car park encourage modal shift to sustainable forms of transport especially for short trips which are the main cause of congestion. Taxation, housing and planning all need to encourage adults to make healthier lifestyle choices so they need less care later in life and everyone who can afford to fund their care should do so.

I believe there is an opportunity to invest in strategically empowering and enabling community organisations and charities to scale up to meet the unmet need and reduce the pressure on council-led initiatives and services by supporting them to attract more private sector and regional, national and statutory funding. I strongly believe social enterprises, charities and voluntary organisations offer an amazing return on investment opportunity for local councils and the potential to support of their public services.

This could be made more effective and supportive of HCC strategic objectives by creating specific key areas of focus around geographical hot spots and priority areas of public need by better using the data we have to evidence, target and deliver support and funding (See Buckinghamshire Council's 'Opportunity Buck's Priority Wards - that are communicated with national, regional and statutory funding to get the best return on investment for funds invested but also help foundations and grant givers provide more money to areas that are helpful to the council).

The recent loss of the majority of the grants team within the council may have reduced the strategic oversight or effectiveness of cross departmental collaboration of driving through and activating vital funding held within HCC reserves that if processes and more focus and assistance on expediting these funds (106 funding from housing development etc...) could underpin and cover costs of investments in roads, community infrastructure and services, sporting facilities and cultural venues that would mean the costs outlined in this rough budget projections could be mitigated and covered reducing the impact of suggested cuts.

Working across Talk Community, Sports, Culture, Transport and Economic Development additional grants and funds could either be administered quicker to full the gaps or with a more proactive approach to supporting local charities and community organisations could upskill them to better achieve objectives around public health, cultural engagement, transportation and most importantly help underpin the unmet needs of the most vulnerable members of our community.

Areas that could yield benefit of mitigating the cost reductions required in the next budget could include:

- Investing in improving the flow of 106 money through the council systems by analysing 'log jams' and implementing actions to help this flow more swiftly (support to the project delivery teams to help community organisation fundraise or apply for grants that will close the gap on the funds that are delaying projects. In effect 'Teaching them to fish' for funding through grants, diversifying fundraising and income raising efforts.
- Developing key priority areas and within them a plan for what support would both serve the community and help achieve HCC strategic objectives and reduce pressure on budgets and services
- Proactively convening national and regional funders to better understand their priorities and help support them to achieve their objectives by scoping strong, well designed projects and programme with charitable organisations who can help meet this need
- Working closer with Parish councils to improve their scoping, consultation and development of community wish lists to inform 106 funding
- Reducing the amount of money being used on high paid external consultants to solve problems that expertise within existing staff can be empowered to support
- Better using our data to understand the needs of our community by live GIS mapping and the development of a CRM database of community and voluntary organisations to help target funds and delivery
- Empowering the amazing work of the Talk Community team to join up regional knowledge, partnerships and data gained by working their areas daily to help better

Comments:

support wider council initiatives and to reduce the decline and risk of decline in regional micro charities doing essential work on a hyper local basis.

- Developing a number of highly skilled specialists who can work across HCC departments and help scope, shape, attract and deliver more external funding into the council by having a strategic framework and horizon scanning ability to search, qualify, share and support applications that are available to local authorities.

- Supporting the strategic development of our new cultural assets to attract new external programme and engagement initiatives through grant funding; increasing well-being, tourism, economic growth and enhancing the regional brand of the county as a great place to live, work and do business.

- Supporting the speed of delivery for sporting infrastructure that is within section 106 funds - helping to mitigate some public health objectives by also supporting additional funding from these organisation to activate their new developments.

- Working closer with conservation partners to support them to attract funding to mitigate the loss of habitats and bio-diversity by helping them to scope external funding for a role to work with parish councils, to, to further invest in their farming cluster engagement to drive more regenerative and nature friendly farming (reducing pollution in the river whist maintaining a profitable farm) and to attract major national and international funding to look at long term nature based solution for funding and peoples engagement with nature to reduce mental health.

I am relatively new to the council and so may have made some incorrect assumptions and have limited knowledge of existing deliver in some areas. I do believe however, there is a huge potential to mitigate the budget cuts suggested through proactive income generation/strategic fundraising and by working closer together internally to speed up the processes to expedite frozen money benefiting our ambitions.

I hope this is helpful, of value and what you were expecting from comments.

p.s. three books I have recently read add some context to some of this thinking:

Vitalising Purpose by Jamie Veitch and Jonathan Bland

New Power by Henry Timms and Jeremy Heiman's

Doughnut Economics by Kate Raworth

Best <name removed> / Conflict of Interest / New HCC Council Employee

There isn't any information on where the council has capacity to generate income from trading its services and to manage cost pressures by delivering services in new ways and by working more effectively with partners. The model is a bit meaningless because there is huge disparity between +/- 5% across service lines. Your impact statements are sweeping and make loaded assumptions about where the impacts would fall - e.g. reducing costs in Children's COULD come from reducing the number of children in residential care rather than impacting family support and prevention services. Overall - this is a rather pointless exercise - unless it's designed to deliver the message 'It's all very complicated and difficult, and beyond most people to engage with meaningfully'. In which case, job done.

Appendix B: List of free text comments to Q1b.reasons for the answers to support or not support the areas of potential investment across the county - online survey

Comments:
Number 7 needs to make it clear what type of assets it relates to, from the wording it sounds like reduction of public services to save money. The council needs more investment.
play areas, flood prevention should be done by the house builders as part of their social remit to the communities they are building in.
Reduce spending on environmental issues and cycle path (i am a cyclist w a degree in the environment) and sort out basics first. Also we are an F council tax band but in a house worth £450,000 - that's not right!
There are so many things needed, but we have to prioritise. We can all do our bit, we can no longer expect the council to do everything for us.
Investment needed in housing and support for those to maintain their housing through education (early years), support packages.
Avoid the questions the public want asked
For those who work and aren't in receipt of Benefits because they earn above the threshold doesn't mean they too aren't struggling financially, instead we're expected to continue funding those that are in receipt of such benefits, funding vanity projects that are an utter waste of money. Its about time you started listening to your Constituents.
The council own a lot of empty buildings, these should be sold or rented at an appropriate rate to get a return, review of wasted revenue on locum staff. Stronger legal challenges for lost revenue in the care sector, recently advised lost items are not invoiced when they should be. Similarly care fee avoidance schemes should now be challenged to ensure council are receiving the money they should get.
It would be most imprudent to build more road network. Rather - for the sake of public health, cost benefit and the climate emergency we should invest in sustainable alternatives for active and public transport. This therefore needs to become the option.
Perhaps a 75% discount on Council Tax for people most in need.
Stop wasting money on trendy issues and go back to basics.
What is meant by invest in improvement is to the road network? I would support improvements to existing network, but not the major investment of as yet a proven case for a bypass or other link roads.
A large investment into social care
Cut the wok elements of the council.

Comments:
Stop wasting money.
Drastic cuts required, start from 50% of budget. Remove all non jobs, pay on efficiency, get local business owners to scrutinise and advise where waste is.
I believe that active lifestyles should encompass all ages and one way of encouraging this is to introduce more dance related events. Dancing is a cultural activity which covers all ages, abilities and ethnicities.
Budget needs to be spent more wisely, money is wasted on projects that bring very little to the city. Salaries could be reduced amongst highest earners to enable the budget to stretch more rather than taxing normal people more. Spending seems to be frivolous.
All of these are of importance
Deliver the new museum!
There is nothing about social care nor children's services in your plan, both of which are crucial. Older people's services also need a review with more money being spent. There is also no box to tick to promote the council to reduce waste and to recycle wherever possible. Item 7 is a non question as it really does not explain anything but I suppose it looks good on a tick box questionnaire! There are many more items that could use investment from the council but to keep it to just 7 is really a non exercise.
Employ more people with local knowledge
Where is Social Care investment?
Stop wasting money in ridiculous things i.e. plant pots weather station etc. and concentrate on the roads and infrastructure and not bike lanes either!
The 100% discount on council tax, is simply a lazy option. This should be means tested against what each family earns, and can ultimately afford. Almost everyone can pay something, be that £1, £5, £10 etc... and that is all money coming in and contributing while also reducing the burden on the remainder of the tax payers. Furthermore, the council should put a hold on vanity projects and frivolous spending, focussing only on the absolute essentials. As the people you are supposed to be representing, we simply cannot afford anymore annual, maximum percentage tax increases.
You have to be aware of Central Government plans for net zero and to take this into consideration.
everyone should contribute something to council tax otherwise it is not fair on people who do pay but are struggling
The wording of Question 7 is opaque.
Herefordshire is reliant on road transport. A bypass is needed for Hereford. Failure to deliver this will limit growth and harm attracting visitors.
no mention here of the extra resources needed for adult social care

Comments:
I agree with maximising the use of the council's assets and resources so long as this does not involve selling them off. I also strongly support the development of the Golden Valley Parkway station near Pontrilas to improve access to train/public transport for residents, students, and businesses alike, which will also reduce road use.
I feel that so far the funds have been mis-managed. A bypass is definitely needed proven over again. Building so many houses with no infrastructure and poor planning authority is inelegant. The council need to stop and think for their communities needs not what they think they need.
road safety is important, people should pay for services a discount should be given but not 100%
4. this is important but can the community being doing more - investment from local communities and businesses. Similarly with 5. and 6. for 7. are there assets that can be sold?
Hereford's road infrastructure is shockingly inadequate & badly thought out, with too many traffic lights & a lack of mini roundabouts & pedestrian bridges. A relief road/river crossing is desperately needed to remove congestion of through traffic within the City. Rural bus services are also woefully inadequate, with no late services even on weekends, all of which impacts on people's ability to maximise use of bus services that we're all supposed to use instead of driving our cars!
7. Make CCTV a 24 hour service so that it could provide out of hours services to save and/or generate revenue.
Some vague questions. People that are in need shouldn't pay council tax however those that choose not to work should still pay or be encouraged to work. People that are "in need" should not include economic/ illegal migrants. Road safety should be a priority however speed cameras are not safety features.
Leominster Town Council Additional comments; 2. Should be spent on active travel and public transport, not just roads. 3. Should this be reduce road casualties across the county, not council. 6. The investment should be shared across the market towns too. 7. The town council is not keen on assets being sold, they should be asset transferred.
Hereford is grinding to a standstill because of poor infrastructure including a new river crossing, poor alternative transport options, park and ride.
Select areas for building that are not liable to flood in the first place!
Assuming "maximising council assets and resources to reduce revenue pressures" is about investing to increase efficiencies that create an ongoing reduction in costs then this would also be supported as a priority.



Title of report: 2025/26 Capital Investment Budget and Capital Strategy Update

Meeting: Cabinet

Meeting date: Thursday 23 January 2025

Cabinet Member: Peter Stoddart, Finance and Corporate Services

Report by: Director of Finance

Report Author: Strategic Capital Finance Manager

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 revised capital investment budget and capital strategy for 2025/26 onwards.

Recommendation(s)

That: Cabinet recommends the following to Council

- a) To approve the revised capital programme for 2024/25 attached at appendix C;
- b) Approve the capital strategy at appendix D; and
- c) Approve the Flexible Use of Capital Receipts of up to £0.6million in 2024/25 and £0.6million in 2025/26, to support transformation to generate ongoing revenue savings and reduce service delivery costs in future years.

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 Chartered Institute of Public Finance and Accountancy (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. There was a Full Council meeting on 6 December 2024 and the current capital programme included in this report is the base capital programme including the amendments for the IT projects approved.
5. The approved capital programme is provided at appendix B as at the end of December. The reprofiling of the capital spend was carried out in quarter 2 in line with external audit recommendations and reported separately to cabinet. 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, the Q3 forecast will be reported at the February meeting. The additional grants received are listed at the bottom of appendix B and have all been approved by the chief finance officer in year.
6. The proposed Capital Programme for 2025/26 presents an ambitious programme of capital investment aligned to the priorities of the Council Plan across People, Place, Growth and Transformation.
7. The proposed additions for 2025/26 represent projects which will:
 - mitigate key revenue budget pressures;
 - improve the use of technology to deliver efficiencies and innovation in services to residents;
 - deliver new infrastructure to support growth opportunities for housing and businesses;
 - encourage active lifestyles for children and young people through a £1million investment in play areas;
 - develop cultural and community spaces for residence and visitors;
 - strengthen resilience and reduce the impact of flooding with investment of £2million;
 - improve road safety across the county; and
 - provide continued investment in the county's road network.
8. All proposals are included in appendix A along with outline strategic business cases at appendix E. 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 £58.12million have been identified, to be funded by prudential borrowing, capital receipts reserve and revenue reserves.

9. To ensure we utilise the Levelling Up Funding (LUF) Grant as early as possible and use Council match funding last the Hereford City Centre Transport Package for the Transport Hub build will increase the grant funding by £2.5m and reduce the amount of council borrowing required. This will be offset by a reduction of £2.5m grant funding for LUF North projects and increase of council borrowing.
10. An informal review of all prospective capital funding requests has been completed to ensure the financial impact of the funding requests are taken account of in the medium term financial strategy.
11. As part of the 2016/17 Local Government Finance Settlement, the government announced new flexibilities allowing local authorities to use capital receipts to fund transformation expenditure. This guidance was extended and updated in 2024/25 to extend the freedom for local authorities to use eligible capital receipts up to 2029/30 to help fund the revenue costs of transformation and release savings.
12. The direction permits authorities to use the proceeds from asset sales to fund the revenue costs of projects that will deliver ongoing savings, reduce costs, increase revenue or support a more efficient provision of services. The council intends to take advantage of this flexibility to support the financing of qualifying expenditure to deliver transformation change programmes across the organisation. Therefore £0.6million in 2024/25 and £0.6million in 2025/26 revenue transformation works will be funded from the use of the capital receipts reserve.
13. Inclusion in the capital programme is not approval to proceed. Each project will be subject to its own governance, a full business case will be presented for approval to Cabinet where required and compliance with the council's contract procedure rules as applicable.
14. The capital strategy has been developed in accordance with CIPFA guidelines. The purpose of the capital strategy is to tell a story that gives a clear and concise view of how the council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It should not duplicate other more detailed policies, procedures and plans but instead sit above these and reference these to allow those seeking more detail to know where to find it. That said it should provide sufficient detail so that it provides an accessible single source for the reader. The strategy is included at appendix D and in line with the guidelines requires Council approval.
15. The council is committed to bringing forward the first phase of the Western Bypass, aiming to start construction of the scheme to the south of the city within 2026/27. Development work on the southern link road is being taken forward at pace. Once completed, this new bypass connection for the A49, from the south to the north of the city, will deliver the Western Growth Corridor creating over 10,000 new homes and over 300 acres of new employment land. The project previously included as Southern Link Road has been renamed in the Capital Programme to Hereford Western Bypass Phase 1, and the increase in capital budget is proposed to be funded from borrowing although grants will be sought to reduce the amount of borrowing required.
16. Responding to social and affordable housing needs across the county remains a high priority for the council. The [Acquisition Fund for Housing Provision](#) (£5million) added to the capital programme in July 2024 is already being utilised to bring forward schemes to deliver social housing to meet the county's urgent need for provision, provide better homes for those in need and reduce dependency on high-cost temporary accommodation. This includes the acquisition of the Buttercross building in Leominster in November 2024, and we are finalising the acquisition of a building in Hereford. The Acquisition Fund assumes funding through borrowing, repaid through income from housing benefit and the reduced cost of temporary accommodation. Due to the lead in times involved in identifying sites that become available,

undertaking due diligence, obtaining planning, vacant possession and procurement, the current £5.0million funding is deemed adequate for 2025/26. However, should other opportunities come forward earlier than anticipated, we will seek Council approval to add additional borrowing to the current capital programme allocation in year.

17. To meet the strategic need for medium to long term affordable housing solutions across the county, the council is exploring options to deliver larger schemes in key locations and work is underway to review best practice options through engagement with developers and registered providers. Over the course of 2025/26 the future route to delivery will be finalised, working with the cross-party Housing Working Group, to inform the capital programme requirements for 2026/27 and beyond.

Community impact

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

20. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
21. Whilst this overarching budget setting document will not detail specific environmental impacts, consideration is always made to minimising waste and 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 environmental assessment will be developed and scoped for each project when they seek approval to spend through a separate governance decision.

Equality duty

22. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services. An equality impact screening checklist will be completed for each capital project before any capital

expenditure is incurred and where necessary a full Equality Impact Assessment will be performed. Equalities will be considered during the delivery of the service to ensure that the Council has regard to any potential effects on those with protected characteristics.

Resource implications

23. The proposed additions at appendix A total £58.12million over the next four years. This is to be financed from £56.12million prudential borrowing, of which £45.72million is in addition to the amount available through current levels of corporate funded borrowing. £1million is to be funded from the use of the capital receipts reserve and £1million from the revenue reserve specific for the use at the College Road Campus. 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
Play Area Investment	0.0	0.0	0.0	0.0	1,000.0	1,000.0
IT System Upgrades & Server Replacements	0.0	0.0	0.0	0.0	500.0	500.0
Public Realm Services Fleet	0.0	0.0	0.0	0.0	1,540.0	1,540.0
Public Realm Mobilisation	0.0	0.0	0.0	0.0	450.0	450.0
Property Improvements in Care Homes - phase 2	0.0	0.0	0.0	0.0	604.0	604.0
Estates Building Improvement Programme 2025-27	0.0	1,000.0	0.0	0.0	3,304.7	4,304.7
Building works from 2022 Condition Surveys	0.0	0.0	0.0	0.0	1,715.0	1,715.0
Yazor Brook	0.0	0.0	0.0	0.0	260.0	260.0
School Route Planning Software	0.0	0.0	0.0	0.0	50.0	50.0
Resurfacing Herefordshire Highways	0.0	0.0	0.0	0.0	5,000.0	5,000.0
Road Safety Schemes	0.0	0.0	0.0	0.0	3,000.0	3,000.0
Highways Infrastructure Investment	0.0	0.0	0.0	0.0	5,000.0	5,000.0
City and Market Town Public Realm Investment	0.0	0.0	0.0	0.0	1,200.0	1,200.0
CCTV Equipment Upgrades	0.0	0.0	0.0	0.0	89.1	89.1
Shirehall Refurbishment Phase 2	0.0	0.0	0.0	0.0	1,000.0	1,000.0
Council school transport fleet	0.0	0.0	0.0	0.0	350.0	350.0
Herefordshire Flood Risk Mitigation	0.0	0.0	1,000.0	0.0	1,055.0	2,055.0
Hereford Western Bypass Phase 1	0.0	0.0	0.0	0.0	30,000.0	30,000.0
Total	0.0	1,000.0	1,000.0	0.0	56,117.8	58,117.8

24. The corporate revenue implications of securing this new borrowing is included in the current Medium Term Financial Strategy and Treasury Management Strategy which had always allowed for £6.7million new prudential borrowing per annum over the strategy period.

Funding Position	25/26	26/27	27/28	28/29	Total
Total Corporate Borrowing Required	19,845.2	25,378.3	10,676.3	218.0	56,117.8
Annual Funding Limit	6,700.0	6,700.0	6,700.0	6,700.0	26,800.0
Unspent 23/24 borrowing to reallocate	221.0	-	-	-	221.0
Unspent 24/25 borrowing estimated	3,475.0	-	-	-	3,475.0
Allocated Previously	- 6,700.0	- 6,700.0	- 6,700.0	-	- 20,100.0
Total Funding Available	3,696.0	0.0	0.0	6,700.0	10,396.0
Funding Variance	-16,149.2	-25,378.3	-10,676.3	6,482.0	-45,721.8

25. 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 [23 January 2025] with actual borrowing being secured, as cash funding is required at the optimal interest rate available at that time. The above table reflects borrowing above the annual funding each year, this will have an impact on future revenue budgets when the repayments have to be made. These additional costs are reflected in the table below, this is calculated over a 40 year period and therefore £2.29million repayments will continue until fully repaid.

Revenue Repayment Costs	26/27	27/28	28/29	29/30
	£000	£000	£000	£000
Annual amount	807.46	2,076.38	2,610.19	2,286.09

26. Individual capital scheme resourcing implications will be detailed in the approval to precede decision. Appendix E contains the outline strategic business cases for each of the new projects.

Legal implications

27. 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.
28. 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.
29. 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.
30. 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.

31. 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 have considered the capital investment budget at appendix A at its meeting on 14 January 2025, to ensure the proposals included in appendix C and D have been developed in accordance with the constitution.
32. 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

33. For all capital projects monthly budget control meetings give assurance on the robustness of budget control and monitoring, to highlight key risks and to identify any mitigation to reduce the impact of pressures on the council's overall position for example through phasing of spend, identifying and securing scheme changes or alternative funding sources.
34. 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. 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.
35. 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

36. 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.
37. The draft paper was considered at Cabinet on 13 January 2025, with the additions supported by other group leaders.
38. The proposed capital investment budget additions were presented to scrutiny management board (SMB) at the meeting on 14 January 2025. There were two recommendations in regard to the capital programme which will be considered by Cabinet before the final proposals are put forward to Council.
39. An online public consultation has taken place the results support the proposals being taken to Council. With the following supporting investment in these areas;
 - Continue to invest in improvements to the road network 91%
 - Invest in a prevention and maintenance programme to strengthen resilience and reduce/mitigate the impact for residents and communities 87%

- Maximise the use of council's assets and resources to reduce revenue pressures 83%
- Invest in measures to improve road safety and reduce road casualties across the council 78%
- Invest in playgrounds and spaces for play to encourage active lifestyles for children and young people 73%

Appendices

Appendix A - Proposed capital investment additions from 2025/26

Appendix B - Current status of approved capital programme

Appendix C - Total proposed capital programme

Appendix D - Proposed Capital Strategy

Appendix E – Outline Strategic Business cases for capital investment proposals.

Background papers

None

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 generated from sale of land, buildings and other assets of the council

Funded by Return on Investment – 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 Prudential Borrowing – this is where prudential borrowing is repaid from the corporate revenue budget

Report Reviewers Used for appraising this report:

Governance	John Coleman	Date 20/12/2024
Finance	Judith Tranmer	Date 16/12/2024
Legal	Sean O'Connor	Date 16/12/2024
Communications	Luenne featherstone	Date 17/12/2024
Equality Duty	Harriet Yellin	Date 17/12/2024
Procurement	Claire Powell	Date 16/12/2024
Risk	Jessica Karia	Date 30/12/2024
Approved by	Rachael Sanders	Date 15/01/2025

Appendix A

Scheme	Current Capital Programme £000	Total 25/26 £000	Total 26/27 £000	Total 27/28 £000	Total 28/29 £000	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
Play Area Investment		500.0	500.0	0.0	0.0	0.0	0.0	0.0	0.0	1,000.0	1,000.0
IT System Upgrades & Server Replacements 2025-26		500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	500.0	500.0
Public Realm Services Fleet		0.0	1,322.0	0.0	218.0	0.0	0.0	0.0	0.0	1,540.0	1,540.0
Public Realm Mobilisation		0.0	450.0	0.0	0.0	0.0	0.0	0.0	0.0	450.0	450.0
Property Improvements in Care Homes - phase 2	550.0	604.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	604.0	604.0
Estates Building Improvement Programme 2025-28		1,327.1	2,451.3	526.3	0.0	0.0	1,000.0	0.0	0.0	3,304.7	4,304.7
Building works from 2022 Condition Surveys	745.0	595.0	770.0	350.0	0.0	0.0	0.0	0.0	0.0	1,715.0	1,715.0
Yazor Brook		260.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	260.0	260.0
School Route Planning Software		50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.0	50.0
Resurfacing Herefordshire Highways	10,000.0	5,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,000.0	5,000.0
Road Safety Schemes		1,500.0	1,500.0	0.0	0.0	0.0	0.0	0.0	0.0	3,000.0	3,000.0
Highways Infrastructure Investment	16,040.0	2,500.0	2,500.0	0.0	0.0	0.0	0.0	0.0	0.0	5,000.0	5,000.0
City and Market Town Public Realm Investment		1,200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,200.0	1,200.0
CCTV Equipment Upgrades		89.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	89.1	89.1
Shirehall Refurbishment Phase 2	3,000.0	715.0	285.0	0.0	0.0	0.0	0.0	0.0	0.0	1,000.0	1,000.0
Council school transport fleet		350.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	350.0	350.0
Herefordshire Flood Risk Mitigation		1,055.0	1,000.0	0.0	0.0	0.0	0.0	1,000.0	0.0	1,055.0	2,055.0
Hereford Western Bypass Phase 1	10,300.0	5,000.0	15,000.0	10,000.0	0.0	0.0	0.0	0.0	0.0	30,000.0	30,000.0
Total	40,635.0	21,245.2	25,778.3	10,876.3	218.0	0.0	1,000.0	1,000.0	0.0	56,117.8	58,117.8

Capital Programme position December 2024/25

Appendix B

Scheme Name	Spend in					Total
	Prior Years £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	
Local Transport Plan (LTP)		15,466	15,466	15,466	15,466	61,864
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	1,934	365	0	0	0	2,299
Public Realm Maintenance - Mitigating Risk on the Network	3,925	1,025	0	0	0	4,950
Additional Pothole Allocation 23/24 & 24/25		3,660	0	0	0	3,660
Winter Resilience	183	1,219	0	0	0	1,402
Resurfacing Herefordshire Highways		5,000	5,000	0	0	10,000
Natural Flood Management	274	276	373	350	0	1,274
Highways Infrastructure Investment		8,170	3,985	3,885	0	16,040
Public Realm Improvements for Ash Die Back	19	544	494	240	118	1,416
Traffic Signal Obsolescence Grant and Green Light Fund		270	271	0	0	541
Hereford City Centre Transport Package	38,304	800	7,875	0	0	46,979
Hereford City Centre Improvements (HCCI)	5,097	903	0	0	0	6,000
Hereford ATMs and Super Cycle Highway		289	711	0	0	1,000
Emergency Active travel Fund	88	31	0	0	0	119
Active Travel Fund 4	58	248	0	0	0	306
Southern Link Road		1,380	3,620	5,300	0	10,300
Stronger Towns Fund - Greening the City	105	298	0	0	0	404
LUF - Active Travel Measures (north of river)	555	858	3,053	0	0	4,466
LUF - Active Travel Measures (south of river)	244	3,923	5,029	0	0	9,197
Integrated Wetlands	2,479	497	1,686	99	0	4,760
Local Electric Vehicle Infrastructure Capital Fund (LEVI)		0	424	400	300	1,124
LEVI Pilot Fund Grant		24	96	0	0	120
Wye Valley National Landscape (previously AONB)	173	276	0	0	0	449
Safer Streets 5		165	0	0	0	165
Fastershire Broadband	30,958	2,672	0	0	0	33,630
E & E's S106		2,030	3,904	3,356	26	9,315
Moving Traffic Enforcement Phase 2		144	0	0	0	144
Infrastructure Delivery Board	84,398	50,533	51,987	29,095	15,910	231,922
UK Shared Prosperity Fund	187	948	0	0	0	1,135
Waste		6,697	11,393	0	0	18,090
Rural Prosperity Fund	281	1,424	0	0	0	1,706
Commissioning Delivery Board	469	9,069	11,393	0	0	20,931
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	527	28	0	0	0	555

Capital receipts £000	Grant & funding cont £000	Prudential borrowing £000	Total £000	Prior Years £000	Total Funding £000
	61,864		61,864	0	61,864
		365	365	1,934	2,299
		1,025	1,025	3,925	4,950
	3,660		3,660	0	3,660
		1,219	1,219	183	1,402
816		9,185	10,000	0	10,000
	999		999	274	1,274
	1,580	14,460	16,040	0	16,040
		1,397	1,397	19	1,416
	541		541	0	541
	5,401	3,274	8,675	38,304	46,979
		903	903	5,097	6,000
		1,000	1,000	0	1,000
	31		31	88	119
	248		248	58	306
5,000		5,300	10,300	0	10,300
	298		298	105	404
	3,910		3,910	555	4,466
	8,952		8,952	244	9,197
	2,281		2,281	2,479	4,760
	1,124		1,124	0	1,124
	120		120	0	120
	276		276	173	449
	165		165	0	165
	0	2,672	2,672	30,958	33,630
	9,315		9,315	0	9,315
		144	144	0	144
5,816	100,767	40,942	147,525	84,398	231,922
	948		948	187	1,135
	5,800	12,290	18,090	0	18,090
	1,424		1,424	281	1,706
0	8,172	12,290	20,462	469	20,931
		28	28	527	555

HARC SAN Lifecycle Replacement	1	211	0	0	0	212			211	211	1	212	
Data Centre Equipment Lifecycle Replacement	192	37	0	0	0	229			37	37	192	229	
Windows Server Upgrades	175	119	36	0	0	330			155	155	175	330	
Device and Ancillary kit replacement programme		187	415	548	0	1,150			1,150	1,150	0	1,150	
M365 E5 Implementation	300	227	43	0	0	570		120	150	270	300	570	
Planning & Regulatory Services software		670	726	0	0	1,396			1,396	1,396	0	1,396	
Contact Centre Telephony Replacement		82	0	0	0	82			82	82	0	82	
Wide Area Network (WAN) Replacement		286	0	0	0	286			286	286	0	286	
VMWare Host Replacement		248	0	0	0	248			248	248	0	248	
IT & Transformation Delivery Board	1,196	2,094	1,220	548	0	5,058		0	120	3,742	3,862	1,196	5,058
Schools Capital Maintenance Grant		3,300	2,795	1,200	1,200	8,495			5,789	2,707	8,495	0	8,495
Peterchurch Area School Investment	288	671	6,595	3,299	0	10,853		5,377		5,188	10,565	288	10,853
Brookfield School Improvements	422	2,830	2,570	0	0	5,822		919	4,481		5,400	422	5,822
High Needs Grant	85	500	2,000	4,318	0	6,903			6,818		6,818	85	6,903
Basic Needs Funding	215	1,000	8,000	7,068	0	16,284			15,817	251	16,068	215	16,284
Childcare Expansion Capital Grant 2023-24		0	296	0	0	296			296		296	0	296
Preliminary works to inform key investment need throughout the county	306	210	0	0	0	516				210	210	306	516
School Accessibility Works	141	524	1,143	693	0	2,503				2,361	2,361	141	2,503
C & F's S106		2,440	2,369	345	0	5,153			5,153		5,153	0	5,153
Work to Shirehall Annex (Care Leavers Base)		100	0	0	0	100		100			100	0	100
Shirehall Improvement Works		0	2,220	780	0	3,000		2,000		1,000	3,000	0	3,000
Children's residential homes for 11 to 18 year olds		0	424	0	0	424				424	424	0	424
Estates Capital Programme 2019/22	4,313	1,238	331	0	0	5,882				1,569	1,569	4,313	5,882
Residual property works identified in the 2019 condition reports	613	779	0	0	0	1,392				779	779	613	1,392
Estates Building Improvement Programme 22-25	1,453	500	1,053	0	0	3,007				1,553	1,553	1,453	3,007
Estates Building Improvement Programme 2023-25	759	1,000	1,768	0	0	3,527			836	1,932	2,768	759	3,527
Estates Building Improvement Programme 2024-27		901	1,525	340	0	2,766				2,766	2,766	0	2,766
Building works from 2022 Condition Surveys		10	455	280	0	745				745	745	0	745
Flexible Futures	740	110	0	0	0	850				110	110	740	850
Wye Valley Trust - Education Centre Investment		0	6,000	0	0	6,000				6,000	6,000	0	6,000
HWGTA - Development of Vocational Work Based Skills Investment		0	2,000	0	0	2,000				2,000	2,000	0	2,000
Green Homes Grant - Local Authority Delivery	779	40	0	0	0	819			40		40	779	819
Home Upgrade Grant		4,646	0	0	0	4,646			4,646		4,646	0	4,646
Solar Photovoltaic Panels	1,063	1	535	535	0	2,134				1,071	1,071	1,063	2,134
Employment Land & Incubation Space in Market Towns	343	627	11,318	53	8,360	20,701		11,998	2,053	6,307	20,358	343	20,701
Leominster Heritage Action Zone	1,493	1,911	0	0	0	3,404		1,578	333		1,911	1,493	3,404
Gypsy & Traveller Pitch development	808	1,069	0	0	0	1,877				1,069	1,069	808	1,877
Growth Delivery Board	13,824	24,405	53,399	18,911	9,560	120,099		21,972	46,263	38,041	106,275	13,824	120,099

Disabled facilities grant		3,484	2,200	2,200	2,200	10,084		10,084		10,084	0	10,084
Empty Property Investment & Development		593	600	0	0	1,193		300	893	1,193	0	1,193
Single Homelessness Accommodation Programme (SHAP)	455	915	0	0	0	1,370		915		915	455	1,370
Acquisition Fund for Housing Provision		2,500	2,500	0	0	5,000			5,000	5,000	0	5,000
Merton Meadow - Brownfield Land Release Fund		600	1,400	0	0	2,000		2,000		2,000	0	2,000
Swimming Pool Support Fund		83	0	0	0	83		83		83	0	83
Libraries Improvement Fund		42	19	0	0	62		62		62	0	62
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	2,008	1,399	5,690	10,000	53	19,150	7,788	8,954	400	17,142	2,008	19,150
Stronger Towns Library & Learning Centre relocation to Shirehall	45	274	2,063	624	0	3,005	350	2,611		2,961	45	3,005
Property Improvements in Care Homes		550	0	0	0	550			550	550	0	550
Community Capital Grants Scheme		120	1,530	350	0	2,000	2,000			2,000	0	2,000
Community Wellbeing Transformation Board	2,508	10,559	16,003	13,174	2,253	44,497	10,138	25,008	6,843	41,989	2,508	44,497
Total Capital Programme	102,394	96,660	134,002	61,728	27,723	422,507	37,926	180,329	101,858	320,113	102,394	422,507

Key:

RCCO

Project Complete

Reserve to be topped back up by future receipts

Approved at February 2024 Council	107,293	160,033	50,791	19,187		337,304
Reprofile Budget		(82,751)	55,302	20,092	7,357	0
Removal of Maylords Library project	(434)	(2,611)				(3,045)
23/24 Carry Forward		15,338				15,338
LHAZ increase approved at council		300				300
Acquisition Fund for Housing Provision		2,500	2,500			5,000
Grant/Funding Movement		3,774	25,366	22,449	20,366	71,954
M365 IT Project		77	43			120
Budget not carried forward for projects completed	(22,992)					(22,992)
Prior Year Spend adj (closed projects and 22/23 one off grant excluded)	18,527					18,527

Change in Capital Programme

0	3,774	25,366	22,449	20,366	76,954
----------	--------------	---------------	---------------	---------------	---------------

Note 1

Overall Change Financed By

	£000	£000			£000
Prudential Borrowing		2,500	2,500		5,000
Grant and funding contributions (Inc Reserves)		3,774	25,366	22,449	20,366
Capital receipts					0

0	6,274	27,866	22,449	20,366	76,954
---	-------	--------	--------	--------	--------

Note 1

Grant Amendments since February Council

£000

DfE - Childcare Expansion Capital Grant 2023-24	296
WMP - Safer Streets 5 Grant & Town Council Cont	165
DLUHC - Phosphate Mitigation Grant	1,760
DfE - additional Grant for Brookfield School	822
WMCA - LEVI Pilot Grant	120
DfE - High Needs Grant Increase	2,847
DfT - TSOG and Green Light Fund Grant	541
DfE - Schools Maintenance Grant	18
DLUHC - SHAP Grant	460
Sport England - Swimming Pool Support Fund	83
Libraries Improvement Fund Grants	62
DLUHC - DFG 24/25 additional grant	475
DfE - Schools Maintenance Grant 25/26 to 27/28	3,600
DLUHC - DFG 25/26 to 27/28	6,600
DfT - LTP Grant 25/26 to 27/28	46,398
C&F S106 Income	2,035
E&E S106 Income	2,500
Arts Council Grant for Museum Project	750
DLUHC - Brownfield Land Release Fund	2,000
DEFRA - Wye Valley National Landscape	123
MHCLG - RS15 Grant	300

71,954

Capital Programme position April 2025/26

Appendix C

105

Scheme Name	Spend in	2024/25	2025/26	2026/27	2027/28	2028/29	Total	Capital receipts £000	Grant & funding cont £000	Prudential borrowing £000	Total £000	Prior Years £000	Total Funding £000
	Prior Years £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Scheme Budget £000						
Local Transport Plan (LTP)		15,466	15,466	15,466	15,466	0	61,864		61,864		61,864	0	61,864
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	1,934	365	0	0	0	0	2,299			365	365	1,934	2,299
Public Realm Maintenance - Mitigating Risk on the Network	3,925	1,025	0	0	0	0	4,950			1,025	1,025	3,925	4,950
Additional Pothole Allocation 23/24 & 24/25		3,660	0	0	0	0	3,660		3,660		3,660	0	3,660
Winter Resilience	183	1,219	0	0	0	0	1,402			1,219	1,219	183	1,402
Resurfacing Herefordshire Highways		5,000	10,000	0	0	0	15,000	816		14,185	15,000	0	15,000
City and Market Town Public Realm Investment		0	1,200	0	0	0	1,200			1,200	1,200	0	1,200
Natural Flood Management	274	276	373	350	0	0	1,274		999		999	274	1,274
Highways Infrastructure Investment		8,170	6,485	6,385	0	0	21,040		1,580	19,460	21,040	0	21,040
Public Realm Improvements for Ash Die Back	19	544	494	240	118	0	1,416			1,397	1,397	19	1,416
Traffic Signal Obsolescence Grant and Green Light Fund		270	271	0	0	0	541		541		541	0	541
Hereford City Centre Transport Package	38,304	800	7,875	0	0	0	46,979		7,901	774	8,675	38,304	46,979
Hereford City Centre Improvements (HCCI)	5,097	903	0	0	0	0	6,000			903	903	5,097	6,000
Hereford ATMs and Super Cycle Highway		289	711	0	0	0	1,000			1,000	1,000	0	1,000
Emergency Active travel Fund	88	31	0	0	0	0	119		31		31	88	119
Active Travel Fund 4	58	248	0	0	0	0	306		248		248	58	306
Hereford Western Bypass Phase 1		1,380	8,620	20,300	10,000	0	40,300	5,000		35,300	40,300	0	40,300
Stronger Towns Fund - Greening the City	105	298	0	0	0	0	404		298		298	105	404
LUF - Active Travel Measures (north of river)	555	858	3,053	0	0	0	4,466		1,410	2,500	3,910	555	4,466
LUF - Active Travel Measures (south of river)	244	3,923	5,029	0	0	0	9,197		8,952		8,952	244	9,197
Integrated Wetlands	2,479	497	1,686	99	0	0	4,760		2,281		2,281	2,479	4,760
Local Electric Vehicle Infrastructure Capital Fund (LEVI)		0	424	400	300	0	1,124		1,124		1,124	0	1,124
LEVI Pilot Fund Grant		24	96	0	0	0	120		120		120	0	120
Wye Valley National Landscape (previously AONB)	173	276	0	0	0	0	449		276		276	173	449
Safer Streets 5		165	0	0	0	0	165		165		165	0	165
Fastershire Broadband	30,958	2,672	0	0	0	0	33,630		0	2,672	2,672	30,958	33,630
E & E's S106		2,030	3,904	3,356	26	0	9,315		9,315		9,315	0	9,315
Play Area Investment		0	500	500	0	0	1,000			1,000	1,000	0	1,000
Public Realm Services Fleet		0	0	1,322	0	218	1,540			1,540	1,540	0	1,540
Public Realm Mobilisation		0	0	450	0	0	450			450	450	0	450
Yazor Brook		0	260	0	0	0	260			260	260	0	260
Road Safety Schemes		0	1,500	1,500	0	0	3,000			3,000	3,000	0	3,000
Council school transport fleet		0	350	0	0	0	350			350	350	0	350
Herefordshire Flood Risk Mitigation		0	1,055	1,000	0	0	2,055	1,000		1,055	2,055	0	2,055
Moving Traffic Enforcement Phase 2		144	0	0	0	0	144			144	144	0	144

Infrastructure Delivery Board	84,398	50,533	69,352	51,367	25,910	218	281,777
UK Shared Prosperity Fund	187	948	0	0	0	0	1,135
Waste		6,697	11,393	0	0	0	18,090
Rural Prosperity Fund	281	1,424	0	0	0	0	1,706
Commissioning Delivery Board	469	9,069	11,393	0	0	0	20,931
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	527	28	0	0	0	0	555
HARC SAN Lifecycle Replacement	1	211	0	0	0	0	212
Data Centre Equipment Lifecycle Replacement	192	37	0	0	0	0	229
Windows Server Upgrades	175	119	36	0	0	0	330
Device and Ancillary kit replacement programme		187	415	548	0	0	1,150
M365 E5 Implementation	300	227	43	0	0	0	570
Planning & Regulatory Services software		670	726	0	0	0	1,396
Contact Centre Telephony Replacement		82	0	0	0	0	82
Wide Area Network (WAN) Replacement		286	0	0	0	0	286
School Route Planning Software		0	50	0	0	0	50
IT System Upgrades & Server Replacements 2025-26		0	500	0	0	0	500
CCTV Equipment Upgrades		0	89	0	0	0	89
VMWare Host Replacement		248	0	0	0	0	248
IT & Transformation Delivery Board	1,196	2,094	1,859	548	0	0	5,697
Schools Capital Maintenance Grant		3,300	2,795	1,200	1,200	0	8,495
Peterchurch Area School Investment	288	671	6,595	3,299	0	0	10,853
Brookfield School Improvements	422	2,830	2,570	0	0	0	5,822
High Needs Grant	85	500	2,000	4,318	0	0	6,903
Basic Needs Funding	215	1,000	8,000	7,068	0	0	16,284
Childcare Expansion Capital Grant 2023-24		0	296	0	0	0	296
Preliminary works to inform key investment need throughout the county	306	210	0	0	0	0	516
School Accessibility Works	141	524	1,143	693	0	0	2,503
C & F's S106		2,440	2,369	345	0	0	5,153
Work to Shirehall Annex (Care Leavers Base)		100	0	0	0	0	100
Shirehall Improvement Works		0	2,935	1,065	0	0	4,000
Children's residential homes for 11 to 18 year olds		0	424	0	0	0	424
Estates Capital Programme 2019/22	4,313	1,238	331	0	0	0	5,882
Residual property works identified in the 2019 condition reports	613	779	0	0	0	0	1,392
Estates Building Improvement Programme 22-25	1,453	500	1,053	0	0	0	3,007
Estates Building Improvement Programme 2023-25	759	1,000	1,768	0	0	0	3,527
Estates Building Improvement Programme 2024-27		901	1,525	340	0	0	2,766
Building works from 2022 Condition Surveys		10	1,050	1,050	350	0	2,460
Estates Building Improvement Programme 2025-28			1,327	2,451	526		4,305
Flexible Futures	740	110	0	0	0	0	850
Wye Valley Trust - Education Centre Investment		0	6,000	0	0	0	6,000

6,816	100,767	89,797	197,380	84,398	281,777
	948		948	187	1,135
	5,800	12,290	18,090	0	18,090
	1,424		1,424	281	1,706
0	8,172	12,290	20,462	469	20,931
		28	28	527	555
		211	211	1	212
		37	37	192	229
		155	155	175	330
		1,150	1,150	0	1,150
	120	150	270	300	570
		1,396	1,396	0	1,396
		82	82	0	82
		286	286	0	286
		50	50	0	50
		500	500	0	500
		89	89	0	89
		248	248	0	248
0	120	4,381	4,501	1,196	5,697
	5,789	2,707	8,495	0	8,495
5,377		5,188	10,565	288	10,853
919	4,481		5,400	422	5,822
	6,818		6,818	85	6,903
	15,817	251	16,068	215	16,284
	296		296	0	296
		210	210	306	516
		2,361	2,361	141	2,503
	5,153		5,153	0	5,153
100			100	0	100
2,000		2,000	4,000	0	4,000
		424	424	0	424
		1,569	1,569	4,313	5,882
		779	779	613	1,392
		1,553	1,553	1,453	3,007
	836	1,932	2,768	759	3,527
		2,766	2,766	0	2,766
		2,460	2,460	0	2,460
	1,000	3,305	4,305	0	4,305
		110	110	740	850
		6,000	6,000	0	6,000

HWGTA - Development of Vocational Work Based Skills Investment		0	2,000	0	0	0	2,000
Green Homes Grant - Local Authority Delivery	779	40	0	0	0	0	819
Home Upgrade Grant		4,646	0	0	0	0	4,646
Solar Photovoltaic Panels	1,063	1	535	535	0	0	2,134
Employment Land & Incubation Space in Market Towns	343	627	11,318	53	8,360	0	20,701
Leominster Heritage Action Zone	1,493	1,911	0	0	0	0	3,404
Gypsy & Traveller Pitch development	808	1,069	0	0	0	0	1,877
Growth Delivery Board	13,824	24,405	56,036	22,417	10,436	0	127,119
Disabled facilities grant		3,484	2,200	2,200	2,200	0	10,084
Empty Property Investment & Development		593	600	0	0	0	1,193
Single Homelessness Accommodation Programme (SHAP)	455	915	0	0	0	0	1,370
Acquisition Fund for Housing Provision		2,500	2,500	0	0	0	5,000
Merton Meadow - Brownfield Land Release Fund		600	1,400	0	0	0	2,000
Swimming Pool Support Fund		83	0	0	0	0	83
Libraries Improvement Fund		42	19	0	0	0	62
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	2,008	1,399	5,690	10,000	53	0	19,150
Stronger Towns Library & Learning Centre relocation to Shirehall	45	274	2,063	624	0	0	3,005
Property Improvements in Care Homes		550	604	0	0	0	1,154
Community Capital Grants Scheme		120	1,530	350	0	0	2,000
Community Wellbeing Transformation Board	2,508	10,559	16,607	13,174	2,253	0	45,101
Total Capital Programme	102,394	96,660	155,247	87,507	38,599	218	480,625

Key:

Revenue Funded Borrowing

New or Amended Projects as listed in appendix A

Current 2024/25 Programme Budget December 2024	102,394	96,660	134,002	61,728	27,723	0	422,507
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Change in Capital Programme

0	0	21,245	25,778	10,876	218	58,118
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Overall Change Financed By

	£000	£000	£000	£000	£000	£000	£000
Prudential Borrowing			19,845	25,378	10,676	218	56,118
Grant and funding contributions (Inc Reserves)			400	400	200		1,000
Capital receipts			1,000				1,000
	0	0	21,245	25,778	10,876	218	58,118

		2,000	2,000	0	2,000
	40		40	779	819
	4,646		4,646	0	4,646
		1,071	1,071	1,063	2,134
11,998	2,053	6,307	20,358	343	20,701
1,578	333		1,911	1,493	3,404
		1,069	1,069	808	1,877
21,972	47,263	44,060	113,295	13,824	127,119
	10,084		10,084	0	10,084
	300	893	1,193	0	1,193
	915		915	455	1,370
		5,000	5,000	0	5,000
	2,000		2,000	0	2,000
	83		83	0	83
	62		62	0	62
7,788	8,954	400	17,142	2,008	19,150
350	2,611		2,961	45	3,005
		1,154	1,154	0	1,154
2,000			2,000	0	2,000
10,138	25,008	7,447	42,593	2,508	45,101
38,926	181,329	157,976	378,231	102,394	480,625

Capital Strategy

2025 – 2030

HEREFORDSHIRE CAPITAL STRATEGY 2025-2030

CONTENTS

	Page
1. Executive Summary	2
2. Introduction and Background	4
3. Current Capital Programme & Long Term Plan	6
4. Capital Funding Streams	9
5. Risk Management	11
6. Knowledge and Skills	11
7. Capital Scheme Selection	12
8. Capital Monitoring	14
Appendix A – Proposed Capital Programme	15
Appendix B – Detailed list of Council strategies	19

HEREFORDSHIRE CAPITAL STRATEGY 2025-2030

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 Employment Land which enable long term plans for future development. This Capital Strategy is aligned to the [County Plan 2024-28](#) , 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.
- 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 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. Borrowing has always been 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, this year additional borrowing is being taken to fund the proposals, both the MTFS and Treasury Management Strategy have included the additional borrowing to allow these additional costs to be included in the revenue budget. The council will always seek external capital funding grants or donations where possible to lower the cost of borrowing but it is essential that resources are used effectively.
- 1.10 The process of allocating finite resources runs alongside delivery of the Medium Term Financial Strategy, through which capital funding, borrowing costs and innovative ways of utilising capital will be captured. The recommendation of capital projects lies with the Executive using a range of criteria to evaluate schemes, with referral to Council for approval. However, the Council may add

HEREFORDSHIRE CAPITAL STRATEGY 2025-2030

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 Council Plan 2024-2028 and other 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:

HEREFORDSHIRE CAPITAL STRATEGY 2025-2030

- 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 economy 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 2025-2030

3. CURRENT CAPITAL PROGRAMME & LONG TERM PLAN

3.1 The following table details the capital investment by programme board over the 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

	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total Capital Programme Budgets £000s
Infrastructure Delivery Board	50,533	69,352	51,367	25,910	218	197,380
Commissioning Delivery Board	9,069	11,393	0	0	0	20,462
IT & Transformation Delivery Board	2,094	1,859	548	0	0	4,501
Growth Delivery Board	24,405	56,036	22,418	10,436	0	113,295
Community Wellbeing Transformation Board	10,559	16,607	13,174	2,253	0	42,593
Total Capital Programme	96,660	155,247	87,507	38,599	218	378,231

Financed by

Capital Receipts	38,926
Grants & Funding Contributions	181,329
Prudential Borrowing	157,976
Total Funding	378,231

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, including Hereford College of Arts and NMiTE. Where possible the council will support economic development opportunities to enable the services to grow and deliver the best service.

The council will be considering the use of external funding models including income strip models to enable delivery of student accommodation along with other developments where external organisations are used to deliver the projects.

Employment Land

The employment land at Ross will be developed in the current capital programme and other sites in other market towns will hopefully also come forward for development.

Hereford City Centre Transport Package

A Levelling Up grant of £6.33m was awarded for the delivery of the transport hub, this project will hopefully complete by 2026 and enable better transport links from the railway station.

Infrastructure- future plans.

Herefordshire Council are potentially investing in a number of road schemes over the next few years, these schemes are currently being developed and will be included into the capital programme once approved. The initial budget of £10.3m has been increased to £40.3m for the Hereford Western Bypass Phase 1. The delivery of the road infrastructure will support the growth of the economy and the package of active travel improvements will help residents to live safe, healthy and independent lives. External grants to deliver these schemes will be applied for.

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£119.2m
Footways and Cycle ways	c£1.7m
Structures	c£80.5m
Street Lighting	c£1.7m
Traffic Signals	c£2.4m
Road Markings	c£1.2m

HEREFORDSHIRE CAPITAL STRATEGY 2025-2030

Traffic Signs	c2.9m
Vehicle Restraint Systems	c1.3m
Trees and Verges	c1.0m

The council has invested significant amount of council funding to help improve the road network. 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. We are awaiting the final confirmations of the full grant award for 2025/26 onwards, with uplift funds announced over the next 10 years.

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 Library & Learning Centre, 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.

There will be a replacement school at Peterchurch and significant works for a new unit and work within the existing site at Brookfield to increase capacity.

Other projects being delivered include the improvement works at the Shire Hall and other property works across the estate including schools.

The Council will be looking to work with current housing companies to increase the availability of affordable housing for local residents.

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.
- External funding bodies distribute funding for projects that satisfy their key criteria and objectives and the Council secure these via a bidding process.

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

HEREFORDSHIRE CAPITAL STRATEGY 2025-2030

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 2023/24 financial year there was a balance of £38.2m 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 four years.
- 4.4 The programme is heavily reliant on grants and contributions to fund capital expenditure and these are usually issued with tight timeframes and restrictions attached. The grants may also demand regular monitoring returns to demonstrate the funding has been used in accordance with the plan.

5. 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.

HEREFORDSHIRE CAPITAL STRATEGY 2025-2030

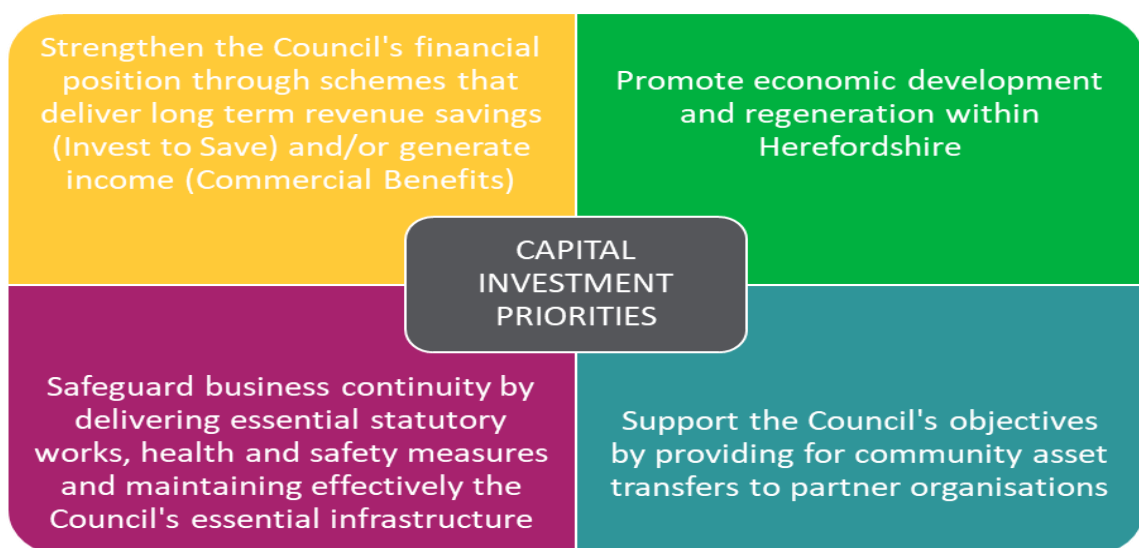
- 6.5 Where required, and with due diligence, the Council may also appoint external agents to advise on particular specialist matters or to access specialist expertise that may not be available 'in house.'

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 county plan 2024-28. Therefore projects that are added to the capital programme are for this purpose and not added as an investment purely to generate income. There are currently no expectations in the MTFs for capital investment to generate a revenue surplus to balance the budget. Although in the long term there are advantages in easing the removal of Revenue Support Grant (RSG) in generating a net revenue position it is not the priority when reviewing projects to add to the capital programme.
- 7.2 All capital schemes go through a stage process that is detailed in the project management process document.
- 7.3 Schemes are continually reviewed against evolving priorities and may be subject to change, redesign or cancellation, to ensure they continue to deliver the requirements of the council and provide value for money.
- 7.4 Capital funding will be initially allocated to council priorities and approved by council. The capital guidance policy details the process for the capital funding requests to ensure provision in the capital programme at any time as long as they are approved at a Council meeting or otherwise as delegated by full Council. This is necessary so that services are able to request capital funding at the appropriate time, when sufficient information is available to make an informed decision and opportunities are not lost due to waiting.

Rationale for Investment

- 7.5 Capital investment is integral to revenue budget forecasting. Capital investment must be directed to obtain maximum benefit from available resources looking at efficiencies, effectiveness, and economically. Revenue implications must be considered for all capital schemes, this could represent the cost of borrowing, future running costs and projected benefits. Schemes included for capital investment must demonstrate at least one of the following prioritisation criteria;



- 7.6 Funding above the corporate limit of £6.7m is available to support capital investment that gives a clear pay back through revenue budget savings.
- 7.7 Effectiveness and Best Value is demonstrated within the decision reports for each project and reviewed at the conclusion of a project. Value for Money on the build of a project is secured and

HEREFORDSHIRE CAPITAL STRATEGY 2025-2030

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 Executive 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.

Capital Programme position April 2025/26

Scheme Name	Spend in	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	Prior Years £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Scheme Budget £000
Local Transport Plan (LTP)		15,466	15,466	15,466	15,466	0	61,864
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	1,934	365	0	0	0	0	2,299
Public Realm Maintenance - Mitigating Risk on the Network	3,925	1,025	0	0	0	0	4,950
Additional Pothole Allocation 23/24 & 24/25		3,660	0	0	0	0	3,660
Winter Resilience	183	1,219	0	0	0	0	1,402
Resurfacing Herefordshire Highways		5,000	10,000	0	0	0	15,000
City and Market Town Public Realm Investment		0	1,200	0	0	0	1,200
Natural Flood Management	274	276	373	350	0	0	1,274
Highways Infrastructure Investment		8,170	6,485	6,385	0	0	21,040
Public Realm Improvements for Ash Die Back	19	544	494	240	118	0	1,416
Traffic Signal Obsolescence Grant and Green Light Fund		270	271	0	0	0	541
Hereford City Centre Transport Package	38,304	800	7,875	0	0	0	46,979
Hereford City Centre Improvements (HCCI)	5,097	903	0	0	0	0	6,000
Hereford ATMs and Super Cycle Highway		289	711	0	0	0	1,000
Emergency Active travel Fund	88	31	0	0	0	0	119
Active Travel Fund 4	58	248	0	0	0	0	306
Hereford Western Bypass Phase 1		1,380	8,620	20,300	10,000	0	40,300
Stronger Towns Fund - Greening the City	105	298	0	0	0	0	404
LUF - Active Travel Measures (north of river)	555	858	3,053	0	0	0	4,466
LUF - Active Travel Measures (south of river)	244	3,923	5,029	0	0	0	9,197
Integrated Wetlands	2,479	497	1,686	99	0	0	4,760

HEREFORDSHIRE CAPITAL STRATEGY 2025-2030

125

Local Electric Vehicle Infrastructure Capital Fund (LEVI)		0	424	400	300	0	1,124
LEVI Pilot Fund Grant		24	96	0	0	0	120
Wye Valley National Landscape (previously AONB)	173	276	0	0	0	0	449
Safer Streets 5		165	0	0	0	0	165
Fastershire Broadband	30,958	2,672	0	0	0	0	33,630
E & E's S106		2,030	3,904	3,356	26	0	9,315
Play Area Investment		0	500	500	0	0	1,000
Public Realm Services Fleet		0	0	1,322	0	218	1,540
Public Realm Mobilisation		0	0	450	0	0	450
Yazor Brook		0	260	0	0	0	260
Road Safety Schemes		0	1,500	1,500	0	0	3,000
Council school transport fleet		0	350	0	0	0	350
Herefordshire Flood Risk Mitigation		0	1,055	1,000	0	0	2,055
Moving Traffic Enforcement Phase 2		144	0	0	0	0	144
Infrastructure Delivery Board	84,398	50,533	69,352	51,367	25,910	218	281,777
UK Shared Prosperity Fund	187	948	0	0	0	0	1,135
Waste		6,697	11,393	0	0	0	18,090
Rural Prosperity Fund	281	1,424	0	0	0	0	1,706
Commissioning Delivery Board	469	9,069	11,393	0	0	0	20,931
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	527	28	0	0	0	0	555
HARC SAN Lifecycle Replacement	1	211	0	0	0	0	212
Data Centre Equipment Lifecycle Replacement	192	37	0	0	0	0	229
Windows Server Upgrades	175	119	36	0	0	0	330
Device and Ancillary kit replacement programme		187	415	548	0	0	1,150
M365 E5 Implementation	300	227	43	0	0	0	570
Planning & Regulatory Services software		670	726	0	0	0	1,396
Contact Centre Telephony Replacement		82	0	0	0	0	82
Wide Area Network (WAN) Replacement		286	0	0	0	0	286
School Route Planning Software		0	50	0	0	0	50

HEREFORDSHIRE CAPITAL STRATEGY 2025-2030

IT System Upgrades & Server Replacements 2025-26	0	500	0	0	0	500
CCTV Equipment Upgrades	0	89	0	0	0	89
VMWare Host Replacement	248	0	0	0	0	248
IT & Transformation Delivery Board	1,196	2,094	1,859	548	0	5,697
Schools Capital Maintenance Grant	3,300	2,795	1,200	1,200	0	8,495
Peterchurch Area School Investment	288	671	6,595	3,299	0	10,853
Brookfield School Improvements	422	2,830	2,570	0	0	5,822
High Needs Grant	85	500	2,000	4,318	0	6,903
Basic Needs Funding	215	1,000	8,000	7,068	0	16,284
Childcare Expansion Capital Grant 2023-24	0	296	0	0	0	296
Preliminary works to inform key investment need throughout the county	306	210	0	0	0	516
School Accessibility Works	141	524	1,143	693	0	2,503
C & F's S106		2,440	2,369	345	0	5,153
Work to Shirehall Annex (Care Leavers Base)	100	0	0	0	0	100
Shirehall Improvement Works	0	2,935	1,065	0	0	4,000
Children's residential homes for 11 to 18 year olds	0	424	0	0	0	424
Estates Capital Programme 2019/22	4,313	1,238	331	0	0	5,882
Residual property works identified in the 2019 condition reports	613	779	0	0	0	1,392
Estates Building Improvement Programme 22-25	1,453	500	1,053	0	0	3,007
Estates Building Improvement Programme 2023-25	759	1,000	1,768	0	0	3,527
Estates Building Improvement Programme 2024-27		901	1,525	340	0	2,766
Building works from 2022 Condition Surveys		10	1,050	1,050	350	2,460
Estates Building Improvement Programme 2025-28			1,327	2,451	526	4,305
Flexible Futures	740	110	0	0	0	850
Wye Valley Trust - Education Centre Investment	0	6,000	0	0	0	6,000
HWGTA - Development of Vocational Work Based Skills Investment		0	2,000	0	0	2,000
Green Homes Grant - Local Authority Delivery	779	40	0	0	0	819

HEREFORDSHIRE CAPITAL STRATEGY 2025-2030

Home Upgrade Grant		4,646	0	0	0	0	4,646
Solar Photovoltaic Panels	1,063	1	535	535	0	0	2,134
Employment Land & Incubation Space in Market Towns	343	627	11,318	53	8,360	0	20,701
Leominster Heritage Action Zone	1,493	1,911	0	0	0	0	3,404
Gypsy & Traveller Pitch development	808	1,069	0	0	0	0	1,877
Growth Delivery Board	13,824	24,405	56,036	22,417	10,436	0	127,119
Disabled facilities grant		3,484	2,200	2,200	2,200	0	10,084
Empty Property Investment & Development		593	600	0	0	0	1,193
Single Homelessness Accommodation Programme (SHAP)	455	915	0	0	0	0	1,370
Acquisition Fund for Housing Provision		2,500	2,500	0	0	0	5,000
Merton Meadow - Brownfield Land Release Fund		600	1,400	0	0	0	2,000
Swimming Pool Support Fund		83	0	0	0	0	83
Libraries Improvement Fund		42	19	0	0	0	62
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	2,008	1,399	5,690	10,000	53	0	19,150
Stronger Towns Library & Learning Centre relocation to Shirehall	45	274	2,063	624	0	0	3,005
Property Improvements in Care Homes		550	604	0	0	0	1,154
Community Capital Grants Scheme		120	1,530	350	0	0	2,000
Community Wellbeing Transformation Board	2,508	10,559	16,607	13,174	2,253	0	45,101
Total Capital Programme	102,394	96,660	155,247	87,507	38,599	218	480,625

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 2025-2030

- **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.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Economy and Environment
Scheme Name	Play Area Investment
Budget Holder	Ed Bradford
Council Plan Priority	People/Place

Project aims and objectives:

Scheme description and demonstration of links to corporate priorities and savings plans.

Herefordshire Council has 65 play areas that it maintains throughout the county. These playgrounds are managed by Balfour Beatty Living Places (BBLP) on behalf of Herefordshire Council. BBLP undertake regular inspections and maintenance of these playgrounds.

Following inspection costs from ROSPA, the current annual maintenance budget for the 65 Council owned play areas in Herefordshire is £35K per year, or £540.00 per site. There are 1,134 individual pieces of play equipment assets across all sites.

Existing routine inspections and maintenance are aimed at ensuring that the playgrounds remain safe and useable. This funding however does not extend to undertake remedial work and renovation of existing parks to enhance the green space available to their local communities.

Following a review of recent annual RoSPA inspections and close liaison with BBLP locality stewards & Local Parish's a number of key aspects of the play area conditions have been identified as needing attention:

1. Deterioration of large apparatus due to end of useful working period.
2. Wet pour/safety surfaces derogation across all play areas and replacement of loose fill safety surfacing.
3. Items previously removed due to safety risks with no funding to replace.

Several play areas have timber apparatus where the timber is showing latter stages of decay and will likely be removed due to safety risk either by BBLP or as recommended by RoSPA. A number of these sites are recommended for further excavations to inspect timber support legs to determine the condition of the timber below the surface. Without intervention, a number of these sites could require removal for safety reasons. The renovation of some of these play areas, particularly where they have fallen into disuse or disrepair or where health and safety may be an issue will show commitment to safeguarding the future of play areas and open spaces for future generations.

It is proposed that the investment in play areas be linked to a process of asset transfer to interested City, Town or Parish Councils, whereby sites would see investment subject to an agreement being reached for their permanent transfer to a City, Town or Parish Council.

Below shows the general state of decline of an example of the play assets. A combination of timber decay, wetpour issues and missing and unserviceable play equipment.



Links to corporate priorities and savings plan

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

Encouraging active lifestyles for children and young people is a key public health objective. Playgrounds and spaces for play offer a way in which children can be encouraged to get out and stay active.

Estimated costs and funding sources:

	2025/26	2026/27	2027/28	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Play Area Investment	500	500			1,000
TOTAL	500	500			1,000
Funding sources					
Corporate Funded Borrowing	500	500			1,000
TOTAL	500	500			1,000
Revenue budget implications					
TOTAL					

Benefits and risks:

The anticipated benefits and risks of the proposed project plus risks of not going ahead with the scheme.

Herefordshire Council encourages active lifestyles, especially for children and young people which is a Public Health England objective. This renewed emphasis resulted in greater usage of these areas and subsequently initiated the drive for improvements from parishes. This has and will continue with play areas and open spaces offering a way in which children can be encouraged to get out and stay active.

The use of existing play areas is influenced by both the young people and parents' impression of them. Where the condition is clearly deteriorating there is a tendency for them to be less attractive and not used to their potential. Therefore, a programme of refurbishment and renewal will improve the attractiveness and application of these areas and introduction of some new equipment will also provide the opportunity to expand the range that the play areas are suitable for.

The scale of the cost of new equipment and/or resurfacing is considerable, and therefore installing new equipment or resurfacing in all play areas is not considered feasible.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Corporate Services
Scheme Name	ICT systems upgrades & server replacements 2025-26
Budget Holder	Head of ICT & Digital
Council Plan Priority	Transformation

Project aims and objectives:

The five elements of this capital bid will support the Council with its Digital Data & Technology strategy 2024 – 2028 & planning towards digital transformation by providing a stable, modern and fit for purpose infrastructure.

Procurement will be through an approved Local Government Procurement Framework (CCS or similar) to ensure that best value is demonstrated.

Commissioning and migration activity will be carried out by the Councils contracted IT provider – Hoople Ltd and a third party to provide consultancy and professional services to complete the migration works.

Key deliverables-

1.The update of key Software which provides the GIS services for the Council.

This project is to update ageing GIS Software with the latest version which will ensure manufacturer support and is up to date to allow security and operational integrity to be maintained, in line with emerging vulnerabilities and Cyber Security threats.

The aim of the project is as follows:

- Replace ageing software which is required to run the time services for key line of business systems, with supported 'in life' equipment which is actively supported by the supplier for cyber security/vulnerability patches.
- Provide support and maintenance contract with the manufacturer or partner for a period of five years.
- Migrate services from the aging version of the software to a newer version which is supported.

2.Introduction of a Security Incident and Event Monitoring (SIEM) solution into the council

The primary objective for the project is to support the council's requirements to operate IT solutions in a secure manner protecting the Confidentiality, Integrity and Availability of the Councils data and service delivery. The authority is obliged to ensure that the underlying infrastructure is secure and that the systems 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 introduce a SIEM solution which will safeguard the council data, systems, and services from increasing cyber threats. In June 2024, an ICT Security Assurance Framework Review was conducted by our Auditors – SAFR – who reported in their Findings & Risk Assessment that "There is no Security Incident and Event Monitoring (SIEM) solution and no alternative central logging system in place, as such this potentially creates unnecessary difficulty in monitoring security logs. It is considered best practice to implement a SIEM or equivalent solution for security monitoring purposes".

Within the section "Our Ambition - Cyber security" in the Councils Digital Data & Technology strategy 2024 – 2028 it states:

"There is a high and increasing threat to cyber-security, requiring investment in security and privacy measures to protect data and the services we provide. We will continue to use the latest technology for device security and management" – Introduction of an SIEM solution would meet the level of ambition stated.

The aim of the project is as follows:

- To plug the gap identified by the ICT Security Assurance Framework Review to introduce a centralised monitoring system that provides real-time visibility into security events across the council's IT environment.
- This will Improve the council's ability to detect, analyse, and respond to security incidents in real-time, reducing the risk of data breaches and service disruptions.
- Centralize and automate security event monitoring to enhance efficiency and accuracy.
- Ensure compliance with relevant cybersecurity regulations and standards.
- Implement a SIEM solution capable of real-time log collection, correlation, and analysis across all council IT systems.
- Reduce the mean time to detect (MTTD) and mean time to respond (MTTR) to security incidents.
- Establish automated reporting and alerting mechanisms to meet compliance requirements.

This will support the Council with its Digital Data & Technology strategy 2024 – 2028 & planning towards digital transformation by providing a stable, modern and fit for purpose infrastructure, enabling the flexibility required to adapt to changing service delivery models throughout the short to medium term (i.e. the initial life of the solution - 5 years). Also, this will aid to counteract the potential for significant financial, reputational, and operational damage due to undetected security breaches. Implementing a SIEM will demonstrate a proactive approach to cybersecurity, thereby enhancing the council's reputation and public confidence.

3. Replacement of Key IT Hardware which provides the CCTV Case Management solution for the Council.

The primary objective for the project is to support the council's requirements to operate IT solutions in a secure manner protecting the Confidentiality, Integrity and Availability of the Councils data and service delivery. The authority is obliged to ensure that the underlying infrastructure is secure and that the systems 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 a system which is running on an operating system which will be unsupported from October 2025. This will allow the system to run on an operating system where security and operational integrity can be maintained, in line with emerging vulnerabilities and Cyber Security threats.

The aim of the project is as follows:

- Replace an ageing solution which provides key line of business systems for the corporate CCTV service, with a supported 'in life' solution which is actively supported by the supplier for the next 5 years.
- Support the Councils obligations to remove end of life operating systems from the environment in line with its security and compliance obligations – Windows 10.
- Migrate services from existing equipment to new supported environment.
- Decommission and dispose of outgoing environment in line with the authorities' security and environmental policies and obligations.

This will support the Council with its Digital Data & Technology strategy 2024 – 2028 & planning towards digital transformation by providing a stable, modern and fit for purpose infrastructure, enabling the flexibility required to adapt to changing service delivery models throughout the short to medium term (i.e. the initial life of the equipment - 5 years).

4. The update of Civica Software.

We are in the process of completely replacing our Planning & Regulatory Software – Civica – as part of a separate project with a completion date of March 2026.

However, there is a residual risk that we may need to upgrade our current version of Civica to v8.10 or higher – the anticipated release date for this is October 2025. This potential software upgrade may be required so the Councils Planning and Regulatory system is compliant with food safety requirements and/or regulatory requirements that may come into force prior to Civica being replaced in March 2026.

It's very likely that we may not need to spend the capital requested, but we feel it's prudent to register this potential expenditure as a Capital Bid.

5. Investment in ICT systems with Artificial Intelligence (AI) capabilities

In line with the councils Digital Data and Technology Strategy 2024 – 2028, we have pledged to consider the introduction of AI opportunities to support our staff to deliver services to our communities. AI can significantly enhance efficiency in public services by automating routine tasks which will in turn free up staff to focus on more complex issues. By leveraging AI, we can not only streamline operations but also deliver more responsive and personalized services to our constituents.

We have written an AI usage policy and set up an AI and Ethics board to support the introduction of AI into the Council.

6. Migrating Data into M365 Cloud

Migrating data into the Microsoft 365 (M365) Cloud offers numerous benefits for the council. This piece of work will enhance data security with advanced encryption and compliance features, ensuring sensitive information is well-protected. Additionally, M365 provides improved collaboration tools, enabling council staff to work more efficiently and effectively. The cloud-based platform also offers cost savings by reducing the need for on-premises infrastructure and maintenance.

Estimated costs and funding sources:

	2025/26	2026/27	2027/28	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Upgrade of GIS service software	65				65
SIEM solution Hoople	32				32
CCTV systems hardware replacement	20				20
Upgrade of Civica software	65				65
ICT systems with AI capabilities	151				151
Contingency	68				68
Migrating Data into M365 Cloud	99				99
TOTAL	500				500
Funding sources					
Corporate Funded Borrowing	500				500
TOTAL	500				500
Revenue budget implications					
SIEM solution Hoople	68	68	68	68	272
Supplier support for the CCTV systems hardware	-	1.6	1.7	1.8	5.1
TOTAL	68	69.6	69.7	69.8	277.1

*Revenue implications associated with ICT systems with AI opportunities will need to be assessed as projects come forward

Benefits and risks:

The anticipated benefits and risks of the proposed project plus risks of not going ahead with the scheme.

Supported 'in life' equipment will provide:

- Continued Cyber Security protection through manufacturer support for vulnerabilities (i.e. loss of data or disruption to service through Ransomware, Malware & Virus exploitation)
- Continued feature support through manufacturer software development. Potential for cost avoidance associated with exploitation of advances in technology.
- Reduces risk for potential loss of Confidentiality, Integrity and Availability of Council key Data due to Cyber Attack or Catastrophic Hardware Failure.
- Protects the Councils Data and Service Delivery obligations through fit for purpose equipment.
- Additional overhead to support future data growth/transformation in line with current planning.
- By updating this software, we reduce the risk of not being compliant with civil contingencies and PSN.
- Increased Public Trust: Demonstrating a proactive approach to cybersecurity, thereby enhancing the council's reputation and public confidence.
- Operational Resilience: Enhanced ability to maintain uninterrupted public services even in the face of cyber threats.
- Continued hardware failure protection through manufacturer support for parts and components (i.e. loss of data or disruption to service through catastrophic hardware or component failure)
- Provides operational efficiencies with opportunity for reduced power consumption & improved performance due to technology advancement in modern solutions.
- By upgrading this software we can move away from an unsupported solution.
- If food safety requirements change or new regulatory requirements come into force, the Council will have compliant Civica software installed to fulfil this criteria. By updating this software, we reduce the risk of not being compliant with civil contingencies and PSN.

Risks

Non-compliant software would put the Council in a position where they are not following legislative requirements

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Economy and Environment
Scheme Name	New Public Realm Services Fleet
Budget Holder	Corporate Director Economy and Environment
Council Plan Priority	Place

Project aims and objectives:

Scheme description and demonstration of links to corporate priorities and savings plans.

The council has terminated the Public Realm Contract (PRC) with Balfour Beatty Living Places, which will end 31 May 2026.

This bid provides the strategy relating to fleet that is required to deliver the new Public Realm Services and contract from 1 June 2026. Under the current contract fleet and plant is either owned by the council, or leased by BBLP.

Essential Fleet >3.6T

The council owns 20 essential vehicles >3.6T currently used by BBLP which are 16 primarily gritters and 4 snow blowers for delivering the winter services. As these vehicles are required for essential services and keeping the network safe, it is proposed that these vehicles are retained in the ownership of the council, and made available for use by the new contractor under the new contract, where the contractor is responsible for their maintenance.

Cyclic capital replacement of this fleet will remain the responsibility of the council. Analysis of this fleet looking four years ahead to 2028/29 aligned with the council's MTFP and capital programme, including new gritters on order and funded for delivery in February 2025, has identified five gritters will need to be replaced to maintain this fleet. Four new gritters are required in 2026/27 estimated at a cost of £198,000 per gritter and one new gritter is required in 2028/29 estimated at the £218,000. These costs include inflation from the 2024 base date at +5% per annum.

The council currently has four snow blowers, of which one is beyond economical repair. Although the three in working order are becoming aged fleet, due to limited demand and usage in recent years their condition is deemed as in full working order, therefore there are no plans for their cyclic renewal at this time.

A review of the winter services will be a requirement of the tendering process. Any reduction in routes and gritter vehicles could reduce the number of vehicles from the current 16. Any reduction would be deducted from the four new vehicles forecast in 2026/27 and will be known during 2025 as part of the procurement. The outcome of the winter maintenance review and the procurement process will also determine the requirements for the snow blowers.

Other Fleet >3.6T

BBLP currently lease 17 larger vehicles >3.6T that are forecast to be used, or similar required in the new contract. The capital purchase of these fleet is estimated in the region £3M. The council has investigated

purchasing and owning this fleet from the council's more advantageous borrowing capital rates than the private sector to support the new contract from 1 June 2026.

However having reviewed this proposal from the market engagement during the summer 2024 and subsequent discussion with the council's contract, procurement and legal experts there are several disadvantages to this:

- a) Contractors have indicated flexibility to allow a mix of purchase, lease and transferring in fleet from other contracts will would provide the most efficient service delivery model;
- b) Fleet owned by the council could lay idle if there are a change of service priorities or a reduction in budget meaning that fleet was not in demand on the contract;
- c) Restricts the transition to advancements in new and emerging technology and the transition to lower carbon vehicles as the purchase of heavy fleet has a life expectancy of up to 10 years;
- d) Costs associated with vehicle breakdowns and vehicles thefts/replacements are the responsibility of the council;
- e) To avoid "variant bids", that is notoriously difficult to evaluate or defend if challenged within the procurement, the council would be required to specify a fixed approach to the funding and purchase of this fleet including specifying the 17 vehicles, that all contractors would be required to take and use as part of their operations on the new contract;
- f) This prescriptive approach would need to be set out in the tender documents by December 2024, and it is highly unlikely that this "one size fits all" approach would provide optimum operational service delivery nor be accepted by all contractors nor lead to the best outcome on tender price nor the transition to new technology nor carbon reduction. There is also the risk that some contractors may be minded not to bid unless the requirements and vehicles allow them to operate in line with their established operational practices and fleet H&S requirements.

It is therefore proposed that the new contractor provides the fleet as part of the new contract and the cost of this fleet is built into the contact rates submitted through the tender process.

Smaller fleet and plant <3.6T

The council currently owns in the region of 500 small fleet and plant that are used by BBLP on the current contract. The council are responsible to fund the purchase, storage, replacement and maintenance of these assets.

A valuation of these assets is being arranged, and expected to total in the region of £350,000 that will not be confirmed until the initial valuation is complete.

The council could look to sell these assets on the open market, which would lead to a capital receipt to the council. However on the open market or at auction it is likely that only a fraction of the market or net book value of these assets would be received.

The new contractor will be well placed to use the smaller fleet and plant on this contract, or elsewhere in their business. It is therefore recommended that the council transfer these assets to new contractor from the contract commencement date of 1 June 2026, without a charge and make this clear in the tender documents.

This transfer of these assets without a charge will go some way to funding the new contractor's considerable mobilisation and depot investment costs that are forecast in the region of £850,000. Any shortfall of the council funding the mobilisation costs will be recovered by the contractor built into the contract tender rates over the first few years of the contract. After which the council is likely to pay a premium for the remainder of the contract.

Vans & pool cars

Industry standard is that the contractor will provide the smaller vans and any cars, aligned with their company practices and aligned to their carbon net zero targets.

23 of the BBLP transferred staff have vans that the council will provide in the new operating model including Locality Stewards and Network Management Team. The Council are currently looking at procuring and providing these in 2025/2026 as part of the wider council "Fleet Strategy Review" and the council have calculated that a capital sum of £530,000 is required to purchase the vehicles.

It is to be noted that:

- i. This does not include wider council corporate fleet assets that are currently provided and maintained through the current PRC and include pool cars, a range of LCV vans and the library van. These will be considered as part of the councils wider Corporate Fleet Review that is forecast to conclude in spring 2025.
- ii. No allowance has been made at this stage for alternative fuel/drivetrains, Euro VII implications and the replacements will be Euro VI or equivalent. Euro VI being the current emission standards for new vehicles.
- iii. Inflation has been built into the programme to allow vehicle cost increases over the next four years.

The Council has a statutory duty under Section 41 of the Highways Act 1980 to ensure that roads are maintained, which is the primary focus of the New Public Realm Services.

In relation to the Herefordshire Council Plan 2024-2028 the New Public Realm Services will contribute to the following:

People

- Support all residents to live healthy lives within their communities.
- Work with residents and partners to build connected and resilient communities.
- Support people to feel safe and respected in their communities

Place

- Expand and maintain the transport infrastructure in a sustainable way and improve connectivity across the county.
- Work towards reducing county and council carbon emissions, aiming for net zero by 2030/31 and work with partners and communities to make the county more resilient to the effects of climate change.

Growth

- Support market towns and Hereford city to be vibrant hubs through working with residents, local organisations and businesses.
- Enhance the rollout of improved broadband across the county towards a fully digital Herefordshire.

Transformation

- Change and transform the organisation to be fit for the future and work efficiently.
- Attract and retain an excellent workforce through effective approaches to recruitment and retention.
- Work collaboratively with our residents, communities and businesses to achieve the best results together.
- Improve the way we use technology across our services.

Financial Implications

	2026/27	2027/28	2028/29	2029/30	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Cyclic replacement of winter service fleet (4 gritters @ £198,000/vehicle)	792	0	0	Out of scope	792
Cyclic replacement of winter service fleet (1 gritter @ £218,000)	0	0	218	Out of scope	218
Purchase of 23 vans for staff transferring from BBLP to council	530	0	0	Out of scope	530
TOTAL	1,322	0	218	Out of scope	1,540
Funding sources					
Corporate Funded Borrowing	1,322	0	218	0	1,540
TOTAL	1,322	0	218	0	1,540
Revenue budget implications					
Winter Service fleet maintenance will remain as a contractor cost and charged through the new public realm contract met through service budgets	0	0	0	0	0
The maintenance costs of the 23 vans has been estimated at £2,200 per vehicle per annum, and this cost will be met through existing service budgets.					
TOTAL	0	0	0	0	0
TOTAL	0	0	0	0	0

Benefits and risks:

Benefits

- Council maintains winter service fleet ownership for resilience.
- The contractor is responsible for providing the remaining fleet and plant to deliver the services to ensure effective core services from 1 June 2026.
- Provides flexibility and supports transition to net zero.

Risks

- Fleet is not in place for the contract start on 1 June 2026 / Mitigation: Place requirements for fleet on contractor and seek assurance via market engagement, procurement and mobilisation.
- The contractor goes into administration / Mitigation: The winter fleet will be retained in the ownership of the council.
- The contractor fails to maintain the fleet / Mitigation: The contractor is responsible to deliver the services aligned to performance targets.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Economy and Environment
Scheme Name	Public Realm Services Depot Investment & Mobilisation
Budget Holder	Corporate Director Economy and Environment
Council Plan Priority	Place

Project aims and objectives:

Scheme description and demonstration of links to corporate priorities and savings plans.

The council has terminated the Public Realm Contract (PRC) with Balfour Beatty Living Places, which will end 31 May 2026.

The council is progressing the New Public Realm Services which are required to be in place from 1 June 2026.

The programme which is underway for the new contract provided:

New Public Realm Services- High Level Programme		
Activity	Start Date	Finish Date
Cabinet Decision to adopt model for market engagement	27 Jun 2024	
Market engagement	July 2024	Aug 2024
Services review & model refinement (including IT, fleet & depots)	July 2024	Aug 2024
Develop contract documents, specification & tender documents	Aug 2024	Nov 2024
Connected Communities Scrutiny Committee	13 Nov 2024	
Cabinet Decision to approve model and commence procurement	28 Nov 2024	
Deliver procurement process	Jan 2025	Oct 2025
Cabinet Decision to Award contract	November 2025	
Sign contract	1 Jan 2026	31 Jan 2026
Deliver Demobilisation and mobilisation (5 months)	1 Jan 2026	31 May 2026
Contract with BBLP ends	31 May 2026	
New Public Realm Services Contract Goes Live	1 Jun 2026	

Market engagement during Summer 2024 has advised that the council providing the mobilisation costs funding from April 2026 funded through revenue budgets, will assist the new provider with cash flow at the start of the new contract, encourage companies to bid during 2025 promoting a competitive procurement and long term be the most cost effective solution to fund the mobilisation costs.

The alternative option is to place these costs on a new provider through the tender and contract documents which will be finalised in December 2024. Market engagement has stated this approach by the council is likely represent cash flow problems for companies at the start of the contract, discourage bids for the 2025 procurement reducing the likelihood of a competitive process and ultimately cost the council more in the long term, as the costs would recovered from capital borrowing by the contractors and recovered during the initial contract term of 2026 plus seven years.

Capital Mobilisation costs associated with the new contract are provided in the table below.

Mobilisation Requirement	Cost in £000's
Thorne Depot modernisation costs including meeting pods, toilets, canteen and office/teleconferencing requirements	180
EV charging points at Thorne & Kingsland Depot	200
Crematorium Building (HR4 0JE) refurbishment to provide toilets, mess room and store for operatives	70
Total	450

The costs in the table are required to be funded by the council irrespective of the new contract, to make the public realm services facilities and depots fit for purpose to provide the services for the next period from 2026 to 2036.

The Council has a statutory duty under Section 41 of the Highways Act 1980 to ensure that roads are maintained, which is the primary focus of the New Public Realm Services.

In relation to the Herefordshire Council Plan 2024-2028 the New Public Realm Services will contribute to the following:

People

- Support all residents to live healthy lives within their communities.
- Work with residents and partners to build connected and resilient communities.
- Support people to feel safe and respected in their communities

Place

- Expand and maintain the transport infrastructure in a sustainable way and improve connectivity across the county.
- Work towards reducing county and council carbon emissions, aiming for net zero by 2030/31 and work with partners and communities to make the county more resilient to the effects of climate change.

Growth

- Support market towns and Hereford city to be vibrant hubs through working with residents, local organisations and businesses.
- Enhance the rollout of improved broadband across the county towards a fully digital Herefordshire.

Transformation

- Change and transform the organisation to be fit for the future and work efficiently.
- Attract and retain an excellent workforce through effective approaches to recruitment and retention.
- Work collaboratively with our residents, communities and businesses to achieve the best results together.
- Improve the way we use technology across our services.

Estimated costs and funding sources:

	2024/25	2025/26	2026/27	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Mobilisation	0	0	450		450
TOTAL	0	0	450		450
Funding sources					
Corporate Funded Borrowing	0	0	450		450
TOTAL	0	0	450		450
Revenue budget implications					
Met through existing service budgets (as is the case now).	0	0	0		0
Failure to invest will lead to longer term maintenance cost pressures for Thorne, Kingsland and the Crematorium Building.					
TOTAL	0	0	0		0

Benefits and risks:**Benefits**

- Mobilisation funding will assist the new contractor with cash flow at the start of the new contract, encourage companies to bid during 2025 promoting a competitive procurement.
- Long term council funded capital is the most cost effective solution to fund the mobilisation costs promoting VFM.
- The contractor is better placed to procure some of the depot improvements with higher buying power, established supply chain and routes to market.
- The contractor will be better placed to deliver effective services from 1 June 2026 with the mobilisation funding and depot improvements.
- The EV changing points will promote the transition of cars and light vans to electric supporting the transition to low carbon.
- The improved facilities will support and positive culture, a place where both council and the new contractor want to work, reducing staff turnover and promoting staff retention.
- The depot improvements will reduce the reliance and interim and contract workers, reducing the cost pressures and recruitment costs.

Risks

- None.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Corporate Services
Scheme Name	Property Improvements in Care Homes – phase 2
Budget Holder	Corporate Director Economy and Environment
Council Plan Priority	Place/People

Project aims and objectives:

A programme of building improvement works 2025/26 which have been identified 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.

Key objectives include:

- Ensure that the Council's estate is maintained, safe and fit for purpose
- Address identified risks
- Reduce revenue expenditure by investing in buildings
- Extend the lifecycle of Council assets and protect/enhance value
- Secure better services, quality of life and value for money
- Support reduction of carbon footprint
- To support the delivery of the County Plan

Allowing investment and undertaking a 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.

Estimated costs and funding sources:

	2023/24	2024/25	2025/26	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Care Homes Building Improvement Works 2025/26			604.0		604.0
TOTAL			604.0		604.0
Funding sources					
Corporate Funded Borrowing			604.0		604.0
TOTAL			604.0		604.0
Revenue budget implications					
TOTAL					

Benefits and risks:

The anticipated benefits of the proposed programme are listed below:

- Statutory Compliance
- Risk Management / Mitigation
- Protected Service Delivery
- Energy Efficiency
- Sustainability

The programme seeks to reduce the risks identified on a project by project basis.

The key risks of not doing the project are:

- Non-Compliance with Statutory Regulations
- Health and Safety Risks
- Potential for serious Physical Injury
- Impact on Service Delivery
- Reputational Risk

The key project risks are:

- Statutory
- Financial
- Service
- Reputational

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Economy & Environment
Scheme Name	Estates Building Improvement Programme 2025-28 & Building Works from 2022 Condition Surveys
Budget Holder	Ross Cook – Corporate Director Economy & Environment
Council Plan Priority	Place

Project aims and objectives:

A three year programme of building improvement works 2025/28 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.

Key objectives include:

- Ensure that the Council's estate is maintained, safe and fit for purpose
- Address identified risks
- Reduce revenue expenditure by investing in buildings and reducing reactive maintenance
- Extend the lifecycle of Council assets and protect/enhance value
- Secure better services, quality of life and value for money
- Support the growth of our local economy
- Protect and promote our heritage
- Support reduction of carbon footprint
- To support the delivery of the County Plan

Allowing investment and undertaking a 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.

Estimated costs and funding sources:

	2025/26	2026/27	2027/28	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Building Improvement Works	1,327.1	2,451.3	526.3	0	4,304.7
Condition Survey Works	595.0	770.0	350.0	0	1,715.0
TOTAL	1,922.1	3,221.3	876.3	0	6,019.7
Funding sources					
Corporate Funded Borrowing	1,522.1	2,821.3	676.3	0	5,019.7
Revenue Reserve	400.0	400.0	200.0	0	1,000.0
TOTAL	1,922.1	3,221.3	876.3	0	6,019.7
Revenue budget implications					
TOTAL					

Benefits and risks:

The anticipated benefits of the proposed programme are listed below:

- Reduced depreciation of buildings and assets
- Heritage protection
- Energy efficiency
- Sustainability
- Reduced revenue costs
- Protected service delivery
- Protected income
- Statutory Compliance
- Risk management / Mitigation
- Growth of our local economy

The programme seeks to reduce the risks identified on a project by project basis.

The key risks of not doing the project are:

- Impact on service delivery
- Rising costs – reducing the extent or quality of completed works
- Insufficient funding
- Loss of income
- Potential for serious physical injury
- Loss in value/deterioration of property assets
- Reputational risk
- Non-Compliance with statutory regulations
- Health and safety risks

The key project risks are:

- Statutory
- Financial
- Service
- Reputational

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Corporate Services
Scheme Name	Yazor FAS Outfall Restoration Works
Budget Holder	Ross Cook – Corporate Director Economy & Environment
Council Plan Priority	Place

Project aims and objectives:

Scheme description and demonstration of links to corporate priorities and savings plans.

The Yazor Brook Flood Alleviation Scheme (FAS) was delivered to reduce the risks of flooding within the city of Hereford to public infrastructure and public and private properties within the existing Yazor/Widemarsh Brooks floodplains. The scheme enabled the implementation of proposals for the regeneration of the city centre area previously known as the Edgar Street Grid. The scheme preceded and enabled the delivery of the city link road and subsequent development of the GP Hub, student accommodation and the transport hub.

The Yazor Brook FAS was completed in 2012. Shortly after it became operational, damage occurred at the outfall of the scheme to the River Wye bank during periods of heavy rainfall and floods that occurred. Permission was given by Natural England for the temporary repair of the Wye bank and this was put in place immediately following the heavy rainfall and an appraisal of alternative permanent designs for the outfall area damaged by flooding commenced.

One of the consequences of the temporary repair was a payment of £500 per week to the landowner (National Trust) in compensation for loss of pastureland and a rental charge for use of a storage area where in-fill material left over from the temporary works are stored.

In 2023, BBLP were commissioned to conduct a scoping exercise based on four options for the outfall. Each option was evaluated against potential cost, timeframe and risks. The report was issued to all stakeholders and feedback collated. The Environment Agency and Natural England were in favour of leaving the outfall untouched due to the vegetation regeneration and natural processes that have taken place over the last ten years. The landowner eventually agreed to this course of action but insisted that HC restore the land to an agreeable condition in accordance with a signed legal agreement.

The works include:

- Removal of all fences on site
- Removal of all surplus in-fill material
- Restore vehicle track to pastureland
- In-fill the large rocks in the outfall area to ensure the safety of walkers and NT staff

Estimated costs and funding sources:

	2024/25	2025/26	2026/27	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Construction & Survey Costs		250			250
Professional & Internal fees		10			10
TOTAL		260			260
Funding sources					
Corporate Funded Borrowing		260			260
TOTAL		260			260
Revenue budget implications					
Remove Landowner repayments					
TOTAL		(26)	(26)	(260)	(312)

Benefits and risks:

The anticipated benefits and risks of the proposed project plus risks of not going ahead with the scheme.

Benefits:

- With satisfactory completion of this work, HC are looking to take no further involvement with the management of the land.
- The rental payments will cease, saving £26,000 per year

Risks associated with not proceeding have been identified as:

- Continuing to pay the rental charge at £26,000 per year.
- Potential further charges if NT pursue making the area a visitors centre but are delayed due to insecure footpaths
- Bad publicity from delays incurred by NT

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Environment and Economy
Scheme Name	School Route planning software
Budget Holder	Jas Hundal
Council Plan Priority	Transformation

Project aims and objectives:

We need to acquire new optimised route planning software to support home to school, SEN and college transportation. The current supplier is no longer fit for purpose, does not meet our needs, and has increased their pricing through a 'new' pricing strategy with means we have to pay more due to the rural and dispersed nature of the county.

We should have route planning software that optimised routes for pupils, vehicles, emissions and costs. The correct algorithm ought to make our life considerably more straightforward in planning and delivering the transportation of people to both SEN and mainstream school settings. We need to go out to the market and replace what we have with an appropriate supplier that we can build a better relationships with, that understands the nature of our needs, and can support the much better utilisation of vehicles we do have access to, as well as our transition to an in-house fleet system over time.

We have a statutory duty to transport school-aged children and SEN children to educational establishments, as long as they meet our eligibility criteria.

[Home to School Transport Policy May 2022 v2.1](#)

Travel assistance from home to school will be provided for pupils who meet all the following criteria:

Live in Herefordshire

- Are of compulsory school age (i.e. 5 to 16 years), and extended in Herefordshire to include 4 year olds
- Attend their nearest school
- Live over 2 miles from school if below the age of 8, and over 3 miles from school if aged between 8 and 16
- In addition, there are some additional entitlements for pupils from families with low incomes
- Where the nearest school is in Wales, transport will be provided to that nearest school or the nearest school in England.

Regarding SEN each individual pupil's special educational needs SEND, as detailed in a formal Education, Health and Care Plan (EHCP), or other form of professionally recognised assessment, will be taken into account at the time of assessment for transport.

Where the distance to the appropriate school is less than the statutory walking distances, travel assistance will be considered, taking into account the individual circumstances and the travel needs of the child.

The complexity of travel needs across the county means we need equally advanced and dynamic software to meet our planning needs.

We also provide transport for students attending college, but they will pay for this.

Our current numbers are:

- 2,300 home to school pupils transported
- 1,300 college pupils transported
- 530 SEN pupils transported

Given the expansive range of needs, locations, conditions, destinations, family backgrounds, financial situations and so on, it is an immense task to plan the transport for students every day.

Furthermore this activity supports the Council Plan:

Transformation - We will be an efficient council that embraces best practice, delivers innovation through technology and demonstrates value for money

This software would be mobilised and ready for use before October 2025 – when the current supplier is switched off. We have undertaken an RFI process, through procurement, to establish a quantum of costing by which we can mobilise this work.

Estimated costs and funding sources:

	2025/26	2026/27	2027/28	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
	50	0	0	0	50
TOTAL	50				50
Funding sources					
Council resource	50	0	0	0	50
TOTAL	50	0	0	0	50
Revenue budget implications					
Children's Services (25%)	11.25	11.25	11.25	11.25	45
Transportation Services	33.75	33.75	33.75	33.75	135
TOTAL	45	45	45	45	180

Benefits and risks:

There is a high risk level associated with the route planning software. Without it the service cannot operate. The risk to the service is 100%, and the legal challenges we would face - and lose - for not delivering our statutory function would be immense.

We originally asked for £45,000, which was granted by expenditure panel, to fund the Flexiroute extension. Seeing as we have negotiated that figure down to £15,000, we have £30,000 we can allocate towards this figure for next year.

The benefits are that we can run the service. Whilst the software does support us to maximise our efficiencies within the limitations of having a fully contracted-out transport service, it would be impossible to run this work without the software to route plan. The complexities of planning transport routes for all students, college students and SEN children across the county, to locations inside and outside the county is vast. We need software that can help us do this automatically, easily and consistently. That is user-friendly, and works for the whole team, in different situations.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Economy and Environment
Scheme Name	Resurfacing Herefordshire Highways 2
Budget Holder	Ed Bradford, Head of Highways and Traffic
Council Plan Priority	Place

The Council estimates there is a backlog of £113m in highway carriageway repairs, with this value being split between preventative maintenance (surface treatments) and more traditional resurfacing/reconstruction type activity. This OSBC is focussed only on resurfacing and reconstruction type activity.

The condition of the network is such that the available Local Transport Plan Annual Plan and Forward Plan budgets are prioritised to minimise the impact of the deteriorating condition of the carriageway asset and to manage the remainder of the asset groups following a Risk Based Approach.

In 2024/25, the Local Transport Plan Annual Plan budget only allowed for investment of £832k into resurfacing and reconstruction type works across the county. With this level of investment, the network is effectively in a state of managed decline and requires support to prevent assets deteriorating further.

This bid seeks to reverse that trend and builds on the success of the 2024/25 Resurfacing Herefordshire Highways programme which has allowed schemes to be accelerated and brought forward for treatment now. This approach will have the dual benefit of reducing the need for reactive repairs in the interim period and will deliver better value schemes as the required intervention will be proportionally less than if carried out at a later date.

At this stage, it is proposed that this investment would be delivered through the Council's own in-house framework arrangement, which has been used to deliver the Resurfacing Herefordshire Highways Programme in 2024/25.

The condition of road surfaces is a constant concern for residents, parishes and members alike. The investment will result in an improvement in public and member satisfaction and will also reduce the volume of claims received by our service provider, Balfour Beatty Living Places, for damage caused by failed roads.

The Council has a statutory duty under Section 41 of the Highways Act 1980 to ensure that roads are maintained, this funding will contribute to any defence where lack of investment is identified as a potential factor.

Links to County Plan priorities:

County Priority – please select from	Delivery Plan Reference(s)
Community	C04, C00
Economy	EC2, EC5
Environment	EN3

Community: The project ensures localities remain connected, there is a risk of severance where road condition contributes to residents decisions not to use that part of the network.
A better quality network will remove some of the blockers associated with decisions to not adopt sustainable modes of transport for short journeys

Economy: The condition of the road network has a direct effect on businesses choosing to invest in Herefordshire. A better connected business community will thrive.

Environment: Reactive maintenance is wasteful, especially in terms of travel impact and waste material generated as a consequence. Large surfacing schemes, using state of the art machinery will reduce the impact of completing the work.

At the same time the materials traditionally seen as waste can be stored for reuse as a part of a wider recycling programme for surfacing/ treating our low use unclassified network.

Minimising the risk of failure and closures will reduce the diversions needed for transport.

Project aims and objectives:

Estimated costs and funding sources:

	2025/26	2026/27	2027/28	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Resurfacing Schemes	4,750				4,750
Internal Staff, PM and Sundry cost	250				250
TOTAL	5,000				5,000
Funding sources					
Corporate Funded Borrowing	5,000				5,000
TOTAL	5,000				5,000
Revenue budget implications					
TOTAL					

Benefits and risks:

- Builds on the success of the existing Resurfacing Herefordshire Highways investment in 2024/25.
- By investing capital in this way the county's most valuable asset will be improved and associated revenue costs will be mitigated
- Customer satisfaction will be improved when a programme of improvements in condition is announced
- The other asset groups can be better maintained using the limited LTP funding provided to the council.
- Reduction in claims and other correspondence relating to condition
- There are no dis-benefits associated with investing in the carriageway asset.

Risks

- Deliverability during the optimal period for surfacing works. A detailed programme will be developed to ensure that the programme is delivered before the onset of winter.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Economy and Environment
Scheme Name	Road Safety Schemes
Budget Holder	Ed Bradford, Head of Highways and Traffic
Council Plan Priority	People/Place

82 people were killed or seriously injured on Herefordshire's roads between January and December 2023 and 42 people have been killed or seriously injured between January and June of this year.

Numbers of killed or seriously injured are road casualties reported to the Police and do not include those who are injured in unreported crashes every year. Although fatal road crashes are reported, a considerable proportion of non-fatal casualties are not, even when those involved require medical or hospital treatment. Apart from the human cost, road accidents have a cost and so preventing them saves money as well as saving lives and reducing the number of injuries.

In 2024/25, the Local Transport Plan Annual Plan budget only allowed for investment of £200k into road safety schemes, which provided minor safety improvements. With this level of investment, the Council is unable to deliver major schemes that would address road safety concerns at known collision cluster sites, which are ranked on an annual basis.

This bid seeks to provide investment in road safety schemes and to deliver highway improvement schemes at known collision cluster sites. Based on existing data, funding would permit schemes to be delivered at top ranking sites including (i) A465 junction with B4348 Locks Garage, Allensmore, and (ii) B4203 junction with B4204 High House Crossroads, Upper Sapey.

Road safety is a constant concern for residents, parishes and members alike. The investment will result in an improvement in public and member satisfaction and will help to reduce the number of people killed or seriously injured on our road network.

The Council has a statutory duty under Section. 39 of the 1988 Road Traffic Act to "take steps both to reduce and prevent accidents"

Links to County Plan priorities:

County Priority – please select from	Delivery Plan Reference(s)
Community	TBC
Economy	TBC
Environment	TBC

Community: TBC

Economy: TBC
Environment: TBC

Project aims and objectives:**Estimated costs and funding sources:**

	2025/26	2026/27	2027/28	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Project Management, Sundry Costs	75	75			150
Build	1,425	1,425			2,850
TOTAL	1,500	1,500			3,000
Funding sources					
Corporate Funded Borrowing	1,500	1,500			3,000
TOTAL	1,500	1,500			3,000
Revenue budget implications					
TOTAL					

Benefits and risks:

- By investing capital in this way road safety will be improved at junctions across the county
- Customer satisfaction will be improved when a programme of improvements is announced
- Reduction in claims and other correspondence relating to condition
- There are no dis-benefits associated with investing in road safety.

Risks

- Deliverability within year. A detailed programme will be developed to ensure that the programme is delivered within the budgeted years.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Economy and Environment
Scheme Name	Highways Infrastructure Investment 2
Budget Holder	Ed Bradford, Head of Highways and Traffic
Council Plan Priority	Place

The Council estimates there is a backlog of £113m in highway carriageway repairs, with this value being split between preventative maintenance (surface treatments) and more traditional resurfacing/reconstruction type activity. This OSBC is focussed only on preventative maintenance type activity (surface dressing).

The condition of the network is such that the available Local Transport Plan Annual Plan and Forward Plan budgets are prioritised to minimise the impact of the deteriorating condition of the carriageway asset and to manage the remainder of the asset groups following a Risk Based Approach.

In 2024/25, the Local Transport Plan Annual Plan budget only allowed for investment of £643k into preventative maintenance type works (surface dressing) across the county. With this level of investment, we will be unable to stabilise the condition of the network, which will continue to deteriorate until it reaches the point where more costly intervention is required.

As the Council is not permitted to use Corporate Funded Borrowing for preventative maintenance type works (surface dressing), it is proposed to use this bid to replace funding for capital works traditionally undertaken through the Local Transport Plan Annual Plan budget. The Local Transport Plan Annual Plan budget that is then released could then be invested into preventative maintenance type works (surface dressing) across the county that cannot be undertaken through Corporate Funded Borrowing and it is estimated this could allow treatment of approximately a further 2 million sqm of carriageway.

This approach will have the dual benefit of reducing the need for reactive repairs in the interim period and will deliver better value schemes as the required intervention will be proportionally less than if carried out at a later date.

The condition of road surfaces is a constant concern for residents, parishes and members alike. The investment will result in an improvement in public and member satisfaction and will also reduce the volume of claims received by our service provider, Balfour Beatty Living Places, for damage caused by failed roads.

The Council has a statutory duty under Section 41 of the Highways Act 1980 to ensure that roads are maintained, this funding will contribute to any defence where lack of investment is identified as a potential factor.

Links to County Plan priorities:

County Priority – please select from	Delivery Plan Reference(s)
Community	C04, C00
Economy	EC2, EC5
Environment	EN3

Community: The project ensures localities remain connected, there is a risk of severance where road condition contributes to residents decisions not to use that part of the network.
A better quality network will remove some of the blockers associated with decisions to not adopt sustainable modes of transport for short journeys

Economy:	The condition of the road network has a direct effect on businesses choosing to invest in Herefordshire. A better connected business community will thrive.
Environment:	Reactive maintenance is wasteful, especially in terms of travel impact and waste material generated as a consequence. Large surfacing schemes, using state of the art machinery will reduce the impact of completing the work. At the same time the materials traditionally seen as waste can be stored for reuse as a part of a wider recycling programme for surfacing/ treating our low use unclassified network.
Minimising the risk of failure and closures will reduce the diversions needed for transport.	

Project aims and objectives:

Estimated costs and funding sources:

	2025/26	2026/27	2027/28	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Highways Infrastructure Investment 2	2,500	2,500			5,000
TOTAL	2,500	2,500			5,000
Funding sources					
Corporate Funded Borrowing	2,500	2,500			5,000
TOTAL	2,500	2,500			5,000
Revenue budget implications					
TOTAL					

Benefits and risks:

- Builds on the success of the existing surface dressing investment in 2024/25.
- By investing capital in this way the county's most valuable asset will be improved and associated revenue costs will be mitigated
- Customer satisfaction will be improved when a programme of improvements in condition is announced
- The other asset groups can be better maintained using the limited LTP funding provided to the council.
- Reduction in claims and other correspondence relating to condition
- There are no dis-benefits associated with investing in the carriageway asset.

Risks

- Deliverability during the optimal period for surface dressing works. A detailed programme will be developed to ensure that the programme is delivered during the summer months.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Economy and Environment
Scheme Name	City & Market Town Public Realm Investment
Budget Holder	Ed Bradford, Head of Highways and Traffic
Council Plan Priority	Place

Investing in the public realm across the market towns of Bromyard, Kington, Ledbury, Leominster and Ross-on-Wye during 2025/26 has been identified in order to help deliver the Council's Growth priority as set out in the Council Plan 2024/28. The investment will help to deliver the Growth priority objective of supporting market towns to be vibrant hubs through working with residents, local organisations and businesses and helping to provide the right infrastructure.

The funding will be targeted at highway maintenance and improvements to accessibility, overall condition and active travel across the market towns that are not currently planned to be delivered during 2025/26 as part of existing investment plans or to supplement existing s106 funding that is insufficient to deliver the required projects. £1m will be invested in Market Towns and £0.2m in the City.

Links to County Plan priorities:

Growth –

Priority: We will create the conditions to deliver sustainable growth across the county; attracting inward investment, building business confidence, creating jobs, enabling housing development and provide the right infrastructure.

Objective: Support market towns and Hereford city to be vibrant hubs through working with residents, local organisations and businesses.

Project aims and objectives:

To provide targeted investment in highway maintenance and public realm improvements relating to accessibility, overall condition and active travel across the city & market towns that are not currently planned to be delivered during 2025/26 as part of existing investment plans or to supplement existing s106 funding that is insufficient to deliver the required projects.

Estimated costs and funding sources:

	2025/26	2026/27	2027/28	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Project Management, Sundry Costs	50				50
Build	1,150				1,150
TOTAL	1,200				1,200

Funding sources					
Corporate Funded Borrowing	1,200				1,200
TOTAL	1,200				1,200
Revenue budget implications					
TOTAL					

Benefits and risks:

Benefits:

- By investing capital in this way improvements will be made in the Public Realm across the market towns
- Customer satisfaction will be improved when a programme of improvements is announced

Risks:

- Deliverability within year. A detailed programme will be developed to ensure that the programme is delivered within the budgeted year.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Economy and Environment
Scheme Name	CCTV equipment upgrades (to facilitate move of the control room from the Shirehall to Maylords)
Budget Holder	Charles Yarnold
Council Plan Priority	Transformation

Project aims and objectives:

Scheme description and demonstration of links to corporate priorities and savings plans.

Due to the Shire Hall Refurbishment & Library and Learning Centre project (phase 1 and 2), the CCTV control room needs to move out of the building and be relocated in Maylords.

CCTV control room move project has been approved for “lift and shift” only, creating project risks and exclusion of costs that are effectively essential to retain the current level of service and provide for a safe and health workplace.

When the service is relocated, the Windows 11 upgrade has to happen as Hoople cannot reinstate outgoing / unsupported software (i.e. Windows 10). Due to software limitations, there are 25 CCTV cameras that will be impacted by the upgrade as they will not be compatible - 8 in Hereford, 6 in Ledbury, 5 in Leominster and 6 in Ross-on-Wye. If the cameras aren't upgraded all current cameras in the Market Towns would lose coverage, as would all the cameras around the Hereford FC football ground, Merton Meadow and key cameras at Garrick House Multi Storey Car Park, Hereford. A current quotation for upgrading impacted CCTV cameras is circa £45k with Hikvision potentially subsidising part of the costs leaving £33k to be covered by the council.

For an additional £3k the CCTV monitors in the new control room can be upgraded; this would mean instead of a number of screens taking up large amounts of space there would be a smaller number of large wall screens. This is essential rather than desirable for health and safety ergonomic reasons.

Lastly, to facilitate consolidation of the CCTV monitoring console, CCTV cameras in the Maylords need to be replaced. This has not been factored into the CCTV control room move project costs, and is again essential rather than desirable for health and safety ergonomic reasons due to the small size of the room. A recent quotation for upgrading CCTV cameras in Maylords is circa £45k.

Strategic Alignment (as per phase 1 and 2 of the Shirehall refurbishment works):

- **Protect and enhance our environment** – restore and bring back into use a landmark historic building in the city which will otherwise remain boarded up in a state of ongoing deterioration; protect and maintain the county's heritage assets; reduce carbon emissions through more efficient space heating provision.
- **Strengthen communities** – create a central hub able to host a complementary range of community-focused council services, third-sector activity, community skills development and cultural offerings; manage council assets to optimise their use and potential.
- **Support the economy** – create a destination building which will bring people to the city centre, supporting the local retail economy with footfall to the area; provide a venue for community skills development, and the support for people to access it.
- **Herefordshire Council Plan 2024-28** – contributes to the objectives of ‘supporting our local culture and heritage and make Herefordshire a thriving, safe and attractive place to live and visit’ and ‘supporting residents to access skills development, training and employment opportunities’.
- **Herefordshire City Masterplan** – supports the objectives across Community and Culture, Economy and Opportunities and Places and Spaces; ‘Celebrating and growing our best places, reinvigorating our less-loved ones, rediscovering our historic places, adapting places for the future and planning new places that excite us’
- **Herefordshire Big Economic Plan 2050** – supports the identified themes of People, Community and Partnerships and Enterprise.

Estimated costs and funding sources:

	2025/26	2026/27	Total
	£'000	£'000	£'000
Capital Cost of Project:			
CCTV screens upgrade	3	0	3
CCTV Camera upgrades (due to Windows 11)	33	0	33
Maylord CCTV camera upgrade	45	0	45
10% contingency	8.1		8.1
TOTAL	89.1	0	89.1
Funding Source:			
New capital budget	89.1	0	89.1
TOTAL	89.1	0	89.1
Revenue Budget Implications:			
Increased running/service costs			0
TOTAL			0

Benefits and risks (as per phase 1 and 2 of the Shirehall refurbishment works):

The anticipated benefits and risks of the proposed project plus risks of not going ahead with the scheme.

- Continue the process of bringing the building back into full productive use with the improvement/opening up of further spaces, also supporting the ancillary aims for the new LLC.
- Further curtail deterioration of the building condition, reducing repair and maintenance costs and ultimately making the building a city showpiece rather than an eyesore.
- Display an ongoing public commitment to the council's long-term aspiration to a full and proper restoration of the building, acting responsibly as custodian of a key heritage asset.
- Achieve financial economies by progressing phases 1 & 2 as one, with opportunities to sequence works together and overlap time-related contractor preliminary and professional service/project management costs.
- Phase 2 is likely to be more appealing to prospective contractors when let along with phase 1 than would be the case if it were procured in isolation.
- Opportunity to extend the low-carbon features to include LED lighting throughout and solar photovoltaic panels, with resultant benefits in running cost and carbon load.

Risks associated with not proceeding have been identified as:

- Continuing deterioration of elements of the building not addressed in phase 1 leading to higher ongoing repair and maintenance needs and higher ultimate restoration costs.
- Reputational risk of the Council perceived to be failing in its duty as custodian of a grade 2-star heritage asset, and not making best use of the space created by phase 1.
- Failure to maximise the productive value of the building as an asset.

Wider Project Risks Considered:

- Financial: the age and condition of the building means a high risk of uncovering previously unknown defects once work starts and hidden elements of the structure are exposed. Listed building constraints may mean higher cost repairs than might be expected in a more standard building, with less scope for value engineering to omit or reduce the specification of work.
- Financial: construction markets remain volatile reflecting rising material and labour costs, labour shortages restricting industry capacity and high interest rates on borrowing. Construction costs therefore continue to be elevated and unpredictable. High instances of contractor insolvency in this unstable environment are also influencing contractor's tolerance for risk, reflected in tender bids with high risk allowances. There is a risk that RIBA stage 2 cost estimates are not reflected in market reality at the time of contractor procurement, or that no bids are forthcoming. This may be exacerbated by the specialist heritage nature of these works, which further limits the pool of suitable contractors.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Corporate
Scheme Name	Shirehall Refurbishment Phase 2
Budget Holder	Hilary Hall
Council Plan Priority	People/Place

Project aims and objectives:

Scheme description and demonstration of links to corporate priorities and savings plans.

The second phase of the ongoing refurbishment to restore the Shirehall building and bring it back into productive use.

Phase 1 of the refurbishment, already part of the capital programme and in delivery, focuses on the essential work necessary to make the building safe, useable and legally compliant. That phase also incorporates the establishment of the new Library and Learning Centre (LLC) along with any wider building works necessary to accommodate this, funded separately as part of the Stronger Towns grant programme,. Subject to funding however, the council's stated aspiration has been to go beyond this phase and ultimately complete a full refurbishment and restoration of Shirehall.

With this in mind, the scope for further phases 2 to 5 was also defined in outline, to follow on from phase 1 as and when capital funding could be made available. These subsequent phases would go beyond the essential-only scope of phase 1, building progressively towards a point when the Shirehall can be considered fully refurbished. This business case concerns a proposal to progress phase 2 as part of that longer-term aspiration. With the exception of areas where these works are already included as part of the LLC fit-out in phase 1, the phase 2 scope broadly includes:

- Refurbishment and thermal upgrade of windows.
- Lighting upgraded to LED throughout.
- Demolition of the vacant CCTV room and reinstatement/strengthening of the flat roof below.
- Solar photovoltaic panels fitted to the newly formed and strengthened flat roof (panels funded from a separate environment capital budget).
- New and remodelled kitchen along with associated multi-use spaces (e.g. functions, life-skills training and the like).
- New platform lift/improved accessibility to the lower level kitchen area.
- Improvements to courtroom 2 following on from phase 1 works, to secure its use as a coroner's court.

To avoid repeat work and multiple applications, the scope of restoration works for phases 2-5 were included in the design scope, planning and listed building consent for phase 1, providing a smoother path into subsequent phases.

With contractor procurement likely to begin in March/April 2025, the allocation of funding for phase 2 in 2025/26 would allow both phase 1 and 2 to be included in that procurement process. This would provide opportunity for cost benefits by enabling both phases to be sequenced together through the construction phase and by allowing overlap of project management and contractor preliminary costs.

For information, further works identified for phases 3-5 (unless already carried out as part of the LLC fit-out) and so not within scope of this business case include new/refurbished floor finishes, wall/ceiling plaster repairs, full redecoration throughout, further remodelling of courtroom 2 depending on further user requirements, repair and cleaning of external masonry facades, remodelling of modern additions to the entrance foyer, external works/furniture/ external lighting.

In common with the key considerations for phase 1, key objectives identified for the subsequent phases include:

- Continue the return of a key council built asset to productive use.
- Fulfil the responsibilities of the council as keeper and custodian of a key heritage asset.
- Improve the city-centre townscape by reinstating a prominent heritage building.

- Support the local retail economy by creating facilities which give people additional reason to be in the city-centre zone.
- Further support the aims of the Hereford Town Investment Plan by providing improved facilities and user-space around the new Library.
- Honour the commitment made to full restoration of the building.

Strategic Alignment:

- **Protect and enhance our environment** – restore and bring back into use a landmark historic building in the city which will otherwise remain boarded up in a state of ongoing deterioration; protect and maintain the county's heritage assets; reduce carbon emissions through more efficient space heating provision.
- **Strengthen communities** – create a central hub able to host a complementary range of community-focused council services, third-sector activity, community skills development and cultural offerings; manage council assets to optimise their use and potential.
- **Support the economy** – create a destination building which will bring people to the city centre, supporting the local retail economy with footfall to the area; provide a venue for community skills development, and the support for people to access it.
- **Herefordshire Council Plan 2024-28** – contributes to the objectives of '*supporting our local culture and heritage and make Herefordshire a thriving, safe and attractive place to live and visit*' and '*supporting residents to access skills development, training and employment opportunities*'.
- **Herefordshire City Masterplan** – supports the objectives across Community and Culture, Economy and Opportunities and Places and Spaces; '*Celebrating and growing our best places, reinvigorating our less-loved ones, rediscovering our historic places, adapting places for the future and planning new places that excite us*'
- **Herefordshire Big Economic Plan 2050** – supports the identified themes of People, Community and Partnerships and Enterprise.

Estimated costs and funding sources:

	2025/26	2026/27	Total
	£'000	£'000	£'000
Capital Cost of Project:			
Construction Costs	650	250	900
Professional Fees	60	30	90
Internal staff, PM & sundry costs	5	5	10
TOTAL	715	285	1,000
Funding Source:			
New capital budget	715	285	1,000
TOTAL	715	285	1,000
Revenue Budget Implications:			
Increased running/service costs			0
TOTAL			0

Benefits and risks:

The anticipated benefits and risks of the proposed project plus risks of not going ahead with the scheme.

- Continue the process of bringing the building back into full productive use with the improvement/opening up of further spaces, also supporting the ancillary aims for the new LLC.
- Further curtail deterioration of the building condition, reducing repair and maintenance costs and ultimately making the building a city showpiece rather than an eyesore.
- Display an ongoing public commitment to the council's long-term aspiration to a full and proper restoration of the building, acting responsibly as custodian of a key heritage asset.
- Achieve financial economies by progressing phases 1 & 2 as one, with opportunities to sequence works together and overlap time-related contractor preliminary and professional service/project management costs.

- Phase 2 is likely to be more appealing to prospective contractors when let along with phase 1 than would be the case if it were procured in isolation.
- Opportunity to extend the low-carbon features to include LED lighting throughout and solar photovoltaic panels, with resultant benefits in running cost and carbon load.

Risks associated with not proceeding have been identified as:

- Continuing deterioration of elements of the building not addressed in phase 1 leading to higher ongoing repair and maintenance needs and higher ultimate restoration costs.
- Reputational risk of the Council perceived to be failing in its duty as custodian of a grade 2-star heritage asset, and not making best use of the space created by phase 1.
- Failure to maximise the productive value of the building as an asset.

Wider Project Risks Considered:

- Financial: the age and condition of the building means a high risk of uncovering previously unknown defects once work starts and hidden elements of the structure are exposed. Listed building constraints may mean higher cost repairs than might be expected in a more standard building, with less scope for value engineering to omit or reduce the specification of work.
- Financial: construction markets remain volatile reflecting rising material and labour costs, labour shortages restricting industry capacity and high interest rates on borrowing. Construction costs therefore continue to be elevated and unpredictable. High instances of contractor insolvency in this unstable environment are also influencing contractor's tolerance for risk, reflected in tender bids with high risk allowances. There is a risk that RIBA stage 2 cost estimates are not reflected in market reality at the time of contractor procurement, or that no bids are forthcoming. This may be exacerbated by the specialist heritage nature of these works, which further limits the pool of suitable contractors.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Environment & Economy
Scheme Name	Purchase of Minibuses/ 6 Seater Vehicles
Budget Holder	Interim Chief Operating Officer (Residents and Business Services)
Council Plan Priority	Transformation

Project aims and objectives:

Scheme description and demonstration of links to corporate priorities and savings plans.

The council spends over £9.2 million on home to school transport, including special education needs transport. There are approximately 250 routes, with an average spend of £40,000.

There has been a significant increase in the cost of transport, due to a combination of higher operating costs and increases in number of pupils qualifying for free home to school transport due to placements away from catchment schools (capacity), and increases in pupils with Education Health and Care Plans. A significant part of the expenditure relates to solo-taxis and passenger assistants.

It is considered that by investing in 6-8 seater vehicles and mini-buses for in-house fleet or a joint venture would help to reduce the cost of school transport; mitigate future increases in expenditure; and build market sufficiency that would deliver better value to the council.

Assuming that approximately, 40-50 (around 20% of the total) routes would be covered from the new operating model for school transport, it is possible to save approximately £75K per annum. This figure is net of operating costs of the fleet.

A detailed business case will required for the decision to spend once full financial appraisal of the options has been completed.

Procurement will be through an approved Local Government Procurement Framework to ensure that best value is demonstrated.

Estimated costs and funding sources:

	2025/26	2026/27	2027/28	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
In-house fleet	350				350
TOTAL	350				350
Funding sources					
Corporate Funded Borrowing	350				350
TOTAL	350				350

Revenue budget implications					
Net Savings (excluding financing costs)	75	75	75	75	300
TOTAL					

Benefits and risks:

The anticipated benefits and risks of the proposed project plus risks of not going ahead with the scheme.

Benefits

- Spend to save initiative
- High rate of return, with a payback period of approximately 5 Years.
- Market sufficiency, and stronger competition in the market.

Risks

- Increasing costs without mitigation measures.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Economy and Environment
Scheme Name	Herefordshire Flood Risk Mitigation
Budget Holder	Ed Bradford, Head of Highways and Traffic
Council Plan Priority	People/Place

This bid seeks to invest in a flood risk management programme to reduce the likelihood and impact of flooding for residents and communities and to enable the delivery of schemes that better protect properties across the county.

As recognised in the Herefordshire Council Plan (2024-2028), flooding causes significant disruption across the county and sadly leads to internal property flooding of homes, businesses and other properties, including schools and leisure centres.

In its role as Lead Local Flood Authority, Herefordshire Council is able to apply to the Environment Agency for Flood Defence Grant in Aid funding as part of DEFRA's Flood and Coastal Erosion Risk Management programme to help better protect properties from flooding. As part of the process, partnership contributions are required, which this funding from Herefordshire Council would provide. This funding would also provide additional Officer capacity within the team to develop technical business cases, engage with communities, deliver schemes and to provide wider support around flood risk management.

Links to County Plan priorities:

This bid will help the Council to deliver its priorities as follows:

People – enable residents to realise their potential, to be healthy and to be part of great communities

Place - protect and enhance our environment

Growth – providing the right infrastructure

This bid will help the Council to deliver its objectives as follows:

People - support all residents to live healthy lives within their communities. Work with residents and partners to build connected and resilient communities.

Place - make the county more resilient to the effects of climate change

Growth - work with our partners and businesses to facilitate growth across the county

Project aims and objectives:

- To reduce the likelihood and impact of flooding for residents and communities.
- To enable the delivery of schemes that better protect properties across the county.

Estimated costs and funding sources:

	2025/26	2026/27	2027/28	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Scheme Delivery	1,000	945			1,945
Staff Costs	55	55			110
TOTAL	1,055	1,000			2,055
Funding sources					
Corporate Funded Borrowing	1,055	1,000			2,055
TOTAL	1,055	1,000			2,055
Revenue budget implications					
TOTAL					

Benefits and risks:

- By investing capital in this way more properties will be better protected from flooding
- Customer satisfaction will be improved when a programme of improvements is announced
- There are no dis-benefits associated with investing in flood protection measures.

Risks

- Scheme delivery (better protecting properties) will rely on the success of bidding for Flood Defence Grant in Aid from DEFRA and attracting Local Levy funding from the English Severn and Wye Regional Flood and Coastal Committee.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Economy and Environment
Scheme Name	Hereford Western Bypass – Phase 1
Budget Holder	Scott Tompkins – Delivery Director - Infrastructure
Council Plan Priority	Place

Project aims and objectives:

Scheme description and demonstration of links to corporate priorities and savings plans.

The Council is seeking to deliver the first phase of the Hereford Western Bypass (formerly Southern Link Road). The project was approved by Cabinet in March 2024 as part of the New Road Strategy. It is currently estimated that the scheme will cost in the region of £35m, however £10.3m has already been allocated to the scheme for its development from which it is anticipated that £5m will be available to contribute to the construction costs. A further £30m to deliver its construction is therefore required.

The cost of £35m is informed by applying industry inflation indices to the costs returned in tenders for the scheme in 2018, prior to its cancellation. A review of the scheme is currently being undertaken to ensure that the former scheme complies with current legislation and regulations in both its construction and a more refined cost will be determined at that stage. The review is expected to be completed by May 2025.

This capital bid is intended to deliver:

- The finalised design of the construction through a design and build contract.
- Fund the work required to submit a planning application for the required haul roads and compound for the scheme.
- Fund any advanced works such as utility diversions, landowner accommodations etc.
- Fund the construction of the approved scheme
- Fund a consultant to oversee the construction of the scheme
- Provide an element of contingency to ensure that unexpected issues that may arise are able to be addressed.

Links to County Plan priorities:

Community: The delivery of phase 1 of the Hereford Western Bypass will allow for the removal of a high proportion of traffic that currently accesses the Rotherwas Enterprise Zone via the A465 and A49 corridors and from Holme Lacey Road. This will help in restoring a sense of place to the Belmont Road, reducing the current community severance that exists on the A465.

A better quality network, with less traffic, will remove some of the blockers associated with decisions to not adopt sustainable modes of transport for short journeys.

Economy: The creation of a new network of roads around the City will ensure that business traffic is able to access the business parks and Enterprise Zone without impacting on the city. This will reduce cost and encourage investment to enable economic growth in and around Hereford.

The creation of the Southern Link Road, and the other revenue funded work that is coming forward, will give local businesses confidence to invest in the city's enterprise park and business hubs.

By removing unnecessary through traffic from the city centre local retail, leisure and hospitality businesses will be better placed to welcome visitors to the city.

Environment: Traffic levels in the city are high, and with that comes pollution in the form of NO_x and particulate pollution (PM10 and PM2.5). This pollution is known to affect the development of the young and to impact on the health of adults with respiratory illnesses.

The schemes will be designed such that they are sympathetic to the environment, with planting on site and on nearby sites planned as an integral part of the schemes.

Estimated costs and funding sources:

	2024/2025	2025/2026	2026/2027	2027/2028	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Phase 1 Hereford Western Bypass	0	5,000	15,000	10,000	30,000
TOTAL	0	5,000	15,000	10,000	30,000
Funding sources					
Capital Receipts	0	0	0	0	0
Corporate Funded Borrowing	0	5,000	15,000	10,000	30,000
TOTAL	0	5,000	15,000	10,000	30,000
Revenue budget implications					
Repayment of £30m is £1.5m per annum over 40 years					
TOTAL					

Benefits and risks:

The anticipated benefits and risks of the proposed project plus risks of not going ahead with the scheme.

- By investing capital in this way, starting with the first phase of a bypass, then the City will have started on its journey to create resilience, better control its traffic and will allow for space within the city centre to be re-purposed to provide a better sense of place.
- The residents of Herefordshire have long expected the delivery of a bypass for the city, customer satisfaction will be improved when work on the bypass is commenced.
- Businesses will welcome a reduction in lost time traversing busy city centre corridors, freeing up resource for investment in the various enterprises.
- A reduction in traffic in the city centre will allow for a more punctual bus service, giving residents the confidence to swap their travel modes.
- Less traffic will also improve the active travel choices of our residents. They will be able to travel on quieter streets with less pollution.

Risks

- If possible the council will seek to recover corporate funding from third parties such as DfT or developers to minimise the revenue impact on corporate budgets, however it may be that external funding is not forthcoming and therefore the council will be required to fully fund the project.
- Construction inflation has proven to be volatile over recent years and therefore actual costs may be subject to change when the scheme goes out to tender. The proposed budget may therefore require amendment up or down prior to the start of construction. A re-visit of the full business case will help minimise the level of uncertainty prior to tender.
- The second phase of the Western Bypass has yet to progress to the full business case stage and therefore the full potential benefits of phase 1 may not be realised should phase 2 not progress. A full business case for phase 1 to demonstrate that it represents value for money in its own right will be developed prior to spending commitments on construction.



Title of report: Annual review of Earmarked Reserves – 2024/25

Meeting: Cabinet

Meeting date: Thursday 23 January 2025

Cabinet member: Peter Stoddart, finance and corporate services

Report by: Director of Finance

Classification

Open

Decision type

Budget and policy framework

Wards affected

All Wards

Purpose

To note and review the earmarked reserves held by the council.

Recommendation(s)

That:

- a) **The earmarked reserves and balances held by the council at 31 March 2024 are reviewed and confirmed as prudent to meet future financial commitments and risks; and**
- b) **The Earmarked Reserves and General Balances Policy Statement 2025/26 is approved and forecast balances to 31 March 2026 are noted.**

Alternative options

1. There is no alternative option to undertaking a review. Alternative use of earmarked funds could be proposed, this is open for Cabinet to determine. However should that mean that funds required for an earmarked purpose are no longer available an alternative method of funding would need to be secured. Not all earmarked funds may be redirected for use – for example funding received from external sources for a specified purpose may not be able to be redirected if doing so would amount to a breach of funding conditions.

Key considerations

2. Earmarked reserves represent amounts set aside for future expenditure; to support specific corporate priorities or for general contingencies and cash flow management. The General Fund balance is not allocated, or earmarked, for a specific purpose but represents a strategic reserve to be used in the event of a major incident or emergency.
3. It is considered prudent to maintain a level of reserve balances commensurate with risk and an assessment to confirm the adequacy and robustness of balances is undertaken annually by the Section 151 Officer as part of the budget setting process.
4. This Earmarked Reserves and General Policy Statement 2025/26, at Appendix 1, sets out the council's approach to maintaining appropriate levels of reserves and general balances to meet known future commitments and to mitigate against unforeseen future events
5. 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.
6. The General Fund reserve is maintained at a minimum level of between 3% and 5% of the net revenue budget. As at 31 March 2024 the general reserve balance totalled £9.6 million, being 4.5% of the council's 2023/24 approved net revenue budget.
7. The council's earmarked reserve balances at 31 March 2024 totalled £73.2 million comprising £24.5 million of reserves held for liabilities and risk, £7.8 million held for budget resilience, £5.8 million which represent fund to support strategic priorities, £1.8 million of accounting reserves, £23.4 million in grants and contributions and £9.9 million of balances held on behalf of schools.
8. Earmarked reserve balances at 31 March 2024, detailed at Annex A of Appendix 1, include £17.3 million grant funding carried forward to 2024/25. This represents amounts of grant funding received, with no outstanding grant conditions attached, which have not yet been applied to relevant expenditure. In accordance with the principles of the CIPFA Code of Practice on Local Authority Accounting and relevant accounting standards, these amounts are treated as earmarked reserves to be carried forward for application in future accounting periods.
9. Forecast earmarked reserve balances for the 2024/25 and 2025/26 financial years are noted at Annex A, Appendix 1. At 31 March 2025, the forecast balance of earmarked reserves is £65.5 million, £55.6 million at 31 March 2026. These balances will increase as new grants are received in future accounting periods.
10. The Quarter 2 2024/25 Budget Report presented to Cabinet in November 2024 reports a forecast overspend of £10.2 million at Quarter 2, before management action estimated at £8.2 million to reduce the forecast overspend to £2.0 million. Any overspend in 2024/25 must be funded using the council's available reserves and a review of reserve balances will be undertaken as part of the process to finalise the outturn position for the year.

Community impact

11. The use of reserves demonstrates how the council is using its financial resources to best deliver the priorities within the agreed corporate plan, health and safety obligations and corporate parenting responsibilities.

Environmental Impact

12. 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.

Equality duty

13. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services. An equality impact screening checklist will be completed for budget proposals and where necessary a full Equality Impact Assessment will be performed. Equalities will be considered during the delivery of the service to ensure that the Council has regard to any potential effects on those with protected characteristics

Resource implications

16. The use of reserves will mean permanent depletion of those reserves unless budget is set aside to replenish those reserves or additional grant funding is received. The actual incurring of expenditure against earmarked reserves will be subject to approval following the usual governance processes which will detail the resource implication of each proposal.
17. An assessment to confirm the adequacy and robustness of balances is undertaken annually by the Section 151 Officer as part of the budget setting process.

Legal implications

18. The council is required to set a balanced budget each year under Section 31A of the Local Government Finance Act 1992, which includes having regard to the level of reserves needed for meeting estimated future expenditure when calculating the council tax requirement.
19. Section 151 of the Local Government Act 1972 requires the council to make arrangements for the proper administration of their financial affairs and ensure that one of its officers (also referred to as the S151 officer) has responsibility for the administration of those affairs.
20. Under section 25 of the Local Government Act 2003, the S151 officer has a duty to report on the robustness of estimates and adequacy of reserves when the authority is setting its annual budget and council tax requirement.
21. The review of earmarked reserves does not have in itself any legal implications, using reserves to manage risks is a prudent approach.

Risk management

22. Maintaining reserves for risk mitigation and an annual review of reserve balances is recommended by The Chartered Institute of Public Finance and Accountancy (CIPFA) as best practice. The risks mitigated by funds held in earmarked reserves and the General Fund are highlighted in Appendix 1.

Consultees

23. None.

Appendices

Appendix 1 – Earmarked Reserves and General Balances Policy Statement 2025/26

Background papers

None identified.

EARMARKED RESERVES AND GENERAL BALANCES POLICY STATEMENT 2025/26

Introduction

- 1.1 This statement sets out the council's approach to maintaining appropriate levels of reserves and general balances to meet known future commitments and to mitigate against unforeseen future events.
- 1.2 The council's earmarked reserves represent amounts set aside for future expenditure; to support specific corporate priorities or for general contingencies and cash flow management. The General Fund balance is not allocated, or earmarked, for a specific purpose but represents a strategic reserve to be used in the event of a major incident or emergency.
- 1.3 It is considered prudent to maintain a level of reserve balances commensurate with risk and an assessment to confirm the adequacy and robustness of balances is undertaken annually by the Section 151 Officer as part of the budget setting process.

Legislative Framework

- 2.1 The council is required to set a balanced budget each year under Section 31A of the Local Government Finance Act 1992, which includes having regard to the level of reserves needed for meeting estimated future expenditure when calculating the council tax requirement.
- 2.2 Section 151 of the Local Government Act 1972 requires the council to make arrangements for the proper administration of their financial affairs and ensure that one of its officers (also referred to as the S151 officer) has responsibility for the administration of those affairs.
- 2.3 Under section 25 of the Local Government Act 2003, the S151 officer has a duty to report on the robustness of estimates and adequacy of reserves when the authority is setting its annual budget and council tax requirement.

Assessing the adequacy of reserves

- 3.1 The council's financial strategy aims to minimise the use of reserves in the medium term and to replenish them to support future sustainability, enable the council to respond to unexpected changes and to invest in the continued transformation and improvement of its services.
- 3.2 There are robust controls in place, as part of routine budget monitoring arrangements, to monitor in-year transfers to and from reserves and resulting reserve balances and these transactions are subject to review as part of the annual audit of the statutory accounts.
- 3.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index is a comparative tool to support good financial management. The index shows a council's position on a range of measures associated with financial risk to highlight where additional scrutiny may be required. The data for the most recent index reflects figures obtained from the Revenue Expenditure and Financing England Outturn Report 2023/24 (RO Forms) as at 31 March 2024.
- 3.4 The reserve sustainability measure provides a measure of how long in years it will take for a council to run out of reserves if they continue to use them as they have and the

associated level of risk. This data highlights the council's reserve sustainability measure to be 'lower risk' and notes the council has average reserves relative to its nearest neighbour and other unitary authority comparator groups.

- 3.5 The risk assessment for 2025/26 has determined that a General Fund balance of £9.6 million, unchanged from 2024/25, should be maintained. This is equivalent to 4.1% of the proposed operating budget of £232.0 million for 2025/26 and equates to between two and three weeks of net expenditure. Details of this risk assessment are set out at Annex C.
- 3.6 The Quarter 2 2024/25 Budget Report presented to Cabinet in November 2024 highlights a forecast overspend of £10.2 million before management and recovery action planned in 2024/25. The variance represents in-year cost pressures of £3.9 million arising as a result of increased demand and complexity of need in adult social care budgets, temporary accommodation, home to school transport and the under-delivery of the planning income target.
- 3.7 Cabinet approved the transfer of £11.0 million from the Business Rates risk reserve to establish a Budget Resilience Reserve (Contingency reserve) to mitigate against in-year cost pressures. As part of planned actions and management of any resulting in-year overspend, it is proposed that this reserve will be used to manage the impact of in-year cost pressures and volatility in demand across social care budgets in 2024/25.
- 3.8 The remaining balance will be carried forward at 31 March 2025 in the Budget Resilience Reserve to manage future emerging risks and in-year budgetary pressures over the medium term period. Allocation of reserve funding in each financial year will require application to the council's S151 Officer and Cabinet approval to ensure that appropriate measures have been taken within Directorates. At the end of each financial year, any unused balance will be considered as part of the annual review of earmarked reserves.
- 3.9 Whilst the proposed 2025/26 budget is informed by these cost pressures and relevant activity data to ensure the budget set is sufficient and appropriate, it is acknowledged that continuing volatility and high inflation in social care budgets presents a risk to the council's financial position in future years. The establishment of this reserve demonstrates a prudent approach to managing the risk of uncertainty in an area which represents a significant national challenge.

Earmarked Reserves

- 4.1 Annex A sets out the audited earmarked reserve balances at 1 April 2024 and forecast balances at 31 March 2025 and 31 March 2026. Annex B presents the reserve balances by category, noting reserves held for liability and risk, budget resilience, accounting purposes, to fund strategic priorities and those which represent grant and other balances to be carried forward for expenditure in future years.
- 4.2 Excluding schools' balances, earmarked reserves are forecast to be £55.6 million at 31 March 2025 and £45.7 million at 31 March 2026. This position does not take into account the cumulative Dedicated Schools Grant (DSG) deficit, accounted for as an unusable reserve as permitted by statutory instrument. Further detail in respect of the DSG deficit is included in the Draft Revenue Budget Report 2025/26 and Medium Term Financial Strategy 2025/26 to 2028/29.
- 4.3 The General Fund Balance is forecast to be maintained at £9.6 million to 31 March 2026.
- 4.4 A description of each reserve and explanation of risks to be managed and mitigated is set out below.

Business Rates Risk Reserve: This reserve is held to manage risks in the business rate regime including the impact of changes in the level of business rates income and uncertainty over appeals.

Budget Resilience Reserve: This reserve is held to mitigate the risk to the revenue budget of excessive cost pressures and volatility in demand across social care budgets.

Waste Reserve: This reserve is held to manage risks and support future costs in respect of the council's waste collection and disposal contracts.

Fastershire Reserve: This reserve represents the balance of gain share income received in respect of the Fastershire partnership between Herefordshire Council and Gloucestershire Council. This represents the council's proportion of gain share income received, which can only be spent on broadband delivery until 2028/29 after which time any restrictions are lifted. In accordance with the principles of the CIPFA Code of Practice on Local Authority Accounting and relevant accounting standards, these amounts are treated as Earmarked Reserves to be carried forward for application in future accounting periods.

Additional Pensions Costs Reserve: This reserve is held to manage the impact of changes in the pension liability, e.g. in relation to the McCloud judgement.

Settlement Monies Reserve: This reserve represents balances held in relation to historic settlement claims awarded to the council. Cabinet approved use of this reserve includes annual funding for the Lengthsman Scheme in 2025/26 and 2026/27.

Care Market Costs Reserve: This reserve is held to manage expenditure within adult social care budgets. The budget amendment, approved by Council in February 2024, removed savings in the Children & Young People Directorate, part funded from funds held in this reserve. Once the outturn position for 2024/25 and the savings achieved are finalised, the funding requirement from this reserve will be confirmed.

Whitecross PFI Reserve: This reserve represents the cumulative amount of unapplied funding received to date which will be utilised to finance the Schools PFI over the whole life of the project. The reserve also includes an amount to cover future Lifecycle Cost prepayments.

Technology Enabled Communities Reserve: This reserve is held to fund the transformation of digital technology.

Financial Resilience Reserve: This reserve is held to manage financial risks across the council. The budget amendment, approved by Council in February 2024, removed savings in the Children & Young People Directorate, part funded from funds held in this reserve. Once the outturn position for 2024/25 and the savings achieved are finalised, the funding requirement from this reserve will be confirmed.

Severe Weather Fund: This reserve is held to fund costs associated with adverse weather conditions.

Unused Grants Carried Forward: This balance represents unspent grant monies, with no grant conditions attached, which has not yet been applied to relevant expenditure. In accordance with the principles of the CIPFA Code of Practice on Local Authority Accounting and relevant accounting standards, these amounts are treated as Earmarked Reserves to be carried forward for application in future accounting periods.

Other Reserves individual under £1.0 million: This balance represents individual Directorate reserves, less than £1.0 million. Transfers to and from these reserve balances are monitored and reported as part of routine financial monitoring arrangements.

Schools Balances: These balances are held on behalf of schools and are not funds available to the council.

- 4.5 The use of Earmarked Reserve balances is in accordance with the council's Financial Procedure Rules, which are approved annually by the Audit & Governance Committee. The deposit of funds to an Earmarked Reserve enables the relevant body or person in the council (such as cabinet, individual cabinet member or officer) to utilise the Earmarked Reserve for the purposes that the reserve was created. The relevant body or person must follow standard decision-making protocols within the council's Constitution to utilise the funds.
- 4.6 All reserve balances are subject to a year-end review as part of the financial closedown process to finalise the outturn position for the year. This review is undertaken by the relevant corporate Director and S151 Officer and includes an assessment of the planned future use of each reserve. The outcome of this review is confirmed annually to Cabinet as part of reporting of the financial outturn position for the year for revenue and capital budgets.

ANNEX A Earmarked Reserve Balances

Table 1 Earmarked Reserve Balances at 31 March 2024 (audited) and 31 March 2025 and 31 March 2026 (forecast)

Reserve	Audited Balance at 31/03/2024 £m	Forecast Balance at 31/03/2025 £m	Forecast Balance at 31/03/2026 £m
Business rates risk	19.7	8.7	9.0
Budget resilience	-	11.0	9.6
Waste	6.8	6.3	2.5
Fastershire	0.5	2.7	2.7
Additional pension costs	1.7	0.7	0.7
Settlement monies	2.8	2.0	1.7
Care market costs	1.0	-	-
Whitecross school PFI	1.8	1.8	1.8
Technology enabled communities	1.5	0.4	0.1
Financial resilience	3.1	1.8	1.8
Severe weather fund	1.0	0.6	0.6
Unused grants carried forward	17.3	15.0	13.3
Other reserves individually under £1m	6.1	4.6	1.9
Total reserves excluding schools	63.3	55.6	45.7
Schools' balances	9.9	9.9	9.9
Total earmarked reserves	73.2	65.5	55.6
General fund balance	9.6	9.6	9.6
Total earmarked reserves and general fund	82.8	75.1	65.2

ANNEX B Categories of reserve

Reserve	Type
Business rates risk	Liabilities and risk
Budget resilience reserve	Budget resilience
Waste	Budget resilience
Fastershire	Strategic Priorities
Additional pension costs	Liabilities and risk
Settlement monies	Strategic Priorities
Care market costs	Budget resilience
Whitecross school PFI	Accounting reserves
Technology enables communities	Strategic Priorities
Financial resilience	Liabilities and risk
Severe weather fund	Strategic Priorities
Unused grants carried forward	Grants and contributions
Other reserves individually under £1m	Grants and contributions
Schools' balances	Schools

Reserve Type	Audited Balance at 31/03/2024 £m	Forecast Balance at 31/03/2025 £m	Forecast Balance at 31/03/2026 £m
Liabilities and risk	24.5	11.2	11.5
Budget resilience	7.8	17.3	12.1
Strategic Priorities	5.8	5.7	5.1
Accounting reserves	1.8	1.8	1.8
Grants and contributions	23.4	19.6	15.2
Schools	9.9	9.9	9.9
Total	73.2	65.5	55.6

ANNEX C Risk assessment for determining appropriate level of reserve balances 2025/26

Table 2 Risk assessed minimum level of general fund balances from 1 April 2025

Area of risk	£m	Explanation of risk/basis of assessment
Emergencies	2.3	Allowance of 1.0% of net operating budget to respond to the impact of major disaster/emergency
Service Demand/Demographics		
Adult's Social Care Services	4.6	5.0% of Community Wellbeing net budget for 2025/26
Children's Social Care Services	3.0	5.0% of Children & Young People net budget for 2025/26
Less budget resilience reserve mitigation	(3.5)	Available balance Budget Resilience Reserve to manage risk in 2025/26
	4.1	
Expenditure		
Inflation exceeds assumed increase	2.4	1.0% increase in assumed rate of inflation
Income		
Reduction in Business Rates/Council Tax income	-	Mitigated by balance maintained in business rates risk reserve
General Contingency	0.8	Contingency to mitigate unforeseen events and risk
Minimum General Fund Balance	9.6	

Risk assessed level of Balances as % of net operating budget	4.1%
Net operating budget (spend per week)	£4.5m
Weeks of spend	2.2 weeks



Title of report: 2025/26 Council Tax Reduction Scheme

Meeting: Cabinet

Meeting date: Thursday 23 January 2025

Cabinet Member: Peter Stoddart, Finance and corporate services

Report by: Director of Finance

Classification

Open

Decision type

Budget and policy framework

Wards affected

All Wards

Purpose

To recommend to Council the 2025/26 local Council Tax Reduction (CTR) scheme.

Recommendation(s)

That:

- a) **The Council Tax Reduction Scheme for 2025/26, 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, 2023/24 and again in 2024/25. It cannot be increased further in 2025/26. A reduced discount scheme could be proposed for 2025/26 however this is not recommended as it would limit the support offered to residents; maintaining the maximum level of discount in 2025/26 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 2024 and is included at Appendix 1; with the maximum discount maintained in 2024/25 to mirror those available to eligible pensioners. 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 recent years, the number of working age CTR claimants has increased; reflecting the national picture and the impact of increases in the cost of living and inflation on working age residents. Having a higher discount rate reduces potential debt recovery action where charges raised cannot be paid. The number of CTR claims for 2023/24 and the value of discount awarded is shown below.

Caseload Type	Number of claims	Discount value (£'000)
Working age	6,524	8,133
Pensioner	4,811	6,683
Total	11,335	14,816

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 2025/26 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.

Equality duty

7. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
8. The mandatory equality impact screening checklist has been completed for this decision and it has been found to have high impact for equality. A full equality impact assessment has been completed and this will be circulated as a supplementary paper to this agenda item.

Resource implications

9. The 2025/26 budget proposals are being presented assuming the current CTR scheme continues in 2025/26. 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

10. The CTR scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 1992.
11. 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.
12. 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, in November and December 2024.

Risk management

13. 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 will not increase.

Consultees

14. Public consultation is required before scheme changes are proposed. Public budget consultation took place during November and December 2024; the results report clear support for continuing discount for council tax for those most in need. Whilst no changes are proposed for 2025/26, the responses of the survey will support improvements and inform plans to increase participation in future rounds of consultation.

Appendices

Appendix 1 Approved 2024/25 Council Tax Reduction Scheme.

Background papers

None identified.

Herefordshire Council
Council Tax Reduction Scheme

S13A and Schedule 1a of the Local Government Finance Act 1992



1.0	Introduction to the Council Tax Reduction Scheme	5
2.0	Interpretation – an explanation of the terms used within this scheme	11
3.0	Definition of non-dependant	19
4.0	Requirement to provide a National Insurance Number	20
5.0	Persons who have attained the qualifying age for state pension credit	20
6.0	Remunerative work	20
7.0	Persons treated as not being in Great Britain and Persons Subject to Immigration Control	21
	Persons subject to immigration control	24
8.0	Temporary Absence (period of absence)	24
9.0	Membership of a family	28
10.0	Circumstances in which a person is to be treated as responsible (or not responsible) for a child or young person.	28
11.0	Circumstances in which a child or young person is to be treated as being or not being a member of the household	29
12.0	Applicable amounts	31
13.0	Polygamous marriages	31
14.0	Applicable amount: persons who are not pensioners who have an award of universal credit	31
15.0	Calculation of income and capital of members of applicant's family and of a polygamous marriage	34
16.0	Circumstances in which capital and income of non-dependant is to be treated as applicant's	35
17.0	Calculation of income on a weekly basis	35
18.0	Treatment of child care charges	35
19.0	Average weekly earnings of employed earners.....	39
20.0	Average weekly earnings of self-employed earners.....	40
21.0	Average weekly income other than earnings	40
22.0	Calculation of average weekly income from tax credits.....	40
23.0	Calculation of weekly income.....	41
24.0	Disregard of changes in tax, contributions etc.	41
25.0	Earnings of employed earners.....	41
26.0	Calculation of net earnings of employed earners	42
27.0	Earnings of self-employed earners.....	43
28.0	Calculation of net profit of self-employed earners	44
29.0	Deduction of tax and contributions of self-employed earners.....	45
30.0	Calculation of income other than earnings	46
31.0	Capital treated as income.....	48
32.0	Notional income	48
33.0	Capital limit.....	52
34.0	Calculation of capital	52
35.0	Disregard of capital of child and young person	52
36.0	Income treated as capital	52
37.0	Calculation of capital in the United Kingdom	52
38.0	Calculation of capital outside the United Kingdom	53
39.0	Notional capital	53
40.0	Not Used.....	54
41.0	Capital jointly held.....	54
42.0	Not Used.....	54
43.0	Student related definitions.....	56
44.0	Treatment of students.....	59
45.0	Students who are excluded from entitlement to council tax reduction	59
46.0	Calculation of grant income	60
47.0	Calculation of covenant income where a contribution is assessed	61
48.0	Covenant income where no grant income or no contribution is assessed	62
49.0	Student Covenant Income and Grant income – non disregard	62
50.0	Other amounts to be disregarded	62
51.0	Treatment of student loans.....	62
51A.0	Treatment of fee loans	64

52.0	Treatment of payments from access funds	64
53.0	Disregard of contribution	64
54.0	Further disregard of student's income	64
55.0	Income treated as capital	64
56.0	Disregard of changes occurring during summer vacation	65
57.0	Maximum council tax reduction	67
58.0	Non-dependant deductions.....	67
59.0	Council tax reduction taper (applies to persons defined within Class E)	69
60.0	Extended reductions.....	69
60A.0	Duration of extended reduction period	70
60B.0	Amount of extended reduction	70
60C	Extended reductions – movers.....	70
60D.0	Relationship between extended reduction and entitlement to council tax reduction under the general conditions of entitlement.....	71
61.0	Extended reductions (qualifying contributory benefits)	71
61A.0	Duration of extended reduction period (qualifying contributory benefits)	72
61B.0	Amount of extended reduction (qualifying contributory benefits).....	72
61C.0	Extended reductions (qualifying contributory benefits) – movers.....	72
61D.0	Relationship between extended reduction (qualifying contributory benefits) and entitlement to council tax reduction under the general conditions of entitlement	73
62.0 - 63.0	Not Used	73
64.0	Date on which entitlement is to begin	75
65.0 - 66.0	Not Used	75
67.0	Date on which change of circumstances is to take effect	75
Sections 68– 74A	76
	Claiming and the treatment of claims for Council tax reduction purposes	76
69.0	Procedure by which a person may apply for a reduction under the authority's scheme	78
70.0	Submission of evidence electronically.....	81
71.0	Use of telephone provided evidence.....	81
72.0	Information and evidence	81
73.0	Amendment and withdrawal of application.....	82
74.0	Duty to notify changes of circumstances	83
75.0	Decisions by the authority.....	86
76.0	Notification of decision	86
77.0	Time and manner of granting council tax reduction	87
78.0	Persons to whom reduction is to be paid	87
79.0	Shortfall in reduction.....	88
80.0	Payment on the death of the person entitled	88
81.0	Offsetting.....	88
82.0	Payment where there is joint and several liability	88
83.0 – 90.0	Not used	89
91.0	Use of information from and to the Department of Work and Pensions (DWP) and Her Majesty's Revenues and Customs (HMRC)	91
92.0	Collection of information	91
93.0	Recording and holding information.....	91
94.0	Forwarding of information	91
95.0	Persons affected by Decisions	93
96.0	Revisions of Decisions.....	93
97.0	Written Statements	93
98.0	Terminations	93
99.0	Procedure by which a person may make an appeal against certain decisions of the authority	95
100.0	Procedure for an application to the authority for a reduction under section 13A(1)(c) of the 1992 Act	97
	Electronic Communication.....	98
101.0	Interpretation	99
102.0	Conditions for the use of electronic communication	99
103.0	Use of intermediaries	99

104.0 Effect of delivering information by means of electronic communication	99
105.0 Proof of identity of sender or recipient of information.....	100
106.0 Proof of delivery of information	100
106A.0Proof of content of information	100
Section 107	101
Counter Fraud and Compliance	101
107.0 Counter Fraud and compliance.....	102
Schedule 1	103
Applicable Amounts.....	103
Schedule 2	108
Not Used	108
Schedule 3	109
Sums to be disregarded in the calculation of earnings.....	109
Schedule 4	115
Sums to be disregarded in the calculation of income other than earnings.....	115
Schedule 5	126
Capital to be disregarded.....	126

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 2024.
- 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 2024 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;
 - Council Tax Reduction Schemes Prescribed Requirements)(Amendment)(England) Regulations 2023;
 - Council Tax Reduction Schemes Prescribed Requirements)(Amendment)(England) Regulations 2024; 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 His 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 2024/25

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 an 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 an 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;

	<p>(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).</p>
7.4A	<p>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—</p> <p>(a) (Removed by the Council Tax Reductions Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021</p> <p>(b) Appendix EU to the immigration rules made under section 3(2) of that Act;</p> <p>(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</p> <p>(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.</p>
7.4B	<p>Paragraph (4A)(b) does not apply to a person who—</p> <p>(a) has a right to reside granted by virtue of being a family member of a relevant person of Northern Ireland; and</p> <p>(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)</p>
7.5	<p>A person falls within this paragraph if the person is—</p> <p>(za) a person granted leave in accordance with the immigration rules made under section 3(2) of the Immigration Act 1971, where such leave is granted by virtue of—</p> <p>(i) the Afghan Relocations and Assistance Policy; or</p> <p>(ii) the previous scheme for locally employed staff in Afghanistan (sometimes referred to as the ex-gratia scheme);</p> <p>(zb) a person in Great Britain not coming within sub-paragraph (za) or (e) who left Afghanistan in connection with the collapse of the Afghan government that took place on 15th August 2021;</p> <p>(zc) a person in Great Britain who was residing in Ukraine immediately before 1st January 2022, left Ukraine in connection with the Russian invasion which took place on 24th February 2022 and—</p> <p>(i) has been granted leave in accordance with immigration rules made under section 3(2) of the Immigration Act 1971;</p> <p>(ii) has a right of abode in the United Kingdom within the meaning given in section 2 of that Act; or</p> <p>(iii) does not require leave to enter or remain in the United Kingdom in accordance with section 3ZA of that Act;</p> <p>(zd) a person who was residing in Israel, the West Bank, the Gaza Strip, East Jerusalem, the Golan Heights, or Lebanon immediately before 7th October 2023, left Israel, the West Bank, the Gaza Strip, East Jerusalem, the Golan Heights, or Lebanon in connection with the Hamas terrorist attack in Israel on 7th October 2023 or the violence which rapidly escalated in the region following the attack and—</p> <p>(i) has been granted leave in accordance with immigration rules made under section 3(2) of the Immigration Act 1971,</p> <p>(ii) has a right of abode in the United Kingdom within the meaning given in section 2 of that Act, or</p> <p>(iii) does not require leave to enter or remain in the United Kingdom in accordance with section 3ZA of that Act;</p>

	<p>(ze) a person who was residing in Sudan before 15th April 2023, left Sudan in connection with the violence which rapidly escalated on 15th April 2023 in Khartoum and across Sudan and—</p> <p>(i) has been granted leave in accordance with immigration rules made under section 3(2) of the Immigration Act 1971;</p> <p>(ii) has a right of abode in the United Kingdom within the meaning given in section 2 of that Act; or</p> <p>(iii) does not require leave to enter or remain in the United Kingdom in accordance with section 3ZA of that Act</p> <p>(a) a qualified person for the purposes of regulation 6 of the EEA Regulations as a worker or a self-employed person;</p> <p>(b) a family member of a person referred to in sub-paragraph (a);</p> <p>(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;</p> <p>(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;</p> <p>(cb) a frontier worker within the meaning of regulation 3 of the Citizens’ Rights (Frontier Workers) (EU Exit) Regulations 2020;</p> <p>(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</p> <p>(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;</p> <p>(e) a person who has been granted, or who is deemed to have been granted, leave outside the rules made under section 3(2) of the Immigration Act 1971</p> <p>(f) a person who has humanitarian protection granted under those rules;</p> <p>(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;</p> <p>(h) in receipt of income support or on an income-related employment and support allowance; or</p> <p>(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).</p>
7.6	A person falls within this paragraph if the person is a Crown servant or member of His 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 His Majesty’s forces and was, immediately before the posting or the first of consecutive postings, habitually resident in the United Kingdom.
7.8	<p>In this regulation—</p> <p>“claim for asylum” has the same meaning as in section 94(1) of the Immigration and Asylum Act 1999;</p> <p>“Crown servant” means a person holding an office or employment under the Crown;</p> <p>“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</p> <p>“EEA national” has the meaning given in regulation 2(1) of the EEA Regulations;</p>

“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

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

Persons subject to immigration control

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

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

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

7A.0 Transitional provision

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

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

7A.2 The events are—

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

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

8.0 Temporary Absence (period of absence)

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

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

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

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

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

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

- iii. that period is unlikely to exceed 13 weeks; and
- c. a period of absence not exceeding 52 weeks, beginning with the first whole day of absence, where and for so long as
 - i. the person intends to return to the dwelling;
 - ii. the part of the dwelling in which he usually resided is not let or sub-let;
 - iii. the person is a person to whom paragraph 8.4 applies; and
 - iv. the period of absence is unlikely to exceed 52 weeks or, in exceptional circumstances, is unlikely substantially to exceed that period.

8.4 This paragraph applies to a person who is;

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

8.5 This paragraph applies to a person who is:

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

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

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

8.7 In this section;

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

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

Sections 9 - 11

The family for Council tax reduction purposes

9.0 Membership of a family

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sections 12 – 14 & Schedule 1

Applicable Amounts for Council tax reduction purposes

12.0 Applicable amounts

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

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

13.0 Polygamous marriages

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

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

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

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

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

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

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

Sections 15 – 32 & Schedules 3 & 4

Definition and the treatment of income for Council tax reduction purposes

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

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

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

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

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

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

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

- 15A.2 The authority 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–
- in respect of whom disability living allowance or personal independence payment is payable, or has ceased to be payable solely because he is a patient;
 - who is registered as blind in a register compiled under section 29 of the National Assistance Act 1948 (welfare services) or, in Scotland, has been certified as blind and in consequence he is registered as blind in a register maintained by or on behalf of a council constituted under section 2 of the Local Government (Scotland) Act 1994; or
 - who ceased to be registered as blind in such a register within the period beginning 28 weeks before the first Monday in September following that person's fifteenth birthday and ending on the day preceding that person's sixteenth birthday.
- 18.14 For the purposes of paragraph 18.1 a person on maternity leave, paternity leave or adoption leave shall be treated as if she is engaged in remunerative work for the period specified in paragraph 18.15 ('the relevant period') provided that–
- in the week before the period of maternity leave, paternity leave or adoption leave began she was in remunerative work;
 - the applicant is incurring relevant child care charges within the meaning of paragraph 18.5; and
 - she is entitled to either statutory maternity pay under section 164 of the Act, statutory paternity pay by virtue of section 171ZA or 171ZB of the Act, statutory adoption pay by virtue of section 171ZL of the Act, maternity allowance under section 35 of the Act or qualifying support.
- 18.15 For the purposes of paragraph 18.14 the relevant period shall begin on the day on which the person's maternity, paternity leave or adoption leave commences and shall end on–
- the date that leave ends;
 - if no child care element of working tax credit is in payment on the date that entitlement to maternity allowance, qualifying support, statutory maternity pay, statutory paternity pay or statutory adoption pay ends, the date that entitlement ends; or
 - if a child care element of working tax credit is in payment on the date that entitlement to maternity allowance or qualifying support, statutory maternity pay or statutory adoption pay ends, the date that entitlement to that award of the child care element of the working tax credits ends.
- whichever shall occur first.
- 18.16 In paragraphs 18.14 and 18.15
- 'qualifying support'** means income support to which that person is entitled by virtue of paragraph 14B of Schedule 1B to the Income Support Regulations 1987; and
 - 'child care element'** of working tax credit means the element of working tax credit prescribed under section 12 of the Tax Credits Act (child care element) 2002.
- 18.17 In this section 'applicant' does not include an applicant;
- who has, or
 - who (jointly with his partner) has,
- an award of universal credit
- 19.0 Average weekly earnings of employed earners.**
- 19.1 Where an applicant's income consists of earnings from employment as an employed earner his average weekly earnings shall be estimated by reference to his earnings from that employment–
- over a period immediately preceding the reduction week in which the claim is made or treated as made and being a period of
 - 5 weeks, if he is paid weekly; or
 - 2 months, if he is paid monthly; or
 - whether or not sub-paragraph 19.1a i) or ii) applies, where an applicant's earnings fluctuate, over such other period preceding the reduction week in which the claim is made or treated as made as may, in any particular case, enable his average weekly earnings to be estimated

more accurately.

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

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

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

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

20.0 Average weekly earnings of self-employed earners

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

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

21.0 Average weekly income other than earnings

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

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

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

22.0 Calculation of average weekly income from tax credits

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

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

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

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

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

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

23.0 Calculation of weekly income

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

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

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

24.0 Disregard of changes in tax, contributions etc.

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

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

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

25.0 Earnings of employed earners.

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

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

- 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 amended¹⁶.

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

¹⁶ 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—
- where the qualifying contribution is payable monthly, by multiplying the amount of the qualifying contribution by 12 and dividing the product by 365;
 - 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—
- 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;
 - 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
 - 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—
- 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
 - any payment in respect of any—
 - book registered under the Public Lending Right Scheme 1982; or
 - 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 Paragraphs 30.8 and 30.9 apply where a relevant payment has been made to a person in an academic year; and that person abandons, or is dismissed from, his course of study before the payment to him of the final instalment of the relevant payment.
- 30.8 Where a relevant payment is made quarterly, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph 30.1 in respect of a person to whom paragraph 30.7 applies, shall be calculated by applying the formula—

$$\frac{A - (B \times C)}{D}$$
Where;
A = the total amount of the relevant payment which that person would have received had he remained a student until the last day of the academic term in which he abandoned, or was dismissed from, his course, less any deduction under paragraph 51.5
B = the number of reduction weeks from the reduction week immediately following that which includes the first day of that academic year to the reduction week which includes the day on which the person abandoned, or was dismissed from, his course;
C = the weekly amount of the relevant payment, before the application of the £10 disregard, which would have been taken into account as income under paragraph 51.2 had the person not abandoned or been dismissed from, his course and, in the case of a person who was not entitled to council tax reduction immediately before he abandoned or was dismissed from his course, had that person, at that time, been entitled to housing benefit;
D = the number of reduction weeks in the assessment period.
- 30.9 Where a relevant payment is made by two or more instalments in a quarter, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph 30.1 in respect of a person to whom paragraph (30.8) applies, shall be calculated by applying the formula in paragraph 30.8 but as if—
A = the total amount of relevant payments which that person received, or would have received, from the first day of the academic year to the day the person abandoned the course, or was dismissed from it, less any deduction under paragraph 51.5
- 30.10 In this section— ‘academic year’ and ‘student loan’ shall have the same meanings as for the purposes of sections 43 to 45, ‘assessment period’ means—
- 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;
 - 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—
 - the day immediately before the day on which the next instalment of the relevant payment would have been due had the payments continued; or
 - 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;
- 1st January and ending on 31st March;
 - 1st April and ending on 30th June;
 - 1st July and ending on 31st August; or
 - 1st September and ending on 31st December;
- ‘relevant payment’ means either a student loan or an amount intended for the maintenance of dependants referred to in paragraph 46.7 or both.
- 30.11 For the avoidance of doubt there shall be included as income to be taken into account under

paragraph 30.1.

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

31.0 Capital treated as income.

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

32.0 Notional income

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

32.3 – 32.5 Not used

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

- occupational pension, a pension or other periodical payment made under or by a personal pension scheme or a payment made by the Board of the Pension Protection Fund, be treated as possessed by that single applicant or, as the case may be, by that member;
- b. to a third party in respect of a single applicant or in respect of a member of the family (but not a member of the third party's family) shall, where it is not a payment referred to in sub-paragraph a), be treated as possessed by that single applicant or by that member to the extent that it is used for the food, ordinary clothing or footwear, household fuel or rent of that single applicant or, as the case may be, of any member of that family or is used for any council tax or water charges for which that applicant or member is liable;
 - c. to a single applicant or a member of the family in respect of a third party (but not in respect of another member of that family) shall be treated as possessed by that single applicant or, as the case may be, that member of the family to the extent that it is kept or used by him or used by or on behalf of any member of the family.
- 32.7 Paragraph 32.6 shall not apply in respect of a payment of income made—
- a. under the Macfarlane Trust, the Macfarlane (Special Payments) Trust, the Macfarlane (Special Payments) (No. 2) Trust, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006);
 - b. pursuant to section 19(1)(a) of the Coal Industry Act 1994 (concessionary coal);
 - c. pursuant to section 2 of the 1973 Act in respect of a person's participation—
 - (i) in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's Allowance Regulations;
 - (ii) in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;
 - (iii) in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;
 - (iv) in a qualifying course within the meaning specified in regulation 17A(7) of those Regulations or;
 - (v) in the Flexible New Deal specified in regulation 75(1)(a)(v) of those Regulations;
 - d. in respect of a previous participation in the Mandatory Work Activity Scheme;
 - e. under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where—
 - (i) a bankruptcy order has been made in respect of the person in respect of whom the payment has been made or, in Scotland, the estate of that person is subject to sequestration, or a judicial factor has been appointed on that person's estate under section 41 of the Solicitors (Scotland) Act 1980;
 - (ii) the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and
 - (iii) the person referred to in (i) and any member of his family does not possess, or is not treated as possessing, any other income apart from that payment.
- 32.8 Where an applicant is in receipt of any benefit (other than council tax reduction) under the benefit Acts and the rate of that benefit is altered with effect from a date on or after 1st April in any year but not more than 14 days thereafter, the authority shall treat the applicant as possessing such benefit at the altered rate from either 1st April or the first Monday in April in that year, whichever date the authority shall select to apply in its area, to the date on which the altered rate is to take effect.
- 32.9 Subject to paragraph 32.10, where—
- a. applicant performs a service for another person; and
 - b. that person makes no payment of earnings or pays less than that paid for a comparable employment in the area, the authority shall treat the applicant as possessing such earnings (if any) as is reasonable for that employment unless the applicant satisfies the authority that the means of that person are insufficient for him to pay or to pay more for the service.

32.10 Paragraph 32.9 shall not apply–

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

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

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

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

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

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

Sections 33 – 42 & Schedule 5

Definition and the treatment of capital for Council tax reduction purposes

33.0 Capital limit

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

34.0 Calculation of capital

- 34.1 For the purposes of this scheme, the capital of an applicant to be taken into account shall, subject to paragraph (34.2), be the whole of his capital calculated in accordance with this scheme and any income treated as capital under section 36 (income treated as capital).
- 34.2 There shall be disregarded from the calculation of an applicant's capital under paragraph (34.1), any capital, where applicable, specified in Schedule 5.

35.0 Disregard of capital of child and young person

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

36.0 Income treated as capital.

- 36.1 Any bounty derived from employment to which paragraph 8 of Schedule 3 applies and paid at intervals of at least one year shall be treated as capital.
- 36.2 Any amount by way of a refund of income tax deducted from profits or emoluments chargeable to income tax under Schedule D or E shall be treated as capital.
- 36.3 Any holiday pay which is not earnings under section 25(1)(d) (earnings of employed earners) shall be treated as capital.
- 36.4 Except any income derived from capital disregarded under paragraphs 1, 2, 4, 8, 14 or 25 to 28, 47 or 48 of Schedule 5, any income derived from capital shall be treated as capital but only from the date it is normally due to be credited to the applicant's account.
- 36.5 In the case of employment as an employed earner, any advance of earnings or any loan made by the applicant's employer shall be treated as capital.
- 36.6 Any charitable or voluntary payment which is not made or due to be made at regular intervals, other than a payment which is made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, the Independent Living Fund (2006) or the London Bombings Charitable Relief Fund, shall be treated as capital.
- 36.7 There shall be treated as capital the gross receipts of any commercial activity carried on by a person in respect of which assistance is received under the self-employment route, but only in so far as those receipts were payable into a special account during the period in which that person was receiving such assistance.
- 36.8 Any arrears of subsistence allowance which are paid to an applicant as a lump sum shall be treated as capital.
- 36.9 Any arrears of working tax credit or child tax credit shall be treated as capital.

37.0 Calculation of capital in the United Kingdom

- 37.1 Capital which an applicant possesses in the United Kingdom shall be calculated at its current market or surrender value less—
- a. where there would be expenses attributable to the sale, 10 per cent.; and
 - b. the amount of any encumbrance secured on it;

38.0 Calculation of capital outside the United Kingdom

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

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

39.0 Notional capital

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

39.2 Except in the case of

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

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

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

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

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

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

Allowance Regulations;

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

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

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

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

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

40.0 Not Used

41.0 Capital jointly held.

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

42.0 Not Used

Sections 43 - 56

Definition and the treatment of students for Council tax reduction purposes¹⁷

¹⁷ Amounts shown in sections 43 to 56 will be uprated in line with the Housing Benefit Regulations 2006 (as amended)

43.0 Student related definitions

43.1 In this scheme the following definitions apply;

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

‘access funds’ means;

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

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

‘contribution’ means;

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

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

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

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

‘full-time course of study’ means a full time course of study which;

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

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

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

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

'grant income' means;

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

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

'last day of the course' means;

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

'period of study' means—

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

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

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

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

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

‘standard maintenance grant’ means—

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

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

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

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

43.2 For the purposes of the definition of ‘full-time student’, a person shall be regarded as attending or, as the case may be, undertaking a full-time course of study or as being on a sandwich course;

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

43.3 For the purposes of sub-paragraph (a) of paragraph 43.2, the period referred to in that sub-paragraph shall include;

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

44.0 Treatment of students

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

45.0 Students who are excluded from entitlement to council tax reduction.

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

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

45.3 Paragraph 45.2 shall not apply to a student;

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

(b) who is a lone parent;

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

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

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

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

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

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

(i) who is;

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

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

(j) in respect of whom

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

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

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

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

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

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

on account of his disability by reason of deafness.

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

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

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

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

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

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

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

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

46.0 Calculation of grant income

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

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

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

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

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

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

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

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

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

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

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

49.0 Student Covenant Income and Grant income – non disregard

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

50.0 Other amounts to be disregarded.

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

51.0 Treatment of student loans

51.1 A student loan shall be treated as income.

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

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

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

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

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

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

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

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

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

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

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

51A.0 Treatment of fee loans

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

52.0 Treatment of payments from access funds

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

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

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

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

53.0 Disregard of contribution

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

54.0 Further disregard of student's income

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

55.0 Income treated as capital.

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

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

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

56.0 Disregard of changes occurring during summer vacation

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

Sections 57 – 63

The calculation and amount of Council tax reduction

57.0 Maximum council tax reduction

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

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

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

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

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

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

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

58.0 Non-dependant deductions¹⁸

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, £15.10 x 1/7;
- (b) in respect of a non-dependant aged 18 or over to whom sub-paragraph (a) does not apply, £4.90 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 £256.00, the deduction to be made under this paragraph shall be that specified in paragraph 58.1(b);
- (b) not less than £256.00, but less than £445.00, the deduction to be made under this section shall be £10.05 x 1/7
- (c) not less than £445.00, but less than £554.00, the deduction to be made under this section shall be £12.60 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.

¹⁸ The amounts shown within this section shall be uprated 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 60B1 does not apply in the case of a mover.

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

60C Extended reductions – movers

60C.1 This section applies;

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

60C.2 The amount of the extended reduction payable from the Monday from which this section applies until the end of the extended reduction period shall be the amount of council tax

reduction which was payable to the mover for the last reduction week before the mover, or the mover's partner, ceased to be entitled to a qualifying income-related benefit.

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

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

60C.4 Where—

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

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

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

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

61.0 Extended reductions (qualifying contributory benefits)

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

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

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

- (a) the applicant ceased to be entitled to council tax reduction because the applicant vacated the dwelling in which the applicant was resident;
- (b) the day on which the applicant vacated the dwelling was either in the week in which entitlement to a qualifying contributory benefit ceased, or in the preceding week; and

- (c) entitlement to the qualifying contributory benefit ceased in any of the circumstances listed in paragraph 61.1(b).

61A.0 Duration of extended reduction period (qualifying contributory benefits)

61A.1 Where an applicant is entitled to an extended reduction (qualifying contributory benefits), the extended reduction period starts on the first day of the reduction week immediately following the reduction week in which the applicant, or the applicant's partner, ceased to be entitled to a qualifying contributory benefit.

61A.2 For the purpose of paragraph 61A.1, an applicant or an applicant's partner ceases to be entitled to a qualifying contributory benefit on the day immediately following the last day of entitlement to that benefit.

61A.3 The extended reduction period ends;

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

61B.0 Amount of extended reduction (qualifying contributory benefits)

61B.1 For any week during the extended reduction period the amount of the extended reduction (qualifying contributory benefits) payable to an applicant shall be the higher of;

- (a) the amount of council tax reduction to which the applicant was entitled under the general conditions of entitlement in the last reduction week before the applicant or the applicant's partner ceased to be entitled to a qualifying contributory benefit;
- (b) the amount of council tax reduction to which the applicant would be entitled under the general conditions of entitlement for any reduction week during the extended reduction period, if section 61 (extended reductions (qualifying contributory benefits)) did not apply to the applicant; or
- (c) the amount of council tax reduction to which the applicant's partner would be entitled under the general conditions of entitlement if section 61 did not apply to the applicant.

61B.2 Paragraph 61B.1 does not apply in the case of a mover.

61B.3 Where an applicant is in receipt of an extended reduction (qualifying contributory benefits) under this section and the applicant's partner makes a claim for council tax reduction, no amount of council tax reduction shall be payable by the appropriate authority during the extended reduction period.

61C.0 Extended reductions (qualifying contributory benefits) – movers

61C.1 This section applies;

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

61C.2 The amount of the extended reduction (qualifying contributory benefit) payable from the Monday from which this section applies until the end of the extended reduction period shall be the amount of council tax reduction which was payable to the mover for the last reduction week before the mover, or the mover's partner, ceased to be entitled to a qualifying contributory benefit.

61C.3 Where a mover's liability to pay council tax in respect of the new dwelling is to the second authority, the extended reduction (qualifying contributory benefits) may take the form of a payment from the appropriate authority to—

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

61C.4 Where

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

61D.0 Relationship between extended reduction (qualifying contributory benefits) and entitlement to council tax reduction under the general conditions of entitlement

61D.1 Where an applicant's council tax reduction award would have ended when the applicant ceased to be entitled to a qualifying contributory benefit in the circumstances listed in paragraph 61.1 (b), that award will not cease until the end of the extended reduction period.

61D.2 Changes of circumstances and increases for exceptional circumstances shall not apply to any extended reduction (qualifying contributory benefits) payable in accordance with paragraph 61B.1(a) or 61C.2 (amount of extended reduction– movers).

61E.0 Extended reductions: movers into the authority's area¹⁹

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

¹⁹ 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 application²⁰

- 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.

²⁰ 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 scheme²¹

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

²¹ 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 evidence²²

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.

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

72.4	Subject to sub-paragraph (5), a person who makes an application, or a person to whom a reduction under the authority's scheme has been awarded, must furnish such certificates, documents, information and evidence in connection with the application or the award, or any question arising out of the application or the award, as may reasonably be required by that authority in order to determine that person's entitlement to, or continuing entitlement to a reduction under its scheme and must do so within one month of the authority requiring him to do so or such longer period as the authority may consider reasonable.
72.5	Nothing in this paragraph requires a person who is a pensioner to furnish any certificates, documents, information or evidence relating to a payment to which sub-paragraph (7) applies.
72.6	Where the authority makes a request under sub-paragraph (4), it must; (a) inform the applicant or the person to whom a reduction under its scheme has been awarded of his duty under paragraph 9 (duty to notify change of circumstances) to notify the authority of any change of circumstances; and (b) without prejudice to the extent of the duty owed under paragraph 9, indicate to him either orally or by notice or by reference to some other document available to him on application and without charge, the kind of change of circumstances which must be notified.
72.7	This sub-paragraph applies to any of the following payments; (a) a payment which is made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund; (b) a payment which is disregarded under paragraph 24 of Schedule 5, other than a payment under the Independent Living Fund (2006); (c) a payment which is disregarded under paragraph 58.9.
72.8	Where an applicant or a person to whom a reduction under the authority's scheme has been awarded or any partner has attained the qualifying age for state pension credit and is a member of, or a person deriving entitlement to a pension under, a personal pension scheme, he must where the authority so requires furnish the following information; (a) the name and address of the pension fund holder; (b) such other information including any reference or policy number as is needed to enable the personal pension scheme to be identified.
73.0	Amendment and withdrawal of application²³
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.

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

- 73.7 Where a person, by telephone, amends or withdraws an application the person must (if required to do so by the authority) confirm the amendment or withdrawal by a notice in writing delivered or sent to the designated office.
- 74.0 Duty to notify changes of circumstances²⁴**
- 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

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

reduction under the authority's scheme allowed in his case, but not changes in the age of the child;

(b) any change in the amount of the applicant's capital to be taken into account which does or may take the amount of his capital to more than £6,000;

(c) any change in the income or capital of;

(i) a non-dependant whose income and capital are treated as belonging to the applicant; or

(ii) a person to whom their partner is treated as member of the household,

and whether such a person or, as the case may be, non-dependant stops living or begins or resumes living with the applicant.

74.8 All changes in circumstances should be notified to the authority in writing (or by whatever format agreed by the authority) within one calendar month of the happening of the event or change in circumstance. This timescale may be extended at the discretion of the authority. Where such a change is not received within that timescale and where the change would increase the level of reduction payable, the authority may use a date later than the actual change of circumstances.

Sections 75- 90

Decisions, decision notices and awards of Council tax reduction

75.0	Decisions by the authority²⁵
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 decision²⁶
76.1	<p>The authority must notify in writing any person affected by a decision made by it under its scheme;</p> <p>(a) in the case of a decision on an application, forthwith or as soon as reasonably practicable thereafter;</p> <p>(b) in any other case, within 14 days of that decision or as soon as reasonably practicable thereafter.</p>
76.2	<p>Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement;</p> <p>(a) informing the person affected of the duty imposed by 74.1;</p> <p>(b) explaining the possible consequences (including prosecution) of failing to comply with that duty; and</p> <p>(c) setting out the circumstances a change in which might affect entitlement to the reduction or its amount.</p>
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	<p>This sub-paragraph applies to—</p> <p>(a) the applicant;</p> <p>(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;</p> <p style="padding-left: 40px;">(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</p> <p style="padding-left: 40px;">(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</p> <p style="padding-left: 40px;">(iii) 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</p>
<p>²⁵ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012</p> <p>²⁶ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012</p>	
<p>Herefordshire Council - Council Tax Reduction Scheme 2024/25</p>	

- 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 reduction²⁷

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 paid²⁸

78.1 Subject to section 80 (payment on death) and paragraph (2), any payment of the amount of a reduction must be made to that person.

²⁷ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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

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 reduction²⁹

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 reasonably practicable, as soon as possible afterwards.

80.0 Payment on the death of the person entitled³⁰

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 liability³¹

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.

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.

²⁹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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

³¹ Inserted by Schedule 8 of the Council Tax Reductions Scheme (Prescribed Requirements) (England) Regulations 2012

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 Hi 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 requirements³².

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.

³² 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 authority³³**
- 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 Act³⁴.
- .

³³ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

³⁴ 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 Act³⁵

- 100.1 An application to the authority for a reduction under section 13A(1)(c) of the 1992 Act may be made;
- (a) in writing,
 - (b) by means of an electronic communication in accordance this scheme or
 - (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.
- 100.2 Where;
- (a) the authority has made a determination under section 13A(1)(c) in relation to a class of case in which liability is to be reduced; and
 - (b) a person in that class would otherwise be entitled to a reduction under its scheme, that person's application for a reduction under the authority's scheme may also be treated as an application for a reduction under section 13A(1)(c).

³⁵ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

Section 101 – 106A³⁶

Electronic Communication

³⁶ 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 Amounts³⁷

³⁷ ³⁷ The amounts shown within this schedule shall be uprated in line with the Housing Benefit Regulations 2006 as amended.

Personal Allowance

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

Column 1 Person or Couple	Column 2
1. A Single applicant who; a) is entitled to main phase employment and support allowance	£90.50
b) is aged not less than 25	£90.50
c) is aged not less than 18 but less than 25	£71.70
2. Lone Parent	£90.50
3. Couple; a) Where the applicant is entitled to the main phase of employment and support allowance	£142.25
b) Where one member is aged not less than 18	£142.25
c) For each additional spouse who is a member of the same household as the claimant	£51.75

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

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

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

Column 1 Child or Young Person	Column 2
Person in respect of the period— (a) beginning on that person's date of birth and ending on the day preceding the first Monday in September following that person's sixteenth birthday;	£83.24
(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.	£83.24

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

Family Premiums

3. (1) The amount for the purposes of this scheme in respect of a family of which at least one member is a child or young person shall be
- where the applicant is a lone parent to whom sub-paragraph (3) of Schedule 3 of the Housing Benefit Regulations 2006 applies, £22.20;
 - in any other case, £19.15;

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	£42.50
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	£60.60
Severe Disability Premium	£81.50
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	£81.50
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	£163.00
Disabled Child Premium	£80.01 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	£45.60 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) £32.20 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) £20.85 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) £29.75 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 £35.95. The amount of the support component is £47.70.

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 earnings³⁸

³⁸ 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 earnings³⁹

³⁹ 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 His 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. Provision for all applicants: Homes for Ukraine scheme**
 (1) Any payment made in connection with the Homes for Ukraine scheme 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.
 (2) In this regulation—
 "the Homes for Ukraine scheme" means the Homes for Ukraine sponsorship scheme which was announced in Parliament by the Secretary of State for Levelling Up, Housing and Communities on 14th March 2022.
- 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
- 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 disregarded⁴⁰

⁴⁰ 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. **Provision for all applicants: Homes for Ukraine scheme**
 - (1) Any payment made in connection with the Homes for Ukraine scheme is to be disregarded in determining—
 - (c) an applicant's entitlement to a reduction under the scheme; or
 - (d) the amount of any reduction to which the applicant is entitled.
 - (2) In this regulation—
"the Homes for Ukraine scheme" means the Homes for Ukraine sponsorship scheme which was announced in Parliament by the Secretary of State for Levelling Up, Housing and Communities on 14th March 2022.

- 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).
- 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